Salary Over the Cap- SOP

For employees who have payroll allocated to a grant funded by the Dept. of Health and Human Services or other sponsoring agencies that have restrictions on amount of salaries that can be charged on their awards and whose institutional base salary is greater than the sponsor mandated salary cap, two payroll allocation lines must be set up in Workday based on expected effort on the grants. One to directly charge the grant up to the salary cap amount and a second allocation line to capture the salaries over the cap.

Below are step by step instructions on allocating payroll when sponsor imposes salary caps.

Resources:

- [Link to DHHS Salary Cap Amounts](#)
- [Salary Cap Calculator](#)
- [UVA's Institutional Base Salary Policy- FIN-053](#)
- Instructions for Salary Cap Audit Report in PAC System at bottom of document

How do I determine if my grant is subject to the DHHS salary cap?

- In Workday, under Award Lines, Additional Information is a field named Award Line Salary Cap. If populated with "DHHS Salary Cap" then the grant is subject to the DHHS Salary Cap requirement.

Award Line Salary Cap	DHHS Salary Cap

How do I link non-sponsored worktags to DHHS (or other sponsored) grant for salary over the cap purpose?

- When the grant is being created non-sponsored worktags for funding the over the salary should be provided to OSP to add to the Grant as Allowable Worktags
- If they are not set up upon grant creation contact OSP to have as many non-sponsored worktags added needed to cover the employee's salary over the cap

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How do I determine if my employee's IBS is great than to the DHHS salary cap?

- Use the [Link to DHHS Salary Cap Amounts](#) link to determine the salary cap for the time frame in question.
- Use the [UVA's Institutional Base Salary Policy- FIN-053](#) to understand what is considered IBS and then enter the employee's name in the Workday search bar and hit enter. Once completed find the "compensation" area on the left-hand side of the screen.
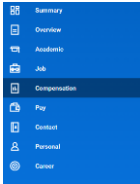
If an employee has multiple positions that constitutes their IBS, like Clinical Faculty receiving UPG pay, this icon 🔁 should be used to find all position's compensation Example:

Employee IBS: $400,000

DHHS Salary Cap: $203,700

Budgeted Effort: 10%

Open Salary Cap Calculator and enter employee's specific details:

Employee: John Doe	IBS Distribution	Information
Academic	$ 100,000.00	IBS at UVA inlcudes ACD + UPG salaries
UPG	$ 300,000.00	
UVA Institutional Base Salary	$ 400,000.00	
DHHS Salary CAP	$ 203,700.00	FIN-053: Institutional Base Salary
		Link to NIH Salary Cap
Budgeted Effort: %	10.00%	
Monthly Full Time Salary at UVA Rate	$ 33,333.33	
Monthly Full Time Salary at Capped Rate	$ 16,975.00	
Monthly Salary Based on Committed Effort	$ 3,333.33	
Monthly salary with cap applied	$ 1,697.50	IBS montly salary amount to charge to grant-See "WD Payroll Alloc-Multi Position" if employee has ACD and UPG positions
Percent of Monthly with capped applied	5.09%	
Monthly cost shared amount paid from UVA non sponsored fund for salary over cap	$ 1,635.83	IBS montly salary over the cap salary amount that needs to be covered from non sponsored worktags.
Percent of Monthly cost shared amount paid from UVA non sponsored fund for salary over cap	4.91%	

Workday Payroll Allocation For UVA and UPG salaries

Academic Base Salary				UPG Base Salary		
Academic Salary- Annual	$ 100,000.00			UPG Salary- Annual	$ 300,000.00	
Monthly Academic Salary	$ 8,333.33			Monthly UPG Salary	$ 25,000.00	
Worktags	Costing $	WD Alloc%		Worktags	Costing $	WD Alloc%
DN000001	$ 1,697.50	20.37%		DN001452	$ 25,000.00	100.00%
GR100123	$ 1,635.83	19.63%			$ -	0.00%
GR100123-DN000001-SOC	$ 4,000.00	48.00%			$ -	0.00%
GF001923	$ 1,000.00	12.00%			$ -	0.00%
	$ -	0.00%			$ -	0.00%
	$ -	0.00%			$ -	0.00%
	$ -	0.00%			$ -	0.00%
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	$ -	0.00%			$ -	0.00%
ACD Monthly Totals	$ 8,333.33	100.00%		UPG Monthly Totals	$ 25,000.00	100.00%
Variance +/-	$ -	0.00%		Variance +/-	$ -	0.00%

Instructions
Enter UVA position payroll allocation details
Variances must be resolved before entering into Workday

Instructions
Enter UPG position payroll allocation details
Variances must be resolved before entering into Workday

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Please note that the results in green are based on a monthly paid employee's IBS. If the employee has only one position than the details from the "Salary Cap Calculator" tab can be used "as is" in your costing allocation. However, if you have a Clinical Faculty whose IBS is comprised of an Academic Position and an UPG Position, each position must have its own 100% payroll allocated. In these scenarios, please use the "WD Payroll Alloc-Multi Position" tab to ensure the appropriate allocation %s is used for each position.

Using the information from the calculator, assign the costing allocation for the employee in Workday

Academic Position:

UPG Position:

Notes:

- When directly charging a sponsored grant for payroll expenses only Academic and Medical Center Position Salaries can be used. UPG Position Salaries cannot be used to directly charge a sponsored grant. However, UPG Position Salaries can be used for Salary Over the Cap and Cost Share purposes using the Gift worktag specifically created for using UPG salaries (GF003860).
- When entering an allocation line for salary over the cap purposes, enter the Grant ID first and then either the Designated (DN), Gift (GF) or Project (PJ). Since DN, GF and PJs are also driver worktags entering them second after the Grant ID will make entering the costing allocation more efficient.
- Grants with a Designated, Gift or Project and a non-sponsored fund will not bill the sponsor. These expenses will directly charge the non-sponsored worktags provided with the Grant ID associated for salary over the cap tracking purposes.

FAQs

- When determining the salary cap to use from the [Link to DHHS Salary Cap Amounts](#) should I use the salary cap amount from the year the award was issued or should I use the salary cap for the year the payroll is being paid out?
  - From DHHS: "For issued awards that were restricted to Executive Level II (see historical record of salary cap link below), including competing awards already issued in FY 2023, if adequate funds are available in active awards, and if the salary cap increase is
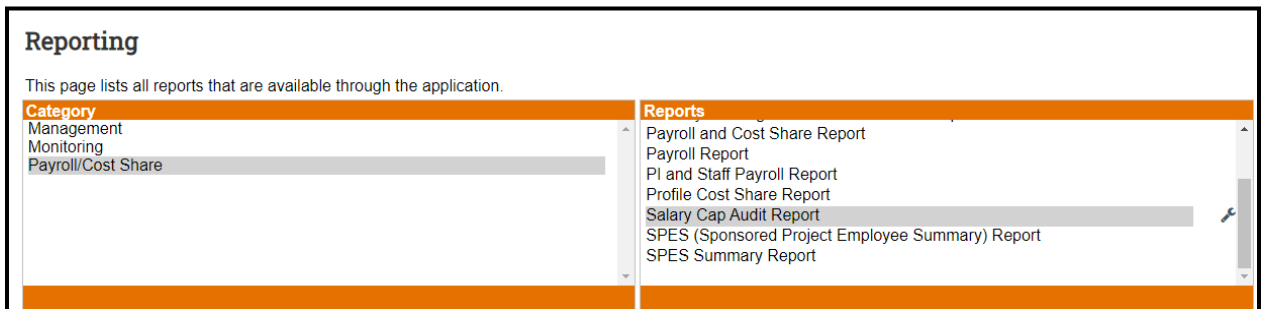
consistent with the institutional base salary, recipients may rebudget funds to accommodate the current Executive Level II salary level."

Salary Cap Audit Report – PAC System

The Salary Cap Audit Report has been created to assist PRCs to review salaries of employees who are charged to sponsors that mandate salary caps. Note that the report only displays Certifiers whose IBS Salary is greater than the Prorated Salary Cap.

   a. While in the PAC system, select Reporting and Payroll/Cost Share Category.
   b. Then select "Salary Cap Audit Report" and click the "Run Report" button.

The columns of the report are defined as:

   a. **Certifier** - the employee whose salary is subject to the salary cap.
   b. **Cost Center** - is the cost center of the certifier.
   c. **Pprc** - the Primary PRC of the cost center
   d. **Period** - the reporting period of the statement.
   e. **Grant Number, Grant start and Grant end dates** – the Grant information subject to Salary Cap
   f. **IBS for period** – the employee's institutional base salary for the PAC statement period.

g. **Prorated salary cap** - the salary cap at time of expense for the reporting period of 6 months.

h. **Grant payroll** - the amount of payroll charged to the sponsored grant.

i. **Grant payroll percent** - the percentage of payroll charged to the sponsored grant.

j. **Soc and cost share dollars** - provides the amount of payroll allocation for salaries over the cap.

k. **Soc and cs percent** - provides the percent of payroll allocation for salaries over the cap.

l. **Computed payroll** - the combination of columns Grant payroll percent and Soc and cs percent.

m. **Total payroll dollars** - the total payroll dollars associated with the grant, directly charged to the sponsored grant and SOC allocations. This report uses the information in the Computed Payroll column as the intended budgeted effort % the employee is contributing toward the grant.

n. **Amount to charge to grant** - Based on the understanding that the Computed Payroll column is the intended budgeted effort % the employee is contributing toward the grant, this column provides the amount to charge the sponsored grant.

o. **Positive value requires adjustment** - tells the report user if the calculation in this column is a positive number, then this amount of payroll needs to be adjusted from the sponsored grant to the SOC and CS portion of the grant.