



SENIOR
EXECUTIVES
ASSOCIATION

The voice of career federal executives since 1980

July 7, 2023

Hon. Julie Su
Acting Secretary
Department of Labor

Hon. Shalanda Young
Director
Office of Management and Budget

Hon. Kiran Ahuja
Director
Office of Personnel Management

President's Pay Agent
U.S. Office of Personnel Management
1900 E Street, NW
Washington D.C. 20415

RE: Level of Comparability Payments for January 2024 and Other Matters Pertaining to the Locality Pay Program

Dear Acting Secretary Su, Director Young, and Director Ahuja:

On behalf of the Senior Executives Association (SEA) – which represents the interests of over 10,000 career federal executives in the Senior Executive Service (SES), Senior Level (SL), Scientific and Professional (ST) and equivalent positions and other senior career federal leaders, including several hundred senior General Schedule members – we write to express our concern that the Federal Salary Council and President's Pay Agent are not doing enough to address systemic compensation challenges across the federal government that inhibit the recruitment and retention of the personnel necessary to meet the mission objectives of the federal government.

We appreciate that the Federal Salary Council and the Pay Agent are dutifully considering the establishment and modification of locality pay zones and other similar issues as narrowly proscribed by the law; however, pay issues across the country will only continue to get worsen unless the executive proposes real reforms that rationalize the federal government's various, disparate pay systems and addresses pay compression.

The SES lost locality pay adjustments nearly 20 years ago, and since then pay compression has dramatically magnified. In 30 locality pay zones across the country, employees hit the pay caps of the General Schedule in the mid GS-15 range. Pay compression skews the risk-reward trade-off for employees advancing in their federal careers. At a certain point, the risks of advancing in management continue to grow but the rewards do not keep pace. Public service motivation is the primary incentive to enter the SES, because the financial rewards have not increased commensurate with the responsibility. That is not enough to sustain our nation's senior career leadership cadre.

Additionally, beyond pay compression, the federal government is currently operating more than 100 white collar pay systems outside of Title 5 covering hundreds of thousands of federal employees with little oversight, visibility, or accountability. Through these alternate pay systems, Congress and OPM try to enhance government's ability to compete with industry in select job categories. But the problem does not only exist within discrete job categories, but across the entire General Schedule.

This is not a novel proposition. Both the Biden and Trump President's Pay Agents have recommended, as well as employee associations representing federal managers and executives, federal law enforcement, contracting, IT, and many other professional organizations, that federal compensation reform is critically necessary. Several groups testified to this issue before the Federal Salary Council in the fall of 2022, and yet, the Council was silent on this issue.

All this said, in the absence of more concrete and needed reforms, SEA is supportive of the recommendations of the Federal Salary Council regarding locality pay zones for 2024. We encourage the Pay Agent to adopt these proposals with all possible expediency.

We urge the President's Pay Agent to include legislative proposals to address systemic federal compensation issues such as pay compression in its report to the President. Creating new locality pay zones when systemic compensation issues holistically undermine the government's competitive posture is akin to rearranging deck chairs on the Titanic. It is not enough.

Please have your staff contact SEA Director of Policy and Outreach Jason Briefel (jason.briefel@seniorexecs.org) to discuss this issue further.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. L. Hill', written in a cursive style.

Marcus L. Hill
President, Senior Executives Association