Using the Salary Cap Calculator Tool
Salary Cap Limitations for DHHS Awards

**Institutional Base Salary (IBS) & Salary Cap**

- Institutional Base Salary (IBS) is the annual compensation an individual receives from Duke University whether that individual's time is spent on research, instruction, administration, and/or other activities.
- When an individual's IBS exceeds the salary cap, the difference between that individual's salary and the maximum amount allowed under the cap must be charged to a non-sponsored account.
- Actual direct salary charges on each award must conform to the salary cap regardless of the individual's current IBS.
- IBS excludes compensation received through the Duke Private Diagnostic Clinic (PDC) or appointments with the VA through the Durham Veterans Affairs Medical Center (VAMC).
- IBS excludes incidental pay and any income an individual earns outside of Duke University.
- DHHS establishes the funding limitation for salaries at the time that a competitive award is made.
- If subsequent non-competing funding is awarded during a year with a higher salary cap, NIH allows existing funds to be re-budgeted to that level. Typically, no new funds will be awarded for this purpose.
- Federal Sponsors recognize cost sharing commitments when financial commitments are included in any part of the proposal.
- This commitment becomes voluntary committed cost sharing. It must be documented in university systems and the financial commitment must be met.
- Departments should be careful to not inadvertently commit to voluntary committed cost sharing.
- Principal Investigators (PI's) certify expenditure statements for cost sharing activities in the same manner as for direct project expenditures.
- PI's are responsible for ensuring that cost-sharing commitments are met.

**Background:** Congress has legislatively mandated a provision limiting the direct salary an individual may receive from awards issued with Department of Health and Human Services (DHHS) funds. The salary cap is restricted to Levels within the Executive Pay Schedule authorized by the U.S. Office of Personnel Management. The salary cap impacts all DHHS agencies, including NIH, CDC, ACF, CMS, HRSA, AHRQ and SAMHSA. The requirement applies to all DHHS awardees and sub-awardees. This means that any DHHS-funded pass through awards are also subject to the salary cap requirement.

**The Salary Cap Calculator Tool:**

- Allows for flexibility in managing multiple sponsored effort projects for faculty and monthly staff.
- Tool includes calculator for academic, calendar, or summer appointments.
- Allows for multiple WBSE entries.
- Can be used as a departmental documentation tool to confirm award allocation.
- Gives greater transparency for managing effort, cost share requirements, and the sponsored research project between each office responsible (Principal Investigator, Grant Manager, and Departmental HR / Payroll Staff).

- 60xxxx: Payroll Costs - [http://bit.ly/2BArQ1g](http://bit.ly/2BArQ1g)
- Clinical Science Faculty Regular Rank Titles and Job Codes - [http://bit.ly/2EaEUb9](http://bit.ly/2EaEUb9)
The Salary Cap Calculator Tool requires preliminary data points to be entered before sponsored projects can be evaluated for cost share requirements and appropriate G/L determination. These data points include appointment type, position type, institutional base salary, and salary cap level.

Upon notification of a new Sponsored Project or a change in the institutional base salary of the Duke University employee, the responsible person should prepare a new Salary Cap Calculation worksheet for review, calculation, and confirmation prior to any changes entered in iForms for the employee’s cost distribution.

### Step 1. Enter data in yellow highlighted cells.

**Name of Individual:** Mickey Mouse  
**DUID:** 110110

**Type of Appointment:** 12 Months [Calendar], 9 Months [Academic], 1 Month [Summer]

**Position Type:** Regular Rank Non-Tenure Track Faculty

**Institutional Base Salary (IBS):** $200,000.00

**Choose Salary Cap Time Frame:** Level II 01/08/2017 - until changed

**Effective Date:** 2/1/2018

### Step 2. Review results in gray cells for use in iForms to properly reflect required cost sharing.

**Salary Cap Time Frame:**

- Level II 01/08/2017 - until changed

**Effective Date:** 2/1/2018

- $187,000.00

### A. Name of Individual:

- Enter the name of the individual impacted by the new change.

### B. DUID:

- Enter the DUID of the individual. This will ensure that HR/Payroll applies the changes to the correct employee.

### C. Type of Appointment:

- Choose the current appointment type [required].

- Calendar (12 months)
- Academic (9 months)
- Summer (1 month) – See Summer Supplement Payments for Faculty – Federal Grants (http://bit.ly/2BgWRGv)

### D. Position Type:


### E. Institutional Base Salary (IBS):

- Enter the Institutional Base Salary as a dollar amount only [required].

- Calendar [12 month] and Academic [9 month] appointments should be entered as the yearly base.

- Summer should be entered as a one month base only (to calculate one summer month = the IBS ÷ 9).

### F. Choose Salary Cap Time Frame:

- Choose the DHHS Salary Cap Level. Once an entry is chosen, the amount of the cap will be shown in the orange box to the right. The amount shown will be calculated based on response for Item C (Appointment) and Item F [required].

- Level II 01/08/2017 - until changed
- Level II 01/10/2016 - 01/07/2017
- Level II 01/11/2015 - 01/09/2016
- Level II 01/12/2014 - 01/10/2015
- Level I 01/01/2010-12/22/2011

### G. Effective Date:

- Enter the date the change goes into effect.
The Salary Cap Calculator Tool is meant to be an aide to assist Research Administrators, Principal Investigators, and Departments in the management of cost share requirements on sponsored projects.

The smart form anticipates the corresponding effort G/Ls and calculated effort based on preliminary data. Review of the G/Ls should be made to ensure the appropriate G/L is used for the effort/role/project.

Tenure-Track and Non-Tenure Track Faculty:
- Faculty are comprised of two groups: "tenured and tenure-track faculty" and "non-tenure-track faculty" (http://bit.ly/2u0SpKf).
- The "tenured and tenure-track faculty" is composed of those individuals holding the ranks of assistant professor, associate professor, and professor.
- The "non-tenure-track faculty" is composed of those individuals holding the ranks of instructor, lecturer, senior lecturer, principal lecturer, professor of practice, visiting (assistant/associate/professor), adjunct (assistant, associate/professor), research faculty (assistant/associate/professor), and emeritus faculty.

Summer supplement payments for faculty (http://bit.ly/2DFkMw5) – Supplemental Pay Forms Overview & Matrix:
- Such payments cannot exceed 1/9ths, if a 9-month faculty member (1/10ths if a 10-month faculty member or 1/11ths, if an 11-month faculty member) in a month and they cannot exceed 3/9ths, if a 9-month faculty member (2/10ths, if a 10-month faculty member or 1/11ths, if an 11-month faculty member) within a fiscal year.

The Tool is not formatted to work to calculate NIH “K” award effort commitments.

The Tool is not used for Total Professional Effort (TPE) calculations within the School of Medicine/School of Nursing.

The Tool is only for NIH/DHHS salary cap calculations. All HHS operating divisions except the FDA (funded under the USDA appropriations bill) are under the salary cap requirement. Other sponsors may impose a salary cap so it is important to read the solicitation carefully to determine if the sponsor has a salary cap.

**Things to Consider**

- The Salary Cap Calculator Tool is meant to be an aide to assist Research Administrators, Principal Investigators, and Departments in the management of cost share requirements on sponsored projects.
  - The smart form anticipates the corresponding effort G/Ls and calculated effort based on preliminary data.
  - Review of the G/Ls should be made to ensure the appropriate G/L is used for the effort/role/project.

- Tenure-Track and Non-Tenure Track Faculty.
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