



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Thursday, April 19, 2001
CPM 2001-4

MEMORANDUM FOR: Human Resources Directors

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

Subject: New Pay System for Administrative Appeals Judges

Section 5372b of title 5, United States Code, authorizes a new pay system for administrative appeals judges (AAJs). The new AAJ pay system was authorized by the Treasury and General Government Appropriations Act, 2001, as incorporated in Public Law 106-554 (December 21, 2000). It will become effective on the first day of the first applicable pay period beginning on or after April 20, 2001. For most agencies, the effective date will be April 22, 2001. Attached to this memorandum is guidance to assist you in converting employees currently under the General Schedule (GS) pay system to the new AAJ pay system.

The duties of an AAJ primarily involve reviewing decisions of administrative law judges (ALJs) appointed under 5 U.S.C. 3105 and rendering final administrative decisions. An AAJ position is not classifiable above GS-15. Based on agency reports, we expect that a total of 39 current GS employees will be converted to the new AAJ pay system in three agencies—the Social Security Administration, the Department of Labor, and the Department of Health and Human Services. However, other agencies may identify additional positions that should be converted to the AAJ pay system.

Section 5372b authorizes the heads of Executive agencies to fix the rates of basic pay for AAJ positions at a rate not less than the minimum rate of basic pay for level AL-3 (\$82,100 in 2001) and not more than the maximum rate of basic pay for level AL-3 (\$113,600 in 2001) of the ALJ pay system established under 5 U.S.C. 5372.

The new law authorizes the Office of Personnel Management to issue regulations under which the head of an Executive agency must fix the rate of basic pay for each AAJ position. Although we plan to issue interim regulations in the near future, agencies are required to set pay for employees in AAJ positions under the new AAJ pay system on the first day of the first pay period beginning on or after April 20, 2001.

If you need assistance to convert affected GS employees to the new AAJ pay system, please contact our Pay and Leave Administration Division by calling (202) 606-2858 or sending an email message to payleave@opm.gov.

Attachment

New Pay System for Administrative Appeals Judges

Section 5372b of title 5, United States Code, authorizes the heads of Executive agencies to fix the rates of basic pay for administrative appeals judge (AAJ) positions. The new AAJ pay system becomes effective for service performed by an administrative appeals judge on the first day of the first applicable pay period beginning on or after April 20, 2001. For most agencies, the effective date will be April 22, 2001.

Rate of Basic Pay

Under 5 U.S.C. 5372b, the head of an Executive agency may set the rate of basic pay for employees in AAJ positions at a rate not less than the minimum rate of basic pay for level AL-3 (\$82,100 in 2001) and not more than the maximum rate of basic pay for level AL-3 (\$113,600 in 2001) of the administrative law judge (ALJ) pay system established under 5 U.S.C. 5372. The structure of the AAJ pay system should link directly to the structure of level AL-3 of the ALJ pay system. Since employees in AAJ positions review the decisions made by ALJs, linking to the ALJ basic pay structure will ensure that employees in both pay systems are paid equitably.

Pay Adjustment Action

Agencies must process a pay adjustment action for each employee converted from the General Schedule pay system to the new AAJ pay system. The pay plan code for the AAJ pay system is "AA". Agencies must document the pay plan conversion using nature of action code 894, Pay Adjustment. Agencies must use legal authority code ZLM and "5 U.S.C. 5372b" as the legal authority. Additional information can be found in "The Guide to Processing Personnel Actions" on OPM's web site at opm.gov/feodata/gppa/gppa.htm.

Locality Payments

The President's Pay Agent (the Secretary of Labor and the Directors of the Office of Management and Budget and the Office of Personnel Management) has extended locality-based comparability payments to employees covered by the AAJ pay system under the authority of 5 U.S.C. 5304(h), effective on the first day of the first pay period beginning on or after April 20, 2001. Locality payments must be paid to employees in AAJ positions in accordance with 5 U.S.C. 5304 and 5 CFR part 531, subpart F. The locality rate of pay for employees in AAJ positions may not exceed the rate for level III of the Executive Schedule (\$133,700 in 2001).