Managing Salary Over Cap: Part 1

January 30, 2020
AGENDA

- Housekeeping and Introductions
- Salary Components Overview
- Salary Cap Background & Sponsor Info
- Issues related to Salary Cap
- Salary Cap Calculations (using template)
- Q&A
SOM RESEARCH FINANCIAL COMPLIANCE MANAGERS

Find your RFCM under Department Assignments

- Mila Dacorro
- Donna Mahood
Areas Not Covered

Faculty with VA Appointments (Come see us on February 27th!)

Faculty with Split Appointments (within SoM or cross-school)

Less than 100% FTE appointments

Faculty 9-month Academic Appointments (e.g., H&S, Engineering)
Definitions – Salary Cap

Source: Stanford Policy 15.5 Salary Cap Administration

**Salary Cap**: a maximum annual rate of Stanford Salary for full-time effort that can be charged to an agency's award

Salary dollars above a salary cap level:
- are unallowable direct costs
- tracked by coding to expenditure type 51190
- must be charged to non-sponsored PTA

per SoM Controller’s office Designated Clinical Expenditure Guide, designated clinical PTAs may not be used; e.g., not DAAAD
Definitions – Stanford Salary

Be careful! The term “base” salary can often mean different things to different people.

In School of Medicine, Stanford Salary is often referred to as:

\[
\text{b (base)} + \text{v (variable)} + \text{a (administrative supplement)}
\]

★ Best source of information is the annual faculty salary letter ★
Stanford Salary components

**Included:**
- regular and supplemental salary
- base pay and variable pay

**Excluded:**
- honorarium
- bonus payments
- extra compensation (faculty housing allowance or tuition reimbursement)
### Stanford Salary components & BI Reports

Be aware the BI Report: *Payroll and Labor Management_Actual Pay Details (Employee)* does **not** include supplemental pay.

<table>
<thead>
<tr>
<th>Paycheck Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Check Details for Pay Period between 06/15/2017 and 06/15/2017</strong></td>
</tr>
<tr>
<td>Time run: 7/6/2017 1:49:35 PM</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Check Number</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>X123456789</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee/Position Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee/Position</strong></td>
</tr>
<tr>
<td>Work Assignment Org Code</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Stanford University
Applying a Salary Cap

- Caps salary, not fringe benefits and F&A costs
- Applies to ALL Stanford personnel (faculty & staff)
- Is calculated on a per grant basis, not aggregate basis (e.g. NSF)
- Each payment per pay period should meet the salary cap requirement (averaging is not appropriate)
- Does not apply to consultants
- Is different from a set dollar limitation (like a “K”)
- Applies to any associated cost-share
DHHS agency with Salary Caps

Source: https://www.hhs.gov/about/agencies/hhs-agencies-and-offices/index.html
Not an exhaustive list

DHHS (Department of Health and Human Services) agencies
- National Institutes of Health (NIH)
- Administration for Children and Families
- Administration for Community Living
- Agency for Health Care Research and Quality (AHRQ)
- Center for Disease Control (CDC)
- Health Resources and Services Administration
- Substance Abuse and Mental Health Services Administration (SAMSA)
- Food And Drug Administration (FDA)

Other Federal Agencies
- Department of Justice
- National Institute of Justice
Other Sponsors with Salary Cap

Source: https://doresearch.stanford.edu/research-administration/financial-concepts/salary-caps#other-sponsors-with-salary-caps

Not an exhaustive list

Most others (except CIRM, follow NIH cap)

- Alex's Lemonade Stand
- AICR (American Institute for Cancer Research)
- Anesthesia Safety Foundation
- Autism Speaks
- CIRM (California Institute for Regenerative Medicine)
- CureSearch for Children's Cancer
- Cystic Fibrosis Foundation
- Greenwall Foundation
- James S. McDonnell Foundation
- Juvenile Diabetes Research Foundation
- Michael J. Fox Foundation
- National Multiple Sclerosis Society
- Ovarian Cancer Research Fund
- PCORI (Patient-Centered Outcomes Research Institute)
- Progeria Research Foundation
- Rheumatology Research Foundation
- Susan G. Komen
- Thrasher Foundation
- V-Foundation
Where do I find salary cap info?

- At time of award, confirm salary cap info with RMG or ORA as it may have changed since proposal time.

- Review the Sponsor NOA (T&C) or Sponsor Grants Policy or Application Guidelines.

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**Application Budget**

Funding requests must be submitted in US Dollars. Indirect costs must be specified on the budget page and are limited to 10% of direct costs (direct costs do not include equipment costs, fee-for-services, consultants, or subcontract costs). JDRF follows U.S. National Institutes of Health (NIH) salary guidelines for Principal Investigators (http://grants.nih.gov/grants/policy/salcap_summary.htm) and Postdoctoral Fellows (http://grants.nih.gov/grants/guide/notice-files/not-od-10-047.html). JDRF guidelines are adjusted when the new NIH guidelines go into effect.
Which salary cap do I use once an award has been made?

**OPTION 1:**
Use the cap that was proposed. However, if anytime prior to award the cap is decreased, you MUST use the new (lower) cap.

**OPTION 2:**
Use the cap that is applicable at the time of the award (date on NOA).

**OPTION 3:**
If the salary cap increases during the award period, re-budget to new salary cap (provided there is sufficient funding on the award).
When should I update the salary spreadsheet?

- PI’s effort changes
- PI gets a salary increase (including administrative supplement)
- PI receives new award or award ends
- Sponsor salary cap changes
Review single award examples

1. NIH Cap calculation
   100% FTE with 12 month appointment
### NIH Cap calculation for full time person with 12 month appointment

**Worksheet for Labor Schedules Entry**
*Use only if PI salary exceeds Sponsor Cap*

#### Employee name:

<table>
<thead>
<tr>
<th>NIH salary cap (XXX,XXX)</th>
<th>$ 187,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanford Salary (XXX,XXX)</td>
<td>$ 258,000.00</td>
</tr>
</tbody>
</table>

- **NIH salary cap (XXX,XXX)**: $187,000.00
- **Stanford Salary (XXX,XXX)**: $258,000.00

#### Results for Labor Schedules Entry

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount per pay period direct charged to capped project</td>
<td>$701.25</td>
<td>6.523%</td>
</tr>
<tr>
<td>Amount per pay period cost shared on capped project</td>
<td>$155.83</td>
<td>1.450%</td>
</tr>
<tr>
<td>Amount per pay period over the cap for direct plus cost shared effort (Charge to nonsponsored PTA, Unallowed Exp Type 51190)</td>
<td>$325.42</td>
<td>3.027%</td>
</tr>
<tr>
<td>Total % should = sum of % effort proposed on grant and cost shared</td>
<td>11.000%</td>
<td></td>
</tr>
</tbody>
</table>

#### Summary of Annualized $

<table>
<thead>
<tr>
<th></th>
<th>Grant</th>
<th>OverCap</th>
<th>CostShare</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Pay Period</td>
<td>$701.25</td>
<td>$325.42</td>
<td>$155.83</td>
<td>$1,182.50</td>
</tr>
<tr>
<td>Monthly</td>
<td>$1,402.50</td>
<td>$650.83</td>
<td>$311.67</td>
<td>$2,365.00</td>
</tr>
<tr>
<td>Annually</td>
<td>$16,830.00</td>
<td>$7,810.00</td>
<td>$3,740.00</td>
<td>$28,380.00</td>
</tr>
</tbody>
</table>

#### Calculations:

- **Amount per pay period direct charged to capped project**: $701.25
  - \((187,000 / 24) \times 9\% = 701.25\)
  - \(701.25 / (258,000 / 24) = 6.523\%\)

- **Amount per pay period cost shared on capped project**: $155.83
  - \((187,000 / 24) \times 2\% = 155.83\)
  - \(155.83 / (258,000 / 24) = 1.450\%\)

- **Amount per pay period over the cap for direct plus cost shared effort (Charge to nonsponsored PTA, Unallowed Exp Type 51190)**: $325.42
  - \((258,000 / 24) \times (9\% + 2\%) = 1182.5\)
  - \(1182.5 - 701.25 - 155.83 = 325.42\)
  - \(325.42 / (258,000 / 24) = 3.027\%\)

- **Total % should = sum of % effort proposed on grant and cost shared**: 11.000%
  - \(\sum \%\)
Review multi-award example

1. Worksheet Calculations
2. Labor Schedule Entry
3. BI – Labor Schedule Validation
4. BI – Actual Pay Validation
QUESTIONS

- Comments
References

DoResearch

Research Administration - Financial Concepts - Salary Caps
RPH 15.5 Salary Cap Administration
NIH Salary Cap Summary (FY 1990 - Present)
NIH Salary Cap Worksheet

External Resources

NIH Salary Cap Notice - Calculation Examples
CIRM Salary Cap
Thank You!