

SECTION 32—PERSONNEL COMPENSATION, BENEFITS, AND RELATED COSTS

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Summary of Changes

Updates provisional FERS contribution rates for FY 2027 (section [32.3](#)).

Updates guidance on personnel vetting (section [32.5](#)).

32.1 How should I estimate personnel compensation in my budget request?

Personnel compensation

(a) *Pay scales.* For the purpose of planning agency budget requests for the FY 2027 Budget, agencies should consult with their OMB representative on the provisional estimate for the civilian and military pay raise for January 2027. In making their final estimates for the FY 2027 Budget, agencies should anticipate revising pay raise amounts after the President makes a pay raise decision. Your OMB representative will provide additional guidance during Budget season. The pay guidance above will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service (SES), and wage grade employees. You should be prepared to provide supporting detail on calculating pay costs, including separate identification of the wage base reflected in the submission. For compensation costs, you must explicitly justify any increases in average compensation for the budget year.

(b) *Awards and recognition.* In FY 2027 budget requests, agencies must provide the following information on agency-wide salary and awards spending: (1) an estimate of FY 2026 salary spending, excluding salary spending for Senior Executive Service (SES), Senior Level (SL), and Scientific or Professional (ST) positions, (2) an estimate of FY 2026 awards spending as a percent of FY 2026 non-SES/SL/ST salary spending, and (3) the amount requested for FY 2027 non-SES/SL/ST salary spending.

Agencies should include an awards budget in the FY 2027 budget request at a level which best meets agency objectives and supports the recruitment and retention of high performing employees. Agencies should be prepared to supply additional information on planned and actual expenditures upon request by OMB.

Awards spending is defined as the sum of: (1) individual performance awards for non-SES/SL/ST employees (Nature of Action 840) and, (2) individual contribution awards (e.g., special act awards) for non-SES/SL/ST employees (Nature of Action 849).

- (c) *Hourly rates.* For all employees (as defined in [5 U.S.C. 5504\(b\)](#)), use hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272).
- (d) *Within-grade increases.* Offset the net cost, if any, of within-grade salary increases (i.e., costs after turnover, downgrades, and other grade or step reducing events are taken into account) by savings due to greater productivity and efficiency.
- (e) *Vacancies.* For vacancies expected to be filled in the budget year, use the entrance salary for the vacancies involved.
- (f) *Savings in personnel compensation.* Give full consideration to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Identify terminal leave payments, including those for SES, as offsets against such savings.
- (g) *Positions above grade GS/GM–15.* Reflect these positions, including SES, only to the extent that positions have been authorized in those grades by OPM or other authority, or are specifically authorized in substantive law.
- (h) *Executive selection and development programs.* Include in your estimates provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.
- (i) *Premium pay and overtime.* Fully justify increases over amounts for the preceding year for premium pay. In preparing estimates for overtime, you should analyze the use of overtime to ensure it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.
- (j) *Special rates for experts and consultants.* Reflect these positions and rates only to the extent that they are authorized per 5 U.S.C. 3109.
- (k) *Severance pay.* Estimate severance pay at the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Your estimates must include changes in severance pay and personnel compensation that would occur upon any reduction in force.
- (l) *Physicians comparability allowance.* Reflect in your estimates approved plans to pay physicians comparability allowance under 5 U.S.C. 5948. Instructions for reporting on the physicians comparability allowance program are issued separately.
- (m) *Bonuses and allowances.* Reflect in your estimates approved agency plans for paying recruitment and relocation bonuses and retention allowances. You should be prepared to supply information on planned and actual expenditures upon request by OMB.
- (n) *Retirement costs.* Reflect in your estimates the cost effects of changes in the distribution of employees between the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Note that FERS contributions have changed as described in section [32.3](#).

32.2 How do I treat agency benefit payments under the Federal Employees' Compensation Act?

For accounts subject to appropriations action, include in your budget year estimates the amount billed by the Office of Workers' Compensation Programs of the Department of Labor for benefits paid on behalf of employees of your agency in the past year under the Federal Employees' Compensation Act.

For accounts not subject to appropriations action, you must pay the bill in the current year.

32.3 How do I budget for Federal employee retirement costs?

Agency contributions to the large retirement receipt accounts, including those managed by the Departments of Defense, State, the Treasury, the Social Security Administration, and the Office of Personnel Management, should reflect the effects of changes to the agency contribution rates for employee retirement and of civilian and military pay raises using the provisional pay raise assumptions specified for these accounts in section [32.1](#).

Contribution rates for CSRS employees remain unchanged.

Agencies may need to adjust estimates when final pay assumptions for the budget are released. This applies to:

- Governmental receipt accounts containing Federal employee contributions to Federal employee retirement;
- Offsetting receipt accounts (employer share, employee retirement) containing employing agency contributions to Federal employee retirement and Federal agency share of Social Security and Medicare payroll taxes; and
- General fund contributions to Federal employee retirement.

FERS Contribution Rates

Agency FERS contribution rates that are effective beginning FY 2026 can be found in the [Benefits Administration Letter 23-306](#). The provisional FY 2027 contribution rates are listed in the tables below. Agencies should use these contribution rates in their FY 2027 budget requests. Contribution rates, when finalized, will be published in OPM Benefits Administration Letters posted at <https://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/>.

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FERS Employees (other than RAE and FRAE)

	FY 2026 Employing Agency Contribution	FY 2027 Employing Agency Contribution	FY 2027 Employee Contribution	FY 2027 Normal Cost
Regular	18.4%	17.9%	0.8%	18.7%
Law Enforcement	38.2%	37.7%	1.3%	39.0%
Air Traffic Controller	39.1%	38.7%	1.3%	40.0%
Military Reserve Technicians	20.6%	20.3%	0.8%	21.1%
CIA Special Overseas*	26.2%	25.5%	0.8%	26.3%
Members of Congress**	25.0%	24.3%	1.3%	25.6%
Congressional Staff**	25.7%	25.0%	1.3%	26.3%
Capitol Police**	38.2%	37.7%	1.3%	39.0%

United States Postal Service and Postal Regulatory Commission

Postal Regular	16.1%	15.8%	0.8%	16.6%
Postal Law Enforcement	38.2%	37.7%	1.3%	39.0%

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FERS Revised Annuity Employees (FERS-RAE)

Retirement Groups	Contributions as a percent of pay			
	FY 2026 Employing Agency Contribution	FY 2027 Employing Agency Contribution	FY 2027 Employee Contribution	FY 2027 Normal Cost
Regular – RAE	16.5%	15.9%	3.1%	19.0%
Law Enforcement – RAE	36.4%	35.7%	3.6%	39.3%
Air Traffic Controller – RAE	37.3%	36.7%	3.6%	40.3%
Military Reserve	18.7%	18.3%	3.1%	21.4%
CIA Special Overseas – RAE*	24.4%	23.5%	3.1%	26.6%
Members of Congress – RAE**	16.5%	15.9%	3.1%	19.0%
Congressional Staff – RAE**	16.5%	15.9%	3.1%	19.0%
Capitol Police – RAE**	36.4%	35.7%	3.6%	39.3%
United States Postal Service and Postal Regulatory Commission				
Postal Regular – RAE	14.2%	13.8%	3.1%	16.9%
Postal Law Enforcement - RAE	36.4%	35.7%	3.6%	39.3%

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FERS Further Revised Annuity Employees (FERS-FRAE)

Retirement Groups	Contributions as a percent of pay			
	FY 2026 Employing Agency Contribution	FY 2027 Employing Agency Contribution	FY 2027 Employee Contribution	FY 2027 Normal Cost
Regular – FRAE	16.5%	15.9%	4.4%	19.2%
Law Enforcement – FRAE	36.4%	35.7%	4.9%	39.6%
Air Traffic Controller – FRAE	37.3%	36.7%	4.9%	40.5%
Military Reserve	18.7%	18.3%	4.4%	21.8%
CIA Special Overseas – FRAE*	24.4%	23.5%	4.4%	26.9%
Members of Congress – FRAE**	16.5%	15.9%	4.4%	19.2%
Congressional Staff – FRAE**	16.5%	15.9%	4.4%	19.2%
Capitol Police – FRAE**	36.4%	35.7%	4.9%	39.6%
United States Postal Service and Postal Regulatory Commission				
Postal Regular – FRAE	13.2%	12.8%	4.4%	17.6%
Postal Law Enforcement – FRAE	35.3%	34.7%	4.9%	40.2%

* Employees under section 303 of the CIA Act of 1964 for certain employees (when serving abroad).

** For information only.

32.4 How do I budget for unemployment compensation?

Generally, you should not budget for the costs of unemployment compensation for former Federal civilian and military personnel. The congressional intent is that such unemployment compensation be paid from appropriations available to the employing agencies. The liable agencies must absorb these reimbursements when they are required to be paid.

If you do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, your estimates for the current and budget year will not contain any special provisions for the costs of reimbursing the unemployment trust fund for such payments. If you employ large numbers of temporary employees to meet part-year workload, you may request approval from OMB to budget for unemployment compensation costs for your temporary employees. OMB will consider such requests if you can demonstrate that you have a sound administrative control system for unemployment compensation claims.

32.5 How do I budget for personnel vetting?

Personnel vetting is the umbrella term for the processes departments and agencies use to determine whether individuals are sufficiently trustworthy to fill a certain role within their workforces. It is being reformed across the Executive branch to reduce the time needed to vet new employees, eliminate waste, strengthen risk management, and improve the experience. In coordination with their personnel security offices and designated Senior Implementation Official, agencies should request and identify funding needed to comply with the *Trusted Workforce 2.0 Implementation Strategy*. This includes costs such as (1) enrolling remaining personnel in a continuous vetting service, (2) leveraging capabilities like preliminary determinations and eVetting to meet Administration timeliness requirements, and (3) adopting personnel vetting shared services.

32.6 How do I budget for Uniformed Services health care?

- *For Uniformed Services post-retirement medical care.* Post-retirement medical care for "Medicare-eligible" retirees and their dependents/survivors was funded on an accrual basis beginning in FY 2003. Budget estimates must assume inclusion of all Medicare-eligible retirees and families. Agencies must calculate the following estimates for their budget submission:
 - ▶ Accrual contribution to the Department of Defense Medicare-Eligible Retiree Health Care Fund.
 - ▶ Estimate of the health care dollars to be expended for all retirees.
- *Accrual contribution to the Department of Defense Medicare-Eligible Retiree Health Care Fund.* To develop appropriate annual accrual contribution estimates, agencies must use the per-capita rates set by the Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries. Every summer, the Board sends a letter to the agencies promulgating the annual per-capita rates. Agencies must multiply these rates by the estimated average number of current uniformed service personnel. The resulting calculation is the accrual contribution, which should be budgeted in the agency's personnel account.
- *Estimate of the health care dollars to be expended for all retirees.* Agencies must estimate expenditures for retiree health care. (Separate estimates must be provided for Medicare-eligible retirees and non-Medicare-eligible retirees). The Medicare-eligible estimates are needed to develop the Trust Fund outlays for uniformed service health care and the non-Medicare eligible estimates to be included in agency budgets. To prevent double counting Medicare-eligibles, each agency must ensure that their health care account request does not include any amount for Medicare-eligible retiree health care other than the accrual contribution amounts.

32.7 Are there other places in Circular A–11 where I can find related guidance?

Yes. Please see the table below for additional guidance on Federal employment.

Other Federal employment guidance and A–11 links	Section
When do I record obligations for Federal employment?	20.5(b)
How is civilian and military pay coded in my baseline (schedule S)?	81.2
What object class codes are used for employee compensation in the baseline?	83.7
What object classes are used to designate relocation expenses?	83.8
How are FTEs computed?	85.5
How do I complete the employment summary (schedule Q)?	85.6
What employment plans should my agency make prior to a funding hiatus?	124.2
Should my agency furlough employees during a hiatus in appropriations?	124.3