

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

December 8, 2016

TEXT OF A LETTER FROM THE PRESIDENT  
TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES  
AND THE PRESIDENT OF THE SENATE

December 8, 2016

Dear Mr. Speaker: (Dear Mr. President:)

I am transmitting a revised alternative plan for locality pay increases for civilian Federal employees covered by the General Schedule and certain other pay systems in January 2017. This revised plan supersedes the original plan issued on November 29, 2016. Title 5, United States Code, authorizes me to implement alternative pay plans for pay increases for civilian Federal employees covered by the General Schedule and certain other pay systems if, because of "national emergency or serious economic conditions affecting the general welfare," I view the adjustments that would otherwise take effect as inappropriate.

Civilian Federal employees made significant sacrifices as a result of the 3-year pay freeze that ended in January 2014. Since the pay freeze ended, annual adjustments for civilian Federal employees have also been lower than private sector pay increases and statutory formulas for adjustments to the General Schedule for 2014 through 2016. However, keeping our Nation on a sustainable fiscal course requires tough choices.

Under current law, locality pay increases averaging 28.49 percent and costing \$26 billion would go into effect in January 2017. Federal agency budgets cannot sustain such increases. In my August 31, 2016, submission of an alternative plan for base pay increases, I stated that the alternative plan for locality payments would be limited so that the total combined cost of the 1.0 percent across-the-board base pay increase and the varying locality pay increases would be 1.6 percent of basic payroll, consistent with the assumption in my 2017 Budget. However, in light of the decision of Congress to provide a 2.1 percent pay increase for military personnel in 2017 and reconsideration of current and projected economic conditions, I have concluded it would be appropriate to revise my original alternative plan for locality payments so that the total combined cost of the 1.0 percent across-the-board base pay increase and varying locality payments will be 2.1 percent of basic payroll. Thus, under the revised alternative plan, the varying locality pay increases will generate costs of 1.1 percent of basic payroll.

Accordingly, I have determined that under the authority of section 5304a of title 5, United States Code, locality-based

comparability payments for the locality pay areas established by the President's Pay Agent, in the amounts set forth in the attached table, shall become effective on the first day of the first applicable pay period beginning on or after January 1, 2017. These decisions will not materially affect our ability to attract and retain a well-qualified Federal workforce.

Sincerely,

BARACK OBAMA

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