



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, December 28, 2018
CPM 2018-24

MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: MARGARET M. WEICHERT, ACTING DIRECTOR

Subject: Fiscal Year 2019 Prevailing Rate Pay Adjustments

President Trump has signed an Executive Order to implement a 0 percent pay adjustment for General Schedule (GS) employees in calendar year 2019. This is consistent with the President's alternative pay plan issued under 5 U.S.C. 5303(b) and 5304a on August 30, 2018.

The Consolidated Appropriations Act, 2018 (the fiscal year 2018 Act), contained two provisions that continue to affect the determination of pay adjustments for certain prevailing rate (wage) employees in FY 2019. The Continuing Appropriations Act, 2019 (the FY 2019 Act), extends into FY 2019 the pay limitation provision of section 737(a) of the FY 2018 Act and the floor pay adjustment provision under section 737(b).

Section 737(a) provides that pay increases for certain prevailing rate employees in FY 2019 may not exceed 0 percent—the sum of the January 2019 GS across-the-board percentage adjustment and the difference between the overall average percentage locality payments for GS employees in FY 2018 and FY 2019. Section 737(b) provides that, notwithstanding section 737(a), pay adjustments for certain prevailing rate employees in FY 2019 may not be less than the January 2019 pay adjustments received by GS employees where they work. Since GS employees are not entitled to an increase in pay in January 2019, the adjustment under section 737(b) is equal to 0 percent. Section 737(a) applies to wage employees covered by 5 U.S.C. 5342(a)(2) or 5348. Section 737(b) applies to wage employees covered by 5 U.S.C. 5344 or 5348. Sections 737(a) and 737(b) do not apply to wage employees who negotiate their pay under section 9(b) of Public Law 92-392.

In previous years, lead agencies have established wage rates for affected prevailing rate employees for FY 2019 by determining the maximum rates applicable under the pay limitation provisions of section 737(a), determining the minimum pay increase applicable under section 737(b), 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 737(b) have been higher than under the maximum increase provisions of section 737(a). In addition, as a result of section 737(b), certain prevailing rate wage areas will continue to have more than one wage schedule in effect during FY 2019.

Changes in Minimum Wage Levels

The adjustment of a wage rate required pursuant to a change in an applicable Federal, State, or local minimum wage rate is not subject to the limitation in section 737(a). Rates established as the result of an adjustment in an applicable minimum wage rate will be the basis for determining the limitation on subsequent adjustments indicated by an annual prevailing rate wage survey.

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 Division of the Department of Defense's Defense Civilian Personnel Advisory Service (<http://www.cpms.osd.mil/Subpage/Wage>). [dead link]

For further information, please contact OPM's Pay Systems, Pay and Leave, at (202) 606-2858 or by email at pay-leave-policy@opm.gov.

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