



## **Federal salaries lag behind private sector by 35 percent on average, pay council says**

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Salaries of federal employees continue to lag behind those of similar private-sector jobs by 35 percent on average, an advisory committee has said in presenting what amounts to the latest data point in a long-running debate over how the two sectors compare.

The 34.92 percent “pay gap” reported Friday essentially duplicates the 35.37 and 35.28 percent numbers reported the last two years by the Federal Salary Council and is close to those of other recent years.

The council, consisting of federal employee union representatives and outside compensation experts, oversees the General Schedule pay system for the 1.5 million white-collar employees below senior levels. In the so-called GS system, rates vary by locality, with separate schedules for both Alaska and Hawaii, for designated metropolitan zones, and a catchall “rest of the U.S.” for elsewhere.

Within the overall average, the largest indicated pay disparities are in the areas of Washington-Baltimore, at 51 percent, and the San Francisco and San Diego, at 49 percent. The smallest is in the catchall locality, 14 percent. Rates are paid according to where employees work, not where they live.

Under a 1990 law, the numbers are supposed to be used to virtually close the measured differences with private-sector pay. However, no administration or Congress since then has supported providing the funds to do that.

In practice, the federal raise is worked out in the annual budget process and a locality component, when one is paid, is divided according to the local gaps. The result is that pay for a GS job in the San Francisco locality, the highest paid, exceeds the pay for one of the same grade level in the catchall locality, the lowest paid, by 18 percent.

Pay tables for the new year typically are set in late December by an executive order, which this year will include 13 new city zones, while 21 of the 31 existing ones will expand. That includes the already massive Washington-Baltimore zone, which will pull in three more counties in Maryland and one more each in Virginia and Pennsylvania.

Those changes will trigger a special pay boost for more than 100,000 employees who will move from the catchall area into a city zone.

“It’s a step in the right direction and it’s certainly an improvement for those employees, but it’s time for reasonable raises for all federal employees,” said J. David Cox, Sr., president of the American Federation of Government Employees and a council member.

After a three-year freeze on salary rates — during which individuals still could receive raises for various reasons — federal employees received 1 percent raises in 2014 and 2015, and are in line for an average 1.3 percent increase in January.

The pay gap figure is the official government word, based on the 1990 law, on how federal and non-federal salaries stack up. It is derived from Labor Department data on some 250 occupations by area, with various statistical adjustments.

Federal employee organizations use the number in arguing that federal workers are underpaid, but other studies using different methods and different sets of data reach widely differing conclusions.

For example, the libertarian Cato Institute recently published a report asserting that federal employees are overpaid by 78 percent on average. The conservative Heritage Foundation in 2010 found an advantage for federal workers of 22 percent.

The Congressional Budget Office concluded in 2012 that salaries are roughly comparable overall, although with less educated federal employees at an advantage and more educated ones at a disadvantage. Later that year, the Government Accountability Office concluded that no one approach is definitive.

For the projected 1.3 percent raise in January, 1 percentage point is to be paid across the board and the funds for the other 0.3 of a percentage point are to be divided up according to the indicated pay gaps by locality. The result will be raises slightly higher or lower than 1.3 percent.

Congress could yet enact a different figure but all year it has followed a strategy of allowing that raise to take effect by default.

Blue-collar employees fall under a separate locality pay system. However, for many years their raises have been set at the General Schedule amount paid in an area, not according to comparisons for blue-collar jobs. White-collar employees at senior levels are paid under separate systems that typically don’t pay raises automatically but rather link them to performance.