

Processing Employee Assignments with a Sponsor-imposed Salary Cap

Purpose

This document describes the correct method for processing employee assignments when the rate of pay for a Research Foundation (RF) employee is greater than a sponsor imposed salary cap. For instructions on processing Income Fund Reimbursement (IFR), and/or Cost Sharing (CS) assignments when the sponsor imposes a salary cap, refer to "Processing IFR/Cost Sharing 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 can be charged for reimbursement to the sponsored award. The difference is charged to a non-federal or RF Funded award. 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, this situation is rare because there are limited instances allowed by our Salary Schedules where the salary for an RF employee can exceed the salary cap. For more information on assigning salaries, and salary schedules, refer to "[Salary Schedules 1-5](#)."

Note: When a federal agency imposes a salary cap, any difference between the actual salary and the capped amount may not be considered as cost sharing. For more information on federal agencies imposing a salary cap, refer to the procedure "[Sponsor Salary Restrictions: NIH, AHRQ, and SAMHSA](#)."

Process

When an RF employee 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 charged to 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.

Note: These calculations should be performed for every labor schedule line a person has in which the award for that line is subject to a salary cap.

Step 1: HR Module

The following steps must be taken in the HR module:

Step		Action
1	In the Salary form for the employee	Enter the full salary of the employee. For more information, refer to the work instruction " Enter an Employee Record ."

Step 2: LD Module

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 that equals the imposed salary limitation, not the actual salary.
2	In the Labor Schedule for the non-federal or RF Funded award	Enter the remaining amount or percentage.

Example: Susan Smith has an annual salary of \$198,000. The salary cap is \$191,300.

Divide the cap by the salary to determine the percentage that should be charged to a sponsored award. $\$191,300/\$198,000 = 96.6\%$. The amount that cannot be charged to the sponsored award is 3.4% (100% - 96.6%).

Note: The cap is always applied to the rate of pay, not to the amount charged to the sponsored award. For example, a person only works half-time or 50% Full Time Equivalent (FTE). The cap is stated as a full-time annual salary of \$191,300. The cap should be prorated to a 50% FTE in order to determine the maximum amount that can be charged to a sponsored award. In this case, the prorated amount is \$95,650 and the person's 50% salary cannot exceed this amount or the excess will need to be charged to a non-federal or RF Funded award. This holds true for a person on multiple awards; the rate of pay on each award cannot exceed the rate of pay of the salary cap.

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 percentage over the salary cap in an RF Funded or non-federal award. This is considered part of their salary distribution, and, therefore, is a valid line and should not be corrected.

Change History

- **March 11, 2008** - Changed the salary cap to the current rate. **This rate will not be updated regularly.
- **August 31, 2006** - Added reference to NIH Overage Award Numbers document and edited entire document.
- **July 9, 2005** - Minor revisions to Important note in "Background" section, and "Effort Reporting" section.
- **June 7, 2005** - New document.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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