

## Salary Cap Administration on Sponsored Programs

---

### 1. Overview

As the recipient of sponsored funds, the University must ensure that salary expenses charged to sponsored programs align with all University and sponsor requirements, including sponsor-specific salary cap requirements. Faculty salary that is above-and-beyond a sponsor's salary cap may not be invoiced to sponsors and should not be charged to the main Oracle project account. Salary that is above-and-beyond the salary cap is included in the University's F&A calculation process. Please note that salary expenses above-and-beyond the sponsor cap may not be used to meet committed cost share requirements, whether mandatory or voluntary.

Research Financial Services (RFS) supports the University by providing guidance on accurately tracking salary that is above-and-beyond a sponsor's salary cap. Principal Investigators (PIs), department personnel and Research and Sponsored Projects (RSP) support compliant salary charging by ensuring that salaries are accurately budgeted at the time of proposal submission, and requesting a cost share project in Oracle to track salary expenses over the cap. To supplement this, Principal Investigators (PIs) and department personnel submit accurate salary distribution requests, perform an after-the-fact review of all salary expenses to ensure they are allowable, and submit salary and wages redistribution and justification (SWRJ) requests to remove unallowable expenses.

### 2. Purpose

Provide guidance on the post-award monitoring of salaries that exceed sponsor specific salary caps.

### 3. Who Must Comply

Department Personnel  
Research Financial Services  
Research and Sponsored Projects  
Principal Investigators

### 4. Definitions

**Effort:** the percentage of time an employee devotes to sponsored and non-sponsored activities at the University. The portion of time spent towards an individual activity is expressed as a percentage of the individual's total effort (not to exceed 100% for all University activities).

**Institutional Base Salary:** the annual salary an employee receives for the work performed in their role, not including at-risk payments. The components of the work performed are documented in the offer letter and defined in the position description and/or faculty handbook. For faculty, these components may be further defined by the Office of Academic Labor Relations, RBHS Faculty Affairs and the individual schools and colleges.

**Salary Cap:** a specific sponsored program requirement, noted either in the terms and conditions of the award or other sponsor guidelines, that limits the salary expenses that may be charged to an award.

**5. Procedure**

This procedure is to ensure that all salary expenses charged to sponsored programs align with University and sponsor policies, including sponsor-specific salary caps e.g. National Institutes of Health (NIH).

The University may never charge sponsors for salary in excess of a cap. However, the University should continue to accurately track effort related to sponsored programs. Salary that is in excess of a sponsor's salary cap should be kept on file but never invoiced to the sponsor. This ensures that effort reporting remains compliant and that University records related to sponsored program activities are accurate.

Pre-Award

When preparing a sponsored program proposal, the PI and departmental staff should work closely with RSP to ensure that effort and the associated salaries are budgeted as accurately as possible. This includes salary expenses in excess of a sponsor salary cap, which should be budgeted separately.

Post-Award

Once the PI and department personnel are notified of a new award, they should update salary information in ECI that accurately reflects the allocation between charges below and above the salary cap. That is, they should request that the full effort be allocated to the award, with the appropriate percentage charged to the main oracle project and the percentage that is above the cap charged to the non-sponsored project.

As part of their after-the-fact review of compensation and associated salary expenses, PIs and departmental staff must review employee salary charges to ensure effort is properly allocated.

If errors are identified, the PI and departmental staff must update the employee charging instructions. As needed, RFS will update and re-submit final invoices and/or financial reports.

**6. Responsibilities**

<b>Department Personnel</b>	<ul style="list-style-type: none"> <li>• Support the PI in the compliant development of a sponsored program budget</li> <li>• Support the PI in submitting salary distribution requests</li> <li>• Support the PI in a compliant after-the-fact review of sponsored program salary expenses as it relates to the salary cap</li> <li>• Support the PI in submitting SWRJ requests</li> </ul>
<b>Research Financial Services Accountant</b>	<ul style="list-style-type: none"> <li>• Provide guidance to the University community on the compliant management of faculty salary expenses as it relates to sponsor salary caps</li> </ul>
<b>Principal Investigators</b>	<ul style="list-style-type: none"> <li>• Develop a compliant sponsored program budget</li> <li>• Submitting salary distribution requests</li> <li>• Perform an after-the-fact review of sponsored program salary expenses as it relates to sponsor salary caps to ensure they are compliant</li> <li>• Submit and/or approve SWRJ requests that align with actual effort</li> </ul>

---

**Research and  
Sponsored  
Programs**

- Support the PI in the compliant development of a sponsored program budget
- 

**7. Resources**

## Related Procedures

Uniform Guidance 2 CFR 200.306 – Cost Sharing or Matching  
NIH Guidance on Salary Limitations for Grants and Cooperative Agreements (NOT-OD-20-065)  
State of New Jersey Salary Cap Regulation

Allowable Costs on Sponsored Projects  
Institutional Base Salary and Sponsored Programs  
Salary Costs on Sponsored Programs  
Sponsored Programs Invoicing