



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

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## Memorandum for Heads of Executive Departments and Agencies

From: Kiran A. Ahuja  
Director

Subject: Achieving a \$15 Per Hour Minimum Pay Rate for Federal Employees

On January 22, 2021, President Biden issued his [Executive Order on Protecting the Federal Workforce \(EO 14003\)](#). It is the general policy of the Biden-Harris Administration that Federal employees stationed in the United States (including its territories and possessions) should receive an hourly pay rate of at least \$15 per hour. Section 5 of EO 14003 directed the Director of the Office of Personnel Management (OPM) to provide a report to the President with recommendations to promote a \$15 per hour minimum pay rate for Federal employees.

In response to the President's directive in EO 14003, OPM established an interagency working group comprised of agencies that had occupations paid less than \$15 per hour to develop recommendations and issued a report to the President based on our findings. In the report, OPM indicated that the vast majority of the 2.2 million Federal civilian employees are already earning a pay rate of at least \$15 per hour. OPM developed a roadmap for how Federal executive branch agencies (excluding the United States Postal Service and the Postal Regulatory Commission) can achieve a \$15 per hour minimum pay rate for employees stationed in the United States (including its territories and possessions) by maximizing the use of flexibilities such as the special salary and special wage rate authorities in title 5, United States Code. OPM indicated that the establishment of General Schedule (GS) and Federal Wage System (FWS) special rates would be the most effective and appropriate method available to achieve a \$15 per hour minimum pay rate for GS and FWS employees and recommended that the special rates authorities be utilized for this purpose.

In order to implement the President's policy, OPM is issuing a memorandum for heads of Executive departments and agencies that provides implementing guidance for adjusting pay rates for GS and FWS employees stationed in the United States (including its territories and possessions) to at least \$15 per hour by authorizing new GS special rates (established by OPM) and FWS special rates (approved by OPM). OPM has established GS special rates and will approve FWS special rates based on the determination that low pay rates are resulting in or will likely result in significant difficulties in recruiting and retaining qualified employees in these positions.

This memorandum lays out next steps and provides implementing guidance for adjusting pay rates for GS and FWS employees stationed in the United States (including its territories and possessions) to at least \$15 per hour. All GS and FWS pay adjustments to comply with the \$15 hourly minimum rate policy must be effective beginning on the first day of the first applicable pay period commencing on or after January 30, 2022. This means that if agencies cannot implement the actions necessary to adjust pay rates in time for the first applicable pay period commencing on or after January 30, 2022, they will have to make the pay rate adjustments retroactive to that pay period.

Agencies with independent administrative pay authority should similarly adjust rates for employees earning less than \$15 per hour in the United States (including its territories and possessions) to achieve a \$15 minimum hourly pay rate to the extent such action is permitted under the independent administrative pay authority, as described under the “Other Pay Systems” section of this memo. These changes should also be effective beginning on the first day of the first applicable pay period commencing on or after January 30, 2022.

### **GS Special Rates**

Under 5 U.S.C. 5305, OPM may establish special salary rates for a group or category of GS positions in one or more geographic areas to address existing or likely significant challenges in recruiting or retaining well-qualified employees. OPM has reasonably determined that, for Federal employees stationed in the United States (including its territories and possessions), GS rates of basic pay less than \$15 per hour are creating or are likely to create significant recruitment and/or retention problems, supporting the creation of a special pay rate schedule for GS employees stationed in the United States (including its territories and possessions).

Regarding that reasonable determination, we note that on April 27, 2021, the President issued Executive Order (EO) 14026 “Increasing the Minimum Wage for Federal Contractors.” That EO seeks to raise the hourly minimum wage paid by those contractors to workers performing work on or in connection with covered Federal contracts to (1) \$15 per hour, beginning January 30, 2022, and (2) beginning January 1, 2023, and annually thereafter, an amount determined by the Secretary of Labor. Those increased minimums for Federal contractors present the potential for recruitment and retention issues for GS positions paid below \$15 per hour.

To address those potential staffing issues, OPM has established a single nationwide special pay rate schedule of annual rates as shown in [Attachment 1](#) for grades GS-1 through GS-4 which will apply to all GS employees with an official worksite in the United States (including its territories and possessions) whose pay rate at their grade and step would otherwise be below the special rate shown on this nationwide special rate table at that same grade and step.

Special rates are applied by providing a special rate supplement on top of GS base rates (i.e., GS rates excluding locality pay). Currently, there are locality rates of pay below \$15 per hour in all locality pay areas. Locality rates for the Rest of the United States (RUS) locality pay area (the lowest locality rate pay table in the GS system) are below \$15 per hour at some steps of grades GS-1 through GS-3. While all GS-4 RUS locality pay rates exceed \$15 per hour, special rates are needed at GS-4 to smoothly transition back to the regular General Schedule at grade GS-5.

Employees will receive the higher of the newly established special rate, applicable locality rate, or any other applicable special rate for their grade and step. Whether a special rate exceeds the locality rate at a particular grade/step will vary by locality pay area.

- The GS-1, step 1, special rate is set at \$31,305, which produces a pay rate of \$15 per hour using the 2,087-hour divisor required by 5 U.S.C. 5504(b)(1).
- The special rates for grades GS-2, GS-3, and GS-4 were determined based on a 2 percent intergrade differential between step 1 rates.
- There is a fixed-dollar special rate supplement for each grade that is added to the base rate for each step, except that GS-1 and GS-2 special rates are constructed using a fixed within-grade increase amount because of odd step increments at these grades due to schedule changes made in October 1979 (see 5 CFR 530.304(c)).

These special rates will be effective on the first day of the first applicable pay period beginning on or after January 30, 2022 (i.e., January 30, 2022, based on the standard biweekly pay period cycle). Regarding future adjustments to these special rates, as with all GS special rates they will be reviewed annually and adjusted each January in conjunction with any adjustment in the General Schedule base rates. Future minimum rates paid by Federal contractors can be taken into consideration in determining whether to adjust or discontinue special rates (see 5 CFR 530.307(a)). Please also note that agencies can request higher special rates at any time to address existing or likely recruitment and retention issues for a group or category of positions.

The frequently asked questions and answers in [Attachment 2](#) provide pay administration guidance on these nationwide GS special rates.

Please note that this methodology of establishing special rates to achieve a \$15 per hour minimum rate is based on achieving a \$15 per hour minimum rate when the GS employee's annual rate is divided by the standard 2,087-hour divisor (see 5 U.S.C. 5504(b)(1)). Certain GS employees (for example, structural firefighters) have extended work schedules in which nonwork sleep and meal periods are treated as hours within the employee's tour of duty. The methods for compensating employees with such tours produce a lower effective hourly rate than the GS hourly rate since the tours include hours for nonwork sleep and meal periods. While the proposed special rates will increase such employees' GS hourly rate of basic pay (based on 2,087-hour divisor) to at least \$15 per hour, their effective hourly rate may still be below \$15 per hour in some cases. Over the next six months, OPM will evaluate measures to address other compensation concerns raised by these employees that are not resolved by the increase in the minimum GS rate to \$15 per hour.

Please also note that due to higher special rates applying from Special Rate Table 001M, current Special Rate Table 0174 will terminate. In addition, some special rate tables will have one or more pay rates removed because higher applicable 2022 rates of pay from Special Rate Table 001M will apply. The affected special rate tables (0072, 0168, 0467, and 0473) will not show a special rate at affected grades and steps. These changes will be effective on the first day of the first applicable pay period beginning on or after January 30, 2022 (i.e., January 30, 2022, based on the standard biweekly pay period cycle).

## **FWS Special Rates**

Under 5 CFR part 532, the Defense Department (DOD), with OPM approval, has the authority to establish special rates for FWS employees. OPM has authority in 5 CFR 532.251(a) to approve any such special rates to the extent it considers necessary to overcome existing or likely significant difficulties in the recruitment or retention of well qualified personnel when these difficulties are due to any of the following circumstances: rates of pay offered by private sector employers for an occupation or occupational specialization and grade are significantly higher than rates paid by the Federal Government within the competitive labor market; the remoteness of the area or location involved; or any other circumstance that OPM considers appropriate.

OPM has reasonably determined that, for Federal employees stationed in the United States (including its territories and possessions), FWS rates of basic pay less than \$15 per hour are creating or are likely to create significant recruitment and/or retention problems, supporting the creation of a special wage rate schedules for FWS employees stationed in the United States (including its territories and possessions). Accordingly, DOD will establish, with OPM's approval, a \$15 per hour minimum pay rate for appropriated fund and nonappropriated fund FWS wage schedules for employees stationed in the United States (including its territories and possessions) where any pay rate would otherwise be below \$15 per hour on January 30, 2022. The \$15 per hour minimum rate of pay policy will be set as follows:

- The second rate of grade 1 on a wage schedule will be set at a level which, upon application of the standard 4 percent step rate interval, provides a first rate for the grade which is equal to at least \$15 per hour.
- OPM has determined that it will approve special rates based on lead agency requests for FWS employees where necessary to establish a \$15 per hour wage rate. An appropriate intergrade differential will be applied until a grade is reached at which the new payline rate is equaled or exceeded by the corresponding payline rate determined through normal prevailing rate determination processes; rates for all grades above that point will be based on the normal prevailing rate determination processes.

This special rate policy for FWS wage levels will become effective for all FWS wage schedules on the first day of the first applicable pay period beginning on or after January 30, 2022. Wage schedules with normal effective dates in FY 2022 prior to January 30, 2022, will be adjusted based on appropriations legislation providing for a pay cap and floor adjustment on their normal effective dates, retroactively when required. Then, such wage schedules with normal effective dates prior to January 30, 2022, will be further adjusted when necessary on the first day of the first applicable pay period beginning on or after January 30, 2022. Wage schedules with normal effective dates after January 30, 2022, will be adjusted to comply with the \$15 per hour minimum pay rate and then further adjusted upwards when necessary on their normal effective dates to comply with relevant pay cap and floor increase provisions in appropriations legislation. Each agency is expected to pay any authorized special rates to covered FWS employees to comply with the President's general policy of achieving a \$15 per hour minimum pay rate for executive branch employees stationed in the United States (including its territories and possessions).

## **Other Pay Systems**

Executive branch agencies (excluding the United States Postal Service and the Postal Regulatory Commission) with authority to independently administer compensation systems for employees outside of title 5, United States Code, or otherwise authorized to set pay administratively, should exercise their administrative discretion to provide a minimum pay rate of \$15 per hour for employees stationed in the United States (including its territories and possessions) to the extent authorized. If legally permissible, any such pay adjustment should take effect on the first day of the first applicable pay period beginning on or after January 30, 2022, or as soon as practicable thereafter. Agencies requiring additional time to implement these changes should consult with OPM.

## **Additional Information**

Agency headquarters-level officials having questions may contact OPM's Pay and Leave staff at [pay-leave-policy@opm.gov](mailto:pay-leave-policy@opm.gov). Employees should contact their agency human resources offices for assistance.

[Attachment 1: Nationwide Special Rate Schedule to Achieve a Minimum Pay Rate of \\$15 Per Hour](#)

[Attachment 2: Nationwide General Schedule Special Rate Table Number 001M Frequently Asked Questions](#)

cc: Chief Human Capital Officers, Deputy Chief Human Capital Officers, and Human Resources Directors

**Attachment 1**  
**Nationwide Special Rate Schedule to Achieve a Minimum**  
**Pay Rate of \$15 Per Hour**

**Special Rate Table**

**Number 001M**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Supplement	Within Grade Increase
01	31305	31952	32599	33246	33893	34540	35187	35834	36481	37128	VARIABLE	647
02	31931	32663	33395	34127	34859	35591	36323	37055	37787	38519	VARIABLE	732
03	32570	33395	34220	35045	35870	36695	37520	38345	39170	39995	7821	825
04	33221	34147	35073	35999	36925	37851	38777				5439	926

Series	Occupation Name
XXXX	All General Schedule Occupations

Location
United States (including its territories and possessions)

**Notes:**

Effective Date: First day of the first applicable pay period beginning on or after 01/30/2022.

This table applies to all General Schedule employees whose official worksite is located in the United States (including its territories and possessions) whose pay rate at their grade and step would otherwise be below the special rate shown on this nationwide special rate table at that same grade and step.

Rates for steps 8-10 of GS-4 are blank on this table because Rest of U.S. locality rates of pay are higher in 2022 at steps 8-10 of GS-4 than the rates of pay that would result from continuing to apply the special rate supplement used for steps 1-7 of GS-4.

**Attachment 2**  
**Nationwide General Schedule Special Rate Table Number 001M**  
**Frequently Asked Questions**

**Coverage**

1. Where can I find the special rate table number 001M?
  - A. The [new special rate table](#) can be obtained from OPM’s website.
  
2. Who is covered by the special rate table number 001M?
  - A. Special rate table number 001M covers all current and newly hired General Schedule (GS) employees at grades GS-1 through GS-4 with official worksites in the United States (including its territories and possessions) who are not entitled to a higher applicable locality rate under 5 U.S.C. 5304 or other higher applicable special rate under 5 U.S.C. 5305 (or similar rate under other legal authority) for their grade and step. Agencies will need to compare the special rate on table 001M for the employee’s grade and step to the applicable locality rate or other special rate in effect on the first day of the first applicable pay period beginning on or after January 30, 2022 (i.e., January 30, 2022, based on the standard biweekly pay period cycle) to determine the employee’s highest pay entitlement.
  
3. Are rates under special rate table 001M applicable to GS law enforcement officers (LEOs) at grades GS-3 and GS-4 with a pay plan code of “GL”?
  - A. No. LEOs at grades GS-3 and GS-4 with a pay plan code of “GL” receive locality rates of pay that are greater than the special rates on table 001M. Law enforcement officers (as defined in 5 U.S.C. 5541(3) and 5 CFR 550.103) at all steps of grades GS-3 and GS-4 with a pay plan code of “GL” are covered by special base rates authorized by section 403 of the Federal Employees Pay Comparability Act of 1990, as amended. By law, these LEO special base rates must be the basis for computing locality payments. (See 5 CFR part 531, subpart F.) In 2022, all locality-adjusted LEO special base rates are higher than the special rates on table 001M at grades GS-3 and GS-4.
  
4. Are employees under other pay systems, such as Federal Wage System employees or other employees paid outside of the General Schedule, covered by special rate table 001M?
  - A. No. Please see CPM 2022-02 for additional information on setting a \$15 minimum rate of pay for Federal Wage System and other non-GS employees.
  
5. Are employees of Federal contractors covered by special rate table 001M?
  - A. No. Special rate table 001M covers only Federal employees paid under the General Schedule.

6. Can an agency decide not to pay the special rates on table 001M to its employees?
  - A. No. Consistent with the President’s general policy of achieving a \$15 hourly rate for employees stationed in the United States (including its territories and possessions), each agency is expected to pay the authorized special rates under table 001M to covered GS employees at applicable grades and steps. The table 001M special rate applies if it is higher than the applicable locality rate under 5 U.S.C. 5304 or other applicable special rate under 5 U.S.C. 5305 (or similar rate under other legal authority) for the employee’s grade and step. (Note: While an agency may opt out of special rates under certain conditions described in 5 U.S.C. 5305(a)(2) and 5 CFR 530.303(c), no agency has opted out of coverage under special rate table 001M, consistent with Administration policies.)

### **Effective Date and Special Rate Amounts**

7. When will special rate table 001M become effective?
  - A. Special rate table 001M is effective on the first day of the first applicable pay period beginning on or after January 30, 2022 (i.e., January 30, 2022, based on the standard biweekly pay period cycle).
8. How much of a pay increase can affected employees expect to receive?
  - A. The pay increase will vary depending on the employee’s GS grade and step and the employee’s current locality rate or, if applicable, special rate.

The amount of the pay increase will also vary for an employee who is receiving a retained rate (step 00) under 5 U.S.C. 5363 and 5 CFR part 536, subpart C. See 5 CFR 536.305 for the rules on adjusting a retained rate when a pay schedule is adjusted.
9. Why are there no rates at steps 8-10 at grade GS-4 on special rate table 001M?
  - A. The rates for steps 8-10 of grade GS-4 are blank on special rate table 001M because locality rates of pay in all locality pay areas are higher in 2022 at these steps than the rates of pay that will result from applying the special rate supplement used for steps 1-7 of GS-4.
10. What is the “supplement” on special rate table 001M and why does the supplement vary at grades GS-1 and 2?
  - A. Special rates under 5 U.S.C. 5305 are constructed by increasing GS annual base rates under 5 U.S.C. 5303 (exclusive of locality pay or other special rate) by a dollar or percentage supplement at each covered grade and step. The total of the GS annual base rate plus the special rate supplement equals the annual special rate shown on the table.



For special rate table 001M, a fixed-dollar special rate supplement for each grade is added to the annual GS base rate for each step, except that GS-1 and GS-2 special rates are constructed using a fixed within-grade increase amount because of odd step increments at these grades due to schedule changes made in October 1979. (See 5 CFR 530.304(c)(1).)

11. Will employees covered by special rate table 001M also be paid a 2022 locality pay adjustment on top of their new special rate in January 2022?
  - A. No. Employees covered by a special rate under 5 U.S.C. 5305 (or similar rate under other legal authority) are entitled to the greater of the locality rate of pay under 5 U.S.C. 5304 or any applicable special rate for their grade and step. A locality payment is computed on top of the applicable base rate (GS base rate or LEO special base rate).

### **Documentation, Processing, and Reporting Instructions**

12. What human resources documentation and processing procedures should agencies follow in implementing the special rates on table 001M?
  - A. Agencies should: (1) follow rules 7 and 8 located in Chapter 17, Table 17-A, of the Guide to Processing Personnel Actions (GPPA) to document the pay action for employees who will receive a special rate on table 001M; (2) cite the applicable regulation for rules 7 or 8 and CPM 2022-02 as the authority for the pay action; and (3) provide the remarks in rules 22 and 23 (remark codes P05 and P07) as listed in Table 17-E of the GPPA, citing special rate table number 001M, along with any other applicable remarks.
13. What is the order of processing pay actions for an employee who becomes covered by special rate table 001M and is entitled to other simultaneous pay adjustments such as a within-grade increase or promotion on the first day of the first pay period commencing on or after January 30, 2022?
  - A. When multiple pay actions with the same effective date affect a GS employee's rate of basic pay, agencies must follow the simultaneous pay action rules in 5 CFR 531.206. Thus, on the first day of the first pay period commencing on or after January 30, 2022, an agency must set a covered employee's pay on special rate table 001M before processing a within-grade increase, or any other pay action with the same effective date. Because 5 CFR 531.206 requires setting a covered employee's pay on special rate table 001M before processing any other pay action, termination of the lower special rates discussed in the cover memo would not provide entitlement to pay retention.

## General Information on Special Rates

14. What are special rates?

- A. OPM may establish higher rates of basic pay—special salary rates—for a group or category of GS positions in one or more geographic areas to address existing or likely significant difficulties in recruiting or retaining well-qualified employees. OPM may establish special rates for nearly any category of employee—i.e., by series, specialty, grade-level, and/or geographic area. (See 5 U.S.C 5305 and 5 CFR part 530, subpart C.)

15. Under what circumstances may OPM establish special rates?

- A. OPM may establish special rates to address staffing problems caused by significantly higher non-Federal pay rates than those payable by the Federal Government within the area, location, or occupational group involved; the remoteness of the area or location involved; the undesirability of the working conditions or nature of the work involved; or any other circumstances OPM considers appropriate.

16. Are special rates considered basic pay for retirement and other purposes?

- A. A special rate under 5 U.S.C. 5305 is considered an employee's rate of basic pay for nearly all purposes, including retirement, life insurance, overtime pay computations, severance pay, and lump-sum annual leave payments. (See 5 U.S.C. 5305(j) and 5 CFR 530.308.) Certain special pay-setting and adjustment rules may apply to special rates. (See 5 CFR part 530, subpart C; part 531, subpart B; and part 536.) For example, an employee's highest previous rate for purposes of applying the GS maximum payable rate rule under 5 CFR 531.221-223 may not be based on a special rate (except as provided in 5 CFR 531.222(c)).

17. May employees be paid a locality rate on top of their special rate?

- A. No. Special rate employees are entitled to the greater of the locality rate of pay or special rate for their grade and step. (See 5 U.S.C. 5305(h); 5 CFR 530.303(d).)

18. Do the normal GS within-grade increase (WGI), quality step increase (QSI), and two-step promotion pay-setting rules apply to special rate employees?

- A. Yes. The normal GS WGI, QSI, and two-step promotion rules continue to apply to employees covered by special rates. [Additional guidance and examples on promotions](#), including for special rate employees, can be found on OPM's website.

19. Does the establishment or adjustment of a special rate affect the payment of an employee's next WGI?

A. No. The establishment or adjustment of a special rate is not considered an equivalent increase for WGI purposes and has no effect on the payment of an employee's next WGI. (See 5 CFR 530.309(b).)

20. May special rates be increased?

A. Agencies may request that OPM increase a special rate authorization at any time. Agencies must submit appropriate staffing data to support a special rate increase. For more information on [how to request a special rate increase](#), see OPM's website.

In addition, OPM conducts a review of all special salary rates every year. At that time, an agency may request that we increase a special rate authorization. Agencies are required to submit appropriate staffing data to support increases greater than the annual across-the-board increase granted to GS employees.

21. May an agency use the GS superior qualifications and special needs pay-setting authority under 5 CFR 531.212 to set a newly-hired Federal employee's rate of pay above step 1 on a special rate schedule?

A. Yes.

22. May an agency pay recruitment, relocation, or retention incentives (3Rs) under 5 U.S.C. 5753 and 5754 to an employee receiving a special rate?

A. Yes. Agencies may pay recruitment, relocation, and retention incentives to employees receiving a special rate. A special rate is considered basic pay for the purpose of computing percentage-based 3Rs payments.

Retention incentive installment payments computed as a percentage of an employee's basic pay will increase automatically when an employee's basic pay increases due to the establishment and application of a new special rate, unless an agency takes action to reduce or terminate the retention incentive. (Note: Agencies are required to review retention incentive authorizations at least annually to determine whether the original determination to pay an incentive still applies or whether payment is still warranted and to terminate retention incentives when conditions change such that the original determination does not apply. For example, if an employee retention difficulty is alleviated by a new special rate, an agency must terminate an existing retention incentive. (See 5 CFR 575.311.))