



# INDIANA DEPARTMENT OF TRANSPORTATION

*Driving Indiana's Economic Growth*

100 North Senate Avenue  
Room N749  
Indianapolis, Indiana 46204

**Mitchell E. Daniels, Jr., Governor**  
**Michael B. Cline, Commissioner**

## **Guideline of Total Annual Compensation Threshold (Executive Compensation)**

INDOT has established a guideline threshold amount for total FAR compensation of top management, executives, or principals in A/E firms doing business with INDOT or anticipating such business who intend to be prequalified with INDOT. Compensation paid to firms for federal aid projects must be in compliance with the FAR Part 31. Total annual compensation includes salary and all other forms of FAR allowable compensation per individual, employee, principal, owner, or member.

The total compensation threshold is established for INDOT purposes of mitigating the risk of unreasonable compensation included in the consultant firm's calculation of overhead with the indirect cost schedule.

The INDOT guideline or threshold amount for top management, executives, or principals is \$237,185 as determined in April, 2011. This threshold is in effect as of July 1, 2011 and applies to firms' submissions for fiscal years ending January 1, 2011 and later. The stated threshold amount will remain in place until revised by INDOT. The threshold amount is supported by published independent third party compensation surveys. INDOT may adjust the executive amount annually based on independent third party surveys. The appropriate ECI% as issued by the US Dept of Labor will remain in effect for all other compensation thresholds. Prior annual threshold guideline amounts remain in effect for the corresponding time periods as previously published.

For consultant firms with one or more individuals' total compensation above this amount, where the costs are included in overhead, the firm must provide their analysis supporting the reasonableness of this compensation. INDOT may also request analysis supporting lower compensation amounts as reasonable. The firm's analysis and supporting documentation should be in conformance with the most recent AASHTO Audit Guide, and in compliance with the FAR. INDOT will review the analysis in conjunction with the firm's annual Part 2 financial submission to INDOT Prequalification. The firm will be advised of the results of their submission.

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