

Statutory Language related to Compensation Limitation 200.430(d)(2)

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“The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.”

10 USC 2324

§ 2324. Allowable costs under defense contracts

(e) SPECIFIC COSTS NOT ALLOWABLE.—(1) The following costs are not allowable under a covered contract:

2324(e)(1)(P) was amended by P.L. 113-67

(2) DEFENSE CONTRACTS.—Section 2324(e)(1)(P) of title 10, United States Code, is amended to read as follows:

“(P) Costs of compensation of contractor and subcontractor employees for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds \$487,000 per year, adjusted annually to reflect the change in the Employment Cost Index for all workers, as calculated by the Bureau of Labor Statistics, except that the head of an executive agency may establish one or more narrowly targeted exceptions for scientists, engineers, or other specialists upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.”.

10 USC 2324(l) (Definitions of “covered contract” and “compensation”)

(l) DEFINITIONS.—In this section: (1)(A) The term “covered contract” means a contract for an amount in excess of \$500,000 that is entered into by the head of an agency, except that such term does not include a fixed price contract without cost incentives or any firm fixed-price contract for the purchase of commercial items.

(4) The term “compensation”, for a year, means the total amount of wages, salary, bonuses and deferred compensation for the year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the year.

41 USC 1127 was repealed by P.L. 113-67

(b) CONFORMING AMENDMENTS.—

(1) REPEAL.—Section 1127 of title 41, United States Code, is hereby repealed.

41 USC 4304

§ 4304. Specific costs not allowable

(a) SPECIFIC COSTS.—The following costs are not allowable under a covered contract:

(1) Costs of entertainment, including amuse-

4304(a)(16) was amended by P.L. 113-67

(1) CIVILIAN CONTRACTS.—Section 4304(a)(16) of title 41, United States Code, is amended to read as follows:

“(16) Costs of compensation of contractor and subcontractor employees for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds \$487,000 per year, adjusted annually to reflect the change in the Employment Cost Index for all workers, as calculated by the Bureau of Labor Statistics, except that the head of an executive agency may establish one or more narrowly targeted exceptions for scientists, engineers, or other specialists upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.”.

41 USC 4301(1) (Definition of “compensation”)

(1) COMPENSATION.—The term “compensation”, for a fiscal year, means the total amount of wages, salary, bonuses, and deferred compensation for the fiscal year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the fiscal year.

41 USC 4301(2) (Definition of “covered contract”)

(2) COVERED CONTRACT.—The term “covered contract” means a contract for an amount in excess of \$500,000 that is entered into by an executive agency, except that the term does not include a fixed-price contract without cost incentives or any firm fixed-price contract for the purchase of commercial items.