



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Tuesday, December 27, 2016  
CPM 2016-21

**MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

FROM: ACTING DIRECTOR, BETH F. COBERT

Subject: 2016 Annual Review of Special Rates (Results)

The U.S. Office of Personnel Management (OPM) conducts an annual review of special rates established under 5 U.S.C. 5305 to determine the disposition of special rate schedules when General Schedule (GS) pay is adjusted under 5 U.S.C. 5303. Based on OPM's annual review, special rate tables may be terminated, decreased, or increased. (See OPM's [data call memorandum \(CPM 2016-09\)](#) for further information.)

Based on the 2016 annual review of GS special rates, I have approved a 1-percent increase for all title 5 special rate tables equal to the 1-percent increase in GS base rates. Both the increased GS base rates and the increased GS special rates will be effective on the first day of the first applicable pay period beginning on or after January 1, 2017 (January 8, 2017, based on the standard payroll cycle). All 279 title 5 special rate tables can be found on the OPM website at <http://apps.opm.gov/SpecialRates/Index.aspx>. These special rates cover about 40,000 employees.

**Amount of 2017 Pay Adjustments**

In OPM's August 4, 2016, data call memorandum, the anticipated increase in GS base rates in January 2017 was 1.6 percent, absent any other action. However, the amount of the 2017 increase in GS base rates was reduced to 1 percent in the President's [alternative plan](#) issued under the authority of 5 U.S.C. 5303(b) on August 31, 2016.

**Results of 2016 Annual Review**

Pursuant to OPM's instructions, each agency conducted a review of its special rates schedules. Special rates were to be adjusted at the same time and in the same amount as the base General Schedule, unless an agency requested (1) an adjustment for a special rate schedule different from any 2017 increase in GS base rates or (2) the reduction or termination of a special rate schedule. We received no such requests, so OPM will increase all title 5 special rate pay tables in tandem with the 1-percent across-the-board GS base rate increase effective on the first day of the first applicable pay period beginning after January 1, 2017 (January 8, 2017, based on the standard payroll cycle).

## **Special Rates in Nonforeign Areas**

For the 2016 annual review, we reminded agencies of the results of our analysis of special rates in nonforeign areas during the 2012 annual review, and that special rates in nonforeign areas would be reexamined yearly as part of our overall annual review of special rates. During the 2016 annual review, no agencies requested termination of special rates or a pay adjustment different from the base GS increase for special rates in nonforeign areas. Accordingly, special rates in nonforeign areas will receive a 1-percent increase and will include the Nonforeign Area Retirement Equity Assurance Act of 2009 additional adjustments shown in Attachment 1.

## **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). (The EX-IV rate will be increased to \$161,900 effective the first day of the first pay period beginning on or after January 1, 2017.) Because of the EX-IV cap, some GS-14 and GS-15 special pay rates for 2017 are capped. See Attachment 2 for a list of capped special rates.

## **Terminated Special Rates**

Special rates are terminated based on OPM's annual review of special rates when covered agencies report to OPM that applicable special rates are no longer necessary, or when GS locality rates of pay exceed special rates at the same grade and step. Agencies did not request termination of any special rate tables.

Under 5 U.S.C. 5305(h), an employee's entitlement to a special rate ends if the employee is entitled to a higher rate of basic pay, such as a locality rate of pay under 5 U.S.C. 5304. Certain special rate tables will terminate effective January 8, 2017, because higher locality rates apply at all steps of each covered grade. Attachment 3 lists the 16 special rate tables that have been terminated because higher locality rates apply at all steps of each covered grade.

In addition, some special rate tables will have one or more pay rates that terminate when applicable 2017 locality rates of pay are higher. In such cases, the special rate tables will not show a special rate at the affected grades and steps. If a special rate is no longer shown at certain grades and steps, this means higher locality pay rates now apply. Also, for some special rate tables that cover multiple geographic areas, certain geographic areas will be removed from coverage because the 2017 locality rates in those areas are higher than the special rates at all grades and steps. The termination of special rates in these situations will not result in a loss of pay for covered employees because they will receive a higher locality rate.

## **Additional Information**

Agency headquarters-level human resources offices may contact OPM at [pay-leave policy@opm.gov](mailto:pay-leave_policy@opm.gov). Employees should contact their agency human resources office for further information on this memorandum.

Attachment 1 – NAREAA Additional Adjustments in 2017 (See 508-compliant PDF below)

Attachment 2 – Capped Special Rates in 2017 (See 508-compliant PDF below)

Attachment 3 – Special Rate Tables Terminated Due to Higher Locality Pay in 2017 (See 508-compliant PDF below)

cc: Chief Human Capital Officers, and Human Resources Directors