

December 31, 2002

MEMORANDUM FOR HUMAN RESOURCES DIRECTORS (CPM 2002-17)

FROM: DONALD J. WINSTEAD
Acting Director
Workforce Compensation and Performance Service

SUBJECT: Implementing the January 2003 Pay Adjustments

The President has signed an Executive order to implement the January 2003 pay adjustments. (See html version at <http://www.opm.gov/oca/COMPMEMO/2002/ExecutiveOrder-2003Pay.asp> for **Attachment**.) This memorandum reviews relevant portions of the Executive order and provides general information on the 2003 pay adjustments for the General Schedule and certain other pay systems and schedules.

2003 Salary Tables and Effective Date

We have posted the 2003 salary tables discussed in this memorandum on the Office of Personnel Management's (OPM's) Web site at <http://www.opm.gov/oca/payrates/index.asp>. The 2003 increased rates of pay will become effective on the first day of the first applicable pay period beginning on or after January 1, 2003.

On December 2, 2002, we issued a memorandum providing information on the 2003 pay adjustments for employees under the General Schedule (GS) and other statutory pay systems, law enforcement officers (LEOs), employees in senior-level and scientific or professional positions (SL/ST), members of Boards of Contract Appeals (BCA), and Executive Schedule officials. We also posted draft 2003 GS basic and locality pay tables, including tables for GS LEOs, and the 2003 locality pay area definitions on OPM's Web site. (See [CPM 2002-14](#).) On December 10, 2002, we posted additional draft salary tables on OPM's Web site to reflect increased rates of pay for employees in SL/ST positions and BCA members.

The General Schedule and Other Statutory Pay Systems

The Executive order provides for an across-the-board increase of 3.1 percent in the rates of basic pay for the statutory pay systems—the GS, the Foreign Service Schedule, and certain schedules for the Veterans Health Administration of the Department of Veterans Affairs.

The Senior Executive Service and the Executive Schedule

The Executive order reflects a decision by the President to increase the rates of basic pay for members of the Senior Executive Service (SES) by 3.1 percent (rounded to the nearest \$100). The maximum rate of basic pay for SES members is limited by law to the rate for level IV of the Executive Schedule, which will increase to \$134,000. By law (5 U.S.C. 5318), the rates for levels I through V of the Executive Schedule (EX-I through EX-V) will increase by 3.1 percent (rounded to the nearest \$100).

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 3.1 percent (rounded to the nearest \$100). The rate of basic pay for AL-1 will be \$134,000. The rate of basic pay for AL-2 will be \$130,400. The rates of basic pay for AL-3/A through 3/F are shown below.

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. OPM's regulations at 5 CFR 534.603 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, as shown in the following table:

AAJ Pay Level	ALJ Pay Level	Rate of Basic Pay in 2003
AA-1	AL-3/A	\$89,200
AA-2	AL-3/B	\$96,000
AA-3	AL-3/C	\$102,900
AA-4	AL-3/D	\$109,800
AA-5	AL-3/E	\$116,600
AA-6	AL-3/F	\$123,400

Locality Payments

The Executive order reflects the President's decision in his November 27, 2002, alternative plan for GS locality adjustments that the locality pay percentages authorized for 2002 will remain in effect in 2003. (See [CPM 2002-14](#).)

On December 5, 2002, the President's Pay Agent (the Secretary of Labor, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management) extended the 2003 locality payments to the same Governmentwide and single-agency categories that were authorized to receive the 2002 locality payments. (See the [President's Pay Agent memorandum](#) to agency heads.) The Governmentwide categories include SES members, employees in SL/ST positions, ALJs, AAJs, BCA members, the Foreign Service, and the Senior Foreign Service. The maximum locality rate of pay for these employees is the rate for level III of the Executive Schedule (\$142,500 in 2003). By law, Executive Schedule officials are not authorized to receive locality pay.

2002 Annual Review of Special Salary Rates

In a separate memorandum, OPM announced the results of the 2002 annual review of existing special salary rates. Most employees covered by an existing special rate schedule will receive a 3.1 percent pay increase. (See [CPM 2002-15](#).)

Special Salary Rates for Police Officers and Law Enforcement Security Officers

Effective on the first day of the first applicable pay period beginning on or after January 1, 2003, certain General Schedule police officers (GS-0083) and law enforcement security officers (LESOs), a specialty position in the GS-0080 occupational series, will be covered by new special salary rate schedules. The new special rate schedules can be found at <http://www.opm.gov/oca/03tables/ssr/leso/policeindex.asp>. Each table provides the covered grade levels, agencies, and geographic areas.

The new special rate tables 983A-983F will cover GS police officers in the General Services Administration (GSA), Federal Emergency Management Agency (FEMA), and the Departments of Health and Human Services (HHS), Justice, Commerce, the Interior, the Treasury, and Transportation. Some of these police officers are covered by existing special salary rate tables. Ten of the 26 current police officer special rate tables will be modified or terminated because of the new police officer special rates. The special salary rate tables at <http://www.opm.gov/oca/03tables/ssr/index.asp> have been updated to reflect these changes.

To assist agencies and employees, the following table describes the affected current GS-0083 special salary rate authorizations, changes that will be made, and the new GS-0083 special salary rate authorizations.

Current GS-0083 Special Salary Rate Authorization	Change in Current Authorization	New GS-0083 Special Salary Rate Authorization
Table 0026 (Boulder City, NV)	Table will be terminated	Table 983A.
Table 0065 (Washington, DC, metropolitan area)	GSA, FEMA, and Departments of Commerce, Justice, and HHS will be removed.	GSA, FEMA, and Departments of Commerce, Justice, and HHS police officers in the Washington, DC, metropolitan area will be covered by table 983D.
Table 0174 (Philadelphia, PA)	GSA will be removed.	GSA police officers in Philadelphia, PA, will be covered by table 983C.
Table 0175 (San Bruno and San Francisco, CA)	GSA will be removed	GSA police officers in San Bruno and San Francisco, CA, will be covered by table 983F.
Table 0181 (Boston and Watertown, MA)	GSA will be removed.	GSA police officers in Boston and Watertown, MA, will be covered by table 983C.
Table 0182 (New York City metropolitan area)	GSA will be removed.	GSA police officers in the New York City metropolitan area will be covered by table 983E.
Table 0183 (Chicago, IL)	Table will be terminated.	Table 983C.
Table 0219 (Detroit, MI)	GSA will be removed.	GSA police officers in Detroit, MI, will be covered by table 983C.
Table 0231 (Los Angeles, CA)	Table will be terminated.	Table 983E.
Table 0232 (Cleveland, OH)	Table will be terminated	Table 983A.

Special rate tables 980A-980F will cover LESOs in GSA. Table 980D also will cover LESOs in the Department of Commerce. LESOs regularly perform security administration and law enforcement duties and exercise arrest authority. They are not covered by any existing special salary rate authorization.

Order for Processing Pay Actions

The general pay adjustments that take effect on the first day of the first pay period beginning in January 2003 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, increases in locality payments or other

geographic adjustments, special rate increases, increases in retained rates, and increases in continued rates under 5 CFR 531.703 or 531.307. If multiple individual pay actions become effective on the date of the January 2003 pay adjustment, those actions must be processed in the order that satisfies the simultaneous action rule in 5 CFR 531.203(f).

2003 Premium Pay Caps

Under 5 U.S.C. 5547(a) and 5 CFR 550.105, General Schedule employees 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 premium pay for the pay period does not exceed the greater of the biweekly rate for (1) GS-15, step 10 (including any applicable locality rate or special salary rate), or (2) level V of the Executive Schedule (\$4,807.20 in 2003). 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 provided in law and regulation. (See 5 U.S.C. 5547(b) and 5 CFR 550.106-550.107.) (Note: Section 1114 of Public Law 107-107 (December 28, 2001) amended 5 U.S.C. 5547 effective on the first day of the first pay period beginning on or after April 27, 2002. On April 19, 2002, OPM issued interim regulations implementing this new law and revising 5 CFR 550.105-550.107.)

We have posted the biweekly premium pay caps on OPM's Web site at <http://www.opm.gov/oca/pay/html/03GSCap.asp>. The new biweekly premium pay caps will become effective on the first day of the first pay period beginning on or after January 1, 2003.

Pay Administration

We are providing examples of pay computations to assist agencies in administering the 2003 pay adjustments for GS employees. These examples are available on OPM's Web site, as follows:

Examples of January 2003 Pay Computations -- See <http://www.opm.gov/oca/compmemo/2002/03PAYCOMP.ASP>.

How to Compute Rates of Pay -- See <http://www.opm.gov/oca/pay/HTML/computerates.asp>.

How to Compute FLSA Overtime -- See <http://www.opm.gov/oca/pay/HTML/computeflsa.asp>.

Salary Tables for 2003

The Government Printing Office will publish the "Salary Tables for 2003" book in early 2003. The salary table book will provide the 2003 salary tables, locality pay tables (including hourly rate tables), and detailed information on administering locality rates of

pay, calculating rates of pay, maximum limitations on pay, and deductions for benefits. The Internal Revenue Service (IRS) Publication 15, Circular E, *Employer's Tax Guide* (revised January 2003), will show the 2003 wage bracket income tax withholding tables for both single and married persons who are paid on a biweekly basis. IRS will mail Publication 15 to employers, and this publication also should be available at IRS offices in December 2002. (Call 1-800-829-3676 to order copies.) IRS publications may be downloaded from the IRS Internet Web site at <http://www.irs.gov/formspubs/index.html>.

Questions

For further information, email payleave@opm.gov or call (202) 606-2858.

Attachment