

## Maximum Consultant Rates on Federal Grants

Most Federal granting agencies do not impose a specified maximum daily or hourly rate at which Federal grants may be charged for consulting costs. Most Federal granting agencies merely require that the consulting rate charged to Federal grants be reasonable and well documented in accordance with OMB Circular A-21†.

NSF and the Department of Justice are among the exceptions to this general rule. Please see the table below for detailed information on some of the larger Federal granting agencies.

Agency	Maximum Daily Rate	Documentation Requirements
<b>Agriculture (U.S. Dept of)</b>	No Specific Limit	<p>The following documentation requirements are contained in 7 CFR PART 3015 UNIFORM FEDERAL ASSISTANCE REGULATIONS, Sec. 3015.201 Use of consultants:</p> <p>“(1) Charges for consulting payments must be supported in the records of the recipient or cost-type contractor by an invoice from the consultant and a copy of the written report (if a report is appropriate) or other documented evidence of the work performed from the consultant.</p> <p>(2) If any of the following information is not shown on the invoice and/or report from the consultant, the information must be shown in a memorandum or other document prepared by the recipient or contractor for its files, or noted in handwriting on the consultant’s invoice by the recipient or contractor. The memorandum, other document, or handwritten notation must be signed by an official of the recipient or contractor and show:</p> <p>(i) The name of the consultant;</p> <p>(ii) The nature of the services provided (such as statistical analysis of data, participation on project advisory committee, or specified medical services to eligible beneficiaries);</p> <p>(iii) The relevance of the services to the project or program, if not apparent from the nature of the services; and</p> <p>(iv) Whichever of the following is applicable:</p> <p>(A) (If the fee was based on a rate per day or hours worked) the rate and the dates and/or hours worked;</p> <p>(B) (If the fee was based on a rate per unit of service provided, such as the number of patients examined by a physician) the rate, the number of units of service provided, and the beginning and ending dates of the overall period of service; or</p> <p>(C) (If the fee was determined on some other basis) the basis for determining the fee and the beginning and ending dates of the period in which services were provided.”</p>
<b>Air Force Office of Scientific Research (AFOSR)</b>	No Specific Limit	<p>The <i>Proposer’s Guide to the AFOSR Research Programs</i> contains the following guidance: “Consultant fees (indicating daily or hourly rate) and travel expenses; include a description of the nature of and need for any consultant’s participation “with strong justification”.</p>
<b>Army Research Office (ARO)</b>	No Specific Limit	<p>There is no mention of consultants in the <i>ARO General Terms and Conditions for Grant Awards to Educational Institutions and Other Nonprofit Organizations</i>. However, a recent program announcement included the following standard instructions on</p>

		<p>including consultant costs in budgets:</p> <p>“Consultant Costs: Offerors normally are expected to utilize the services of their own staff to the maximum extent possible in managing and performing the project’s effort. If the need for consultant services is anticipated, the nature of the proposed consultant services should be justified and included in the technical proposal narrative. The cost proposal should include the names of consultant(s), primary organizational affiliation, each individual’s expertise, daily compensation rate, number of days of expected service, and estimated travel and per diem costs.”</p>
<b>Commerce (U.S. Dept of)</b>	No Specific Limit	Grants are subject to OMB Circular A-21, Cost Principles for Educational Institutions.
<b>Education (U.S. Dept of)</b>	<p>No Specific Limit for Most Programs.</p> <p>However, the current maximum is \$513 a day for consulting services charged to <b>Rehabilitation Training Program</b> grants.</p>	<p>The Education Department General Administrative Regulations (EDGAR) imposes no maximum consulting rate in general for Education grant programs: “Sec. 75.515 Use of consultants.</p> <p>(a) Subject to Federal statutes and regulations, a grantee shall use its general policies and practices when it hires, uses, and pays a consultant as part of the project staff.</p> <p>(b) The grantee may not use its grant to pay a consultant unless:</p> <p>(1) There is a need in the project for the services of that consultant; and</p> <p>(2) The grantee cannot meet that need by using an employee rather than a consultant.</p> <p>See: <a href="http://www.ed.gov/offices/OCFO/grants/edgar.html">http://www.ed.gov/offices/OCFO/grants/edgar.html</a></p> <p>However, Title 34 Part 385.46 of the CFR ties the maximum daily consulting rate specifically for the <b>Rehabilitation Training Programs</b> to the Federal Executive Service Level 4 pay rate:</p> <p>TITLE 34--EDUCATION CHAPTER III--OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION PART 385--REHABILITATION TRAINING--Table of Contents Subpart E--What Conditions Must Be Met by a Grantee?</p> <p>Sec. 385.46 What limitations apply to the rate of pay for experts or consultants appointed or serving under contract under the Rehabilitation Training program?</p> <p>An expert or consultant appointed or serving under contract pursuant to this section shall be compensated at a rate subject to approval of the Commissioner which shall not exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code. Such an expert or consultant may be allowed travel and transportation expenses in accordance with section 5703 of title 5, United States Code.”</p>

<b>Energy (U.S. Dept of)</b>	No Specific Limit	The following documentation requirements are contained in 10 CFR Part 605 Office of Science Grant Application Guide: "Anticipated consultant services should be justified and information furnished on each individual's expertise, primary organizational affiliation, daily compensation rate and number of days of expected service. Consultants' travel costs should be listed separately under travel in the budget."
<b>Environmental Protection Agency</b>	No Specific Limit	Grants are subject to OMB Circular A-21, Cost Principles for Educational Institutions. Consultant costs must be justified and documented accordingly.
<b>Justice (U.S. Dept of) Office of Justice Programs</b>	\$450* *Prior approval is required for amounts exceeding \$450.	<p>Part III Chapter 15 of the Financial Guide imposes the following requirements:</p> <p><b>"Consultant Rates.</b> Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace. Consideration will be given to compensation including fringe benefits for those individuals whose employers do not provide the same. In addition, when the rate exceeds \$450 (excluding travel and subsistence costs) for an eight-hour day, a written PRIOR APPROVAL is required from the awarding agency. Prior approval requests require additional justification. An eight-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Please note, however, that this does not mean that the rate can or should be \$450 for all consultants. Rates should be developed and reviewed on a case-by-case basis and must be reasonable and allowable in accordance with OMB cost principles. Approval of consultant rates in excess of \$450 a day that are part of the original application with appropriate justification and supporting data will be approved on a case-by-case basis. The following is the policy in regard to compensation of various classifications of consultants who perform like-type services. If consultants are hired through a competitive bidding process (not sole source), the \$450 threshold does not apply.</p> <ol style="list-style-type: none"> <li>a. <b>Consultants Associated with Educational Institutions.</b> The maximum rate of compensation that will be allowed is the consultant's academic salary projected for 12 months, divided by 260. These individuals normally receive fringe benefits which include sick leave for a full 12-month period even though they normally only work nine months per year in their academic positions.</li> <li>b. <b>Consultants Employed by State and Local Government.</b> Compensation for these consultants will only be allowed when the unit of government will not provide these services without cost. If a State or local government employee is providing services under a Federal grant and is representing their agency without pay from their respective unit of government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government. If the State or local government employee is providing services under a Federal grant and is not representing their agency, the rate of compensation is based on the necessary and reasonable cost principles.</li> <li>c. <b>Consultants Employed by Commercial and Not-For-</b></li> </ol>

		<p><b>Profit Organizations.</b> These organizations are subject to competitive bidding procedures. Thus, they are not subject to the \$450 per day maximum compensation threshold before requesting prior approval. In those cases where an individual has authority to consult without employer involvement, the rate of compensation should not exceed the individual's daily salary rate paid by his/her employer, subject to the \$450 limitation.</p> <p>d. <b>Independent Consultants.</b> The rate of compensation for these individuals must be reasonable and consistent with that paid for similar services in the marketplace. Compensation may include fringe benefits. In summary, consultants obtained through competitive bidding do not require prior approval, including individual consultants.</p>
<b>National Aeronautics &amp; Space Administration (NASA)</b>	No Specific Limit	The NASA Grants and Cooperative Agreement Handbook merely instructs applicants to "identify consultants to be used, why they are necessary, the time they will spend on the project, and rates of pay." For more information, see: <a href="http://ec.msfc.nasa.gov/hq/grcover.htm">http://ec.msfc.nasa.gov/hq/grcover.htm</a>
<b>NEH</b>	No Specific Limits	<p>The NEH <i>General Grant Provisions for Organizations</i> contains the following guidance: "Formal agreements with independent contractors, such as consultants, must include a description of the services to be performed, the period of performance, the fee and method of payment, an itemization of travel and other costs which are chargeable to the agreement, and the signatures of both the contractor and an appropriate official of the grantee organization."</p> <p>For more information, see: <a href="http://www.neh.gov/manage/ggps.html#_Toc477324647">http://www.neh.gov/manage/ggps.html#_Toc477324647</a></p>

<p><b>National Institutes of Health</b></p>	<p>No Specific Limit</p>	<p>The <i>NIH Grants Policy Statement</i> requires only that “grantees must have written policies governing their use of consultants that are consistently applied regardless of the source of support... Documentation maintained by the receiving organization should include the name of the consulting firm or individual consultants; the nature of the services rendered and their relevance to the grant-supported activities; if not otherwise apparent from the nature of the services; the period of service; <b>the basis for calculating the fee paid (e.g., rate per day or hour worked or rate per unit of service rendered)</b>; and the amount paid.” Please note that page 99 of the <i>NIH Grants Policy Statement</i> indicates that the NIH salary cap does <b>not</b> apply to payments made to consultants.</p>
<p><b>National Science Foundation</b></p>	<p>\$521 per day*  *The maximum rate is tied to the current maximum pay rate of an Executive Schedule Level IV Federal employee. The rate is exclusive of indirect costs, travel, per diem, clerical services, fringe benefits and supplies.</p>	<p>The NSF Grant Proposal Guide indicates, “anticipated consultant services must be justified and information furnished on each individual’s expertise, primary organizational affiliation, normal daily compensation rate, and number of days of expected service. Consultants’ travel costs, including subsistence, also may be included. Payment for a consultant’s services, exclusive of expenses, may not exceed the consultant’s normal rate or the daily maximum rate established annually by NSF whichever is less.” Additional information may be found in Article 5 of the NSF Grant Conditions. Please note that the maximum rate is subject to change as the Federal Executive Schedule changes. Current information may be found at: <a href="http://www.nsf.gov/bfa/dga/policy/start.htm">http://www.nsf.gov/bfa/dga/policy/start.htm</a></p>
<p><b>Office of Naval research (ONR)</b></p>	<p>No Specific Limit</p>	<p>A recent program announcement included the following proposal instructions:  “Consultant – Provide consultant agreement or other document which verifies the proposed loaded daily/hourly rate.”</p>

<b>Public Health Service</b>	No Specific Limit	<p>The PHS Grants Policy Manual (Revised 03/94) contains the following documentation requirements:</p> <p>“Recipients are expected to have policies governing their use of consultants that are consistently applied regardless of the source of support and are expected to justify using consultants instead of salaried employees. Charges to a project for consultant costs may include fees and travel costs (transportation/per diem/ subsistence costs). Under discretionary grants, PHS awarding office prior approval is required if the use of consultants, either individuals or firms, constitutes a transfer of substantive programmatic work or is required by program regulations or other award terms... Where the costs of consultants are borne in whole or in part as direct costs by PHS projects, the consultation must be documented by an invoice from the consultant and a copy of the consultant's written report, if any. Any of the following information not shown on the invoice and/or report must be shown in a memorandum or other document, including handwritten notations on the invoice, signed by an organization official and retained in its files: the name of the consulting firm or individual consultants; the nature of the services rendered and their relevance to the grant-supported activities, if not otherwise apparent from the nature of the services; the period of service; the basis for calculating the fee paid, e.g., rate per day or hour worked or rate per unit of service rendered; and the amount paid.”</p>
<b>State (U.S. Dept of)</b>	<p>No Specific Limit for Most Programs.*</p> <p>*Some programs have a maximum rate of \$300 a day.</p>	<p>No published consulting rate maximum for most programs. Transfer of project substantive work to a consultant requires prior approval of the Program Officer. However, some program announcements indicate that a “maximum daily fee of \$300 is allowable to compensate an external consultant reporting on the degree to which project objectives have been achieved. The amount requested for external consulting reporting should not exceed five percent of the total amount of project funding, and may be lower. Travel and per diem costs for an external reviewer are also allowable.”</p>
<b>Transportation (U.S. Dept of)</b>	No Specific Limit	<p>No published consulting rate maximum. DOT grants are subject to OMB Circular A-21, Cost Principles for Educational Institutions. Application instructions for most programs merely request that costs for consultants be listed on the budget, indicating the consultant's name, daily compensation, estimated days of service, and providing a justification.</p>
<b>U.S. Geological Survey</b>	No Specific Limit	<p>Grants are subject to OMB Circular A-21, Cost Principles for Educational Institutions. Application instructions merely request that costs for consultants be listed on the budget request.</p>

†OMB Circular A-21 does not impose a specific limit on consulting costs. It merely requires such costs to be reasonable as follows:

“32. Professional services costs.

a. Costs of professional and **consulting services**, including legal services rendered by the members of a particular profession who are not employees of the institution, **are allowable, subject to subsection b and Section J.11 when reasonable in relation to the services rendered** and when not contingent upon recovery of the costs from the Federal Government. Retainer fees, to be allowable, must be reasonably supported by evidence of services rendered.

b. Factors to be considered in determining the allowability of costs in a particular case include (1) the past pattern of such costs, particularly in the years prior to the award of sponsored agreements; (2) the impact of sponsored agreements on the institution's total activity; (3) the nature and scope of managerial services expected of the institution's own organizations; and (4) whether the proportion of Federal Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under sponsored agreements."