



# Salary Cap



The Consolidated Appropriations Act restricts the amount of direct salary to Executive Level II of the Federal Executive Pay Scale.

The salary cap currently covers all Health and Human Services (HHS) appropriated funds. National Science Foundation currently does not cap the salary but caps the amount of calendar months that can be charged to a project.



## Things to Keep in Mind

# Salary Cap

Use of the institutional base salary determines if someone is over the salary cap. Supplemental funds are not counted in the institutional base salary. Current salary cap in use with NIH is \$221,900.

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For example, if someone's institutional base salary is \$125,000 and their supplement bumps the person to over \$250,000, this person is not over the salary cap and can calculate the full \$125,000 when calculating your budget.

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When someone is over the salary cap, the total effort you intend to charge to the project should be calculated against whatever the salary cap is at the time, not their full institutional base salary. If someone's base salary is \$300,000, and the effort you plan to charge is 10%, 10% is calculated against \$221,900 and not \$300,000.

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# Calculating Charged Effort and Fringe Benefits

Institutional Base Salary = \$285,000  
Effort to be charged = 15%

$15\% \times \$212,900 = \$31,935$  annual salary charged to grant  
 $\$31,935 \times 41\% \text{ benefits} = \$13,093$  annual benefits charged to grant  
Total Cost to Grant for Budget Year = \$45,028



# Calculating Cost Share

- When someone has institutional base salary over the salary cap, the difference that cannot be charged to the project will be considered cost share. **This does not become mandatory committed cost share.** The different amount does have to be placed onto non-federal funds and is tracked to determine that the full effort is being attributed to the project.
- For example, when someone is 15% effort on a project and is over the salary cap, you will end up not charging a full 15% effort to the project based on their total institutional base salary.
  - Keep in mind, when reporting effort on an RPPR, the effort reported is total effort, not effort charged. For the example above, 15% effort is reported for this person on the RPPR and not the smaller amount of effort that will be charged to the project.



# Cost Share Calculation Example

Let's take our example of 15% effort at an institutional base salary of \$285,000

We have already determined that we will charge **\$31,935** to the project, which is **15%** of the salary cap of **\$221,900**.

When calculated against their true institutional base salary, actual effort charged is **11%**. This is  **$\$31,395 / \$285,000 = 11.2\%$**

The remainder of the effort is to be charged to institutional, non-federal funds. First we determine how much is 15% effort charged against the institutional base salary if we were allowed to charge the full amount:

$$15\% \times \$285,000 = \$42,750$$

Subtract amount charged to project from total amount of 15% against the base salary

$$\$42,750 - \$31,935 = \$10,815$$





# Cost Share Calculation Example

Divide the amount to be charged to institutional funds by the institutional base salary

$$\mathbf{\$10,815/\$285,000 = 3.8\%}$$

The two percentages should equal back to your total effort charged of 15%.

$$\mathbf{11.2\% + 3.8\% = 15\%}$$

Recap of what will be charged for both salary and fringe to each funding source:

HHS Project = \$31,935 salary and \$13,093 fringe

Institutional/Non-Federal Funds = \$10,815 salary and \$4,434 fringe



# Next Month's Topic

## Expanded Authority and Prior Approvals

Carly Pigg, CRA, CPRA

Research Fiscal Analyst

School of Medicine Dean's Office

[cgera@lsuhsc.edu](mailto:cgera@lsuhsc.edu) / 504-568-4439

