DHHS Salary Cap Calculation

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

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) at 1.0 FTE 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. (*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 $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.

$42,660/24 = $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 - $34,128 (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 additional questions please contact effort@jhu.edu or 443-997-3806.