**Guidance Document**

**Summer Pay - DHHS Cap**

***NOTE: this guidance document is for purposes of summer pay on NIH grants; please follow the standard process for academic pay.***

**Overview\***

Faculty members on academic year contracts may receive additional compensation for up to three months of summer work on sponsored research at a monthly rate not to exceed one-ninth of the institutional base salary. The total compensation from all sources may not exceed three-ninths of the *basic* academic year (9-month) salary for the summer months. Summer months include June, July, and August. Correspondingly, faculty on *fiscal* year contracts may receive additional compensation for one month of summer work on sponsored research at a rate not to exceed one-eleventh of the fiscal year salary[1](https://research.udel.edu/research-administration/proposal-guide/).

Faculty members receiving a full three-ninths summer compensation (one-eleventh for fiscal year contracts) have contracted for a full twelve month workload and have therefore forfeited vacation periods for that year (other than normal University holidays). Faculty members will be required to certify that they have not taken vacation during periods in which they are fully committed.

Work performed in the summer will be paid via a Supplemental contract (S-contract) directly from the sponsored research grant. The grant will be charged the fringe and F&A costs associated with these expenses. No funds will be returned to the faculty member’s discretionary accounts for any of these transactions.

Please follow any guidelines set by your college and/or department for appropriate approval(s) of summer pay.

**DHHS Salary Cap**

Salaries for employees whose Institutional Base Salary (IBS) exceeds the DHHS salary cap must be funded from non-sponsored sources. No sponsored project may be used to cover the difference in salary between the cap and the actual salary amount.

To document the salary cap is not being exceeded and the full amount of committed effort is being provided, the difference between the employee’s actual Institutional Base Salary (IBS) and the cap must be shown as cost-sharing. While these charges must be coded in the same manner as cost-share to be recognized as effort applied to the grant, they do not constitute true cost-share because payments above the cap are unallowable for the grant.

Adjusting the amount of salary requested from the sponsor or adjusting the committed effort percent does not affect the need to cost share the amount over the cap. Because the individual is receiving salary that exceeds the allowed annual salary, every dollar of effort for that individual is comprised of the portion of his/her salary that can be directly charged to the award plus the portion that must be paid from another non-sponsored source as salary cap cost-share.

The executive level salary cap is annualized; therefore, we always divide it by 12. This will give you a monthly “cap” rate which can be used to compare to your PI’s one month salary rate. (ex: for a faculty member under a 9-month contract you divide their full-time annual rate by 9 and compare to 1/12 of the salary cap). The salary cap is usually adjusted on an annual basis and the current salary limit should be determined by consulting the [*Salary Cap Summary on the NIH website when developing budgets*](https://grants.nih.gov/grants/policy/salcap_summary.htm)[*2*](https://research.udel.edu/research-administration/proposal-guide/).

**1***Faculty may receive an additional 1/9 for other University roles. Therefore, the basic academic year of 9-months will be reflected as 10-months making the faculty member only eligible for up to 2 summer months of additional pay.*

**2***Operating divisions within the DHHS that are subject to the salary cap include but are not limited to: The National Institutes of Health (NIH), the Agency for Healthcare Research and Quality (AHRQ), the Substance Abuse and Mental Health Services Administration (SAMHSA) and the Health Resources and Services Administration (HRSA). The cap is mandated by Congress in the annual federal appropriation to DHHS and as such the components of DHHS to which it applies may change from time to time. It is therefore prudent to check the policy of the component of DHHS that is awarding the grant to determine if the salary cap applies. For assistance, contact your* [*Contract and Grant Administrator in the Research Office*](https://research.udel.edu/staff-directory/administrator-directory/)*.*

**Recommended Procedure**

Review summer effort with each faculty member thoroughly during the proposal stage to ensure understanding of how the over-the-cap pay will be applied.

The following processes are an acceptable means of cost sharing the over-the-cap portion of summer effort:

1. Charge the over-the-cap amount to the faculty member’s non-sponsored purpose code. Faculty will be paid the over-the-cap portion via a separate Supplemental contract (S-contract) that will need to be completed for this portion of pay.
2. Use academic effort to cost share the over-the-cap portion of the summer pay via a JV. The effort period should correspond to the period identified in the Supplemental contract (S-contract)[3](https://research.udel.edu/research-administration/proposal-guide/). Faculty will not receive the over-the-cap pay when cost-shared with academic effort. If you are facing challenges to cost-share for the same period please contact [Sam Mobry](mailto:mobry@udel.edu), Finance & Compliance Manager.

**3***When completing a JV with academic pay we must continue to use account code 121100 (faculty salaries). Use the ‘project ID’ field to identify the project associated with the cost share amount for the debit entry only. We are not permitted to transfer funds between account codes 121100 and 121800/121900. Subsequently, the summer charge directly applied to the grant will appear on the summer effort report (6/1-8/31) and the corresponding cost-share pay will appear on the academic effort report (3/1-8/31) that is within the project period.*

These procedures will aid in the completion of the monthly [*salary cap calculator tool*](https://research.udel.edu/research-administration/grant-management-guide/) provided by the Research Office for ensuring compliance.

**Questions?**  
Please contact the Research Office [*Sam Mobry*](mailto:mobry@udel.edu).

# \*Source - [Summer Compensation Guidelines for Faculty](https://sites.udel.edu/generalcounsel/policies/summer-compensation-guidelines-for-faculty/)