



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Wednesday, December 21, 2011
CPM 2011-22

MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: John Berry Director

Subject: 2011 Annual Review of Special Rates

On July 8, 2011, the U.S. Office of Personnel Management (OPM) announced in a memorandum ([CPM 2011-11](#)) for Chief Human Capital Officers the 2011 annual review of special rates authorized under 5 U.S.C. 5305 and 5 CFR part 530, subpart C. As explained in that memorandum, OPM conducts an annual review of special rates to determine the amount by which special rate schedules should be adjusted at the time of the annual General Schedule (GS) pay adjustment that would take effect under 5 U.S.C 5303. Based on the results of an annual review, special rate tables can be terminated, decreased, or increased. As explained below, due to the current pay freeze and based on the results of the annual review, special rate pay levels and coverage will be the same in 2012 as in 2011, except for special rates in nonforeign areas (Alaska, Hawaii, and other nonforeign areas as defined in 5 CFR part 591). As further discussed in Attachment 3, special rates in nonforeign areas will be increased in conjunction with reductions in cost-of-living allowances, as provided by law.

Note: It is very important that responsible officials of agencies with employees covered by special rate tables applicable in nonforeign areas carefully read Attachment 3 - "Special Rates in Nonforeign Areas." Among other things, Attachment 3 provides directions for agencies on conducting reviews of all special rate schedules in nonforeign areas and submitting the results to OPM by no later than June 29, 2012.

Results of 2011 Annual Review

We have completed the 2011 annual review of special rates. In conducting the annual review, we relied on the reviews agencies conducted in response to our July 8, 2011, memorandum. In that memorandum, we explained that—

- Due to the freeze on general pay increases for Federal civilian employees, special rate schedules generally will not be increased in January 2012, except in nonforeign areas;
- Special rate schedules in nonforeign areas will be increased in conjunction with reductions in cost-of-living allowances, as provided by law (see Attachment 3 of this memorandum); and
- Otherwise, an exception to the freeze on special rate schedules will be considered only in extraordinary circumstances.

As of October 7, 2011, the deadline for agency responses—

- No agency requested increases to special rate schedules based on extraordinary circumstances; and
- No special rate table needed to be terminated based on agency requests for termination of coverage.

January 2012 Special Rates

Due to the current pay freeze and based on the results of the 2011 annual review of special rates, special rate pay levels and coverage will be the same in 2012 as in 2011, except for special rates in nonforeign areas, which, as explained in the July 8, 2011, memorandum and in Attachment 3 of this memorandum, will be increased in conjunction with reductions in cost-of-living allowances, as provided by law.

Terminated Special Rates

Special rates are terminated based on OPM's annual review of special rates when—

- Covered agencies report to OPM that the special rates are no longer necessary, or
- All covered employees are entitled to higher GS locality rates of pay.

Since (1) agencies did not request termination of coverage for any special rate tables and (2) no 2012 special pay rate will be exceeded by the 2012 GS locality pay rate at the same grade and step, no special rates will be terminated as a result of the 2011 annual review of special rates. (The pay freeze legislation prohibits adjustments to locality payments under 5 U.S.C. 5304 so the 2012 locality rates will remain at 2010/2011 levels, except those that apply in nonforeign areas.)

Capped Special Rates

Under 5 U.S.C. 5305(a)(1), the maximum special rate is the rate payable for level IV of the Executive Schedule (EX-IV rate of \$155,500 in 2012). As a result, some GS-14 and GS-15 special pay rates for 2012 are capped. Capped special rate tables are listed in Attachment 2. (The pay freeze legislation prohibits adjustments to the Executive Schedule under 5 U.S.C. 5318, so the 2012 Executive Schedule rates will remain at 2010/2011 levels.)

Special Rate Coverage in 2012

In January 2012, 254 special rate tables will be posted on the OPM website at <http://apps.opm.gov/SpecialRates/index.html>. These special rate tables will cover approximately 41,000 employees.

Additional Information

Agency headquarters-level human resources offices may contact Pay and Leave at OPM at pay-leave-policy@opm.gov. For general information on Federal pay, leave, and work scheduling policies, please visit <http://www.opm.gov/oca/index.asp>. Employees should contact their agency human resources office for further information on the 2011 Annual Review of Special Rates, and

agency field offices should contact their appropriate headquarters-level agency human resources office. Requests from individual employees will be returned or forwarded to the appropriate agency human resources office.

Attachment 1-2012 Additional Adjustments for Special Rate Tables in Nonforeign Areas

Attachment 2-Capped Special Rates in 2012

Attachment 3-Special Rates in Nonforeign Areas

Attachment 4-Lead Agencies for the Special Data Call for Nonforeign Areas

cc: Chief Human Capital Officers
Human Resources Directors