



APPROVAL DATE:

09/12/12

APPROVED BY:

Carl Dudley, WIB Chair

**COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF SOCIAL SERVICES**

POLICY NO: 40-08

TO: Service Providers

EFFECTIVE: September 12, 2012 (Revised March 17, 2015)

SUBJECT: Salary and Bonus Limitations

REFERENCES:

- Public Law 109-234, Section 7013
- Department of Labor TEGL 05-06, Implementing the Salary and Bonus Limitations in Public Law 109-234
- WIA Directive WIAD06-12, WIA Local Area Executive Compensation Reporting Requirements (December 14, 2006)
- Salary Table from Federal Office of Personnel Management website (www.opm.gov) under Policy, Pay and Leave
- Workforce Services Directive WSD12-19, Salary and Bonus Limitations for 2013
- Workforce Services Directive WSD14-11, Salary and Bonus Limitations for 2015

PURPOSE:

The purpose of this policy is to give guidance on the Department of Labor's (DOL) compensation limitations and reporting of certain local workforce investment area (local area) executives for their administration of Workforce Investment Act (WIA) funds.

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 Employment and Training Administration 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.

POLICY:

A salary table providing the Executive Level II rates is updated annually and can be found on the Federal Office of Personnel Management Website (www.opm.gov) under Policy, Pay and Leave. These levels are adjusted annually. **Effective January 1, 2015, the salary and bonus limit is set at \$183,300 until otherwise advised.** The Public Law 109-234 limitation does not apply to benefits that are not salary and bonuses (i.e. fringe benefits, insurance premiums, or pension plans paid by a subrecipient are not included in this calculation).

Per the DOL ETA Region 6 Office, the salary and bonus limit applies to both the gross amount of salary and bonus, and to the rate at which the salary is paid. As a result, for individuals who do not work full time on ETA funded projects or who are only employed part time or part of the year, the salary and bonus limit will be prorated based on the amount of time the individual is dedicated to the ETA funded grant.

All recipients and subrecipients, including WIA service providers, of Employment and Training Administration (ETA) funds are required to comply with Federal requirements regarding the limitations of salary and bonus payments. Additionally, subrecipients are required to follow the instructions for implementing the salary and bonus limitations as provided in TEGl 05-06.

The Administrative Entity/Fiscal Agent requires that all salary and bonus amounts be anticipated and included in the Budget Narrative Section Exhibit B-1 of service provider contracts.

ACTION:

The Administrative Entity/Fiscal Agent for the WIB and its service providers shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.

INQUIRIES:

Inquiries should be addressed to WIB Admin at wibadmin@co.slo.ca.us.

REVISION HISTORY:

| DATE | DETAILS |
|-------------------|---|
| 07/10/2013 | 1-Updated policy section from WSD 12-19. 2-Inquiry contact details updated. |
| 03/24/2014 | 1-Updated policy section from WSD 13-9. |
| 03/17/2015 | 3-Updated policy section from WSD 14-11. |