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110TH CONGRESS  
2D SESSION

**S. 3013**

**[Report No. 110–456]**

To provide for retirement equity for Federal employees in nonforeign areas outside the 48 contiguous States and the District of Columbia, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 13, 2008

Mr. AKAKA (for himself, Mr. STEVENS, Mr. INOUE, and Ms. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

SEPTEMBER 11, 2008

Reported by Mr. LIEBERMAN, with amendments

[Omit the part struck through and insert the part printed in *italic*]

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**A BILL**

To provide for retirement equity for Federal employees in nonforeign areas outside the 48 contiguous States and the District of Columbia, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Non-Foreign Area Re-  
3 tirement Equity Assurance Act of 2008” or the “Non-For-  
4 eign AREA Act of 2008”.

5 **SEC. 2. EXTENSION OF LOCALITY PAY.**

6 ~~(a) LOCALITY-BASED COMPARABILITY PAYMENTS.—~~

7 Section 5304(f)(1) of title 5, United States Code, is  
8 amended by striking subparagraph (A) and inserting the  
9 following:

10 “(A) each General Schedule position in the  
11 United States, as defined under section  
12 5921(4), and its territories and possessions, in-  
13 cluding the Commonwealth of Puerto Rico and  
14 the Commonwealth of the Northern Mariana Is-  
15 lands shall be included within a pay locality;  
16 and”.

17 ~~(a) LOCALITY-BASED COMPARABILITY PAYMENTS.—~~

18 *Section 5304 of title 5, United States Code, is amended—*

19 *(1) in subsection (f)(1), by striking subpara-*  
20 *graph (A) and inserting the following:*

21 *“(A) each General Schedule position in the*  
22 *United States, as defined under section 5921(4),*  
23 *and its territories and possessions, including the*  
24 *Commonwealth of Puerto Rico and the Common-*  
25 *wealth of the Northern Mariana Islands, shall be*  
26 *included within a pay locality;”;*

1           (2) in subsection (g)—

2                 (A) in paragraph (2)—

3                     (i) in subparagraph (A), by striking

4                     “and” after the semicolon;

5                     (ii) by redesignating subparagraph (B)

6                     as subparagraph (C);

7                     (iii) by inserting after subparagraph

8                     (A) the following:

9                     “(B) positions under subsection (h)(1)(D)

10                    not covered by appraisal systems certified under

11                    section 5382; and”; and

12                    (iv) in subparagraph (C) (as redesign-

13                    ated by this paragraph), by striking

14                    “under subsection (h)(1)(D)” and inserting

15                    “under subsection (h)(1)(E)”; and

16                    (B) by adding at the end the following:

17                    “(3) The applicable maximum under this sub-

18                    section shall be level II of the Executive Schedule for

19                    positions under subsection (h)(1)(D) covered by ap-

20                    praisal systems certified under section 5307(d).”; and

21           (3) in subsection (h)(1)—

22                 (A) in subparagraph (C) by striking “and”

23                 after the semicolon;

24                 (B) by redesignating subparagraph (D) as

25                 subparagraph (E);

1           (C) by inserting after subparagraph (C) the  
2           following:

3           “(D) a Senior Executive Service position  
4           under section 3132 stationed within the United  
5           States, but outside the 48 contiguous States and  
6           the District of Columbia in which the incumbent  
7           the day before the date of enactment of the Non-  
8           Foreign Area Retirement Equity Assurance Act  
9           of 2008 was eligible to receive a cost-of-living al-  
10          lowance under section 5941; and”; and

11          (D) in clause (iii) in the matter following  
12          subparagraph (D), by inserting “stationed in the  
13          48 contiguous States and the District of Colum-  
14          bia, or stationed within the United States, but  
15          outside the 48 contiguous States and the District  
16          of Columbia, in which the incumbent the day be-  
17          fore the date of enactment of the Non-Foreign  
18          Area Retirement Equity Assurance Act of 2008  
19          was not eligible to receive a cost-of-living allow-  
20          ance under section 5941; and” before the semi-  
21          colon.

22          (b) ALLOWANCES BASED ON LIVING COSTS AND  
23          CONDITIONS OF ENVIRONMENT.—Section 5941 of title 5,  
24          United States Code, is amended—

1           (1) in subsection (a), by adding after the last  
2           sentence “Notwithstanding any preceding provision  
3           of this subsection, the cost-of-living allowance rate  
4           based on paragraph (1) of this subsection shall be  
5           the cost-of-living allowance rate in effect on Decem-  
6           ber 31, 2008, except as adjusted under subsection  
7           (c).”;

8           (2) by redesignating subsection (b) as sub-  
9           section (d); and

10          (3) by inserting after subsection (a) the fol-  
11          lowing:

12          “(b) This section shall apply only to areas that are  
13          designated as cost-of-living allowance areas as in effect on  
14          December 31, 2008.

15          “(c)(1) The cost-of-living allowance rate payable  
16          under this section shall be adjusted on the first day of  
17          the first applicable pay period beginning on or after—

18                  “(A) January 1, 2009; and

19                  “(B) on January 1 of each calendar year in  
20          which a locality-based comparability adjustment  
21          takes effect under section 4 (2) and (3) of the Non-  
22          Foreign Area Retirement Equity Assurance Act of  
23          2008.

24          “(2)(A) In this paragraph, the term ‘applicable local-  
25          ity-based comparability pay percentage’ means, with re-

1 spect to calendar year 2009 and each calendar year there-  
2 after, the applicable percentage under section 4 (1), (2),  
3 or (3) of Non-Foreign Area Retirement Equity Assurance  
4 Act of 2008.

5 “(B) Each adjusted cost-of-living allowance rate  
6 under paragraph (1) shall be computed by—

7 “(i) subtracting 65 percent of the applicable lo-  
8 cality-based comparability pay percentage from the  
9 cost-of-living allowance percentage rate in effect on  
10 December 31, 2008; and

11 “(ii) dividing the resulting percentage deter-  
12 mined under clause (i) by the sum of—

13 “(I) one; and

14 “(II) the applicable locality-based com-  
15 parability payment percentage expressed as a  
16 numeral.

17 “(3) No allowance rate computed under paragraph  
18 (2) may be less than zero.

19 “(4) Each allowance rate computed under paragraph  
20 (2) shall be paid as a percentage of basic pay (including  
21 any applicable locality-based comparability payment under  
22 section 5304 or similar provision of law and any applicable  
23 special rate of pay under section 5305 or similar provision  
24 of law).”.

1 **SEC. 3. ADJUSTMENT OF SPECIAL RATES.**

2 (a) IN GENERAL.—Each special rate of pay estab-  
3 lished under section 5305 of title 5, United States Code,  
4 and payable in an area designated as a cost-of-living allow-  
5 ance area under section 5941(a) of that title, shall be ad-  
6 justed, on the dates prescribed by section 4 of this Act,  
7 in accordance with regulations prescribed by the Director  
8 of the Office of Personnel Management under section 9  
9 of this Act.

10 (b) DEPARTMENT OF VETERANS AFFAIRS.—Each  
11 special rate of pay established under section 7455 of title  
12 38, United States Code, and payable in a location des-  
13 ignated as a cost-of-living allowance area under section  
14 5941(a)(1) of title 5, United States Code, shall be ad-  
15 justed in accordance with regulations prescribed by the  
16 Secretary of Veterans Affairs that are consistent with the  
17 regulations issued by the Director of the Office of Per-  
18 sonnel Management under subsection (a).

19 (c) TEMPORARY ADJUSTMENT.—Regulations issued  
20 under subsection (a) or (b) may provide that statutory  
21 limitations on the amount of such special rates may be  
22 temporarily raised to a higher level during the transition  
23 period described in section 4 ending on the first day of  
24 the first pay period beginning on or after January 1,  
25 2011, at which time any special rate of pay in excess of

1 the applicable limitation shall be converted to a retained  
 2 rate under section 5363 of title 5, United States Code.

3 **SEC. 4. TRANSITION SCHEDULE FOR LOCALITY-BASED**  
 4 **COMPARABILITY PAYMENTS.**

5 Notwithstanding any other provision of this Act or  
 6 section 5304 or 5304a of title 5, United States Code, in  
 7 implementing the amendments made by this Act, for each  
 8 non-foreign area determined under section 5941(b) of that  
 9 title, the applicable rate for the locality-based com-  
 10 parability adjustment that is used in the computation re-  
 11 quired under section 5941(c) of that title shall be adjusted  
 12 effective on the first day of the first pay period beginning  
 13 on or after January 1—

14 (1) in calendar year 2009, by using  $\frac{1}{3}$  of the  
 15 locality pay percentage for the rest of United States  
 16 locality pay area;

17 (2) in calendar year 2010, by using  $\frac{2}{3}$  of the  
 18 otherwise applicable comparability payment approved  
 19 by the President for each non-foreign area; and

20 (3) in calendar year 2011 and each subsequent  
 21 year, by using the full amount of the applicable com-  
 22 parability payment approved by the President for  
 23 each non-foreign area.



1 **SEC. 5. SAVINGS PROVISION.**

2       ~~(a) IN GENERAL.—~~The application of this Act to any  
 3 employee may not result in the amount of the decrease  
 4 in the amount of pay attributable to special rate pay and  
 5 the cost-of-living allowance as in effect on the date of en-  
 6 actment of this Act exceeding the amount of the increase  
 7 in the locality-based comparability payments paid to that  
 8 employee.

9       ~~(b)~~(a) SENSE OF CONGRESS.—It is the sense of Con-  
 10 gress that the application of this Act to any employee  
 11 should not result in a decrease in the take home pay of  
 12 that employee.

13       (b) *SENSE OF CONGRESS.—It is the sense of Congress*  
 14 *that the Bureau of Labor Statistics will conduct separate*  
 15 *surveys pursuant to the establishment by the President's*  
 16 *Pay Agent of 1 new locality area for the entire State of*  
 17 *Hawaii and 1 new locality area for the entire state of Alas-*  
 18 *ka, and that upon the completion of the phase in period*  
 19 *no employee shall receive less than the Rest of the U.S. local-*  
 20 *ity pay rate.*

21       (c) *SAVINGS PROVISIONS.—*

22               (1) *IN GENERAL.—During the period described*  
 23 *under section 4 of this Act, an employee paid a spe-*  
 24 *cial rate under 5305 of title 5, United States Code,*  
 25 *who the day before the date of enactment of this Act*  
 26 *was eligible to receive a cost-of-living allowance under*

1      *section 5941 of title 5, United States Code, and who*  
 2      *continues to be officially stationed in an allowance*  
 3      *area, shall receive an increase in the employee's spe-*  
 4      *cial rate consistent with increases in the applicable*  
 5      *special rate schedule. For employees in allowance*  
 6      *areas, the minimum step rate for any grade of a spe-*  
 7      *cial rate schedule shall be increased at the time of an*  
 8      *increase in the applicable locality rate percentage for*  
 9      *the allowance area by not less than the dollar increase*  
 10     *in the locality-based comparability payment for a*  
 11     *non-special rate employee at the same minimum step*  
 12     *provided under section 4 of the Act, and cor-*  
 13     *responding increases shall be provided for all step*  
 14     *rates of the given pay range.*

15            (2) *CONTINUATION OF COST OF LIVING ALLOW-*  
 16     *ANCE RATE.—If an employee, who the day before the*  
 17     *date of enactment of this Act was eligible to receive*  
 18     *a cost-of-living allowance under section 5941 of title*  
 19     *5, United States Code, would receive a rate of basic*  
 20     *pay and applicable locality-based comparability pay-*  
 21     *ment which is in excess of the maximum rate limita-*  
 22     *tion set under section 5304(g) of title 5, United States*  
 23     *Code, for his position (but for that maximum rate*  
 24     *limitation) due to the operation of this Act, the em-*  
 25     *ployee shall continue to receive the cost-of-living al-*

1        *allowance rate in effect on December 31, 2008 without*  
2        *adjustment until—*

3                *(A) the employee leaves the allowance area*  
4                *or pay system; or*

5                *(B) the employee is entitled to receive basic*  
6                *pay (including any applicable locality-based*  
7                *comparability payment or similar supplement)*  
8                *at a higher rate,*

9        *but, when any such position becomes vacant, the pay*  
10        *of any subsequent appointee thereto shall be fixed in*  
11        *the manner provided by applicable law and regula-*  
12        *tion.*

13                *(3)    LOCALITY-BASED    COMPARABILITY    PAY-*  
14        *MENTS.—Any employee covered under paragraph (2)*  
15        *shall receive any applicable locality-based com-*  
16        *parability payment extended under section 4 of this*  
17        *Act which is not in excess of the maximum rate set*  
18        *under section 5304(g) of title 5, United States Code,*  
19        *for his position including any future increase to stat-*  
20        *utory pay caps under 5318 of title 5, United States*  
21        *Code. Notwithstanding paragraph (2), to the extent*  
22        *that an employee covered under that paragraph re-*  
23        *ceives any amount of locality-based comparability*  
24        *payment, the cost-of-living allowance rate under that*  
25        *paragraph shall be reduced accordingly, as provided*

1       *under section 5941(c)(2)(B) of title 5, United States*  
 2       *Code.*

3   **SEC. 6. APPLICATION TO OTHER ELIGIBLE EMPLOYEES.**

4       (a) IN GENERAL.—

5           (1) DEFINITION.—In this subsection, the term  
 6       “covered employee” means—

7           (A) any employee who—

8           (i) on—

9           (I) the day before the date of en-  
 10       actment of this Act—

11           (aa) was eligible to be paid a  
 12       cost-of-living allowance under  
 13       5941 of title 5, United States  
 14       Code; and

15           (bb) was not eligible to be  
 16       paid locality-based comparability  
 17       payments under 5304 or 5304a  
 18       of that title; or

19           (II) or after the date of enact-  
 20       ment of this Act becomes eligible to  
 21       be paid a cost-of-living allowance  
 22       under 5941 of title 5, United States  
 23       Code; and

24           (ii) except as provided under para-  
 25       graph (2), is not covered under—

1 (I) section 5941 of title 5, United  
2 States Code (as amended by section 2  
3 of this Act); and

4 (II) section 4 of this Act; or

5 (B) any employee who—

6 (i) on the day before the date of en-  
7 actment of this Act—

8 (I) was eligible to be paid an al-  
9 lowance under section 1603(b) of title  
10 10, United States Code;

11 (II) was eligible to be paid an al-  
12 lowance under section 1005(b) of title  
13 39, United States Code; or

14 (III) was employed by the Trans-  
15 portation Security Administration of  
16 the Department of Homeland Security  
17 and was eligible to be paid an allow-  
18 ance based on section 5941 of title 5,  
19 United States Code; or

20 (ii) on or after the date of enactment  
21 of this Act—

22 (I) becomes eligible to be paid an  
23 allowance under section 1603(b) of  
24 title 10, United States Code;

1 (II) becomes eligible to be paid  
 2 an allowance under section 1005(b) of  
 3 title 39, United States Code; or

4 (III) is employed by the Trans-  
 5 portation Security Administration of  
 6 the Department of Homeland Security  
 7 and becomes eligible to be paid an al-  
 8 lowance based on section 5941 of title  
 9 5, United States Code.

10 (2) APPLICATION TO COVERED EMPLOYEES.—

11 (A) IN GENERAL.—Notwithstanding any  
 12 ~~provision of title 5, United States Code,~~*other*  
 13 *provision of law*, for purposes of this Act (in-  
 14 cluding the amendments made by this Act) any  
 15 covered employee shall be treated as an em-  
 16 ployee to whom section 5941 of title 5, United  
 17 States Code (as amended by section 2 of this  
 18 Act), and section 4 of this Act apply.

19 (B) PAY FIXED BY STATUTE.—Pay to cov-  
 20 ered employees under section 5304 or 5304a of  
 21 title 5, United States Code, as a result of the  
 22 application of this Act shall be considered to be  
 23 fixed by statute.

24 (C) PERFORMANCE APPRAISAL SYSTEM.—

25 With respect to a covered employee who is sub-

1           ject to a performance appraisal system no part  
 2           of pay attributable to locality-based com-  
 3           parability payments as a result of the applica-  
 4           tion of this Act including section 5941 of title  
 5           5, United States Code (as amended by section  
 6           2 of this Act), may be reduced on the basis of  
 7           the performance of that employee.

8           ~~(b) POSTAL SERVICE EMPLOYEES IN NONFOREIGN~~  
 9 ~~AREAS.—Section 1005(b) of title 39, United States Code,~~  
 10 ~~is amended by inserting “and the Non-Foreign Area Re-~~  
 11 ~~tirement Equity Assurance Act of 2008” after “Section~~  
 12 ~~5941 of title 5”.~~

13           ***(b) POSTAL EMPLOYEES IN NON-FOREIGN AREAS.—***

14               ***(1) IN GENERAL.—Section 1005(b) of title 39,***  
 15               ***United States Code, is amended—***

16                       ***(A) by inserting “(1)” after “(b)”;***

17                       ***(B) by striking “Section 5941,” and insert-***  
 18                       ***ing “Except as provided under paragraph (2),***  
 19                       ***section 5941”;***

20                       ***(C) by striking “For purposes of such sec-***  
 21                       ***tion,” and inserting “Except as provided under***  
 22                       ***paragraph (2), for purposes of section 5941 of***  
 23                       ***that title,”; and***

24                       ***(D) by adding at the end the following:***

1           “(2) *On and after the date of enactment of the*  
 2       *Non-Foreign Area Retirement Equity Assurance Act*  
 3       *of 2008—*

4                   “(A) *the provisions of that Act and section*  
 5                *5941 of title 5 shall apply to officers and em-*  
 6                *ployees covered by section 1003(b) and (c) whose*  
 7                *duty station is in a nonforeign area; and*

8                   “(B) *with respect to officers and employees*  
 9                *of the Postal Service (other than those officers*  
 10               *and employees described under subparagraph*  
 11                *(A)) section 6(b)(2) of that Act shall apply.”.*

12           (2) *CONTINUATION OF COST OF LIVING ALLOW-*  
 13       *ANCE.—*

14                   (A) *IN GENERAL.—Notwithstanding any*  
 15                *other provision of this Act, any employee of the*  
 16                *Postal Service (other than an employee covered*  
 17                *by section 1003 (b) and (c) of title 39, United*  
 18                *States Code, whose duty station is in a nonfor-*  
 19                *eign area) who is paid an allowance under sec-*  
 20                *tion 1005(b) of that title shall be treated for all*  
 21                *purposes as if the provisions of this Act (includ-*  
 22                *ing the amendments made by this Act) had not*  
 23                *been enacted, except that the cost-of-living allow-*  
 24                *ance rate paid to that employee—*



(i) may result in the allowance exceeding 25 percent of the rate of basic pay of that employee; and

(ii) shall be the greater of—

(I) the cost-of-living allowance rate in effect on December 31, 2008 for the applicable area; or

(II) the applicable locality-based comparability pay percentage under section 4.

(B) *RULE OF CONSTRUCTION.*—Nothing in this Act shall be construed to—

(i) provide for an employee described under subparagraph (A) to be a covered employee as defined under subsection (a); or

(ii) authorize an employee described under subparagraph (A) to file an election under section 7 or 8 of this Act.

**SEC. 7. ELECTION OF ADDITIONAL BASIC PAY FOR ANNUITY COMPUTATION BY EMPLOYEES.**

(a) *DEFINITION.*—In this section the term “covered employee” means any employee—

(1) to whom section 4 applies;

(2) who is separated from service by reason of retirement under chapter 83 or 84 of title 5, United

1 States Code, during the period of January 1, 2009,  
 2 through December 31, 2011; and

3 (3) who files and election with the Office of  
 4 Personnel Management under subsection (b).

5 (b) ELECTION.—

6 (1) IN GENERAL.—An employee described  
 7 under subsection (a) (1) and (2) may file an election  
 8 with the Office of Personnel Management to be cov-  
 9 ered under this section.

10 (2) DEADLINE.—An election under this sub-  
 11 section may be filed not later than December 31,  
 12 2011.

13 ~~(c) COMPUTATION OF ANNUITY.—For purposes of~~  
 14 ~~the computation of an annuity of a covered employee any~~  
 15 ~~cost-of-living allowance under section 5941 of title 5,~~  
 16 ~~United States Code, paid to that employee during the first~~  
 17 ~~applicable pay period beginning on or after January 1,~~  
 18 ~~2009 through the first applicable pay period ending on~~  
 19 ~~or after December 31, 2011, shall be considered basic pay~~  
 20 ~~as defined under section 8331(3) or 8401(4) of that title.~~

21 *(c) COMPUTATION OF ANNUITY.—*

22 *(1) IN GENERAL.—Except as provided under*  
 23 *paragraph (2), for purposes of the computation of an*  
 24 *annuity of a covered employee any cost-of-living al-*  
 25 *lowance under section 5941 of title 5, United States*

Code, paid to that employee during the first applicable pay period beginning on or after January 1, 2009 through the first applicable pay period ending on or after December 31, 2011, shall be considered basic pay as defined under section 8331(3) or 8401(4) of that title.

(2) *LIMITATION.*—The amount of the cost-of-living allowance which may be considered basic pay under paragraph (1) may not exceed the amount of the locality-based comparability payments the employee would have received during that period for the applicable pay area if the limitation under section 4 of this Act did not apply.

(d) CIVIL SERVICE RETIREMENT AND DISABILITY RETIREMENT FUND.—

(1) *EMPLOYEE CONTRIBUTIONS.*—A covered employee shall pay into the Civil Service Retirement and Disability Retirement Fund—

(A) an amount equal to the difference between—

(i) employee contributions that would have been deducted and withheld from pay under section 8334 or 8422 of title 5, United States Code, during the period described under subsection (c) of this section

1 if that subsection had been in effect during  
2 that period; and

3 (ii) employee contributions that were  
4 actually deducted and withheld from pay  
5 under section 8334 or 8422 of title 5,  
6 United States Code, during that period;  
7 and

8 (B) interest as prescribed under section  
9 8334(e) of title 5, United States Code, based on  
10 the amount determined under subparagraph  
11 (A).

12 (2) AGENCY CONTRIBUTIONS.—

13 (A) IN GENERAL.—The employing agency  
14 of a covered employee shall pay into the Civil  
15 Service Retirement and Disability Retirement  
16 Fund an amount for applicable agency con-  
17 tributions based on payments made under para-  
18 graph (1).

19 (B) SOURCE.—Amounts paid under this  
20 paragraph shall be contributed from the appro-  
21 priation or fund used to pay the employee.

22 (3) REGULATIONS.—The Office of Personnel  
23 Management may prescribe regulations to carry out  
24 this section.

1 **SEC. 8. ELECTION OF COVERAGE BY EMPLOYEES.**

2 (a) IN GENERAL.—Notwithstanding any other provi-  
 3 sion of this Act (*other than section 6(b)*), an employee may  
 4 make an irrevocable election in accordance with this sec-  
 5 tion, if—

6 (1) that employee is paid an allowance under  
 7 section ~~5491~~5941 of title 5, United States Code,  
 8 during a pay period in which the date of the enact-  
 9 ment of this Act occurs; or

10 (2) that employee—

11 (A) is a covered employee as defined under  
 12 section 6(a)(1); and

13 (B) during a pay period in which the date  
 14 of the enactment of this Act occurs is paid an  
 15 allowance—

16 (i) under section 1603(b) of title 10,  
 17 United States Code;

18 (ii) under section 1005(b) of title 39,  
 19 United States Code; or

20 (iii) based on section 5941 of title 5,  
 21 United States Code.

22 (b) FILING ELECTION.—Not later than 60 days after  
 23 the date of enactment of this Act, an employee described  
 24 under subsection (a) may file an election with the Office  
 25 of Personnel Management to be treated for all purposes—

1           (1) in accordance with the provisions of this Act  
2           (including the amendments made by this Act); or

3           (2) as if the provisions of this Act (including  
4           the amendments made by this Act) had not been en-  
5           acted, except that the cost-of-living allowance rate  
6           paid to that employee shall be the cost-of-living al-  
7           lowance rate in effect on December 31, 2008, for  
8           that employee without any adjustment after that  
9           date.

10          (c) FAILURE TO FILE.—Failure to make a timely  
11          election under this section shall be treated in the same  
12          manner as an election made under subsection (b)(1) on  
13          the last day authorized under that subsection.

14          (d) NOTICE.—To the greatest extent practicable, the  
15          Office of Personnel Management shall provide timely no-  
16          tice of the election which may be filed under this section  
17          to employees described under subsection (a).

18          **SEC. 9. REGULATIONS.**

19          (a) IN GENERAL.—The Director of the Office of Per-  
20          sonnel Management shall prescribe regulations to carry  
21          out this Act, including—

22                (1) rules for special rate employees described  
23                under section 3;

24                (2) rules for adjusting rates of basic pay for  
25                employees in pay systems administered by the Office

1 of Personnel Management when such employees are  
 2 not entitled to locality-based comparability payments  
 3 under section 5304 of title 5, United States Code,  
 4 without regard to otherwise applicable statutory pay  
 5 limitations during the transition period described in  
 6 section 4 ending on the first day of the first pay pe-  
 7 riod beginning on or after January 1, 2011; and

8 (3) rules governing establishment and adjust-  
 9 ment of saved or retained rates for any employee  
 10 whose rate of pay exceeds applicable pay limitations  
 11 on the first day of the first pay period beginning on  
 12 or after January 1, 2011.

13 (b) OTHER PAY SYSTEMS.—With the concurrence of  
 14 the Director of the Office of Personnel Management, the  
 15 administrator of a pay system not administered by the Of-  
 16 fice of Personnel Management shall prescribe regulations  
 17 to carry out this Act with respect to employees in such  
 18 pay system, consistent with the regulations issued by the  
 19 Office under subsection (a).

20 **SEC. 10. EFFECTIVE DATES.**

21 (a) IN GENERAL.—Except as provided by subsection  
 22 (b), this Act (including the amendments made by this Act)  
 23 shall take effect on the date of enactment of this Act.

24 (b) LOCALITY PAY AND SCHEDULE.—The amend-  
 25 ments made by section 2 and the provisions of section 4

- 1 shall take effect on the first day of the first applicable
- 2 pay period beginning on or after January 1, 2009.





Calendar No. 954

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

**S. 3013**

[Report No. 110-456]

**A BILL**

To provide for retirement equity for Federal employees in nonforeign areas outside the 48 contiguous States and the District of Columbia, and for other purposes.

SEPTEMBER 11, 2008

Reported with amendments