



Symposium for Research Administrators

University of Wisconsin-Madison
October 25th, 2022

DHHS Salary Cap: How it Impacts Post-Award Grants Management

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How comfortable are you with salary cap?

ⓘ Start presenting to display the poll results on this slide.

Payroll Salary Cap

Salary cap is a legislatively-mandated provision limiting the direct salary for individuals working on DHHS awards

It is an effective salary limitation of the award.

Salary cap rates are available at:

https://grants.nih.gov/grants/policy/salcap_summary.htm

RSP Salary Cap page:

<https://rsp.wisc.edu/awardmgt/DHSSalCap.cfm>

Payroll Salary Cap

DHHS usually updates salary cap levels some time around Jan-Mar, so it's a good idea to check before proposal submission. Once released by HHS, Notice is sent to the College/School group.

Note that the salary lookup tool for C-basis employees provides their 9-month salary rates, so they might still be over the cap:

$\$203,700 / 12 = \$16,975$ per month * 9 months = **\$152,775 salary cap** for C-basis

When the updated salary cap level is announced, awards should be updated with the new effective date / rate

UW Madison uses the new rate effective date in the Notice, good to annually check and update

NIH Notice on Salary Cap Update

Guidance on Salary Limitation for Grants and Cooperative Agreements

Notice Number:

NOT-OD-22-076

Key Dates

Release Date:

February 10, 2022

Related Announcements

[NOT-OD-22-117](#) - Notice of Legislative Mandates in Effect for FY 2022

[NOT-OD-22-015](#) - Notice of Fiscal Policies in Effect for FY 2022

[NOT-OD-22-045](#) - NIH Operates Under a Continuing Resolution

[NOT-OD-21-058](#) - Notice of Fiscal Policies in Effect for FY 2021

[NOT-OD-21-057](#) - Guidance on Salary Limitation for Grants and Cooperative Agreements FY 2021

Issued by

NATIONAL INSTITUTES OF HEALTH ([NIH](#))

Purpose

This Notice provides information regarding the salary limitation for NIH grant and cooperative agreement awards and extramural research and development contract awards.

Since 1990, Congress has legislatively mandated a limitation on direct salary for individuals under NIH grant and cooperative agreement awards (referred to here as a grant). The mandate appears in the annual appropriation act that provides authority for NIH to incur obligations for a given Fiscal Year (FY). At this time, NIH has not received an FY 2022 appropriation and is operating under a Continuing Resolution, the "Continuing Appropriations Act, 2022" ([Public Law 117-70](#)), that applies the terms and conditions of the Consolidated Appropriations Act, 2021.

The Consolidated Appropriations Act, 2021, restricts the amount of direct salary to Executive Level II of the Federal Executive pay scale. The Office of Personnel Management released new salary levels for the Executive Pay Scale and effective January 2, 2022, the salary limitation for Executive Level II is \$203,700.

For active awards, including awards that have been issued in FY 2022 (continuation and new), that were restricted to the previous Executive Level II, if adequate funds are available in active awards, and if the salary cap increase is consistent with the institutional base salary, recipients may rebudget funds to accommodate the current Executive Level II salary level.

Once the Department of Health and Human Services Appropriation for FY 2022 is enacted, NIH will publish the annual Notice of legislative mandates to provide information on any statutory provisions that limit the use of NIH grant funds in FY 2022.

Notice of Award Language

National Institutes of Health (NIH)

7. None of the funds in this award shall be used to pay the salary of an individual at a rate in excess of the applicable salary cap. Current salary cap levels can be found at the following URL: http://grants1.nih.gov/grants/policy/salcap_summary.htm

Agency for Healthcare Research and Quality (AHRQ)

None of the funds in this award shall be used to pay the salary of an individual at a rate in excess of Executive Level II of the Federal Executive Pay Scale. If applicable, this award and future years have been adjusted.

Food and Drug Administration (FDA)

Salary Caps:

None of the funds in this award shall be used to pay the salary of an individual at a rate in excess of the current Executive Level II of the Federal Executive Pay Scale.

Substance Abuse and Mental Health Services Administration (SAMHSA)

Your organization must comply with the Standard Terms and Conditions for the Fiscal Year in which your grant was awarded. The Fiscal Year for your award is identified on Page 3 of your Notice of Award. SAMHSA's Terms and Conditions Webpage is located at: <https://www.samhsa.gov/grants/grants-management/notice-award-noa/standard-terms-conditions>.

13	Executive Pay	The Consolidated Appropriations Act, 2022 (Public Law 117-103), signed into law on March 15, 2022, restricts the amount of direct salary to Executive Level II of the Federal Executive Pay scale. Effective January 2, 2022, the salary limitation for Executive Level II is \$203,700 .
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For awards issued prior to this change, if adequate funds are available in active awards, and if the salary cap increase is consistent with the institutional base salary, recipients may re-budget to accommodate the current Executive Level II salary level. However, no additional funds will be provided to these grant awards.

Centers for Disease Control and Prevention (CDC)

A. Cap on Salaries (Division H, Title II, General Provisions, Sec. 202): None of the funds appropriated in this title shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level II.

Who is Affected?

- Anyone over \$203,700 annualized salary/FTE rate in a pay period
- Folks paid on HHS Direct/Flow Through awards

<https://www.hhs.gov/about/agencies/hhs-agencies-and-offices/index.html>



ADMINISTRATION FOR
CHILDREN & FAMILIES



DHHS Salary Cap

How much can I charge?

Cap amount / # of biweekly payroll (year) = max 100% salary on all DHHS funding

$$\$203,700 / 26 = \$7,834.62$$

Allowable % on DHHS differs for each individual:

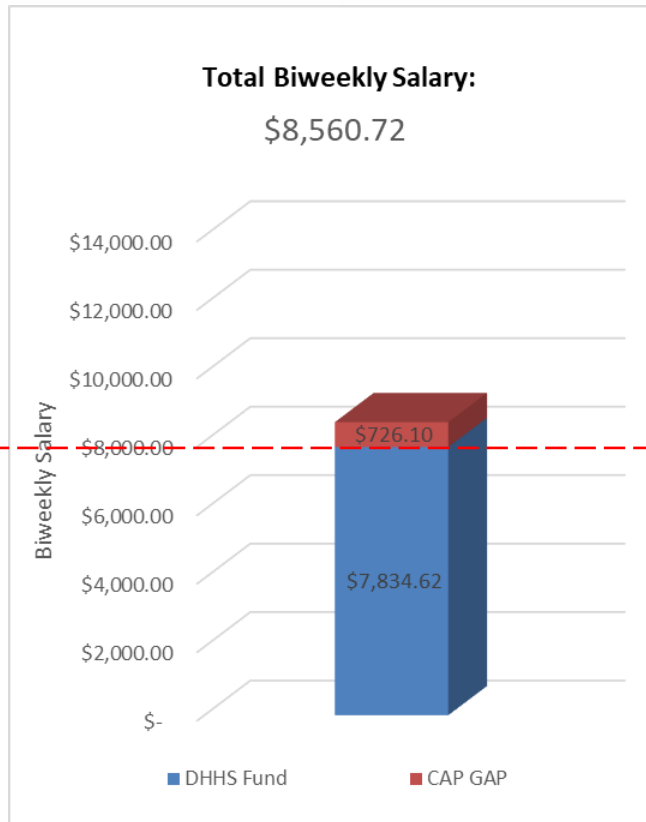
Cap amount / annualized payroll = max % of salary on DHHS funding

$$\$203,700 / \$222,578.67 = 91.52\%$$

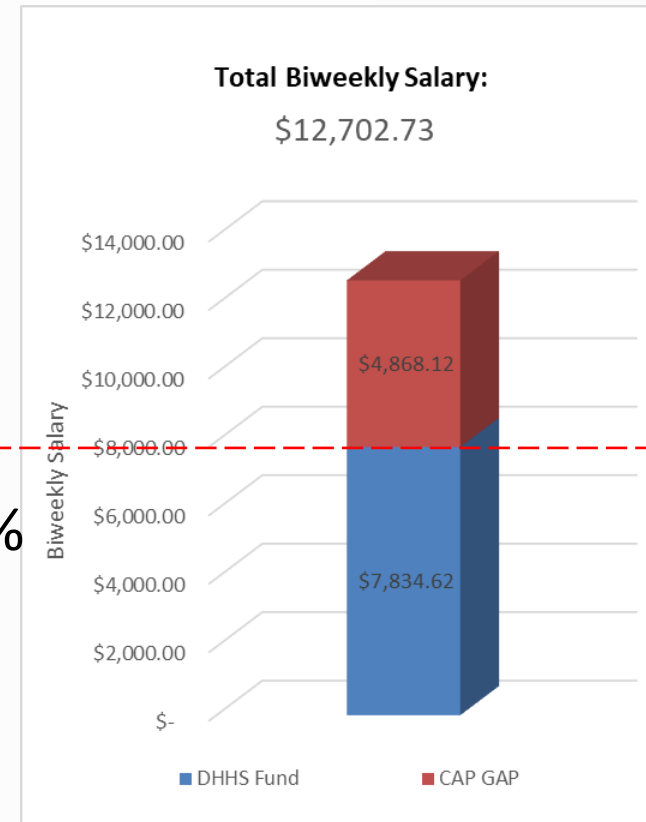
DHHS Salary Cap

Example at 100% FTE

Allowable %
= **91.52%**



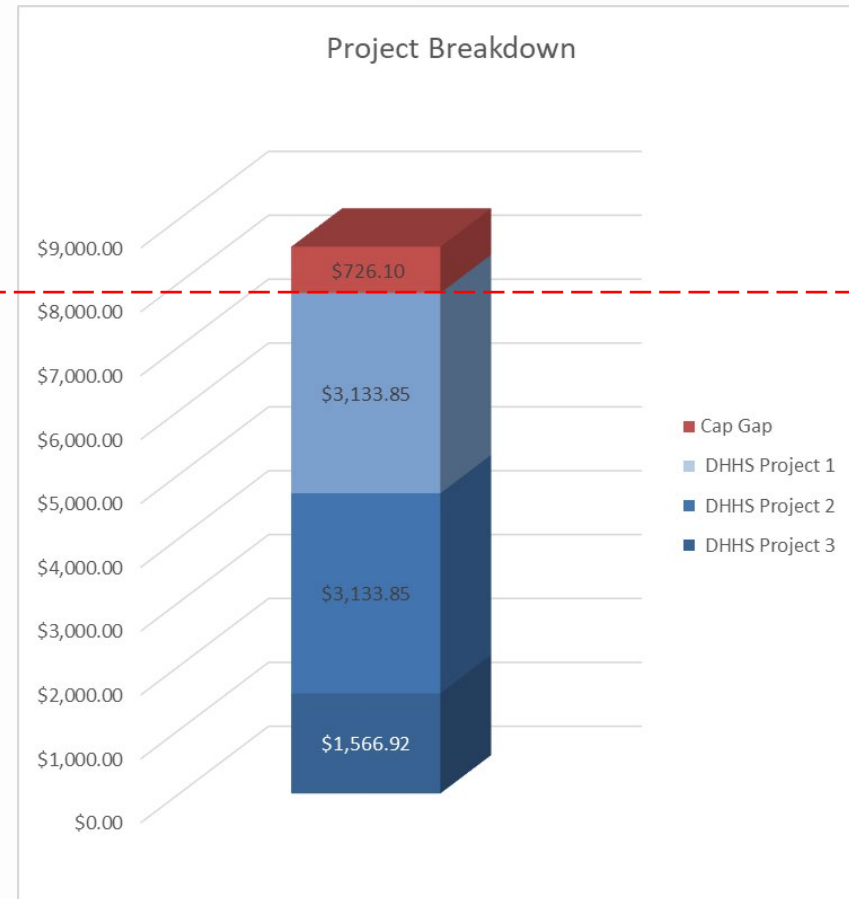
Allowable %
= **61.68%**



**\$7,834.62 Max
DHHS Funding**

DHHS Salary Cap

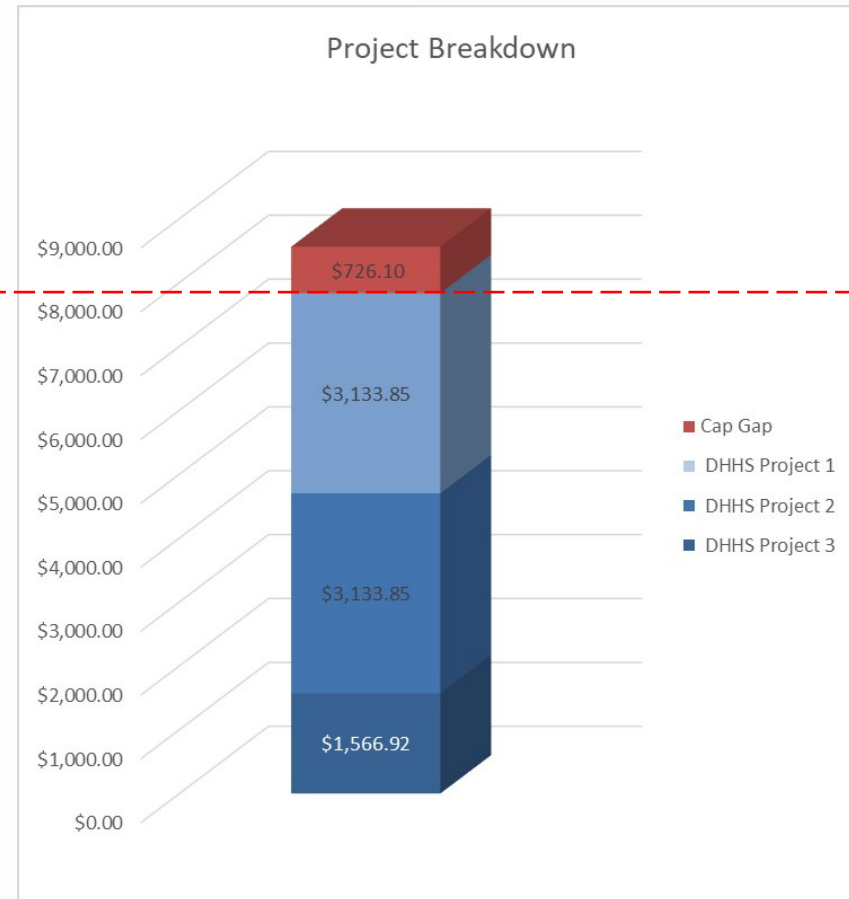
Max DHHS funding is split across all eligible DHHS awards



\$7,834.62 Max DHHS Funding

DHHS Salary Cap

“Cap Gap” is the amount of biweekly salary over the max DHHS funding limit

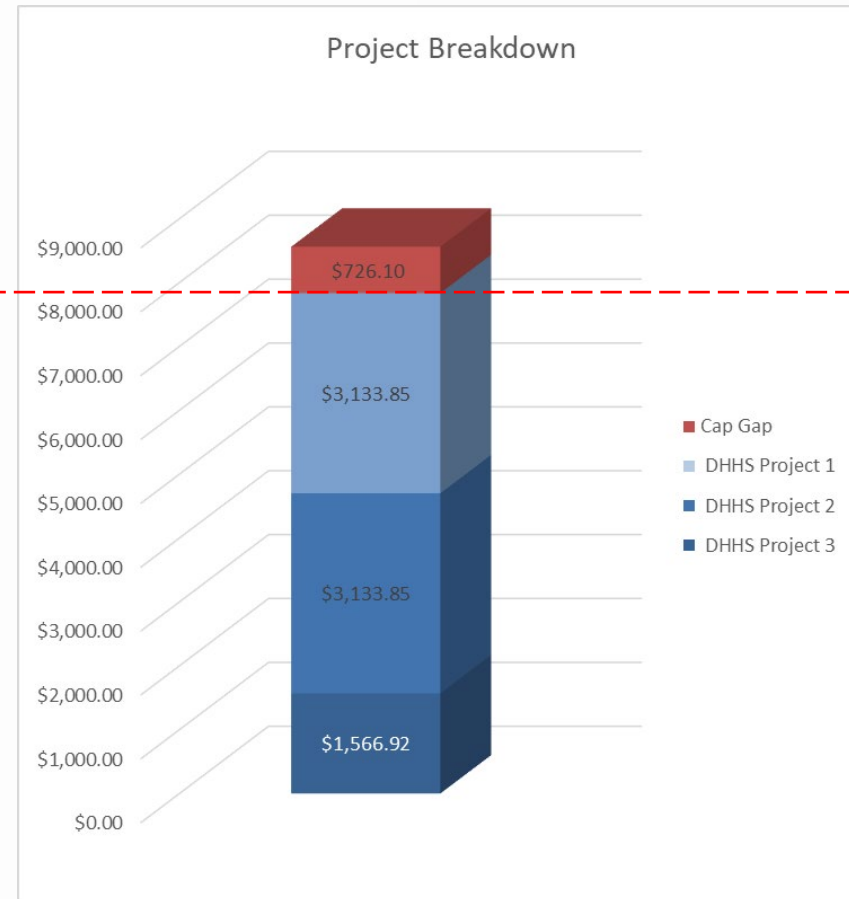


\$726.10 “Cap Gap”

DHHS Salary Cap

✓ Cap Gap MUST consist of non-sponsored funding

✗ Other sponsored funds (NSF, industry, etc.) cannot count toward Cap Gap requirement

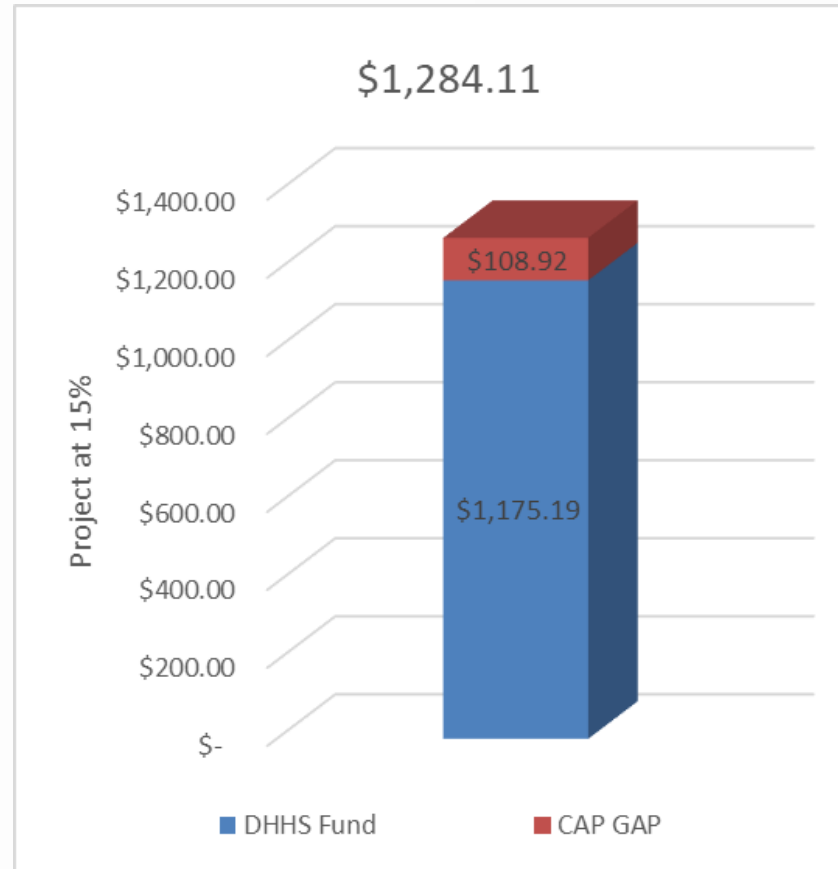


\$726.10 “Cap Gap”

DHHS Salary Cap

Funding must be pro-rated based on the % of effort and/or FTE

Use the max allowable %, based on annual salary



Example:

$$\frac{\$203,700}{\$222,578.67} = 91.52\% \text{ max allowable}$$

Project at 15%:

$$15\% * 91.52\% = 13.73\% \text{ allowable on DHHS} \\ (\$1,175.19)$$

DHHS Salary Cap

How do I figure all of this out?

The screenshot shows the University of Wisconsin-Madison Research and Sponsored Programs website. The main navigation bar includes links for FINDING FUNDING, PROPOSAL PREPARATION, AGREEMENT NEGOTIATION, AWARD SETUP, AWARD MANAGEMENT, AWARD CLOSEOUT, and RED. The current page is titled "DHHS Salary Cap Guidance" and is part of the "PROPOSAL PREPARATION" section. The page features a sidebar with "FREQUENTLY ACCESSED PAGES" and a main content area with a "Tools" tab highlighted. The "Tools" tab contains a form for calculating the salary cap, including fields for FTE Annual Rate, Applicable Cap, and Display As. Below the form are sections for "Salary Cap Worksheet" and "Double-Check Tool", both with input fields and mathematical symbols. A red box highlights a note: "For individuals with multiple funding sources, please use the attached excel spreadsheet to determine your payroll splits."

UNIVERSITY OF WISCONSIN-MADISON

RESEARCH AND SPONSORED PROGRAMS
Office of the Vice Chancellor for Research and Graduate Education

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Search Website

FINDING FUNDING PROPOSAL PREPARATION AGREEMENT NEGOTIATION AWARD SETUP AWARD MANAGEMENT AWARD CLOSEOUT RED

HOME / PROPOSAL PREPARATION

DHHS Salary Cap Guidance
Page Updated: July 12, 2022

Overview Proposals Payroll Certifying Effort **Tools** Corrections Definitions FAQs Salary Cap Changes

Use the Definitions tab as a resource for correctly filling in the fields.

FTE Annual Rate: \$
(Special instructions for nine-month and part-time appointees)

Applicable Cap: Select...
▼

Display As:
 Percentage
 Dollars per pay period

Nine-month: C-Basis Rate / 9 * 12 = FTE Rate (e.g. a \$150,000 rate equals \$200,000 FTE Rate)
Part-time: UW Salary Rec'd / Appt % = FTE Rate (e.g. 0.50 FTE employee earning \$100,000 in salary equals \$200,000 FTE Rate)

Salary Cap Worksheet
The worksheet below will help you determine what may be charged to the award on a pay period basis, and what amount must be cost-shared from a flexible, non-sponsored source.

= +
Effort (in %) Award Payment (in %) Required Cap Cost Share (in %)

Double-Check Tool
This tool is intended for verifying that the charged salary is appropriate for the amount of effort being spent on the award.

+ =
Award Payment (in %) Required Cap Cost Share (in %) Required Effort on Project (in %)

For individuals with multiple funding sources, please use the attached excel spreadsheet to determine your payroll splits.

AWARD STATISTICS FY21
Total Awards \$1654M
Federal Awards 6973M

DHHS Salary Cap

How do I figure all of this out?

Input or select dropdown data in cells outlined in RED (contained in boxes numbered 1-4). Other cells contain formulas and should not be adjusted.

1	PI Name <input type="text" value="Flanders, Maude"/>	PI Salary Amount <input type="text" value="\$330,271.00"/>	Select Pay Basis <input type="text" value="A-Basis (Annual / 12 month)"/>
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2	Select Eligible Salary Cap Rate ⓘ <input type="text" value="\$203,700.00"/>	Base Salary Rate for C-Basis (Academic / 9 month) Appointments ⓘ <input type="text" value="N/A"/>	Allowable \$ on Awards (monthly) ⓘ <input type="text" value="\$16,975.00"/>
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3	For Flanders, Maude biweekly payroll at Biweekly Salary Amount <input type="text" value="\$12,702.73"/>	<input type="text" value="100%"/> Allowable % on DHHS Awards <input type="text" value="61.68%"/>	Allowable \$ on Awards with DHHS Salary Cap <input type="text" value="\$7,834.62"/> Amount to Allocate to Non-sponsored / Cap Gap <input type="text" value="\$4,868.12"/>
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Salary Lookup for Proposal Preparation

Page Updated: December 14th, 2018

Provides current salary rates which may change due to merit increases, promotions, etc. Use of this information is limited to proposal preparation and governed by the [University Acceptable Use Policy](#).

Authorized Uses Only: Use of this information is limited to proposal preparation and governed by the [University Acceptable Use Policy](#). Any other use is unacceptable.

Name <input type="text" value="Flanders, Maude"/>	Person ID/Empl. ID <input type="text"/>
<small>Partial names can be searched.</small>	<small>Enter the UW Employee ID.</small>

Search Results

Name	Person/Empl ID	Department	Title	Base Rate	Basis - Type - FTE
FLANDERS, MAUDE	00045463	A536300 - SMPH/PATHOL-LAB MED/ANAT PATH	Professor *	\$330,271.00	A - FA - 1.000000

Basis Key: A=12 month, C=9 month, H=hourly, L=limited, *=Primary Job Indicator

- RELATED LINKS
- [WISPER](#)
 - [Forms](#)
 - [Rates](#)
 - [Routing and Approval](#)

DHHS Salary Cap

How do I figure all of this out?

Input or select dropdown data in cells outlined in RED (contained in boxes numbered 1-4). Other cells contain formulas and should not be adjusted.

1

PI Name	PI Salary Amount	Select Pay Basis
Simpson, Homer	\$166,934.00	C-Basis (Academic / 9 month)

2

Select Eligible Salary Cap Rate	Base Salary Rate for C-Basis (Academic / 9 month) Appointments	Allowable \$ on Awards (monthly)
\$203,700.00	\$152,775.00	\$16,975.00

3

For Simpson, Homer biweekly payroll at	100%	Allowable \$ on Awards with DHHS Salary Cap
Biweekly Salary Amount	Allowable % on DHHS Awards	Amount to Allocate to Non-sponsored / Cap Gap
\$8,560.72	91.52%	\$726.10

Salary Lookup for Proposal Preparation

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RELATED LINKS

- [WISPER](#)
- [Forms](#)
- [Rates](#)
- [Routing and Approval](#)

Name: Simpson, Homer

Person ID/Empl. ID:

Partial names can be searched. Enter the UW Employee ID.

Search Results

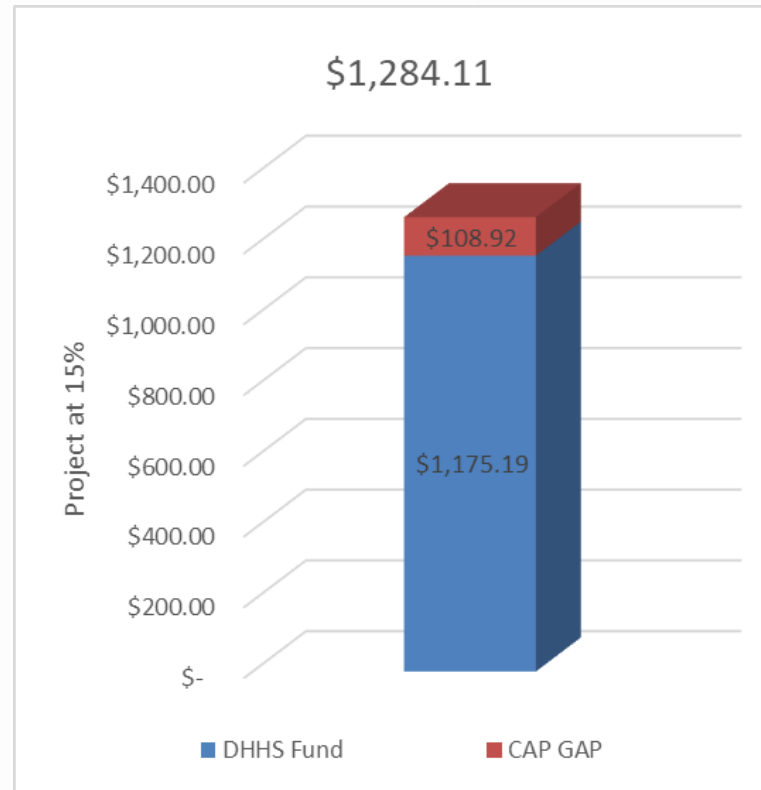
Name	Person/Empl ID	Department	Title	Base Rate	Basis - Type - FTE
SIMPSON, HOMER	00912358	A194200 - ENGR/BIOMEDICAL ENGR	Associate Professor *	\$166,934.00	V - FA - 1.000000
SIMPSON, HOMER	00912358	A194200 - ENGR/BIOMEDICAL ENGR	Associate Professor *	\$166,934.00	C - FA - 1.000000

Basis Key: A=12 month, C=9 month, H=hourly, L=limited, *=Primary Job Indicator

DHHS Salary Cap

What about certifying effort?

Certification will include the amount paid from the DHHS project + the cap gap amount.



The PI should certify a total of \$1,284.11 on this project.

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Audience Q&A Session

ⓘ Start presenting to display the audience questions on this slide.