

DHHS Salary Cap Guidance

Departments are responsible for ensuring compliance with any salary limitations imposed by sponsors. None of the grant, cooperative agreements, or contract funds may be used to pay the salary of an individual at a rate in excess of the applicable salary cap on any project funded by Health and Human Services agencies. The restriction to cap the amount of salary that can be paid to an individual from an HHS award is due to a legislatively mandated provision for the limitation of salary costs.

Example at 100% FTE

9 Month Employee with UW Salary of \$187,500

Annualized Salary: $\$187,500 / 9 \times 12 = \mathbf{\$250,000}$

Max allowable relative ratio of payroll to salary cap on HHS at any given time:

$$\underbrace{\mathbf{\$221,900}}_{\text{Current Cap}} / \underbrace{\mathbf{\$250,000}}_{\text{Annual Salary}} = \underbrace{\mathbf{88.76\%}}_{\text{MAX DHHS}}$$

Biweekly Calculation

$\mathbf{\$221,900} / 26 \text{ weeks} = \mathbf{\$8,534.62}$

Example biweekly UW Salary: $\mathbf{\$250,000} / 26 \text{ weeks} = \mathbf{\$9,615.38}$

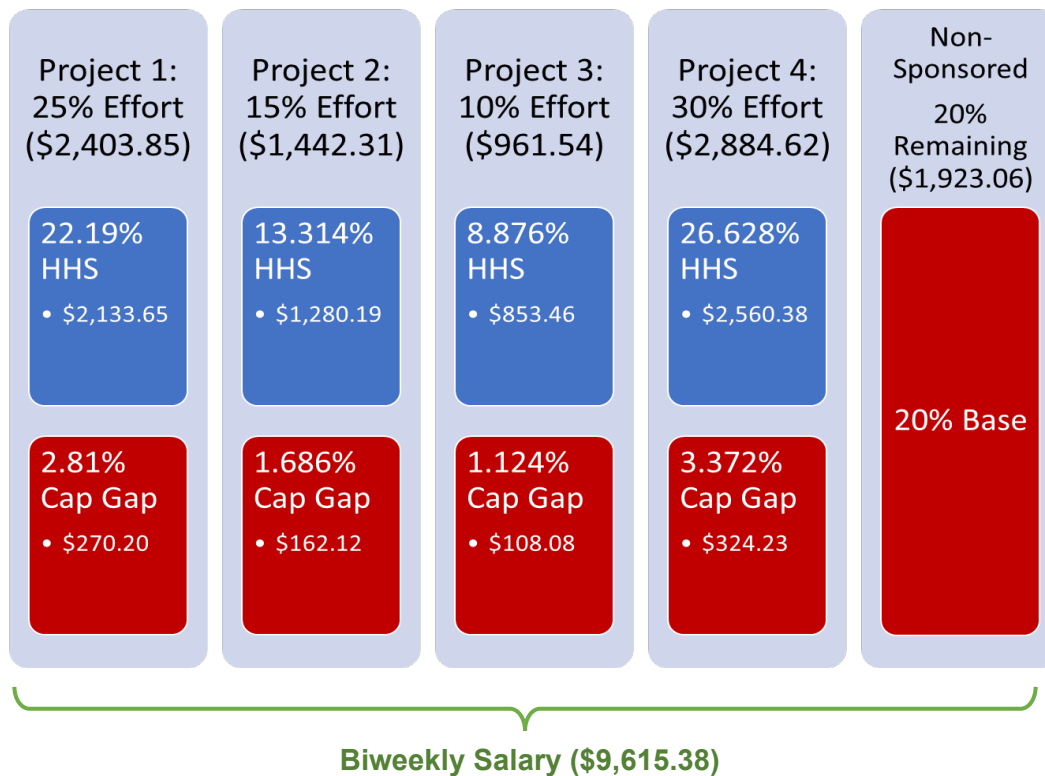
The max that can stay on a grant for any given period is the ratio between the UW base pay annualized and the cap rate. The difference should be on non-sponsored as 'cap gap' to capture the difference between the base rate and the salary limitation. The max commitment this individual can make with this salary would be 88.76% or 7.98 academic months in a year (as they are a 9 month employee).

Effort Allocation (Biweekly)

Total salary between four projects and non-sponsored is $\mathbf{\$9,615.38}$

Effort below is for a 100% appointed person (1.0 FTE).

For individuals who are appointed below 100% in any given pay period, see next page.



For staff on appointments below 100% at UW, the institutional base salary is used to determine the split without regard to FTE.

Example with reduced FTE

12 Month Employee with UW Salary (Institutional Base Salary) of **\$250,000**

Appointed **70%** UW FTE

Max allowable relative ratio of payroll to salary cap on HHS at any given time:

$$\underbrace{\$221,900}_{\text{Current Cap}} / \underbrace{\$250,000}_{\text{Annual Salary}} = \underbrace{88.76\%}_{\text{MAX DHHS}} \times \underbrace{70\%}_{\text{UW FTE}} = \underbrace{62.132\%}_{\text{MAX DHHS (over 12 months)}}$$

The max commitment an individual can make on HHS funding as a **70% FTE** with this salary would be **62.132%**, or 7.45 calendar months per year.

Biweekly Calculation

$$\$221,900 \times 70\% \text{ FTE} / 26 \text{ weeks} = \$5,974.23$$

Example biweekly UW Salary: (**\$250,000 x 70% / 26 weeks**): **\$6,730.76**

The max that can stay on a grant for any given period is the ratio between the UW base pay annualized and the cap rate.

The difference should be on non-sponsored as 'cap gap' to capture the difference between the base rate and the salary limitation.

Effort Allocation (Biweekly)

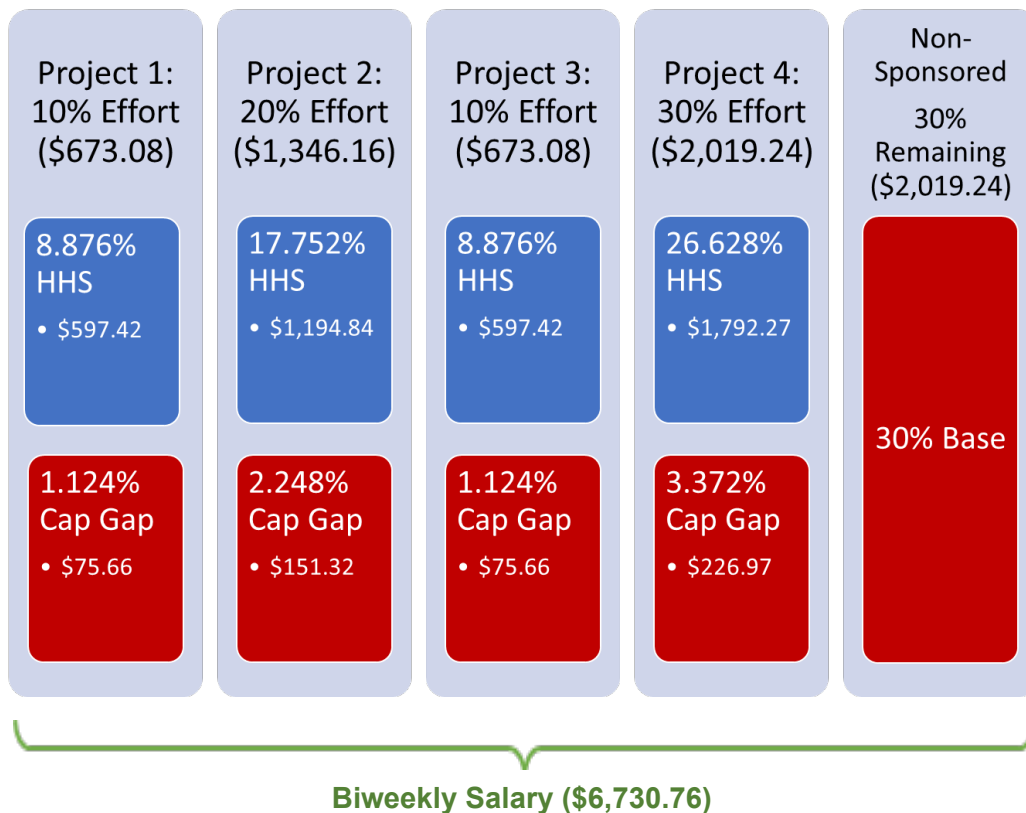
Total salary between four projects and non-sponsored is **\$6,730.76**

Effort below is for a **70% FTE** person, with consideration that the effort committed is based on 70% FTE.

10% effort = 0.7 calendar months, 20% = 1.4 calendar months, and 30% = 2.1 calendar months.

To translate a 1.0 FTE commitment to a 0.7, consider the commitment at 1.0 and divide by 0.7.

For example, a 20% or 2.4 calendar month commitment would translate to 28.57% of a 70% appointment.



Further guidance can be found at <https://rsp.wisc.edu/awardmgt/DHSSalCap.cfm>

Tools are on this page to assist with calculating the applicable payroll split for eligible staff, and include a downloadable spreadsheet to determine splits with multiple funding sources.