



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Sunday, December 30, 2001

CPM 2001-15

MEMORANDUM FOR: Human Resources Directors

FROM: Donald J. Windstead, Acting Associate Director for Workforce
Compensation and Performance Service

Subject: January 2002 Pay Adjustments

On December 28, 2001, the President signed an Executive order to implement the January 2002 pay adjustments. (See Attachment 1) Section 646 of the Treasury and General Government Appropriations Act, 2002 (Public Law 107-67, November 12, 2001), authorized a 4.6 percent overall average pay increase for General Schedule employees. This memorandum reviews relevant portions of the Executive order and provides general information on the 2002 pay adjustments for the General Schedule and certain other pay systems and schedules.

2002 Salary Tables and Effective Date

We have posted the 2002 salary tables discussed in this memorandum on the Office of Personnel Management's Web site at opm.gov/oca/payrates/index.htm. The 2002 increased rates of pay will become effective on the first day of the first applicable pay period beginning on or after January 1, 2002.

The General Schedule and Other Statutory Pay Systems

The Executive order provides for an across-the-board increase of 3.6 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.

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 3.6 percent (rounded to the nearest \$100) at levels ES-1 through ES-3 and by 3.4 percent (rounded to the nearest \$100) at levels ES-4 through ES-6. The maximum rate of basic pay for SES members is limited by law to the rate for level IV of the Executive Schedule, which will increase to \$130,000. By law (5 U.S.C. 5318), the rates for levels I through V of the Executive Schedule (EX-I through EX-V) will increase by 3.4 percent (rounded to the nearest \$100).

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 at levels AL-2 and AL-3 by approximately 5.4 percent (rounded to the nearest \$100). The rate of basic pay for AL-1 will increase by approximately 3.4 percent, since that rate is capped at the rate of basic pay for level IV of the Executive Schedule.

Administrative Appeals Judges

Public Law 106-554, December 21, 2000, amended 5 U.S.C. 5372b to authorize the heads of Executive agencies to fix the rates of basic pay for administrative appeals judge (AAJ) positions at a rate not less than the minimum rate of basic pay for level AL-3 (\$86,500 in 2002) and not more than the maximum rate of basic pay for level AL-3 (\$119,700 in 2002) of the ALJ pay system established under 5 U.S.C. 5372. On December 11, 2001, OPM issued interim regulations (66 FR 63906), to link the structure of the AAJ pay system directly to the structure for level AL-3 of the ALJ pay system.

OPM's regulations establish six rates of basic pay for the AAJ pay system—AA-1, 2, 3, 4, 5, and 6. These rates correspond to the rates of basic pay for AL-3/A, B, C, D, E, and F of the ALJ pay system under 5 U.S.C. 5372, as shown in the following table:

| AAJ Pay Level | ALJ Pay Level | Rate of Basic Pay in 2002 |
|---------------|---------------|---------------------------|
| AA-1 | AL-3/A | \$86,500 |
| AA-2 | AL-3/B | \$93,100 |
| AA-3 | AL-3/C | \$99,800 |
| AA-4 | AL-3/D | \$106,500 |
| AA-5 | AL-3/E | \$113,100 |
| AA-6 | AL-3/F | \$119,700 |

Other Positions Linked to Executive Schedule Pay Levels

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 increase by approximately 3.4 percent.

The maximum rate of basic pay for senior-level (SL) and scientific or professional (ST) positions will increase by approximately 3.4 percent (to \$130,000). 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 increase by 3.6 percent (to \$99,096) based on the 3.6 percent across-the-board GS basic 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

The President's Executive order establishes the amounts of the 2002 locality payments for GS employees. On December 6, 2001, 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 2002 locality payments to the same Governmentwide and single-agency categories that were authorized to receive the 2001 locality payments. (See the President's Pay Agent memorandum to agency heads.) The Governmentwide categories include the SES, employees in SL/ST positions, ALJs, AAJs, 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 (\$138,200 in 2002). (By law, Executive Schedule officials are not authorized to receive locality pay.)

The locality pay areas for 2002 are unchanged from 2001. There are 32 locality pay areas, including the "Rest of U.S." locality pay area. We have posted the definitions of the 2002 locality pay areas on OPM's Web site at <http://www.opm.gov/oca/payrates/index.htm>. With this memorandum, we are providing a list of the 2002 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 3.6 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 2002 locality rate and net increase is computed for an employee in the "Rest of U.S." locality pay area. (See Attachment 3.)

2001 Annual Review of Special Salary Rates

In a separate memorandum (CPM 2001-16), OPM announced the results of the 2001 annual review of existing special salary rates. Most employees covered by an existing special rate schedule will receive a 3.6 percent pay increase.

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 2002 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.

Law Enforcement Officers

We have prepared 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 (Special Rate Table No. 491), which are used as the basis for computing any locality or other geographic payment. While LEOs are entitled to the same locality pay percentages that apply to other GS employees, special LEO geographic pay adjustments of 16 percent continue to apply to LEOs in two metropolitan areas: New York and Boston. (Note: The locality pay percentage for Los Angeles in 2002 (16.05 percent) is higher than the special LEO geographic pay adjustment of 16 percent. Therefore, LEOs in the Los Angeles locality pay area will receive the higher locality pay percentage (16.05 percent). The LEO special geographic adjustment in Los Angeles will terminate on the first day of the first applicable pay period beginning on or after January 1, 2002.)

LEOs covered by the SES or SL/ST pay systems generally are entitled to the locality rates of pay shown in salary tables 2002-ES (LOC) or 2002-SL/ST (LOC), respectively. However, since LEOs covered by these pay systems in New York and Boston also are entitled to special pay adjustments for LEOs, these rates of pay are provided in salary tables 2002-ES (LEO) and 2002-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 2002 across-the-board pay increase, an LEO continued rate will be increased by the dollar amount of the increase in the law enforcement 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 2002 must be processed before any individual pay action (e.g., a within-grade increase or promotion) that takes effect on the same date. 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 multiple individual pay actions become effective on the date of the January 2002 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 2002 pay adjustments for GS employees, we are providing examples of pay computations in a variety of situations. (See Attachment 4.)

Salary Tables for 2002

The Government Printing Office will publish the "Salary Tables for 2002" book in early 2002. The salary table book will provide the 2002 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.

The Internal Revenue Service (IRS) Publication 15, Circular E, Employer's Tax Guide (revised January 2002), will show the 2002 wage bracket income tax withholding tables for both single and married persons who are paid on a biweekly basis. IRS will mail Publication 15 to employers, and this publication also should be available at IRS offices in December 2001. (Call 1-800-829-3676 to order copies.) IRS publications may be downloaded from the IRS Internet Web site at irs.gov/forms_pubs/index.html.

Questions

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

Attachment 1 - President's Executive Order to Implement the January 2002 Pay Adjustments [PDF]

[Attachment 2](#) - Locality-Based Comparability Payments and Net Pay Increases in 2002 for General Schedule Employees

Attachment 3 - Chart Example of 2002 Locality Rate Increase in the "Rest of U.S." Locality Pay Area [PDF]

Attachment 4 - [Examples of January 2002 Pay Computations](#)

Attachment 2

Locality-Based Comparability Payments and Net Pay Increases in 2002 for General Schedule Employees

| Locality Pay Area | 2002 Locality Rate | 2002 Net Increases |
|--------------------------|---------------------------|---------------------------|
| Atlanta | 9.74% | 4.63% |
| Boston | 13.57% | 4.93% |
| Chicago | 14.58% | 5.05% |
| Cincinnati | 12.09% | 4.84% |
| Cleveland | 10.33% | 4.70% |

| Locality Pay Area | 2002 Locality Rate | 2002 Net Increases |
|--------------------------|---------------------------|---------------------------|
| Columbus | 10.70% | 4.63% |
| Dallas | 10.90% | 4.72% |
| Dayton | 9.62% | 4.57% |
| Denver | 13.34% | 4.93% |
| Detroit | 14.71% | 5.04% |
| Hartford | 14.11% | 4.94% |
| Houston | 18.61% | 5.33% |
| Huntsville | 9.08% | 4.52% |
| Indianapolis | 8.85% | 4.52% |
| Kansas City | 9.28% | 4.52% |
| Los Angeles | 16.05% | 5.12% |
| Miami | 12.45% | 4.87% |
| Milwaukee | 10.05% | 4.68% |
| Minneapolis | 11.56% | 4.78% |
| New York | 15.23% | 5.07% |

| Locality Pay Area | 2002 Locality Rate | 2002 Net Increases |
|--------------------|--------------------|--------------------|
| Orlando | 8.67% | 4.52% |
| Philadelphia | 12.11% | 4.82% |
| Pittsburgh | 9.52% | 4.54% |
| Portland | 11.64% | 4.84% |
| Richmond | 9.67% | 4.62% |
| Rest of U.S. (RUS) | 8.64% | 4.52% |
| Sacramento | 11.99% | 4.78% |
| St. Louis | 8.98% | 4.54% |
| San Diego | 12.70% | 4.89% |
| San Francisco | 19.04% | 5.42% |
| Seattle | 11.77% | 4.84% |
| Washington | 11.48% | 4.77% |

Locality Pay Area - Definitions of locality pay areas are available at:
opm.gov/oca/02tables/locdef.htm

2002 Locality Rate - The 2002 locality rate replaces the 2001 locality rate. It is not paid in addition to or on top of the 2001 locality rate.

2002 Net Increases - The net increase includes the increase in locality pay and the 3.6 percent across-the-board General Schedule basic pay increase.