



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Monday, December 7, 1998
CPM 98-07

MEMORANDUM FOR: Human Resources Directors

FROM: Henry Romero Associate Director

Subject: January 1999 Pay Adjustments

On December 7, 1998, the President signed an Executive order on the January 1999 pay adjustments. (See [Attachment 1](#).) This memorandum reviews relevant portions of the Executive order and provides general information on the 1999 pay adjustments.

1999 Rates under the General Schedule and Other Statutory Pay Systems

The Executive order provides for an across-the-board increase of 3.1 percent in the rates of basic pay for the statutory pay systems--the General Schedule (GS), the Foreign Service Schedule, and certain schedules for the Veterans Health Administration of the Department of Veterans Affairs, in accordance with section 647 of the Treasury and General Government Appropriations Act, 1999, as incorporated in section 101(h) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105-277, October 21, 1998).

1999 Rates for the Senior Executive Service

The Executive order reflects a decision by the President to increase the rates of basic pay for members of the Senior Executive Service (SES) by 3.1 percent (rounded to the nearest \$100) at SES levels ES-1 through ES-4. Since the maximum rate of basic pay for SES members is limited by law to the rate for level IV of the Executive Schedule (\$118,400), which is not being increased, the rates of basic pay for ES-5 and ES-6 will not be increased. Section 621 of the Treasury and General Government Appropriations Act, 1999, and the Executive Schedule provides that there will be no increase in the rates of basic pay for the Executive Schedule in fiscal year 1999.

1999 Rates for Other Executive-Level Positions

Pay rates for certain other employees are linked to the Executive Schedule. The rates of basic pay for administrative law judges (ALJs) and Board of Contract Appeals (BCA) members are calculated as a percentage of the rate for level IV of the Executive Schedule. (See 5 U.S.C. 5372 and 5372a.) Therefore, ALJ and BCA rates of basic pay will not be increased. Also, the maximum rate of basic pay for senior-level (SL) and scientific or professional (ST) positions will not be increased because it is tied to the rate for level IV of the Executive Schedule (\$118,400). The minimum rate of basic pay for SL/ST positions is equal to 120 percent of the minimum rate

of basic pay for GS-15 and thus will be increased by 3.1 percent (to \$89,728). Subject to these minimum and maximum rates, pay adjustments for SL/ST employees are determined by the employing agency. (See 5 U.S.C. 5376.)

Effective Date

The new basic pay schedules for General Schedule, SES, and SL/ST positions will become effective on the first day of the first applicable pay period beginning on or after January 1, 1999. Increases in locality payments (discussed below) are effective at the same time.

1999 Locality Payments

The President's Executive order establishes the amounts of the 1999 locality payments for General Schedule employees.

The President's Pay Agent (the Secretary of Labor, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management) has decided to extend the 1999 locality payments to the same Governmentwide and single-agency categories that were authorized to receive the 1998 locality payments. The Governmentwide categories include the SES, employees in SL/ST positions, ALJs, BCA members, the Foreign Service, and the Senior Foreign Service. The maximum locality rate of pay for these employees is the rate for level III of the Executive Schedule (\$125,900).

The locality pay areas for 1999 are unchanged from 1998. There are 32 locality pay areas (including the "Rest of U.S." area).

With this memorandum, we are providing a list of the 1999 locality pay percentages for the 32 locality pay areas, as well as the net percentage increase in each area (reflecting the combined effect of the 3.1 percent across-the-board increase and the applicable increase in the locality pay percentage rate). (See [Attachment 2](#).) Also provided is a chart showing an example of how the 1999 locality rate and net increase is computed for an employee in the Washington-Baltimore locality pay area. (See [Attachment 3](#).)

Pay Adjustments for Employees Receiving Special Rates

We have not yet completed the annual review of special rates. However, based on agency submissions received to date, we expect that virtually all special rate schedules will be adjusted by 3.1 percent. We will issue additional guidance to agencies as soon as the annual review has been completed.

IGA Continued Rates

Certain employees in the former interim geographic adjustment (IGA) areas are entitled to a "continued rate" under 5 CFR part 531, subpart G. These continued rates were established in January 1994, when our regulations were revised to discontinue the practice of paying IGAs on top of nationwide or worldwide special rates. At the time of the January 1999 general pay increase, an IGA continued rate will be increased by the dollar amount of the increase in the

employee's underlying GS rate. (See 5 CFR 531.703.) Since a continued rate is a form of saved pay, it is not affected by other pay actions, such as within-grade increases or promotions.

Pay Adjustments for Law Enforcement Officers

We have issued separate locality or geographic salary tables for law enforcement officers (LEOs) in each locality pay area. These tables incorporate the statutory worldwide law enforcement special rates for grades GS-3 through GS-10, which are used as the base in computing any locality or other geographic payment. While LEOs are entitled to the same locality percentage rates that apply to other GS employees, higher geographic adjustments of 16 percent continue to apply to LEOs in four metropolitan areas: New York, Los Angeles, San Francisco, and Boston. (In January 1999, the geographic adjustment of 8 percent in San Diego will be surpassed by the regular GS locality payment of 8.62 percent. Thus, the LEO geographic adjustment in San Diego will be terminated at that time.)

LEOs covered by the SES or SL/ST pay systems generally are entitled to the locality rates of pay shown in salary tables 99-ES (LOC) or 99-SL/ST (LOC), respectively. However, since LEOs covered by these pay systems in some metropolitan areas also are entitled to special pay adjustments for LEOs, these rates of pay are provided in salary tables 99-ES (LEO) and 99-SL/ST (LEO).

Certain law enforcement officers are entitled to a "continued rate" under 5 CFR 531.307 (established in January 1994 when our regulations were revised to discontinue the practice of paying LEO geographic adjustments on top of nationwide or worldwide special rates). As with IGA continued rates, at the time of the January 1999 across-the-board pay increase, an LEO continued rate will be increased by the dollar amount of the increase in the officer's underlying GS rate. (See 5 CFR 531.307(b).)

Order for Processing Pay Actions

The general pay adjustments that take effect on the first day of the first pay period beginning in January 1999 must be processed *before* any individual pay action (e.g., a within-grade increase or promotion) that takes effect on the same day. General pay adjustments include across-the-board increases under 5 U.S.C. 5303, increases in locality payments or other geographic adjustments, special rate increases, increases in retained rates, and increases in continued rates under 5 CFR 531.703 or 531.307. If there are multiple individual pay actions on the effective date of the January 1999 pay adjustment, those actions must be processed in the order that satisfies the simultaneous action rule in 5 CFR 531.203(f).

Pay Administration

To assist agencies in administering pay as a result of the 1999 pay adjustments for General Schedule employees, we are providing examples of pay computations in a variety of situations. (See [Attachment 4](#).)

Salary Tables for 1999

The Government Printing Office will publish the "Salary Tables for 1999" book in early 1999. The salary table book will provide the 1999 salary tables, locality pay tables (including hourly rate tables), and detailed information on administering locality rates of pay, calculating rates of pay, maximum limitations on pay, and deductions for benefits.

IRS Tax Withholding Tables

The Internal Revenue Service (IRS) Publication 15, Circular E, *Employers Tax Guide* (revised January 1999), will show the 1999 wage bracket income tax withholding tables for both single and married persons who are paid on a biweekly basis. Publication 15 will be mailed by IRS to employers and also should be available at IRS offices in December 1998. (Call 1-800-829-3676 to order copies.) IRS publications may be downloaded from the IRS Internet website at irs.ustreas.gov/prod/forms_pubs/index.html.

Questions

For further information, please contact our Pay and Leave Administration Division by calling (202) 606-2858, sending a FAX to (202) 606-0824, or sending an email message to payleave@opm.gov.

- To [Attachment 1, Executive Order, December 7, 1998](#)
- To [Attachment 2, 1999 Locality Pay Percentages](#)
- To [Attachment 3, Computation of the 1999 locality rate and net increase for an employee in the Washington-Baltimore locality pay area](#)
- To [Attachment 4, Examples of 1999 Pay Computation](#)
- To [Salaries and Wages](#)
- To [Compensation Home Page](#)

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