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108th Congress, 1st Session – – – – – – – – – – – – – – House Document 108–8

AN ALTERNATIVE PLAN FOR LOCALITY PAY INCREASES

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

AN ALTERNATIVE PLAN FOR LOCALITY PAY INCREASES PAYABLE TO CIVILIAN FEDERAL EMPLOYEES COVERED BY THE GENERAL SCHEDULE PAY SYSTEM IN JANUARY 2003, PURSUANT TO 5 U.S.C. 5305(a)(3)

JANUARY 7, 2003.—Referred to the Committee on Government Reform and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
19–011 WASHINGTON : 2003

THE WHITE HOUSE,
Washington, November 27, 2002.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: I am transmitting an alternative plan for locality pay increases payable to civilian Federal employees covered by the General Schedule (GS) pay system in January 2003.

Under title 5, United States Code, civilian Federal employees covered by the GS pay system would receive a two-part pay increase in January 2003: (1) a 3.1 percent across-the-board increase in scheduled GS rates of basic pay linked to the part of the Employment Cost Index (ECI) that deals with changes in the wages and salaries of private industry workers, and (2) a locality pay increase based on Bureau of Labor Statistics' salary surveys. For Federal employees covered by the locality pay system, the overall average pay increase would be about 18.6 percent.

For each part of the two-part pay increase, title 5, United States Code, authorizes me to implement an alternative pay plan if I view the adjustment that would otherwise take effect as inappropriate due to "national emergency or serious economic conditions affecting the general welfare." For the reasons described below, I have determined that it would be appropriate to exercise my statutory alternative plan authority to limit the locality pay portion of the January 2003 GS pay increase.

A national emergency has existed since September 11, 2001. Full statutory civilian pay increases in 2003 would interfere with our Nation's ability to pursue the war on terrorism. They would cost about $13.6 billion in 2003 alone—$11.2 billion more than the 2.6 percent overall Federal civilian pay increase I proposed in my 2003 Budget—and would build in later years. Such cost increases would threaten our efforts against terrorism or force deep cuts in discretionary spending or Federal employment to stay within Budget. Neither outcome is acceptable. Therefore, I have determined that a total pay increase of 3.1 percent would be appropriate for GS employees in January 2003.

Because 5 U.S.C. 5303 already mandates an across-the-board GS pay increase of 3.1 percent in January 2003, GS locality-based comparability payments under 5 U.S.C. 5304 must remain at current levels. While my Administration remains committed to the principle of adjusting civilian Federal pay rates in keeping with changes in local labor market rates, our national situation precludes granting larger pay increases to GS employees at this time.

Accordingly, I have determined that:

(1) Under the authority of section 5303(a) of title 5, United States Code, the pay rates for each statutory pay system will be increased by 3.1 percent, effective on the first day of the

first applicable pay period beginning on or after January 1, 2003; and

(2) Under the authority of section 5304a of title 5, United States Code, locality-based comparability payments in the percentages set forth in the attached table will remain in effect in 2003.

Finally, the law requires that I include in this report an assessment of the impact of my decision on the Government's ability to recruit and retain well-qualified employees. I do not believe this decision will materially affect our ability to continue to attract and retain a quality Federal workforce. Inflation, as measured by the Consumer Price Index, is at 2.1 percent, well below the 3.1 percent across-the-board pay increase already mandated by current law, and Federal quit rates are at an all-time low of 2.1 percent per year, well below the overall average quit rate in private enterprise. Should the need arise, the Government has many compensation tools, such as recruitment bonuses, retention allowances, and special salary rates, to maintain the high-quality workforce that serves our Nation so very well.

Sincerely,

GEORGE W. BUSH.

Attachment.

LOCALITY-BASED COMPARABILITY PAYMENTS UNDER ALTERNATIVE PLAN

Locality Pay Area	*Locality payment (in percent)*
Atlanta, GA	9.74
Boston-Worcester-Lawrence, MA–NH–ME–CT	13.57
Chicago-Gary-Kenosha, IL–IN–WI	14.58
Cincinnati-Hamilton, OH–KY–IN	12.09
Cleveland-Akron, OH	10.33
Columbus, OH	10.70
Dallas-Fort Worth, TX	10.90
Dayton-Springfield, OH	9.62
Denver-Boulder-Greeley, CO	13.34
Detroit-Ann Arbor-Flint, MI	14.71
Hartford, CT	14.11
Houston-Galveston-Brazoria, TX	18.61
Huntsville, AL	9.08
Indianapolis, IN	8.85
Kansas City, MO–KS	9.28
Los Angeles-Riverside-Orange County, CA	16.05
Miami-Fort Lauderdale, FL	12.45
Milwaukee-Racine, WI	10.05
Minneapolis-St. Paul, MN–WI	11.56
New York-N. New Jersey-Long Island, NY–NJ–CT–PA	15.23
Orlando, FL	8.67
Philadelphia-Wilmington-Atlantic City, PA–NJ–DE–MD	12.11
Pittsburgh, PA	9.52
Portland-Salem, OR–WA	11.64
Richmond-Petersburg, VA	9.67
Sacramento-Yolo, CA	11.99
St. Louis, MO–IL	8.98
San Diego, CA	12.70
San Francisco-Oakland-San Jose, CA	19.04
Seattle-Tacoma-Bremerton, WA	11.77
Washington-Baltimore, DC–MD–VA–WV	11.48
Rest of U.S.	8.64

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