

Attachment 2

January 2015 Pay Adjustments

The President has signed an Executive order to implement the January 2015 pay adjustments. (See Attachment 1.) The Executive order authorizes a 1 percent across-the-board increase for statutory pay systems and provides that locality percentages will remain at 2014 levels. The 2015 pay schedules will become effective the first day of the first applicable pay period beginning on or after January 1, 2015 (January 11, 2015, based on the standard payroll cycle). The following reviews relevant portions of the Executive order and provides general information on the 2015 pay rates.

The General Schedule and Other Statutory Pay Systems

The Executive order provides an across-the-board increase of 1 percent in the rates of basic pay for the statutory pay systems—the General Schedule (GS), the Foreign Service schedule, and certain schedules for the Veterans Health Administration of the Department of Veterans Affairs. Special base rates for law enforcement officers at GS grades 3 through 10 also are increased by 1 percent. (These law enforcement officers are assigned the “GL” pay plan code.)

Executive Schedule

Under 5 U.S.C. 5318, Executive Schedule (EX) rates of pay will be increased by 1 percent (rounded to the nearest \$100). The EX salary table is available on OPM’s website at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/executive-senior-level/>.

Senior Executive Service

Under 5 U.S.C. 5382, the minimum rate of basic pay for the Senior Executive Service (SES) rate range will be adjusted to be consistent with the increase in the minimum rate of basic pay for senior-level positions under 5 U.S.C. 5376 (\$121,956 in 2015). The applicable maximum rate of basic pay for the SES will be \$183,300 (EX-II) for SES members covered by a certified SES performance appraisal system and \$168,700 (EX-III) for SES members covered by an SES performance appraisal system that has not been certified. An SES member at the minimum rate of the SES rate range must receive a pay increase of 1 percent in January 2015, since an SES member may not receive less than the minimum rate of the SES rate range. An agency’s determination to adjust the rate of basic pay for an SES member that is approved by the end of the first pay period in January 2015 (January 24, 2015) may be made effective as of the first day of that first pay period (January 11, 2015). Determinations to adjust SES pay that are approved after January 24, 2015, will become effective at the beginning of the next pay period following the approval. OPM’s regulations for setting and adjusting SES pay are available at 5 CFR part 534, subpart D.

Senior-Level and Scientific and Professional Positions

The minimum rate of basic pay for the senior-level (SL) and scientific and professional (ST) rate range will be increased by 1 percent (\$121,956 in 2015), which is the amount of the across-the-board GS increase. The applicable maximum rate of basic pay will be \$183,300 (EX-II) for SL or ST employees covered by a certified SL/ST performance appraisal system and \$168,700 (EX-III) for SL or ST employees covered by an SL/ST performance appraisal system that has not been certified. An SL or ST employee at the minimum rate of the SL/ST rate range must receive a pay increase of 1 percent in January 2015, since an SL or ST employee may not receive less than the minimum rate of the SL/ST rate range. All pay adjustments to SL/ST employee salaries must be effective at the same time the General Schedule is adjusted (January 11, 2015). An agency's determination to adjust the rate of basic pay for an SL/ST employee that is approved by the end of the first pay period in January 2015 (January 24, 2015) may be made effective as of the first day of that first pay period (January 11, 2015). OPM's regulations for setting and adjusting SL/ST pay are available at 5 CFR part 534, subpart E.

Administrative Law Judges

The Executive order reflects a decision by the President to increase the rates of basic pay for administrative law judges (ALJs) by 1 percent, rounded to the nearest \$100. The rate of basic pay for AL-1 will be \$158,700 (equivalent to the rate for EX-IV). The rate of basic pay for AL-2 will be \$154,800. The rates of basic pay for AL-3/A through 3/F will range from \$105,900 to \$146,600. The ALJ salary table is available on OPM's website at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/executive-senior-level/>.

Administrative Appeals Judges

Under 5 U.S.C. 5372b, the rates of basic pay for administrative appeals judge (AAJ) positions must be set at a rate not less than the minimum rate of basic pay for level AL-3 and not more than the maximum rate of basic pay for level AL-3 of the ALJ pay system established under 5 U.S.C. 5372. At 5 CFR 534.603, OPM's regulations link the structure of the AAJ pay system directly to the structure for level AL-3 of the ALJ pay system. The AAJ pay system includes six rates of basic pay—AA-1, 2, 3, 4, 5, and 6. These rates correspond to the rates of basic pay for AL-3/A, B, C, D, E, and F of the ALJ pay system. The AAJ salary table is available on OPM's website at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/executive-senior-level/>.

Locality Payments

The 2015 locality pay percentages are the same as the percentages that applied in 2014. (See Schedule 9 of the Executive order.)

On November 24, 2014, OPM issued a memorandum on behalf of the President's Pay Agent (the Secretary of Labor and the Directors of the Office of Management and Budget and OPM) that

continues GS locality payments for ALJs and certain other non-GS employee categories in 2015. By law, EX officials, SES members, employees in SL/ST positions, and employees in certain other equivalent pay systems are not authorized to receive locality payments. (Note: An exception applies to certain grandfathered SES, SL, and ST employees stationed in a nonforeign area on January 2, 2010.) The locality pay percentages continued for non-GS employees have not been increased in 2015. The memo is available at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2014/continuation-of-locality-payments-for-non-general-schedule-employees-november-24-2014.pdf>.

The 2015 locality pay tables for the General Schedule and certain other pay systems are available at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/general-schedule/>. Locality pay area definitions are posted at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/locality-pay-area-definitions/>.

Cost-of-Living Allowance Rates for Nonforeign Areas

The 2015 cost-of-living allowances (COLAs) and locality percentages for employees in nonforeign areas remain at 2012 levels. The locality and COLA rates in each COLA area are provided at <http://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/nonforeign-areas/#url=COLA-Rates>.

Special Rates

We are issuing a separate memorandum announcing the results of OPM's annual review of special rates and the 2015 special rate adjustments.

Prevailing Rate Pay Adjustments

We are issuing a separate memorandum on pay adjustments for certain prevailing rate (wage) employees.

Aggregate Limitation on Pay

The aggregate limitation on pay for calendar year 2015 will be \$203,700 (equivalent to the rate for EX-I). SES members and employees in SL/ST positions who are covered by a certified performance appraisal system are subject to a higher aggregate limitation on pay of the Vice President's salary (\$235,300 in 2015). (See 5 U.S.C. 5307 and 5 CFR part 530, subpart B.) Information on obtaining certification of performance appraisal systems is available at <http://www.opm.gov/policy-data-oversight/senior-executive-service/certification/>.

2015 Premium Pay Caps

Under 5 U.S.C. 5547(a) and 5 CFR 550.105, GS and other covered employees may receive certain types of premium pay in a biweekly pay period only to the extent that the sum of basic pay and such premium pay for the pay period does not exceed the greater of the biweekly rate

payable for (1) GS-15, step 10 (including any applicable locality payment or special rate supplement), or (2) the rate payable for EX-V (\$148,700 in 2015). In certain emergency or mission-critical situations, an agency may apply an annual premium pay cap instead of a biweekly premium pay cap, subject to the conditions prescribed in law and regulation. (See 5 U.S.C. 5547(b) and 5 CFR 550.106–550.107.) We have posted the 2015 biweekly premium pay caps on OPM’s website at <http://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/#url=Biweekly-Pay-Caps>.

We will notify agencies separately about any reauthorization for 2015 of the premium pay cap that may be applied to certain employees who perform work while in certain overseas locations. See [CPM 2014-04](#) and [CPM 2014-08](#) for information regarding this authority for calendar year 2014.

2015 Pay Freeze for Certain Senior Political Officials

The Consolidated and Further Continuing Appropriations Act, 2015, contains a provision that continues the freeze on the payable pay rates for the Vice President and certain senior political appointees at 2013 levels during calendar year 2015. (See section 738 of title VII of Division E of the Act.) The OPM guidance on the 2014 pay freeze for certain senior political officials is generally applicable in applying the pay freeze in 2015. (See OPM guidance memorandum CPM 2014-03 at <http://www.chcoc.gov/transmittals/TransmittalDetails.aspx?TransmittalID=5952>.) However, the dates in the guidance must be updated to apply the new pay freeze period commencing on the first day of the first pay period that begins in January 2015 and ending on the last day of the last pay period that begins in calendar year 2015 (i.e., January 11, 2015, through January 9, 2016, for those on the standard biweekly payroll cycle). Sections in CPM 2014-03 that dealt with the enactment of the pay freeze provision after the beginning of the calendar year are not applicable.

Please note that the Executive order on 2015 pay adjustments shows the official pay rates (or ranges) for the Vice President, Executive Schedule positions, and certain other positions occupied by employees affected by the pay freeze. However, while those official pay rates are not payable to employees subject to the pay freeze as long as the pay freeze is in effect, the official 2015 pay rate for EX-IV of \$158,700 must be used in applying the trigger for coverage under the pay freeze for political appointees in SES, SL, and certain other covered positions described in CPM 2014-03. An SES or SL political appointee paid less than \$158,700 may receive a pay increase up to this rate but may not receive an increase above this rate or any subsequent increase except as provided in the pay freeze statutory authority referenced above.

Post-Employment Restrictions

Agencies are required to notify SES members, SL and ST employees, and other individuals who are paid at a rate of basic pay equal to or greater than 86.5 percent of the rate for EX-II (\$183,300 x 86.5 percent = \$158,555 in 2015) that they are subject to certain post-employment restrictions in 18 U.S.C. 207(c)(2)(A)(ii). OPM’s regulations requiring notification of post-

employment restrictions are available at 5 CFR part 730. Agencies may continue to use the sample notice OPM provided in its memorandum of January 6, 2004 (CPM 2004-01), to notify an SES member, an SL or ST employee, or other individual that he or she is subject to the post-employment restrictions in 18 U.S.C. 207(c). (Agencies will need to update the pay system, salary threshold, and effective date, as appropriate.) The sample notice is available at http://archive.opm.gov/oca/compmemo/2004/2004-01_attach1.asp.

Order for Processing Pay Actions

The general pay adjustments that take effect in January 2015 must be processed **before** any individual pay action (e.g., a within-grade increase or promotion) that takes effect on the same date. General pay adjustments include across-the-board increases under 5 U.S.C. 5303 and increases in locality payments or other geographic adjustments, special rate supplements, and retained rates. If multiple individual pay actions become effective on the date of the January 2015 pay adjustment, those actions must be processed in the order applicable to the employee's pay system (e.g., the simultaneous action rule for GS employees in 5 CFR 531.206).

Pay Administration

We are providing the following examples of pay computations to assist agencies in administering the 2015 pay adjustments for GS employees:

Examples of January 2015 Pay Computations – See <http://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/January-2015-pay-examples/>.

How to Compute Rates of Pay – See <http://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/how-to-compute-rates-of-pay/>.

How to Compute Fair Labor Standards Act Overtime Pay – See <http://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/how-to-compute-flsa-overtime-pay/>.

Questions

Agency headquarters-level human resources offices may contact OPM at pay-leave-policy@opm.gov. Employees should contact their agency human resources offices for assistance.