

# SALARY CAP GUIDANCE

## General Information

NIH and various agencies adhere to an annual salary cap limitation. This cap limits the rate of pay that may be compensated under a resulting agreement from one of these collaborating agencies.

For an individual with an institutional base salary (IBS) above the imposed cap, any effort charged to these projects may only be charged at the capped rate. This does not change the level of effort devoted to the project, which results in an over the cap amount that must be documented and tracked separately with the award. At GSU, this is managed via cost share accounts. At the time of award, the effort devoted for over-the-cap individuals is applied to both the sponsored project account and a corresponding cost share account for the over the cap amount.

## Management of Over the Cap Amounts

For calendar faculty/staff, this is a straightforward split. The amount allowable to be compensated on the award is paid through the award, and the over the cap amount is compensated and tracked through a cost share account. The funds are moved from the non-sponsored account from which the individual is standardly paid to a cost share account to track the effort appropriately with the award and ensure this effort is not applied elsewhere.

For academic year (AY) faculty, this is a similar straightforward split in the academic year, but if they **choose** to be paid the over the cap amount in the summer, they will need to bring the over the cap amount of funds in during the academic year in order to receive it in the summer. SPH does not receive funds to cover summer salary for academic appointments. GSU guidance indicates that the amount that will be compensated over the cap during the summer should be recovered by SPH during the academic year from that faculty's sponsored efforts in order to compensate them for the over the cap amount in the summer.

**In line with GSU policy, over-the-cap faculty must charge additional effort to sponsored projects during the academic year to cover the summer salary gap. Note: this applies only to faculty on 9-month contracts.**

**If the faculty member has any other commitments (soft money obligations, course buyouts, etc.), the amount charged in the academic year to cover the summer salary cap gap must be in addition to those commitments.**

Example scenarios are described below.

## Resources

Impacted faculty should work closely with their assigned post-award GCO to ensure they have appropriate coverage in planning academic and summer salary from sponsored projects.

Please feel free to utilize SPH's salary cap calculator found on ORSP's website (<https://publichealth.gsu.edu/orsp/resources-templates/>) to assist with determining how much over the cap summer coverage will be needed.

Please reach out to your assigned Post-Award GCO or ORSP Director for questions.

### **Example Scenario for Academic Year Faculty Charging Summer Effort with No Other Commitments (see attached calculator):**

Annual Salary Cap: \$197,300 (Academic Salary Cap: \$147,975 Summer Salary Cap: \$49,325) - Monthly Cap \$16,441.67

Dr. Smith has an Academic Year IBS of \$180,000. Annualized, this is \$240,000, and monthly it is \$20,000. Thus, Dr. Smith's total eligible summer salary is \$60,000. Dr. Smith is committing 10% of effort to the one-year project with the imposed NIH salary cap of \$197,300.

GSU pays academic salary over 10 months (Aug-May), and SPH pays summer salary over 3 months (May-July).

Dr. Smith will commit a total of 10% effort in all months of the project. During the academic months, this calculates to 8.22% to the sponsored account (\$14,798 total) and 1.78% to the cost share account (\$3,202 total). During the summer months, this calculates to 8.22% to the sponsored account (\$4,933 total) and 1.78% to the cost share account (\$1,067 total).

Since Dr. Smith is an academic appointment and does not have a contract with SPH in the summer, she will need to have brought the over-the-cap summer amount in during the academic year to ensure SPH has the funds available to compensate her accordingly in the summer. Dr. Smith has satisfied the summer commitment with the academic year amount she brought in for this award (she brought in \$14,798, when the summer effort this award required at least \$1,067). If the academic amount charged to the sponsored account for this award did not total or exceed \$1,067, she would need to have charged academic month time to other sponsored projects as well, until she met this summer over-the-cap amount.

### **Example with a course buyout**

Assume the same salary for Dr. Smith. Assume she planned 12.5% effort (\$22,500) during the academic year and 30% effort in the summer (\$18,000 or \$60,000 x .30). With her 12.5% effort during the AY, she plans to buy out of one course.

During the summer, Dr. Smith has planned to be paid 30% of her salary per month from this grant. This amounts to \$6,000 per month. However, because of the salary cap, she can only be paid \$4,932 per month (\$16,441 monthly cap x .30), and thus there is a gap of \$1,068 per month to cover for a total of \$3,204. Because she has used her 12.5% during the AY for a course buyout, she must charge additional time during the AY to cover the \$3,204 gap.