



**JAN 13 2009**

MEMORANDUM FOR: ALL JOB CORPS MANAGERS  
ALL JOB CORPS CENTER OPERATORS  
ALL OASAM (JC) CONTRACTING OFFICERS  
ALL NATIONAL TRAINING CONTRACTORS  
ALL NATIONAL SUPPORT CONTRACTORS  
ALL OUTREACH ADMISSIONS AND CAREER TRANSITION  
SERVICE CONTRACTORS

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*  
National Director

SUBJECT: Job Corps Contractor Employee Compensation Limits

The purpose of this memorandum is to update contractor salary compensation limitations and state the impact on Direct and Indirect expenses. Similar limits have been in effect since fiscal year ending September 30, 1995.

The Department of Labor (DOL) Appropriation Act of 2008 contains the following language:

*General Provisions*

*SEC. 101. "None of the funds appropriated in this title for the Job Corps shall be used to pay the compensation of an individual, either as direct or any proration as an indirect cost, at a rate in excess of Executive Level I." [Proration means that the amount charged for a less than full-time employee cannot exceed an annualized rate equal to the Executive Level I compensation amount.]*

This language applies to all Job Corps contractors and to any person employed on a Job Corps contract either through a prime contract or a subcontract. The Federal Acquisition Regulation (FAR) Section 31.205-6 defines compensation as "...the total amount of wages, salary, bonuses, deferred compensation ... and employer contributions to defined contribution pension plans..." For purposes of this memorandum, the FAR definition also applies to non-profit and state/local organizations.

The maximum allowable compensation amount for 2008 is \$191,300 (see OPM table at <http://opm.gov/oca/08tables/html/ex.asp>). Compensation schedules are published annually (usually in December or January) by the Office of Personnel Management. The 2009 Executive Level Schedule and schedules for past years are now available at [www.opm.gov](http://www.opm.gov). Compensation in excess of the Executive Level I threshold is a disallowable cost. Also, keep in mind, that the maximum allowable compensation is a ceiling and does not necessarily represent "reasonable" compensation (as defined in the FAR) and which may be lower.

The Executive Level I salary that is in effect during the period for which indirect cost rates are being determined will limit the recognition of certain expenses for executive compensation. The Department of Labor's Division of Cost Determination is the cognizant indirect cost agency for many of our Job Corps contractors. Contractors for whom DOL is not the cognizant agency should provide a copy of this memorandum to their cognizant indirect cost agency to help determine, as needed, indirect cost rates applicable to the Job Corps program. Should you have any questions, please contact: Victor M. Lopez, OASAM Division of Cost Determination at [Lopez.victor@dol.gov](mailto:Lopez.victor@dol.gov), (202)-693-4106; or Tina Hess- Williams, Job Corps National Office at [Hess-Williams.tina@dol.gov](mailto:Hess-Williams.tina@dol.gov), 202-693-3116; or Peni Webster, Job Corps National Office at [Webster.peni@dol.gov](mailto:Webster.peni@dol.gov), 202-693-3878.