

Salary Limitation on AHRQ FY2021 Grants, Cooperative Agreements, and Contracts  
Notice Number:  
NOT-HS-21-007

## Key Dates

Release Date:

January 12, 2021

## Related Announcements

None

## Issued by

Agency for Healthcare Research and Quality ([AHRQ](#))

## Purpose

This Notice provides information to applicants, grantees, and contractors of the Agency for Healthcare Research and Quality (AHRQ) regarding the salary cap limitations imposed for Fiscal Year 2021.

The Consolidated Appropriations Act, 2021, Public Law 116-260, signed into law on December 27, 2020, restricts the amount of direct salary which may be paid to an individual under an HHS grant, cooperative agreement, or applicable contract to a rate no greater than Executive Level II of the Federal Executive Pay Scale. Effective January 3, 2021, the Executive Level II salary level is \$199,300.

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 external mechanism, at a rate in excess of Executive Level II."

## Implementation

In accordance with AHRQ policy, awarded salary levels will be determined using information provided in the application/proposal.

For the purposes of salary limitation, the terms "direct salary," "salary," and "institutional base salary" have the same meaning and are exclusive of fringe benefits or facilities and administrative (indirect) costs. An individual's institutional base salary is the annual compensation that the applicant organization pays for an individual's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual may be permitted to earn outside of his/her official duties to the applicant organization.

Applicants for AHRQ grants and offerors for AHRQ contracts are reminded to reflect in their applications/proposals the actual institutional base salary of each individual for whom salary support is requested. In lieu of actual institutional base salary, applicants may elect to include an explanation indicating that the actual institutional base salary exceeds the current salary limitation. When such an indication is included in the application/proposal, AHRQ staff may contact the applicant to determine what the actual institutional base salary is and, if appropriate, make necessary adjustments to requested salaries prior to award. Many AHRQ awards have total cost caps; these total cost caps will not be increased to accommodate the increase in the salary cap.

AHRQ competing grants and cooperative agreements and contracts, grant applications, and contract proposals that request direct salaries for individuals in excess of the applicable RATE of \$199,300 per year (or \$95.81 per hour for a full-time appointment of 2080 hours per year) will be adjusted in accordance with the legislative salary limitation, and will include notification of this adjustment. Adjustments will be made in the current and all future years; no funds will be awarded, committed, or disbursed in excess of the salary cap limitation.

Committed levels of funding for grant and contract awards made in prior fiscal years that were restricted to Executive Level II will NOT be adjusted for the new salary cap rate. However, if adequate funds are available in the award, and if the FY2021 salary cap limitation is consistent with the institutional base salary, grantees may re-budget funds to accommodate the FY2021 salary cap effective January 3, 2021, and cost reimbursement contractors may invoice at the higher rate. It is expected that such re-budgeting will not negatively impact the aims of the project. No additional funds will be provided for grant awards. Total estimated costs of contracts will not be modified.

The salary limitation also applies to all subawards and subcontracts.

The salary limitation does not apply to consultants, but consultant payments must meet the test of reasonableness and be consistent with institutional policy for rates paid to consultants, regardless of funding source.

Note that no adjustment will be made to any grant, cooperative agreement, or contract award already issued in FY2021.

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 AHRQ grants, cooperative agreements, and contracts. For individuals whose salary rates are in excess of Executive Level II, the grantee/contractor may pay the excess from non-federal funds.

## Inquiries

Please direct all inquiries to:

AHRQ Division of Grants Management

Email: [GrantsManagementInbox@AHRQ.HHS.gov](mailto:GrantsManagementInbox@AHRQ.HHS.gov)

Please direct all contract inquiries to:

AHRQ Division of Contracts Management

Telephone: 301-427-1789

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