



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

DEC 31 2012

MEMORANDUM FOR SEE DISTRIBUTION

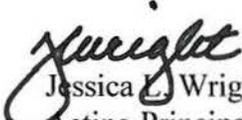
SUBJECT: Implementing Pay Adjustments under Department of Defense Authorities

The pay freeze, originally scheduled to end on December 31, 2012, has been extended. On September 28, 2012, the President signed into law H.J.Res.117, the Continuing Appropriations Resolution, 2013, (Public Law 112-175) providing appropriations for continuing projects and activities of the Federal Government through March 27, 2013, and extending the freeze on statutory Federal civilian pay adjustments until the beginning of the first full pay period after March 27, 2013.

In a December 22, 2010, memorandum on freezing pay set by administrative discretion, the President instructed heads of agencies to suspend any increases to pay systems or pay schedules, covering executive branch employees that would otherwise take effect as a result of an exercise of administrative discretion and forego any general increases that would take effect during the freeze period. To ensure consistent treatment of executive branch employees during the extended freeze, the President instructs heads of agencies to adhere to that policy through March 27, 2013. The Secretary of Defense and the Secretaries of the Military Departments have the authority to set civilian compensation under various statutes, including authorities under titles 5, 10, 20, and 38 of the United States Code. Many of these authorities permit pay adjustments similar to those under title 5, but for which there are no statutory requirements for adjustment.

Therefore, to ensure the intent of the administration with regard to pay adjustments continues to be applied in a fair and equitable manner across the Department of Defense (DoD), this memorandum extends the period addressed in the attached Deputy Secretary of Defense memorandum of December 30, 2010, "Implementing Pay Adjustments Under DoD Authorities," through March 27, 2013. The Secretaries of the Military Departments and other Senior Leaders shall exercise their respective civilian pay setting authorities in the same manner. Please note that full implementation of locality pay in Alaska, Hawaii, and other non-foreign areas was completed in January 2012, so those areas are no longer subject to the special provisions referenced in the attached memorandum. In situations where the Office of Personnel Management has provided specific guidance on the handling of pay adjustments under negotiated agreements, that guidance shall be controlling.

If you have any questions, my point of contact for this action is Mr. Seth Shulman, Director of Compensation, who can be reached at seth.shulman@cpms.osd.mil or (571) 372-1617.


Jessica Wright
Acting Principal Deputy

Attachments:
As stated

DISTRIBUTION:

**SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES**



**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**

DEC 30 2010

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES**

SUBJECT: Implementing Pay Adjustments under DoD Authorities

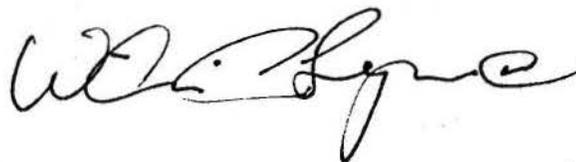
On December 22, 2010, the President signed into law H.R. 3082. The law provides FY 2011 appropriations through March 4, 2011, for continuing projects and activities of the Federal Government by further amending Public Law 111-242, the Continuing Appropriations Act, 2011. The law provides that no statutory pay adjustment be made under section 5303, 5304, 5304a, 5318, or 5343(a) of title 5, United States Code, or any similar adjustment required by statute for employees in an executive agency. A special provision allows a limited payment of locality rates of pay in Alaska, Hawaii, and other non-foreign areas in order to comply with the Non-Foreign Area Retirement Equity Assurance Act of 2009 (subtitle B of title XIX of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84, October 28, 2009)), under which employees receive locality pay increases to offset reductions in cost-of-living allowances.

The President directed that Heads of Agencies implement that pay freeze in a manner that ensures consistent treatment of executive branch civilian employees. The Secretary of Defense and the Secretaries of the Military Departments have the authority to set civilian compensation under various statutes, including authorities under titles 5, 10, 20, and 38 of the United States Code. Many of these authorities permit pay adjustments similar to those under title 5, but for which there is no statutory requirement for adjustment.

Therefore, to ensure the President's intent with regard to pay adjustments is applied in a fair and equitable manner across the Department of Defense, I exercise my discretion under all DoD civilian pay setting authorities to direct that no discretionary pay adjustments will be made under authorities that are similar to those mentioned in the newly-enacted law, during the period



beginning January 1, 2011, and ending on December 31, 2012. The Secretaries of the Military Departments and other Senior Leaders shall exercise their respective civilian pay setting authorities in the same manner. In situations where the Office of Personnel Management has provided specific guidance on the handling of pay adjustments under negotiated agreements, that guidance shall be controlling.

A handwritten signature in black ink, appearing to read "W. H. Lynn". The signature is written in a cursive style with a large, prominent initial "W".



The Director

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

DEC 27 2012

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JOHN BERRY
DIRECTOR 

Subject: 2013 Pay Adjustments for Federal Civilian Employees

On September 28, 2012, the Continuing Appropriations Resolution, 2013 (Public Law 112-175) (Resolution) became law. Section 114 of that law states that "any statutory pay adjustment (as defined in section 147(b)(2) of the Continuing Appropriations Act, 2011 (Public Law 111-242)) otherwise scheduled to take effect during fiscal year 2013 but prior to the date specified in section 106(3) of this joint resolution [March 27, 2013] may take effect on the first day of the first applicable pay period beginning after the date specified in section 106(3)." (See Attachment 1).

Consistent with the Resolution, on December 21, 2012, the President issued a memorandum stating that any increases in pay systems or pay schedules covering executive branch employees or any general increases in covered employees' rates of pay that could otherwise take effect as a result of the exercise of administrative discretion should not be made until after the date specified in section 106(3) of the Resolution. (See Attachment 2.) The President directed the U.S. Office of Personnel Management (OPM) to issue any necessary guidance on implementing this memorandum.

Agencies should continue to comply with the guidance in my memorandum of December 30, 2010. (See [CPM 2010-24](#).) Any reference in that guidance to an expiration date of December 31, 2012, should be considered to be revised to refer to the date specified in section 106(3) of the Resolution, which is set at March 27, 2013. Absent any intervening change in law, after the expiration of the Resolution, agencies may grant increases in pay schedules and general increases in covered employees' rates of pay in accordance with their administrative discretion.

For general information on Federal pay, leave, and work scheduling policies, please visit www.opm.gov/oca/index.asp. Employees should contact their agency human resources office for information on 2013 pay adjustments for Federal civilian employees. Agency field offices should contact their appropriate agency headquarters-level human resources office. Agency headquarters-level officials may contact Pay and Leave at OPM at pay-leave-policy@opm.gov. Requests from individual employees will be returned or forwarded to the appropriate agency human resources office.

Attachment 1—Section 114 of Public Law 112-175

Attachment 2—Presidential Memorandum

cc: Chief Human Capital Officers
Human Resources Directors

**Section 114 of the Continuing Appropriations Resolution, 2013
(Pub. L. 112-175, September 28, 2012)**

SEC. 114. (a) Section 147 of Public Law 111-242, as added by Public Law 111-322, shall be applied by substituting the date specified in section 106(3) of this joint resolution for "December 31, 2012" each place it appears.

(b) Notwithstanding any other provision of law, any statutory pay adjustment (as defined in section 147(b)(2) of the Continuing Appropriations Act, 2011 (Public Law 111-242)) otherwise scheduled to take effect during fiscal year 2013 but prior to the date specified in section 106(3) of this joint resolution may take effect on the first day of the first applicable pay period beginning after the date specified in section 106(3).

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 21, 2012

December 21, 2012

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Federal Employee Pay Schedules and Rates That Are Set by Administrative Discretion

On December 22, 2010, I issued a memorandum stating that the heads of executive departments and agencies should suspend any increases to any pay systems or pay schedules covering executive branch employees, and should forgo any general increases in covered employees' rates of pay, that could otherwise take effect as a result of the exercise of administrative discretion during the period beginning on January 1, 2011, and ending on December 31, 2012. In light of section 114 of the Continuing Appropriations Resolution, 2013 (Public Law 112-175), I am hereby instructing the heads of executive departments and agencies that they should continue to adhere to this policy through March 27, 2013, the date after which statutory pay adjustments may be made pursuant to section 114 of Public Law 112-175.

This memorandum shall be carried out to the extent permitted by law and consistent with executive departments' and agencies' legal authorities. This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

The Director of the Office of Personnel Management shall issue any necessary guidance on implementing this memorandum, and is also hereby authorized and directed to publish this memorandum in the *Federal Register*.

BARACK OBAMA

###