

General Schedule Versus Federal Blue-Collar Schedule

Pay adjustments for General Schedule (GS) and Federal Wage System (FWS) employees differ because separate laws and regulations authorize different surveys, methodologies, and occupational coverage. GS locality payments, which are authorized under the Federal Employees Pay Comparability Act of 1990, are based on a comparison of Federal and non-Federal pay. Each January, the law provides for GS employees to receive a general across-the-board increase based on the 12-month increase (if any) in the Employment Cost Index (less 0.5 percentage points), plus an increase, if warranted, based on the local cost of labor for white-collar occupations in each of the 32 GS locality pay areas. The Government's policy for white-collar Federal employees, established in title 5, United States Code 5301, is that Federal pay rates should be comparable to non-Federal pay rates for the same levels of work within the same local pay area. FWS employees were specifically excluded from the GS locality pay system because they were already paid under a separate, preexisting prevailing rate system that reflected private sector practices for setting pay at different levels of work for trades, craft, and laborer occupations. Thus, the Federal government's compensation practices mirror the private sector's general practice of establishing separate and distinct pay structures and pay adjustment mechanisms for white-collar and blue-collar employees.

The FWS operates under carefully regulated procedures that the Office of Personnel Management has developed cooperatively with Federal agencies and labor organizations over a 30-year period. These procedures are not static, but have been continually updated based on the advice of the Federal Prevailing Rate Advisory Committee (FPRAC), the statutory labor-management committee that advises the Director of OPM on the prevailing rate determination process. OPM defines the boundaries of wage areas, prescribes the required industries to be surveyed, the required job coverage for surveys, and designates a lead agency for each wage area. OPM has designated the Department of Defense as the lead agency for all FWS wage areas to improve the administration of the FWS and achieve economies of scale.

The DOD conducts all FWS wage surveys and sets the rates of pay on each regular FWS wage schedule with the advice of a national labor-management wage committee. One of the key statutory principles underlying the FWS is that employee pay rates are to be maintained in line with prevailing levels of pay for comparable levels of private sector work within a local wage area. To carry out this statutory principle, the DOD conducts annual wage surveys in each of the separate wage areas to collect wage data from private sector establishments. The DOD also establishes a local wage survey committee in each wage area. The local wage survey committee conducts local wage surveys in a wage area and reports survey findings to the DOD. In conjunction with the national labor-management wage committee, the DOD then establishes a local FWS wage schedule in each wage area based on the survey data.