DHHS Salary Cap Calculation
Faculty with Full-Time Appointment (based on the Executive Level II salary of $197,300)
To ensure compliance to DHHS/NIH policy, it has been recommended that a manual calculation of the actual payroll amounts to the current CAP limit be used to determine the amount of cost sharing as it relates to the limitation.

When a JHU employee’s Institutional Base Salary (IBS) is over the amount of Executive Level II of the Federal Executive pay scale, the Executive Level II salary of $197,300 will be used to calculate the JHU employee’s labor distribution.

Dr. Rosenbluth’s received a new NIH award. Dr. Rosenbluth is providing 40% of effort on the NIH Award #2.

Step 1: Calculate Salary to be charged to NIH Award
Dr. Rosenbluth’s current Institutional Base Salary is $240,000. The current NIH Salary Cap Limitation is $197,300. Dr. Rosenbluth’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $197,300 X 40% of effort provided to the new NIH Award #2. Salary Cap (Executive Level II) X Effort Percentage

Salary Cap (Executive Level II) X Actual Effort
$197,300 X 40% = $78,920* this is the maximum salary allowed to be charged to the NIH Award #2.
$78,920/24 = $3,288.33 per pay period
Step 2: Review the Semi-Annual Effort Form and Calculate the NIH Salary Cap Cost Sharing

Helpful Hint: If a JHU Employee’s total pay is over the salary cap, the effort form will give the Pre Reviewer a warning message “This Effort Form is potentially over the Salary Cap. Please review.”

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Accounts</th>
<th>Description</th>
<th>Cost Sharing</th>
<th>Total $</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>39,460.00</td>
<td>33%</td>
<td>70000002</td>
<td>NIH Award #2</td>
<td>$0.00</td>
<td>0%</td>
</tr>
<tr>
<td>29,460.00</td>
<td>25%</td>
<td>70000008</td>
<td>RobertWood John</td>
<td>$0.00</td>
<td>0%</td>
</tr>
<tr>
<td>68,920.00</td>
<td>58%</td>
<td>Sponsored Subtotal</td>
<td>$0.00</td>
<td>0%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Pre Review

Name: Rosenbluth, Donald
Employee ID: 00000004
Division: 162 - ERS Testing
Title Code: US10
**NIH Salary Cap X Actual Effort (Payroll Amount)**

$197,300 \times 40\% = \$78,920 \text{ (For six months \$39,460)}$

The effort percentages on the Effort Form are calculated using the Institutional Base Salary (IBS)

IBS \times \text{Effort Percentage}

$240,000 \times 40\% = \$96,000 \text{ (For six months \$48,000)}$

The cost sharing amount on Cost Sharing Column

$96,000 - \$78,920 = \$17,080 \text{ (For six months \$8,540)}$

After the cost sharing adjustment, the effort form will reflect the 40% of effort on NIH Award #2.
If 33% of effort is correct effort provided to the NIH Award #2 the department will need to reduce the salary on the NIH/DHHS award by using an E form. Once the E form is approved the Effort Form will be updated with E form changes.

E form will credit NIH Award #2 and debit a non-sponsored account
Originally charged $78,920 (3,288.33/per pay) - $65,109 (2,712.87/per pay) (see calculation below) = credit of $13,811 ($575.46 per pay period)

After the approved E form has been updated in ERS, the Effort Form will appear as below:
NIH Salary Cap X Actual Effort (Payroll Amount)
$197,300 x 33% = $65,109 (For six months $32,554.50)

IBS X Effort Percentage
$240,000 x 33% = $79,200 (For six months $39,600.00)

The cost sharing amount on Cost Sharing Column
$79,200-$65,109 = $14,091 (For six months $7,045.50)

References:
NIH Salary Cap Summary

DHHS

Please review the DHHS Agencies grant policies and Notice of Award

If you have any further question about this please contact effort@jhu.edu or 443-997-3806.