

DECISION

95307
THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548

FILE:

B-181981

DATE: FEB 26 1975
50582

MATTER OF:

Tinker Air Force Base employees - Effective date
of pay adjustments

DIGEST:

Pay adjustments under wage schedule upon termination of Economic Stabilization Program, for employees paid under Federal prevailing rate systems, must be made under FPM Letter 532-63, May 2, 1974, rescinding prior regulations and instructions and providing that such adjustments must be effective the first day of the first pay period after April 30, 1974, so that adjustments for employees under staggered pay period basis where pay periods began on May 5, 1974, and May 12, 1974, must be made effective on such dates.

This matter involves a request from R. L. Needs, Major, USAF, Accounting and Finance Officer, Headquarters Oklahoma City Air Logistics Center (AFLC), Tinker Air Force Base, Oklahoma 73145, for an advance decision under 31 U.S.C. § 74 concerning the effective date of pay adjustments for employees paid under Federal prevailing rate systems, upon termination of the Economic Stabilization Program. The employees in question work on a staggered pay period basis whereby one group's pay period began on May 5, 1974, whereas the other group's pay period began on May 12, 1974. The decision will affect approximately 17,800 employees at an estimated cost of approximately \$100,000.

The question arose because of the issuance on May 6, 1974, of a wage schedule making pay adjustments for Federal Prevailing Rate Systems upon termination of the Economic Stabilization Program. Said schedule stipulated that its effective date was the first day of the first pay period after April 30, 1974. FPM Letter No. 532-63, May 2, 1974, stated that each Federal wage schedule will be adjusted to its prevailing rate line effective the first day of the first pay period following the termination of wage controls based on the Economic Stabilization Act (Pub. L. No. 91-379 as amended) as applied to the Federal Wage System schedules, and stipulated that the newly adjusted schedules will be effective the first day of the first pay period after April 30, 1974. An accompanying CSAF message, DPCAC, R222036Z, May 74 stated in paragraph 2 that:

"A question was raised by a command having split pay periods concerning the meaning of 'first pay period.'

This means that the beginning of the employees first pay period following 30 April 74 (5 or 12 May 1974). This interpretation was confirmed by DOD, WFA AND CSC."

Since the FPM Supplement 532-1, subchapter S8-6b dated April 15, 1974, states:

"b. Effecting new or revised wage schedules. The head of each activity in the wage area places new or revised wage schedules into effect on the date specified on the schedule by the lead agency for all covered employees of the activity within the local wage area.

"(1) New or revised wage schedules are effective simultaneously for all covered employees in an activity at the beginning of the first full shift on the effective date specified.

"(2) Thus the new or revised wage schedules are effected on the same date for all covered wage employees of an activity even though staggered pay periods are used."

the question has been raised as to whether the raise should be effective May 5, 1974, for all wage employees or should be effective May 5 and May 12, 1974, for installations having staggered pay periods.

Exec. Order No. 11639, January 11, 1972, directed the Civil Service Commission (CSC) to issue instructions on the fixing of rates of basic pay for prevailing rate employees and provided that such instructions shall maintain consistency in each pay schedule adjustment with the fiscal and economic policies of the United States, including the policies and pay increase guidelines issued by the Pay Board established under Exec. Order No. 11627, October 15, 1971. It also directed executive agencies and military departments to fix the rates of basic pay for prevailing rate employees in accordance with such instructions. In this regard Federal Personnel Manual (FPM) Letter No. 532-63, May 2, 1974, stated that the CSC had approved the recommendation of the Federal Prevailing Rate Advisory Committee that wage schedules should be adjusted to their prevailing rate line effective the first day of the first pay period following the termination of the wage controls based on the Economic Stabilization Act. In accordance with that decision FPM Letter No. 532-63 rescinded all CSC and agency regulations concerning the fixing and adjusting of pay under the Economic Stabilization Program. It further instructed executive agencies and military departments to adjust the wage rates of each separate pay schedule in accordance with the actual prevailing rate line determination at the time of the last schedule adjustment and

specified that such adjustments should be effective the first day of the first pay period after April 30, 1974. Accordingly, under the above regulations the wage schedule adjustments upon the termination of the Economic Stabilization Program at Tinker AFB were required to be effective the first day of the first pay period after April 30, 1974, rather than on a specific date for all prevailing rate employees.

Concerning the fairness and equity of the effective date, we note that subchapter S8-6b of FPM Supplement 532-1 provides that new or revised wage schedules are to be effected on the date specified on the schedule by the lead agency for all covered employees of an activity within the local wage area even though staggered wage periods are involved. However, as noted above, the wage increase here involved was not made under the normal wage adjustment procedure but was made as part of the discontinuance of wage controls under the Economic Stabilization Act. It is also to be noted that, due to the administrative procedures required to adjust the pay of a number of employees, as a matter of administrative convenience, it is more common for adjustments of Federal pay systems to be effective on the first day of a pay period. Although staggered pay periods may result in certain employees receiving a pay adjustment before other employees where the adjustment is effected on the basis of a pay period rather than a specific date, both statutory and regulatory provisions for Federal pay systems generally require pay adjustments to be effective the first day of the first pay period following a specified date or event. See 5 U.S.C. § 5344(a)(Supp. II) and 5 U.S.C. § 5305(a)(2)(1970).

Hence, the pay adjustment was properly made effective on the dates of May 5, 1974, and May 12, 1974, respectively, for employees whose pay periods began on those dates, and the adjustment for those employees whose pay period began on May 12, 1974, cannot be made effective as of May 5, 1974. The voucher transmitted with the request for decision cannot be certified and will be retained here.

R. J. [unclear]
Comptroller General
of the United States