352.231-70 Salary Rate Limitation.

As prescribed in HHSAR 331.101-70(b), the Contracting Officer shall insert the following clause:

Salary Rate Limitation (DEC 2015)

(a) The Contractor shall not use contract funds to pay the direct salary of an individual at a rate in excess of the Federal Executive Schedule Level II in effect on the date the funding was obligated.

(b) For purposes of the salary rate limitation, the terms “direct salary,” “salary,” and “institutional base salary,” have the same meaning and are collectively referred to as “direct salary,” in this clause. An individual's direct salary is the annual compensation that the Contractor pays for an individual's direct effort (costs) under the contract. Direct salary excludes any income that an individual may be permitted to earn outside of duties to the Contractor. Direct salary also excludes fringe benefits, overhead, and general and administrative expenses (also referred to as indirect costs or facilities and administrative costs). The salary rate limitation does not restrict the salary that an organization may pay an individual working under a Department of Health and Human Services contract or order; it merely limits the portion of that salary that may be paid with contract funds.

(c) The salary rate limitation also applies to individuals under subcontracts.

(d) If this is a multiple-year contract or order, it may be subject to unilateral modification by the Contracting Officer to ensure that an individual is not paid at a rate that exceeds the salary rate limitation provision established in the HHS appropriations act used to fund this contract.

(e) See the salaries and wages pay tables on the Office of Personnel Management Web site for Federal Executive Schedule salary levels.

(End of clause)

Parent topic: Subpart 352.2—Texts of Provisions and Clauses