

**DRAFT DIRECTIVE  
COVER PAGE**

**Salary and Bonus Limitations for 2021**

GENERAL INSTRUCTIONS

The attached directive is being issued in draft to give the Workforce Development Community the opportunity to review and comment prior to final issuance.

Submit any comments by email no later than **Friday, September 10<sup>th</sup>, 2021**

All comments received within the comment period will be considered before issuing the final directive. Commenters will not be responded to individually. Rather, a summary of comments will be released with the final directive.

**Comments received after the specified due date will not be considered.**

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**Email:**        [swilliford@tularewib.org](mailto:swilliford@tularewib.org)

Include “Draft Directive Comment” in the email subject line.

**Mail:**        Workforce Investment Board of Tulare County  
                  Attn: Sam Williford  
                  309 W. Main St., Ste. 120  
                  Visalia, CA 93291

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If you have any questions, contact Sam Williford at 559-713-5228

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| <b>WORKFORCE INVESTMENT BOARD OF TULARE COUNTY</b><br><br><b>WORKFORCE INNOVATION AND OPPORTUNITY ACT TITLE I</b> | <b>DATE:</b><br><b>August 25, 2021</b>                               |
|   | <b>SUBJECT:</b><br><b>Salary and Bonus<br/> Limitations for 2021</b> |

**WIB DIRECTIVE**

**TUL 21-06**

**TO:**           WIB Subrecipients  
                  WIB Staff

**SUBJECT:   SALARY AND BONUS LIMITATIONS FOR 2021**

**EXECUTIVE SUMMARY**

This policy provides the guidance and establishes the procedures regarding the 2021 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 2021 salary rates for executive level employees became effective January 1, 2021.

This policy contains no local or state-imposed requirements.

This policy supersedes *WIB Salary and Bonus Limitations for 2020* (TUL 21-01), dated April 14, 2021. Retain this Directive until further notice.

**REFERENCES:**

- *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)
- DOL Training and Employment Guidance Letter ([TEGL 05-06, Implementing the Salary and Bonus Limitations in Public Law 109-234](#)) (August 15, 2006)
- US Office of Personnel Management, [2021 Rates of Pay for the Executive Schedule](#)
- Workforce Service Directive, Salary and Bonus Limitations for 2021, WSD21-02, February 26, 2021

**BACKGROUND:**

On June 15, 2006, President Bush signed into law an emergency supplemental appropriations bill, Public Law 109-234. Section 7013 of this law limits the salary and bonus compensation for individuals paid by funds appropriated to 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 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 that can be made 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. The federal Office of Personnel Management provides a salary table of the 2021 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 \$199,300. 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 2021 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.

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| 2021 Salary and Bonus Limit  | \$199,300 |
| Salary eligible for the salary and bonus limit<br>.50 FTE x 100% of salary = 50% | \$99,650  |

(Calculation:  $\$199,300 \times 50\%$ )

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|--|-----------|
| Total gross compensation   | \$173,500 |
| Salary costs benefitting ETA-funded programs<br>(Calculation: $\$173,500 \times 100\%$ ) | \$173,500 |
| Salary in excess of the salary and bonus limit<br>(Calculation: $\$173,500 - \$99,650$ ) | \$73,850  |

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, \$99,650 ( $\$199,300 \times 50\% = \$99,650$ ) of the salary may be paid using DOL ETA appropriated funds or other federal funds. The remaining \$73,850 ( $\$173,500 - \$99,650 = \$73,850$ ) of the salary is in excess of the allowable 2021 salary and bonus limit and must therefore be paid using non-federal funds.

### Example 2

An Executive Director's W-2 for 2021 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.

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| 2021 Salary and Bonus Limit  | \$199,300 |
| Salary eligible for the salary and bonus limit<br>.50 FTE x 70% of salary = 35%<br>(Calculation: $\$197,300 \times 35\%$ ) | \$69,755  |
| Total gross compensation   | \$173,500 |
| Salary costs benefitting ETA-funded programs<br>(Calculation: $\$173,000 \times 70\%$ )                                    | \$121,450 |
| Salary in excess of the salary and bonus limit<br>(Calculation: $\$121,450 - \$69,755$ )                                   | \$51,695  |

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, \$69,755 ( $\$199,300 \times 35\% = \$69,755$ ) 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 \$51,695 ( $\$173,500 \times 70\% = \$121,450 - \$69,755 = \$51,695$ ), which is in excess of the allowable 2021 salary and bonus limit, must be paid using non-federal funds.

### Example 3

An Executive Director's W-2 for 2021 includes \$200,000 of gross compensation. The Executive worked full time all year. Forty percent of the Executive Director's salary costs benefited ETA-funded programs.

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| 2021 Salary and Bonus Limit | \$199,300 |
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| Salary eligible for the salary and bonus limit<br>(Calculation: \$199,300 x 40%)     | \$79,720  |
| Total gross compensation   | \$200,000 |
| Salary costs benefitting ETA-funded programs<br>(Calculation: \$200,000 x 40%)       | \$80,000  |
| Salary in excess of the salary and bonus limit<br>(Calculation: \$80,000 - \$79,720) | \$280     |

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, \$79,720 ( $\$199,300 \times 40\% = \$79,720$ ) 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 \$280 ( $\$200,000 \times 40\% = \$80,000 - \$79,720 = \$280$ ), which is in excess of the allowable 2021 salary and bonus limit, must be paid using non-federal funds.

**ACTION:**

Please bring this directive to the attention of all WIB Subrecipients and WIB Staff.

**INQUIRIES:**

Please direct inquiries regarding this directive to the Workforce Investment Board at (559) 713-5200.

ADAM PECK  
Executive Director

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