



# **Headquarters Policy Flash**

**FLASH 2000-14**

**DATE:** May 9, 2000  
**TO:** Procurement Directors  
**FROM:** Office of Procurement and Assistance Policy, MA-51  
Office of Procurement and Assistance Management

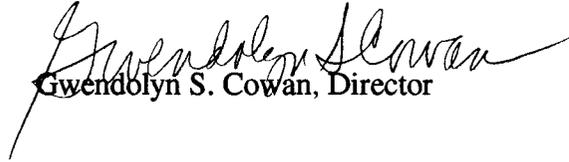
**SUBJECT:** **Office of Federal Procurement Policy (OFPP) Determination of Executive Compensation Benchmark Amount**



**SUMMARY:** The Administrator of OFPP has determined that the “benchmark compensation amount” that is allowable under government contracts is \$353,010 for costs incurred after January 1, 2000. This determination was made pursuant to Section 39 of the OFPP Act (41 U.S.C. 435) and was announced by OFPP Administrator Deidre A. Lee in an April 18, 2000 memorandum to the heads of executive departments and agencies. This “benchmark compensation amount” is to be used for contractor fiscal year 2000, and subsequent contractor fiscal years, unless and until revised by OFPP.

**FLASH 2000-14**

This "benchmark compensation amount" supercedes the amount cited in Headquarters Policy Flash 99-09 dated June 18, 1999, for costs incurred after January 1, 2000. Applicability to FAR and M&O contracts is addressed at 31.205-6(p) and 970.5204-13(d)(8)(viii), respectively. Questions regarding the foregoing may be addressed to Terry Sheppard of this office at (202) 586-8193, or [terry.sheppard@hq.doe.gov](mailto:terry.sheppard@hq.doe.gov).

  
Gwendolyn S. Cowan, Director

Attachment

cc: PPAG Members



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 18, 2000

OFFICE OF FEDERAL  
PROCUREMENT POLICY

M-00-09

**TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

**SUBJECT: Determination of Executive Compensation Benchmark Amount  
Pursuant to Section 808 of Pub. L. 105-85**

This memorandum sets forth the "benchmark compensation amount" as required by Section 39 of the Office of Federal Procurement Policy (OFPP) Act (41 U.S.C. 435), as amended. Under Section 39, the "benchmark compensation amount" is "the median amount of the compensation provided for all senior executives of all benchmark corporations for the most recent year for which data is available." The "benchmark compensation amount" established as directed by Section 39 limits the allowability of compensation costs under government contracts. The "benchmark compensation amount" does not limit the compensation that an executive may otherwise receive.

Based on a review of commercially available surveys of executive compensation and after consultation with the Director of the Defense Contract Audit Agency, I have determined pursuant to the requirements of Section 39 that the benchmark compensation amount for contractor fiscal year 2000 is \$353,010. This benchmark compensation amount is to be used for contractor fiscal year 2000, and subsequent contractor fiscal years, unless and until revised by OFPP. This benchmark compensation amount applies to contract costs incurred after January 1, 2000, under covered contracts of both the defense and civilian procurement agencies as specified in Section 808 of Pub. L. 105-85.

Questions concerning this memorandum may be addressed to Richard C. Loeb, Executive Secretary, Cost Accounting Standards Board, OFPP, on (202) 395-3254.

Deidre A. Lee  
Administrator