

AN ALTERNATIVE PLAN FOR LOCALITY PAY
INCREASES

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

AN ALTERNATIVE PLAN FOR LOCALITY PAY INCREASE PAYABLE
TO CIVILIAN FEDERAL EMPLOYEES COVERED BY THE GENERAL
SCHEDULE (GS) AND CERTAIN OTHER PAY SYSTEMS IN JANU-
ARY 2008, PURSUANT TO 5 U.S.C. 5305(a)(3)



DECEMBER 11, 2007.—Referred to the Committee on Oversight and
Government Reform and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,
Washington, November 27, 2007.

Hon. NANCY PELOSI,
Speaker of the House of Representatives,
Washington, DC.

Dear Madam Speaker: I am transmitting an alternative plan for locality pay increases payable to civilian Federal employees covered by the General Schedule (GS) and certain other pay systems in January 2008.

Under title 5, United States Code, civilian Federal employees covered by the GS and certain other pay systems would receive a two-part pay increase in January 2008: (1) a 2.5 percent across-the-board adjustment in scheduled rates of basic pay derived from Employment Cost Index data on changes in the wages and salaries of private industry workers, and (2) locality pay adjustments averaging 12.5 percent based on Bureau of Labor Statistics salary surveys of non-Federal employers in each locality pay area. According to the statutory formula, for Federal employees covered by the locality pay system, the overall average pay increase would be about 15.0 percent.

Title 5, United States Code, authorizes me to implement an alternative locality pay plan if I view the adjustments 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 is appropriate to exercise my statutory alternative plan authority to set alternative January 2008 locality pay increases.

A national emergency, within the meaning of chapter 53 of title 5, has existed since September 11, 2001. Full statutory civilian pay increases would cost \$16.4 billion in 2008 alone. That amount exceeds by \$12.7 billion the cost of a 3.0 percent overall Federal civilian pay increase that I proposed in my 2008 Budget. Furthermore, the costs would grow at compounded rates in subsequent years. Such cost increases would force deep cuts in discretionary spending or Federal employment to stay within budget. Either outcome would unacceptably interfere with our Nation's ability to secure the homeland and pursue the war on terrorism.

Accordingly, I have determined that under the authority of section 5304a of title 5, United States Code, locality-based comparability payments for the locality pay areas established by the President's Pay Agent, in the amounts set forth in the attached table, shall become effective on the first day of the first applicable pay period beginning on or after January 1, 2008. When compared with the payments currently in effect, these comparability payments will increase the General Schedule payroll by about 0.5 percent. When combined with the 2.5 percent across-the-board increase, the 3.0 percent total increase equals the 12-month increase

in overall nationwide labor costs as of September 2006 (the reference period for decisions about the January 2008 pay adjustment under current law). Our national situation precludes granting larger locality pay increases at this time.

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. To the contrary, since any pay raise above the amount proposed in this alternative plan would likely be unfunded, agencies would have to absorb the additional cost and could have to freeze hiring to pay the higher rates. Moreover, the GS "quit" rate continues to be very low (2.1 percent on an annual basis), well below the overall average "quit" rate in private enterprise. Should the need arise, the Government has many compensation flexibilities, such as special salary rates and recruitment and retention incentives, to maintain the high quality workforce that serves our Nation.

Sincerely,

GEORGE W. BUSH.

ALTERNATIVE PLAN FOR 2008 LOCALITY-BASED COMPARABILITY PAYMENTS

<i>Locality Pay Area</i>	<i>Locality Payment (percent)</i>
Atlanta—Sandy Springs—Gainesville, GA—AL	16.59
Boston—Worcester—Manchester, MA—NH—RI—ME	21.74
Buffalo—Niagara—Cattaraugus, NY	14.76
Chicago—Naperville—Michigan City, IL—IN—WI	22.47
Cincinnati—Middletown—Wilmington, OH—KY—IN	17.57
Cleveland—Akron—Elyria, OH	16.53
Columbus—Marion—Chillicothe, OH	15.40
Dallas—Fort Worth, TX	18.04
Dayton—Springfield—Greenville, OH	14.76
Denver—Aurora—Boulder, CO	20.52
Detroit—Warren—Flint, MI	22.03
Hartford—West Hartford—Willimantic, CT—MA	23.20
Houston—Baytown—Huntsville, TX	27.02
Huntsville—Decatur, AL	13.92
Indianapolis—Anderson—Columbus, IN	13.25
Los Angeles—Long Beach—Riverside, CA	24.64
Miami—Fort Lauderdale—Pompano Beach, FL	18.70
Milwaukee—Racine—Waukesha, WI	16.13
Minneapolis—St. Paul—St. Cloud, MN—WI	18.80
New York—Newark—Bridgeport, NY—NJ—CT—PA	25.46
Philadelphia—Camden—Vineland, PA—NJ—DE—MD	19.49
Phoenix—Mesa—Scottsdale, AZ	13.98
Pittsburgh—New Castle, PA	14.54
Portland—Vancouver—Beaverton, OR—WA	18.17
Raleigh—Durham—Cary, NC	16.50
Richmond, VA	14.90
Sacramento—Arden—Arcade—Yuba City, CA—NV	19.62
San Diego—Carlsbad—San Marcos, CA	21.17
San Jose—San Francisco—Oakland, CA	31.43
Seattle—Tacoma—Olympia, WA	19.16
Washington—Baltimore—Northern Virginia, DC—MD—VA—WV—PA	19.73
Rest of U.S.	12.91