Processing IFR Cost Sharing Assignments with a Sponsor-imposed Salary Cap

Purpose

This document describes the correct method for processing Income Fund Reimbursement (IFR), and/or Cost Sharing (CS) assignments when the sponsor imposes a salary cap. For instructions on processing a Research Foundation (RF) employee assignment whose salary rate is over a sponsor salary cap, refer to "Processing RF Employee Assignments with a Sponsor Imposed Salary Cap."

Background

Certain sponsors limit the salary rate that can be expended and reimbursed from their awards. This is known as a "salary cap." When a person's salary rate exceeds the salary cap (limit), only the amount up to the limit is charged for reimbursement to the sponsored award. The difference is charged to the NIH overage award for your campus. For more information on the salary cap, refer to the procedure "Sponsor Salary Restrictions: NIH, AHRQ, and SAMHSA." For a listing of the NIH Overage Award numbers, refer to the document "Payroll Suspense, Other Institutional Activity (OIA), and NIH Overage Awards Numbers."

At the RF, these situations may occur with IFR, and/or CS assignments because SUNY faculty may have salary rates above the sponsor imposed limit. For more information, refer to "Income Fund Reimbursable (IFR)/Cost Sharing (CS) Assignments."

Process

When a SUNY IFR, and/or CS assignment has a salary rate above the sponsor imposed limit, the steps outlined in this procedure must be followed to ensure that only the amount up to the limit (salary cap) is being used to charge a sponsored award or used to meet cost sharing commitments and requirements.

The steps to complete this process involve actions in the Human Resources/Payroll module, the Labor Distribution module, and the Effort Reporting module of the Oracle business applications.

Step 1: HR Module Entries

The following steps must be taken in the HR module:

Step		Action
1	Review ORG on the Assignment form	ORG must be ###SUNY IFR/Cost Sharing to ensure that any unallocated costs are charged to Other Institutional Activity and not to the SUNY Payroll Suspense Account.
2	Review the Earnings Element salary information	When entering the SUNY earnings element in the Element Entries form, the entire salary should be entered, including any amounts over the sponsor limit. For more information on entering SUNY salaries, refer to "IFR and Cost Sharing Records: Entering and Updating Records in Oracle."

Step 2: Calculating Percentages for LD Input

The following steps should be taken to calculate the percentages to enter in the labor schedule. The instructions will differ slightly based on if the IFR/CS appointment form states a flat dollar amount or a percentage of salary.

Note: These calculations should be done for every appointment that is subject to a sponsor imposed salary cap. If a person has multiple charging instructions to multiple awards then the calculations should be performed for each award. The amount that is entered into the NIH overage award will be the accumulation of all the percentages from each calculation. The completed calculations should be attached, and filed with the IFR/CS appointment form.

Step	Determine	Action	
Appointment Period			
1	Appointment period Note: When entering SUNY salaries, it is important to apply the cap to the entire salary, not the amount being reimbursed, because it is the total rate of pay that is capped, not just the reimbursement amount.	If the appointment period is 12 months, continue to step 2.	If the appointment period is 9 or 10 months, cap must be adjusted accordingly. For example, if the SUNY salary amount is stated as a 9 month appointment, then the cap must be adjusted accordingly to reflect a 9 month appointment in order to determine the correct amount to post to the NIH Overage Award. To adjust the capped amount, take the following steps: Take the cap and divide by 12 months. This is the monthly rate: $191,300/12 = $15,941.67. Take the monthly rate from above and multiply it by the number of months in the SUNY appointment. This is the pro-rated cap amount: $15,941.67*9 = $143,475.03 Use the pro-rated amount in the remaining steps.
Sponsored Award Calculations			
		If a "flat amount" is listed on the form	If a "percentage" is listed on the form
2	Amount to charge to sponsored award	Use the amount listed on form.	Multiply the sponsor imposed salary limit by the percentage. The result is the dollar amount that will be charged to the sponsored award.
3	Percentage of salary to enter in Labor Schedule for sponsored award	Divide the amount in step 2 by the full SUNY salary (not taking into account the cap). The result is the percentage that should be entered in the labor schedule for the sponsored award.	
NIH Salary Cap Award Calculations			
		If a "flat amount" is listed on the form	If a "percentage" is listed on the form
4	Percent of capped salary	Divide the amount on the form by the capped amount. The result is the percentage.	Use the percentage listed on the form.
5	Percentage of salary to enter in the Labor Schedule for the NIH Salary Cap Overage award	Subtract the percent of the capped salary (from step 4) from the percent of the full salary (from step 3). The result should be entered in the NIH Salary Cap Overage award.	

Example 1: IFR/CS Appointment Form states reimbursement as a "flat dollar amount"

Professor Jones has a 12-month appointment and earns $198,000 per year. He has an IFR appointment on an NIH award. The desired reimbursement is

$9,800 and the salary cap is $191,300.

1. Determine the appointment period: 12 months.
2. Determine the amount to be charged to the sponsored award: Form states $9,800.
3. Determine the percentage to be entered in the labor schedule for the sponsored award. Divide the amount in step 2 by the actual SUNY salary to determine the distribution to the sponsored program award: $9,800/$198,000 = 4.95% to the sponsored award.
4. Determine the percent of the capped salary. Divide the amount by the capped salary: $9,800/$191,300 = 5.12%.
5. Determine the percentage to be entered in the labor schedule for the NIH overage award.

Subtract the capped percentage from the actual percentage 5.12% - 4.95% = .17% to the NIH overage award.

Example 2: IFR/CS Appointment Form states reimbursement as a "percentage" of salary

Professor Smith has a 12-month appointment and earns $220,000 per year. He has an IFR appointment on an NIH award. The desired reimbursement is 10% of his salary and the salary cap is $191,300.

1. Determine the appointment period: 12 months.
2. Determine the amount to be charged to the sponsored award using the capped salary amount. Multiply the sponsor imposed salary limit by the percentage: $191,300 x 10% = $19,130.
3. Determine the percentage to be entered in the labor schedule for the sponsored award. Divide the result by the actual SUNY salary to determine the distribution to the sponsored program award: $19,130/$220,000 = 8.7% to the sponsored award.
4. Determine the percent of the capped salary: Form states 10%.
5. Determine the percentage to be entered in the labor schedule for the NIH overage award: Subtract the capped percentage from the actual percentage: 10% - 8.7% = 1.3% to the NIH overage award.

Example 3: Multiple Charging Instructions

Assuming Professor Smith from "Example 2" above was also cost sharing on another award at 5%. The calculations above are performed, which results in an additional .65% to charge to the NIH overage award. Combine the NIH overage award percentages resulting in 1.95% (1.31 + .65) to be entered in the labor schedule for the NIH overage award.

Step 3: Entering Salary Percentages in the Labor Schedule

The following steps must be taken in the LD module:

Step		Action
1	In the labor schedule for the sponsored award or cost award	Enter the amount or percentage of salary based on the actual salary imposed limitation. This is the amount from step 3 in the section above.
2	In the labor schedule for the NIH Salary Cap Overage award:	Using the expenditure type SWM Other Institutional Activity, enter the difference between the actual reimbursement amount and the amount of the reimbursement if there was no salary limitation. This is the amount from step 5 in the section above.

Note: When a federal agency imposes a salary cap, any difference between the actual salary and the reimbursed amount may not be considered additional cost sharing. Central office has established an award for each campus titled "NIH Salary Cap Overage Award" to be used for the difference between the SUNY salary and the reimbursed amount. For more information on federal agencies imposing a salary cap, refer to the procedure "Sponsor Salary Restrictions: NIH, AHRQ, and SAMHSA."

Effort Reporting

The Certification of Salary Distribution reports (effort reports) are used by the RF to meet the effort reporting requirement of OMB Circular A-21.

Following the steps outlined in this procedure, effort reports for assignments where a sponsored imposed a salary cap was applied will produce correct percentages of salary. The Certification of Salary Distribution report will list the NIH Salary Cap Overage award on the report. This is considered part of their Other Institutional Activity, and, therefore, is a valid line and should not be corrected.

Change History

- **March 10 , 2008** - Changed salary cap to the current year. **The salary cap will not be changed each year. **August 12, 2006** - Added reference to NIH Overage Award Numbers document and edited entire document. **August 1, 2005** - Minor clarifications.
- **July 6, 2005** - Minor revisions to the note in "Step 3" section, and "Effort Reporting" section.
- **June 7, 2005** - Revised entire document.
- **June 3, 2004** - Changed "cost sharing award" to "NIH Salary Cap Overage Award."
- **May 14, 2003** - New document.