



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, December 28, 2018
CPM 2018-21

MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: MARGARET M. WEICHERT, ACTING DIRECTOR

Subject: 2018 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 October 12, 2018, [data call memorandum \(CPM 2018-17\)](#) for further information.)

Agencies were informed in the October 2018 data call memorandum that the default January 2019 adjustment for special rates would be equal to the January 2019 across-the-board adjustment for GS base rates. That memorandum also noted that the across-the-board adjustment for GS base rates would be zero under the President's alternative pay plan for January 2019 pay adjustments, absent enactment of legislation providing for an adjustment to GS base rates different from zero. No such legislation has been enacted, and the President has issued an Executive order implementing the aforementioned alternative pay plan. (See <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/pay-executive-order-2019-adjustments-of-certain-rates-of-pay.pdf>.)

Further, pursuant to OPM's instructions, each agency conducted a review of its special rate schedules. No agencies requested a January 2019 adjustment for special rates different from the default amount. Accordingly, based on the 2018 annual review of special rates I have determined that the January 2019 adjustment for existing special rates will be zero. The effective date for January 2019 pay adjustments is the first day of the first applicable pay period beginning after January 1, 2019 (January 6, 2019, based on the standard payroll cycle).

OPM's decision regarding the January 2019 adjustment for special rates does not preclude agencies requesting new special rates or increases in existing special rates during calendar year 2019. Agencies having existing or likely staffing problems can submit special rate requests any time throughout a calendar year. Information on how agencies can make special rate requests is posted on the OPM website at <https://apps.opm.gov/SpecialRates/2019/srsrequest.aspx>. Additional information regarding the 2018 annual review and January 2019 special rates is provided below.

Special Rates in Nonforeign Areas

For the 2018 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 2018 annual review, no agencies requested termination of special rates or a pay adjustment different from the base GS increase for positions in nonforeign areas. Accordingly, special rates in nonforeign areas will remain the same as in 2018 and continue to 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), which will remain at \$164,200 in 2019. Because of the EX-IV limitation, some GS-14 and GS-15 special rates for 2019 are capped. Attachment 2 lists 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 due to increases in locality pay percentages. (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.) No agencies requested that a special rate table be entirely terminated in January 2019, and since GS locality pay rates will remain the same in 2019 as in 2018 no special rates will be terminated in 2019 based on higher applicable locality rates of pay.

The U.S. Department of Transportation (DOT) requested that it be removed from the agency coverage of Special Rate Table 0706. DOT requested this change fully aware that terminating special rate coverage triggers pay retention provisions for employees covered by the special rates (except for any temporary and term employees). OPM approves the request, and DOT will be removed from the coverage of Special Rate Table 0706 effective at the beginning of January 6, 2019. (Special Rate Table 0706 will continue to cover certain positions in the U.S. Department of Homeland Security.)

Additional Information

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

Attachment 1 - 2019 Additional Adjustments for Special Rate Tables in Nonforeign Areas (See 508 conformant PDF below)

Attachment 2 - Capped Special Rates in 2019 (See 508 conformant PDF below)

cc: Chief Human Capital Officers (CHCOs), Deputy CHCOs, and Human Resources Directors