

Calculating the Impact of the HHS Salary Rate Limitation (SRL) for Grants and Cooperative Agreement on Indirect Cost Recovery

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1

X Housekeeping Items

- Questions: use Q&A , not Chat
- PowerPoint Handout / Recording
- Evaluation / CPE Credits



2

Agenda

- **About Maximus**
- **Introduction**
 - What is SRL
 - Who needs to do it?
- **What is needed to determine the impact**
- **High level calculation (template)**
- **Detailed calculation in CRIS**
- **Maximus assistance**



3

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Organization and structure

- Established in 1985
- Headquartered in Northbrook, IL, with multiple satellite offices across the country

Consulting services

- F&A proposal assistance, Space Survey, Negotiations
- Fringe benefit rate proposals
- Reviews of service/recharge centers

- Uniform Guidance Compliance Diagnostic
- Pre- and Post-Award Assistance
- Equipment and Fixed Asset Inventories

Software Solutions

- Comprehensive Rate Information System (CRIS®) (used by 90 of top 100 universities)
- WebSpace® — Space Inventory and Survey System
- Effort Reporting System®

40+

Years of Experience

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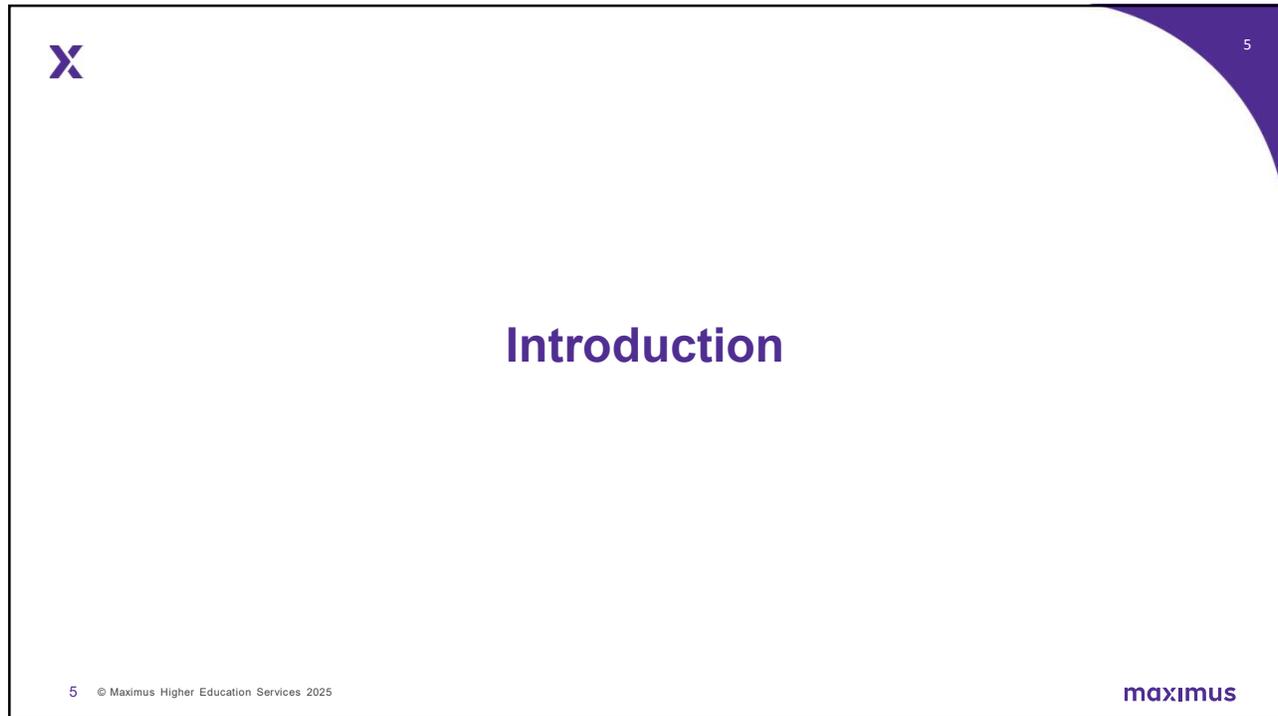
Full-time consulting and IT staff

250+

Colleges and universities served

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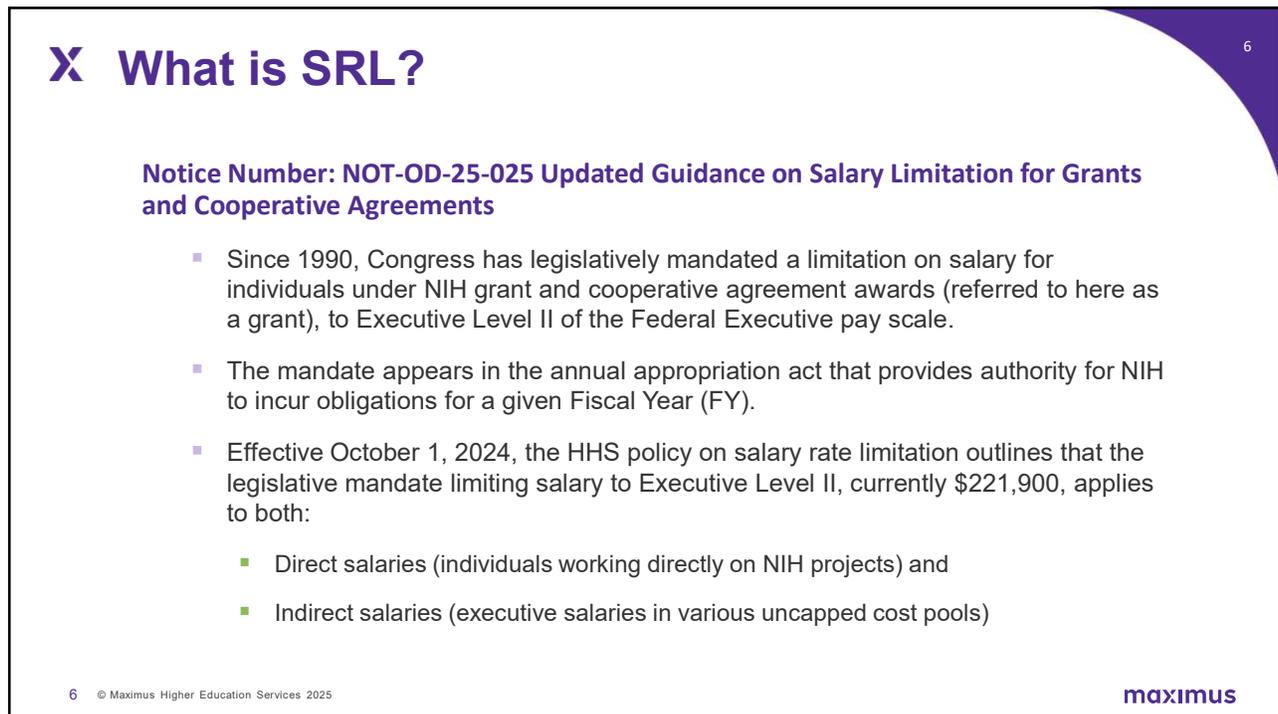
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X Introduction

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X What is SRL?

Notice Number: NOT-OD-25-025 Updated Guidance on Salary Limitation for Grants and Cooperative Agreements

- Since 1990, Congress has legislatively mandated a limitation on salary for individuals under NIH grant and cooperative agreement awards (referred to here as a grant), to Executive Level II of the Federal Executive pay scale.
- The mandate appears in the annual appropriation act that provides authority for NIH to incur obligations for a given Fiscal Year (FY).
- Effective October 1, 2024, the HHS policy on salary rate limitation outlines that the legislative mandate limiting salary to Executive Level II, currently \$221,900, applies to both:
 - Direct salaries (individuals working directly on NIH projects) and
 - Indirect salaries (executive salaries in various uncapped cost pools)

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X Who needs to do it?

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- **Notice Number: NOT-OD-25-025 Updated Guidance on Salary Limitation for Grants and Cooperative Agreements**
- The policy change applies to **new, competing renewals, and non-competing continuations** issued on or after **October 1, 2024**.
- Recipients **may not draw down funds**, whether direct **or indirect costs**, to pay salaries above the salary rate limitation, and recipients must have established policies and procedures that are consistently applied regardless of the source of funds.

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X Who needs to do it?

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- **Recipients of HHS awards**
- Direct NIH Over the CAP should already be implemented as part of institutional policy and/or procedure

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X Acronyms

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Acronym	Description
SRL	Salary Rate Limitation
SRL Impact/ Adjustment	Salary Rate Limitation Adjustment/Impact – impact that SRL has on the Organized Research rate
CRIS	Comprehensive Rate Information System – Maximus-developed software that calculates F&A rates
IBS	Institutional Base Salary
Chartfield	A unique combination of chart fields that can identify a specific project
Cost Group	A UG-defined cost group for capturing expenses (for example O&M, G&A, OR, etc.)
Cost Pool	A UG-defined cost pool for capturing expenses (for example, Campus-wide O&M, Utilities, etc.)
Admin CAP	An Administrative CAP of 26%
FAC	Facilities component of the F&A rate
DA	A UG-defined cost group, Department Administration – includes Dean’s Expenses and Department Admin
Dean’s Scrub	A process by which “professorial”-related payroll that are identified in the Dean’s Pools are reclassified to Instruction cost pool, per UG

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What data is needed to determine the impact?

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X Institutional Base Salary (IBS) definition

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Follow your policy for IBS	Identify individuals with IBS greater than SRL
Which F&A base year?	Which year's SRL? http://grants.nih.gov/grants/policy/salcap_summary.htm
What about Overtime?	What if I don't have and IBS policy?

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X Payroll data

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Labor Distribution	By Unique chartfield-Expense code
For individuals over the SRL	For the last base year
For the current base year if not yet negotiated	Some Universities may have to do two analyses

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X Data Needed

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If used **CRIS** for the last proposal:

I: **CRIS** data:

- Cost Pool (cp) and Cost Group (cg)
- Rate Schedule (389D)
- Payroll Review (pr)

II. Institutional Data:

- Payroll detail by employee over SRL for the base year
- Fringe Benefits Rate (template can incorporate the average FB Rate)

If did not use **CRIS**:

- Cost Pool Summary Schedule
- Cost Group Schedule
- Rate Schedule
- Payroll summary (by chartfield and title code) with Cost Pool
- Payroll detail – by employee, chartfield and title code

13

Cost Pool

Cost Pool Id	Long Name	Direct	Cost Grp	Total Amt	SW Amt	Ben Amt	Oth MTC Amt
9 1000	O&M Campuswide		20 - O&M	8,601,744	2,816,530	621,030	5,164,184
10 1200	O&M Bell Campus		20 - O&M	24,233,467	15,138,756	4,022,334	5,072,377
11 1400	O&M South Campus		20 - O&M	508,661	300,142	80,826	127,693
12 1600	O&M HSC Campus		20 - O&M	6,961,849	4,821,274	1,350,926	789,649
13 1700	Utilities		20 - O&M	18,403,213	0	0	18,403,213
14 1800	Aux/OIA O&M		20 - O&M	3,877,726	0	0	3,877,726
15 1900	Dept'l Paid O&M		20 - O&M	3,428,842	0	0	3,428,842
16 2000	General Administration		25 - General Admin	10,112,975	11,342,062	3,384,679	-4,613,766
17 3002	Dean of ARTS & SCIENCE		30 - Departmental Admin	1,171,070	818,715	127,189	225,166
18 3014	Dean of EDUCATION		30 - Departmental Admin	1,505,996	758,791	124,412	622,793
19 3020	Dean of LAW School		30 - Departmental Admin	865,139	447,776	97,550	319,813
20 3023	Dean of MEDICINE		30 - Departmental Admin	9,559,988	2,754,770	474,466	6,330,752
21 3035	Dean of ENGINEERING		30 - Departmental Admin	723,812	507,303	97,712	118,797

Cost Group

Cost Grp Id	Long Name	Category	Direct	Total Amt	SW Amt	Ben Amt	Oth MTC Amt	On Base Amt
0	System default group	99 - Other		0	0	0	0	0
05	Building	05 - Building Depreciation		11,221,766	0	0	11,221,766	0
10	Equipment	10 - Equipment Depreciation		6,146,654	0	0	6,146,654	0
15	Interest	15 - Interest		1,481,000	0	0	1,481,000	0
20	O&M	20 - Operations and Maintenance		66,015,502	23,076,702	6,075,116	36,863,684	0
25	General Admin	25 - General Administration		10,112,975	11,342,062	3,384,679	-4,613,766	0
30	Departmental Admin	30 - Departmental Administration		27,909,206	5,988,074	2,955,620	8,965,512	0
35	Spon Proj Admin	35 - Sponsored Projects Administration		1,220,378	662,245	141,236	416,897	0
40	Stud Svcs Admin	40 - Student Services Administration		7,658,404	5,170,587	1,180,004	1,307,813	0
45	Library	45 - Library		14,881,521	5,519,245	1,209,850	8,152,426	0
50	Instruction/Dept Res	50 - Instruction and Departmental Research		105,464,239	80,734,052	15,245,613	9,484,574	105,464,239
55	Organized Research	55 - Organized Research		27,800,721	4,474,056	2,482,064	10,844,601	26,633,443
60	Other Spon Activity	60 - Other Sponsored Activities		16,659,450	1,183,733	2,039,991	3,436,626	16,457,667
65	Other Inst Activity	65 - Other Institutional Activities		54,121,464	25,200,132	4,321,953	24,599,379	54,121,464

14

Rate Schedule

CRIS UNIVERSITY UCA
 FYE JUNE 30, 2018
 Rate Schedule By Direct Group, Indirect Group Report

Direct Cost Group: 55 - Organized Research

Indirect Cost Group	Base Indicator	Base	Allocated Amount	Rate	Capped Rate
Administrative					
25 - General Admin	All	27,800,721	2,715,617	9.77	
30 - Departmental Admin	All	27,800,721	6,412,788	23.07	
35 - Spon Proj Admin	Sponsor	24,484,183	862,104	3.52	
Subtotal For Administrative			9,990,509	36.36	26.00
Facilities					
05 - Building	On Campus	26,633,443	777,009	2.92	
10 - Equipment	On Campus	26,633,443	1,152,209	4.33	
15 - Interest	On Campus	26,633,443	356,950	1.34	
20 - O&M	On Campus	26,633,443	6,495,955	24.39	
45 - Library	On Campus	26,633,443	311,979	1.17	
Subtotal For Facilities			9,094,102	34.15	34.15
On Campus Rate:				70.51	60.15
Off Campus Rate:				36.36	26.00

Payroll Summary

Payroll Review (pr)

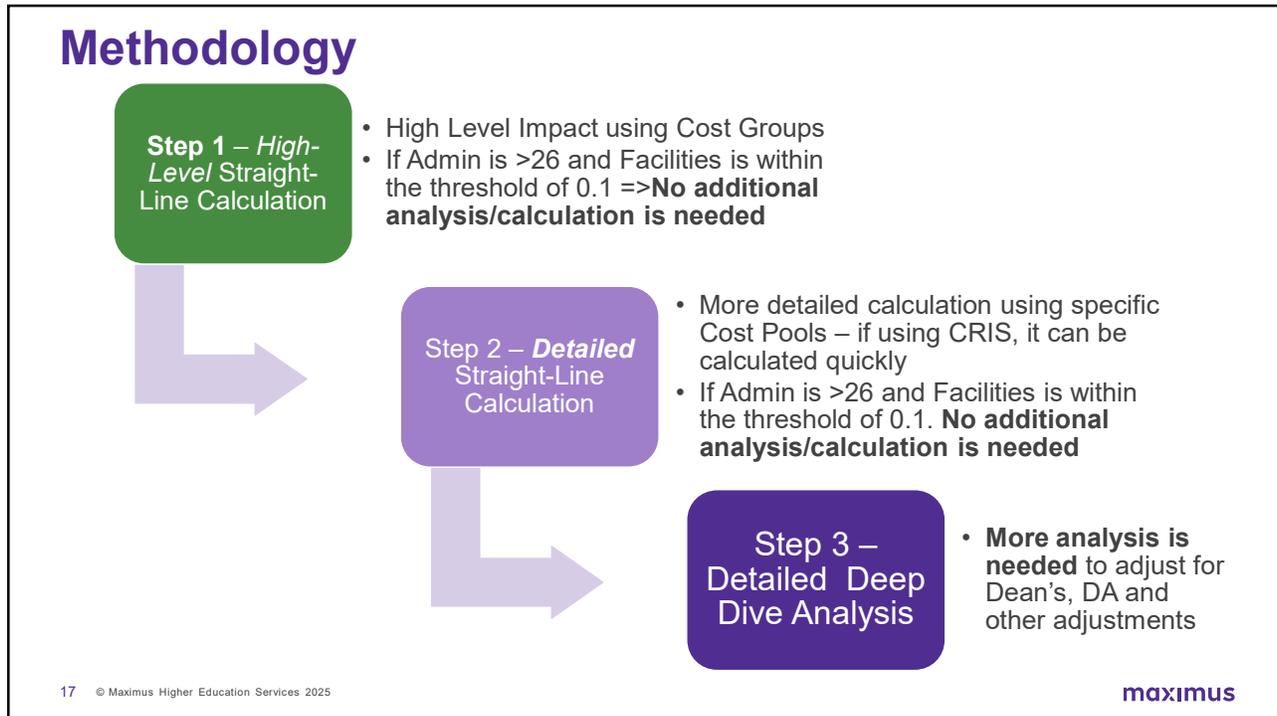
So	Account Id	Account Nm	Subacct Id	Subacct Nm	Title	Amount	Final Cpl
1	0 - Dcv 539419	NORTON SALARY ACCOUNT PEDIATRI	1010	FACULTY WAGES	293288 - FACULTY	4,661,273	9300 - Other Sponsored Activities
2	0 - Dcv 207000	LAW SCHOOL - INSTRUCTION	1010	FACULTY WAGES	293288 - FACULTY	3,147,630	9000 - Instruction/Dept Research
3	0 - Dcv 208050	MEDICINE	1010	FACULTY WAGES	293288 - FACULTY	2,477,104	9000 - Instruction/Dept Research
4	0 - Dcv 885421	FOOTBALL - MEN	1130	SETTLEMENTS	386788 - PROG AN	2,459,290	9550 - Unallowable - OIA
5	0 - Dcv 201050	MATHEMATICS	1010	FACULTY WAGES	293288 - FACULTY	2,124,377	9000 - Instruction/Dept Research
6	0 - Dcv 201015	ENGLISH	1010	FACULTY WAGES	293288 - FACULTY	1,978,917	9000 - Instruction/Dept Research
7	0 - Dcv 223400	UNIVERSITY LIBRARIES	1010	FACULTY WAGES	293288 - FACULTY	1,973,147	8000 - Library
8	0 - Dcv 208080	SURGERY	1010	FACULTY WAGES	293288 - FACULTY	1,860,408	9000 - Instruction/Dept Research
9	0 - Dcv 201010	CHEMISTRY	1010	FACULTY WAGES	293288 - FACULTY	1,803,574	9000 - Instruction/Dept Research
10	0 - Dcv 201095	PSYCHOLOGY	1010	FACULTY WAGES	293288 - FACULTY	1,801,676	9000 - Instruction/Dept Research

15



Methodology

16



17

X Step 1 – High-Level Straight-line Calculation 18

High-Level Straight-line calculation	<p>Start with this process first. Using the template, calculate the SRL Impact, which only considers high level (cost group) information</p> <p>Determine impact on the rate. For example, submitted ADM was 36.36; new ADM is 35.77. Submitted FAC was 34.15; new FAC is 34.09.</p> <p>Result: If still above 26% CAP Level and FAC Adjustment is within threshold, no additional calculation should be needed. If below 26% Admin CAP level and/or FAC Adjustment is material, Proceed with Step 2.</p>
Limitations of Step 1	<ol style="list-style-type: none"> 1) Dean's Scrub (SW/BEN) that were transferred from the Dean's Cost Pool to Instruction during the rate calculation process such that the Dean's Cost Pools are over-stated 2) DA Cost Pools – this process does not account for DA Calculation, such that the allocation of DA Cost Pools are over-stated 3) Specific Allocations of O&M Pools – if the proposal had O&M pools that did not benefit Organized Research (and OSA) rates and only benefited OIA, the SRL Impact will be over-stated

Bottom Line – if No impact after Step 1 – Stop

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X Step 2 – Detailed Straight-line Calculation

Detailed Straight-line calculation

Using the template, calculate the SRL Reductions by cost pool. If using CRIS, Create Transfers for the impacted cost pools and run the model. This allows for more specific/accurate analysis.

Determine SRL Impact on the rate. For example, submitted ADM was 36.36; new ADM is **35.77**. Submitted FAC was 34.15; new FAC is **34.09**.

Result: If still above 26% ADMIN CAP Level and FAC Impact is within 0.1 threshold, no additional calculation should be needed. If below 26% ADMIN CAP level and/or FAC Impact is >0.1, Proceed with Step 3.

Limitations of Step 2

1) Dean's Scrub (SW/BEN) that were transferred from the Dean's Cost Pool to Instruction during the rate calculation process such that the Dean's Cost Pools are over-stated

2) DA Cost Pools – this process does not account for DA Calculation, such that the allocation of DA Cost Pools are over-stated

Bottom Line – if No impact after Step 2 – Stop

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X Step 3 – Detailed Deep Dive Analysis

Detailed Deep Dive Analysis

Contact Maximus to discuss next steps

1) Dean's Scrub – Determine how to best account for Dean's transfers

2) DA Calculation – Determine how to best account for more accurate DA adjustments

Limitations of Step 3

1) Will require specific review and analysis to determine the most reasonable approach.

Bottom Line – Contact Maximus for next steps

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Let's review the template used in STEP 1

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Template for calculating SRL Adjustment

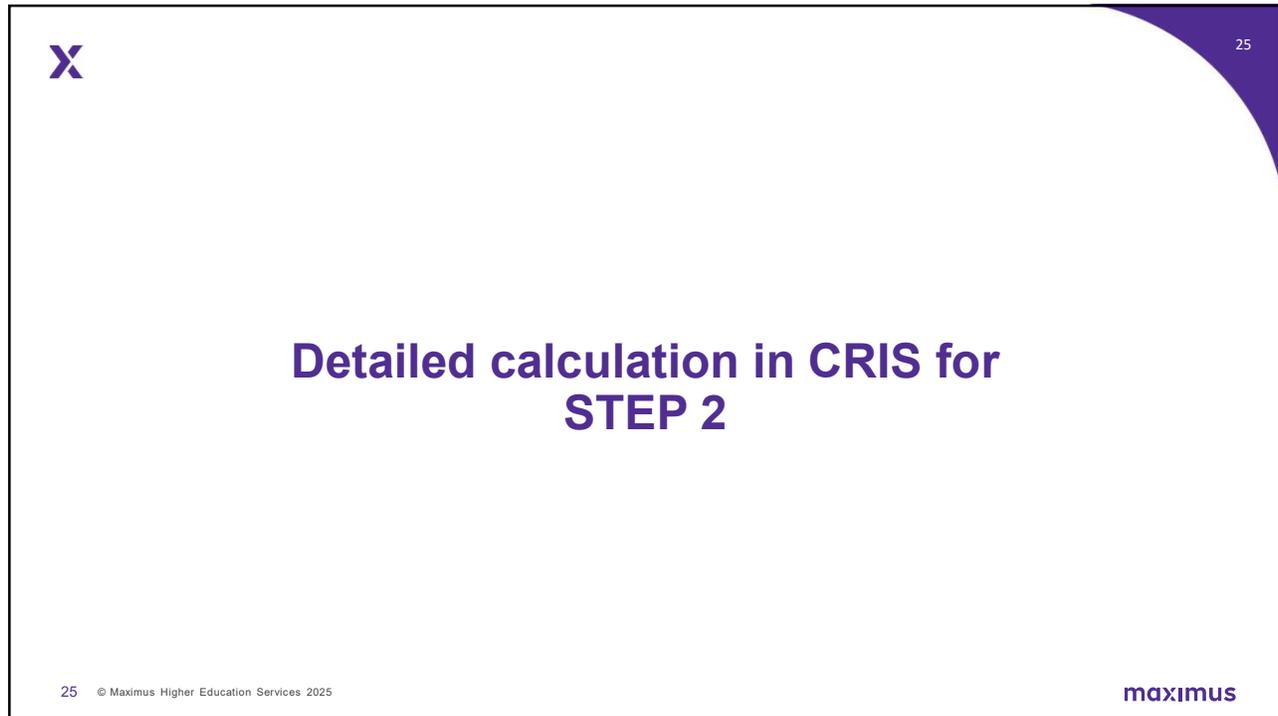
This template was provided to universities during review and negotiation of their submitted F&A cost rate proposals by HHS-CAS Mid-Atlantic field office.

- It is specific to this office.
- It does not include fringe benefit expenses, but we expect that this will be required. The template we are showing incorporates an average fringe benefit rate.
- The payroll detail data must be available to complete the template.
- If submitting the F&A cost rate proposal now, this adjustment should be included in the rate calculation. If the SRL Impact results in a lower rate, then you may want to submit separate rates for HHS Research grants and non-HHS Research grants.

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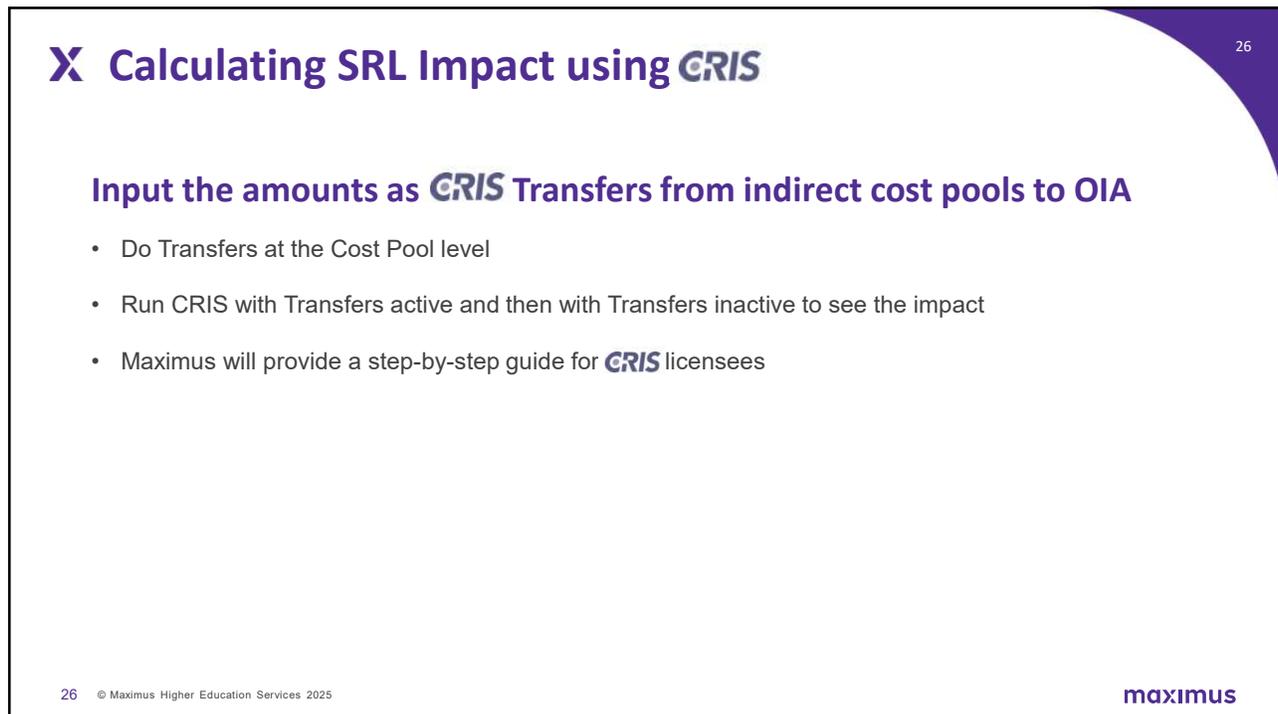
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Detailed calculation in CRIS for STEP 2

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26

X Calculating SRL Impact using **CRIS**

Input the amounts as **CRIS** Transfers from indirect cost pools to OIA

- Do Transfers at the Cost Pool level
- Run CRIS with Transfers active and then with Transfers inactive to see the impact
- Maximus will provide a step-by-step guide for **CRIS** licensees

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27

Maximus assistance

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28

X Assistance Available

Types of assistance available:

- Free resources – webinar and supporting template
- Utilize Maximus to perform calculation – contact Maximus for pricing at HigherEducationinfo@maximus.com

For CRIS Licensees:

- Utilize Maximus to review the calculation maintenance hours can be used
- Step-by-step guide to calculating the SRL adjustment
- Ask basic questions to the CRIS.Nethelpdesk@maximus.com

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28

X Upcoming Events

29

- Calculating the Impact of the UG Equipment Threshold Change on Indirect Cost Recovery Webinar • Tuesday, January 14, 2025 at 2:00 PM EST**

This webinar is open to CRIS clients only. At this session we will discuss how to calculate the projected impact of the increase in the equipment capitalization threshold using CRIS. We will also identify the data required to perform the analysis. We will cover the not-so-obvious factors in the calculations that can be overlooked. Finally we will discuss the services that Maximus offers to assist with the analysis.
- Calculating the Impact of the UG Subaward Exclusion Change on Indirect Cost Recovery • Friday, January 17, 2025 at 3:00 PM EST**

At this session we will discuss how to calculate the projected impact of the UG change in the subaward exclusion. We will also identify the data required to perform the analysis. We will cover the not-so-obvious factors in the calculations that can be overlooked. We will also discuss how you can apply the adjustments in CRIS to determine impact on the rates. Finally, we will discuss the services that Maximus offers to assist with the analysis.
- 18th Annual Facilities and Administrative (F&A) Long Form Virtual Workshop - Monday, April 14 – Thursday, April 17, 2025. Each day's sessions will run from approximately 1:00 PM – 5:00 PM EST.**

This introductory virtual workshop provides an overview of the requirements under the OMB "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (2 CFR Part 200) for preparing the Long Form F&A cost rate proposal. The virtual workshop will give cost accountants, cost analysis managers, administrators for research and sponsored projects, controllers, budget directors, and internal and external auditors a working knowledge and better understanding of the F&A rate development process. Interactive exercises and reference to a simplified rate proposal offer hands-on practice to participants. This course incorporates the most up-to-date information on 2 CFR Part 200, also known as "Uniform Guidance", and discusses the impact of these vital changes.
- Virtual CRIS University: Introduction to CRIS Workshop through Zoom Web Conferencing - Wednesday, May 14 – Tuesday, May 20, 2025. Each day's sessions will run from approximately 1:00 PM – 5:00 PM EST.**

This live instructor led virtual introductory workshop provides university professionals who prepare F&A rate proposals with an overview of the [Maximus Comprehensive Rate Information System \(CRIS\)](#). Discounts may apply for CRIS Licensees.

CRIS is compliant with Uniform Guidance 2 CFR Part 200 and the most proven and widely trusted F&A software in the industry. Over 250 institutions use CRIS to calculate and negotiate F&A rates. CRIS has demonstrated and proven the optimization of F&A reimbursement through thousands of negotiations with HHS-CAS and ONR.
- 2025 Webinar Schedule – To Be Announced Soon!** Please feel free to access our [free Webinar Archive Library](#), which include a wide array of topics related to Research Administration.

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