

## Proposed Legislation Alters Amount of Federal Contractor Pay Reimbursed by Government

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President Obama recently sent to Congress proposed legislative language and analyses of his proposed deficit-reduction plan. Among the proposed legislative changes is a change to the formula used for calculating the cap on the amount that the federal government will reimburse federal contractors for executive compensation. Currently the cap is determined by the median amount of annual compensation for the five most highly compensated management employees at publicly-owned companies with annual sales of more than \$50 million. The proposed change would cap executive compensation at the pay rate for positions at Level I of the Executive Schedule. Level I includes, among others, cabinet level positions. Since January 1, 2010, the annual rate of pay for Level I has been \$199,700. The analysis accompanying the proposed legislative change states that "[T]his provision would bring greater parity between what the federal government pays its own executives and the amount it reimburses contractors for their executives' compensation."