

3 FAH-2 H-230 REVISIONS OF A LOCAL COMPENSATION PLAN

(TL:FSNH-027; 08-21-2003)
(Office of Origin DIR)

3 FAH-2 H-231 SALARY CHANGE SURVEY

(TL:FSNH-027; 08-21-2003)
(Uniform State/AID/USIA/Commerce/Agriculture)

The salary change survey is used to measure new salary levels among the employers participating in the post's full survey. This survey should be conducted annually between full surveys and usually as close as possible to the anniversary date of the full survey. This survey is the responsibility of the US Personnel or *Management officer* at post. Although US officers must lead the survey, FSN's may participate and assist in it.

A. DATA COLLECTION

A salary change survey measures the current basic minimum and maximum or single salary rates paid by previously surveyed employers for the same survey jobs matched during the full survey. In conducting a salary change survey, many of the steps of the full survey are repeated. Post may drop from the salary change survey only those employers who no longer wish to participate, who do not meet the criteria in 3 FAH-2 H-224 B , or who have gone out of business (see 3 FAH-2 H-224 F.). Under special circumstances and with prior PER/FSN approval, post may add one or two companies during a Salary Change survey. These circumstances are limited to the following conditions:

1. Severe economic upheaval when many companies are reorganizing or changing size, and new companies are coming into existence, or
2. Post's current sample is not adequate for setting pay for one or more types of jobs, or
3. A local consultant's data base changes.

When a company is added to the sample, post must apply the full survey procedures described in subchapter 3 FAH-2 H-220 and submit this new data in conjunction with a salary change survey (i.e., attempt to match all the survey jobs and obtain data on all benefits). Due to the effort involved posts may want to consider accomplishing this addition by means of a full survey team. However, if a full survey would not provide a timely response to post needs, post may initiate action to add one or two companies once post has obtained PER/FSN approval to do so. To obtain approval post must submit the justification according to the above conditions and the rationale for company selection using the criteria for company selection in 3 FAH-2 H-224 .

The easiest procedure for conducting salary change surveys is to copy the salary data sheets from the latest survey (whether salary change or full) and to record the new salary rates to the right of those previously obtained. In addition the data collector must verify the hours in the workweek, the type of rate and the continuance of the job match and simply check on the data sheet that the previously recorded information is correct or cross it off and record the new figures. If the job itself is no longer a match, the data collector should record NM (no match) in place of the new salary rates.

These data sheets can be pouched to PER/FSN or, if the amount of data is small, put in tabular form in a cable with the following headings:

Company Code	Job #	Lang Adj	Weekly Hours	Type Rate	New Rates MinMaxSing
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The company job titles should be separately listed for the jobs matched in each company. The same matches of survey jobs as were made in the latest full survey are surveyed again. Survey jobs not previously matched in a given company during the full survey cannot be added to affect the payline. (Exception rate jobs may be added anytime. See Subchapter 3 FAH-2 H-240 and section 3 FAH-2 H-223 B.) A job dropped from a company in one salary change survey can be re-added in subsequent salary change surveys. If previously matched positions in a company have had responsibilities substantially changed, or if the positions no longer exist, the matches must be deleted and all deletions must be documented. Once the validity of the matches is assured, the minimum and maximum basic rates are recorded for each position, as shown in 3 FAH-2 H-200 Appendix D . If a single rate rather than a minimum and a maximum rate is obtained for a matched position, post should try to determine and footnote how long employee(s) in that position has been employed and whether a similar rate would be offered to a person just appointed to that job. If a lower rate would be offered to a new employee, record it separately but do not substitute it for the actual rates. Post should also footnote whether the rate is a single rate, an actual rate, an average rate, the midpoint of the range or a true in-hire minimum rate.

In addition to recording the basic rates, the surveyor is to record the workweek for each position (38 hour, 40 hour, etc.) and whether the rate of pay reported is hourly, weekly, monthly or annual. The Department will adjust these basic rates to an annual basis relative to the post's basic workweek hours during its review of the data. Post should also indicate whether the company position matched has a language requirement. This is necessary to continue to support any language adjustment made in the full survey.

In salary change surveys there is no need to record changes to benefit data. However, where there is evidence of a significant change in the value or level of a specific benefit provided by the post or the surveyed companies which affects the benefit adjustment for each company, post may collect this data on the data collection sheets, 3 FAH-2 H-200 Appendix D . Post should record the benefit data in the same sequence used in the full survey along with the same number or letter designation. In addition to recording the employer's change in existing benefit levels, post should list the value of any similar benefit the post may provide on a separate benefits data sheet for post. If the change in benefit levels is significant, Department may recommend either a change to a benefit the post is currently providing directly to FSNs or may change the benefit adjustment for those companies where the benefit is monetized.

For those benefits provided separately to FSNs, procedures covering the adoption of a separate new FSN benefit plan or change in an existing separate benefit plan are set forth in 3 FAM 934 . As in the past, the procedures described in 3 FAM 934 may be undertaken at any time, not solely when salary surveys are conducted.

B. DATA REVIEW AND EFFECTIVE DATE

When all the data has been collected, it is sent, along with a copy of the current compensation plan, to PER/FSN for analysis using the instructions in 3 FAH-2 H-227 A. Effective dates will be as specified in 3 FAH-2 H-222 I.

The percentage spread (range) from minimum to maximum of each grade of the post's current local salary schedule will remain the same for the revised schedule unless the average range by survey job significantly varies from that found in the full survey. If it significantly varies, the Department may consider revising the spread on the post's schedule or waiting until a subsequent survey indicates prevailing practice continues to support such a change. In some instances the range may vary by grade.

If any new rates or amounts are lower than current ones, PER/FSN will issue a lower schedule along with instructions for post to construct a Temporary Schedule Revision Allowance (TSRA) for individual employees. This allowance will be the difference between an employee's current total compensation and the new lower amounts of total compensation. With this approach, no employee should suffer a decrease in salary due to the implementation of salary survey results while at the same time no employee will receive any salary increase beyond what is warranted by prevailing practice.

3 FAH-2 H-232 SPOT-CHECK SALARY REVIEW

(TL:FSNH-027; 08-21-2003)

(Uniform State/AID/USIA/Commerce/Agriculture)

A. GENERAL

One method which can be used for revising a local salary schedule is the spot check salary review, also referred to as a spot check survey. This procedure is used only as necessary between salary change surveys (which should be conducted on a yearly basis, as indicated in section 3 FAH-2 H-231), and normally no more frequently than every 3 months whenever sufficient salary movement is believed to have occurred among surveyed employers to warrant an increase for FSNs. Sufficient salary movement is usually considered to be at least 4%.

The procedures described herein also apply to host government decrees (see 3 FAH-2 H-233) and the use of indexes. However, the first step of contacting survey companies need not be followed. For any government decrees, the mandated increase will be applied in full if required by law and upon approval by the Department. Indexes may be applied as approved by PER/FSN.

A spot check salary review will usually provide a quick and reasonably accurate measure of average salary changes among employers surveyed. It is not designed to measure changes in benefits so care must be taken not to include benefit change information in spot check survey data.

Under the spot check salary review procedures, post must contact each of the employers used in the most recent full salary to:

1. Ascertain the amount and date of any increase(s) to basic salary rates which have been granted since post's most recent salary survey, and
2. Determine the basis on which such increases were granted and how these were applied.

Survey data is subsequently compiled and submitted to the Department for review in accordance with procedures set forth in this section. **The entire spot check survey process must be the responsibility of a US Personnel or *Management officer(s)* at post.**

Before initiating a spot check survey, this entire section should be studied carefully. It describes and provides guidance on how to treat various forms of spot-check survey data which are commonly provided by surveyed companies.

It should be understood that although this entire section's focus is on increases to basic salaries, there may be situations when a company or several companies which participate in the survey actually decrease basic salary rates. Such information should be reported using spot check survey procedures and in addition, if available, an explanation should be provided.

B. DEFINITIONS

To establish a common ground for reporting spot check survey data to the Department, several terms are defined below which are frequently used to describe salary increases. It is important to note that a company may ascribe different meanings to these same terms. Accordingly, each company should be requested to define the terms they use so that post can translate them into the terms as defined below. Please take note of the abbreviations shown below in parentheses, as these will be used throughout this section.

1. **Across-the-Board (ATB) Increase**—An identical percentage or an identical fixed amount increase granted to all employees regardless of individual position, level of position, salary level, functional working group, length of service with the company, etc. (An increase of this type normally is implemented on the same date for all employees.)

2. **General (GEN) Increase**—An increase which is not granted ATB, which varies by some category or division of employees within a company, for example by grade level or functional working group, union affiliation, etc., and which in no part can be attributed to an individual's merit, longevity, and/or seniority in a company.

3. **Cost of Living (COL) Increase**—An increase/allowance which is linked directly to an officially recognized measure, often termed a "consumer price index" or "retail price index," of consumer purchasing power of goods and/or services. COL figures usually are determined by a local government agency. They often are disseminated merely for information purpose; however, in other cases, local law may require that all local employers adjust salaries in accordance with announced figures. The distinction between these two bases for COL increases is important to understand as each requires different procedures for handling. COL increases which are granted by companies on a voluntary basis should be reported to the Department in accordance with spot check survey procedures. Mandatory COL increases which are decreed by the host government should be reported in accordance with 3 FAH-2 H-233 of this Handbook.

4. **Merit (MER) Increase**—An increase, which is granted, based upon individual or group performance.

5. **Longevity (LNG) Increase**—An increase, which is awarded, based upon an employee's length of service. Normally, such increases are granted in accordance with an established company plan for annually recognizing length of service.

6. **Promotional Increase**—An increase granted to compensate an employee for assuming different, usually more responsible duties.

7. **Other (OTH) Increase**—An increase which cannot accurately be described using the terms indicated above, for example, when the increase reported by a company reflects both the average GEN increase and the average MER increase granted by the company and these two components cannot be reported individually.

C. COMPANY INTERVIEW

To help ensure that survey data is comprehensive and reliable, it is important to consult with a company representative(s) who is thoroughly familiar with the firm's compensation practices. To obtain survey findings, which are consistent from survey to survey, a cooperative and knowledgeable company representative who was contacted for the previous survey should again be consulted.

D. SURVEY PROCEDURES

Contact each organization used in the previous full survey to determine the nature, amount, and effective date of each increase to employees' basic salary rates which has been granted since the previous spot check, salary change, or full survey was conducted, whichever occurred later. Use the instructions below for reporting each type of increase. Obtain data on each type of increase to basic salaries which has been implemented except for any granted for promotions. If the employer has structured salary ranges, verify that the rates are adjusted at both the minimum and maximum points by the amount of increase authorized for employees. If the company does not apply increases in this manner, ascertain complete details on the company practice for implementing the increase.

There may be instances in which companies review their pay practices and as a result revise established pay structures and not the employees' salaries. In this situation, post should not report as spot check survey data the amount of changes to the pay structure since the employees do not receive any increase in pay. It would be appropriate, however, to report this information separately to the Department.

If a company has granted more than one type of salary increase since the most recent salary survey was conducted, each type should be reported. This includes increases granted as a result of mandatory host government decrees.

It is imperative that data reported for each company increase is mutually exclusive of data for all other increases reported for that company.

In this connection, special care should be taken to ensure that increase figures reported are mutually exclusive of each other, especially when obtaining data for a company which reports granting both **merit (MER)** and **longevity (LNG)** increases and in particular when, in addition, a GEN increase is reported.

For ATB increases, report the percent or fixed amount increases authorized for company employees.

For GEN increases, report for each surveyed company the range of increases, lowest to highest, granted to key positions matched in the most recent full survey. To avoid distorting the rates on a post's local salary schedule, normally the lowest rate reported for each company will be used across the board in survey increase computations for the post since the lowest increase is the across the board amount within a surveyed company. However, where such variable increases are granted, the pattern of salary increases by the employer, as they would apply to survey job matched during the previous full survey, may be reported to the Department with a request for assistance in determining the appropriate increases warranted.

Host government announced COL increases which employer's implement on a voluntary basis should be treated either as an ATB or GEN increase depending on the manner in which the COL increase is applied. COL increases which require mandatory compliance under penalty of law (see 3 FAH-2 H-233 Host Government Announcements) and which post has already implemented should be reported for information purposes along with, but separate from, other spot check survey data. Mandatory host government decreed salary increases which post has not yet implemented should be reported to the Department in accordance with procedures indicated under 3 FAH-2 H-233.

If a company awards MER increases, determine the average increase granted to employees in matched survey positions (in previous full survey) since the previous salary survey was conducted, and report this amount.

If company has a structured system established for giving LNG increases, report the average LNG increase granted to employees matched to survey jobs (in previous full survey) since previous salary survey was conducted.

Post must indicate whether each company grants MER and/or LNG increases in addition to ATB or GEN increases.

Increases granted for promotions never should be reported for a spot check survey.

Increases which are reported as OTH should be described as fully as possible. Information obtained from the company representative should include the range of increases granted, from lowest to highest, and an explanation as to the type(s) of increases reflected in these figures, for example, MER and GEN. If an overall average figure is reported which in part reflects a GEN increase and the range of increases granted cannot be ascertained, such a figure normally is not usable in computing the increase for FSN's. Where a range can be obtained, the lowest increase normally will be used to avoid distorting rates on the FSN salary schedule. If it is found that many companies have granted more than one type of salary increase, and each increase cannot be separately identified, or a range of increases cannot be identified, or the increase reported cannot be distinguished from company increases, reported previously to Department; post should consider conducting a salary change survey according to the procedures in 3 FAH-2 H-231. This method will enable Department to construct a new salary schedule, which reflects these OTH increases.

In obtaining salary increase data, assurances should be received from each employer that the increase(s) reported excludes promotions and any benefit (bonus, profit sharing, etc.) increases/payments. Whenever data include either, they are normally not usable in determining the increase warranted for FSN's.

Since FSN's receive within-grade increases (WGI's) on an annual basis in addition to increases based on salary change, spot check, and full salary/fringe benefit surveys, when survey computations are made, the total company increase reported will always be reduced by the average value of the post WGI prorated for the time period covered by the spot check.

Provided that the FSN schedule is set up with a fixed WGI value within each grade level, the average percentage value of the FSN WGI at each grade level can be determined by 1) finding the percentage difference both between the first two step rates and the last two step rates at each grade level, then 2) averaging the total of these figures. These grade level averages can then be weighted by FSN employment at each grade level to determine the overall average WGI value for the post. (If a post is unsure of weighting technique, it should submit a copy of the current schedule and number of FSN's by grade level to PER/FSN for consideration.) The average WGI value should be reported to the Department along with the rest of the required spot check survey data. In addition, post should indicate the effective date of the current salary schedule, and if post has not already done so, should send a copy of the current schedule to the appropriate regional bureau and PER/FSN and distribute other copies in accordance with 3 FAM 932.5.

E. SUBMISSION PROCEDURES

All spot check data should be submitted to the Department for review. It should be directed to PER/FSN with copies sent to the appropriate regional bureau and headquarters of agencies represented at post. Data collected from all employers should be recorded as illustrated in Appendix I with additional comments/clarification provided as necessary. All data should be identified by company code letter, which was assigned during the most recent full survey and should include for each surveyed company the nature, amount of increase authorized, and effective date. If the increase was implemented retroactively, report the actual date the increase was authorized as well as the effective date.

It is necessary to include, in the submission, survey data for each employer previously surveyed even though some may have given no increases. For example, if only 10 employers out of the 20 previously surveyed gave increases since the post's last survey, the 10 employers which did not grant increases should be reported as giving zero increases. Deletion of an employer from the survey is authorized by the Department only for compelling reasons, such as closure of business.

F. REVIEW OF SURVEY AND IMPLEMENTATION OF SURVEY RESULTS

Salary increases authorized by the Department should be applied to basic rates in the current FSN salary schedule using the following procedures unless post is advised of other procedures to follow.

1. Multiply the minimum and maximum basic step rates for each grade level on the current salary schedule by one plus the decimal form of the percentage increase. If the spot check increase also contains a fixed amount increase, the amount should then be added in. Round the result to the nearest whole number. This produces the tentative new basic rates for these steps.

2. Determine the within grade increase (WGI) by dividing the difference between the tentative basic rates for step 1 and the maximum step by the number of intervening step increments. For example, on a twelve step schedule there are eleven increments. Round the quotient to the nearest whole number.

3. Compute the final basic step rates for each grade by adding the appropriate WGI amount to each step in turn. Thus the WGI added to the basic rate at step 1 equals step 2, added to step 2 equals step 3 and so on until the maximum step rate is reached. This maximum step rate may differ a small amount from the tentative maximum rate determined in 1 above. At this point, disregard the maximum rate determined in 1.

If a post continues to have an adjusted basic rate along with a separately identified fringe benefit adjustment, post should increase the two rates determined in step 1 above (minimum and maximum step of each grade) by the fringe benefit adjustment formula determined during the last full compensation survey to produce the tentative new adjusted basic rates at these steps. This is done in the sequence of multiplying the tentative new basic rate by one plus or minus the decimal form of the percentage portion, as appropriate, then adding the fixed amount portion of the fringe benefit formula, and then rounding the result to the nearest whole number.

Post should then apply step 2 and 3 above to the resulting adjusted basic rate rather than the basic rate. To obtain the basic rates for these adjusted basic rates, the following additional procedures should be used.

4. Determine the basic rate for all steps by subtracting the fixed amount of the fringe benefit adjustment formula from the adjusted basic rate at each step and dividing the remainder by one plus or minus the decimal form of the percentage portion of the fringe benefit formula, as appropriate. Round the quotient to the nearest whole number. The result of this sequence is the final new basic rate.

Determine the actual amount of the fringe benefit adjustments for all steps that are to be shown on the schedule by subtracting the new basic rate for each step of each grade level from the new adjusted basic rate.

G. EFFECTIVE DATE

As soon as PER/FSN receives a complete set of data, PER/FSN will establish the earliest possible effective date if all affected agency headquarters agree except for spot check data received between September 15 and 30 of each year. In this latter case, PER/FSN will set the earliest possible effective date on or after the first pay period after September 30.

3 FAH-2 H-233 HOST GOVERNMENT ANNOUNCEMENTS

(TL:FSNH-1; 9-25-91)

(Uniform State/AID/USIA/Commerce/Agriculture)

In some countries, by decree with the force of law, the host government may require most or all employers to increase salaries by a fixed amount or percentage of salary. These increases normally are applicable to "basic salary" and should be so applied when revising a local salary schedule. In this connection, it is important to realize that "basic salary" as defined by a host government may be different from the term basic salary, which is used to describe FSN compensation. Accordingly, it is the responsibility of the

post to determine to what part(s) of total compensation the decree applies, and, once approval to implement the decree is authorized by the Department, to implement the decreed increases appropriately.

Post should send a copy of the announcement to PER/FSN for review. A US officer must ensure proper translation and to avoid a conflict of interest for FSN's in determining applicable adjustments.

A salary increase based on a host government decree may be authorized only if the decree expressly requires most or all local employers, including those surveyed by the post, to increase salaries by the amounts specified. For example, a decree which affects only the salaries of host government workers may not be used as the basis for increasing a post's local salary schedule. If other employers normally surveyed by the post voluntarily follow the terms of such a decree, the spot check salary review method described in 3 FAH-2 H-232 should be used as a basis for revising a local salary schedule.

Host government decreed increases may vary in their basic nature. Some establish certain fixed or percentage amounts which should be applied ATB. Others vary the amount of increase by the individual employee's salary level or by some other distinguishing criteria. Regardless of the nature of the decree, once approval from the Department is obtained to implement it, post should adhere to the decree's provisions and limitations when revising FSN salaries.

An increase authorized because of a host government decree will be implemented effective the date required by law. Such an increase may be implemented at the beginning of the pay period prior to the decreed effective date only if it is shown that it would be less costly for the USG to pay the government decreed increase for a few extra days than it would be for the Regional Administrative Management Center and the post (considering costs of overtime and all other related expenses) to implement the necessary pay change on the legally required day.

A host government decreed increase should not be made effective later than the effective date required by law.

3 FAH-2 H-234 SALARY ADJUSTMENTS BASED ON ECONOMIC CONDITIONS

*(TL:FSNH-1; 9-25-91)
(Uniform State/AID/USIA/Commerce/Agriculture)*

The Department is aware of the time required for posts to conduct spot check or salary change surveys, to submit the collected data to the Department, and for the Department to review the data and obtain

clearances for an FSN salary increase. In countries with volatile economies, the compensation of FSN's may significantly lag behind that of surveyed firms during this process. In order to provide an emergency method for salary adjustment in countries experiencing annual retail price inflation rates of over 100% or devaluation of the local currency against the U.S. dollar at rates of over 100%, the Chief of Mission is delegated the authority to adjust the FSN salary schedule using the procedures listed below. The emergency increase is not a one-time adjustment, but a permanent change to the local compensation plan to reduce the lag in following a rapidly increasing level of prevailing pay. Before a Mission may implement an increase based on either economic condition, all agencies with FSN employees at post must agree to the increase, all such agencies must have sufficient funds available to pay the increase, and the post must send an immediate cable to the Department (to the appropriate Regional Bureau Executive Director and PER/FSN) and each affected agency headquarters describing the economic conditions which justify the increase, the percentage of the increase, and the U.S. dollar cost of the salary increase to each agency. The increase may be authorized effective at the beginning of the first pay period following the fifth workday after the telegram is sent to the Department and other affected agencies, unless the Mission is instructed otherwise before the proposed effective date. Before subsequent increases can be implemented using this procedure, a spot check or salary change survey must be conducted and implemented upon authorization from the Department and other agencies. To capture the full impact of the trend that affects salaries as a result of one or the other criterion, the Mission should continue to use the same criterion for subsequent increases. These criteria are as follows:

A. INCREASE IN THE RATE OF INFLATION

When the host government or generally reliable source of local cost-of-living statistics report local retail price increases which, when annualized, exceed 100% since the last FSN salary survey, Chiefs of Missions may apply an across-the-board increase to the basic salary rates of up to 60% of this percentage increase in the cost-of-living.

Example:

Date	Local Cost-of-Living Index	Monthly Retail Price Inflation Rate	Monthly Rate Compounded to Give Projected Annual Rate
Jan. 1	186		
Jan. 31	195.3	5.0%	79%
Feb. 28	206.04	5.5%	90%
Mar. 31	217.37	5.5%	90%
Apr. 30	232.59	7.0%	125%

If the last FSN salary survey was conducted in December, the above data would support an emergency interim increase after April 30 equal to 60% of 25.05 (232.59 minus 186 divided by 186 equals .2505 or 25.05%) or 15.03% of the current basic salary rate.

The next step is to follow up with a spot check or salary change survey. This survey is required before a post can authorize another emergency increase. Any increase from the spot check survey will be offset by the value of this emergency increase authorized by the Mission based on price inflation, since the across-the-board and other increases picked up in the spot check process reflect only salary movement rather than current rates and do not take into account any salary movement by the Mission since the last survey. Host government decreed general adjustments will also be offset by the value of any emergency salary increase based on cost-of-living. Salary change survey data will be implemented in full since data should reflect current salaries.

B. CHANGES IN THE LOCAL CURRENCY EXCHANGE RATE

If, since the last FSN salary survey, the local currency depreciates by more than 100% in the U.S. dollar exchange rate used for post operation expenses, Chiefs of Missions may apply an across-the-board emergency increase to the basic salary rate of the FSN compensation plan of 40% of the depreciation in the exchange rate.

Example:

Date	Exchange Rate of local currency to U.S. dollar	Devaluation Rate	Cumulative (Compound-ed) Devaluation Rate since Last Salary Increase
Jan. 1	100		
Feb. 15	125	25%	25%
Mar. 10	150	20%	50%
Apr. 5	175	16.67%	75%
May 1	200	14.29%	100%

If the last FSN salary survey was conducted in December, the above data would support an interim increase after May 1 equal to 40% of 100 or 40% of the current basic salary rate.

The next step is to follow up with a spot check or salary change survey. This survey is required before a post can authorize another emergency increase. Any increase from the spot check survey will be offset by the value of this emergency increase authorized by the Mission based on currency depreciation, since the across-the-board and other increases picked up in the spot check process reflect only salary movement rather than current rates and do not take into account any salary movement by the Mission since the last survey. Host government decree general salary adjustments also will be offset by the value of any emergency salary increase based on currency depreciation. Salary change survey data will be implemented in full since that data should reflect current salaries.

During subsequent salary surveys Missions should verify how survey companies are coping with volatile economic conditions, that is, on what basis the companies are adjusting pay of their employees. Questions and requests for guidance should be directed to PER/FSN.

If countries have volatile economic conditions in which other factors besides inflation or currency devaluation are affecting salaries in a way that creates a lag in post's measures of current compensation levels, posts should provide details to PER/FSN. PER/FSN will consider and recommend appropriate interim measures to the pertinent regional bureau for use until a normal salary measure can be obtained.

3 FAH-2 H-235 OFFSET FOR ADVERSE IMPACT OF DELAYED INCREASE

(TL:FSNH-1; 9-25-91)

(Uniform State/AID/USIA/Commerce/Agriculture)

A. CONDITIONS

When a delay occurs in the implementation of changes of plus 5% or more to a majority of the grades on the local compensation plan (LCP), the Department and other affected agencies may authorize a payment to reduce any adverse impact of extreme cost-of-living changes for FSN employees that occur in implementing the change, subject to the following conditions:

1. The earliest possible implementation date, which is defined as the beginning of the first pay period following the date of the Department's authorizing cable for the change in the LCP, is three or more months after the effective date of the change to the LCP.

2. Inflation as measured by an appropriate local index is equal to or greater than 20% per month on average during a period of three or more continuous months within the period of the delay.

3. The above conditions have been met on or after January 1, 1989.

B. AMOUNT OF PAYMENT

In calculating the amount of the payment, PER/FSN will take into account:

1. Up to the full cost-of-living index changes during the period of the delay, and the resulting compounded inflation rate during each of the pay periods within the period of delay;
2. The value of the average authorized change for each grade level adjusted for inflation, for each of the pay periods within the period of delay;
3. The value of the average authorized change for each grade level, that already has been or will be paid to FSN employees as part of biweekly salary;
4. The value of any increases (e.g., emergency or spot check survey increases) that have been implemented during the period of the delay if the compounded total of such increases exceeds that for the cost-of-living changes during the same period; and
5. The length of the employee's regular workweek.

C. LIMITATIONS

Payment shall not be made to those FSN employees who separate from the US Mission after the effective date of the change to the LCP and before the payment is authorized.

Payment shall also not be authorized by the Department and affected agencies when:

1. The change to the LCP is the result of a host government decree and the delay between the effective date and the implementation date is the result of a delayed announcement of the decree; or
2. The increase is a result of a salary survey that documents that is prevailing practice is to set effective dates prior to the date survey companies decide to adjust compensation and the delay between the effective date and the implementation date is a result of a similar prior effective date being authorized by the Department.

3 FAH-2 H-236 THROUGH H-239 UNASSIGNED