



Grants Policy Bulletin HHS Salary Rate Limit

Bulletin Number: 2026-01E (Revised)

Release Date: August 25, 2026

Related Bulletin(s): Replaces [2026-01E](#) HHS Salary Rate Limit

Issued by: Office of Federal Assistance and Acquisition Management (OFAAM)

Purpose

This grants policy bulletin revises [2026-01E](#) to clarify that the HHS salary rate limit does **not** apply to consultant fees. The 2026 OPM [Salary Table for Level II Executives](#) lists the pay rates that HHS recipients may use for award funding.

Background

Congress sets a yearly limit on how much salary HHS can pay an individual with grant or cooperative agreement funds. Recipients cannot use award funds to pay anyone more than the Executive Level II rate. For 2026, this limit was set in [Executive Order 14132](#) and shown in the Office of Personnel Management's [salary table](#).

On October 1, 2024, HHS updated the [HHS Grants Policy Statement \(GPS\)](#). It states that the salary limit applies to both direct and indirect costs for HHS awards. In July 2026, HHS advised HRSA that the salary cap does not apply to consultant fees.

Implementation

- Awards: HRSA will not award funding for salaries that exceed the limit. For staff whose salary rates exceed Executive Level II, recipients may pay the excess from non-federal funds.
- Rebudgeting: If applicable, recipients may rebudget to reflect the 2026 salary limit, provided adequate funds are available in the existing award. HRSA will not provide supplemental funding to increase salaries.
- Sub-awards: The salary limit applies to sub-awards. Recipients are responsible for monitoring subrecipient compliance.
- Employment versus service relationship: The salary limit applies to individuals in an *employment* relationship with a recipient or subrecipient (W-2 employee). The limit does not apply to a *service* relationship (e.g., a consulting fee).

OFAAM no longer issues an annual Grants Policy Bulletin communicating salary limit changes. Instead, annual updates to the [Salary Cap Table](#) are available on the [Manage Your Grant](#) webpage. Recipients should monitor these resources for updates.

Resources

- [HHS Grants Policy Statement \(GPS\)](#) (see also [inline text version of the GPS](#))
- [Salary Cap Summary Table](#)
- [HRSA General Terms and Conditions](#)
- [Manage Your Grant](#)

Inquiries

If you have questions about the HHS salary limit, please contact the HRSA Project Officer and/or Grant Management Specialist named on your Notice of Award.