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Salary Reform Act of 1962 Signed

The President, on October 11, 1962, signed into law the Salary Reform Act of 1962. It is not just another Pay Act, but represents a major forward step in the management of the Federal service. John W. Macy, Jr., Chairman of the Civil Service Commission said that this, "is one of the most far-reaching and enlightened pieces of Federal personnel legislation enacted since the Classification Act of 1923."

Administrator Halaby said, "This Act offers all of us a special challenge to rededicate ourselves not just to continuing but improving the high standards we in FAA have always observed."

The Salary Reform Act of 1962 establishes for the first time:

- A comprehensive salary policy for the Government based upon principles that (1) Federal salaries shall compare with private enterprise rates for the same level of work, and (2) there shall be equal pay for substantially equal work, and pay distinctions in keeping with work and performance distinctions;

- A method for annual review and updating of salaries;
- Coordination among the major statutory salary systems; and

- Major changes and increased flexibilities under the Classification Act.

Below are described those features and changes of the Salary Reform Act of 1962 which are of most direct interest to you.

Classification Act Salaries.—All employees subject to the Classification Act will receive salary increases in two phases. In the FAA the first salary increase became effective October 14, 1962. The second salary increase will be effective on the first day of the first pay period beginning on or after January 1, 1964. The attached salary schedule shows the present salary and rates for grades GS-1 through GS-18, the salary increases effective on October 14, 1962, and the increases which will become effective in January 1964.

Grades GS-1, 2 and 3.—The law provides that simultaneous with the authorized increase in base pay all employees on the rolls in grades GS-1, GS-2 and GS-3 will receive an automatic adjustment to the *next higher step rate* of their grade. For example, a GS-3 employee now at the

third step rate will go to the new fourth rate. An employee at the top longevity step of GS-1, GS-2 or GS-3, will be given the highest rate for his grade plus an amount equal to the maximum within-grade rate for his grade. For example, a GS-2 now receiving \$4445 will be paid at the rate of \$4610 (\$4505 plus \$105). This pay adjustment does not affect an employee's waiting period for a within-grade increase.

Grades GS-4 Through GS-18.—Employees in grades GS-4 through GS-18 will receive the new salary rate provided for their present step and grade. Service at the present step counts toward the waiting period required for a within-grade increase under the new law.

Salary on Promotion.—Upon promotion, employees will receive an increase in pay of not less than two within-grade increases of the grade from which promoted.

Within-grade Increases.—Within-grade increases are substantially higher, but they are not automatic. The law requires a complete revision of the regulations governing within-grade increases.

Waiting Period.—The new waiting periods for within-grade increases are the same for all grades. The waiting periods are:

For Advancement to Rates	Waiting Period Required
2, 3 and 4	52 calendar weeks
5, 6 and 7	104 calendar weeks
8, 9 and 10	156 calendar weeks

The changes in the length of the waiting period for all grades became effective October 14, 1962, and have a different effect on employees in the same grade.

Example 1.—An employee in grade GS-12 has completed 15 months of service in rate 2 of his grade on October 14. Under the old law 18 months was required for advancement to step 3. Under the new law he will be given the new salary for rate 2, and because only 52 weeks is now required for advancement to rate 3, is entitled to be "considered" for a within-grade increase. If his work is determined by his supervisor to be of an "acceptable level of competence," he will be advanced to rate 3. In this case the change will be retroactive to October 14, 1962.

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CLASSIFICATION ACT

COMPARISON OF PRESENT RATES WITH RATES IN P. L. 87-793

G R A D E	Date	Rate 1	Cumulative Increase	Rate 2	Cumulative Increase	Rate 3	Cumulative Increase	Rate 4	Cumulative Increase	Rate 5	Cumulative Increase	Rate 6	Cumulative Increase	Rate 7	Cumulative Increase	Rate 8	Cumulative Increase	Rate 9	Cumulative Increase	Rate 10	Cumulative Increase	Amt. of Within- Grade Increase
GS-1	Present	\$ 3,185	--	\$ 3,290	--	\$ 3,395	--	\$ 3,500	--	\$ 3,605	--	\$ 3,710	--	\$ 3,815	--	\$ 3,920	--	\$ 4,025	--	\$ 4,130	--	\$105
	Oct. 1962*	3,245	\$ 60	3,350	\$ 60	3,455	\$ 60	3,560	\$ 60	3,665	\$ 60	3,770	\$ 60	3,875	\$ 60	3,980	\$ 60	4,085	\$ 60	4,190	\$ 60	105
	Jan. 1964	3,305	120	3,410	120	3,515	120	3,620	120	3,725	120	3,830	120	3,935	120	4,040	120	4,145	120	4,250	120	105
GS-2	Present	3,500	--	3,605	--	3,710	--	3,815	--	3,920	--	4,025	--	4,130	--	4,235	--	4,340	--	4,445	--	105
	Oct. 1962*	3,560	60	3,665	60	3,770	60	3,875	60	3,980	60	4,085	60	4,190	60	4,295	60	4,400	60	4,505	60	105
	Jan. 1964	3,620	120	3,725	120	3,830	120	3,935	120	4,040	120	4,145	120	4,250	120	4,355	120	4,460	120	4,565	120	105
GS-3	Present	3,760	--	3,865	--	3,970	--	4,075	--	4,180	--	4,285	--	4,390	--	4,495	--	4,600	--	4,705	--	105
	Oct. 1962*	3,820	60	3,925	60	4,030	60	4,135	60	4,240	60	4,345	60	4,450	65	4,555	85	4,705	105	4,830	125	105-125
	Jan. 1964	3,880	120	3,985	120	4,090	120	4,195	120	4,300	120	4,405	120	4,510	135	4,615	155	4,775	175	4,900	195	105-125
GS-4	Present	4,040	--	4,145	--	4,250	--	4,355	--	4,460	--	4,565	--	4,670	--	4,775	--	4,880	--	4,985	--	105
	Oct. 1962	4,110	70	4,250	105	4,390	140	4,530	175	4,670	210	4,810	245	4,950	280	5,090	315	5,230	350	5,370	385	140
	Jan. 1964	4,215	175	4,355	210	4,495	245	4,635	280	4,775	315	4,915	350	5,055	385	5,195	420	5,335	455	5,475	490	140
GS-5	Present	4,345	--	4,510	--	4,675	--	4,840	--	5,005	--	5,170	--	5,335	--	5,500	--	5,665	--	5,830	--	165
	Oct. 1962	4,565	220	4,725	215	4,885	210	5,045	205	5,205	200	5,365	195	5,525	190	5,685	185	5,845	180	6,005	175	160
	Jan. 1964	4,690	345	4,850	340	5,010	335	5,170	330	5,330	325	5,490	320	5,650	315	5,810	310	5,970	305	6,130	300	160
GS-6	Present	4,830	--	4,995	--	5,160	--	5,325	--	5,490	--	5,655	--	5,820	--	5,985	--	6,150	--	6,315	--	165
	Oct. 1962	5,035	205	5,205	210	5,375	215	5,545	220	5,715	225	5,885	230	6,055	235	6,225	240	6,395	245	6,565	250	170
	Jan. 1964	5,235	405	5,410	415	5,585	425	5,760	435	5,935	445	6,110	455	6,285	465	6,460	475	6,635	485	6,810	495	175
GS-7	Present	5,355	--	5,520	--	5,685	--	5,850	--	6,015	--	6,180	--	6,345	--	6,510	--	6,675	--	6,840	--	165
	Oct. 1962	5,540	185	5,725	205	5,910	225	6,095	245	6,280	265	6,465	285	6,650	305	6,835	325	7,020	345	7,205	365	185
	Jan. 1964	5,795	440	5,990	470	6,185	500	6,380	530	6,575	560	6,770	590	6,965	620	7,160	650	7,355	680	7,550	710	195
GS-8	Present	5,885	--	6,050	--	6,215	--	6,380	--	6,545	--	6,710	--	6,875	--	7,040	--	7,205	--	7,370	--	165
	Oct. 1962	6,090	205	6,295	245	6,500	285	6,705	325	6,910	365	7,115	405	7,320	445	7,525	485	7,730	525	7,935	565	205
	Jan. 1964	6,390	505	6,600	550	6,810	595	7,020	640	7,230	685	7,440	730	7,650	775	7,860	820	8,070	865	8,280	910	210
GS-9	Present	6,435	--	6,600	--	6,765	--	6,930	--	7,095	--	7,260	--	7,425	--	7,590	--	7,755	--	7,920	--	165
	Oct. 1962	6,675	240	6,900	300	7,125	360	7,350	420	7,575	480	7,800	540	8,025	600	8,250	660	8,475	720	8,700	780	225
	Jan. 1964	7,030	595	7,260	660	7,490	725	7,720	790	7,950	855	8,180	920	8,410	985	8,640	1,050	8,870	1,115	9,100	1,180	230
GS-10	Present	6,995	--	7,160	--	7,325	--	7,490	--	7,655	--	7,820	--	7,985	--	8,150	--	8,315	--	8,480	--	165
	Oct. 1962	7,290	295	7,535	375	7,780	455	8,025	535	8,270	615	8,515	695	8,760	775	9,005	855	9,250	935	9,495	1,015	245
	Jan. 1964	7,630	695	7,945	785	8,260	875	8,575	965	8,890	1,055	9,205	1,145	9,520	1,235	9,835	1,325	10,150	1,415	10,465	1,505	255
GS-11	Present	7,560	--	7,820	--	8,080	--	8,340	--	8,600	--	8,860	--	9,120	--	9,380	--	9,640	--		--	260
	Oct. 1962	8,045	485	8,310	490	8,575	495	8,840	500	9,105	505	9,370	510	9,635	515	9,900	520	10,165	525		--	265
	Jan. 1964	8,410	850	8,690	870	8,970	890	9,250	910	9,530	930	9,810	950	10,090	970	10,370	990	10,650	1,010		--	280
GS-12	Present	8,955	--	9,215	--	9,475	--	9,735	--	9,995	--	10,255	--	10,515	--	10,775	--	11,035	--		--	260
	Oct. 1962	9,475	520	9,790	575	10,105	630	10,420	685	10,735	740	11,050	795	11,365	850	11,680	905	11,995	960		--	315
	Jan. 1964	9,980	1,025	10,310	1,095	10,640	1,165	10,970	1,235	11,300	1,305	11,630	1,375	11,960	1,445	12,290	1,515	12,620	1,585		--	330
GS-13	Present	10,635	--	10,895	--	11,155	--	11,415	--	11,675	--	11,935	--	12,195	--	12,455	--	12,715	--		--	260
	Oct. 1962	11,150	515	11,515	620	11,880	725	12,245	830	12,610	935	12,975	1,040	13,340	1,145	13,705	1,250	14,070	1,355		--	365
	Jan. 1964	11,725	1,030	12,110	1,215	12,495	1,340	12,880	1,465	13,265	1,550	13,650	1,715	14,035	1,840	14,420	1,965	14,805	2,090		--	385
GS-14	Present	12,210	--	12,470	--	12,730	--	12,990	--	13,250	--	13,510	--	13,770	--	14,030	--	14,290	--		--	260
	Oct. 1962	12,845	635	13,270	800	13,695	965	14,120	1,130	14,545	1,295	14,970	1,460	15,395	1,625	15,820	1,790	16,245	1,955		--	425
	Jan. 1964	13,615	1,405	14,065	1,595	14,515	1,785	14,965	1,975	15,415	2,165	15,865	2,355	16,315	2,545	16,765	2,735	17,215	2,925		--	450
GS-15	Present	13,730	--	14,055	--	14,380	--	14,705	--	15,030	--	15,355	--	15,680	--	16,005	--	16,330	--		--	325-260
	Oct. 1962	14,565	835	15,045	990	15,525	1,145	16,005	1,300	16,485	1,455	16,965	1,675	17,445	1,895	17,925	2,115		--		--	480
	Jan. 1964	15,665	1,935	16,180	2,125	16,695	2,315	17,210	2,505	17,725	2,695	18,240	2,950	18,755	3,205	19,270	3,460		--		--	515
GS-16	Present	15,255	--	15,515	--	15,775	--	16,035	--	16,295	--		--		--		--		--		--	260
	Oct. 1962	16,000	745	16,500	985	17,000	1,225	17,500	1,465	18,000	1,705		--		--		--		--		--	500
	Jan. 1964	16,000	745	16,500	985	17,000	1,225	17,500	1,465	18,000	1,705		--		--		--		--		--	500
GS-17	Present	16,530	--	16,790	--	17,050	--	17,310	--	17,570	--		--		--		--		--		--	260
	Oct. 1962	18,000	1,470	18,500	1,710	19,000	1,950	19,500	2,190	20,000	2,430		--		--		--		--		--	500
	Jan. 1964	18,000	1,470	18,500	1,710	19,000	1,950	19,500	2,190	20,000	2,430		--		--		--		--		--	500
GS-18	Present	18,500	--		--		--		--		--		--		--		--		--		--	260
	Oct. 1962	20,000	1,500		--		--		--		--		--		--		--		--		--	500
	Jan. 1964	20,000	1,500		--		--		--		--		--		--		--		--		--	500

* Upon application of this first phase, each employee on the rolls in grades GS-1, 2, and 3 will receive one additional within-grade increase.

Example 2.—An employee in GS-12 has completed 76 weeks (17½ months) of service in rate 5 on October 14, 1962. Under the previous regulation he would have received a within-grade increase on October 28, 1962. However, since he had not fully met the requirements for a within-grade increase under the previous law, he must now meet the requirements of the new law. Therefore, he must wait until he has completed 104 calendar weeks of service before he can be considered for a within-grade increase to rate 6.

Example 3.—An employee in GS-4 has completed 51 weeks of service in rate 6 on October 14. He must complete 104 weeks of service before he can be considered for a within-grade increase to rate 7 (see example 2).

Longevity Steps.—The longevity steps, as such, have been abolished. However, no change has been made in the total number of step rates in a grade.

Acceptable Level of Competence.—Within-grade increases are not automatic upon the completion of the required waiting period. When you complete the waiting period required, there must be a positive certification by your supervisor that your work is of an acceptable level of competence before a within-grade increase may be granted. The assignment of a satisfactory performance rating does not automatically meet the requirements of the new law. Employees who barely meet the satisfactory level can not be granted a within-grade increase.

It is the intent of the Act to reward efficiency and productivity, rather than length of service. Therefore, the Agency must establish uniform, equitable, and realistic guidelines to measure levels of competence so that supervisors can evaluate their employees against these guidelines. Work has begun on this, and it is hoped that a workable system will be approved in the very near future. Then, for those who have met the time requirements under the new law and whose work is of an "acceptable level of competence," the within-grade increase action will be taken. For these employees, the within-grade increase action will be retroactive to the date it was properly due under the new law. All employees will be furnished more detailed information concerning the guidelines and procedures as soon as they have been developed and approved. Machinery will then be established to assure that supervisors can make timely determinations in the future as to "acceptable level of competence" so that within-grade increases, when warranted, will be made on the effective date.

Quality Increases.—One of the new features of the law gives the Agency the authority to grant an additional within-grade increase based on "high quality performance." The performance must be above that normally found in the position concerned and only one such increase may be granted to an employee in any 52-week period. The Civil Service Commission will issue regulations governing quality increases.

Salaries for Grades GS-16, 17 and 18.—The minimum rates for grades GS-16, 17, and 18 have been raised to \$16,000, \$18,000 and \$20,000 respectively. The rate ranges for these grades have been increased with the result that within-grade increases have been raised from \$260 to \$500.

Salary Retention.—For the first time salary retention benefits will be extended to all grades of the Classification Act in instances where a job is graded downward through no fault of the employee. This means that employees in grades GS-16, 17, and 18 will have the same salary retention rights that other Classification Act employees have upon reduction in grade.

Adjustment of the Hiring Rates for Certain Positions.—The law continues authority for adjusting minimum rates of pay (advance inhiring rates) when special disparities between the Federal pay schedules and private-enterprise salaries handicap recruitment or retention of well-qualified employees (i.e., Engineers, Medical Officers, etc.). In addition, the new law provides authority to make corresponding increases in all rates of a grade level when the minimum rate is advanced. Under the previous law, when advance inhiring rates were established, the potential number of within-grade increases was reduced. Where the top step was established, employees could have no future step increases except longevity increases. Under the new Act, when the entrance rate is advanced, an entire new schedule will be established which will provide (except at the top grades) a full range of rates for employees. Special schedules of per annum salary rates will be issued for those occupational categories for which special inhiring rates have been authorized.

Supervisors of Wage Board Employees.—The new law provides that the rate of pay of a Classification Act supervisor can be adjusted, within the established rates of his grade, to a rate that is higher than the pay of subordinate wage board personnel. The Civil Service Commission must issue implementing regulations before this provision can be placed into effect.

Increased Retirement Benefits.—Persons who are receiving retirement annuities are also benefited by the Act. The annuity of each person who is receiving or is entitled to receive an annuity from the Civil Service retirement or disability fund on January 1, 1963, will be increased by five per cent of his annuity, and the law provides for additional increases in annuities for employees retiring on or after January 1, 1963, as indicated below:

<i>If the annuity commences between—</i>	<i>The annuity shall be increased by—</i>
Jan. 2, 1963, and Dec. 31, 1963	4 per centum
Jan. 1, 1964, and Dec. 31, 1964	3 per centum
Jan. 1, 1965, and Dec. 31, 1965	2 per centum
Jan. 1, 1966, and Dec. 31, 1966	1 per centum

For the first time, the Civil Service Commission has the authority to make adjustments in retirement annuities based on changes in the cost-of-living index. The law contains other significant changes which will be published later.

As you have noted, in some areas guides must be developed and issued by the Agency. In other areas, regulations must be issued by the Civil Service Commission. More detailed information will be furnished concerning procedures and guidelines as soon as they have been developed and approved.