



**Strategic
Compensation
Conference 2001**

Pay and Leave Update

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Office of
Personnel
Management**

Update on January 2002 Pay Adjustments

Sep 2000	Formula in law produces 3.6 percent ECI adjustment for 2002
Dec 2000	President's Pay Agent Report (25.92 percent average locality rates for 2002)
Feb 2001	FY 2001 budget (3.6 percent total increase)
Aug 2001	August 31 deadline for alternative plan (ECI adjustment)
Oct 2001	New fiscal year; appropriations legislation
Nov 2001	November 30 deadline for alternative plan (locality payments)
Dec 2001	Executive order

2001 Special Rate Annual Review

- Special rate annual review memo to HR Directors issued on June 21, 2001 (CPM 2001-6).
- New for 2001 annual review--
 - Short form version of OPM Form 1397 no longer requires agencies to report the number of filled and vacant positions covered by each special rate table.
 - Agencies may complete a single short form for all special rate tables for which they are requesting an increase equal to the across-the-board GS increase.
- Agency annual review reports due to OPM by October 15, 2001.

Update on Locality Pay Areas

- 32 locality pay areas since 1998.
- Areas of application--
 - Rhode Island added to Boston locality pay area in 2001.
 - Monterey County added to San Francisco in 2001.
 - Exceptions for egregious situations--
 - Remaining portion of Bristol County, MA, added to Boston area in 2001.
- 31 locations requested special treatment in 2000.
- Three groups testified at Federal Salary Council meeting on July 23, 2001 (for 2003).

Recruitment and Relocation Bonuses and Retention Allowances

- Proposed regulations issued January 19, 2001--
 - Allow 3Rs payment to prevailing rate employees.
 - Allow retention allowance payments to employees likely to leave for other Federal positions in certain limited situations.
- Final regulations for prevailing rate extension issued July 20, 2001.
- Final retention allowance regulations in progress.

Survey on Parental Leave

- OPM has been directed by Congress to develop one or more alternative means for providing Federal employees with at least 6 weeks of paid parental leave in connection with the birth or adoption of a child (apart from any other paid leave).
- OPM is required to provide recommendations and findings as to whether paid parental leave can be expected to assist agencies in their recruitment and retention efforts.

Survey on Parental Leave (2)

- The report to Congress is due by September 30, 2001.
- On May 30, 2001, we requested the views of the Federal HR community. The agencies overwhelmingly indicated that an additional paid parental leave benefit would not enhance their recruitment and retention efforts.

Current COLA Areas and Rates

- OPM conducts COLA surveys in each COLA area and the Washington, DC area.
- Last surveys were conducted in 1998.
- Current COLA rates, including those set pursuant to *Caraballo*:

Anchorage, AK	25.00%
Fairbanks, AK	25.00%
Juneau, AK	25.00%
Rest of Alaska	25.00%
City and County of Honolulu	25.00%
Hawaii County	16.50%
Kauai County	23.25%
Maui County	23.75%
Guam/Commonwealth of Northern Mariana Islands	25.00%
Guam Commissary/Exchange	22.50%
Puerto Rico	11.50%
U.S. Virgin Islands	22.50%

Update on COLA Program

- OPM will issue proposed regulations on revised COLA program surveys in near future.
- OPM plans to conduct surveys in Puerto Rico, U.S. Virgin Islands, and Washington, DC, in summer 2002.
- Trustee has begun sending COLA settlement back pay letters to *Caraballo* class members. First payments are expected starting on November 15, 2001. (See www.colasettlement.com for more information.)

Federal Wage System

Snapshot of blue-collar employment--

- Wage areas: 132 appropriated fund, 125 nonappropriated fund.
- Employees: about 250,000.

FY 2001 pay cap on wage schedules is 3.83 percent.

FPRAC/OPM plan to review wage area boundaries based on 2000 Census data beginning in 2003.

Operating Manual (AF) and other information available on OPM's web site.

Administrative Appeals Judges

- 5 U.S.C 5372b authorizes a new pay system for administrative appeals judges (AAJs), effective on or after April 20, 2001.
- AAJ rates of basic pay must not be set 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.
- Law authorizes agency heads to set AAJ pay. OPM plans to issue interim regulations soon.

Further Information and Resources

For Governmentwide pay and leave policy information:

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