DHHS Salary Cap Calculation

Faculty with Part-Time Appointment (based on the Executive Level II salary of $192,300)

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 $192,300 will be used to calculate the JHU employee’s labor distribution. (*Executive Level II salary may change, please review the NIH Salary Cap summary for correct salary limitation.)

Dr. Harrison’s received a new NIH award. Dr. Harrison is providing 30% of effort the on NIH Award #2.

Step 1: Calculate Salary to be charged to NIH Award

Dr. Harrison’s current Institutional Base Salary is $240,000 and Actual Salary is 75% of his IBS or $180,000 ($240,000 X 75%). The current NIH Salary Cap Limitation is $192,300, at 75% is $144,225 ($192,300 X 75%). Dr. Harrison’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $144,225 X 30% of effort provided to new NIH Award #2. Salary Cap (Executive Level II) X Effort Percentage

Calculation for Adjusted Salary Cap

Actual Salary Paid/IBS = Percentage of Salary
$180,000/240,000 = 75%

Percentage of Salary X Salary Cap (Executive Level II) = Adjusted Salary Cap
75% X $192,300 = $144,225

Calculate Salary to be charged to NIH Award

Adjusted Salary Cap (Executive Level II) X Actual Effort
$144,225 X 30% = $43,267.50* this is the maximum salary allowed to be charged to the NIH Award #2.
$43,267.50/24 = $1,802.81 per pay period
Step 2: Review the Semi-Annual Effort Form and Calculate the NIH Salary Cap Cost Sharing

NIH Salary Cap (Adjusted) X Actual Effort (Payroll Amount)
$144,225 \times 30\% = $43,267.50 (For six months $21,633.75)

The effort percentages on the Effort Form are calculated using the Actual Salary Paid
Actual Salary X Effort Percentage
$180,000 \times 30\% = $54,000 (For six months $27,000)

The cost sharing amount on Cost Sharing Column
$54,000 - $43,267.50 = $10,732.50 (For six months $5,366.25)

After the cost sharing adjustment, the effort form will reflect the 30\% of effort on NIH Award #2.
If 24% 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 $43,267.50 -$34,614 (see calculation below) = $8,653.50 ($360.56 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)
$144,225 X 24% = $34,614 (For six months $17,307)

IBS X Effort Percentage
$180,000 x 24% = $43,200 (For six months $21,600)

The cost sharing amount on Cost Sharing Column
$43,200-$34,614 = $8,586 (For six months $4,293)

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.