



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Thursday, December 28, 2000

CPM 2000-19

MEMORANDUM FOR: Human Resources Directors

FROM: Henry Romero Associate Director for Workplace Compensation and Performance

Subject: January 2001 Pay Adjustments

The President has signed an Executive order on the January 2001 pay adjustments. (See Attachment 1.) This memorandum reviews relevant portions of the Executive order and provides general information on the 2001 pay adjustments.

2001 Salary Tables and Effective Date

We have posted the 2001 salary tables discussed in this memorandum on the Office of Personnel Management's web site at opm.gov/oca/payrates/index.htm.

The 2001 increased rates of pay will become effective on the first day of the first applicable pay period beginning on or after January 1, 2001.

The General Schedule and Other Statutory Pay Systems

The Executive order implements an across-the-board increase of 2.7 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. (On December 1, 2000, we issued draft GS salary tables. See Compensation Policy Memorandum (CPM) 2000-17. These draft salary tables are now official.)

The Senior Executive Service and the Executive Schedule

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 2.7 percent (rounded to the nearest \$100). The Executive order also includes the new Executive Schedule pay rates, which reflect increases of approximately 2.7 percent, as provided by 5 U.S.C. 5318.

Administrative Law Judges

Under 5 U.S.C. 5372, the President may adjust the rates of basic pay for administrative law judges (ALJs) at the time of a pay increase for the statutory pay systems. The Executive order reflects a decision by the President to increase the rates of basic pay for ALJs by 2.7 percent (rounded to the nearest \$100).

Other Executive Level Positions

Pay rates for certain other employees are linked to the Executive Schedule. The rates of basic pay for 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. 5372a.) Therefore, BCA rates of basic pay will be increased by approximately 2.7 percent.

Also, the maximum rate of basic pay for senior-level (SL) and scientific or professional (ST) positions will be increased by approximately 2.7 percent (to \$125,700). 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 2.7 percent (to \$95,652) because of the 2.7 percent across-the-board GS pay adjustment. 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.)

Locality Payments

On November 30, 2000, the President transmitted to Congress an alternative plan for GS locality-based comparability payments in January 2001. In his alternative plan, the President authorized an overall average increase in the current GS locality rates equal to approximately 1 percent of the GS payroll.

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 2001 locality payments to the same Governmentwide and single-agency categories that were authorized to receive the 2000 locality payments. (See December 5, 2000, President's Pay Agent memorandum to agency heads on the extension of locality payments to non-General Schedule employees.) 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 (\$133,700 in 2001).

There continue to be 32 locality pay areas for 2001, including the "Rest of U.S." locality pay area. However, based on recommendations of the Federal Salary Council, the President's Pay Agent approved new "areas of application" for the San Francisco and Boston locality pay areas in 2001. (See CPM 2000-17 for more information on the GS basic and locality rates of pay, locality pay area definitions for January 2001, and a list of the 2001 locality pay percentages for the 32 locality pay areas, as well as the net percentage increase in each area.

With this memorandum, we are also providing a chart showing an example of how the 2001 locality rate and net increase are computed for an employee at step 1 of his or her grade in the "Rest of U.S." locality pay area. (See Attachment 2.)

2000 Annual Review of Special Salary Rates

On December 14, 2000, we announced the results of the 2000 annual review of existing special salary rates and issued draft 2001 special salary rate tables. Virtually all employees covered by the existing special rate schedules will receive a 2.7 percent pay increase. (See CPM 2000-18 for further information on the 2000 annual review of special salary rates.)

Special Salary Rates for IT Workers

On November 3, 2000, OPM announced the approval of special salary rates for certain information technology (IT) workers. The new IT special rates cover all GS-334 (computer specialist), GS-854 (computer engineer), and GS-1550 (computer scientist) positions at grades GS-5/7/9/11/12 Governmentwide. (See CPM 2000-17 for further information on IT special rates.)

In our December 1, 2000, memorandum (CPM 2000-17), we provided instructions on processing a pay adjustment action for each employee covered by the new IT special rate schedules. Agencies have asked for additional guidance on processing a pay adjustment action for employees who were initially covered by the special rate schedules for GS-854, computer engineers, and GS-1550, computer scientists, and who are now covered by the new IT special rate schedules. Agencies should use the instructions provided in

CPM 2000-17 to process a pay adjustment action for these employees. However, when reporting employees' records to the Central Personnel Data File, agencies must use the new IT special rate table numbers for the special pay table identifiers.

The establishment of the new IT special rate schedules affects certain other schedules that previously covered some IT employees. This is because the new IT special rates are higher at all grades than the special rates payable under these preexisting schedules. In some cases, a special rate schedule is being terminated, since all covered employees are covered by the new higher IT special rates. In other cases, an occupation is being dropped from the table's coverage criteria. In all cases, the termination or change becomes effective on the first day of the first pay period beginning on or after

January 1, 2001. The affected tables are listed below along with a description of the effect:

Table 0004 - terminated Table 0200 - occupation GS-0854 is dropped
Table 0052 - terminated Table 0253 - occupation GS-1550 is dropped
Table 0380 - terminated Table 0422 - occupation GS-0854 is dropped
Table 0697 - terminated
Table 0698 - terminated

In an effort to address recent concerns about the administration of the new IT special rates, we have added new questions and answers to our previously issued "Qs and As on Information Technology (IT) Special Salary Rates." The [questions and answers](#) are posted on OPM's web site.

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 2001 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 form of saved pay, it is not affected by other pay actions, such as within-grade increases or promotions.

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. (See CPM 2000-17 for additional information on rates of pay for law enforcement officers.)

LEOs covered by the SES or SL/ST pay systems generally are entitled to the locality rates of pay shown in salary tables 2001-ES (LOC) or 2001-SL/ST (LOC), respectively. However, since LEOs covered by these pay systems in some metropolitan areas (i.e., Boston, Los Angeles, and New York) also are entitled to special pay adjustments for LEOs, these rates of pay are provided in salary tables 2001-ES (LEO) and 2001-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 2001 across-the-board pay increase, a 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 on or after January 1, 2001, 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, increases in special salary rates, 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 2001 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 2001 pay adjustments for General Schedule employees, we are providing examples of pay computations in a variety of situations, including pay actions involving the new IT special salary rates. (See Attachment 3.)

2001 Salary Table Book

The Government Printing Office will publish the "Salary Tables for 2001" book in early 2001. The salary table book will provide the 2001 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 2001), will show the 2001 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 2000. (Call 1-800-829-3676 to order copies.) IRS publications may be downloaded from the IRS Internet web site at irs.ustreas.gov/prod/forms_pubs/index.html.

Questions

For further information, please contact our Pay and Leave Administration Division by sending an email message to payleave@opm.gov.