



# NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Affiliated with the International Association of Machinists & Aerospace Workers, AFL-CIO

February 23, 2023

The Honorable Bob Casey  
U.S. Senate  
393 Russell Senate Office Building  
Washington D.C. 20515

Dear Senator Casey:

On behalf of the thousands of Federal Wage System (FWS) employees we represent nationwide, **I ask you to reintroduce the Locality Pay Equity Act again in the 118<sup>th</sup> Congress.** As you know, this legislation is critical to address the pay gaps created under the FWS by ordering that FWS pay areas align with the General Schedule (GS) locality pay areas.

The GS locality boundaries are drawn according to commuting rates and other job market considerations, which is the proper way to define local labor markets. The FWS locality or wage area boundaries were drawn mostly in the 1950s, reflecting the location of large military installations that employed the majority of federal hourly workers at that time.

Today, some GS localities include several FWS wage areas. Thus, while everyone in a given GS locality receives the same annual raise, hourly workers in a given GS locality may receive vastly different base wages. For example, the salaried workers at the Tobyhanna Army Depot in Monroe County, Pennsylvania are paid according to salaries in the New York City locality because, according to Census data on commuting, Monroe County is part of the overall New York City labor market.

Yet the hourly workers at the depot are considered to be in a different local labor market. Hourly and salaried workers at Tobyhanna who work side-by-side in the same place for the same employer and who travel the same roads to get to and from work are treated as though they are in different locations. It is time to correct these pay area deficiencies by fixing FWS pay areas to align with the more modern and accurate reality of the modern world and employment markets.

The same scenario occurs at Letterkenny Army Depot in Chambersburg, Pennsylvania, located in Franklin County, where GS employees are in the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA Locality Area. Meanwhile, wage grade workers at Letterkenny are on the Hagerstown-Martinsburg-Chambersburg Wage Area pay schedule. This discrepancy is fundamentally unfair and is great source of consternation to wage grade federal employees working in Franklin County.

The fix to the FWS pay areas solves just one inequity afflicting federal wage grade workers. Still remaining is the issue of unequal annual increases to FWS employees' pay and locality determinations because of the way FWS increases are calculated versus the more accurate annual pay and locality determinations within the GS system.

Federal blue-collar workers' pay is governed by a statutory "prevailing rate" system that purports to match federal wages with those paid to workers in skilled trades occupations in the private sector. That system has never been permitted to function as intended. Instead, annual adjustments have been capped at the average adjustment provided to white collar federal employees under the General Schedule. Prevailing rates are defined in the law as fully equal to market rates paid in the private sector, unlike "comparability" in the white-collar system, which is defined as 95% of market rates.

While the white-collar system uses BLS data to determine non-federal rates and thus the gap between federal and non-federal pay, the blue-collar system relies on surveys conducted by local teams comprised of representatives from the union and management from the agency with the largest numbers of blue-collar employees in the local wage area. These local survey teams are prohibited from using any data from local building trades' unions' scales. The data are used to create wage schedules that describe local prevailing rates.

For the past two decades, Congress has added language in appropriations bills to guarantee that blue-collar federal employees receive the same annual adjustments as their white-collar coworkers. Although the boundaries of local wage areas are different from General Schedule, the language grants the same annual pay adjustment to all salaried and hourly workers within a given white-collar locality.

It is time to end these pay inequities through a new law that guarantees pay parity with the General Services system and an identical alignment of locality pay areas.

As we anxiously await the FWS study authorized in the 2023 National Defense Authorization Act that is due back to Congress this April, there is no doubt it will show that geographical determination of local labor market wages is outdated and prevents an accurate comparison to the private sector. This, along with an obsolete system of annual increases for the rising cost of living creates barriers that prevent fair compensation of Federal trade, craft, administrative, and laboring employees.

Thank you for your continuing support as we enter another Congress together in the defense of FWS employees who struggle more each year to make ends meet.

Sincerely,



Randy L. Erwin  
National President