



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Friday, April 5, 2013

CPM 2013-07

**MEMORANDUM FOR: Heads Of Executive Departments And Agencies**

FROM: John Berry, Director

Subject: Fiscal Year 2013 Prevailing Rate Pay Adjustments

On March 26, 2013, President Obama signed legislation to continue the freeze on statutory pay adjustments for most Federal civilian employees until December 31, 2013. (See section 1112 of the Consolidated and Further Continuing Appropriations Act, 2013.) Prevailing rate wage schedules issued during fiscal year (FY) 2013 under section 5343(a) of title 5, United States Code, are covered by the pay freeze extension. The information below provides guidance regarding continuation of the pay freeze with respect to wage schedules for prevailing rate employees. Prevailing rate employees remain eligible to receive within grade increases in FY 2013. Lead agencies will issue wage schedules during FY 2013 at the same wage levels as in FY 2012.

**Legal Background**

Section 147 of Public Law 111-242, as added by section 1(a)(2) of Public Law 111-242 and as amended by section 1112 of the Consolidated and Further Continuing Appropriations Act, 2013, provided that notwithstanding any other provision of law, no statutory pay adjustment which (but for this subsection) would otherwise take effect from January 1, 2011, through December 31, 2013, will be made. Under this section, no statutory pay adjustment will be made under 5 U.S.C. 5343(a) or similar authority.

The Consolidated Appropriations Act, 2010 (Public Law 111-117, December 16, 2009) contained two provisions that affected the determination of pay adjustments for certain prevailing rate (wage) employees: a pay limitation provision in section 710 and a floor pay adjustment provision in section 744. Due to the freeze on statutory pay adjustments, prevailing rate schedules in FY 2013 continue to reflect the application of sections 710 and 744.

In previous years, lead agencies have established wage rates for affected prevailing rate employees by determining the maximum rates applicable under the pay limitation provisions of section 710, determining the minimum pay increase applicable under section 744, and then applying the higher of the rates to affected prevailing rate wage schedules. In some wage areas, wage schedule adjustments under the minimum increase provisions of section 744 have been higher than under the maximum increase provisions of section 710. In addition, as a result of section 744, certain prevailing rate wage areas will continue to have more than one wage

schedule in effect during FY 2013. (Note: Section 710 applies to wage employees covered by 5 U.S.C. 5342(a)(2) or 5348. Section 744 applies to wage employees covered by 5 U.S.C. 5344 or 5348. Sections 710 and 744 do not apply to wage employees who negotiate their pay under section 9(b) of Public Law 92-392.)

#### Changes in Minimum Wage Levels

Any adjustment of a wage schedule rate for prevailing rate employees otherwise required by U.S. Office of Personnel Management (OPM) regulations pursuant to a change in an applicable State or local minimum wage rate is prohibited due to the pay freeze provisions of the FY 2013 Act.

#### Obtaining Wage Schedules

Prevailing rate wage schedules will continue to be distributed by lead agencies through normal agency distribution channels. In addition, Federal Wage System wage schedules are available from the Wage and Salary Branch of the Department of Defense Civilian Personnel Advisory Service (<http://www.cpms.osd.mil/Subpage/Wage/>).

For further information, please contact OPM's Pay Systems, Pay and Leave, at (202) 606-2838 or by email at [pay-leave-policy@opm.gov](mailto:pay-leave-policy@opm.gov).

cc: Chief Human Capital Officers and Human Resources Directors