

“(2) to which the provisions of [former] chapter 54 of title 5, United States Code (as in effect on October 31, 1993) would apply if such provisions had remained in effect.

“(c) SPECIAL RULES.—

“(1) IN GENERAL.—The rate of basic pay for an employee who is subject to this section shall be the rate payable to such employee on October 31, 1993, subject to paragraph (2).

“(2) ADJUSTMENTS.—Adjustments in the rate of basic pay for an employee who is subject to this section shall be made in accordance with the relevant provisions of title 5, United States Code, or otherwise applicable provisions of law, subject to the following:

“(A) DEEM RATES AND POSITIONS TO BE UNDER THE GENERAL SCHEDULE.—For purposes of applying subchapters I and III of chapter 53 of such title (and the provisions of section 302 [set out as a note under section 5304 of this title] and title IV [see Short Title set out in a note under section 5305 of this title] of FEPCA with respect to any payment under any of those provisions)—

“(i) the rate of basic pay determined under this section for an employee shall be treated as a rate of basic pay described in section 5302(8) of such title;

“(ii) the position then currently occupied by an employee who is subject to this section shall be deemed to be a ‘General Schedule position’ within the meaning of section 5302(9) of such title; and

“(iii) any employee who is subject to this section shall be considered to be a ‘General Schedule employee’ (as referred to in section 302(b) of FEPCA).

“(B) SPECIAL RULES RELATING TO PROVISIONS GOVERNING STEP-INCREASES.—For purposes of applying the provisions of sections 5335 and 5336 of title 5, United States Code, with respect to any employee who is subject to this section—

“(i) any reference in such provisions to a ‘step-increase’ shall be considered to mean an increase equal to one-ninth of the difference between the minimum and maximum rates of pay for the applicable grade of the General Schedule;

“(ii) any reference in such provisions to the ‘next higher rate within the grade’ shall be considered to mean the rate of basic pay which exceeds such employee’s then current rate of basic pay by the amount of a step-increase;

“(iii) if the employee’s rate of basic pay is less than the rate for pay rate 4 of the applicable grade, such employee’s rate of basic pay shall be governed by paragraph (1) of section 5335(a) of such title;

“(iv) if the employee’s rate of basic pay is equal to or greater than the rate for pay rate 4 but less than the rate for pay rate 7 of the applicable grade, such employee’s rate of basic pay shall be governed by paragraph (2) of section 5335(a) of such title; and

“(v) if the employee’s rate of basic pay is equal to or greater than the rate for pay rate 7 but less than the maximum rate of the applicable grade, such employee’s rate of basic pay shall be governed by paragraph (3) of section 5335(a) of such title.

No rate of basic pay for an employee may be increased, as a result of this subparagraph (or any provision of law to which any clause of this subparagraph relates), if or to the extent that the resulting rate would exceed the maximum rate for the grade of the position occupied by such employee.

“(d) REGULATIONS.—The Office of Personnel Management shall prescribe any regulations which may be necessary for the administration of this section.”

#### § 5401. Purpose

The purpose of this chapter is to promote, through the creation of a Human Capital Per-

formance Fund, greater performance in the Federal Government. Monies from the Fund will be used to reward agencies’ highest performing and most valuable employees. This Fund will offer Federal managers a new tool to recognize employee performance that is critical to the achievement of agency missions.

(Added Pub. L. 108-136, div. A, title XI, § 1129(a), Nov. 24, 2003, 117 Stat. 1642.)

#### PRIOR PROVISIONS

A prior section 5401, added Pub. L. 95-454, title V, § 501, Oct. 13, 1978, 92 Stat. 1180; amended Pub. L. 97-346, § 2, Oct. 15, 1982, 96 Stat. 1647; Pub. L. 98-615, title II, § 201(a), Nov. 8, 1984, 98 Stat. 3208; Pub. L. 102-378, § 2(37), Oct. 2, 1992, 106 Stat. 1351, stated purpose of chapter to provide a performance management and recognition system, prior to repeal by Pub. L. 103-89, § 3(a)(1), (c), Sept. 30, 1993, 107 Stat. 981, 983, eff. Nov. 1, 1993.

#### § 5402. Definitions

For the purpose of this chapter—

(1) “agency” means an Executive agency under section 105, but does not include the Government Accountability Office;

(2) “employee” includes—

(A) an individual paid under a statutory pay system defined in section 5302(1);

(B) a prevailing rate employee, as defined in section 5342(a)(2); and

(C) a category of employees included by the Office of Personnel Management following the review of an agency plan under section 5403(b)(1);

but does not include—

(i) an individual paid at an annual rate of basic pay for a level of the Executive Schedule, under subchapter II of chapter 53, or at a rate provided for one of those levels under another provision of law;

(ii) a member of the Senior Executive Service paid under subchapter VIII of chapter 53, or an equivalent system;

(iii) an administrative law judge paid under section 5372;

(iv) a contract appeals board member paid under section 5372a;

(v) an administrative appeals judge paid under section 5372b; and

(vi) an individual in a position which is exempted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character; and

(3) “Office” means the Office of Personnel Management.

(Added Pub. L. 108-136, div. A, title XI, § 1129(a), Nov. 24, 2003, 117 Stat. 1642; amended Pub. L. 108-271, § 8(b), July 7, 2004, 118 Stat. 814.)

#### PRIOR PROVISIONS

A prior section 5402, added Pub. L. 95-454, title V, § 501, Oct. 13, 1978, 92 Stat. 1181; amended Pub. L. 98-615, title II, § 201(a), Nov. 8, 1984, 98 Stat. 3208, related to applicability of chapter, prior to repeal by Pub. L. 103-89, § 3(a)(1), (c), Sept. 30, 1993, 107 Stat. 981, 983, eff. Nov. 1, 1993.

#### AMENDMENTS

2004—Par. (1). Pub. L. 108-271 substituted “Government Accountability Office” for “General Accounting Office”.