



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

April 12, 2018

The Honorable Elizabeth Warren
United States Senate
317 Hart Senate Office Building
Washington, DC 20515

Dear Senator Warren:

Thank you for your March 5, 2018, letter expressing support for the 2010 Federal Prevailing Rate Advisory Committee (FPRAC) recommendation to consolidate Federal Wage System (FWS) wage areas that lie within General Schedule (GS) locality pay areas. Your letter also expresses concern about the pay adjustments received by FWS and GS employees working in counties that are defined to the Narragansett Bay, RI, FWS wage area and which coincide with the Boston-Worcester-Providence, MA-RI-NH-CT-ME GS locality pay area. In addition, you ask that the U.S. Office of Personnel Management (OPM) fill the FPRAC Chair position to meet requirements specified by law.

The FWS and GS operate under separate laws and regulations that authorize different surveys, methodologies, and occupational coverage for FWS and GS employees. Consequently, their annual pay adjustments have different effective dates.

The pay of FWS employees must be maintained in line with prevailing private sector pay levels for comparable work within a local wage area. To obtain the rates paid by local private sector employers, the U.S. Department of Defense conducts annual local wage surveys and establishes a local wage schedule in each wage area based on the survey data. By law, the cost of labor within a wage area, rather than the cost of living, determines FWS pay rates. In addition, adjustments to FWS wage schedules are subject to an annual *pay cap* and, since Fiscal Year (FY) 2004, appropriations law has required that FWS employees receive the same percentage annual pay adjustment that GS employees receive in the same location. In FY 2018, the minimum pay adjustment for FWS employees working in the Narragansett Bay wage area will be the same as the Boston-Worcester-Providence GS locality pay area adjustment, 2.00 percent. The FY 2018 wage schedule for the Narragansett Bay wage area became effective on March 18, 2018.

Each January, GS employees receive a general across-the-board increase and an increase based on the local cost of labor for white-collar occupations in a GS locality pay area. GS employees working in the Boston-Worcester-Providence GS locality pay area received a 2.00 percent pay adjustment at all grade levels in January 2018.

I would like to assure you that I plan to fill the FPRAC Chair position in the near future. My understanding from my staff is that the 2010 FPRAC recommendation was reviewed and

declined by three former OPM Directors. However, I would be happy to have our future FPRAC Chair work with the Committee to consider this issue upon his or her arrival.

I appreciate the opportunity to respond to your interest in this matter. If you have further questions, please feel free to contact Stephen Billy, Director, Office of Congressional, Legislative, and Intergovernmental Affairs, at (202) 606-1300.

Sincerely,



Dr. Jeff T.H. Pon
Director