



## **The Locality Pay Equity Act**

### **Why do we need the Locality Pay Equity Act?**

Within the federal workforce, hourly and salaried workers are paid using different pay-setting systems. Hourly workers fall under the Federal Wage System (FWS) while salaried workers fall under the General Schedule (GS) pay system. Both of these systems allow for workers' compensation to be adjusted based on their location to account for differences in regional economic conditions. However, current law does not require the boundaries used to set locality pay for hourly and salaried workers to align. Consequently, at some federal facilities, GS employees are included in more generous locality pay areas while FWS employees are not, despite working in the same location.

This system is unfair. At these federal facilities where these disparities exist, salaried GS and hourly FWS employees live and work in the same areas and are similarly affected by the cost of living in the area, but the GS employees receive greater relative compensation than the FWS employees. These disparities dampen employee morale, can create tensions within the workforce and can undermine the federal government's ability to recruit for important positions.

### **Example: Tobyhanna and Letterkenny Army Depots**

Such disparities can be found at Tobyhanna and Letterkenny Army Depots in Pennsylvania. At Tobyhanna, salaried GS workers are included in the more generous New York-Newark locality pay area, while hourly FWS workers are instead included in the less-generous Scranton-Wilkes-Barre wage area. At Letterkenny, salaried GS workers are included in the more generous Washington-Baltimore-Arlington locality pay area, while hourly FWS workers are included in the less generous Hagerstown-Martinsburg-Chambersburg wage area.

To address such inequities, the Federal Prevailing Rate Advisory Committee voted in 2010 and 2012 to consolidate FWS wage areas that lie within GS locality pay areas, which would end these pay disparities and ensure hourly and salaried workers are treated fairly. Despite these votes, the Office of Personnel Management (OPM) has not yet taken action to implement the recommendation.

### **The Locality Pay Equity Act Will:**

The Locality Pay Equity Act would end these disparities by requiring OPM to treat all employees working at the same locations equally. Specifically it would:

- Prohibit OPM from including more than one local wage area within a pay locality.
- Remain targeted in scope, exempting the "Rest of the United States" locality from the requirement.
- Ensure that no employee's pay will be lowered as a result of these changes.