# Verifying Salary Cap

# IU Employee Receiving Indiana University and Practice Plan Compensation

**Institutional Base Salary**

When employees receive practice plan compensation, both the Indiana University base salary and the practice plan components must be included in the determination of institutional base salary. Therefore, any required Salary Cap must be applied to the combined compensation. See the [Indiana University (IU) Institutional Base Salary (IBS)](https://research.iu.edu/awards-agreements/award-management/compensation/institutional-base-salary.html) webpage for additional information.

**These salary cap guidelines apply to any agency with a salary cap requirement.**

**Appointment**

**12-Month (Monthly)**

**Salary Limitation (12-month)**

**HHS**

NIH - January 1, 2024 through September 30, 2024 (Executive Level II) $221,900.00

This rate applies to all Health and Human Services (HHS) agencies. A listing of HHS agencies can be found at the following

link: <https://www.hhs.gov/about/agencies/hhs-agencies-and-offices/index.html>

**Other Agencies**

Reference the Award agreement for the corresponding limitation amount

**Institutional Base Salary**

The current Institutional Base Salary (IBS) which includes both the Indiana University base salary and the practice plan components

**The Percent of IBS Salary Allowable**

Allowable Percent = Salary Limitation / Institutional Base Salary

Unallowable Percent = 1 – (Salary Limitation / Institutional Base Salary)

**Allowable Amount**

**The total effort percentage charged to an award account (Direct Salary + Cost Share) is multiplied by the Allowable Percent to determine the allowable amount that can be to be applied to the award. The remainder is unallowable and must be applied to an INSxx subaccount.**

## Verifying Salary Cap - IU Employee Receiving Indiana University and Practice Plan Compensation

Salary Limitation $ 221,900.00

Institutional Base Salary $250,000.00

Allowable Percent $ 221,900.00/ $250,000.00 = 88.76%

Unallowable Percent 1 – ($221,900.00/ $250,000.00) = 11.24%

Amount Charged to Award Account

Direct Charges to Award Account $4,000.00

Cost Share Charges to Award Account $1,000.00

**Total Salary allocated to Award Account $5,000.00**

Allowable Amount

Total Salary allocated to Award Account x Allowable Percent = Allowable Amount

$5,000.00 x 88.76% = $4,438.00

Unallowable Amount

Total Salary allocated to Award Account x Unallowable Percent = Unallowable Amount

$5,000.00 x 11.24% = $562.00

**The Unallowable Amount must be reallocated to an INSxx subaccount from the direct charge and/or the cost share portion originally allocated to the award account.**

## Verifying Salary Cap - IU Employee Receiving Indiana University and Practice Plan Compensation

**By Component**

Salary Limitation $ 221,900.00

IU IUHP Total IBS (IU + IUHP)

Institutional Base Salary $50,000.00 $200,000.00 $250,000.00

Allowable Percent $ 221,900.00/ $250,000.00 = 88.76%

Unallowable Percent 1 – ($221,900.00/ $250,000.00) = 11.24%

Amount Charged to Award Account

IU IUHP Total (IU + IUHP)

Direct Charges to Award Account $800.00 $3,200.00 $4,000.00

Cost Share Charges to Award Account $200.00 $800.00 $1,000.00

**Total Salary allocated to Award Account $1,000.00 $4,000.00 $5,000.00**

Allowable Amount

Total Salary (IU + IUHP) allocated to Award Account x Allowable Percent = Allowable Amount

$5,000.00 x 88.76% = $4,438.00

IU Salary allocated to Award Account x Allowable Percent = Allowable Amount (IU Portion)

$1,000.00 x 88.76% = $887.60

IUHP Salary allocated to Award Account x Allowable Percent = Allowable Amount (IUHP Portion)

$4,000.00 x 88.76% = $3,550.40

IU Allowable IUHP Allowable Total Allowable Amount

$887.60 + $3,550.40 = $4,438.00

Unallowable Amount

Total Salary (IU + IUHP) allocated to Award Account x Unallowable Percent = Unallowable Amount

$5,000.00 x 11.24% = $562.00

IU Salary allocated to Award Account x Unallowable Percent = Unallowable Amount (IU Portion)

$1,000.00 x 11.24% = $112.40

IUHP Salary allocated to Award Account x Unallowable Percent = Unallowable Amount (IUHP Portion)

$4,000.00 x 11.24% = $449.60

IU Unallowable IUHP Unallowable Total Unallowable Amount

$112.40 + $449.60 = $562.00

**The Unallowable Amount must be reallocated to an INSxx subaccount from the direct charge and/or the cost share portion originally allocated to the award account.**