IMPLEMENTATION OF HHS SALARY CAP RULE CHANGE
Version 3; 03/08/12; Diana Key

This document outlines Sponsored Research Services' (SRS) plan for implementing the change in the salary cap rule on HHS awards, including flow-through awards. This is a dynamic document that will be updated as the plan is refined.

HHS: Means both direct-funded and flow-through awards from the U.S. Dept. of Health & Human
   Services. A list of HHS agencies is attached as Appendix A.
OTC: Over-the-Cap
EL-1: Executive Level I ($199,700/yr; $96.01/hr)
EL-2: Executive Level II ($179,700/yr; $86.39/hr)

Approach

We will make ALL active HHS awards not on the Exception List (described in #1 below) subject to the EL-2 cap regardless of when the funding notice was issued.

For those awards on the Exception List, we will offer the following options:

Option 1

- Keep the existing project with the understanding that all salaries charged will be subject to the EL-2 cap. Rebudgeting of excess funds is allowed.

Option 2

- Funds issued before 12/23/11 will remain in the existing projects and salaries charged will be subject to EL-1.

- Funds issued on or after 12/23/11 will be budgeted in a new subproject and salaries charged will be subject to EL-2.

- Both projects will have the same period of performance.

- The existing project will be closed only when fully expended.

- The department will have the option to transfer funds from the original project to the new subproject at any point in time with the understanding that salaries charged on the new subproject will be subject to EL-2.

- Salaries can be charged to either project subject to PI, chair, and dean approval.

- All affected parties (see #4 below) must provide written approval of the option selected.

No-cost Extensions: If an award is approved for a no-cost extension, there will be no need to change the salary cap applied to that project.

Carryover: Accounting requirements for carryover funds will be evaluated at the time the carryover is approved.

Process

1. Diana will generate an "Exception List" of all active HHS projects where the salary of the PI or Co-PI is over the EL-2 cap.

2. For direct-funded awards on the Exception List: The SRS Administrator will contact Bonnie Wright (the primary point of contact for Arts & Sciences departments) or the PI/Dept Rep for non-A&S departments, to explain the options and request an option decision. Diana will assist as needed. It will be the SRS Administrator's responsibility to determine when this contact should be made. For instance:

    a. Contact can be made now as a heads-up of what kind of decision will be needed when the next increment comes in;

    b. Contact can be made when the next increment comes in;

    c. Notwithstanding the above, some projects on the Exception List may have already received (or been advanced) post-12/23/11 FY12 award amendments. Therefore, funds (pre and post) have been comingled. The SRS Administrator will initiate contact as soon as possible to get an option approval. If Option 2 is approved, post-12/23/11 FY12 funds will be transferred to a new subproject along with related expenditures incurred to date.

    An option must be selected and approval received by SRS within 30 days of the request. Otherwise, the existing project will be set to be subject to the EL-2 cap.

    The SRS Administrator will upload the option selection approvals as a single PDF file using the naming convention: *[Project ID]_SalaryCapOption_[date].*

3. For flow-through awards on the Exception List: The SRS Administrator with Diana's assistance will determine the current funding situation for a project. The following steps will be taken:

    a. Contact our direct sponsor and ask which EL applies to the funding received to date.

    b. Contact the PI as described in #2 above to obtain an option decision if needed based on the information obtained from our direct sponsor.

    c. If Option 2 is approved, a new subproject will be required.

    An option must be selected and approval received by SRS within 30 days of the request. Otherwise, the existing project will be set to be subject to the EL-2 cap.

    The SRS Administrator will upload the option selection approvals as a single PDF file using the naming convention: *[Project ID]_SalaryCapOption_[date].*

4. The following parties must provide written approval of the option selected:
    a. The PI on the project.
    b. All affected chairs and deans. "Affected" means that the chair/dean has a faculty member in their department whose salary is OTC and charged to the project. As a result, the department/college will be committed to covering the over-the-cap portion of the salary.
    c. Sponsored Research Services (SRS), as the final authority on all option choices.

    See example scenario below:

    The Psychology Dept is the project department on an HHS project. John Doe from Psychology is the PI and Jane Smith from Medicine Health Affairs is a Co-PI. Both Doe's and Smith's institutional base salaries exceed the HHS cap. Option selection must be approved by the following individuals:

    - *John Doe, PI*
    - *Chair, Psychology*
    - *Dean, A&S*
    - *Chair, Medicine Health Affairs*
    - *Dean, COM*
    - *Sponsored Research Services*

5. Diana will:
    a. Create the following new Terms for OMNI Award entry: **HHSL1** and **HHSL2** (only allows 5 characters).

    b. Re-run list of all active HHS awards and determine which code should be entered on each, with the exception of the awards on the Exception List. The Administrator is required notify Diana when the approved option is received so that OMNI (Awards and FACET) coding can be updated accordingly.

    c. Update the History Sheet template to add the new Terms.

    d. Add the Term HHSL2 in OMNI on all awards not on the Exception list.

6. SRS Administrators will mark the EL-2 Term on the History Sheet for all new HHS awards (with an Issue Date on or after 12/23/11) set up from now on.

7. Diana work with Juel to identify all active subawards where FSU's subrecipient (not vendor) received or will receive any portion of FSU's HHS award, so that the following actions may be taken as appropriate:

    a. An email will be sent to each identified subrecipients indicating which salary cap level applies to the current obligation(s).

    b. In subsequent amendments to these subawards (if any), Juel will include the following language as appropriate: "*Funds obligated under the original award and Amendments X through X are subject to the HHS/NIH salary limitation policy which restricts the amount of direct salary to Executive Level I of the Federal Executive Pay scale. [The language "and Amendments X through X" is added only when applicable.] Funds obligated under Amendments X and under future amendments are subject to the HHS/NIH salary limitation policy which restricts the amount of direct salary to Executive Level II of the*

Federal Executive Pay scale, until otherwise modified. [The language "and future amendments" is added only when applicable.]"

       i.   NOTE: The language in 8.b. above is necessary even if FSU applies the EL-2 cap to funds issued prior to 12/23/11 (per Option 1).

  c.   If Option 1 is approved, future subaward obligations can continue to be encumbered using the original chartfield combination. If Option 2 is approved, future obligations should be encumbered under the new chartfield combination (because of the new subproject). There is no need to issue a new subaward. Depending on the cumulative amount of the obligation, Juel will select the appropriate account code.

  d.   If Option 2 is approved for an existing award with an active subaward, the chartfield combination used on the encumbrance may need to be changed.

8.   Diana will add a new Comments field in the subcontracts database so Juel can make notes about salary cap language as needed.

9.   Diana will work with SRAS in testing the proposed "project-level" salary cap configuration in FACET. Testing parameters should be:

  a.   One HHS award with multiple projects.

  b.   At least one project will be subject to EL-1 (project-level configuration) and one project subject to EL-2 (sponsor-level configuration).

  c.   Some portion of the salary for an OTC employee (e.g., Richard Wagner, Zouxin Wang, etc.) will be charged to each project using the sponsor-funded chartfield combo (and the OTC funded combo if SRAS desires).

  d.   An effort report for the appropriate period will be generated and reviewed to ensure OTC messages (and possibly bucket-filling) work properly.

10. After successfully completing the testing described in #10 above, Diana will configure FACET so that all HHS projects will be subject to EL-2 effective 12/23/11, except for those on the Exception List. For those on the Exception List, Diana will update OMNI (Awards and FACET) appropriately upon receipt of notification from the SRS Administrator that the approved option has been received.

11. If Option 2 is approved for a project (or new subproject), Kaytee will work with the PI to get effort commitments entered in FACET on the proper project. [Kaytee is automatically notified when a new subproject is created and processed by SRS QA by virtue of QA entry of EFCOM milestone.]

HHS Entities Subject to Salary Cap Rule Effective 12/23/11

OMNI Sponsor ID	Sponsor Name	
651	Agency for Healthcare Research	NIH entity
506	Fogarty International Center	NIH entity
901	National Cancer Institute	NIH entity
903	National Center for Complement	NIH entity
898	National Center for Research Resources	NIH entity
1857	National Center on Minority Health	NIH entity
923	National Eye Institute	NIH entity
939	National Heart Lung Blood Inst	NIH entity
938	National Human Genome Research	NIH entity
915	National Institute for Dental	NIH entity
886	National Institute of Allergy	NIH entity
887	National Institute of Arthritis	NIH entity
1969	National Institute of Biomedical Imaging	NIH entity
900	National Institute of Child Health	NIH entity
914	National Institute of Diabetes	NIH entity
408	National Institute of Environmental	NIH entity
935	National Institute of General	NIH entity
949	National Institute of Mental Health	NIH entity
960	National Institute of Neurology	NIH entity
1871	National Institute of Nursing Research	NIH entity
885	National Institute on Aging	NIH entity
880	National Institute on Alcohol	NIH entity
913	National Institute on Deafness	NIH entity
911	National Institute on Drug Abu	NIH entity
946	National Institutes of Health	NIH entity
2018	National Library of Medicine	NIH entity
1137	Substance Abuse and Mental Health	NIH entity
651	Agency for Healthcare Research & Quality	Non-NIH entity added 12/23/12
111	Assistant Secretary for Planning	Non-NIH entity added 12/23/12
1643	Bureau of Health Professions	Non-NIH entity added 12/23/12
251	Center for Disease Control and Prevention	Non-NIH entity added 12/23/12
1803	Centers for Medicare and Medicaid	Non-NIH entity added 12/23/12
648	Health Resources & Services Admin	Non-NIH entity added 12/23/12
810	Maternal and Child Health Bureau	Non-NIH entity added 12/23/12
1014	Office of Minority Health	Non-NIH entity added 12/23/12
1058	Office of Public Health & Science	Non-NIH entity added 12/23/12
1629	Office of Research Integrity	Non-NIH entity added 12/23/12
18	U. S. Admin for Children and Families	Non-NIH entity added 12/23/12
105	U. S. Administration on Aging	Non-NIH entity added 12/23/12
1618	U.S. Dept. of Health & Human Services	Non-NIH entity added 12/23/12