



700 12th St NW Ste 700
PMB 95968
Washington, DC 20005
o: 202-793-6262
f: 888-396-6975
w: www.promanager.org

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 Professional Managers Association – the non-profit professional association that has, since 1981, represented professional managers, management officials, and non-bargaining unit employees at the Internal Revenue Service (IRS) – I write to express our concerns that the Federal Salary Council has failed to offer recommendations addressing the critical issue of pay compression and the devastating effects it has both for individual employees affected by compression and pay caps as well as for agencies competing for in-demand talent.

The IRS is embarking on a historic modernization initiative of which the recruitment and retention of qualified personnel is a necessary pillar. Yet in 30 locality pay zones across the country, employees hit the pay caps of the General Schedule in the mid GS-15 range. The majority of these locations are locations where the IRS has major concentrations of our workforce in New Jersey, Texas, California, Missouri, Utah, Georgia, and beyond.

This significantly skews the risk/reward tradeoff against a career in management, so much so that PMA is observing managers voluntarily downgrading themselves into bargaining unit roles, where they have a better balance of expectations and rewards for achieving those expectations without the hassles and headaches that come with being a manager in a recently controversial agency. We are also seeing more experienced IRS managers leave the agency or federal service altogether due to pay compression and inadequate total compensation. This means that our population of managers who could advance into the Senior Executive Service (SES) is dwindling.



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This is not just a problem for managers. Pay compression negatively affects many of our best technical performers and subject matter experts, and the ability of agencies to recruit and retain them.

Despite various organizations testifying to the pernicious and widespread effects of compression, the Federal Salary Council has once again declined to recommend changes to address this issue. We recognize the majority of the Federal Salary Council represents bargaining unit employees who are in the General Schedule; however, it is imperative that the Federal Salary Council listen to employees who do not have a statutory seat on this body, including federal managers and executives. We do not feel the Council has taken seriously the challenges and problems caused by pay compression and the antiquity of the GS for the government as an employer. Continuing to address discrete locality pay zones while ignoring these broader problems will not solve the federal government's talent management challenges.

We strongly urge the President's Pay Agent to engage OPM and OMB to conduct a study on the effects of pay compression. This study must assess if employees affected by pay compression are more likely to leave their roles, or government altogether. Looking at attrition, retention, promotion, and other key human capital indicators, the government must know if employees affected by pay compression acting similar or different as their peers who have not hit the cap.

All this said, in the absence of more concrete and needed reforms, PMA 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.

If the federal workforce is truly this administration's number one management priority, confronting pay compression and the consequences of persisting in the General Schedule from 1949 in the year 2023 is something we at PMA hope this President's Pay Agent will do. There is no time to wait.

Please reach out to our Washington Representative Jason Briefel (jbriefel@shawbransford.com) if you have any questions about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Chad Hooper'.

Chad Hooper
Executive Director
Professional Managers Association