




OFFICE OF THE DIRECTOR

UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, DC 20415-1000

DEC 13 2004

**MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS**

**FROM:** KAY COLES JAMES  
DIRECTOR 

**SUBJECT:** Special Rates for Information Technology Employees

Over the last few months, the Chief Human Capital Officers Council has held several discussions regarding special rate adjustments for information technology (IT) employees. We considered various options regarding how IT special rates might be adjusted in January 2005 and made plans to attempt to collect the data necessary for me to make a decision among those options. However, based on our latest discussions and input from those who have begun collecting data, I have reached the conclusion that the only viable option for calendar year 2005 is to increase IT special rates by the same percentage as the General Schedule (GS) across-the-board increase. Therefore, I have decided to approve IT special rate adjustments equal to the across-the-board GS percentage increase for January 2005, which is yet to be determined.

I continue to believe it is time for the Federal human resources community to take a more strategic view and approach to compensation matters. Where we have administrative flexibility in setting pay levels, we should exercise that flexibility to maximize the accomplishment of mission priorities and to make more effective use of taxpayer dollars, subject to applicable budget constraints. Accordingly, I believe a strategic analysis of IT special rates remains an important task. I have directed my staff to continue with the planned work to collect information related to the recruitment, retention, and pay of IT employees. Office of Personnel Management staff will proceed to work with your staffs to collect the necessary information and be prepared to present a report on its findings to the Chief Human Capital Officers Council by September 30 of next year.

As you know, the Federal Workforce Flexibility Act of 2004 (Public Law 108-411, October 30, 2004) included provisions related to the special rates program that will take effect on May 1, 2005. As I explained in a memorandum to heads of departments and agencies dated November 1, 2004, those provisions will correct a variety of pay administration anomalies and will improve the effectiveness of the special rates program as a recruitment and retention tool. We will take these changes into account as we conduct the analysis of IT special rates and determine our strategic approach.

Thank you for your support in this matter. I look forward to working with you on this important initiative.

cc: Janet L. Barnes  
Liaison from the CIO Council