

THE FEDERAL WORKER

Closing the pay gap?



Federal Diary
JOE DAVIDSON

There's good reason federal employee unions don't use last week's Federal Salary Council report to demand a mighty pay raise for their members.

The council says Uncle Sam's workforce is underpaid, not including benefits, by almost 35 percent compared with the private sector. That's a huge difference, particularly when compared with last year's figure of 26.3 percent.

But there's no point in pushing for a raise that great when no one expects the government to give up that kind of money, despite a routinely ignored law requiring the gap to be no more than 5 percent.

Given the current climate, the best federal employees can hope for is that a half-percent increase would be made retroactive to January 2013, after a freeze of at least 27 months.

President Obama has proposed the token increase for when the freeze, extended beyond its original two years, ends. Getting it paid at all, much less retroactively, is not a sure thing even if Obama wins reelection.

But if Mitt Romney wins, Frankle and Flo Fed can kiss goodbye any hope of getting a retroactive increase, and probably any 2013 raise. With Romney, federal employees would have a boss-in-chief who thinks they are overpaid, including benefits, by about the same amount as the salary council says they are underpaid.

His Republican presidential campaign Web site says "federal compensation exceeds private sector levels by as much as 30 to 40 percent when benefits are taken into account. This must be corrected."

And Rep. Paul Ryan (R-Wis.), running to be Romney's vice boss-in-chief, is the architect of a House-passed budget that says

the freeze should be extended through 2015. So with all this reality, the 35 percent figure seems meaningless.

It's a good bet a gap that size will never close.

"Never say never," said Jacqueline Simon of the American Federation of Government Employees representative on the council, an advisory group that includes labor representatives and outside pay experts.

"We're required to calculate the average nationwide pay gap in order to comply with the law, and the use of this data combined with the two-year pay freeze explains why the gap grew so much," she said. "We're happy to make progress toward closing the gap. When the gap grows because of improvements in data, that's one thing. But when the gap grows because of a freeze — we're stuck in place while jobs in the private sector and state and local government are associated with salaries that are going up — that's a big problem."

The whole pay gap issue is problematic and highly controversial. There probably aren't too many taxpayers who think the average federal employee is underpaid by 35 percent. Yet, when it comes to some highly skilled, extensively trained, incredibly innovative federal workers, they are woefully underpaid compared with their private counterparts.

This issue is one of several the National Academy of Public Administration and the American Society for Public Administration covered in their Memos to National Leaders Project. The memos present recommendations on a variety of challenges facing the president and Congress.

The memo on "Moving Towards a More Strategic Federal Pay Comparability Policy" includes a table using 2010 data indicating that federal employees at the lower end of the pay scale are overpaid

Comparisons of federal employee pay and nonfederal pay have drawn widely varying conclusions that reflect differences in data used and methodology. As a result, the Government Accountability Office has said that no study is definitive.

JOB-TO-JOB METHOD

Compares pay for similar jobs. Accounts for occupation and level of work, such as entry-level vs. mid-level, etc. Does not take into account attributes of those filling the jobs.

STUDY	WHO'S AHEAD	OTHER FINDINGS
Federal Salary Council, 2012* <i>Advisory council for the executive branch. Consists of union leaders and outside pay experts.</i>	+35% PRIVATE SECTOR	Differences varied by location: Greatest in San Francisco-San Jose and Washington-Baltimore; smallest away from major cities
Project on Government Oversight, 2011 <i>Nonpartisan watchdog</i>	+20% FEDERAL WORKERS	Differences varied by occupation: Claims assistants and examiners -2% Corrections officers +117%

*Using Bureau of Labor Statistics data.

HUMAN CAPITAL METHOD

Compares pay for individuals, accounting for education, job experience and other attributes such as occupation, locality and employer size. Demographics such as race and gender are also taken into account.

STUDY	WHO'S AHEAD	OTHER FINDINGS
Congressional Budget Office, 2012	+2% FEDERAL WORKERS	Differences varied by education level: +21% High school education -23% Professional or doctoral degrees
American Enterprise Institute, 2011 <i>Conservative think tank</i>	+14% FEDERAL WORKERS	+22% High school education +4% Graduate degree
Heritage Foundation, 2010 <i>Conservative think tank</i>	+22% FEDERAL WORKERS	Differences varied by occupation: +10% Lawyers and economists +50% Security guards and clerks

TREND ANALYSIS

Examines trends in pay over time without controlling for attributes of the workers or of the jobs.

Cato Institute, 2009 <i>Libertarian think tank</i>	+58% FEDERAL WORKERS	Difference from eight years ago
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Sources: Government Accountability Office, Office of Personnel Management

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compared with private-sector employees, while those at the higher end of the scale are underpaid. Folks in the middle, at the General Schedule 8 grade level, making about \$51,600 in 2010, are about on par with the private sector.

One suggestion in the memo would "expand the pay ranges within the existing GS pay system to allow for greater pay progression within GS grade levels."

Another recommendation calls for ending across-the-board pay raises and allowing "pay increases for those GS grade levels found to be the furthest below the private sector labor market in an effort to boost the recruitment, retention, and performance of federal employees. However, it would also allow for general cost-of-living adjustments for all grade levels."

Union leaders don't object to expanding the GS pay ranges, but the other idea would mean get the lowest-paid workers would increase.

"That approach is reflective of a race to the economic bottom that would serve our country poorly," said Colleen M. Kelley, president of the National Treasury Employees Union. "This proposal and others like it would create serious morale problems in the federal workforce, as well as potentially increasing turnover within the ranks of lower-graded employees."

federaldiary@washpost.com
Twitter: @JoeDavidsonWP

Previous columns by Joe Davidson are available at wapo.st/joeDavidson.