



## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Friday, November 3, 2000

CPM 2000-14

### MEMORANDUM FOR: Human Resources Directors

FROM: Henry romero Associate Director for Workplace Compensation and Performance

Subject: Special Salary Rates for IT Workers

Director Lachance has issued a memorandum for heads of Executive departments and agencies ([CPM 2000-13](#)) announcing her approval of special salary rates for certain information technology (IT) workers. The new IT special rates will 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, effective in January 2001. The special rates are designed to help agencies address significant problems in recruiting IT workers in today's highly competitive IT labor market.

The combined effect of the new information technology (IT) special salary rates and the anticipated across-the-board GS pay increase will produce **overall net pay increases ranging from about 7 to 33 percent** for most of the 33,000 current Federal employees in the covered positions, depending on grade level. The **overall net pay increase** at any given grade level will be about the same in all geographic areas, but the actual special rates will be higher in locations with higher locality pay rates.

### Summary of IT Special Rate Study Findings

To assist Federal agencies in addressing recruitment and retention problems affecting the Government's IT workforce, OPM initiated a study that drew upon a variety of sources. Based on our analysis of information from agencies on their IT staffing situation, demographic information from OPM's Central Personnel Data File, and information from non-Federal salary surveys, we have determined that the most severe IT staffing problems are found at the lower, entry-level grades. General Schedule salaries lag far behind non-Federal salaries at these levels. In addition, agencies report that entry-level staffing problems likely will increase significantly in the future as agencies try to replace an increasing number of retiring IT workers. Higher rates of pay are essential at grades GS-5 through 12 for agencies to compete effectively in the current labor market for high quality employees with the latest, high demand IT skills. Although we are not authorizing higher pay at grade GS-13 or above, we will continue to monitor the IT staffing situation to determine whether these special rates should be expanded.

## **Effective Date**

The new IT special salary rates will become effective on the first day of the first applicable pay period beginning on or after January 1, 2001, and will apply automatically to **all current employees and new hires** in the covered occupational series and grade levels in each Federal agency on and after that date.

## **IT Special Rate Schedules**

OPM will establish six IT special salary rate schedules, each covering a group or "cluster" of geographic areas. [Attachment 1](#) shows the geographic areas covered by each table. Within the 48 contiguous States and Washington, DC, these "clusters" are defined according to the boundaries of the 32 GS locality pay areas. One of the six IT special rate schedules will apply to all geographic areas not covered by the GS locality pay system. [Attachment 2](#) shows the projected salary ranges by grade level for each cluster. However, because the IT special rates will become effective in January 2001, the salary schedules themselves will not be available until we know the precise amounts of the January 2001 across-the-board and locality pay increases for GS employees. We will issue a notice to agencies as soon as the IT special rate schedules are available and will post the schedules on our web site at [www.opm.gov/oca](http://www.opm.gov/oca).

In keeping with our analysis of the IT staffing situation and relevant pay survey data, the new IT special rates will result in larger net pay increases for employees and positions at the lower grade levels. Net pay increases also will be smaller for employees in the covered series who already have special salary rates that exceed the locality pay rate for their area, including most GS-854 computer engineers and some GS-1550 computer scientists.

Because special salary rates must be used for all pay actions, including promotions from GS-12 to GS-13, we will establish special rates at GS-13 for the tables covering the 48 contiguous States and Washington, DC, to prevent pay administration anomalies. However, since GS-13 employees will be entitled to higher locality pay rates in these geographic areas, they will not receive a pay increase as a result of the new special rates.

## **Addressing Other IT Staffing Problems**

We recognize that some agencies may have IT staffing problems that the new IT special salary rates will not address. Agencies may request higher special rates for specific IT specialties, grade levels, and/or geographic areas if the staffing situation involved warrants special consideration. In addition, agencies may request a separate special rate authorization for a related occupational series or grade level not covered by this authorization. Your staff may obtain information on how to request a special salary rate from OPM's web site at [www.opm.gov/oca](http://www.opm.gov/oca). All special rate requests must be submitted to OPM through agency headquarters.

We also encourage agencies to use other human resource management flexibilities and strategies, such as recruitment and relocation bonuses, retention allowances, and incentive awards, to address IT staffing problems. An OPM resource guide, entitled "Human Resource Flexibilities in the Federal Government," contains information on these and other flexibilities and may be obtained from OPM's web site at [www.opm.gov/demos](http://www.opm.gov/demos).

**For More Information**

We have attached questions and answers on the administration of the new IT special rates. If you have additional questions, please contact the Pay and Leave Administration Division by phone on (202) 606-2858 or by email at [payleave@opm.gov](mailto:payleave@opm.gov).

## Attachments:

- To [Attachment 1- Geographic Clusters for IT Special Rates](#)
- To [Attachment 2 - Projected Salary Ranges for IT Special Rates](#)
- To [Q's and A's on Information Technology \(IT\) Special Salary Rates](#)

Attachment 1:

**Geographic Clusters for IT Special Rates**

Cluster	Geographic Area (by locality pay area unless otherwise noted)
F	San Francisco
E	Houston
	Los Angeles
	New York
D	Detroit
	Chicago
	Hartford
	Boston
	Denver
C	San Diego
	Miami
	Philadelphia
	Cincinnati
	Sacramento
	Seattle
	Minneapolis
	Portland
	Washington, DC
	Dallas
	Columbus

<b>Cluster</b>	<b>Geographic Area (by locality pay area unless otherwise noted)</b>
B	Cleveland
	Milwaukee
	Atlanta
	Richmond
	Dayton
	Pittsburgh
	Kansas City
	Huntsville
	St. Louis
	Indianapolis
	Orlando
	Rest of U.S.
A	Outside 48 Contiguous States (not covered by locality pay)

Attachment 2:

**Projected Salary Ranges for IT Special Rates\***

Cluster A		Cluster B	
GS-5	\$29,000 - \$37,000	GS-5	\$30,000 - \$39,000
GS-7	\$35,000 - \$46,000	GS-7	\$36,000 - \$47,000
GS-9	\$43,000 - \$56,000	GS-9	\$43,000 - \$56,000
GS-11	\$47,000 - \$61,000	GS-11	\$47,000 - \$62,000
GS-12	\$53,000 - \$69,000	GS-12	\$54,000 - \$71,000

  

Cluster C		Cluster D	
GS-5	\$31,000 - \$40,000	GS-5	\$31,000 - \$41,000
GS-7	\$37,000 - \$48,000	GS-7	\$38,000 - \$49,000
GS-9	\$43,000 - \$56,000	GS-9	\$44,000 - \$57,000
GS-11	\$48,000 - \$63,000	GS-11	\$49,000 - \$64,000
GS-12	\$55,000 - \$72,000	GS-12	\$56,000 - \$74,000

  

Cluster E		Cluster F	
GS-5	\$32,000 - \$41,000	GS-5	\$33,000 - \$43,000
GS-7	\$38,000 - \$49,000	GS-7	\$39,000 - \$51,000
GS-9	\$45,000 - \$58,000	GS-9	\$46,000 - \$60,000
GS-11	\$50,000 - \$65,000	GS-11	\$52,000 - \$67,000
GS-12	\$58,000 - \$75,000	GS-12	\$60,000 - \$78,000

\* Projected salary ranges assume a 3.7 percent overall average General Schedule (GS) pay increase in January 2001. Actual salary ranges will vary depending on the precise amounts of the GS across-the-board and locality pay increases.

Attachment 3:

## **Qs and As on Information Technology (IT) Special Salary Rates Coverage**

**Q1** Who is covered by the new IT special salary rates?

**A1** The new IT special salary rates cover all current and newly hired employees in the GS-334 (computer specialist), GS-854 (computer engineer), and GS-1550 (computer scientist) occupational series at grades GS-5/7/9/11/12. (See Q4 for an exception.)

**Q2** How many employees are covered by the IT special rates?

**A2** More than 33,000 current Federal employees will receive a pay increase.

**Q3** Why aren't other IT-related occupations covered by the special rates, such as GS-301 (miscellaneous administration and program), GS-343 (management and program analysis), GS-391 (telecommunications), or GS-511 (auditing)? Will additional occupations be covered in the future?

**A3** We asked agencies for input on which occupational series we should consider in our IT special salary rate study. Some agencies included other IT-related occupations, such as GS-301, GS-343, GS-391, and GS-511, in their reports. However, the data and information we received were limited and not sufficient to justify covering these occupations under the new IT special rates on a Governmentwide basis. In addition, not all jobs in these occupational series involve IT-related work.

If agencies are experiencing staffing problems in other IT-related occupations, they may submit requests to OPM to establish special rates through their headquarters. More information on how to request a special salary rate may be obtained from OPM's web site at [www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm](http://www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm).

Before requesting a special rate, agencies need to ensure that all positions in an IT-related occupation involve a preponderance of IT work that clearly warrants payment of a special salary rate. Agencies may want to identify subsets of IT-related positions when submitting a special rate request to OPM. In all cases, agencies should ensure that positions involving duties that overlap with GS-334 computer specialist work are classified in the appropriate occupational series.

We also encourage agencies to use other human resource management flexibilities, including recruitment and relocation bonuses, retention allowances, and incentive awards, to help address IT staffing problems. An OPM resource guide, entitled "Human Resource Management Flexibilities in the Federal Government," contains information on such flexibilities and may be obtained from OPM's web site at [www.opm.gov/demos](http://www.opm.gov/demos).

**Q4** Are student trainees eligible for the IT special rates?

**A4** Student trainees may be covered by the IT special rates even though their regular job classification is not GS-334, GS-854, or GS-1550. All positions classified to a student trainee

series should be titled "Student Trainee" followed by the parenthetical title consistent with the occupational field involved. Student trainees classified in the GS-399, GS-899, and GS-1599 occupational series are covered by the IT special rates **if** (a) their officially classified parenthetical titles link directly to an official title for the GS-334, GS-854, or GS-1550 occupational series; (b) their positions are classified at one of the grades covered by the special rates (i.e., GS-5, 7, 9, 11, or 12); and (c) they fully meet the qualification requirements for the applicable series and grade. This is an application of OPM's general policy regarding student trainees and special rate eligibility. Since 1988, OPM's policy has been that an otherwise eligible student trainee qualifies for a special rate if he or she (1) is performing work that would be properly classifiable to a series and grade for which special rates are authorized and (2) meets all qualifications required for that series and grade. (See also *PQA 2001-1, February 6, 2001.*)

**Q5** Are employees under OPM's IT Pilot Study covered by the special salary rates?

**A5** All employees in the GS-334, GS-854, and GS-1550 occupational series at grades GS-5/7/9/11/12 are covered by the special salary rates, including employees participating in OPM's IT Pilot Study.

**Q6** Are employees under personnel demonstration projects covered by the IT special salary rates?

**A6** Employees under personnel demonstration projects are not covered by the IT special rates. The IT special salary rates cover employees under the General Schedule (GS) only. The pay of demonstration project employees must be set and adjusted under the provisions of the agency's demonstration project plan.

**Q7** We understand that OPM has proposed changing the occupational series number for the computer specialist series from GS-334 to a series in the proposed GS-2200 family. If the series number is changed, will employees continue to be covered by the IT special rates?

**A7** Yes.

**Q8** If GS-13 employees will not receive a pay increase as a result of the new IT special rates, why did OPM establish special rates at grade GS-13 in certain schedules?

**A8** Because special salary rates must be used for all pay actions, including promotions from GS-12 to GS-13, we established special rates at GS-13 for the tables covering the 48 contiguous States and Washington, DC, to prevent pay administration anomalies. In all cases, GS-13 employees will be entitled to higher locality pay rates in these geographic areas.

**Q9** Why won't IT workers at grade GS-13 or above receive an increase as a result of the new IT special rates?

**A9** We understand the valuable role that IT workers at grades GS-13 and above have played in ensuring the high quality of Federal IT work. Our decision not to adjust the salaries above the GS-12 level was in no way intended to diminish the contributions of our many senior IT employees. Rather, our purpose was to adjust salaries to overcome actual staffing problems faced by Federal agencies.



The special rate law allows us to establish higher rates of pay only for groups of employees that an agency is experiencing or likely to experience significant handicaps in recruiting or retaining. We asked Federal agencies to let us know if they were having trouble recruiting or retaining IT workers, and if so, which occupational series were most affected, at what grade levels, and in which geographic areas. We also studied Governmentwide quit rate and non-Federal salary survey data.

We found the most severe IT staffing problems at the lower, entry-level grades. Agencies reported difficulty recruiting at these levels because current GS salaries are not competitive. This was supported by our research, in which we found that turnover rates in the GS-334, 854, and 1550 occupations are more severe at lower, entry-level grades than at higher grades. In addition, we found larger gaps between Federal and non-Federal salaries at lower, entry-level grades than at higher grades. Agencies predicted that, without higher pay rates, they would have great difficulty recruiting entry-level employees to replace an increased number of retiring IT workers in the future. We did not find these same types of problems at higher grade levels on a Governmentwide basis.

In keeping with these findings, we designed the IT special rate schedules primarily as a tool to help agencies **recruit** employees at lower, entry-level grades. Thus, only GS-334, 854, and 1550 employees at grades GS-5/7/9/11/12 will receive higher pay.

We understand that many agencies may have significant problems retaining certain IT employees at grades GS-13 and above. We encourage agencies to make use of the pay and nonpay flexibilities that are already available to help them to help retain current employees whose skills are indispensable. For example, agencies may authorize retention allowances of up to 25 percent of basic pay on a case-by-case basis. Agencies also may approve retention allowances of up to 10 percent of basic pay for groups of employees. Both of these options can be exercised without seeking OPM approval. An OPM resource guide, entitled "Human Resource Management Flexibilities in the Federal Government," contains information on these and other flexibilities and may be obtained from OPM's web site at [www.opm.gov/demos](http://www.opm.gov/demos).

Agencies may also submit requests to OPM through their headquarters to establish special rates for groups of higher graded IT workers. More information on how to request a special salary rate may be obtained from OPM's web site at [www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm](http://www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm).

**Q10** Are employees at grades GS-6, GS-8, and GS-10 in the GS-334, 854, and 1550 series covered by the new pay rates?

**A10** No. If agencies are experiencing staffing problems at these levels, they may submit requests to OPM through their headquarters to establish special rates at grades GS-6, GS-8, and/or GS-10. More information on how to request a special salary rate may be obtained from OPM's web site at [www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm](http://www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm).

**Q11** Are contract workers covered by the IT special salary rates?

**A11** No. The IT special salary rates cover only Federal employees paid under the General Schedule.

**Q12** Can an agency decide not to pay the new IT special rates to its employees?

**A12** No. All agencies must pay the authorized IT special rates to all GS employees in the covered occupations and grades.

*Effective Date*

**Q13** When will the IT special rates become effective?

**A13** The IT special salary rates will become effective on the first day of the first applicable pay period beginning on or after January 1, 2001.

*IT Special Rate Schedules*

**Q14** How many IT special rate schedules will OPM establish?

**A14** We will establish six separate IT special rate schedules. Each schedule will cover a group or "cluster" of geographic areas. Clusters B through F contain all of the 32 GS locality pay areas, including the "Rest of U.S." area.

<b>Cluster A:</b>	All geographic areas outside the 48 contiguous States
<b>Cluster B:</b>	Rest of U.S., Orlando, Indianapolis, St. Louis, Huntsville, Kansas City, Richmond, Dayton, Pittsburgh, Atlanta, Milwaukee, and Cleveland
<b>Cluster C:</b>	Columbus, Dallas, Washington, DC, Minneapolis, Portland, Seattle, Sacramento, Cincinnati, Philadelphia, Miami, and San Diego
<b>Cluster D:</b>	Denver, Boston, Hartford, Chicago, and Detroit
<b>Cluster E:</b>	New York, Los Angeles, and Houston
<b>Cluster F:</b>	San Francisco

**Q15** Where can I find the new IT special rate schedules?

**A15** The new IT special rate schedules can be obtained from OPM's web site at [www.opm.gov/oca/01tables/ssr](http://www.opm.gov/oca/01tables/ssr).

**Q16** Why are you establishing six separate IT special rate tables?

**A16** Under title 5, United States Code, locality payments are not paid on top of special salary rates. Locality payments are paid on top of an employee's GS rate of basic pay, excluding any

special salary rate. Employees covered by special salary rates, therefore, have a dual pay entitlement; they receive the greater of the special salary rate or locality pay rate for their grade and step.

To ensure that all covered IT employees receive a pay increase in all geographic areas, the IT special rates must be set higher than the locality pay rates in each area. To accomplish this, we divided the current locality pay areas into clusters based on the size of their locality rates. For example, the San Francisco locality pay area, which has the highest locality pay percentage (16.98% in 2001), is assigned to cluster F. The "Rest of U.S." locality pay area, which has the lowest locality pay percentage (7.68% in 2001), is assigned to cluster B.

The IT special rate schedule for cluster A will cover all geographic areas outside the 48 contiguous States, including Alaska, Hawaii, and overseas areas. Employees in these geographic areas do not receive locality pay, but may receive foreign or non-foreign area cost-of-living allowances and/or differentials.

**Q17** How much of a pay increase can GS-334 computer specialists expect to receive?

**A17** The net pay increase in January 2001 for most GS-334 computer specialists will range from about 7 to 33 percent over their 2000 annual locality pay rates, depending on grade level. Employees in positions at lower grade levels will receive larger net pay increases than employees in positions at higher grade levels. As discussed in the previous Q and A, we will establish six separate IT special rate tables, each covering a cluster of one or more geographic areas. Tables that include geographic areas with higher locality pay rates will have higher special rates. However, the overall net percentage pay increase for employees at any given grade level will be about the same, regardless of geographic area. For example, GS-5 computer specialists in the San Francisco, Washington, DC, and "Rest of U.S." locality pay areas will all receive a net pay increase of about 32 percent in January 2001, even though they are covered by different special salary rate tables.

**Q18** How much of a pay increase can GS-854 computer engineers and GS-1550 computer scientists expect to receive?

**A18** Since all GS-854 computer engineers and some GS-1550 computer scientists already receive special salary rates, the range of net pay increases for these employees will be smaller, ranging from about 3 to 24 percent.

**Q19** Why will employees at higher grade levels receive smaller pay increases than lower graded employees?

**A19** The most severe IT staffing problems are found at the lower, entry-level grades. Agencies reported difficulty recruiting at these levels because current GS salaries are not competitive. This was supported by our research, in which we found that turnover rates in the GS-334, 854, and 1550 occupations are more severe at lower, entry-level grades than at higher grades. In addition, we found larger gaps between Federal and non-Federal salaries at lower, entry-level grades than at higher grades. Agencies predicted that, without higher pay rates at lower grades, they will not be able to recruit entry-level employees to replace retiring IT workers in the future. In keeping with these findings, OPM designed the IT special rate schedules primarily as a compensation

tool to help agencies **recruit** employees at lower, entry-level grades. Thus, the special rates will generally provide greater percentage pay increases to employees at lower grades (GS-5-9) than at higher grades (GS-11-12).

If agencies are experiencing staffing problems at higher grade levels that are not addressed by the IT special rates, they may submit requests to OPM to establish special rates through their headquarters or explore the use of other human resource flexibilities.

**Q20** Will GS-12 IT workers covered by the new pay rates be paid more than GS-13 employees?

**A20** Certain GS-12 employees at higher steps in the rate range may be paid more than GS-13 employees at lower steps. Overlap between the salary ranges for adjacent grades is normal under the GS pay system, as it is under most Federal and non-Federal pay systems. Note that the net pay increase at GS-12 will be less than at any of the lower grades for which we are establishing special rates (ranging from about 7 to 11 percent, depending on the locality pay area). Also, GS-13 employees will get a pay increase in January, too-- about 3.7 percent (could be slightly higher or lower, depending on locality pay area). Most GS-13 employees will continue to earn more than most GS-12 employees. For example, in Washington, DC, the salary range for GS-13 IT employees in January 2001 is \$63,211 - \$82,180, while the salary range for GS-12 IT employees in Washington, DC (including the new IT special rates) is \$55,456 - \$72,089.

**Q21** How will I know which IT special rate table I am covered by?

**A21** Your IT special rate table assignment is based on your official duty station, as designated on your most recent notification of personnel action (e.g., SF-50). For example, if your current official duty station is Washington, DC, you fall within the Washington, DC-Baltimore locality pay area. The Washington, DC-Baltimore locality pay area is in cluster C. The definitions of the locality pay areas can be found on OPM's web site at [www.opm.gov/oca/01tables/GSannual/html/locdef.htm](http://www.opm.gov/oca/01tables/GSannual/html/locdef.htm).

**Q22** Will the IT employees covered by the new pay rates also be paid an additional 3.7 percent increase (2001 GS across-the-board and locality pay increase) on top of their new IT pay rate in January 2001?

**A22** IT employees covered by the new special rates will not be paid an **additional** 3.7 percent on top of their new IT pay rates. When we set the new IT pay schedules, we took the GS across-the-board and locality pay increases for 2001 into account. The 7 to 33 percent net pay increase discussed in OPM's memo (CPM 2000-14) is the **combined** effect of the across-the-board increase for GS employees and the new IT pay rates.

#### *General Information on Special Salary Rates*

**Q23** What are special salary rates?

**A23** OPM may establish higher rates of basic pay—special salary rates—for a group or category of positions in one or more geographic areas to address existing or likely significant handicaps in recruiting or retaining well-qualified employees. OPM may establish special rates

for nearly any category of employee—i.e., by series, specialty, grade-level, and/or geographic area. (See 5 U.S.C 5305 and 5 CFR part 530, subpart C.)

**Q24** Under what circumstances may OPM establish special salary rates?

**A24** OPM may establish special salary rates to address staffing problems caused by significantly higher non-Federal pay rates than those payable by the Federal Government within the area, location, or occupational group involved;

- *the remoteness of the area or location involved;*
- *the undesirability of the working conditions or nature of the work involved; or*
- *any other circumstances OPM considers appropriate.*

**Q25** Are special rates considered basic pay for retirement and other purposes?

**A25** A special salary rate is considered an employee's rate of basic pay for nearly all purposes, including retirement, life insurance, overtime pay computations, severance pay, and lump-sum annual leave payments. A special rate is not used to compute an employee's locality rate of pay or to determine an employee's "highest payable rate" under GS pay-setting rules (except as provided in 5 CFR 531.203(d)(2)(vii)).

**Q26** May I be paid a locality rate on top of my special rate?

**A26** No. A special rate employee is entitled to the greater of the locality rate of pay or special salary rate for his or her grade and step.

**Q27** Do the normal GS within-grade increase (WGI) and two-step promotion pay-setting rules apply to special rate employees?

**A27** Yes. Special salary rates are simply higher GS rates of basic pay. The normal GS WGI and promotion pay-setting rules continue to apply to covered employees. The only difference is that the special rate schedule rather than the regular GS must be used when applying these rules.

**Q28** Does the establishment or adjustment of a special salary rate affect the payment of my next WGI?

**A28** No. The establishment or adjustment of a special salary rate is not considered an equivalent increase for WGI purposes and has no effect on the payment of your next WGI.

**Q29** May I be paid a nonforeign area cost-of-living allowance on top of my special salary rate?

**A29** Yes.

**Q30** May special rates be increased?

**A30** Agencies may request that OPM increase a special rate authorization at any time. Agencies must submit appropriate staffing data to support a special rate increase. For more

information on how to request a special rate increase, see OPM's web site at [www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm](http://www.opm.gov/oca/COMPMEMO/2000/ssrpage.htm).

In addition, OPM conducts a review of all special salary rates every year. At that time, an agency may request that we increase a special rate authorization. Agencies are required to submit appropriate staffing data to support increases greater than the annual across-the-board increase granted to GS employees.

**Q31** May an agency use the superior qualifications appointment authority in 5 CFR 531.203(b) to set a newly-hired Federal employee's rate of pay above step 1 on a special rate schedule?

**A31** Yes.

**Q32** May an agency pay recruitment or relocation bonuses or retention allowances to an employee receiving a special salary rate?

**A32** Yes. Agencies may pay recruitment and relocation bonuses and retention allowances to employees receiving a special salary rate. By law, agencies must compute these payments as a percentage of an employee's rate of basic pay. A special rate is considered basic pay for this purpose.

**Q33** What is the maximum special rate that OPM may establish?

**A33** Special salary rates may not exceed the rate of basic pay payable for level V of the Executive Schedule (\$117,600 in 2001). In addition, the minimum special rate of a grade may not exceed the maximum GS rate of basic pay for that grade by more than 30 percent.

#### **Additional Questions and Answers Related to IT Special Rates**

**PQA 2001-2  
May 24, 2001**

**Q34** Since the within-grade increase values for each grade vary on the information technology (IT) special rate tables, how do you compute the two-step promotion pay increase for an IT employee at step 9 or 10 of his or her grade?

**A34** When an IT special rate employee at step 9 or 10 of his or her grade is promoted to a higher grade, double the value of the step increase between step 9 and step 10 of the grade held prior to the promotion to compute the two-step promotion pay increase. For example—

- *Special rate prior to promotion: \$56,194 (GS-9, step 10, on IT special rate table 999C)*
- *Value of step increase between GS-9, step 9, and GS-9, step 10, on IT table 999C: \$1,441 (\$56,194 - \$54,753)*
- *Promotion to GS-11: \$56,194 (GS-9, step 10, on table 999C)*  

$$\begin{array}{r} +\$2,882 \text{ } (\$1,441 \times 2) \\ \hline \$59,076 \end{array}$$
- *\$59,076 falls between the rates for GS-11, step 7, and GS-11, step 8, on IT special rate table 999C.*
- *Pay set upon promotion at GS-11, step 8, on table 999C, or \$59,548.*

**Q35** Are GS-13 employees in the GS-334, 854, and 1550 occupational series covered by the GS-13 rates on IT special rate tables 999B-999F?

**A35** Yes. OPM established special rates for grade GS-13 on tables 999B-999F. Although the GS-13 locality pay rates exceed the GS-13 IT special rates in all cases, employees are entitled to the GS-13 IT special rates as their underlying rate of basic pay. Agencies must document the GS-13 IT special rate in blocks 12A and 20A (as applicable) on the SF-50. Agencies must use the GS-13 IT special rates for most basic pay administration actions, including computing promotions from an IT special rate covered GS-12 position to an IT special rate covered GS-13 position and promotions from an IT special rate covered GS-13 position to a non-special rate GS-14 position. For example—

- *GS-334 computer specialist at GS-13, step 5, in Washington, DC, is promoted to GS-14.*
- *Before promotion, the employee is entitled to the GS-13, step 5, rate on IT special rate table 999C, or \$68,243. The employee also is entitled to the DC locality pay rate for GS-13, step 5, or \$71,642.*
- *To apply the promotion rule, add the value of two step increases to the GS-13, step 5, IT special rate, or \$72,258 (GS-13, step 7, special rate). Then set pay in the GS-14 rate range using the GS basic pay schedule at the lowest step that equals or exceeds \$72,258, which is GS-14, step 3, or \$72,283. This is the employee's new rate of basic pay.*
- *The employee's new GS-14, step 3, locality-adjusted rate is \$79,678.*

**Q36** How do you compute a within-grade increase (WGI) for a GM-13 employee covered by the IT special rates?

**A36** You must compute within-grade increases separately for the GM special rate and for the GM unadjusted rate. This special requirement pertains to special rate schedules computed using a **fixed percentage supplement**, such as the IT special rate schedules. The GM unadjusted rate is needed to compute the employee's locality payment.

The GM unadjusted rate for employees under the IT special rate schedules must be separately maintained to reflect any adjustments made when the employee becomes covered by a new pay schedule or receives a WGI (including a quality step increase). Those adjustments are applied using the unadjusted rates and rate ranges, without regard to any special rate or special rate range.

In contrast, for GM employees covered by special rate schedules constructed using a **fixed dollar supplement**, the GM unadjusted rate is derived from the new GM special rate using the shortcut rule in the definition of "scheduled annual rate of pay" in 5 CFR 531.301 or 531.602. Thus, for those employees, it is not necessary to compute the WGI for the GM unadjusted rate. However, the shortcut rule does not produce the correct rate for special rate schedules like the IT schedules, which are computed using a fixed percentage supplement. (See Memorandum for Human Resources Directors, [CPM 2001-3](#), February 15, 2001.)

The value of a WGI for GM employees is one-ninth of the difference between the minimum and maximum rates of the rate range for the employee's grade, rounded to the nearest dollar. (See the definition of "next higher rate within the grade" in 5 CFR 531.403.) If you are computing the

**special rate** within-grade increase, the within-grade increase is one-ninth of the difference between the minimum and maximum special rate for the employee's grade. If you are computing the **unadjusted rate** within-grade increase for an employee covered by a special rate schedule constructed using a fixed percentage supplement (such as the IT schedules), the within-grade increase is one-ninth of the difference between the unadjusted GS minimum and maximum rates for the employee's grade.

Consider the following example of a GM-13 IT employee in the Rest of U.S. locality pay area (covered by special rate table 999B) who receives a WGI in June 2001:

- Before the WGI, the employee is entitled to a GM unadjusted rate of basic pay of \$72,329 and a GM special rate of \$74,499.
  - Compute the special rate WGI by taking the difference between the step 1 and step 10 special rates for grade GS-13, dividing by 9, and rounding the result to the nearest whole dollar.  $(\$76,790 - \$59,065) / 9 = \$1,969$ .
  - Compute the unadjusted rate WGI by taking the difference between the step 1 and step 10 unadjusted (regular GS) rates for grade GS-13, dividing by 9, and rounding the result to the nearest whole dollar.  $(\$74,553 - \$57,345) / 9 = \$1,912$ .
- To summarize the example:

	<i>Before WGI</i>	<i>WGI Amount</i>	<i>After WGI</i>
<i>GM special rate</i>	\$ 74,499	\$ 1,969	\$76,468
<i>GM unadjusted rate</i>	\$ 72,329	\$ 1,912	\$74,241
<i>RUS locality rate</i>	\$ 77,884		\$79,943

Note: The table 999B special rate provides a 3-percent supplement (above the unadjusted rate) at grade GS-13. In the above example, the special rate WGI is approximately 3 percent higher than the unadjusted rate WGI, and the same 3 percent supplement exists between the special rate and the unadjusted rate after providing the WGI adjustment.

**Q37** How do you adjust pay for a GM-13 employee covered by IT special rates who voluntarily takes a position stationed in a location covered by a different special rate schedule without a change in grade level or employing agency?

**A37** The employee's unadjusted GM-13 rate remains the same, since the unadjusted rate range is the same in all locations. Since there is no change in the unadjusted rate range, there is no change in the employee's GM unadjusted rate.

The employee's GM special rate would be adjusted so that the new special rate is in the same relative position in the new rate range as the old special rate in the old rate range. See 5 CFR 530.306(a)(3) and (e) and 531.205(a)(2).



Consider the following example of a GM-13 IT employee in the Washington, DC, area (table 999C), who voluntarily takes a job in the New Orleans, LA, area (table 999B) in June 2001:

- *In Washington, DC, the employee is entitled to a GM unadjusted rate of \$70,737 and a GM special rate of \$74,274 (under table 999C). His locality rate is \$77,973 ( $\$70,737 \times 1.1023$ ).*
- *Compute the new **GM special rate** by following the steps in 5 CFR 531.205(a)(2):*
  - (A) *Using table 999C (DC) rates, subtract the GS-13, step 1, special rate from the employee's GM special rate:  $\$74,274 - \$60,212 = \$14,062$ .*
  - (B) *Using table 999C (DC) rates, subtract the GS-13, step 10, special rate from the GS-13, step 10, special rate:  $\$78,281 - \$60,212 = \$18,069$ .*
  - (C) *Divide (A) by (B) and truncate at the 7<sup>th</sup> decimal place:  $\$14,062 / \$18,069 = 0.7782389$ .*
  - (D) *Using table 999B (New Orleans) rates, subtract the GS-13, step 1, special rate from the GS-13, step 10, special rate:  $\$76,790 - \$59,065 = \$17,725$ .*
  - (E) *Multiply (C) by (D):  $0.7782389 \times \$17,725 = \$13,794.285$ .*
  - (F) *Add (E) to the table 999B (New Orleans) GS-13, step 1, special rate, and round to the next higher whole dollar:  $\$13,794.285 + \$59,065 = \$72,860$ .*
- *Thus, in New Orleans, the employee is entitled to a GM unadjusted rate of \$70,737 and a GM special rate of \$72,860 (under table 999B). Since New Orleans is in the Rest of U.S. locality pay area, the employee's locality rate is \$76,170 ( $\$70,737 \times 1.0768$ ).*

Note 1: If the employee was placed in the New Orleans position by a management action, the reduction in the employee's special rate would trigger entitlement to pay retention. (See 5 CFR 536.102 and 536.104(a)(4).) Under pay retention rules (5 CFR 536.205(b)), the employee's former GM special rate would be compared to the new special rate range. In the above example, the former GM special rate would fit in the new special rate range, so the new GM special rate would be fixed at \$74,274. In this case, the GM unadjusted rate would have to be converted. The new GM unadjusted rate would be derived by following the methodology in 5 CFR 531.205(a)(2)(i), as follows:

- (1) *compute the new GM special rate's relative position in the rate range by following steps (A)-(C) using the new special rate range minimum and maximum rate;*
- (2) *multiply that relative position factor by the difference between the unadjusted GS-13, step 10 and step 1 rates; and*
- (3) *add that result to the unadjusted GS-13, step 1, rate and round to the next higher whole dollar amount to derive the new GM unadjusted rate.*

Thus, under the example scenario, the new GM unadjusted rate would be \$72,111. The Rest of U.S. locality rate would be \$77,649 ( $\$72,111 \times 1.0768$ ).

Note 2: If the employee in our example transferred to a different agency as part of the move to New Orleans, there would be no mandatory entitlement to pay retention. Optional pay retention could be available if the employee was directly caused or influenced to transfer based on a management action, such as a reduction in force, and all other eligibility conditions are satisfied.

Also, a transfer to a different agency would end the employee's GM status. (See 5 CFR 531.203(g)(2).) Thus, the employee's pay would have to be set at a step rate. If the employee in the above example transferred voluntarily to a position in another agency stationed in New Orleans, the gaining agency would first compute what the new GM special rate would have been as shown above (\$72,860) and then would slot that rate into a step on the new special rate range (GS-13, step 9, or \$74,820). The employee's unadjusted rate would be the GS rate for the same step (\$72,641). The Rest of U.S. locality rate would be \$78,220.