



Salary Cap Administration Policy

Issue Date: November 21, 2023

Supersedes: Not applicable

Last Review: November 21, 2023

I. PURPOSE

The purpose of this policy is to provide guidance for complying with the requirements of a Sponsor's Salary Cap.

II. POLICY

It is the policy of New York Medical College to comply with sponsor-imposed limitation on salaries charged to sponsored programs. Where a sponsor specifies a maximum rate at which an individual is to be paid from that sponsor's funds, the Principal Investigator (PI) will ensure that any salary paid above that rate will not be charged to the sponsor.

III. SCOPE

This policy is applicable to all individuals of the College involved in administering sponsored awards.

IV. DEFINITIONS

Institutional Base Salary (IBS) - An individual's institutional base salary is the annual compensation that the College pays for an individual's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual may be permitted to earn outside of the duties to the applicant organization. For faculty on a 12-month appointment, the institutional base salary is the employee's annual rate of pay.

V. PROCEDURES

1. Submitting Proposals

Salary cap administration begins in pre-award during the proposal preparation and submission process. At the proposal stage the current cap should be used for calculating salary for any individual whose IBS (pay rate including any administrative stipends for Chairs, Deans, etc.) exceeds the cap. For instance, if Professor X has an annual IBS of \$220,000, and proposes to spend 50% of effort on a NIH project, then the amount of funding requested, based on the cap,

should be \$106,050 (50% of \$212,100) instead of \$110,000 which is 50% of the IBS.

2. Administering Awards

Some sponsors impose a salary cap, which is defined as the maximum annual salary for the level of effort that can be charged to a sponsored award. It does not limit the amount of compensation paid to an employee but does limit the amount that the funding agency will reimburse for that individual's effort on the project. Normally it is indexed to a specific government Executive pay level, which typically is adjusted January 1st of each calendar year.

For administrator processing payroll, the key to managing the cap is to ensure that the effort amount to be charged on the grant is converted to payroll distribution for the position request (EPAF) and to verify that the maximum amount that will be paid each month from grant cost centers do not exceed the monthly amount of the cap. For instance, if Professor X has salary rate of \$220,000, and proposes to spend 50% of effort on an NIH project, and 50% on another grant, then the payroll distribution (EPAF) should be the following:

NIH Grant	50% Effort	\$106,050	= \$212,100 * 50% payroll distribution
Other Grant	50% Effort	\$110,000	= \$220,000 * 50% payroll distribution
Non-Grant	0% Effort	\$3,950	= \$110,000 - \$106,050

When an individual's salary exceeds the salary cap established by the sponsor, the difference between that individual's actual salary and the maximum amount allowed under the cap for that percent of effort, must NOT be charged to another Federally sponsored award. The difference must be charged to a funding source that does not have effort requirements. The salary over the cap is an unallowable cost and cannot be used to meet mandatory or voluntary committed cost sharing obligations.

If the salary cap increases during the life of a competitive award (i.e., subsequent non-competing funding is awarded during a Government Fiscal Year in which the cap is higher), PI's may elect to re-budget awarded project dollars to pay salaries at the higher level. Generally, sponsors will not provide additional funds for this purpose. Any additional salary charged will also increase charges for fringe benefits and indirect costs as appropriate.

3. Roles and responsibilities

Principal Investigators (PI):

- Manage project funds in compliance with sponsor requirements;
- Submit competing and non-competing proposals budgets that comply with salary limitation imposed by the sponsor;

- If a project is awarded with a funding limitation and subsequent funding is awarded such that a higher level of salary charges becomes possible, a determination should be made as to whether or not to re-budget available funds;
- When certifying effort, make sure that the certification data correctly reflects total effort to the project(s). This means that both direct charges and cost sharing are correctly represented.

Department Administrators (DA's):

- Work with PIs to ensure that the salaries are appropriate for competing and non-competing proposals being submitted to agencies reflecting salary caps as applicable;
- Accurately charge salaries to projects and related cost sharing accounts reflecting no more than the percentage Full-Time Equivalent (FTE) identified by the PI on the project multiplied by the applicable salary cap;
- Process appropriate electronic personnel action forms (EPAFS) to adjust salary over a cap and ensure that the excess over the cap is transferred to a cost share program;

Office of Research Administration (ORA)

- During the proposal review and approval process, ensure amounts budgeted for salary complies with sponsor limitations.
- Include reference to Salary Cap in the budget justifications
- Provide Post Award with a Salary Cap budget for the current budget period of the award

Office of Human Resources

- Notify the Office of Restricted Funds when a new individual has exceeded the Salary Cap limitation and is paid on a NIH funded research project.

Office of Restricted Funds

- Monitor sponsor salary cap limitations and notify College departments of any changes

VI. EFFECTIVE DATE

This policy is effective immediately.

VII. POLICY MANAGEMENT

Executive Stakeholder: Chief Financial Officer

Oversight Office: Office of Research Administration and Office of Restricted Funds