

STRATEGIC COMPENSATION CONFERENCE 2002

Pay and Leave Update

Donald J. Winstead

Bryce Baker

Jerome D. Mikowicz

Jo Ann Perrini



United States Office of Personnel Management

Update on January 2003 Pay Adjustments

- Sep 2001 Formula in law produces 3.1% ECI adjustment for 2003
- Dec 2001 President's Pay Agent Report (27.59% average locality rates for 2003)
- Feb 2002 FY 2003 budget (2.6% total pay increase)
- Aug 2002 August 31 deadline for alternative plan (ECI adjustment)
- Oct 2002 New fiscal year; appropriations legislation
- Nov 2002 November 30 deadline for alternative plan (locality payments)
- Dec 2002 Executive order

Special Rates Program

- Special salary rates established for Army air traffic controllers at grades 9-15 in certain locations on February 5, 2002.
- Currently conducting a study of the need for special rates for certain Federal police officers nationwide.

Special Rates Lawsuit Settlement

- On June 17, the U.S. Court of Federal Claims granted preliminary approval to the settlement negotiated by NTEU, DOJ, and OPM earlier this year.
- Process of notifying the class members of the details of the proposed settlement has begun.

Special Rates Lawsuit Settlement

- Fairness hearing -- November 18, 2002
The parties will defend the settlement to the court, and class members will have the opportunity to object to the terms of the settlement.
- The court will decide if the settlement is fair to the class.
- The court then can grant final approval.

Premium Pay Limitations

- Section 1114 of Public Law 107-107 amended 5 U.S.C. 5547.
- OPM issued interim regulations to implement statutory changes on April 19, 2002.
 - Regulations effective first pay period after April 27, 2002.

Premium Pay Limitations

- Key Statutory Changes:
 - Removes separate premium pay cap for law enforcement officers.
 - Raises the premium pay caps for most employees.
 - Provides authority to use an annual premium pay cap instead of the biweekly cap in additional circumstances.

Student Loan Repayment Program

- Authorized under 5 U.S.C. 5379 & 5 CFR part 537.
- Repayment of Federally-insured student loans to recruit or retain highly qualified personnel.
- Maximum payment up to \$6,000 per year and a total of \$40,000 per employee.

Student Loan Repayment Program

- Guidance on OPM Website

www.opm.gov/oca/pay/studentloan/index.htm

- Fact Sheet

- Questions and Answers

- Direct links to current law and regulations

- Model agency plans

Superior Qualifications Appointments

(5 U.S.C. 5333 and 5 CFR 531.203(b))

- An appointment above step 1 of the grade.
- Based on the superior qualifications of the candidate or a special need of the agency for the candidate's services.
- Used for newly appointed employees or former employees with at least a 90-day break in service.

Update on Locality Pay Areas

- 32 locality pay areas (31 metropolitan areas and the “Rest of US” area since 1998).
- 7 areas of application (beyond OMB MSA/CMSA definitions.)
- 43 locations requested special treatment since Fall 2001
- Two groups testified at Federal Salary Council meeting on August 15, 2002 (for 2004), and two other groups submitted written petitions.
- “2003 might be the year to consider significant changes in the structure of the locality pay program. We will have new census data and new metropolitan area definitions. It might be suitable also to consider other aspects of the program at that time, including how many locality pay areas are feasible,” (Federal Salary Council, October 2001)

Pay Agent and Federal Salary Council

President's Pay Agent Update--

- **Report to Congress on using commercial salary surveys**
 - November 2001
 - “... no currently available commercial salary data are accurate and complete enough to establish locality pay rates for these five areas.”
- **Annual Report on Locality Pay (December 2001)**

Federal Salary Council Update--

- **New Federal Salary Council Membership**
 - Met on 8/15/02
 - Next meeting on 9/30/02
 - Will send 2004 locality pay recommendations to Pay Agent this Fall

Update on COLA Program

- OPM issued final regulations on May 3, 2002, that substantially changed the COLA methodology.
 - Implemented changes as provided by the COLA August 2000 settlement.
- OPM is now conducting COLA surveys under the new methodology.
- Surveyed Puerto Rico and U.S. Virgin Islands earlier this summer.
- Currently surveying the Washington, DC, area.
- Plan to publish results in early 2003.

COLA Advisory Committees (CACs)

- OPM is establishing CACs in the COLA areas prior to each survey.
 - CACs are composed of agency and employee representative from the COLA areas.
 - CACs advise OPM as it plans and conducts COLA surveys and on issues relating to the COLA program.
- This year, OPM established CACs in Puerto Rico and Virgin Islands.
 - Early next year, OPM plans to establish CACs in Alaska.
 - In 2004, OPM plans to establish CACs in Hawaii and Guam.

Update on COLA Back Pay Settlement

- Under *Caraballo*, COLA Settlement Administrator, *not* the Federal Government, calculates and makes back payments.
 - Late last year, Settlement Administrator began mailing back pay checks to eligible class members.
 - With a few exceptions, all back payments have been made.
- *Caraballo* provides for a possible second round of payments if there are sufficient trust funds remaining.
 - Would go to same people and be a partial payment of interest on back pay.
 - Would happen before the end of 2005.

Federal Wage System

Snapshot of blue-collar employment--

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

FY 2002 pay cap on wage schedules is 4.8 percent.

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

Federal Wage System

Three Reports to Congress this year --

- Cost of Administering the Federal Wage System
- Pay for Bureau of Prisons Federal Wage System Employees
- Salinas-Monterey Wage Area

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

Report to Congress – Parental Leave

- Report issued November 21, 2001.
- Federal Government's leave policies and programs compare favorably with benefits offered by most private sector companies.
- Agencies overwhelmingly indicated that an additional paid parental leave benefit would not be a major factor in enhancing their recruitment and retention situations.

Report to Congress – Parental Leave

Conclusions

- Any effort to provide parental leave should be part of a comprehensive study of compensation systems.
- Until then, employees can meet their family responsibilities with the many leave and work-scheduling flexibilities that are already available to them.

New Guidance on the Web

- New fact sheets and Qs&As on –
 - Within-grade increases
 - Promotions
 - Setting pay with special rates
 - Highest previous rate
 - Biweekly and annual pay limitations
 - Military leave
 - Leave and work-scheduling flexibilities for childbirth and adoption

Further Information and Resources

For Governmentwide pay and leave policy information:

Office of Personnel Management
Office of Compensation Administration
1900 E Street NW., Room 7H31
Washington, DC 20415-8200

Salary and Wage Systems Division
Phone: (202) 606-2838
FAX: (202) 606-4264
Email: cola@opm.gov

Pay and Leave Administration Division
Phone: (202) 606-2858
FAX: (202) 606-0824
Email: payleave@opm.gov

Website address: www.opm.gov/oca