

Economic Assumptions

***Baseline Adjustment Factors for Personnel/Pay Related Costs**
As of December 2007

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.

Effective Date	Civilian Pay Raise (%) (non-cumulative)
Jan. 2008	3.5
Jan. 2009	2.9
Jan. 2010	Not Available
Jan. 2011	Not Available
Jan. 2013	Not Available
Jan. 2014	Not Available
Jan. 2015	Not Available
Jan. 2016	Not Available

Fiscal Year	Annual Factor Nonpay Costs (non-cumulative)	Civilian Personnel-Related Costs (non-cumulative)
2009	1.020	1.044
2010	1.020	1.045
2011	1.020	1.045
2012	1.020	1.045
2013	1.020	1.045
2014	1.020	1.045
2015	1.020	1.045
2016	1.020	1.045
2017	1.020	1.045
2018	1.020	1.045

These factors will be applied automatically in the MAX database to 2008 enacted pay-related funding levels for discretionary programs. The increases shown are to be applied cumulatively (e.g., the year 2010 civilian adjustment factor under the adjusted baseline is calculated as 1.044 x 1.045 = 1.091).

***Escalation Rate Assumptions for DOE Projects**

For project cost estimates, 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. The U.S. Consumer Price Index (CPI) (www.bls.gov/cpi) and the McGraw Hill Construction (The Engineering News Record (ENR) <http://enr.construction.com/> and the Analytics <http://construction.ecnext.com/coms2/analytics>) are a couple of sources for this information. (POC: Brian Kong, MA-50, 202-586-3151)

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