



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, December 27, 1996
CPM 96-18

MEMORANDUM FOR: Other Stakeholders

FROM: Donald J. Winstead Assistant Director for Compensation Policy

Subject: January 1997 Pay Adjustments

The President has signed an Executive order on 1997 pay adjustments. Among other things, this order implements an across-the-board increase of 2.3 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 5 U.S.C. 5303(a). (See **Attachment 1** for a copy of the Executive order.) The increased rates of basic pay will become effective on the first day of the first applicable pay period beginning on or after January 1, 1997, the same day that increases in locality-based comparability payments take effect. (See information on 1997 locality payments below.)

In addition, 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 approximately 2.3 percent at 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 (\$115,700), which is not being increased, the new rate of basic pay for ES-5 is \$115,700 (an increase of about 1.5 percent), and the rate of basic pay for ES-6 remains unchanged at \$115,700. (Public Law 104-208, September 30, 1996, provided that there would be no increase in the rates of basic pay for the Executive Schedule.)

The minimum rate of basic pay for senior-level (SL) and scientific or professional (ST) positions will increase by 2.3 percent (to \$85,073) because of the 2.3-percent GS pay adjustment, while the maximum rate of basic pay, which is limited by law to the rate for level IV of the Executive Schedule (\$115,700), remains unchanged. Rates of basic pay for administrative law judges (ALJ's) and members of Boards of Contract Appeals (BCA's) remain unchanged in 1997 because these rates are calculated as a percentage of the rate for level IV of the Executive Schedule, which remains unchanged.

The new basic pay schedules for SES, SL/ST, ALJ, and BCA positions will become effective on the first day of the first applicable pay period beginning on or after January 1, 1997. (See information below on the extension of 1997 locality payments to these employees.)

1997 Locality Payments

The amounts of the 1997 locality payments were established by the President in an alternative plan dated November 22, 1996. (See Interagency Advisory Group Memorandum for Directors of

Personnel, CPM 96-14, November 22, 1996.) Under the President's alternative plan, locality payments will be increased by an overall amount that will increase the GS payroll by approximately 0.7 percent, resulting in a total increase for GS employees of about 3 percent.

Definitions of Locality Pay Areas

The locality pay area definitions of the 27 areas established for 1996 remain unchanged in 1997. However, three new metropolitan areas have been established for 1997--Milwaukee-Racine, WI; Minneapolis-St. Paul, MN-WI; and Pittsburgh, PA. (See 61 FR 40949, August 7, 1996.) A listing of all locality pay area definitions (using geographic codes) is provided in **Attachment 2**.

Electronic Salary Tables

Various 1997 annual salary tables have been posted on Mainstreet and PayPerNet, including salary tables for SES members, ALJ's, BCA members, and employees in SL/ST positions in each of the 30 locality pay areas. Agencies should follow the instructions in **Attachment 3** on how to locate and download this information from Office of Personnel Management's (OPM's) two electronic bulletin boards. In addition to the electronic bulletin boards, the salary tables will be posted soon on OPM's web site on the Internet. OPM's Internet address is <http://www.opm.gov>.

Extension of Locality Payments to Other Employees

On December 5, 1996, the President's Pay Agent extended the 1997 locality-based comparability payments to the same Governmentwide and single-agency categories that were authorized to receive the 1996 locality payments. The Governmentwide categories include the SES, employees in SL/ST positions, ALJ's, BCA members, the Foreign Service, and the Senior Foreign Service. By law, the maximum locality rate of pay for these employees is the rate for level III of the Executive Schedule (\$123,100).

Pay Adjustments for Employees Receiving Special Rates

OPM expects to announce the results of the 1996 annual review of special rates in the very near future.

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. (See 61 FR 34713, July 3, 1996.) These continued rates were established in January 1994 when OPM regulations were revised to discontinue the practice of paying IGA's on top of nationwide or worldwide special rates. At the time of the January 1997 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 a within-grade increase or promotion.

Pay Adjustments for Law Enforcement Officers

As in 1996, OPM has issued separate locality rate tables for law enforcement officers (LEO's) 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 LEO's are entitled to the same locality pay rates that apply to other GS employees, higher geographic adjustments (ranging from 8 to 16 percent) continue to apply to LEO's in five metropolitan areas: New York, Los Angeles, San Francisco, Boston, and San Diego.

LEO's covered by the SES or SL/ST pay systems generally are entitled to the locality rates of pay shown in salary tables 97-ES (LOC) or 97-SL/ST (LOC), respectively. However, since LEO's covered by these pay systems in some metropolitan areas also are entitled to special pay adjustments for LEO's, these rates of pay are provided in salary tables 97-ES (LEO) and 97-SL/ST (LEO).

Certain law enforcement officers may be entitled to a "continued rate" under 5 CFR 531.307 (established in January 1994 when OPM 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, an LEO continued rate will be increased by the dollar amount of the January 1997 increase in the officer's underlying GS rate. (See 5 CFR 531.307(b).)

Order in which Pay Actions are to be Processed

The general pay adjustments that take effect on the first day of the first pay period beginning in January 1997 must be processed before any individual pay actions (e.g., a within-grade increase or promotion) that take 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 531.307 or 531.703. If there are multiple individual pay actions on the effective date of the January 1997 pay adjustment, those actions should be processed in the order that satisfies the requirements of simultaneous action rule in 5 CFR 531.203(f).

Pay Administration

To assist agencies in administering pay as a result of the 1997 pay adjustments for General Schedule employees, **Attachment 4** contains examples of pay computations in a variety of situations.

Salary Table No. 97

"Salary Table No. 97" will be published by the Government Printing Office in early 1997. The salary table book will provide the 1997 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

Attachment 5 provides excerpts from an early release copy of Internal Revenue Service (IRS) Publication 15, Circular E, Employers Tax Guide (Revised January 1997), which shows the 1997 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 the IRS to employers and also should be available at IRS offices.

Questions

Questions regarding this memorandum or its attachments may be directed to OPM's Compensation Administration Division on (202) 606-2858.

Attachments (5)

Attachment to Internet Version of IAG Memorandum CPM 96-18

This Internet version of the IAG memorandum on the January 1997 pay adjustments (CPM 96-18) does not include Attachments 1 through 5. The referenced information in the attachments can be viewed by clicking on the appropriate subjects:

Attachment 1 A facsimile of the President's Executive Order

- Adobe Acrobat PDF file

Attachment 2 Locality Pay Area Definitions.

- Adobe Acrobat PDF file

Attachment 3 1997 Pay Tables

- General Schedule and 30 locality rate tables for General Schedule employees
- Adobe Acrobat PDF files
Special Salary Rate Table No. 491 and 31 locality rate tables used for law enforcement officers
Adobe Acrobat PDF files
Locality rates for SES and SL/ST positions
Adobe Acrobat PDF files
Special LEO adjusted rates of pay for SES and SL/ST positions
Adobe Acrobat PDF files
Rates of pay for Executive Schedule positions
- Adobe Acrobat PDF files

Attachment 4 Examples of January 1997 pay Computations

- Adobe Acrobat PDF files

Attachment 5 Internal Revenue Service Publication 15, Circular E, Employers Tax Guide (Revised January 1997) can be obtained by calling the IRS at 1-800-829-3676. Additional questions can be answered by calling 1-800-829-1040.