



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001

OCT 29 2004

MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS

FROM: KAY COLES JAMES
DIRECTOR 

SUBJECT: Aggregate Limitation on Pay

I am pleased to announce that agencies that have received certification of their performance appraisal systems for members of the Senior Executive Service (SES) and/or employees in senior-level (SL) and scientific or professional (ST) positions may now apply the higher aggregate limitation on pay—up to the Vice President's salary (\$203,000 in 2004). In many cases, this means senior employees in certified agencies who were awarded the rank of Distinguished Executive in 2004 may now receive the full amount of the award in calendar year 2004 (the year in which it was earned), since they are now subject to a higher aggregate limitation on pay.

Consistent with 5 U.S.C. 5307(d) and the regulations at 5 CFR 430.405(e) (full certification) and (f) (provisional certification), agencies that have received full or provisional certification must apply the higher aggregate limitation on pay in calendar year 2004 to both SES members and SL/ST employees covered by certified appraisal systems. Agencies without certification must continue to apply an annual aggregate limitation on pay equivalent to the rate for level I of the Executive Schedule (\$175,700 in 2004). The current rules in 5 CFR part 530, subpart B, regarding the administration of the aggregate limitation on pay and deferred payments remain in effect until the Office of Personnel Management (OPM) issues final regulations later this year.

Agencies with certified appraisal systems that correctly deferred excess payments earlier in the year under 5 CFR 530.204, because an employee's estimated aggregate compensation would have exceeded the rate for level I of the Executive Schedule at the end of calendar year 2004, must make appropriate payments to affected SES members and/or SL/ST employees in calendar year 2004. For example, if an agency deferred payment of part of a relocation bonus until January 2005, the agency must now correct the pay action and pay the relocation bonus in calendar year 2004, assuming, of course, that the employee's estimated aggregate compensation, including the relocation bonus, would be less than \$203,000.

Agencies may not set the rate of basic pay for SES members above the rate for level III of the Executive Schedule until OPM issues final regulations in 5 CFR part 534, subpart D, on the administration of pay for SES members.

Additional Information

For additional information, please contact your assigned OPM Human Capital Officer. Employees should contact their agency human resources office for assistance.

cc: Human Resources Directors