

## Applying the DHHS Salary Cap

**Federal Guidelines:** Congress has limited the salary that an individual may receive under certain federal awards (DHHS/NIH/AHRQ/SAMHSA/CDC/HRSA). The salary cap is linked to the federal Executive Level II executive pay scale and is adjusted whenever federal salaries are increased. Updates normally occur in January of each year. For current salary cap levels, please view the [NIH Salary Cap Summary information](#).

The salary cap restriction limits the amount of salary that can be charged to grants and contracts issued by sponsors that apply either the DHHS salary cap or other salary cap. The salary cap serves as the base for determining the amount of salary that an individual may be paid from awards issued by these agencies. The DHHS salary cap limitation also applies to OU's subcontractors on applicable sponsored projects.

**Cost Share:** Individuals with salaries over the cap must provide cost sharing from non-sponsored funds to cover the portion of their salary that exceeds the salary cap.

**Summer Salary:** The summer salary charged to NIH projects by faculty with academic appointments must also follow the above noted policy and procedures.

**Rebudgeting:** The NIH will not provide additional funding for awards issued under the previous salary cap rate(s); however, they have stated that a PI can rebudget funds to allow for the increase in rates. Accordingly, the amount of salary charged to the project can be increased to the new rate if there are sufficient remaining funds in the project to cover the additional salary and fringe benefit costs.

**Responsibility:** PIs are responsible for ensuring that salary over the cap is not charged to their sponsored project account and that the associated cost share is recorded.

**Salary Cap Calculator:** For an excel based calculator, please use our [salary cap calculator](#).

**Example:**

Salary and Cost Categories	Amount
Institutional Base Salary (IBS)	\$250,000
Salary cap	\$212,100
Over the cap amount (\$250,000 - \$212,100)	\$37,900
Effort on project	10%
Salary allowed to be directly charged to project (10% x \$212,100)	\$21,210
Salary to be paid by non-sponsored account (10% x \$37,900). Allocate this salary to a non-sponsored account.	\$3,790

**For more information:** If you would like assistance with salary cap issues, please contact Don Smith at [Donald.e.smith-1@ou.edu](mailto:Donald.e.smith-1@ou.edu) or (405) 325-4979.