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| Department Logo: Employment Development Department | Directive**Date:** June 6, 2025 **Number:** WSD24-17 | Department Logo: California Workforce Development Board |

## Salary and Bonus Limitations

### Executive Summary

This policy provides the guidance and establishes the procedures regarding 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 recipients and subrecipients expending *Workforce Innovation and Opportunity Act* (WIOA) program funds.

This policy contains no state-imposed requirements.

This policy supersedes Workforce Services Directive *Salary and Bonus Limitations for 2023* (WSD22-10), dated March 21, 2023. This Directive is effective immediately and remains active 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
* WIOA (Public Law 113-128)
* Title 2 *Code of Federal Regulations* (CFR) Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
* Title 2 CFR Part 2900: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (DOL Exceptions)
* Title 20 CFR Part 683: Administrative Provisions Under Title I of the WIOA
* 5 United States Code (U.S.C.) Part 3: Employees, Sections 5313 and 5318[b]
* Office of Management and Budget (OMB) Circular No. A-11, *Preparing, Submitting, and Executing the Budget* (July 2024)
* Training and Employment Guidance Letter (TEGL) 10-24, *Salary and Bonus Limitation Imposed by Appropriations Language*
* United States Office of Personnel Management (OPM), Salaries & Wages ([webpage](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/))

### Background

In 2006, Public Law 109-234 Section 7013 established limitations on salary and bonus compensation for individuals paid with funds appropriated to the DOL ETA and distributed to recipients and subrecipients. The law caps salaries and bonuses paid to an individual with DOL ETA funds at the federal Executive Level II rate. Since its enactment, this provision has been included in all subsequent consolidated appropriations acts, ensuring the continued application of these limits.

### Policy and Procedures

This Directive reflects key provisions of TEGL 10-24, Salary and Bonus Limitation Imposed by Appropriations Language. The following information provides guidance on understanding and applying the federal salary and bonus limitations. Recipients and subrecipients should refer to TEGL 10-24 for the most comprehensive and current guidance.

For the purposes of this Directive, the following definitions apply:

Administrative Cost – activities like accounting, budgeting, financial and cash management, procurement, and personnel management. (WIOA Section 3[1])

Direct Cost – costs that can be specifically attributed to a particular federal award or activity, including employee salaries and benefits directly tied to that project or program. Examples include wages for personnel directly working on a federal project and materials used exclusively for the project. (Uniform Guidance Section 200.413)

Disallowed Costs – charges to a federal award that the federal awarding agency or passthrough entity determines to be unallowable according to the applicable federal statutes, regulations, or the terms and conditions of the federal award. (Uniform Guidance Section 200.1)

Executive Level II – refers to the salary cap set for individuals paid with federal funds. This cap is defined by the Executive Schedule, which governs the pay for top-level federal officials. (U.S.C. Section 5313)

Fringe Benefits –are additional compensation provided to employees beyond their regular wages or salary, including employer contributions for the cost of leave, employee insurance, pension plans, and other similar benefits, which must be allocated consistently across federal awards and other activities for employees whose salaries and wages are chargeable to such federal awards and other activities. (Uniform Guidance Section 200.431)

Full-time Equivalent (FTE) – represents the hours worked by one full-time employee, typically 40 hours per week or 2,080 hours annually. The salary and bonus limitation needs to be adjusted if an employer’s full-time hours are not 2,080 hours, or if the employee or works on DOL ETA-funded project on a part time basis. (TEGL 10-24)

Indirect Costs – costs that support the general operations of an organization and cannot be easily attributed to a single federal award or activity. These typically include administrative expenses, facilities operations, and shared services that benefit multiple projects, such as executive salaries, office rent, and utilities. Regardless of whether the compensation is charged to the DOL ETA award as a direct or indirect cost, the totality of compensation must not exceed the limitation. (Uniform Guidance Section 200.414; TEGL 10-24)

Subrecipient – a non-federal entity that receives a subaward from a pass-through entity to carry

out part of a federal program, but does not include an individual that is a beneficiary of such

program. A subrecipient may also be a recipient of other federal awards directly from a federal

awarding agency (Uniform Guidance Section 200.1).

#### Salary and Bonus Limitation Guidelines

##### Federal Limitation

The salary and bonuses paid to an individual with funds appropriated through the DOL ETA, whether as a direct or indirect cost, may not exceed the Executive Level II rate. This limitation applies to the combined salary and bonuses paid to an individual during any calendar year. The salary and bonus limitation are calculated on an FTE basis of 2,080 hours.

The Executive Level II salary rate is subject to annual adjustments. The current federal rate can be found on the [OPM Salaries and Wages webpage](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/).

##### Exclusions

The limitation applies specifically to salary and bonuses. Other forms of compensation, such as fringe benefits, insurance premiums, and pension plans paid by a subrecipient are not included in the salary and bonus limitations calculation.

##### Exceptions

The salary and bonus limitation does not apply to the following:

* H-1B Awards
* Disaster Unemployment Assistance
* Contractors/Vendors

For detailed information regarding these exceptions, refer to TEGL 10-24.

##### Other Considerations

Limitations on daily consultant fees must continue to be followed.

##### Two or More Positions

If an individual is paid for two or more positions within the same subrecipient, the total income earned, and bonus received must not exceed the salary and bonus limitation. For example, an individual who is an employee and consultant for the same subrecipient cannot earn more than the salary and bonus limitation.

#### Application of the Salary and Bonus Limitation

##### Multiple Funding Sources – DOL ETA

If an individual’s salary and bonus are paid from multiple ETA funding sources, the portion received from each of the programs cannot exceed the proportional Executive Level II rate applicable for that calendar year.

For additional guidance on allocating salaries and bonuses across multiple DOL ETA funding sources, refer to TEGL 10-24.

##### Multiple Funding Sources – DOL ETA & Non-DOL ETA

When a recipient/subrecipient receives a combination of DOL ETA and non-DOL ETA funds, the limitation applies to only the portion funded by ETA appropriations. The ETA portion cannot exceed the proportional Executive Level II rate applicable for that calendar year.

For further guidance on applying salary and bonus limitations across DOL ETA and non-DOL ETA funding sources, refer to TEGL 10-24.

#### Calculating the Salary and Bonus Limitation

To ensure compliance with federal funding restrictions, recipients and subrecipients must apply the Executive Level II salary and bonus limitation proportionally based on an individual’s actual time spent on DOL ETA-funded activities. If an individual’s salary is supported by multiple funding sources, only the portion allocated to ETA programs is subject to the limitation. Any excess amount must be covered by non-ETA funds.

For detailed calculations and application scenarios, including examples of how to allocate salaries across multiple funding streams, refer to TEGL 10-24.

#### Non-Compliance

In accordance with Uniform Guidance, recipients and subrecipients must ensure that all compensation charged to DOL ETA-funded programs adheres to the established limitations. Failure to comply with the salary and bonus limitations may result in disallowed costs.

For additional details on addressing noncompliance, refer to TEGL 10-24.

### Action

Bring this Directive to the attention of all appropriate staff and other relevant parties.

### Inquiries

If you have any questions, contact your [Regional Advisor](https://www.edd.ca.gov/Jobs_and_Training/Regional_Advisor_Listing.htm).

/s/ JAVIER ROMERO, Deputy Director
Workforce Services Branch

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are available upon request to individuals with disabilities.*