

SUBCHAPTER S1

BASIC AUTHORITIES

S1-1 Coverage of Operating Manual

This supplement covers the procedures and instructions for the administration and operation of the Federal Wage System as it applies to employees covered by section 5342(a)(2)(B) and (C) of title 5, United States Code. For purposes of this supplement these employees are referred to as nonappropriated fund (NAF) prevailing rate employees or NAF wage employees.

S1-2 General

- a. The Federal NAF Wage System provides common policies, systems, practices, and job-grading standards for uniform application by all agencies subject to section 5342 of title 5, United States Code, in fixing pay for NAF employees as nearly as is consistent with the public interest in accordance with prevailing rates. The Office of Personnel Management has issued regulations in part 532 of title 5, Code of Federal Regulations, in order to fulfill its responsibility for the overall administration of the Prevailing Rate System under sections 5343 and 5346 of title 5, United States Code.
- b. Federal Wage System policy and changes thereto must be promulgated in regulations, normally in part 532 of title 5, Code of Federal Regulations, before they are incorporated into this manual. Changes in the regulations are published in the Federal Register and in the Office of Personnel Management's Notice and Posting System in the 532 series. If there are variations between the regulations and this manual, the regulations are controlling.

S1-3 Authority for Federal NAF Wage System

- a. **Public Law 92-392.** Subchapter IV of chapter 53 of title 5, United States Code, as amended by Public Law 92-392, dated August 19, 1972, provides for a pay system under which the rates of pay of prevailing rate employees are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates.
- b. **Basic policy.** It is the policy of Congress that rates of pay of prevailing rate employees be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates and be based on principles that:
 - (1) There will be equal pay for substantially equal work for all prevailing rate employees who are working under similar conditions of employment in all agencies within the same local wage area;
 - (2) There will be relative differences in pay within a local wage area when there are substantial or recognizable differences in duties, responsibilities, and qualification requirements among positions;
 - (3) The level of rates of pay will be maintained in line with prevailing levels for comparable work within a local wage area; and
 - (4) The level or rates of pay will be maintained so as to attract and retain qualified prevailing rate employees.

- c. **Participation of labor organizations.** In accordance with section 5343(c)(2) of title 5, United States Code, there shall be participation at all levels by representatives of labor organizations accorded recognition as the representative of prevailing rate employees in every phase of providing an equitable system for fixing and adjusting the rates of pay for prevailing rate employees, including the planning of surveys, the drafting of specifications, the selection of data collectors, the collection and the analysis of the data, and the submission of recommendations to the head of the lead agency for wage schedules and rates where appropriate.

S1-4 Pay-Fixing Authority

Agencies. The head of an agency having employees covered by section 5342(a)(2)(B) and (C) of title 5, United States Code, shall apply to these employees of his or her agency in a defined wage area the regular or special wage schedules and rates which have been established for that area under paragraph (3) of section 5343(a) or by the Office of Personnel Management under paragraph (5) of section 5343(a), as appropriate.

S1-5 Citizenship Requirement

Each prevailing rate employee employed within any of the several States or the District of Columbia shall be a United States citizen or a bona fide resident of one of the several States or the District of Columbia unless the Secretary of Labor certifies that no United States citizen or bona fide resident of one of the several States or the District of Columbia is available to fill the particular position. Bona fide resident means an individual who is domiciled in any one of the States or the District of Columbia.