

Action Date: _____
 For Information Only

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

DPM BULLETIN NO. 532-38

DATE: JAN 4 1985

SUBJECT: Salary Limitations for Pay Set by Administrative Authority or
Negotiated Agreement

The Office of Personnel Management (OPM) has provided guidance to departments regarding application of the recent Federal Wage System wage cap to pay rates established under administrative authority and negotiated agreement.

Public Law (PL) 98-473 requires that wage increases resulting from wage surveys not exceed 3.5 percent and that any wage schedule adjustments be delayed until the first applicable pay period beginning not less than 90 days after a wage schedule's usual effective date. This pay limitation should be reflected in determining white collar and blue collar pay rates under administrative authority to the extent permissible under law. OPM has indicated this practice is in keeping with the public interest and the principle of equal pay for substantially equal work.

Pay rates negotiated under the provisions of Public Law 92-392, Section 9(b), also are subject to the statutory increase limitation provisions unless an increase is required by the terms of a contract entered into before October 12, 1984. A negotiated increase is considered to be required by the terms of a contract only:

- a) if the contract dictates specific rates of pay or specific monetary or percentage increases, or
- b) if the contract dictates a fixed pay-setting procedure which automatically computes specific pay amounts without further negotiation on elements of the pay-setting procedure or the increase.

Filing Instructions: File after FPM Chapter 532 Bulletins

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OPI: M-16/Meza, 426-4135

The percentage increase limitations imposed on prevailing rate employees by PL 98-473 will not apply to the wage adjustments for certain prevailing rate supervisors. These supervisors were identified and their pay adjustments indicated in DPM 531-19, dated April 19, 1983, Revised Pay and Grading Plan for Federal Wage System Supervisors.

Questions concerning this policy should be referred to Mark Meza, Personnel Policy Division, on 426-4135.


Mark Meza
Acting Director of Personnel