

United States Senate

WASHINGTON, DC 20510

February 19, 2020

Dale Cabaniss
Director
Office of Personnel Management
1900 E Street, NW
Washington, DC 20415

Dear Director Cabaniss:

We write to follow up on our March 2018 letter to the Office of Personnel Management (OPM) regarding the significant disparities between the Federal Wage System (FWS) wage areas and the General Schedule (GS) locality pay area in southern Massachusetts and Rhode Island.¹ We ask that you address the unfair and unnecessary wage disparities faced by our constituents by consolidating FWS wage areas and aligning them with GS locality pay areas.

Many federal employees are compensated under one of two pay systems: the GS system, which “covers the majority of civilian white-collar Federal employees”² and the FWS, which “covers Federal appropriated fund and nonappropriated fund blue-collar employees who are paid by the hour.”³ Most GS employees receive a cost-of-living pay adjustment determined by their “locality pay area.” The GS system has 47 locality pay areas, most of which cover large metropolitan areas.⁴ FWS employees have their pay determined by “local wage areas,” a system with “130 appropriated fund and 118 nonappropriated fund local wage areas.”⁵

Currently, federal employees covered by the GS system in 22 counties in Massachusetts, Rhode Island, New Hampshire, and Maine are part of the Boston-Worcester-Providence locality pay area and receive a locality pay adjustment of 29.11%.⁶ However, federal employees covered by the FWS in eight of those counties fall under the Narragansett Bay wage area, rather than the Boston wage area, and receive substantially less compensation to adjust for cost of living expenses when compared to their GS counterparts.

¹ Letter from Senators Elizabeth Warren, Edward J. Markey, Jack Reed, and Sheldon Whitehouse to OPM Acting Director Kathleen McGettigan, March 5, 2018, on file with the Office of Senator Elizabeth Warren.

² Office of Personnel Management, “Pay & Leave: General Schedule Overview,” <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/>.

³ Office of Personnel Management, “Pay & Leave: Federal Wage System Overview,” <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/federal-wage-system/>.

⁴ Office of Personnel Management, “Pay & Leave: General Schedule Overview,” <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/>.

⁵ Office of Personnel Management, “Pay & Leave: Federal Wage System Overview,” <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/federal-wage-system/>.

⁶ The White House, Federal Register Notice, “Executive Order 13901 of December 26, 2019: Adjustments of Certain Rates of Pay,” December 26, 2019, pp. 72224, <https://www.govinfo.gov/content/pkg/FR-2019-12-30/pdf/2019-28286.pdf>.

This misalignment between GS locality pay areas and FWS wage areas creates a significant disparity in compensation between FWS federal workers who are classified as working in the Boston wage area and those that work in the Narragansett Bay wage area (Bristol, Norfolk, and Worcester Counties in Massachusetts and Bristol, Kent, Newport, Providence, and Washington Counties in Rhode Island).⁷ The current pay rate for most entry-level FWS employees in the Boston wage area is \$13.86,⁸ compared with \$12.88 in the Narragansett Bay wage area⁹—and these disparities increase as workers move up the pay scale.

Take the case of two hypothetical federal employees, one in Barnstable County, MA and one in Kent County, RI. If these employees were on the GS system, they would both receive the same locality pay adjustment—but if the employees were on the FWS, the Barnstable County employee's pay would be as much as 15 percent higher than the Kent County employee's pay.¹⁰ This divide even splits counties—in Bristol County, MA, a wage-grade employee in the town of Easton is paid based on the higher Boston wage grade area schedule, while an employee in their neighboring town of Mansfield receives lesser pay based on the Narragansett Bay wage grade area schedule.

In 2010, the Federal Prevailing Rate Advisory Committee (FPRAC) voted to recommend that OPM align GS locality pay areas and FWS wage areas across the country, which would address this problem and bring parity to the locality pay adjustments of federal employees in our states and elsewhere.¹¹ In our March 2018 letter, we requested that the Acting Director of OPM approve that FPRAC recommendation and implement it as soon as possible.¹² Then-Acting Director Dr. Jeff T.H. Pon responded in April 2018 that, while FPRAC did not have a Chair at that time, he would work with FPRAC to review this issue once it did.¹³

Now that FPRAC has a chair, we respectfully request an update on your review of FPRAC's 2010 recommendation and again urge you to implement it and correct the unwarranted disparity faced by our FWS constituents as soon as possible. Please provide us with a response no later than March 4, 2020 regarding your plans to do so.

⁷ Defense Civilian Personnel Advisory Service, "Appropriated Fund Schedules," <https://www.dcpas.osd.mil/bwn/afwageschedules>.

⁸ Defense Civilian Personnel Advisory Service, "Federal Wage System Regular and Special Production Facilitating Wage Rate Schedules for the Boston, Massachusetts (BOS) Wage Area," December 31, 2019, <https://www.dcpas.osd.mil/Content/AF%20Schedules/survey-sch/068/068R-31Dec2019.html>.

⁹ Defense Civilian Personnel Advisory Service, "Federal Wage System Regular and Special Production Facilitating Wage Rate Schedules for the Narragansett Bay, Rhode Island (BOS) Wage Area," April 1, 2019, <https://www.dcpas.osd.mil/Content/AF%20Schedules/survey-sch/118/118R-01Apr2019.html>.

¹⁰ Based on a comparison between the wage rate for Wage Grade Level 15, Step 5 employees in the Boston, Massachusetts (BOS) Wage Area and Narragansett Bay, Rhode Island (BOS) Wage Area.

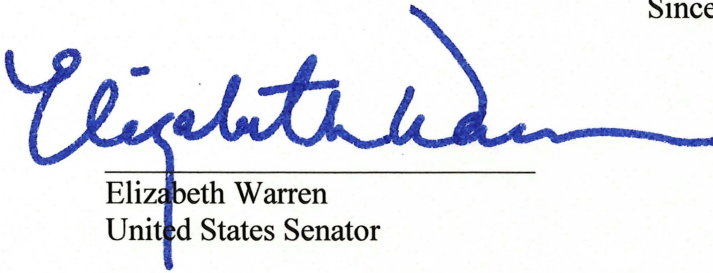
¹¹ Office of Personnel Management, Federal Prevailing Rate Advisory Committee, "Annual Summary of Recommendations and Discussions: Calendar Year 2010," April 2011, pp. 8, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/federal-wage-system/federal-prevailing-rate-advisory-committee/annualsummary2010.pdf>.

¹² Letter from Senators Elizabeth Warren, Edward J. Markey, Jack Reed, and Sheldon Whitehouse to OPM Acting Director Kathleen McGettigan, March 5, 2018, on file with the Office of Senator Elizabeth Warren.

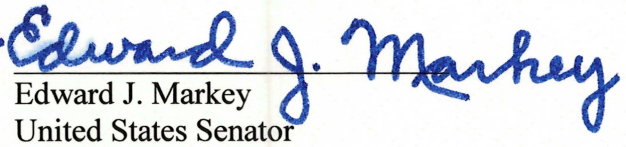
¹³ Letter from OPM Acting Director Dr. Jeff T.H. Pon to Senators Elizabeth Warren, Edward J. Markey, Jack Reed, and Sheldon Whitehouse, April 12, 2018, on file with the Office of Senator Elizabeth Warren.

Thank you for your attention to this important matter.

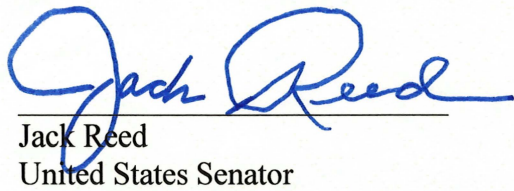
Sincerely,



Elizabeth Warren
United States Senator



Edward J. Markey
United States Senator



Jack Reed
United States Senator



Sheldon Whitehouse
United States Senator