



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Thursday, August 28, 2003
CPM 2003-11

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Kay Coles James, Director

Subject: Update on January 2004 Pay Adjustment

This page is obsolete. See CPM 2004-05 Retroactive 2004 Pay Adjustment

On August 27, 2003, President George W. Bush transmitted an alternative plan to Congress for across-the-board and locality pay increases payable to civilian Federal employees under the General Schedule and certain other pay systems for implementation in January 2004. The alternative plan provides a 1.5 percent across-the-board increase in the General Schedule and allocates 0.5 percent of payroll for locality pay increases among the 32 locality pay areas, resulting in an overall 2.0 percent pay adjustment.

As a result of the alternative plan, employees paid under the Executive Schedule, the Vice President, Members of Congress, and Judges and Justices would receive a 1.5 percent increase next year, and the minimum and maximum rates of basic pay for senior level and scientific and professional (SL/ST) positions would be increased by 1.5 percent. The alternative plan also encourages Congress to authorize and fund a new Human Capital Performance Fund for 2004 to begin the process of modernizing Federal pay and allowing Federal agencies to reward exceptional performance contributing to the achievement of their missions.

Agencies should be aware that the House version of the Departments of Transportation, Treasury, and Independent Agencies Appropriations Act, 2004, as reported by the Committee on Appropriations, contains a provision that would provide an overall average GS pay adjustment of 4.1 percent for civilian employees in January 2004. However, the FY 2004 appropriations process has not been completed. The Office of Personnel Management (OPM) will provide information about pay increases for employees covered by other Federal pay authorities, including special rate employees, Senior Executive Service members, administrative law judges, and Federal Wage System employees, as soon as final decisions are made later this year.

The 2004 General Schedule and locality-based comparability percentages under the alternative plan are posted on OPM's Web site at opm.gov/oca/04tables/localityrates.asp. The President's alternative plan is posted on the White House Web site at <http://www.whitehouse.gov/news/releases/2003/08/20030827-2.html>.

cc: Chief Human Capital Officers