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DEPARTMENT OF COMMERCE
OFFICE OF HUMAN RESOURCES MANAGEMENT

HUMAN RESOURCES (HR) BULLETIN #016, FY05, 5 CFR 451.104

SUBJECT: Performance Awards and Locality Pay

EFFECTIVE DATE: Upon release of this Human Resources (HR) Bulletin

EXPIRATION DATE: Effective until cancelled or superseded

SUPERSEDES: 5 CFR 451.104(g)

BACKGROUND: The Office of Personnel Management issued interim regulations on May 31, 2005, that revised 5 CFR 451.104(g). This change affects how performance awards are computed. The revised 5 CFR 451.104(g) implements a provision of the Federal Workforce Flexibility Act of 2004 that eliminated the language formerly in 5 U.S.C. 4505a(a)(2), that had prohibited the inclusion of locality pay in computing performance awards that are expressed as a percentage of the employee's pay.

PURPOSE: The purpose of this HR Bulletin is to communicate the methodology for computing performance awards with the inclusion of locality pay.

PROCEDURES: When performance awards are computed as a percentage of an employee's rate of basic pay, the rate of basic pay must include locality payments under 5 U.S.C. 5304, special rate supplements under 5 U.S.C. 5305, and/or other similar payments. The same definition of "rate of basic pay" is used in computing the 10 and 20 percent statutory caps on awards under 5 U.S.C. 4505a(a)(2). (See also newly revised 5 CFR 531.610(h) and 530.308(a).)

REFERENCES: May 31, 2005, Federal Register (volume 70, page 31287).
(Note: The revised §451.104(g) includes an erroneous reference to subparagraph (B) of 5 U.S.C 4505a(a)(2). Subparagraph (B) was repealed. The regulation will be corrected.)

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