



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Thursday, January 2, 1997
CPM 97-01

MEMORANDUM FOR: Other Stakeholders

FROM: Donald J. Winstead, Assistant Director for Compensation Policy

Subject: 1996 Annual Review of Special Salary Rates

The Office of Personnel Management (OPM) has completed the 1996 annual review of existing special salary rates authorized under 5 U.S.C. 5305. This annual review, which is conducted in accordance with 5 CFR 530.304, determines the amounts by which special rate schedules will be adjusted in January 1997. Schedule adjustments result in corresponding adjustments in individual employees' special rates, as provided by 5 CFR 530.307. In conducting the annual review, OPM relies on the reviews conducted by agencies employing special rate employees. This year, OPM is approving special rate schedule adjustments in accordance with agency recommendations.

Out of a total of 457 special rate schedules covered by the 1996 annual review, 424 schedules are being increased in tandem with the 2.3 percent increase in General Schedule rates, resulting in a 2.3 percent special rate increase for all covered employees. A total of 18 special rate schedules will be terminated because there are no longer any covered employees. In one case, a local special rate schedule covering only certain Railroad Retirement Board (RRB) employees is being maintained at current levels at one grade (GS-12). In 14 cases, table coverage is being revised to exclude certain employees at either the RRB (1 table) or the Department of Veterans Affairs (VA) (13 tables). These 14 schedules will be adjusted by 2.3 percent, and the remaining covered employees will receive a special rate increase of approximately 2.3 percent. The affected RRB and VA employees will be covered under 14 new special rate schedules that maintain current special rate levels for these employees (i.e., no special rate increase). Thus, all special rate employees will receive a 2.3 percent special rate increase except for the specific groups of RRB and VA employees listed below.

Employees Not Receiving a Special Rate Increase in January 1997

RRB employees at grade GS-12 covered under special rate table 052.

RRB employees at grades GS-12 and GS-13 currently covered under special rate table 137. (New table effective with first pay period beginning in January 1997: 542.)

VA employees currently covered by special rate tables 012, 023, 047, 070, 119, 157, 160, 161, 166, 187, 263, 265, and 330. (New tables effective with first pay period beginning in January 1997: 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, and 555.)

The impact of not extending the General Schedule increase to affected RRB and VA employees will vary depending on the relationship between individual employees' special rates and locality rates. For some employees, the locality rate already exceeds the special rate in 1996. Thus, a special rates freeze affects only the employee's underlying rate of basic pay (which is used for certain pay administration purposes such as pay retention). Other employees, whose special rate exceeded the locality rate in 1996, could (1) receive no increase in total adjusted pay or (2) receive a partial increase (if the January 1997 increase in locality rates causes the locality rate to exceed the special rate for the first time).

Effective in January 1997, there will be 453 special rate schedules covering approximately 187,000 positions (including approximately 25,000 law enforcement officers covered under table 491, the rates of which are statutorily linked to the General Schedule). The official 1997 special rate schedules may be found in the Special Rates file area/directory on the OPM PayPerNet and Mainstreet electronic bulletin boards. The schedules show pay rates and coverage criteria (i.e., occupation, organization, and location).

If you are unable to access the bulletin boards, computer disks containing the 1997 special salary rates are available for IBM-PC compatible systems. These disks are available by calling Ron Genua of OPM's Compensation Administration Division on (202) 606-2858.

During the annual review, questions were raised about the circumstances under which the head of the department or agency must personally sign the certification for a special rate adjustment. The instructions in our memorandum initiating the 1996 annual review of special rates regarding the need for department/agency head certification were intended to apply only in cases where agencies are proposing to increase special rates by more than the amount of the General Schedule increase. Consistent with 5 CFR 530.303(d), adjustments in special rates (beyond the amount of the General Schedule adjustment) must be approved by the department/agency head for special rate schedules applying to 1,000 or more positions and increasing annual expenditures by \$4 million or more. (Note: The \$4 million increased costs measure should properly be applied by comparing employees' salary rates before the adjustment with projected salary rates after the proposed adjustment, as opposed to measuring the total amount by which special rates exceed GS rates.) No agency participating in the 1996 annual review requested a special rate adjustment exceeding the GS general adjustment; thus, no department/agency head certification was required. We will clarify these instructions prior to conducting the 1997 annual review.

Thank you for your cooperation and assistance in conducting the 1996 annual review of special rates.