



The Director

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

DEC 21 2006

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: LINDA M. SPRINGER
Director 

SUBJECT: 2006 Annual Review of Special Rates

The Office of Personnel Management (OPM) has completed the 2006 annual review of existing special rates authorized under 5 U.S.C. 5305. As a result, 258 special rate schedules will be increased in tandem with the 1.7 percent across-the-board General Schedule base pay increase effective on January 7, 2007. The 258 special rate schedules cover approximately 54,400 employees. To view the 2007 special rate schedules or to find an individual special rate schedule by occupation and agency on the Web, please use OPM's Web application located at <http://apps.opm.gov/ssr/tables/index.cfm>.

2006 Annual Review of Special Rates

The annual review, which is conducted under 5 CFR 530.307, determines the amounts by which special rate schedules will be adjusted in January 2007. In conducting the annual review, we rely on the reviews conducted by agencies employing special rate employees. (See Memorandum for Chief Human Capital Officers, July 19, 2006, at <http://www.opm.gov/oca/compmemo/2006/2006-03.asp>.) Schedule adjustments result in a corresponding adjustment in each employee's special rate, as provided by 5 CFR 530.321-530.322.

Terminated Special Rate Schedules and Special Rates

The 2006 annual review of special rates resulted in the termination of 17 special rate schedules. The termination of these special rate schedules will not result in a loss in pay for covered employees. A more detailed listing of the 17 terminated special rate schedules is attached.

Under 5 U.S.C. 5305(h), an employee's entitlement to a special rate ends if the employee is entitled to a higher rate of basic pay, such as a locality rate under 5 U.S.C. 5304. On January 7, 2007, locality rates will increase by 1.81 to 3.02 percent (depending on location), while special rates are being increased by 1.7 percent. As a result, 17 special rate schedules will be terminated effective January 7, 2007, because higher locality rates apply at all steps of each covered grade.

In addition, certain special rates are being terminated where the locality rate is now higher at all the steps of the grade or at certain steps of the grade. In some special rate schedules that cover multiple geographic areas or locality pay areas, certain geographic areas or locality pay areas are

removed from coverage because the locality rates in those areas are higher than the special rates at all grades and steps. The termination of special rates will not result in a loss in pay for any covered employees, since all affected employees will continue to receive the higher locality rate to which they are otherwise entitled. Finally, the Department of State is being removed from special rate table 0156 because it no longer has employees covered by this table.

Capped Special Rates

Under 5 U.S.C. 5305(a)(1), the maximum special rate is the rate for level IV of the Executive Schedule (\$145,400 in 2007). As a result, effective on January 7, 2007, the payable special rates at the higher steps of grade GS-15 are capped at \$145,400 on special rate schedules 565 and 566 (Department of Defense air traffic controllers) and 576 (selected Patent and Trademark Office employees involved in patent examination).

Changes in Locality Pay Area Definitions in 2007

The following changes in the locality pay areas are effective on the first day of the first pay period beginning on or after January 1, 2007 (January 7, 2007):

- Grayson County, TX, is added to the Dallas-Fort Worth, TX, locality pay area;
- Berks County, PA, is added to the Philadelphia-Camden-Vineland, PA-NJ-DE-MD, locality pay area;
- Sutter County, CA, and Yuba County CA, are added to the Sacramento—Arden-Arcade—Truckee, CA-NV, locality pay area; and
- Skagit County, WA, is added to the Seattle-Tacoma-Olympia, WA, locality pay area.

Information technology employees stationed in Berks County, PA, Yuba County, CA, and Skagit County, WA, (previously covered by special rate schedule 999B) will now be covered by special rate schedule 999C, which includes the Philadelphia-Camden-Vineland, PA-NJ-DE-MD, the Sacramento—Arden-Arcade—Truckee, CA-NV, and the Seattle-Tacoma-Olympia, WA, locality pay areas and which provides higher special rates than schedule 999B. Except for these situations, employees will not experience a change in their special rates as a result of the locality pay area changes described above. The new locality pay area definitions are available at <http://www.opm.gov/oca/payrates/index.asp>.

Additional Information

For additional information, agency Chief Human Capital Officers and/or Human Resources Directors should contact their assigned OPM Human Capital Officer. Employees should contact their agency human resources offices for assistance.

Thank you for your cooperation and assistance in conducting the 2006 annual review of special rates.

cc: Chief Human Capital Officers
Human Resources Directors

Attachment