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Federal Pay: General Schedule (GS) Pay Adjustment Process, Amounts Provided Since 2010, and Issues for Congress

February 17, 2022

Congressional Research Service

<https://crsreports.congress.gov>

R47033



R47033

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Federal Pay: General Schedule (GS) Pay Adjustment Process, Amounts Provided Since 2010, and Issues for Congress

The General Schedule (GS) is the basic pay schedule for federal civilian white-collar employees. The GS governs the establishment and adjustment of salaries for a workforce representing professional, administrative, technical, and clerical occupations. It is a schedule of annual rates of basic pay consisting of 15 grades, designated “GS-1” through “GS-15,” consecutively, with 10 rates of pay—or “steps”—for each such grade.

Federal employees paid under the GS are intended by law to receive base pay and locality pay adjustments, effective in January of each year, under Section 529 of P.L. 101-509, the Federal Employees Pay Comparability Act (FEPCA) of 1990, enacted on November 5, 1990. The adjustments are not based on economic indicators of the cost of living. FEPCA requires the base pay adjustment for GS employees to be based on the Employment Cost Index (ECI), which measures changes in private sector wages and salaries. The locality payments procedures established by FEPCA provide that payments are to be made within each locality determined to have a pay disparity greater than 5%. Bureau of Labor Statistics (BLS) surveys compare the rates of GS pay with the rates of pay generally paid to nonfederal workers for the same levels of work within each pay locality.

The Secretary of Labor, the director of the Office of Management and Budget, and the director of the Office of Personnel Management serve jointly as the President’s Pay Agent. The Federal Salary Council (FSC), established by the President, advises the President’s Pay Agent on locality pay adjustments and related matters in an annual memorandum. The most recent memorandum, published on January 6, 2021, included recommendations for the establishment or modification of pay localities, the coverage of salary surveys conducted by the BLS for use in the locality pay program, the process of comparing GS pay to nonfederal pay, and the level of comparability payments for January 2022. After considering the views and recommendations of the FSC, the Pay Agent prepares and submits an annual report to the President. The Pay Agent submitted its annual report on the January 2022 locality pay adjustments to the President on December 15, 2021.

Limitations on GS pay that correspond to Executive Schedule (EX) pay rates prevent some employees from receiving pay adjustments they would otherwise be entitled to. By law, base pay and locality pay combined cannot exceed the pay rate for Level IV of the Executive Schedule, which is \$176,300 as of January 2022. As annual adjustments to base and locality pay are provided and this limitation prevents raises from taking effect at the top of the scale—referred to as “pay compression”—employees paid at an increasing number of GS step levels have reached this cap. As a result of the January 2022 pay adjustments, employees in the middle to upper steps of the GS-15 pay grade are affected by the EX Level IV cap in 30 locality pay areas. The most severe compression is occurring in the San Jose-San Francisco-Oakland locality pay area, where employees at GS-15 steps 4 through 10 (and GS-14 step 10) all receive the same rate of pay.

President Joe Biden authorized the GS pay adjustment for 2022 in Executive Order (E.O.) 14061, issued on December 22, 2021. The E.O. provides a 2.7% federal civilian pay adjustment allocated as a 2.2% base pay increase and an average 0.5% (of basic payroll) locality pay increase. The adjustment became effective on the first day of the first applicable pay period beginning on or after January 1, 2022.

Congress may conduct oversight on several issues related to GS pay setting and adjustment, including reviewing the FEPCA statutory provisions, the ongoing pay compression, and the continuing freeze on pay for certain senior political officials.

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Background

The General Schedule (GS) is the basic pay schedule for federal civilian white-collar employees.¹ The GS governs the establishment and adjustment of salaries for a workforce that, as of September 2021 (most current data available), numbered 1,547,641 employees representing professional, administrative, technical, and clerical occupations.² It is a schedule of annual rates of basic pay consisting of 15 grades, designated “GS-1” through “GS-15,” consecutively, with 10 rates of pay, known as “steps,” for each grade.

Within each GS grade is a range of pay comprised of a minimum, midpoint, and maximum salary. A technique called position classification has been used to craft the structure. Federal jobs have been arranged into classes on the basis of the kind of work involved, its level of difficulty, responsibility, and the qualifications necessary to perform it. Rates of pay were then attached to each specific class. The pay structure is a job hierarchy. As one progresses through it, salaries increase. Positions at the GS-12 level, for instance, are said to demand more in terms of knowledge and skill, responsibility, and expected results than those at the GS-11 level and, therefore, have both a higher classification and rate of pay related to them.

By law, the schedule is to be adjusted on an annual basis.³ As of January 2022, GS base pay ranged from \$20,172 at GS-1, step 1, to \$146,757 at GS-15, step 10.⁴ In the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA, locality pay area, base pay and locality pay ranged from \$26,532 at GS-1, step 1, to \$176,300 at GS-15, step 10, as of January 2022.⁵

The GS has been in existence since the Classification Act of 1949. P.L. 101-509, the Federal Employees Pay Comparability Act (FEPCA) of 1990, established the current policy that “Federal pay fixing” for GS employees is to be based on the following principles:

- (1) there be equal pay for substantially equal work within each local pay area;
- (2) within each local pay area, pay distinctions be maintained in keeping with work and performance distinctions;
- (3) Federal pay rates be comparable with non-Federal pay rates for the same levels of work within the same local pay area; and
- (4) any existing pay disparities between Federal and non-Federal employees should be completely eliminated.⁶

¹ 5 U.S.C. §5332.

² U.S. Office of Personnel Management (OPM), FedScope, Employment, <https://www.fedscope.opm.gov/employment.asp>. The total federal workforce, in all pay plans, numbers 2,191,011 as of September 2021.

³ 5 U.S.C. §5303 and 5 U.S.C. §5304. The pay period for an employee covers two administrative workweeks (5 U.S.C. §5504(a)). When payment is made on the basis of an hourly, daily, weekly, or biweekly rate, the rate is computed from the appropriate annual rate of GS basic pay. The pay computation rules provide for converting an annual rate of basic pay as follows: To derive an hourly rate, divide the annual rate by 2,087. To derive a daily rate, multiply the hourly rate by the number of daily hours of service required. To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be. Rates are computed to the nearest cent, counting one-half and over as a whole cent (5 U.S.C. §5504(b)).

⁴ OPM, Base General Schedule, January 2022, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/GS.pdf>.

⁵ OPM, Locality Pay Table, Washington-Baltimore-Arlington, DC-MD-VA-WV-PA pay area, January 2022, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/DCB.pdf>.

⁶ 5 U.S.C. §5301.

General Schedule Pay Adjustment Process

Federal employees paid under the GS are intended by law to receive base pay and locality pay adjustments, effective in January of each year, under Section 529 of FEPCA.⁷ The adjustments are not based on economic indicators of the cost of living.

The statutory provisions on the base GS pay adjustment are codified at Title 5, Section 5303, of the *U.S. Code* and have not been amended since FEPCA was enacted.⁸ FEPCA requires the base pay adjustment for GS employees to be based on the Employment Cost Index (ECI), which measures changes in private sector wages and salaries.⁹ Basic pay rates are to be increased by an amount that is 0.5 percentage points less than the September indicator of the ECI. The percentage is based on how much the ECI for the quarter ending September 30 of the year before the preceding calendar year exceeds that for the comparable quarter of the next preceding year (if at all).¹⁰ For example, the base pay adjustment for January 2022 was determined by comparing the ECI for the quarter ending September 30, 2020, with the ECI for the quarter ending September 30, 2019. Thus, the data used to calculate the base pay adjustment were 15 months old at the time of the adjustment.

The base pay adjustment is effective as of the first day of the first applicable pay period beginning on or after January 1 of each calendar year.¹¹ In the event of a national emergency or serious economic conditions affecting the general welfare, FEPCA authorizes the President to issue an alternative pay plan to Congress, before September 1 of the preceding calendar year, that uses a different percentage increase from the one required by the ECI-based formula.¹² In evaluating an economic condition affecting the general welfare, the President is to consider pertinent economic measures including, but not limited to, the Indexes of Leading Economic Indicators, the gross national product, the unemployment rate, the budget deficit, the Consumer Price Index, the Producer Price Index, the ECI, and the Implicit Price Deflator for Personal Consumption Expenditures.¹³ The President is also to include in the plan his assessment of the impact of the alternative pay adjustments on the federal government's ability to recruit and retain well-qualified employees.¹⁴

The statutory provisions on the locality-based comparability payments are codified at Title 5, Sections 5304 and 5304a. The Section 5304 provisions have been amended five times since 1990.¹⁵ **Table A-1** in the **Appendix** provides information on selected amendments to Section 5304 since 1990. The locality payment procedures established by FEPCA provide that payments

⁷ 104 Stat. 1389, at 1427; 5 U.S.C. §5301 note.

⁸ The definitions codified at Title 5, Section 5302, were amended three times by P.L. 102-378 (October 2, 1992), P.L. 103-89 (September 30, 1993), and P.L. 108-411 (October 30, 2004).

⁹ 5 U.S.C. §5302(2).

¹⁰ 5 U.S.C. §5303(a).

¹¹ 5 U.S.C. §5303(a).

¹² 5 U.S.C. §5303(b)(1)(A). For example, for the 2021 pay adjustment, President Donald Trump issued an alternative pay plan (U.S. Presidents (Trump), "Message to the Congress Transmitting an Alternative Plan for Pay Adjustments for Civilian Federal Employees," February 10, 2020, <https://www.govinfo.gov/content/pkg/DCPD-202000067/pdf/DCPD-202000067.pdf>).

¹³ 5 U.S.C. §5303(b)(2).

¹⁴ 5 U.S.C. §5303(b)(3).

¹⁵ The amendments were included in P.L. 102-378 (October 2, 1992), P.L. 108-136 (November 24, 2003), P.L. 108-411 (October 30, 2004), P.L. 110-372 (October 8, 2008), and P.L. 111-84 (October 28, 2009).

are to be made within each locality determined to have a pay disparity greater than 5%.¹⁶ Bureau of Labor Statistics (BLS) surveys compare the rates of GS pay with the rates of pay generally paid to nonfederal workers for the same levels of work within each pay locality.¹⁷ The locality payment is a single percentage that applies to all GS positions within a locality.¹⁸

The locality payments are effective as of the beginning of the first applicable pay period commencing on or after January 1 of the applicable year.¹⁹ FEPCA also authorizes the President to transmit a report to Congress if the President considers the locality payments that would otherwise be payable to be inappropriate because of a national emergency or serious economic conditions affecting the general welfare. The report is to be submitted at least one month before the payments would otherwise become payable²⁰ and is to include the alternative level of payments the President intends to provide.

Federal Salary Council Recommendations

FEPCA directs the President to establish a Federal Salary Council (FSC) to advise the President's Pay Agent, discussed below, on locality pay adjustments.²¹ The FSC comprises nine members, of whom three are persons generally recognized for their impartiality, knowledge, and experience in the field of labor relations and pay policy, and six are representatives of employee organizations that represent substantial numbers of employees holding GS positions. The representatives from employee organizations are selected giving due consideration to such factors as the relative numbers of employees represented by the various organizations. Not more than three members of the FSC at any one time shall be from a single employee organization, council, federation, alliance, association, or affiliation of employee organizations.²² The President designates one of the three labor relations and pay policy experts on the council to serve as chairman.²³ The Biden Administration had not reconstituted the FSC and named a chair as of February 2022.²⁴

The FSC submits an annual memorandum to the President's Pay Agent. The memorandum published on January 6, 2021, included "recommendations for the establishment or modification of pay localities, the coverage of salary surveys conducted by the BLS for use in the locality pay program, the process of comparing General Schedule (GS) pay to non-Federal pay, and the level of comparability payments for January 2022."²⁵ The FSC found that

¹⁶ 5 U.S.C. §5304(a)(1). See also CRS In Focus IF11998, *Federal Locality-Based Comparability Payments for General Schedule Employees*, by Barbara L. Schwemle.

¹⁷ 5 U.S.C. §5304(d)(1)(A).

¹⁸ 5 U.S.C. §5304(c)(1).

¹⁹ 5 U.S.C. §5304(d)(2).

²⁰ 5 U.S.C. §5304a(a)(1).

²¹ See also CRS In Focus IF11998, *Federal Locality-Based Comparability Payments for General Schedule Employees*, by Barbara L. Schwemle.

²² 5 U.S.C. §5304(e)(1).

²³ One of the three members who are labor relations and pay policy experts may be the chairman of the Federal Prevailing Rate Advisory Committee, and such individual may also be designated to serve as chairman of the FSC.

²⁴ According to OPM, the chairperson seat and the seats for the other two expert members of the FSC are still vacant. The employee organization members of the FSC are Robert Creighton, Fraternal Order of Police; Randy Erwin, National Federation of Federal Employees; Andrew Rakowsky, Federal Law Enforcement Officers Association; Anthony M. Reardon, National Treasury Employees Union; and Jacqueline Simon, American Federation of Government Employees. Information provided to CRS by OPM by email on January 27, 2022.

²⁵ FSC, Memorandum for the President's Pay Agent, "Level of Comparability Payments for January 2022 and Other Matters Pertaining to the Locality Pay Program," January 6, 2021, <https://www.opm.gov/policy-data-oversight/pay->

the estimated overall disparity between (1) base GS average salaries excluding any additions such as GS special rates and existing locality payments and (2) non-Federal average salaries surveyed by BLS in locality pay areas was 52.17 percent. Using these data, the amount needed to reduce the pay disparity to 5 percent (the target disparity established by FEPCA) averages 44.92 percent. Thus, when existing locality pay rates averaging 23.60 percent as of March 2020 are taken into account, the overall remaining pay disparity is estimated at 23.11 percent.²⁶

In addition, the FSC determined that it should

continue to analyze and discuss the issue of whether the 2,500 GS employment threshold should change for evaluating Rest of US metropolitan areas for possible establishment as new locality pay areas based on pay disparities calculated using data from the NCS/OES Model.²⁷

President’s Pay Agent Recommendations

Under FEPCA, the President is to direct an agent of his choosing to prepare and submit a report with specified information and recommendations related to the administration of GS pay adjustments.²⁸ The Secretary of Labor, the director of the Office of Management and Budget, and the director of the Office of Personnel Management (OPM) serve jointly in this role as the “President’s Pay Agent.”²⁹

The Pay Agent, after considering the views and recommendations of the FSC, is to prepare and submit an annual report to the President not later than 13 months before the start of the calendar year for purposes of which it is prepared. The report is to compare GS pay rates with pay rates generally paid to nonfederal workers for the same levels of work within each pay locality, as determined on the basis of surveys conducted by the BLS. Based on the survey data, the report is to identify each locality in which a pay disparity exists and specify the size of each such pay disparity (before and after taking into consideration any comparability payments payable). The report is to make recommendations for comparability payments and include the views and recommendations of the FSC.³⁰

The Pay Agent is to provide for meetings with the FSC and consider the FSC’s views and recommendations, including those of the individual members, regarding:

- (i) the establishment or modification of pay localities;
- (ii) the coverage of the surveys of pay localities conducted by the Bureau of Labor Statistics ... (including, but not limited to, the occupations, establishment sizes, and industries to be surveyed, and how pay localities are to be surveyed);

[leave/pay-systems/general-schedule/federal-salary-council/recommendation20.pdf](#).

²⁶ FSC memorandum, p. 3.

²⁷ The FSC reviewed comparisons of GS and nonfederal pay based on data from two BLS surveys, the National Compensation Survey (NCS) and the Occupational Employment Statistics (OES) program. For other FSC recommendations, see FSC memorandum, Executive Summary, pp. 1-2.

²⁸ 5 U.S.C. §5304(d)(1).

²⁹ U.S. Presidents (George H. W. Bush), Executive Order 12748, Providing for Federal Pay Administration, §2(a), 56 *Federal Register* 4521, February 4, 1991, at FR-1991-02-04.pdf. For the Biden Administration, Martin J. Walsh is the Secretary of Labor, Shalanda Young is the acting director of the Office of Management and Budget, and Kiran A. Ahuja is the director of OPM.

³⁰ 5 U.S.C. §5304(d)(1).

(iii) the process of comparing the rates of pay payable under the General Schedule with rates of pay for the same levels of work performed by non-Federal workers; and

(iv) the level of comparability payments that should be paid in order to eliminate or reduce pay disparities in accordance with the requirements of this section.³¹

In addition, the Pay Agent is to consider the views and recommendations of employee organizations not represented on the FSC and include in its report to the President the views and recommendations submitted by the FSC, by any member of the FSC, and by employee organizations not represented on the FSC.³²

The Pay Agent submitted its annual report on the January 2022 locality pay adjustments to the President on December 15, 2021. In its cover letter transmitting the report, the Pay Agent noted that

the statutory formula for locality adjustments has not been followed since January 1994 because of budgetary and methodological concerns. Regarding budgetary concerns, this report includes an estimated cost of \$18.5 billion for reducing disparities as intended by the statute, and that cost is a significant consideration. However, it is also important to emphasize that the underlying methodology for locality pay of relying on one singular locality rate covering a locality pay area has lacked credibility since the beginning of locality pay in 1994 to such a degree that the statutory formula for closing pay gaps has been overridden either by Congress or by successive Presidents each and every year since that first year.³³

The Pay Agent also recommended that the FSC further study “whether the GS employment threshold of 2,500 or more GS employees should change for evaluating Rest of U.S. metropolitan areas called ‘Rest of U.S. research areas’ for possible establishment as new locality pay areas based on pay disparities calculated using the current salary survey methodology.”³⁴

In addition, the Pay Agent recommended further deliberations by the FSC on “whether pay area boundaries should be changed to reflect recent updates to Office of Management and Budget delineations of metropolitan statistical areas and combined statistical areas” and “whether to change or make exceptions to the criteria by which basic locality pay areas and areas of application ... are established.”³⁵ With regard to the latter, the Pay Agent stated that the FSC “should discuss and quantify the implications that such changes or exceptions could have on all potentially impacted locations throughout the Country before the Pay Agent would consider them.”³⁶

Additionally, the cover letter to the report reiterated the Pay Agent’s views that “there is a need to consider major legislative reforms of the white-collar Federal pay system, which continues to utilize a process requiring a single percentage adjustment in the pay of all white-collar civilian

³¹ 5 U.S.C. §5304(e)(2)(A).

³² 5 U.S.C. §5304(e)(2)(B)(C).

³³ U.S. President’s Pay Agent, Report on Locality-Based Comparability Payments for the General Schedule, Annual Report of the President’s Pay Agent for Locality Pay in 2022, December 15, 2021, cover letter, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/pay-agent-reports/2020report.pdf>.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

Federal employees in each locality pay area without regard to the differing labor markets for major occupational groups.”³⁷ According to the Pay Agent:

The current pay comparison methodology used in the locality pay program ignores the fact that non-Federal pay in a local labor market may be very different between different occupational groups. As currently applied, locality payments in a local labor market may leave some mission-critical occupations significantly underpaid while overpaying others.³⁸

Table A-2 in the **Appendix** shows the locality payments that would have been required in January 2022 under FEPCA.

General Schedule Pay Limitations

Limitations on GS pay that correspond to Executive Schedule (EX) pay rates prevent some employees from receiving the full amount of the GS pay adjustments, as shown in **Table 1** below.

Table 1. Limitations on General Schedule Pay

As of January 2022

Compensation	Pay Limitation
Basic pay	\$165,300 (EX Level V)
Basic pay and locality pay	\$176,300 (EX Level IV)
Total compensation	\$226,300 (EX Level I)

Source: 5 U.S.C. §5303(f), §5304(g)(1), and §5307(a)(1).

Notes: The 2022 pay table for the Executive Schedule is at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/EX.pdf>.

As a result of the January 2022 pay adjustments, employees in the middle to upper steps of the GS-15 pay grade are affected by the EX Level IV cap on combined base pay and locality pay in the 30 locality pay areas listed in **Table 2** below. As annual adjustments to base and locality pay are provided, and this limitation prevents raises from taking effect at the top of the scale—called “pay compression”—employees paid at an increasing number of GS step levels have reached this cap. The most severe compression is occurring in the San Jose-San Francisco-Oakland locality pay area, where employees at GS-15 steps 4 through 10 (and GS-14 step 10) all receive the same rate of pay (i.e., \$176,300).

Table 2. General Schedule Employees Affected by Limitation on Pay, by GS Step and Locality Pay Area

Limitation on Base Pay and Locality Pay Combined

GS-15, Step of the General Schedule	Locality Pay Areas
Pay raises for employees at step 10 are capped at the EX Level IV pay rate.	Atlanta-Athens-Clarke County-Sandy Springs, GA-AL; Buffalo Cheektowaga, NY; Cincinnati-Wilmington-Maysville, OH-KY-IN; Cleveland-Akron-Canton, OH; Columbus-Marion-Zanesville, OH; Huntsville-Decatur-Albertville, AL; Milwaukee-Racine-Waukesha, WI; Phoenix-Mesa-Scottsdale, AZ; Raleigh-Durham-Chapel Hill, NC; Richmond, VA; and State of Hawaii

³⁷ Ibid.

³⁸ Ibid.

GS-15, Step of the General Schedule	Locality Pay Areas
Pay raises for employees at steps 9 and 10 are capped.	Dallas-Fort Worth, TX-OK; Miami-Fort Lauderdale-Port St. Lucie, FL; Minneapolis-St. Paul, MN-WI; and Portland-Vancouver-Salem, OR-WA
Pay raises for employees at steps 8 through 10 are capped.	Boston-Worcester-Providence, MA-RI-NH-ME; Chicago-Naperville, IL-IN-WI; Denver-Aurora, CO; Detroit-Warren-Ann Arbor, MI; Philadelphia-Reading-Camden, PA-NJ-DE-MD; Sacramento-Roseville, CA-NV; and Seattle-Tacoma, WA
Pay raises for employees at steps 7 through 10 are capped.	Hartford-West Hartford, CT-MA; Los Angeles-Long Beach, CA; San Diego-Carlsbad, CA; Washington-Baltimore-Arlington, DC-MD-VA-WV-PA; and State of Alaska
Pay raises for employees at steps 6 through 10 are capped.	Houston-The Woodlands, TX; New York-Newark, NY-NJ-CT-PA
Pay raises for employees at steps 4 through 10 are capped. (Employees at GS-14 step 10 are also capped.)	San Jose-San Francisco-Oakland, CA

Source: CRS examination of General Schedule pay tables for 2022, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/saltbl.pdf>.

Notes: By law (5 U.S.C. §5304(g)(1)), basic pay and locality pay combined cannot exceed EX Level IV (\$176,300 as of January 2022).

General Schedule Pay Adjustment for 2022

President Joe Biden authorized the GS pay adjustment for 2022 in Executive Order (E.O.) 14061 issued on December 22, 2021.³⁹ The E.O. provides a 2.7% federal civilian pay adjustment allocated as 2.2% base pay and an average 0.5% (of basic payroll) locality pay. The adjustment became effective on the first day of the first applicable pay period beginning on or after January 1, 2022.

The FEPCA law required a 2.2% base pay adjustment in January 2022.⁴⁰ On August 27, 2021, President Biden issued an alternative plan providing a 2.7% pay adjustment allocated as 2.2% base pay and 0.5% locality pay.⁴¹ The President’s budget for FY2022 stated, “The Administration is committed to empowering, rebuilding, and protecting the Federal workforce” and proposed a 2.7% pay increase for federal civilian employees.⁴²

Should Congress seek to provide a different pay adjustment amount, any such provision would typically be included in annual Financial Services and General Government (FSGG)

³⁹ U.S. President (Biden), Executive Order 14061, “Adjustments of Certain Rates of Pay,” 86 *Federal Register* 73601-73613, December 28, 2021, <https://www.govinfo.gov/content/pkg/FR-2021-12-28/pdf/2021-28313.pdf>.

⁴⁰ BLS, *Employment Cost Index-September 2020*, Table A, https://www.bls.gov/news.release/archives/eci_10302020.htm. (Private industry wages and salaries, September 2020: 2.7% minus 0.5% equals 2.2%.)

⁴¹ The White House, “Letter to the Speaker of the House and the President of the Senate on the Alternative Plan for Pay Adjustments for Civilian Federal Employees,” August 27, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/27/letter-to-the-speaker-of-the-house-and-the-president-of-the-senate-on-the-alternative-plan-for-pay-adjustments-for-civilian-federal-employees/>.

⁴² U.S. Executive Office of the President, Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2022, Analytical Perspectives*, p. 41, <https://www.govinfo.gov/content/pkg/BUDGET-2022-PER/pdf/BUDGET-2022-PER.pdf>.

appropriations bills. H.R. 4345, Financial Services and General Government Appropriations Act 2022, as reported by the House Committee on Appropriations on July 1, 2021,⁴³ was silent on the pay adjustment, thereby endorsing the President’s recommendation.⁴⁴ The draft of the FSGG bill text released by the Senate Committee on Appropriations on October 18, 2021, showed that the Senate bill was also silent on the pay adjustment, thereby endorsing the President’s recommendation.⁴⁵

Congress did not enact the FY2022 annual appropriations bills by the beginning of the fiscal year on October 1, 2021. Instead, federal agencies were funded under continuing appropriations acts at least through February 18, 2022.⁴⁶ On February 8, 2022, the House of Representatives passed H.R. 6617, Further Additional Extending Government Funding Act, on a vote (Roll No. 39) of 272 to 162.⁴⁷ The bill would extend funding for federal agencies through March 11, 2022.

Under FEPCA, the base pay adjustment required in January 2023 would be 4.1%.⁴⁸ In the 117th Congress, 2nd session, Representative Gerald Connolly introduced H.R. 6398, the Federal Adjustment of Income Rates (FAIR) Act on January 13, 2022,⁴⁹ and Senator Brian Schatz introduced S. 3518, the FAIR Act, on January 19, 2022.⁵⁰ The bills would provide a base pay adjustment of 4.1% and a locality pay adjustment of 1.0% in 2023.⁵¹

General Schedule Pay Adjustments Since 2010

Table A-3 in the **Appendix** shows federal civilian white-collar pay adjustments for each of the years 2010-2022. The table provides information on the federal pay adjustments proposed in the

⁴³ U.S. House Committee on Appropriations, Financial Services and General Government Appropriations Bill 2022, H.Rept. 117-79, report to accompany H.R. 4345, 117th Cong., 1st sess., <https://www.govinfo.gov/content/pkg/CRPT-117hrpt79/pdf/CRPT-117hrpt79.pdf>.

⁴⁴ A consolidated appropriations bill passed the House of Representatives but was not considered by the Senate. H.R. 4502, Labor, Health and Human Services, Education, Agriculture, Rural Development, Energy and Water Development, Financial Services and General Government, Interior, Environment, Military Construction, Veterans Affairs, Transportation, and Housing and Urban Development Appropriations Act, 2022, as passed by the House of Representatives on July 29, 2021, on a vote (Roll No. 247) of 219 to 208, was silent on the pay adjustment, thereby endorsing the President’s recommendation. See also Rules Committee Print 117-12, Text of the Labor, Health and Human Services, Education, Agriculture, Rural Development, Energy and Water Development, Financial Services and General Government, Interior, Environment, Military Construction, Veterans Affairs, Transportation, and Housing and Urban Development Appropriations Act, 2022, July 16, 2021, <https://www.govinfo.gov/content/pkg/CPRT-117HPRT45145/pdf/CPRT-117HPRT45145.pdf>.

⁴⁵ U.S. Senate Committee on Appropriations, “Chairman Leahy Releases Remaining Nine Senate Appropriations Bills,” October 18, 2021, <https://www.appropriations.senate.gov/news/majority/chairman-leahy-releases-remaining-nine-senate-appropriations-bills>.

⁴⁶ P.L. 117-43 (H.R. 5305), Extending Government Funding and Delivering Emergency Assistance Act, enacted on September 30, 2021, provided funding through December 3, 2021. (The law is codified at 135 Stat. 344.) P.L. 117-70 (H.R. 6119), Further Extending Government Funding Act, enacted on December 3, 2021, provides funding through February 18, 2022. (The law is codified at 135 Stat. 1499.)

⁴⁷ H.R. 6617, Further Additional Extending Government Funding Act, <https://www.congress.gov/bill/117th-congress/house-bill/6617>.

⁴⁸ BLS, *Employment Cost Index-September 2021*, Table A, https://www.bls.gov/news.release/archives/eci_10292021.htm. (Private industry wages and salaries, September 2021: 4.6% minus 0.5% equals 4.1%.)

⁴⁹ The text of H.R. 6398 is at <https://www.congress.gov/bill/117th-congress/house-bill/6398>.

⁵⁰ The text of S. 3518 is at <https://www.congress.gov/bill/117th-congress/senate-bill/3518>.

⁵¹ Earlier, in the first session of the 117th Congress, Representative Connolly introduced H.R. 392, the FAIR Act, on January 21, 2021, and Senator Schatz introduced S. 561, the FAIR Act, on March 3, 2021, “To increase the rates of pay under the statutory pay systems and for prevailing rate employees by 3.2 percent in 2022.”

budget, base pay adjustments required by law, base pay adjustments authorized, average locality pay adjustments required by law, average locality pay adjustments authorized,⁵² and total (base and average locality) pay adjustments authorized. That information is summarized here:

- In January 2010, federal employees received base pay and locality pay adjustments.⁵³
- From January 2011 through December 31, 2013, base pay and locality pay rates for federal employees were frozen at the rates established in January 2010.⁵⁴
- In January 2014 and January 2015, federal employees received base pay adjustments.⁵⁵
- From January 2014 through December 31, 2015, locality pay rates remained frozen under alternative pay plans issued by President Barack Obama.⁵⁶
- In January 2016, January 2017, January 2018, January 2019, and January 2020, federal employees received base pay and locality pay adjustments.⁵⁷
- In January 2021, federal employees received base pay adjustments.⁵⁸

⁵² The average locality pay adjustment authorized is the average of GS payroll.

⁵³ U.S. President (Obama), Executive Order 13525, “Adjustments of Certain Rates of Pay,” 74 *Federal Register* 69231-69242, December 30, 2009, <https://www.gpo.gov/fdsys/pkg/FR-2009-12-30/pdf/E9-31098.pdf>.

⁵⁴ Section 1(a)(2) of P.L. 111-322, Continuing Appropriations and Surface Transportation Extensions Act, 2011, enacted on December 22, 2010 (124 Stat. 3518), <https://www.congress.gov/111/plaws/publ322/PLAW-111publ322.pdf>; Section 1112 of P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013, enacted on March 26, 2013 (127 Stat. 198, at 414), <https://www.congress.gov/113/plaws/publ6/PLAW-113publ6.pdf>; U.S. President (Obama), “Message to the Congress Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees,” November 30, 2010, <https://www.govinfo.gov/content/pkg/DCPD-201001027/pdf/DCPD-201001027.pdf>; and U.S. President (Obama), “Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees,” August 21, 2012, <https://www.govinfo.gov/content/pkg/DCPD-201200661/pdf/DCPD-201200661.pdf>.

⁵⁵ U.S. President (Obama), Executive Order 13655, “Adjustments of Certain Rates of Pay,” 78 *Federal Register* 80451-80462, December 31, 2013, <https://www.gpo.gov/fdsys/pkg/FR-2013-12-31/pdf/2013-31445.pdf>; U.S. President (Obama), Executive Order 13686, “Adjustments of Certain Rates of Pay,” 79 *Federal Register* 77361-77372, December 24, 2014, <https://www.gpo.gov/fdsys/pkg/FR-2014-12-24/pdf/2014-30363.pdf>.

⁵⁶ U.S. President (Obama), “Letter to Congressional Leaders on an Alternate Pay Plan for Civilian Federal Employees,” August 30, 2013, <https://www.govinfo.gov/content/pkg/DCPD-201300594/pdf/DCPD-201300594.pdf>; U.S. President (Obama), “Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees,” August 29, 2014, <https://www.govinfo.gov/content/pkg/DCPD-201400633/pdf/DCPD-201400633.pdf>.

⁵⁷ U.S. President (Obama), Executive Order 13715, “Adjustments of Certain Rates of Pay,” 80 *Federal Register* 80195-80206, December 23, 2015, <https://www.gpo.gov/fdsys/pkg/FR-2015-12-23/pdf/2015-32582.pdf>; U.S. President (Obama), Executive Order 13756, “Adjustments of Certain Rates of Pay,” 81 *Federal Register* 97099-97110, December 30, 2016, <https://www.gpo.gov/fdsys/pkg/FR-2016-12-30/pdf/2016-31875.pdf>; U.S. President (Trump), Executive Order 13819, “Adjustments of Certain Rates of Pay,” 82 *Federal Register* 61431-61442, December 27, 2017, <https://www.gpo.gov/fdsys/pkg/FR-2017-12-27/pdf/2017-28160.pdf>; U.S. President (Trump), Executive Order 13866, “Adjustments of Certain Rates of Pay,” 84 *Federal Register* 12853-12865, April 2, 2019, <https://www.govinfo.gov/content/pkg/FR-2019-04-02/pdf/2019-06548.pdf>. (Executive Order 13866 superseded U.S. President (Trump), Executive Order 13856, “Adjustments of Certain Rates of Pay,” 84 *Federal Register* 65-77, January 8, 2019, <https://www.govinfo.gov/content/pkg/FR-2019-01-08/pdf/2019-00048.pdf>.) U.S. President (Trump), Executive Order 13901, “Adjustments of Certain Rates of Pay,” 84 *Federal Register* 72213-72225, December 30, 2019, <https://www.govinfo.gov/content/pkg/FR-2019-12-30/pdf/2019-28286.pdf>.

⁵⁸ U.S. President (Trump), Executive Order 13970, “Adjustments of Certain Rates of Pay,” 86 *Federal Register* 421-433, January 6, 2021, <https://www.govinfo.gov/content/pkg/FR-2021-01-06/pdf/2021-00040.pdf>.

- From January 2021 through December 31, 2021, locality pay rates remained frozen under an alternative plan issued by President Donald Trump.⁵⁹
- In January 2022, federal employees received base pay and locality pay adjustments.⁶⁰

Issues for Congress

The House of Representatives and the Senate may conduct oversight on several issues related to GS pay setting and adjustment, including the following.

Review the FEPCA Statutory Provisions on GS Pay Setting and Adjustment

The federal pay provisions in FEPCA have largely not been amended since the law was enacted in 1990. The provisions codified at Title 5, Section 5303, of the *U.S. Code* on annual adjustments to pay schedules and Section 5304a on authority to fix an alternative level of comparability payments have not been amended. The provisions codified in Section 5304 on locality-based comparability payments have been amended five times. See **Table A-1** in the **Appendix** for information on selected amendments that have been made to Section 5304 since 1990.

Congress may examine the following selected documents to inform such a review: An April 2002 white paper on federal pay published by OPM, a May 2017 hearing conducted by the House Committee on Oversight and Government Reform, and a November 2021 evaluation published by the Government Accountability Office (GAO).

OPM White Paper

OPM’s study examined the FEPCA and found that three factors contribute to the law’s “credibility gap.” According to OPM:

The first is rooted in FEPCA’s definition of comparability, reflected in its statutory principle that “Federal pay rates be comparable with non-Federal pay rates for the same levels of work within the same local pay area.” In other words, FEPCA’s conception of labor markets is two-dimensional, with the dimensions being grade (i.e., level of work) and locality. This conception bears little resemblance to the reality of labor markets.

The second factor ... is that its methodology presumes an unrealistic level of precision and requires lengthy deliberation, both at the expense of relevance and strategic utility. Under FEPCA, general pay increases are based on changes in the Employment Cost Index (ECI). Locality payments, which are calculated to one one-hundredth of one percent, are based on surveys of salaries in each locality pay area. Because these surveys are extensive and statistically rigorous, significant time lags occur between data gathering and pay-setting and implementation. After adding the time that the Federal budget planning and appropriation processes must necessarily entail, the result is a tenuous relationship between pay adjustments and current market conditions.

⁵⁹ U.S. President (Trump), “2020 Message to the Congress Transmitting an Alternative Plan for Pay Adjustments for Civilian Federal Employees,” February 10, 2020, <https://www.govinfo.gov/content/pkg/DCPD-202000067/pdf/DCPD-202000067.pdf>.

⁶⁰ U.S. President (Biden), Executive Order 14061, “Adjustments of Certain Rates of Pay,” 86 *Federal Register* 73601-73613, December 28, 2021, <https://www.govinfo.gov/content/pkg/FR-2021-12-28/pdf/2021-28313.pdf>.

The third factor ... is that its statutory language requires the calculation of a single average pay gap in each locality pay area. Even though sophisticated methods of weighting are used to take into account the actual presence and distribution of Federal work, the result nonetheless disguises and ignores substantial differences in the degree to which Federal and non-Federal salaries for particular occupations or grades differ.... [T]he average the law requires us to use in describing a “pay gap” is no Golden Mean, but more of a Great Muddle that describes nothing very meaningfully and masks the relevant differences across occupations and levels of work in each locality pay area, to the strategic detriment of the entire approach.⁶¹

The study also reaffirmed the importance of the merit system in stating that:

Even in a modernized pay system, the merit system principles with their clear recognition of internal equity, external equity, and individual equity, can and should still serve as the fundamental drivers of Government action. These core—and remarkably timeless—principles sustain the vision that the Government remains a single employer in principle, if not in all areas of specific practice.⁶²

House Hearing

In May 2017, the House Committee on Oversight and Government Reform conducted a hearing on federal employee compensation.⁶³ The committee received testimony from representatives of the Congressional Budget Office (CBO), the American Enterprise Institute (AEI), the Heritage Foundation, GAO, and the American Federation of Government Employees (AFGE). Analysis of the differences in total compensation for federal civilian employees and similar workers in the private sector between 2011 and 2015 was a focus of the testimony provided by Joseph Kile, assistant director for microeconomic studies at CBO. The agency’s study found:

Among workers with a high school diploma or less, total compensation costs were 53 percent more on average for Federal employees than for their private sector counterparts. Among workers whose education culminated in a bachelor’s degree, which is the most common level of education in the Federal workforce, total compensation costs were 21 percent more for the Federal workers than for workers in the private sector.... [T]otal compensation costs among workers with a professional degree or a doctorate were 18 percent less for Federal employees than for workers in the private sector.⁶⁴

Andrew Biggs, resident scholar at AEI, testified that federal pay setting should be “more flexible to the needs of the labor market” and “move away from the one-size-fits-all general schedule which tries to equate dramatically different jobs onto a single pay scale.”⁶⁵ In her testimony, Rachel Greszler, research fellow in economics, budget and entitlements at the Heritage Foundation, said that the level of within-grade pay increases should be reduced with some of the savings used for pay increases that are performance-based.⁶⁶

⁶¹ OPM, *A Fresh Start for Federal Pay: The Case for Modernization*, April 2002, pp. 14-15, <https://ourpublicservice.org/wp-content/uploads/2002/04/ea4746e133b5f93e4f4086c873bd0bd9-1414080224.pdf>.

⁶² *Ibid.*, p. 35.

⁶³ U.S. Congress, House Committee on Oversight and Government Reform, Hearing, *Federal Employee Compensation: An Update*, 115th Cong., 1st sess., May 18, 2017, <https://www.govinfo.gov/content/pkg/CHRG-115hhr26558/pdf/CHRG-115hhr26558.pdf>. Hereinafter referred to as 2017 House Hearing.

⁶⁴ Testimony of Joseph Kile, 2017 House Hearing, p. 8. His written statement is at pp. 9-31.

⁶⁵ Testimony of Andrew Biggs, 2017 House Hearing, p. 32. His written statement is at pp. 34-39.

⁶⁶ Testimony of Rachel Greszler, 2017 House Hearing, p. 41. Her written statement is at pp. 42-51.

Robert Goldenkoff, director of strategic issues at GAO, provided testimony that federal agencies must better use the tools and flexibilities that are already available. He stated that “while implementing a more market-based and performance-oriented pay system is both doable and desirable, it certainly won’t be easy.” According to Goldenkoff, private and nonprofit organizations told GAO, “Among other things . . . it was important to examine the value of employees’ total compensation to remain competitive in the labor market; provide training on leadership, management, coaching, and feedback to facilitate effective communication and to link individual performance to organizational results; and third, build meaningful stakeholder consensus to gain ownership and acceptance for any pay reforms.”⁶⁷

Jacqueline Simon, public policy director at AFGE, testified that the federal pay system’s “fairness and internal equity” can be matched by “few in the private sector.” She added that its market comparability principle and “authority for managers to reward high performers and punish poor performance are more than adequate.”⁶⁸

Government Accountability Office Evaluation

In November 2021, GAO published an evaluation titled, “Human Capital: Administration and Implementation of the General Schedule Locality Pay Program.”⁶⁹ The report reviewed the federal locality pay adjustment process and reiterated the FSC’s proposal to the President’s Pay Agent in May 2019 for five alternative survey methodologies for determining locality payments.⁷⁰

General Schedule Pay Compression

As mentioned earlier, under current law the base pay and locality pay combined cannot exceed the pay rate for Level IV of the EX, which is \$176,300, as of January 2022.⁷¹ As annual adjustments to base and locality pay are provided and this limitation prevents raises from taking effect at the top of the scale—“pay compression”—employees paid at an increasing number of GS step levels have reached this cap.

As a result of the January 2022 pay adjustments, employees in the middle to upper steps of the GS-15 pay grade are affected by the pay cap in 30 locality pay areas. The most severe compression is occurring in the San Jose-San Francisco-Oakland locality pay area, where employees at GS-15 steps 4 through 10, (and GS-14 step 10) all receive the same rate of pay. In Houston-The Woodlands, TX, and the New York-Newark, NY-NJ-CT-PA locality pay area, employees at steps 6 through 10 of the GS are paid at the same rate. For the Hartford-West Hartford, CT-MA; Los Angeles-Long Beach, CA; San Diego-Carlsbad, CA; Washington-Baltimore-Arlington, DC-MD-VA-WV-PA; and State of Alaska locality pay areas, employees at steps 7 through 10 receive the same pay rate.⁷²

⁶⁷ Testimony of Robert Goldenkoff, 2017 House Hearing, p. 52. His written statement is at pp. 54-71.

⁶⁸ Testimony of Jacqueline Simon, 2017 House Hearing, p. 73. Her written statement is at pp. 74-89.

⁶⁹ GAO, *Human Capital: Administration and Implementation of the General Schedule Locality Pay Program*, GAO-22-104580, November 30, 2021, <https://www.gao.gov/assets/gao-22-104580.pdf>.

⁷⁰ GAO, *Human Capital*. See, especially, Table 1 in the report on the five alternative survey methodologies for locality pay at pp. 24-26.

⁷¹ 5 U.S.C. §5304(g)(1).

⁷² See **Table 2** in the text of this report.

Pay Freeze for Certain Senior Political Officials

Section 160 of P.L. 117-70 (H.R. 6119), the Further Extending Government Funding Act, enacted on December 3, 2021,⁷³ contains a provision that continues the pay freeze for the Vice President and certain senior political appointees “into calendar year 2022 and through February 18, 2022 (unless an earlier end date is established by subsequent law).”⁷⁴ The provision became effective on the first day of the first applicable pay period beginning on or after January 1, 2022. According to OPM, “Future Congressional action will determine whether the pay freeze continues beyond that date.”⁷⁵

On December 22, 2021, OPM issued a Memorandum for the Heads of Executive Departments and Agencies titled, “Continued Pay Freeze for Certain Senior Political Officials,” providing guidance on the law’s implementation. The memorandum stated, in part:

The pay freeze applies to the payable rates for covered senior political officials. The freeze does not affect the official rates for the Vice President and the Executive Schedule, which are adjusted under normally applicable law without regard to the pay freeze. While not payable to freeze covered officials, those official rates continue to be used in establishing pay limitations for employees not covered by the pay freeze. In January 2022, the official rates for the Vice President and the Executive Schedule will be increased by 2.2 percent.⁷⁶

Under the pay freeze, the following salaries remain in effect for certain senior executive branch political appointees and thus contribute to the pay compression experienced by select employees in the GS:

- Vice President: \$235,100;
- Executive Schedule (EX) level I: \$203,500;
- EX level II: \$183,100;
- EX level III: \$168,400;
- EX level IV: \$158,500; and
- EX level V: \$148,500.⁷⁷

⁷³ P.L. 117-70 is codified at 135 Stat. 1499, at 1500 (<https://www.congress.gov/117/plaws/publ70/PLAW-117publ70.pdf>).

⁷⁴ OPM, Memorandum for Heads of Executive Departments and Agencies, “Continued Pay Freeze for Certain Senior Political Officials,” December 22, 2021, <https://chcoc.gov/sites/default/files/memo-on-senior-politicals-pay-freeze%20CPM%202021-28.pdf>. The memorandum stated, in part: “Section 160 of the Continuing Appropriations Act, 2022 (division A of P.L. 117-43, September 30, 2021), as added by section 101 of the Further Continuing Appropriations Act, 2022 (P.L. 117-70, December 3, 2021), provides that the provisions of section 748 of the Consolidated Appropriations Act, 2021 (P.L. 116-260, December 27, 2020), ‘shall be applied’ after substituting language to make the provisions applicable to calendar year 2022—beginning on the first day of the first applicable pay period beginning on or after January 1, 2022, and ending on February 18, 2022, which is the end of ‘the period covered by this Act’—the end date of the continuing resolution. Section 106(3) of division A of the Continuing Appropriations Act, 2022, as amended by section 101 of the Further Continuing Appropriations Act, 2022, provides continuing appropriations to Federal agencies through February 18, 2022, unless an earlier end date is established by subsequent legislation.”

⁷⁵ *Ibid.* On February 8, 2022, the House of Representatives passed H.R. 6617, Further Additional Extending Government Funding Act, on a vote (Roll No. 39) of 272 to 162. The bill would extend funding for federal agencies through March 11, 2022.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*, p. 3 of Attachment.

Appendix. Selected Amendments to Locality Pay Statute, Locality Payments Required by FEPCA, GS Pay Adjustments Since 2010

Table A-1. Selected Amendments to 5 U.S.C. §5304, Locality-Based Comparability Payments Since 1990

Public Law	Selected Amendments
P.L. 102-378, October 2, 1992	<p>(e)(1). inserted after second sentence “However, members under subparagraph (A) may be paid expenses in accordance with section 5703.”</p> <p>(e)(2)(A)(ii). substituted “surveys of pay localities” for “annual survey” and “industries” for “industries.”</p> <p>(h)(1)(iii). added cl. (iii): (iii) a position to which subchapter II applies (relating to the Executive Schedule);</p> <p>(h)(2)(C). added subpar. (C): (C) Notwithstanding subsection (c)(4) or any other provision of law, but subject to paragraph (3), in the case of a category with positions that are in more than 1 Executive agency, the President may, on his own initiative, provide that each employee who holds a position within such category, and in the locality involved, shall be entitled to receive comparability payments. No later than 30 days before an employee receives comparability payments under this subparagraph, the President or the President’s designee shall submit a detailed report to the Congress justifying the reasons for the extension, including consideration of recruitment and retention rates and the expense of extending locality pay.</p> <p>(h)(3)(B). amended subpar. (B) generally: (B) shall take effect, within the locality involved, on the first day of the first applicable pay period commencing on or after such date as the President designates (except that no date may be designated which would require any retroactive payments), and shall remain in effect through the last day of the last applicable pay period commencing during that calendar year;</p>

Public Law	Selected Amendments
P.L. 108-136, November 24, 2003	<p>(h)(1)(iv) to (vi). added cls. (iv) to (vi): but does not include-</p> <p>(iv) a Senior Executive Service position under section 3132, except for a position covered by subparagraph (C);</p> <p>(v) a position in the Federal Bureau of Investigation and Drug Enforcement Administration Senior Executive Service under section 3151, except for a position covered by subparagraph (C);</p> <p>(vi) a position in a system equivalent to the system in clause (iv), as determined by the President's Pay Agent designated under subsection (d);</p>
P.L. 111-84, October 28, 2009	<p>(f)(1)(A). added subpar. (A): (A) each General Schedule position in the United States, as defined under section 5921(4), and its territories and possessions, including the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands, shall be included within a pay locality;</p> <p>(g)(2)(B), (C). added subpars. (B) and (C): (2) The applicable maximum under this subsection shall be level III of the Executive Schedule for- ...</p> <p>(B) positions under subsection (h)(1)(C) not covered by appraisal systems certified under subsection 5307(d); and (C) any positions under subsection (h)(1)(D) as the President may determine.</p> <p>(g)(3). added par. (3): (3) The applicable maximum under this subsection shall be level II of the Executive Schedule for positions under subsection (h)(1)(C) covered by appraisal systems certified under section 5307(d).</p> <p>(h)(1)(C). added subpar. (C): (C) a Senior Executive Service position under section 3132 or 3151 or a senior level position under section 5376 stationed within the United States, but outside the 48 contiguous States and the District of Columbia in which the incumbent was an individual who on the day before the effective date of section 1912 of the Non-Foreign Area Retirement Equity Assurance Act of 2009 was eligible to receive a cost-of-living allowance under section 5941 and who thereafter has served continuously in an area in which such an allowance was payable;</p>

Source: CRS examination of Title 5, Section 5304, of the *U.S. Code* in U.S. House of Representatives, Office of the Law Revision Counsel, United States Code, <https://uscode.house.gov/>.

Notes: P.L. 108-411, October 30, 2004, and P.L. 110-372, October 8, 2008, also amended certain sections of Section 5304, but later public laws made further amendments to those sections.

Table A-2. President's Pay Agent: January 2022 Locality-Based Comparability Payments Required by FEPCA

Locality Pay Area	Percentage
Alaska	52.86%
Albany-Schenectady, NY-MA	42.49%
Albuquerque-Santa Fe-Las Vegas, NM	30.95%
Atlanta—Athens-Clarke County—Sandy Springs, GA-AL	36.74%
Austin-Round Rock, TX	37.60%
Birmingham-Hoover-Talladega, AL	33.05%
Boston-Worcester-Providence, MA-RI-NH-ME	59.15%
Buffalo-Cheektowaga, NY	38.00%
Burlington-South Burlington, VT	39.30%
Charlotte-Concord, NC-SC	36.37%
Chicago-Naperville, IL-IN-WI	46.81%
Cincinnati-Wilmington-Maysville, OH-KY-IN	32.70%
Cleveland-Akron-Canton, OH	33.93%
Colorado Springs, CO	37.32%
Columbus-Marion-Zanesville, OH	40.50%
Corpus Christi-Kingsville-Alice, TX	24.60%
Dallas-Fort Worth, TX-OK	46.43%
Davenport-Moline, IA-IL	33.68%
Dayton-Springfield-Sidney, OH	42.27%
Denver-Aurora, CO	56.95%
Des Moines-Ames-West Des Moines, IA	33.43%
Detroit-Warren-Ann Arbor, MI	43.93%
Harrisburg-Lebanon, PA	38.81%
Hartford-West Hartford, CT-MA	51.19%
Hawaii	45.37%
Houston-The Woodlands, TX	52.88%
Huntsville-Decatur-Albertville, AL	38.19%
Indianapolis-Carmel-Muncie, IN	27.42%
Kansas City-Overland Park-Kansas City, MO-KS	33.67%
Laredo, TX	48.64%
Las Vegas-Henderson, NV-AZ	35.28%
Los Angeles-Long Beach, CA	69.30%
Miami-Fort Lauderdale-Port St. Lucie, FL	32.50%
Milwaukee-Racine-Waukesha, WI	32.18%
Minneapolis-St. Paul, MN-WI	50.30%

Locality Pay Area	Percentage
New York-Newark, NY-NJ-CT-PA	67.12%
Omaha-Council Bluffs-Fremont, NE-IA	34.91%
Palm Bay-Melbourne-Titusville, FL	25.41%
Philadelphia-Reading-Camden, PA-NJ-DE-MD	54.17%
Phoenix-Mesa-Scottsdale, AZ	42.24%
Pittsburgh-New Castle-Weirton, PA-OH-WV	34.83%
Portland-Vancouver-Salem, OR-WA	42.24%
Raleigh-Durham-Chapel Hill, NC	34.42%
Rest of US	23.79%
Richmond, VA	41.29%
Sacramento-Roseville, CA-NV	54.92%
San Antonio-New Braunfels-Pearsall, TX	35.70%
San Diego-Carlsbad, CA	63.73%
San Jose-San Francisco-Oakland, CA	81.54%
Seattle-Tacoma, WA	65.90%
St. Louis-St. Charles-Farmington, MO-IL	39.20%
Tucson-Nogales, AZ	35.08%
Virginia Beach-Norfolk, VA-NC	37.22%
Washington-Baltimore-Arlington, DC-MD-VA-WV-PA	62.69%

Source: U.S. President’s Pay Agent, Annual Report of the President’s Pay Agent for Locality Pay in 2022, Report on Locality-Based Comparability Payments for the General Schedule, December 15, 2021, Table 2, pp. 21-22, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/pay-agent-reports/2020report.pdf>.

Notes: The locality payments procedures established by the Federal Employees Pay Comparability Act provide that payments are to be made within each locality determined to have a pay disparity greater than 5%. (5 U.S.C. §5304(a)(1)).

Table A-3. Federal General Schedule Pay Adjustments: 2010-2022

Year	Federal Pay Adjustments Proposed in the Budget	Base Pay Adjustments Required by Law	Base Pay Adjustments Authorized	Average Locality Pay Adjustments Required by Law	Average Locality Pay Adjustments Authorized	Total (Base Pay and Average Locality Pay) Adjustments Authorized
January 2010	2.0%	2.4%	1.5%	17.4%	0.5%	2.0%
January 2011	1.4%	0.9%	0	16.3%	0	0
January 2012	0	1.1%	0	18.14%	0	0
January 2013	0.5%	1.2%	0	20.28%	0	0

Year	Federal Pay Adjustments Proposed in the Budget	Base Pay Adjustments Required by Law	Base Pay Adjustments Authorized	Average Locality Pay Adjustments Required by Law	Average Locality Pay Adjustments Authorized	Total (Base Pay and Average Locality Pay) Adjustments Authorized
January 2014	1.0%	1.3%	1.0%	28.23%	0	1.0%
January 2015	1.0%	1.3%	1.0%	28.92%	0	1.0%
January 2016	1.3%	1.8%	1.0%	28.74%	0.3%	1.3%
January 2017	1.6%	1.6%	1.0%	28.49%	1.1%	2.1%
January 2018	1.9%	1.9%	1.4%	27.64%	0.5%	1.9%
January 2019	0	2.1%	1.4%	26.39%	0.5%	1.9%
January 2020	0	2.6%	2.6%	24.70%	0.5%	3.1%
January 2021	1.0%	2.5%	1.0%	20.67%	0	1.0%
January 2022	2.7%	2.2%	2.2%	17.35%	0.5%	2.7%

Source: For the federal pay adjustments proposed in the budget, U.S. Executive Office of the President, Office of Management and Budget (OMB), *Budget of the U.S. Government, Fiscal Years 2010-2019, Analytical Perspectives, 2009-2018*, pp. 172, 13, 15, 17, 11, 11, 12, 12, 11, and 11, respectively, <https://www.gpo.gov/fdsys/browse/collectionGPO.action?collectionCode=BUDGET>. Table 12-1 in the FY2010 document and Table 2-1 in the FY2011-FY2019 documents.

For 2018, Table 2-1 showed a pay adjustment of 2.1%. The text of the budget document stated a pay adjustment of 1.9%. See OMB, *Budget of the U.S. Government Fiscal Year 2018, Analytical Perspectives, May 2017*, p. 59, <https://www.gpo.gov/fdsys/pkg/BUDGET-2018-PER/pdf/BUDGET-2018-PER.pdf>. News reports stated that the budget proposed a pay adjustment of 1.9%. For example, Nicole Ogrysko, "Trump Sets 2018 Pay Raise for Federal Employees," *Federal News Network*, August 31, 2017, <https://federalnewsnetwork.com/all-news/2017/08/trump-sets-2018-pay-raise-for-federal-employees/>.

For 2019, OMB, *Budget of the U.S. Government Fiscal Year 2019, Analytical Perspectives, February 2018*, p. 73, <https://www.govinfo.gov/content/pkg/BUDGET-2019-PER/pdf/BUDGET-2019-PER.pdf>.

The budgets for FY2020, FY2021, and FY2022 did not include the information in Table 2-1. For 2020, OMB, *Budget of the U.S. Government Fiscal Year 2020, Analytical Perspectives, February 2019*, p. 73, <https://www.govinfo.gov/content/pkg/BUDGET-2020-PER/pdf/BUDGET-2020-PER.pdf>.

For 2021, OMB, *Budget of the U.S. Government Fiscal Year 2021, Analytical Perspectives, February 2020*, p. 53, <https://www.govinfo.gov/content/pkg/BUDGET-2021-PER/pdf/BUDGET-2021-PER.pdf>.

For 2022, OMB, *Budget of the U.S. Government, Fiscal Year 2022, Analytical Perspectives, February 2021*, p. 41, <https://www.govinfo.gov/content/pkg/BUDGET-2022-PER/pdf/BUDGET-2022-PER.pdf>.

For the base pay adjustments required by law, U.S. Department of Labor, Bureau of Labor Statistics (BLS), *Employment Cost Index, September 2008-September 2020* (Washington: BLS, October 2008-2020). Table B in the 2008 report and Table A in the 2009-2020 reports, at <https://www.bls.gov/bls/news-release/eci.htm>. The data used to calculate the base pay adjustment are 15 months old at the time of the adjustment.

For the average locality pay adjustments required by law, U.S. President's Pay Agent, *Report on Locality-Based Comparability Payments for the General Schedule, Annual Report of the President's Pay Agent*, pp. 25, 23, 18, 27, 21, 22, 24, 22, 24, 20, 22, 22, and 22, respectively, in the reports on the 2010-2022 adjustments, at

<https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/#url=Pay-Agent-Reports>. The percentages represent the average increases over the existing locality pay rates. The reports on the locality pay adjustments were released as follows: December 2, 2008, for January 2010; December 7, 2009, for January 2011; March 29, 2011, for January 2012; March 19, 2012, for January 2013; May 7, 2013, for January 2014; June 17, 2014, for January 2015; October 23, 2015, for January 2016; December 5, 2016, for January 2017; December 20, 2017, for January 2018; November 30, 2018, for January 2019; December 19, 2019, for January 2020; December 17, 2020, for January 2021; and December 15, 2021, for January 2022.

President Barack Obama's alternative plans stated that the average locality pay adjustment that would have been required in 2010 was 16.5%. U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees," August 31, 2009, <https://www.govinfo.gov/content/pkg/DCPD-200900673/pdf/DCPD-200900673.pdf>. U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees," November 30, 2009, <https://www.govinfo.gov/content/pkg/DCPD-200900959/pdf/DCPD-200900959.pdf>.

Other alternative plans were: U.S. President (Obama), "Message to the Congress Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees," November 30, 2010, <https://www.govinfo.gov/content/pkg/DCPD-201001027/pdf/DCPD-201001027.pdf>; U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees," August 21, 2012, <https://www.govinfo.gov/content/pkg/DCPD-201200661/pdf/DCPD-201200661.pdf>; U.S. President (Obama), "Letter to Congressional Leaders on an Alternate Pay Plan for Civilian Federal Employees," August 30, 2013, <https://www.govinfo.gov/content/pkg/DCPD-201300594/pdf/DCPD-201300594.pdf>; U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees," August 29, 2014, <https://www.govinfo.gov/content/pkg/DCPD-201400633/pdf/DCPD-201400633.pdf>; U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees," August 28, 2015, <https://www.govinfo.gov/content/pkg/DCPD-201500577/pdf/DCPD-201500577.pdf>; and U.S. President (Obama), "Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees," August 31, 2016, <https://www.govinfo.gov/content/pkg/DCPD-201600546/pdf/DCPD-201600546.pdf>.

President Donald Trump's alternative plans for locality pay stated that the average locality pay adjustment that would have been required in 2018 was 26.16% (U.S. President [Trump], "Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees," August 31, 2017, <https://www.govinfo.gov/content/pkg/DCPD-201700600/pdf/DCPD-201700600.pdf>); in 2019 was 25.70% (U.S. President [Trump], "Letter to Congressional Leaders Transmitting an Alternative Pay Plan for Civilian Federal Employees," August 30, 2018, <https://www.govinfo.gov/content/pkg/DCPD-201800561/html/DCPD-201800561.htm>); in 2020 was 24.01% (U.S. President [Trump], "Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Adjustments for Civilian Federal Employees Covered by the General Schedule," August 30, 2019, <https://www.govinfo.gov/content/pkg/DCPD-201900579/pdf/DCPD-201900579.pdf>); and in 2021 was 20.67% (President [Trump], "Message to the Congress Transmitting an Alternative Plan for Pay Adjustments for Civilian Federal Employees," February 10, 2020, <https://www.govinfo.gov/content/pkg/DCPD-202000067/pdf/DCPD-202000067.pdf>).

For President Joe Biden's alternative plan for 2022, see The White House, "Letter to the Speaker of the House and the President of the Senate on the Alternative Plan for Pay Adjustments for Civilian Federal Employees," August 27, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/27/letter-to-the-speaker-of-the-house-and-the-president-of-the-senate-on-the-alternative-plan-for-pay-adjustments-for-civilian-federal-employees/>.

For the base pay, average locality pay, and total pay adjustments authorized, Executive Order (E.O.) 13525, December 23, 2009; E.O. 13561, December 22, 2010; E.O. 13594, December 19, 2011; E.O. 13635, December 27, 2012, as superseded by E.O. 13641, April 5, 2013; E.O. 13655, December 23, 2013; E.O. 13686, December 19, 2014; E.O. 13715, December 18, 2015; E.O. 13756, December 27, 2016; E.O. 13819, December 22, 2017; E.O. 13856, December 28, 2018, as superseded by E.O. 13866, March 28, 2019; E.O. 13901, December 26, 2019; E.O. 13970, December 31, 2020; and E.O. 14061, December 22, 2021.

Notes: Section 529 of P.L. 101-509, the Federal Employees Pay Comparability Act of 1990, enacted on November 5, 1990 (104 Stat. 1389, at 1427), authorizes the base pay and locality pay adjustments. Under Title 5, Section 5303(a), of the *U.S. Code*, the base pay adjustment is effective as of the first day of the first applicable pay period beginning on or after January 1 of each calendar year. Under Title 5, Section 5304(d)(2), the locality-based comparability payments are effective as of the beginning of the first applicable pay period commencing on or after January 1 of the applicable year.

The pay adjustment proposed in the budget is the overall average increase, including locality pay. The average locality pay adjustment authorized is the average of General Schedule payroll.

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