

Economic Assumptions

***Baseline Adjustment Factors for Personnel/Pay Related Costs**
As of June 2006

Pay raise assumptions represent increases intended to cover both national pay raises and locality pay raises. These pay adjustment factors include adjustments for annualization of the previous year’s pay raise, adjustment for changes in retirement and health insurance costs, and an inflator for the budget year and subsequent pay increases. This inflator is adjusted to reflect the January 1 effective date of each year’s pay raise, as provided in the Administration’s budget enforcement proposal.

All assumptions are unchanged from FY 2007 Budget assumptions. When OMB issues revised assumptions, the CFO will transmit this information immediately.

Effective Date	Civilian Pay Raise (%) (non-cumulative) ^a
Jan. 2006	3.1 ^b
Jan. 2007	2.2 ^b
Jan. 2008	Not Available
Jan. 2009	Not Available
Jan. 2010	Not Available
Jan. 2011	Not Available
Jan. 2012	Not Available

^a Use these pay percentages for both policy and baseline estimates of receipts for mandatory retirement programs (primarily employer share, employee retirement). For 2008-2010, the estimates of receipts for mandatory retirement should assume pay raises of 2.4% annually, and for 2011-2012, pay raises of 2.5% annually.

^b This percentage represents increases intended to cover both national pay raises and locality pay raises.

Fiscal Year	Annual Factor Nonpay Costs (non-cumulative) ^c	Civilian Personnel-Related Costs (non-cumulative) ^d
2007	1.022	1.045
2008	1.022	1.048
2009	1.021	1.048
2010	1.021	1.048
2011	1.021	1.048
2012	1.022	1.048

^c These factors will be applied automatically in the MAX database to 2006 enacted nonpay funding levels for discretionary programs. The increases shown are non-cumulative (e.g., the year 2008 non-pay adjustment factor is calculated as 1.022 x 1.022 = 1.045.)

^d These factors will be applied automatically in the MAX database to 2006 enacted pay-related funding levels for discretionary programs. The increases shown are non-cumulative (e.g., the year 2008 civilian adjustment factor is calculated as 1.045 x 1.048 = 1.095.)

**Denotes new/revised guidance (in red and marked with an asterisk).*

***Escalation Rate Assumptions for DOE Projects**

For *project* cost estimates, the OMB factors *shown in the table below* should be considered but not used as the sole basis of estimate. In this case, local *economy, market conditions*, and other factors should also be considered. For example, it would be prudent to assess materials differently, e.g. steel may have a different inflation rate. Engineering News Record is one source for this information.

The table, which is available on the DOE Intranet (<http://crinfo.doe.gov/officedocs/cf30/>), is interactive; i.e., the fiscal years can be changed to obtain factors for those years