



## Salary and Bonus Limitations

Department: Office of Economic & Workforce Development

Effective Date: January 1, 2012

Directive # 29-12

Supersedes: 29-11

### **PURPOSE:**

This directive issues the 2012 salary and bonus limitation for individuals who are paid by funds appropriated to the Department of Labor (DOL)/Employment and Training Administration (ETA) funded programs.

### **REFERENCES**

- EDD Workforce Services Directive WSD11-7, Salary and Bonus Limitation for 2012
- WIA Directive WIAD06-12, WIA Local Area Executive Compensation Reporting Requirements (December 14, 2006)
- Public Law 109-234
- Department of Labor TEGL 05-06, Implementing the Salary and Bonus Limitations in Public Law 109-234

### **BACKGROUND:**

On June 15, 2006, President Bush signed into law an emergency supplemental appropriations bill, Public Law 109-234. Section 7013 of this public law limits salary and bonus compensation for individuals who are paid by funds appropriated to the ETA and provided to recipients, subrecipients, and service providers. Specifically, Section 7013 states:

“None of the funds appropriated in Public Law 109-149 or prior acts under the heading ‘Employment and Training’ that are available for expenditure on or after the date of enactment of this section shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II, except as provided for under Section 101 of Public Law 109-149.

This limit shall not apply to vendors providing goods and services as defined in OMB Circular A-133. Where States are recipients of such funds, States may establish a lower limit for salaries and bonuses of those receiving salaries and bonuses from subrecipients of such funds, taking into account factors including the relative cost-of-living in the State, the compensation levels for comparable State or local government employees, and the size of the organization that administers federal programs involved including Employment and Training Administration programs.”

Subsequently, on August 15, 2006, the ETA issued TEGL 05-06. This TEGL informs states and other ETA-funded recipients and subrecipients of new limitations on salary and bonus payments that can be made with funds appropriated to the ETA, including a provision making these limitations effective retroactively to the date of enactment, June 15, 2006. Specifically,

this TEGL provides the workforce investment system with information on programs affected by this provision; effective dates and funding cycles, covered individuals and transactions, application of the limitation, and related grant and contract modification.

**POLICY:**

This directive provides federal guidance under Public Law 109-234 regarding the implementation of the new limitations on salary and bonus payments that can be made with funds appropriated to the Department of Labor (DOL)/Employment and Training Administration (ETA) funded programs. The law sets the limit on salaries and bonuses at a rate equivalent to no more than Executive Level II. A salary table providing this rate is listed on the Federal Office of Personnel Management Web site [www.opm.gov](http://www.opm.gov) under Salaries and Wages. These levels are adjusted annually and the Web site is also updated annually.

This directive requires that all service providers expending Workforce Investment Act program funds shall comply with federal requirements regarding the new limitations on salary and bonus payments.

Effective January 1, 2012, the salary and bonus limit is set at \$179,700 until otherwise advised. Retroactively effective to January 1, 2012, all recipients and service providers are required to follow the implementing instructions relating to the new salary and bonus limitations as provided in TEGL 05-06.

**INQUIRIES**

Inquiries should be addressed to the OEWD Director of Operations at 415-701-4848 or [workforce.development@sfgov.org](mailto:workforce.development@sfgov.org).

*OEWD and its service providers shall follow this directive. This policy will remain in effect from the date of issue until such time that a revision is required.*