SEC.___. ESTABLISHMENT OF TRIENNIAL FULL-SCALE FEDERAL WAGE SYSTEM SURVEYS.

Section 5343(b) of title 5, United States Code, is amended to read as follows:

"(b) The Office of Personnel Management shall schedule full-scale wage surveys every 3 years and shall schedule annual interim surveys to be conducted between each 2 consecutive full-scale wage surveys. The Office shall establish criteria, to be applied by the lead agency, governing when more frequent full-scale wage surveys will be conducted.".

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

Current Federal Wage System (FWS) law requires that a full-scale survey be conducted every 2-years with interim surveys, known as wage-change surveys, conducted in alternate years. This proposal would amend section 5343(b) of title 5, U.S.C., to require that full-scale FWS surveys be conducted every 3 years instead of 2. Wage-change surveys are to be conducted each year between full-scale FWS surveys.

Full-scale surveys are conducted by teams of local management and labor data collectors through visits to selected private sector employers in the wage area to obtain wage data. Wage-change surveys are conducted by much smaller groups of Federal employees using telephone interviews or mail inquiries to obtain local wage data.

With the draw down and subsequent reduction in resources available to participate in the survey process, a change to a 3-year cycle will reduce the burden on local activities. A 3-year survey cycle should also increase private sector participation, as the requirement for frequent on-site surveys will be reduced. A significant change in data quality is not anticipated as a result of this modification. Wage change surveys would still be conducted in interim years, so changes in local market rates would still be captured. The savings and benefits outweigh the risk of minor data quality issues.

By adding the language, "The Office [of Personnel Management] shall establish criteria, to be applied by the lead agency, governing when more frequent full-scale wage surveys will be conducted", an option of conducting full-scale wage surveys more frequently is permitted, provided that the Office of Personnel Management (OPM) develop specific criteria and reasoning that would warrant a full-scale survey to be conducted in less than three years. For example, OPM may request to change the timing of the full-scale survey in order to collect additional wage data when circumstances, such as increases or decreases in seasonal employment, could affect the quality of the wage data.

Budget Implications: As full-scale surveys are labor-intensive and costly for all parties involved, changing the frequency of full-scale surveys to every 3 years would make them less burdensome and costly to the Federal Government and private sector. Wage-change surveys use fewer resources by collecting data by telephone, e-mail, or mail.

Triennial surveys will also require fewer employees of the Defense Civilian Personnel Advisory Service, Wage Division, to be staffed in order to meet the mission's needs. A section of 14 employees may be reduced to a team of 12. With this reduction of fully encumbered staff members, plus savings from the reduction of full-scale surveys, a savings of approximately 15% is realized.

The table below charts the Department of Defense's savings over the next five years, with the assumption of a 1.5% cost increase for personnel and 3% cost increase for travel each year. It includes the savings comparing six years of biennial surveys (3 full cycles) to triennial surveys (2 full cycles). The FY 2019 President's Budget includes these savings.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	0	0	0	0	0				
Navy	0	0	0	0	0				
Air Force	0	0	0	0	0				
Defense-Wide	(.74)	(.75)	(.77)	(.78)	(.80)	Operation and Maintenance, Defense-Wide	04	300	
Total	(.74)	(.75)	(.77)	(.78)	(.80)				

Changes to Existing Law: This proposal would make the following changes to section 5343 of title 5, United States Code:

§ 5343. Prevailing rate determinations; wage schedules; night differentials

(a) The pay of prevailing rate employees shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates. Subject to section 213(f) of title 29, the rates may not be less than the appropriate rates provided by section 206(a)(1) of title 29. To carry out this subsection—

(1) the Office of Personnel Management shall define, as appropriate—

(A) with respect to prevailing rate employees other than prevailing rate employees under paragraphs (B) and (C) of section 5342(a)(2) of this title, the boundaries of—

(i) individual local wage areas for prevailing rate employees having regular wage schedules and rates; and

(ii) wage areas for prevailing rate employees having special wage schedules and rates;

(B) with respect to prevailing rate employees under paragraphs (B) and (C) of section 5342(a)(2) of this title, the boundaries of—

(i) individual local wage areas for prevailing rate employees under such paragraphs having regular wage schedules and rates (but such boundaries shall not extend beyond the immediate locality in which the particular prevailing rate employees are employed); and

(ii) wage areas for prevailing rate employees under such paragraphs having special wage schedules and rates;

(2) the Office of Personnel Management shall designate a lead agency for each wage area;

(3) subject to paragraph (5) of this subsection, and subsections (c)(1)–(3) and (d) of this section, a lead agency shall conduct wage surveys, analyze wage survey data, and develop and establish appropriate wage schedules and rates for prevailing rate employees;

(4) the head of each agency having prevailing rate employees in a wage area shall apply, to the prevailing rate employees of that agency in that area, the wage schedules and rates established by the lead agency, or by the Office of Personnel Management, as appropriate, for prevailing rate employees in that area; and

(5) the Office of Personnel Management shall establish wage schedules and rates for prevailing rate employees who are United States citizens employed in any area which is outside the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands.

~~(b) The Office of Personnel Management shall schedule full-scale wage surveys every 2 years and shall schedule interim surveys to be conducted between each 2 consecutive full-scale wage surveys. The Office may schedule more frequent surveys when conditions so suggest.~~

(b) The Office of Personnel Management shall schedule full-scale wage surveys every 3 years and shall schedule annual interim surveys to be conducted between each 2 consecutive full-scale wage surveys. The Office shall establish criteria, to be applied by the lead agency, governing when more frequent full-scale wage surveys will be conducted.

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