# Salary Cap Determination for 10-Month Employees

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

**Appointment**

**10-Month (Academic)**

**Salary Limitation (10-month)**

**HHS**

For awards subject to the NIH Salary Limitation, at Indiana University the Academic 10-Pay Salary Limitation Rate is 75% of the announced NIH Salary Limitation Rate. (e.g. Effective January 1, 2025, $225,700.00 × 75% = $169,275.00)

* NIH - January 1, 2025, through September 30, 2025 (Executive Level II) $169,275.00
* 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 to the Award agreement for the corresponding limitation amount

**Institutional Base Salary**

The current Institutional Base Salary (IBS) for the employee

**Institutional Base Salary Percent**

The percentage of IBS effort (Direct Salary + Cost Share) to be allocated to the award

**The Percent of IBS Salary Allowable**

Allowable Percent = 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 applied to the award. The remainder is unallowable and must be applied to an INSTx subaccount.**

## Calculation – Determination of Salary Cap – 10-Month Employees

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| --- | --- | --- |
| **Appointment** | **Academic** |  |
| Salary Limitation[[1]](#endnote-1)\* | $ 169,275.00 |  |
| Institutional Base Salary | $ 200,000.00  |  |
| Total Effort Percentage on Project | 50% |  |
| Allowable Percent | 42.32% |  |
|  | **Dollars** | **Percent** |
| Direct Salary + Cost Share / Effort Percent | $84,637.50 | 42.32% |
| Unallowable (INSTx) | $15,362.50 | 7.68% |
| Total Salary (Effort Percentage) | $ 100,000.00  | 50.00% |

**The Unallowable Amount must be reallocated to an INSTx subaccount.**

## Salary Cap Determination for Academic Summer Appointments

The total summer salary on grant accounts is typically limited to a maximum of 13 weeks[[2]](#endnote-2)\*\* in order to provide the faculty member with vacation time as well as time to prepare and submit new proposals. Though Indiana University limits the total salary received to a maximum of 13 weeks, the salary cap guidelines apply to amounts allocated to an award account for any agency with a salary limitation requirement.

The allowable amount of summer salary that can be charged to a grant with a salary limitation requirement is based on the prior fiscal year Institutional Base Salary and the current Salary Limitation.

|  |  |  |
| --- | --- | --- |
| **Appointment** | **Academic Summer** |  |
| Salary Limitation\* | $ 169,275.00 |  |
| Institutional Base Salary | $ 200,000.00 |  |
| Total Weeks Summer Salary  | 9 |  |
| Total Effort Percentage | 50% |  |
| Total Summer Salary Amount | $ 45,000.00 |  |
| Allowable Percent | 42.32% |  |
|  | **Dollars** | **Percent** |
| Direct Salary + Cost Share / Effort Percent | $ 19,043.44 | 42.32% |
| Unallowable (INSTx) | $ 3,456.56 | 7.68% |
| Total Summer Salary Charged to Project | $ 22,500.00 | 50.00% |

**The Unallowable Summer Salary Amount must be reallocated to an INSxx subaccount.**

1. \* For awards subject to the NIH Salary Limitation, at Indiana University the Academic 10-Pay Salary Limitation is 75% of the announced NIH Salary Limitation. (e.g. Effective January 1, 2025, $225,700.00 × 75% = $169,275.00) [↑](#endnote-ref-1)
2. \*\* IU Policy - [Summer Salary from Sponsored Program Accounts SPA-11-015](https://policies.iu.edu/policies/spa-11-015-summer-salary-sponsored-program-accounts/index.html) [↑](#endnote-ref-2)