



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Tuesday, December 30, 1997

CPM 97-15

MEMORANDUM FOR: Other Stakeholders

FROM: Donald J. Winstead, Assistant Director for Compensation Policy

Subject: January 1998 Pay Adjustments

On December 29, 1997, the President signed [Executive Order 13071](#) on 1998 pay adjustments. This memorandum reviews relevant portions of the attached Executive order and provides general information on 1998 pay adjustments.

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1998 Rates under the General Schedule and Other Statutory Pay Systems

The Executive order implemented 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 the President's alternative plan of August 29, 1997, and 5 U.S.C. 5303(b).

1998 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 2.3 percent (rounded to the nearest \$100) at

levels ES-1 through ES-6. Because of previous pay cap restrictions, the new ES-5 and ES-6 rates of basic pay are the same.

1998 Rates for Other Executive-Level Positions

The Executive order also shows the 1998 Executive Schedule reflecting the 2.3 percent pay adjustment granted under 5 U.S.C. 5318. 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 will be increased by 2.3 percent. Also, the maximum rate of basic pay for senior-level (SL) and scientific or professional (ST) positions will be increased by 2.3 percent (to \$118,400) because it is tied to the rate for level IV of the Executive Schedule. The minimum rate 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 2.3 percent (to \$87,030) because of the 2.3 percent across-the-board GS pay adjustment. (See 5 U.S.C. 5376.)

Effective Date

The new basic pay schedules for General Schedule, Executive Schedule, SES, ALJ, BCA, and SL/ST positions will become effective on the first day of the first applicable pay period beginning on or after January 1, 1998. Increases in locality payments (discussed below) are effective at the same time.

1998 Locality Payments

The amounts of the 1998 locality payments for General Schedule employees were established by the President in an alternative plan dated August 29, 1997. (See Memorandum for Directors of Personnel, CPM 97-9, August 29, 1997.)

On December 4, 1997, 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) extended the 1998 locality payments to the same Governmentwide and single-agency categories that were authorized to receive the 1997 locality payments. The Governmentwide categories include the SES, employees in SL/ST positions, ALJs, 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 (\$125,900).

There are two new locality pay areas for 1998: Hartford, CT, and Orlando, FL. (Final regulations were published at 62 FR 65311 on December 12, 1997.) Thus, there are now 32 locality pay areas (including the "Rest of U.S." area). (See Locality Pay Area Definitions.)

Pay Adjustments for Employees Receiving Special Rates

Out of a total of 453 special rate schedules covered by the 1997 annual review, 432 schedules will be increased in tandem with the 2.3 percent across-the-board increase in General Schedule rates, resulting in a 2.3 percent special rate increase for all covered employees. A total of 18 special rate schedules will be terminated because there are no longer any covered employees. For

two local special rate schedules covering certain Railroad Retirement Board employees, the 2.3 percent increase is being given at some grades, while no increase is being given at other grades. In one other case, a local special rate schedule covering certain Department of Veterans Affairs employees is being maintained at the current level at all grades. (See Memorandum for Directors of Personnel, CPM 97-14, December 12, 1997.)

Locality payments are not paid on top of special rates. An employee is entitled to the higher of his or her special rate or locality rate of pay (or other pay entitlement). Since the net increase in locality rates of pay exceeds 2.3 percent, some employees may see their locality rate surpass their special rate for the first time in January 1998. When this occurs, the special rate remains as an underlying entitlement that is used as the rate of basic pay for certain pay administration purposes for which locality rates cannot be used.

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 OPM regulations were revised to discontinue the practice of paying IGAs on top of nationwide or worldwide special rates. At the time of the January 1998 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

The Office of Personnel Management (OPM) has 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 continue to apply to LEOs in five metropolitan areas: New York, Los Angeles, San Francisco, Boston, and San Diego. (The geographic adjustment is 8 percent in San Diego and 16 percent in the other four areas.)

LEOs covered by the SES or SL/ST pay systems generally are entitled to the locality rates of pay shown in salary tables 98-ES (LOC) or 98-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 98-ES (LEO) and 98-SL/ST (LEO).

Certain law enforcement officers are 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, at the time of the January 1998 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 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 1998 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 531.106 or 531.307. If there are multiple individual pay actions on the effective date of the January 1998 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 1998 pay adjustments for General Schedule employees, we are providing examples of pay computations in a variety of situations.

Salary Tables for 1998

"Salary Tables for 1998" will be published by the Government Printing Office in early 1998. The salary table book will provide the 1998 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 1998), shows the 1998 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. (IRS publications may be downloaded from the IRS Internet website at irs.ustreas.gov/prod/forms_pubs/index.html.)

For further information call (202) 606-2858, FAX (202) 606-0824, or email at payleave@opm.gov.

1998 Tables

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- To Law Enforcement Special Salary Rate and Locality Pay Tables
- To Locality Pay Area Definitions
- To Executive Schedule
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- To Special Law Enforcement Adjusted Rates of Pay for Members of the Senior Executive Service
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