DHHS Salary Cap Calculation
Faculty with Full-Time Appointment (based on the Executive Level II salary of $189,600)
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 $189,600 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 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 $189,600. Dr. Rosenbluth’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $189,600 X 40% of effort provided to the new NIH Award #2.

Salary Cap (Executive Level II) X Effort Percentage
$189,600 X 40% = $75,840 * this is the maximum salary allowed to be charged to the NIH Award #2.
$75,840/24 = $3,160.00 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>Sponsored Accounts</th>
<th>Non-Sponsored Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>$37,920.00</td>
<td>32% NIH Award #2</td>
<td>$0.00 0% $0.00 0% $37,920.00 32</td>
</tr>
<tr>
<td>$30,000.00</td>
<td>25% Robert Wood John</td>
<td>$0.00 0% $0.00 0% $30,000.00 25</td>
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<tr>
<td>$67,920.00</td>
<td>57% Total Sponsored Accounts</td>
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<tr>
<td>$52,080.00</td>
<td>43% General Salaries</td>
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<tr>
<td>$52,080.00</td>
<td>43% Total Non-Sponsored Accounts</td>
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<tr>
<td>$120,000.00</td>
<td>100% Grand Total</td>
<td>$0.00 0% $0.00 0% $120,000.00 100</td>
</tr>
</tbody>
</table>

Notes:
Maximum 800 characters
NIH Salary Cap X Actual Effort (Payroll Amount)
$189,600 X 40% = $75,840 (For six months $37,920)

The effort percentages on the Effort Form are calculated using the Institutional Base Salary (IBS)
IBS X Effort Percentage
$240,000 X 40% = $96,000 (For six months $48,000)

The cost sharing amount on Cost Sharing Column
$96,000-$75,840 = $20,160 (For six months $10,080)

After the cost sharing adjustment, the effort form will reflect the 40% of effort on NIH Award #2.
If 32% 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 $75,840 (For six months $37,920) - $60,672 (For six months $30,336) (see calculation below) = $15,168 ($632 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)
$189,600 x 32% = $60,672 (For six months $30,336.00)
IBS X Effort Percentage
$240,000 x 32% = $76,800 (For six months $38,400.00)
The cost sharing amount on Cost Sharing Column
$76,800-$60,672 = $16,128 (For six months $8,064)
DHHS Salary Cap Calculation

Faculty with Part-Time Appointment (based on the Executive Level II salary of $189,600)

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 $189,600 will be used to calculate the JHU employee’s labor distribution.

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 $189,600, at 75% is $142,200 ($189,600 X 75%). Dr. Harrison’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $142,200 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 $189,600 = $142,200

Calculate Salary to be charged to NIH Award
Adjusted Salary Cap (Executive Level II) X Actual Effort
$142,200 X 30% = $42,660 * this is the maximum salary allowed to be charged to the NIH Award #2.
$56,880/24 = $1,777.50 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)
$142,200 X 30% = $42,660 (For six months $21,330)

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

The cost sharing amount on Cost Sharing Column
$54,000-$42,660 = $11,340. (For six months $5,670)

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 $42,660 (For six months $21,330) - $34,128 (For six months $17,064) (see calculation below) = $8,472 ($353 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)
$142,200 x 24% = $34,128 (For six months $17,064)

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-$34,128 = $9,072 (For six months $4,536)

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.