

Government Executive

Feds Earn 35 Percent Less Than Private Sector Workers, Group Says

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Federal employees remain significantly underpaid compared to their private sector counterparts, according to a review by a group advising the president on federal wages, with feds' pay lagging 35 percent behind non-federal workers performing similar jobs.

The Federal Salary Council, made up of federal employee union representatives and pay experts, found a pay gap between General Schedule employees and private sector workers of 34.92 percent. The finding marked the third consecutive year where the disparity hovered around 35 percent; the council reported a 35.2 percent gap last year and 35.4 percent gap in 2013. The newest data was released in a working group report; the council's final report and recommendations for 2017 are forthcoming.

The council also voted to recommend the creation of two new locality pay areas in Virginia and Vermont -- Virginia Beach/Norfolk, and Burlington/South Burlington, respectively. Employees of the latter region lobbied the council at a meeting on Friday, noting that other New England states had locality designations and that the higher pay in Boston was drawing commuters from Vermont. Presidential candidate Sen. Bernie Sanders, I-Vt., and other members of the Vermont congressional delegation urged the council to support the new locality designation. Between 2013 and 2015, the pay gap between both areas and others without locality designations (the "rest of U.S." in OPM parlance) averaged more than 10 percentage points, the council found.

In October, the Obama administration finalized a plan to create 13 new localities after the council had for years recommended their formation. While the final locality pay rates for 2016 in those areas will be determined by President Obama later this year, about 102,000 federal employees stand to earn a pay raise by being taken out of the "rest of U.S." category. An additional 6,300 feds will also receive a pay bump, as OPM moved them from "rest of U.S." to specific localities.

One lawmaker typically associated with cutting federal spending by any means necessary, Rep. Louie Gohmert, R-Texas, wrote a letter to OPM's acting Director Beth Cobert that was presented

to the council on Friday to ask why two counties in his district were not roped in to the Dallas locality.

There are currently 33 pay areas, not counting the new localities going into effect next year. Locality pay had been frozen since 2010, but Obama has said he will raise rates by an average of 0.3 percent in 2016.

The salary council uses data from the Office of Personnel Management and the Bureau of Labor and Statistics to make its annual calculations. The group reports its findings to the President's Pay Agent, which in turn makes recommendations on federal pay to the president.

As it has for several years, the council voted to recommend changing the criteria for creating new localities from the existing use of the number of employees in an area to instead relying solely on commuting patterns.

The pay gap varied by locality, the council found, but averaged about 35 percent. In San Francisco, for example -- which already receives the highest locality pay adjustment of 35 percent -- federal workers earn less than half of their private sector counterparts, leading the council's working group to recommend a 91 percent rate for the area in 2017. The council has repeatedly pushed for increases in locality pay adjustments as the primary means to close the gap between public and private sector pay. The problem has been exacerbated, members of FSC have said, because OPM had not created new regional designations in several years.

Tony Reardon, president of the National Treasury Employees union, said the report shows federal employees are "falling further behind the private sector" and warned the "damaging and demoralizing" trend is short-changing the federal workforce.

"Pay freezes and inadequate raises have gone on for too long," Reardon said. "Unless Congress acts, the federal-private pay gap will continue to grow and the federal government will find it harder and harder to recruit and retain good workers. Getting appropriate pay increases for the federal workforce is one of my highest priorities."

After a three-year pay freeze, federal employees received 1 percent base pay raises in 2014 and 2015. They are expected to receive the same salary bump next year, in addition to the smaller locality pay raise.

Under the 1990 Federal Employees Pay Comparability Act, the annual raise is determined by the change in the Employment Cost Index minus 0.5 percent for federal employees. Presidents, however, largely have ignored the formula under FEPCA, preferring to offer their own figure, which the law permits. The president has the authority to set an alternate pay raise for military personnel and civilian employees, citing a national emergency or fiscal concerns, if Congress doesn't pass legislation adjusting the amount or canceling it.

The Federal Salary Council's report conflicts with other studies -- including those from conservative-leaning think tanks -- that show federal employees earn more than those in the private sector. A recent report from the Cato Institute found feds earned 78 percent more than their private sector counterparts, though a Government Accountability Office pay expert has said that study did not compare apples to apples.

A 2012 GAO study concluded there is no definitive way to measure any potential gap. A Congressional Budget Office report found that public and private sector salaries were about comparable, but that education level played a role in pay disparities between the two groups.

Here's a look at the various studies on the federal pay gap. The CBO findings are separated by education level: professional degree (CBO PD), bachelor's degree (CBO BD) and high school degree (CBO HS).

Pay Gap Studies

