



## **POLICY AND PROCEDURE NOTICE: FPPN-013 SALARY LIMITATION**

**Summary and Purpose of PCN:** To guide the administration of the Ryan White Part A Program to ensure salary and fringe do not exceed allowable cap.

### **Authority:**

- Consolidated Appropriations Act, 2012, Division F, Title II, Sec. 203, P.L. 112-74.

### **Policy and Procedure:**

1. HHS funds may not be used to pay the salary of an individual at a rate in excess of Executive Level II. The Executive Level II salary of the Federal Executive Pay scale is established annually. This amount reflects an individual's base salary exclusive of fringe and any income that an individual may be permitted to earn outside of the duties to the applicant organization. This salary limitation also applies to subawards/subcontracts under a HRSA grant or cooperative agreement.
  - As an example of the application of this limitation assuming a salary cap of \$179,700: If an individual's base salary is \$350,000 per year plus fringe benefits of 25% (\$87,000) and that individual is devoting 50% of their time to this award, their base salary should be adjusted to \$179,700 plus fringe of 25% (44,925) and a total of \$112,312.50 may be included in the project budget and charged to the award in salary/fringe benefits for that individual.
2. If an individual is under the salary cap limitation, fringe is applied as usual. If an individual is over the salary cap limitation, fringe is calculated on the adjusted base salary.

### **Verification:**

- Review of individual employee salary.
- Review of individual employee fringe benefit allocation.
- Monitor prorated salaries to ensure that the salary when calculated at 100% does not exceed the HRSA Salary Limit.
- Monitor staff salaries to determine that the salary limit is not exceeded when the aggregate salary funding from other HHS and HRSA sources including Bureau of Primary

Health Care, Maternal and Child Health Bureau and Ryan White funding (A, B, C, D and F) do not exceed the limitation.

- Review payroll reports, payroll allocation journals and employee contracts.
- Interview employees if payroll or income documentation is not available from the contractor or subcontractor provider.

**Approved: June 2016**

**Last Reviewed: January 2021**