

The National Council of Social Security Management Associations, Inc.

**THE WASHINGTON REPORT
LEGISLATIVE REPORT 50-2003**

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- **President Bush Issues Executive Order Granting Federal Employees a 2% Pay Raise**

Just a day before the end of 2003, President Bush signed an executive order giving federal employees a 2% pay raise, which will begin January 1, 2004. Earlier this year, President Bush proposed the 2% pay raise for federal employees; however, Congress disagreed with the administration and decided that federal employees should receive a 4.1% pay raise for 2004. As you know, the 4.1% pay raise specified by Congress was included in the Omnibus Appropriations bill, which is stalled in the Senate. As a result of the stalemate, the Senate will not be able to vote on the bill until late January (at the earliest) when lawmakers return to begin the 2nd session of the 108th Congress. Once the bill passes and has been signed into law, federal employees should then receive a retroactive pay raise reflective of the 4.1% pay raise.

- **President's Pay Agent Releases Locality Pay Report**

The President's Pay Agent recently released its 2005 locality pay recommendations. The Pay Agent's plan generally supports the recommendations that were made by the Federal Salary Council in late October 2003. The Council recommended that Kansas City, Orlando, and St. Louis be dropped as separate locality areas because, "...the weighted average of the Occupational Compensation Survey Program and National Compensation Survey pay disparities for each of those locations is below that for the "Rest of the U.S." (RUS) locality pay area and the disparity has been close to or below that for the RUS locality pay area under either survey for the last 2 years." According to the report, the Pay Agent agreed with that Council recommendation and it decided to drop Kansas City, Orlando, and St. Louis as separate locality pay zones beginning in 2005, which reduces the overall number of locality pay areas from 32 to 29.

Though the Pay Agent dropped Kansas City, Orlando, and St. Louis as separate locality zones, it did add a number of other areas/cities to existing locality pay zones. For example, the Pay Agent supported the Council's recommendation to include Salinas and San Joaquin County, California in the San Jose-San Francisco locality pay zone and to add Monroe County, Florida to the Miami-Fort Lauderdale locality pay zone. The report explains that the total net cost of the 2005 locality payment rates will be approximately \$8 billion, an estimate that does not include the anticipated 2.5 pay raise or cost of benefits in 2005.

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