



Salary Caps on Sponsored Projects

updated August 2016

Salary Caps

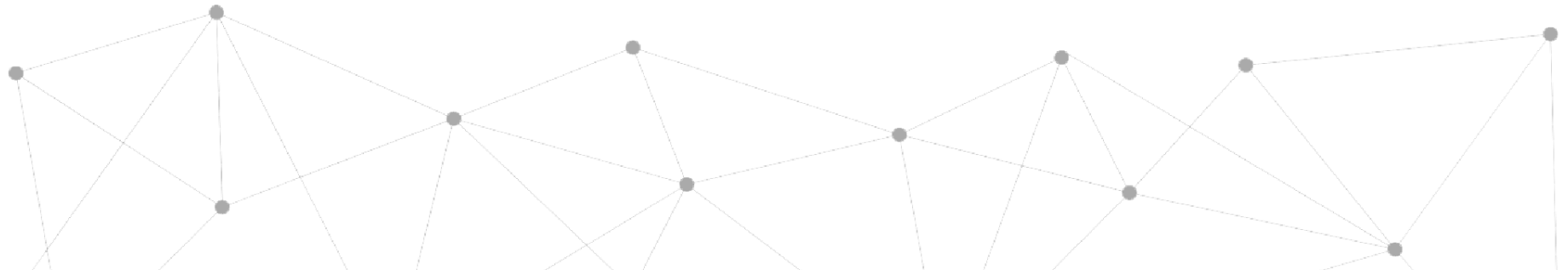
Some sponsors set a maximum allowable base salary for those working on their awards. The most common is NIH, but it is important to review award documents to ensure compliance with these maximums.

The following slides will explain the salary cap, and break down the details for Pre-Award and Post-Award administration.

DHHS Salary Caps

SPS

- The Department of Health & Human Services limits the maximum compensation allowed on grant personnel to the current allowable for Federal Executive Level II amount.
- Awarding agencies under DHHS follow this maximum, including NIH, SAMHSA, CDC, etc., unless otherwise noted.
- For employees with base pay rates higher than the salary cap, the difference between their base and the cap will need to be paid by the institution.
- Employees at subrecipient institutions are also limited by the salary cap. The award issue date of the prime award will set the salary cap to follow for the funding period.



DHHS Salary Caps

SPS

- Typically, the amount of the cap changes each year, so to determine the appropriate cap for an award, select the cap that was in place on the date the award notice was issued for the funding.
- For grants issued January 10, 2016 or later, the maximum rate is \$185,100. This rate is a base rate, representing the maximum for a full-time employee on a 12-month appointment at 100% effort.
- For employees with less than a full-time appointment and/or less than 100% effort on the project, an adjustment to the cap will need to be made to compare the rates.
 - For example, an employee with a FTE of 0.5, and an effort level of 100%, the cap is half of the listed rate, \$92,550.
 - For example, an employee on a 9-month appointment, and an effort level of 100%, the cap is 9/12 of the listed rate, \$138,825.
- The list of salary cap rates by date is available on the [NIH website](#).
- Additional examples of the adjustments made for FTE and effort fluctuations is also available in NIH Notice [NOT-OD-16-045](#).

Example Calculation

SPS

Base Salary Calculation

For a researcher with a base salary of \$200,000...

- Determine the amount over the cap:
 $\$200,000 - \$185,100 = \$14,900$
- Project Charged Base Salary % (within the cap):
 $\$185,100 / \$200,000 = 92.55\%$
- Cost Shared Base Salary % (over-the-cap):
 $\$14,900 / \$200,000 = 7.45\%$

Effort Calculation

If the total project effort for the person is 25%, the payroll allocations...

- Project direct charged percentage
 $92.55\% \times 25\% = 23.14\%$
- Cost share charged percentage
 $7.45\% \times 25\% = 1.86\%$

Salary Caps at Pre-Award



SPS

- When a proposal is received in EPCS that includes an employee with a base rate exceeding the cap, the Pre-Award SPA reaches out to the department to ensure the proposal is compliant.
- The budget templates in EPCS include a module that calculates the amount of salary that can be budgeted on the sponsor funds, and the amount that will need to be paid by UO, designated as cost share.
- The salary cap indicator will be checked in the effort section of the key personnel tab for the proposal.
- Since the salary exceeding the cap will be tracked through our cost share mechanism, the cost share tab of the EPCS record will need to be completed, and the Pre-Award SPA will request approval of the cost share per standard cost share procedures. The approval email is added to the record for future reference.
- By tracking the over-the-cap portion through cost share, we can easily confirm compliance with the salary cap, and the total effort on the project is reflected in the activity reporting.
- The proposal budget submitted to the sponsor uses the cap rather than institutional base salary for the individual over the cap.

EPCS Salary Cap Calculator



To use the NIH Salary CAP Calculator, complete steps 1, 2, 3, and 4 below

Step #1	Enter the current NIH Salary CAP	\$	185,100.00		
Auto-calculation:	Hourly rate per the current NIH Salary CAP	\$	88.99		
Step #2	Enter the type of UO Appointment, 9 or 12 month		12		
Step #3	Enter the UO 9 or 12 month base from PWIVERI	\$	200,000.00		
Auto-calculation:	12-month UO personnel's Institutional Base Salary	\$	200,000.00		
Auto-calculation:	UO personnel's Hourly Rate	\$	96.16		
Auto-calculation:	Direct Cost %		92.55%		
Auto-calculation:	Cost Share %		7.45%		
				Year 1	Year 2
Step #4	Enter Total Committed Effort for each Project Period (Direct plus Cost Share)			100.00%	25.00%
Auto-calculation:	Labor Distribution for direct-charged salary			0.9255	0.2314
Auto-calculation:	Labor Distribution for cost-shared salary			0.0745	0.0186
Auto-calculation:	Direct Charge: Maximum Salary Amount direct-charged to the project	\$	185,096	\$	46,274
Auto-calculation:	Cost Share: Salary Amount Cost-shared to the project	\$	14,904	\$	3,726

Salary Caps at Post-Award



SPS

- The administering unit is responsible for submitting the PRFs for project staff to add/change project pay distributions.
- For employees with base rates higher than the sponsor's salary cap, the PRF will need to list the appropriate percentages for direct project salary and cost shared over-the-cap salary.
- If there has not been a change to the salary cap or the base rates of project staff between the proposal submission and the award date, the allocations should be the same as in the proposal budget calculator.
- Any time there is new funding received under a new cap, or a pay rate is changed, the pay allocations will need to be reviewed, revising percentages as necessary by PRF. Any corrections to posted pay can be requested by PAA form submission to the Post-Award Team.
- Post-Award will track the cost sharing to ensure compliance with the salary cap, but the commitment is not driven by a sponsor-required dollar amount. Monitoring the cost sharing will consist of reviewing the project salary and cost share salary to ensure adherence to the sponsor's salary cap rates.

Sample PRF for Salary Exceeding the Cap



Payroll Request Form

Job Change Reason Appointment Percent Change (APTPC)

Identification

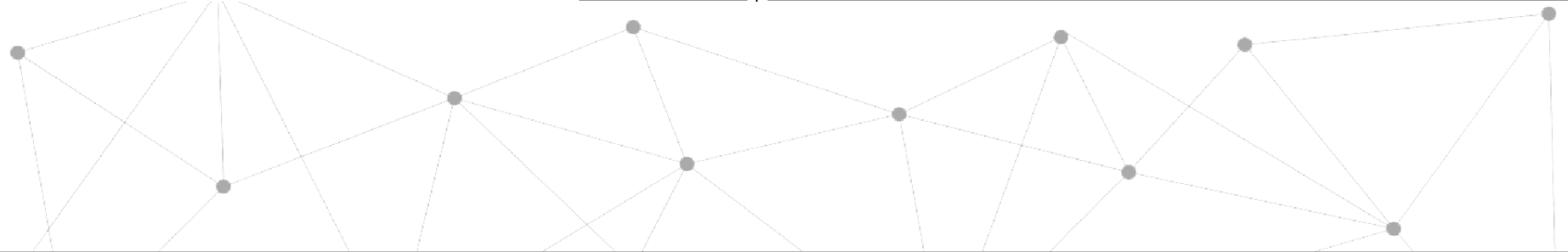
Name Duck Oregon UO ID 123-45-6789 Position Suffix
Last First Middle
 Department Science Time Entry Org 987654 E Class UF Unclass, Non-Teaching, 12 mo, +.50 FTE

Job Detail

Effective Date 7/1/2016 Type: Primary Annual Basis: 9 month 12 month
 Job End Date 6/30/2017 Secondary Overload
 Title Researcher (30 Char. [Abbreviations](#))
 Appt % (Actual FTE) 100.00 Hourly Rate \$
 Job Location: (Outside Oregon) Monthly Salary \$ 16,666.67

Labor Distribution (Please use a PAW for additional lines)

	Index	Fund	Org	Acct	Pgm	Activity	Monthly \$	%
1	2GRANT1	2GRANT1	987654	10102	15001		\$15,425.00	92.55
2	DEPT\$	001100	987654	10102	15001	2GRANT0	\$1,241.67	7.45
3								0.00
4								0.00
5								0.00
Total							\$16,666.67	100.00



Questions?

Please contact your Pre-Award SPA or Post-Award Team for any questions related to salary caps on your projects.

Find your assigned SPAs on our [website](#).