



External Grants Policy Bulletin 2021 Salary Cap Limitation

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Purpose

This Policy Bulletin provides information to Health Resources and Services Administration (HRSA) award recipients regarding their salary cap limitations imposed for calendar year 2021.

Background

The Consolidated Appropriations Act, 2021 (Public Law 116-260), signed into law on December 27, 2020, restricts the amount of direct salary that may be paid to an individual under a Department of Health and Human Services (HHS) grant, cooperative agreement, or applicable contract to a rate no greater than Executive Level II of the Federal Executive Pay Scale. Effective January 2021, the [Executive Level II salary level is \\$199,300¹](#) (formerly \$197,300 in 2020).

According to [P.L. 116-260, Sec. 202](#): "None of the funds appropriated in this title shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level II."

Implementation

Awarded salary levels will be determined using information provided in the application.

HRSA's competing grants, cooperative agreements, or applications that request direct salaries for individuals in excess of the applicable rate of \$199,300 per year (or \$95.82 per hour for a full-time appointment of 2080 hours per year) will have their budgets adjusted in accordance with the legislative salary limitation. The non-federal entity will be notified of this adjustment, as it will affect the budget in current and future years. No funds will be awarded, committed, or disbursed in excess of the salary cap limitation.

¹ Consolidated Appropriations Act, 2021 (Public Law 116-260), signed into law on December 27, 2020.

The salary limitation also applies to all subawards and subcontracts.

An individual's institutional base salary is not constrained by the legislative provision for a limitation of salary. The rate limitation simply limits the amount that may be awarded and charged to HRSA awards. For individuals whose salary rates are in excess of Executive Level II, the non-federal entity may pay the excess from non-federal funds.

Resources

- [2021 Executive Level II - Salary Table](#)
- [Consolidated Appropriations Act, 2021](#)

Inquiries

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Frequently Asked Questions

1. Do award recipients have to raise the salary level for their employees?

No, this is just the salary limit an individual paid from a grant or cooperative agreement from HRSA is allowed to be paid from federal sources.

2. Does this limit the salary of all award recipients?

No, HRSA award recipients can provide an individual a higher salary. The salary cap just limits the amount of salary that can be charged to a HRSA award. Award recipients can pay their staff more than the salary cap, but any portion of the salary over the cap must come from nonfederal sources.

3. What governs whether a change is made each year?

Congress chooses how much to adjust the Executive Level II pay scale every year in the appropriation acts.