

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD06-18

Date: May 2, 2007

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: ADJUSTED SALARY AND BONUSES LIMITATIONS FOR 2007

### EXECUTIVE SUMMARY:

#### Purpose:

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. Effective January 1, 2007, the adjusted salary and bonus limit is set at \$168,000 until otherwise advised.

#### Scope:

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

#### Effective Date:

This directive is effective on the date of issuance. However, consistent with Public Law 109-234 and DOL Training and Employment Guidance Letter (TEGL) 05-06 the provisions contained in this directive are effective retroactively to June 15, 2006.

### REFERENCES:

- 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

## **STATE-IMPOSED REQUIREMENTS:**

This directive does not contain any State-imposed requirements.

## **FILING INSTRUCTIONS:**

This directive supersedes WIA Directive WIAD06-9, dated October 30, 2006, and finalizes WIA Draft Directive WIADD-137, issued for comment on February 27, 2007. The Workforce Services Division received no comments during the draft comment period. Retain this directive until further notice.

## **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 and subrecipients. 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 AND PROCEDURES:**

Retroactively effective to June 15, 2006, all recipients and subrecipients are required to follow the implementing instructions relating to the new salary and bonus limitations as provided in TEGL 05-06.

**ACTION:**

Bring this directive to the attention of all appropriate staff and subrecipients.

**INQUIRIES:**

If you require further information regarding this directive, please contact your [Regional Advisor or Program Manager](#) at (916) 654-7799.

/S/ BOB HERMSMEIER  
Chief  
Workforce Services Division