

EXECUTIVE BRIEFING: Navigating the 2025 HHS Grants Policy Statement (GPS)

The 2025 HHS Grants Policy Statement (GPS) introduces significant revisions to federal grants management. These updates provide greater clarity while substantially increasing compliance obligations. Proactive preparation is essential to position us to remain compliant and maintain competitiveness for future awards. Leadership should anticipate:

- Closer oversight of indirect cost proposals, including mandatory integration of Salary Rate Limitations (SRL).
- Expanded civil rights and non-discrimination certifications, including Title IX attestations.
- More rigorous audit requirements under 2 CFR 200 Subpart F.
- Tighter financial reporting and closeout requirements.
- Use of provision to terminate awards at will without the right of grantee appeal.

Proactive preparation will be essential to ensure continued compliance, safeguard funding, and maintain competitiveness for future awards

BACKGROUND

The U.S. Department of Health and Human Services (HHS) updated its **Grants Policy Statement (GPS)** to guide how federal grant funds are managed. The GPS is a binding set of rules and conditions incorporated into every funding Notice of Award (NoA).

In 2024, HHS issued an updated GPS, replacing the 2007 version to serve as a document. In 2025, HHS finalized a major GPS overhaul replacing its prior guidance at 45 Code of Federal Regulations (CFR) 75 with full alignment to the federal Uniform Guidance 2 Code at 45 CFR 75, and adding HHS-specific provisions at 2 CFR 300. Going forward, HHS will update the GPS annually.

The **biggest operational changes** for grantees:



Salary rates.

Indirect cost rate proposals must embed *Salary Rate Limitations* (SRL). Recipients may pay salaries at a rate higher than the Executive Level II (currently \$225,700) if amount beyond the HHS SRL is paid with non-HHS funds.



Civil rights assurances.

For grantees, subrecipients, and contractors new Title IX certification and non-discrimination attestations require review by leadership and counsel, including filing of Form HHS 690 Assurance of Compliance, by the grantee and subrecipients and contractors. Includes compliance with Executive Order 14168 on “gender ideology extremism.”



Termination for convenience.

Explicitly grants HHS the right to terminate awards for its own convenience, with no appeal rights available, which requires leadership to consider possible loss of expected funding as part of organizational budget planning.



Budget Prior Approvals.

Includes changes to prior approval requirements for rebudgeting including grantee requirement to request no-cost extensions at least 10 days “prior to the end of the budget period in the last year of the period of performance.”



Clarifications.

A number of clarifications are made including updated Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) data rights; more explicit conflict-of-interest policies; and expanded audit requirements.



Controlling Authority.

Contracts and grants management documents will need to be updated to reference 2 CFR 200 or 2 CFR 300 rather than 45 CFR 75 and HHS will update the GPS annually.

STRATEGIC IMPLICATIONS

- 1 **Salary rates.** Indirect cost rate proposals must embed Salary Rate Limitations (SRL). Recipients may pay salaries at a rate higher than the Executive Level II (currently \$225,700) if the amount beyond the HHS SRL is paid with non-HHS funds.
- 2 **Civil rights assurances.** New Title IX certification and non-discrimination attestations require review by leadership and counsel, including filing of Form HHS 690 Assurance of Compliance, by the grantee and subrecipients and contractors. Includes compliance with Executive Order 14168 on “gender ideology extremism”.
- 3 **Termination for convenience.** Explicitly grants HHS the right to terminate awards for its own convenience, with no appeal rights available, requiring leadership to consider possible loss of funding as part of organizational budget planning.
- 4 **Budget Prior Approvals.** Changes to prior approval requirements for rebudgeting including grantee required to request no-cost extensions at least 10 days “prior to the end of the budget period in the last year of the period of performance.”.
- 5 **Clarifications.** A number of clarifications are made including updated Small Business Innovation Research (SBIR)/ Small Business Technology Transfer (STTR) data rights; more explicit conflict-of-interest policies; and expanded audit requirements.
- 6 **Controlling Authority.** Contracts and grants management documents will need to be updated to reference 2 CFR 200 or 2 CFR 300 rather than 45 CFR 75; and HHS will update the GPS annually.
- 7 **Budget Planning.** Termination for HHS convenience clause requires consideration of unexpected funding loss in organizational planning.
- 8 **Financial Management Standard.** Adds provisions for digital financial systems and real-time reporting. Push towards tech-enabled grants management.

Potential Pitfalls

- ✓ Using outdated 45 CFR 75 citations.
- ✓ Forgetting to file or renew civil rights assurance Form 690.
- ✓ Paying salaries above SRL with HHS funds.
- ✓ Program budget changes >10% without prior approval for grants over \$250,000.
- ✓ Misusing program income for general operations.
- ✓ Missing subrecipient vetting, including their filing of Form 690.
- ✓ Charging costs after the closeout reporting deadline.

Selected Items To Do ASAP

- ✓ Update internal manuals, templates, and staff training.
- ✓ Establish written SRL compliance policy.
- ✓ Create a civil rights certification tracking system, including for Title IX.
- ✓ Tighten subrecipient due diligence processes.
- ✓ Adjust budget monitoring to flag 10%+ changes.
- ✓ Review closeout procedures to align with new deadlines.
- ✓ Develop back-up plan if funding is terminated.

KEY CHANGES FROM 2024 GPS TO 2025 GPS

1. Regulatory Alignment

2024:

Relied on older HHS rules (45 CFR 75) with partial reference to 2 CFR 200.



2025:

Fully transitions to 2 CFR 200 with HHS-specific modifications in 2 CFR 300.



Impact: A consistent framework now applies across all federal agencies, reducing confusion but increasing accountability to new compliance standards.

2. Applicability

2024:

Applied broadly to discretionary awards; agencies could apply parts to non-discretionary awards.



2025:

Applies only to discretionary awards (except NIH, which has its own GPS). For non-discretionary awards, only specific requirements (Appendix D) apply.



Impact: Narrower scope; clarifies which rules apply depending on award type.

3. Cost Principles and Indirect Costs

2024:

Allowed a 15% de minimis rate and NICRA negotiation, but without integration of salary rate rules.



2025:

Retains 15% rate but requires all NICRAs to include **Salary Rate Limit (SRL)** rules from federal appropriations (2025 SRL is \$225,700). Explicitly excludes certain recipients (e.g., federal institutions) from indirect cost reimbursement.



Impact: Greater scrutiny of cost proposals; recipients must document salary compliance and indirect cost consistency.

3.5 Budget Prior Approvals

2024:

Prior approval if change of scope or >25% of total direct costs.

2025:

Prior approval needed if grant is larger than \$250,000 (the Simplified Acquisition Threshold) and move more than 10% of the total project budget (including cost share) between budget categories.



Impact: Need to monitor % of total direct costs requiring prior approvals

4. Civil Rights and Non-Discrimination

2024:

General non-discrimination requirements only.

2025:

Requires **Title IX certification** and expands non-discrimination obligations in grant applications, including compliance with [Executive Order 14168](#) on “gender ideology extremism”.



Impact: Increased compliance responsibilities in the areas of equity and non-discrimination.

5. Audit and Oversight

2024:

Single audit requirements tied to 45 CFR 75.

2025:

Updated to 2 CFR 200 Subpart F, with more detailed audit guidance, recipient responsibilities, and resolution requirements.



Impact: More structured audits and follow-up, requiring improved internal documentation and oversight.

6. Special Programs – Small Businesses and Hospitals

SBIR/STTR:

Updated levels of effort requirements, data rights protections, and profit/fee policies for small businesses.

Hospitals:

New Appendix IX provides tailored cost principles.

Conflicts of Interest:

Explicit HHS-specific provisions introduced.



Impact: These updates clarify changes and reduce ambiguities for small business recipients.


7. Language and Usability

2024:

Dense, technical, with legacy terminology.

2025:


Revised with plain language, consistent use of terms (e.g., “cost share” instead of “match”), and cleaner formatting.

 **Impact:** Easier for applicants and recipients to interpret and apply, but compliance standards remain high.

COMPARISON OF HHS GRANTS POLICY STATEMENT 2024 VS. 2025

Category	2024 GPS (Archived, effective Oct 1, 2024)	2025 GPS (Current, effective Oct 1, 2025)	Key Differences / Implications
Regulatory Framework	Based on 45 CFR 75 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards) with limited flexibilities (8 provisions) from 2 CFR 200 .	Fully transitions to 2 CFR 200 (Uniform Guidance) + 2 CFR 300 (HHS-specific modifications). All 45 CFR 75 references removed.	2025 is a major shift: HHS now fully aligned with federal Uniform Guidance. HHS-specific nuances live in 2 CFR 300.
Supersession	Superseded the 2007 HHS GPS .	Supersedes the April 2025 GPS .	Signals annual update cycle beginning in 2025.
Applicability	Applies to all HHS discretionary awards (competing, non-competing, supplements) issued on/after Oct 1, 2024. NIH awards governed by separate NIH GPS . Agencies had discretion to apply parts to non-discretionary or individual awards.	Applies to all HHS discretionary awards (except NIH). Clarifies: except for Appendix D , does not apply to non-discretionary awards or awards to individuals.	Narrower in scope: clear limitation on applicability to non-discretionary awards.
Terminology	Older terms: “awarding agency,” “match,” etc.	Updated to Uniform Guidance terms : “agency,” “cost share,” etc.	Improves alignment across federal agencies, reduces confusion.
Structure	Organized by: Introduction → Pre-Award → Post-Award → Audit → Appendices (Agencies, Glossary, Post-Award Special Cases, Requirements, Certifications).	Similar structure but expanded. Includes: Outline of Changes, expanded detail in each chapter, plus refined appendices (e.g., Appendix IX for hospitals).	The 2025 structure emphasizes transparency of changes (outline provided) and greater specificity.

Category	2024 GPS (Archived, effective Oct 1, 2024)	2025 GPS (Current, effective Oct 1, 2025)	Key Differences / Implications
Cost Principles	Based on 45 CFR 75, Subpart E ; allowed de minimis indirect cost rate (15% of modified total direct costs); NICRA through HHS PSC or NIH DFAS.	Fully adopts 2 CFR 200, Subpart E . Adds Appendix IX for hospitals under 2 CFR 200; clarifies exclusions; specifies indirect costs to federal institutions are not reimbursed (2 CFR 300.219(b)(3)).	More precise cost principles, with expanded treatment for hospitals and federal institutions.
Indirect Costs	De minimis rate = 15% of modified direct costs. Exceptions: large governmental entities (> \$35M) and tribes.	Retains 15% de minimis but clarifies exclusions. Adds Rule that NICRAs must reflect HHS Salary Rate Limit (SRL) from appropriations law.	2025 version integrates SRL compliance into NICRA process; more compliance-heavy.
Salary Rate Limit (SRL)	Not explicitly integrated into NICRA guidance. Mentioned generally under statutory appropriations.	Explicit: HHS Appropriations Act SRL applies to direct and indirect costs; must be embedded into NICRA agreements.	Stronger enforcement of SRL — requires compliance in cost rate proposals.
Prior Approval	Prior approval requirements referenced to 45 CFR 75.	Updated to 2 CFR 200.308 prior approval requirements.	Grants under SAT (\$250,000) no longer subject to Prior Approval (PA); Grants over SAT subject to PA when budget changes (including indirect) by >10%.
Audit Requirements	Based on Single Audit Act and 45 CFR 75 Subpart F .	Based on 2 CFR 200 Subpart F . Expanded audit chapter covers: types of audits, recipient responsibilities, audit options, findings resolution.	Expanded detail improves clarity for recipients and auditors.
Non-Dis-crimination & Civil Rights	General language requiring compliance with existing HHS rules.	New Title IX certification requirement and updated non-discrimination language in Chapter 2.5.4.3.	Redefined approach to civil rights compliance obligations, including adherence to with <i>Executive Order 14168</i> on “gender ideology extremism”.
SBIR/STTR	Governed under standard terms; older data rights language.	Updated SBIR/STTR data rights language in Appendix C.8.10.3.	Expands protections/clarifications for small business innovation recipients.



Category	2024 GPS (Archived, effective Oct 1, 2024)	2025 GPS (Current, effective Oct 1, 2025)	Key Differences / Implications
Conflict of Interest	Covered by general HHS and federal requirements.	Explicit inclusion of HHS conflict of interest policies under 2 CFR 300.	Elevates compliance expectations for recipient organizations.
Plain Language / Formatting	More technical and regulatory references.	Revised for plain language , consistent terminology, and cleaned-up citations/links.	More user-friendly for grantees and compliance staff.
Closeout & Reporting	Closeout rules tied to 45 CFR 75; less explicit on allowable costs.	Closeout under 2 CFR 200.344; explicitly allows certain administrative costs until report due date	Finance teams must plan for these costs and meet stricter deadlines.
Subrecipient monitoring	General guidance discretion left to pass through entities.	Stricter monitoring rule with mandatory oversight protocols and penalties for noncompliance	Adds enforcement tools, requires documentation of oversight.
Reporting Requirements	Traditional paper/electronic reporting allowed	Mandatory digital reporting (grants.gov, HHS platforms, more data transparency rules	Eliminates non-digital options; emphasizes open data.