



POLICY FLASH 2014-15

DATE: January 15, 2014

TO: Procurement Directors/Contracting Officers


FROM: Director
Contract and Financial Assistance Policy Division
Office of Policy
Office of Acquisition and Project Management

SUBJECT: Determination of Benchmark Compensation Amount for Certain Executives and Employees (Update)

SUMMARY: The purpose of this Flash is to update Policy Flash 2014-12 issued on December 28, 2013 to reflect the current Executive Compensation Cap pursuant to the **Bipartisan Budget Act of 2013** ([H.J.Res. 59](#)) which was signed into law on December 26, 2013. The provision in **Section 702 – “Limitation on allowable government contractor compensation costs”**- limits how much a contractor could charge the federal government for an employee’s compensation to **\$487,000 per fiscal year**, adjusted annually to reflect changes in the Employment Cost Index for all workers, as calculated by the Bureau of Labor Statistics. This limitation is applicable to new contracts (includes exercising of options) awarded 180 days (June 23, 2014) after the enactment date of the Pub.L.. The Executive Compensation Cap is implemented at [FAR 31.205-6\(p\)](#).

This Flash will be available online at the following website:
http://www.management.energy.gov/policy_guidance/policy_flash.htm.

Questions concerning this policy flash should be directed to Carol Jenkins, of the Office of Acquisition and Project Management Policy at 202-287-1827 or at Carol.Jenkins@hq.doe.gov.