

History

Blue-collar Federal workers have been paid according to local prevailing private sector rates since the Civil War. Until 1965, each Federal agency had authority to determine local prevailing rates and establish wage area boundaries for its employees. As a consequence, blue-collar Federal workers at the same grade level in the same city working for different agencies received different rates. In 1965, this inequity was addressed by Presidential memo ordering Federal agencies to coordinate their wage-setting activities under the leadership of the Civil Service Commission. The Commission established the National Wage Policy Committee, made up of the heads of the major employing agencies and the heads of the major Federal employee unions, to seek advice on how to combine separate agency pay systems into a Coordinated Federal Wage System (CFWS). The CFWS eliminated inequities and unnecessarily overlapping administrative structures from the blue-collar pay determination process.

In 1972, Public Law 92-392 established the current Federal Wage System (FWS). The FWS incorporated most of the existing administrative policies of the CFWS. Since 1972, the Commission and its successor agency, Office of Personnel Management (OPM), have been responsible for overseeing the administration of the FWS. The FWS now covers Federal trade, craft, and laborer employees who are paid from appropriated and nonappropriated funds.

The Department of Defense (DOD) conducts FWS wage surveys and establishes pay rates for all regular FWS wage schedules and most special FWS wage schedules. One of the key statutory principles underlying the FWS is that employee pay rates are to be maintained in line with prevailing levels of pay for comparable levels of work in the private sector within a local wage area. To carry out this statutory principle, the Defense Civilian Personnel Management Service (DCPAS) conducts annual wage surveys to collect wage data from private sector establishments. DCPAS works with both management and labor conducting local prevailing rate wage surveys to develop and adjust pay schedules under the FWS. Separate wage schedules are developed for appropriated fund hourly employees and nonappropriated craft, trade, labor, administrative, and patron services occupations. DCPAS also conducts occupational/industry surveys to establish pay for DOD educators, civilian mariners, power generation employees, and health care professionals.