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TITLE: CIB 98-16 Annual Salary Increase for USPSC's

June 22, 1998

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

FROM: M/OP, Marcus L. Stevenson, Procurement Executive

SUBJECT: Annual Salary Increase for USPSCs

CONTRACT INFORMATION BULLETIN 98 - 16

The purpose of this Contract Information Bulletin is to revise the policy on application of the annual 3% salary increase for satisfactory performance to United States Personal Services Contractors (USPSCs).

CIB 96-8 provided for the first time a methodology for contracting personnel to follow in establishing a market value for a US personal services contract position. Utilizing the General Schedule (GS), a salary range is established for each position which establishes what the Government considers the value of the job and allows contracting personnel the flexibility of negotiating within that range. Unlike United States direct-hire (USDH) GS employees, however, USPSCs receive a 3% salary increase each year for satisfactory performance in addition to the pay comparability adjustment if funds are available. Further and also unlike direct-hire employees, this 3% increase is payable regardless of whether it raises one's salary beyond the limits of the market value of the job.

Consequently, while the market value (salary range) of a position remains constant (subject to pay comparability adjustments), payment of the 3% annual increase over a period of time can and does create salaries which eventually exceed the market value of the position. This is particularly true when individuals are contracted with at the upper limit of the salary range, and within a year, can be paid a salary outside the market value of the job.

Therefore, notwithstanding paragraph 4(g) of AIDAR Appendix D, USPSCs will continue to receive the 3% annual salary increase for satisfactory performance unless that increase would raise an individual's salary beyond the maximum limit of the salary range. Once an individual reaches the upper limit of a position's market value, his/her salary shall be "capped" in the same way as that of a USDH salary. This does not affect the annual pay comparability adjustment.

Questions regarding this CIB may be directed to M/OP/P