



**COUNTY OF LOS ANGELES
DEPARTMENT OF ECONOMIC
OPPORTUNITY**

**department
of economic
opportunity**
COUNTY OF LOS ANGELES

CONTRACT COMPLIANCE DIRECTIVE

DATE: **November 16, 2022**

NUMBER: CCD 22-03

SALARY AND BONUS LIMITATIONS FOR 2022

EXECUTIVE SUMMARY

This policy provides the guidance and establishes the procedures regarding the 2022 salary and bonus limitations for individuals paid by funds appropriated to the Department of Labor (DOL) Employment and Training Administration (ETA). This policy applies to all subrecipients expending Workforce Innovation and Opportunity Act (WIOA) program funds. The 2022 salary rates for executive level employees became effective January 1, 2022.

This policy contains no state-imposed requirements.

This Directive finalizes Workforce Services Draft Directive Salary and Bonus Limitations for 2022 (WSDD-231), issued for comment on May 24, 2022. This policy supersedes Workforce Services Directive Salary and Bonus Limitations for 2021 (WSD21-02), dated August 16, 2021.

REFERENCES

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- Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234), Title VII, Section 7013
 - Title 2 Code of Federal Regulations (CFR) part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
 - Training and Employment Guidance Letter (TEGL) 05-06, Implementing the Salary and Bonus Limitations in Public Law 109-234 (August 15, 2006)
 - United States Office of Personnel Management, 2022 Rates of Basic Pay for the Executive Schedule (PDF)

BACKGROUND

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

Specifically, section 7013 states the following:

“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 the Office of Management and Budget (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.”

As a result of this law, the DOL ETA issued TEGL 05-06 on August 15, 2006. This TEGL discusses the limitations on salary and bonus payments allowable with funds appropriated to the DOL ETA. Specifically, this TEGL provides 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 modifications.

*Note – the OMB Circular A-133 referred to above was replaced by the Uniform Guidance.

POLICY AND PROCEDURES

Public Law 109-234 sets the limit on salary and bonus compensation for individuals paid by funds appropriated to the DOL ETA at a rate equivalent to no more than Executive Level II. These levels are adjusted annually and are listed on the federal Office of Personnel Management website. Salary table No. 2022-EX provides the 2022 Rates and Basic Pay for the Executive Schedule.

All subrecipients of WIOA program funds are required to comply with federal requirements regarding the limitations on 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.

Effective January 1, 2021, the salary and bonus limit is set to \$203,700. These limitations do not apply to benefits that are not salary and bonuses. For example, fringe benefits, insurance premiums, or pension plans paid by a subrecipient are not included in this calculation. Per the DOL’s 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 DOL 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 DOL ETA funded grant. The following examples, provided by the DOL ETA Region 6, illustrate how the limitations are calculated based on salary and bonus levels, as well as the rate at which they are paid:

Example 1

An Executive Director's W-2 for 2022 includes \$173,500 of gross compensation. The Executive Director worked part-time (.50 Full Time Equivalent [FTE]) all year. One hundred percent of the Executive Director's salary costs benefited ETA-funded programs.

2022 Salary and Bonus Limit	\$203,700
Salary eligible for the salary and bonus limit .50 FTE X 100% of salary = 50% (Calculation \$203,700 X 50%)	\$101,850
Total gross compensation	\$173,500
Salary costs benefitting DOL ETA-funded programs (Calculation: \$173,500 x 100%)	\$173,500
Salary costs in excess of the salary and bonus limit (Calculation \$173,500 - \$101,850)	\$71,650

In this scenario, the Executive Director's salary is eligible for 50 percent of the annual salary and bonus limit (.50 FTE x 100% of his salary benefited DOL ETA-funded programs). Therefore, \$101,850 (\$203,700 x 50% = \$101,850) of the salary may be paid using DOL ETA appropriated funds or other federal funds. The remaining \$71,650 (\$173,500 - \$101,850 = \$71,650) of the salary is in excess of the allowable 2022 salary and bonus limit and must therefore be paid using non-federal funds.

Example 2

An Executive Director's W-2 for 2022 includes \$173,500 of gross compensation. The Executive Director worked part-time (.50 FTE) all year. Seventy percent of the Executive Director's salary costs benefited DOL ETA-funded programs.

2022 Salary and Bonus Limit	\$203,700
Salary eligible for the salary and bonus limit .50 FTE x 70% of salary = 35% (Calculation \$203,00 x 35%)	\$71,295
Total gross compensation	\$173,500
Salary costs benefitting DOL ETA-funded programs (Calculation: \$173,500 x 70%)	\$121,450
Salary in excess of the salary and bonus limit (Calculation: \$121,450 - \$71,295)	\$50,155

In this scenario, the Executive Director's salary is eligible for 35 percent of the annual salary and bonus limit (.50 FTE x 70% of his salary benefited DOL ETA-funded programs). Therefore, \$71,295 (\$203,700 x 35% = \$71,295) of the salary may be paid using DOL ETA appropriated funds or other federal funds. Since only 70 percent of the Executive Director's salary costs benefited DOL ETA-funded programs, the remaining amount of \$50,155 (\$173,500 x 70% =

\$121,450 - \$71,295 = \$50,155), which is in excess of the allowable 2022 salary and bonus limit, must be paid using non-federal funds.

Example 3

An Executive Director’s W-2 for 2022 includes \$210,000 of gross compensation. The Executive Director worked full-time all year. Forty percent of the Executive Director’s salary costs benefited DOL ETA-funded programs.

2022 Salary and Bonus Limit	\$203,700
Salary eligible for the salary and bonus limit (Calculation: \$203,700 X 40%)	\$81,480
Total gross compensation	\$210,000
Salary costs benefitting DOL ETA-funded programs (Calculation: \$210,000 x 40%)	\$84,000
Salary in excess of the salary and bonus limit (Calculation \$84,000 - \$81,480)	\$2,520

In this scenario, the Executive Director’s salary is eligible for 40 percent of the annual salary and bonus limit (40% of his salary benefited DOL ETA-funded programs). Therefore, \$81,480 (\$203,700 x 40% = \$81,480) of the salary may be paid using DOL ETA appropriated funds or other federal funds. Since only 40 percent of the Executive Director’s salary costs benefited DOL ETA-funded programs, the remaining amount of \$2,520 (\$210,000 x 40% = \$84,000 - \$81,480 = \$2,520), which is in excess of the allowable 2022 salary and bonus limit, must be paid using non-federal funds.

ACTION

Salaries not allowed will be considered disallowed costs and shall be repaid.

Subrecipients must ensure that the requirements described herein are communicated throughout the operations, management and governance structure of their respective organizations and that this Directive is adhered to until further notice. Salaries not allowed will be considered disallowed costs and shall be repaid.

INQUIRIES

Inquiries regarding this directive and the policies and procedures described herein should be directed to



Paul Goldman, Assistant Director
Administration and Contract Services