DHHS Salary Cap Calculation

Faculty with Part-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. (*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 $197,300, at 75% is $147,975 ($197,300 X 75%). Dr. Harrison’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $147,975 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

\[
\frac{\$180,000}{\$240,000} = 75\%
\]

Percentage of Salary X Salary Cap (Executive Level II) = Adjusted Salary Cap

\[
75\% \times \$197,300 = \$147,975
\]

**Calculate Salary to be charged to NIH Award**

Adjusted Salary Cap (Executive Level II) X Actual Effort

\[
\$147,975 \times 30\% = \$44,392.50^* \text{ this is the maximum salary allowed to be charged to the NIH Award #2.}
\]

\[
\$44,392.50/24 = \$1,849.68 \text{ per pay period}
\]
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)
$147,975 \times 30\% = $44,392.50 (For six months $22,196.25)

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 - $44,392.50 = $9,607.50 (For six months $4,803.75)

After the cost sharing adjustment, the effort form will reflect the 30\% of effort on NIH Award #2.
If 25% 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 $44,392.50 - $36,993.75 (see calculation below) = $7,398.75 (308.28 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)
$147,975 X 25% = $36,993.75 (For six months $18,496.87)

IBS X Effort Percentage
$180,000 x 25% = $45,000 (For six months $22,500)

The cost sharing amount on Cost Sharing Column
$45,000 - $36,993.75 = $8,006.25 (For six months $4,003.13)

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.