

OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy; Determination of Executive Compensation Benchmark Amount Pursuant to Section 808 of Pub. L. 105-85

AGENCY: Office of Federal Procurement Policy, OMB

ACTION: Notice

SUMMARY: The Office of Management and Budget (OMB) is hereby publishing the attached memorandum to the heads of executive departments and agencies concerning the determination of the maximum “benchmark” compensation that will be allowable under government contracts during contractors’ FY 2003 -- \$405,273. This determination is required to be made pursuant to Section 808 of Pub. L. 105-85. It applies equally to both defense and civilian procurement agencies.

FOR FURTHER INFORMATION CONTACT: Richard C. Loeb, Executive Secretary, Cost Accounting Standards Board, Office of Federal Procurement Policy, on (202) 395-3254.

Angela B. Styles
Administrator

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 2003 is \$405,273. This benchmark compensation amount is to be used for contractor fiscal year 2003, and subsequent contractor fiscal years, unless and until revised by OMB. This benchmark compensation amount applies to contract costs incurred after January 1, 2003, 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, Office of Federal Procurement Policy, on (202) 395-3254.

Angela B. Styles
Administrator