



Response to Questions on the 2016 LOBs

Request By: Supervisor Foust

Relevant LOB(s): N/A

Question: Provide what compensation, step and cost of living adjustment (COLA) increases have been over the last ten years for Federal employees and retirees.

Response:

Federal Employees

The majority of federal civilian employees are paid under the general schedule (GS) pay scale, which is a step and grade system. Employee compensation increases include adjustments that move the entire scale and progression through the scale as a result of step and grade increases. Information is presented below on these components as a total average increase is not available.

The two types of adjustments that move the entire scale and therefore benefit all employees are the general schedule increase and changes in the locality payment. The table below provides a ten-year history of the general schedule increase and the locality adjustment for the pay area of Washington-Baltimore-Arlington, DC-MD-VA-WV-PA. The total increase shown in the table takes into account the compounded impact of the general schedule increase and the locality adjustment, and therefore exceeds the sum of the two increases.

Federal Employee Scale Adjustments

	General Schedule Increase	Locality Adjustment	Total Increase*
January 2007	1.70%	0.93%	2.64%
January 2008	2.50%	1.94%	4.49%
January 2009	2.90%	1.83%	4.78%
January 2010	1.50%	0.91%	2.42%
January 2011	0.00%	0.00%	0.00%
January 2012	0.00%	0.00%	0.00%
January 2013	0.00%	0.00%	0.00%
January 2014	1.00%	0.00%	1.00%
January 2015	1.00%	0.00%	1.00%
January 2016	1.00%	0.45%	1.46%

* Note that the total increase does not include step and grade increases described below.

There are 15 grades in the GS scale, and 10 steps within each grade. The difference between consecutive grades ranges from 9 to 20 percent, and increases in grade result when an employee



is promoted. Many positions cover a range of grades as part of a “career ladder,” and employees are able to increase in grade each year as they progress through the range, provided that certain criteria are met. These positions may skip individual grades in their range. For example, an individual with a Bachelor’s degree and no additional experience would typically qualify for a GS-5 position. If the job announcement advertised promotional potential to the GS-12 level, the employee could progress through the career ladder each year with advancement to GS-7, GS-9, GS-11 and GS-12, with annual compensation increases from the advancement in grade ranging from 19.9 to 23.9 percent.

Step increases within each grade require an acceptable level of performance and are typically a flat dollar amount equal to 3.33 percent of step 1 of the grade. Therefore, step increases represent a larger percentage increase in salary for employees at lower steps than they do for employees at higher steps. Step increases occur every year up to step 4, require a two-year wait before progressing to steps 5 through 7, and require a three-year wait before progressing to steps 8 through 10. Progression from step 1 to step 10 takes eighteen years if the employee remains within the same grade. The table below includes the waiting period required for progression to each step and the typical increase in compensation resulting from each step increase.

Federal Step Progression and Typical Salary Increases

	Waiting Period	Typical Increase Between Steps
Step 1	N/A	N/A
Step 2	1 year at Step 1	3.33%
Step 3	1 year at Step 2	3.23%
Step 4	1 year at Step 3	3.12%
Step 5	2 years at Step 4	3.03%
Step 6	2 years at Step 5	2.94%
Step 7	2 years at Step 6	2.86%
Step 8	3 years at Step 7	2.78%
Step 9	3 years at Step 8	2.70%
Step 10	3 years at Step 9	2.63%

Federal Retirees

Federal retirement benefits for civilian employees who were hired prior to January 1, 1987, are provided through the Civil Service Retirement System (CSRS). Most employees covered under CSRS are not covered by Social Security. Retirement coverage for civilian employees hired on or after January 1, 1987, is provided through the Federal Employees Retirement System (FERS). FERS includes a defined benefit component, Social Security benefits, and a defined contribution component. The cost-of-living adjustments for CSRS, the FERS basic benefit, and Social Security benefits are based on the change in the Consumer Price Index (CPI-W) from the prior year. The cost-of-living adjustment for the FERS basic benefit is limited if the change in the CPI-W exceeds



two percent. A ten-year history of the cost-of-living adjustments for federal retirees is provided below.

Federal Retirement Adjustments

	Civil Service Retirement System	Federal Employees Retirement System	
		<i>Basic Benefit</i>	<i>Social Security</i>
January 2007	3.3%	2.3%	3.3%
January 2008	2.3%	2.0%	2.3%
January 2009	5.8%	4.8%	5.8%
January 2010	0.0%	0.0%	0.0%
January 2011	0.0%	0.0%	0.0%
January 2012	3.6%	2.6%	3.6%
January 2013	1.7%	1.7%	1.7%
January 2014	1.5%	1.5%	1.5%
January 2015	1.7%	1.7%	1.7%
January 2016	0.0%	0.0%	0.0%