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Congress of the United States
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TESTIMONY OF CONGRESSMAN BARNEY FRANK

**SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA**

“IN SEARCH OF EQUITY: AN EXAMINATION OF LOCALITY PAY”

JUNE 26, 2008

Thank you, Mr. Chairman, for your continued concern about very important equity issues associated with the locality pay system. I appreciate the opportunity to submit testimony to the Subcommittee on this matter, specifically on a question of equity that is of special concern to federal hourly wage workers in parts of Massachusetts and Rhode Island.

The federal government has over the years developed mechanisms by which employee compensation can be adjusted to reflect the significant economic differences that exist in various regions around the country. The locality pay system is one of these systems, and it has clearly promoted fairness by accounting for the reality that a dollar goes quite a bit further in some parts of the country than it does in others.

But, the lack of synchronization between the local pay adjustment mechanisms that apply to different categories of employees has contributed to at least one inequitable outcome of which I am aware. I refer to the differential treatment that can occur between “white-collar” and “blue-collar” federal employees living in the same city or town, given that locality pay area boundaries for GS employees do not generally correspond with the prevailing wage rate boundaries of the Federal Wage System (FWS) that covers federal hourly employees.

In the Narragansett Bay, Rhode Island Wage Area (which includes many federal workers from Southeastern Massachusetts), GS employees under locality pay justifiably receive the same compensation as their counterparts in the Boston, Massachusetts Wage Area, while FWS workers under prevailing rates do not. I have joined with Congressmen Patrick Kennedy, McGovern, and Langevin in introducing legislation (H.R. 2375, a copy of which is attached) that calls for Southeastern Massachusetts and Rhode Island prevailing rate workers – federal employees who could be described as “blue collar” – to be treated in the same way as their white collar counterparts for the purposes of calculating their pay.

This Southeastern Massachusetts and Rhode Island region that my three colleagues and I represent for all intents and purposes is a part of the Greater Boston economy, and this is reflected in commuting patterns, job opportunities and housing trends. Indeed, this level of integration is recognized by the federal government, in that we compensate Rhode Island and Southeastern Massachusetts salaried federal employees the same as other salaried employees in Greater Boston.

I first heard about this matter from constituents of mine who work as mechanics – paid on an hourly basis – repairing U.S. Navy Vehicles. Under the current system, they make less than they would if the guidelines for determining local pay adjustments for hourly workers in the region where they work were the same as for salaried workers. To me, this is a matter of basic fairness – hourly rate workers who do important and often very demanding work, also live in the same regional economy and face the same economic difficulties as their salaried colleagues. They ought to also be paid the same, under a mechanism that accounts for the regional conditions they live under.

The Federal Prevailing Rate Advisory Committee (FPRAC) is directly responsible for all questions related to the FWS and prevailing wage rates, and we have brought this matter to their attention. After a long and unfortunate delay occasioned by a nearly two year vacancy in the position of Committee Chair, FPRAC as you are aware has begun to consider taking action on some of these issues. I am pleased, as a result in particular of Congressman Kennedy's efforts, that the Financial Services and General Government appropriations subcommittee included language in the report accompanying its Fiscal Year 2008 legislation urging OPM to consider changes in law to bring federal prevailing rate employees in the Narragansett Bay, Rhode Island Wage Area within the coverage of the Boston Wage Area. In part as a result of this urging, we have received word that FPRAC will apparently be issuing recommendations on proposed changes to regulations for determining FWS wage area boundaries, including whether the boundaries of GS locality pay areas should be used to define the boundaries of FWS wage areas.

In this regard, the bill that I have introduced pertains solely to the hourly workers in the Rhode Island and Southeastern Massachusetts area, and I certainly urge your support for it. I would think, however, that it would also be good for the Subcommittee, as part of its investigation of equity issues, to push to bring locality pay areas for salaried workers and prevailing wage areas for hourly workers into alignment nationwide, in order to promote equity for both groups of federal employees.

I thank you very much again for the opportunity to submit this testimony.