# LOCALITY PAY FAIRNESS AND IMPROVEMENT ACT

## THE PROBLEM:

Despite the Wasatch Front's growing cost of living and emergence as a major hub for aerospace, defense, technology, and advanced manufacturing, most federal employees in Utah receive the same locality pay adjustment as federal workers in much less expensive labor markets across the country.

Rather than measuring what it actually costs to live and work in Utah, the federal government compares wages across a limited set of occupations in the federal and private sectors. This methodology does not directly account for housing costs, inflation, or other everyday expenses.

This outdated system puts Utah's critical national security installations—including Hill Air Force Base, Dugway Proving Ground, and Tooele Army Depot—at a disadvantage when competing for qualified workers.

## THE *LOCALITY PAY FAIRNESS AND IMPROVEMENT ACT*:

The bill directs the Office of Personnel Management (OPM) to study and test modern approaches to federal employee classification and compensation through a research program and multi-year demonstration project.

Key Provisions:

- Labor Market Alignment: Evaluates whether compensation better reflecting labor market conditions improves recruitment, retention, and workforce effectiveness by testing systems using objective labor market data (cost-of-labor and, where appropriate, cost-of-living) to align federal pay with regional economic conditions.
- Focus & Design: Prioritizes testing in locations and occupations facing persistent recruitment and retention challenges, particularly technical and defense-related positions, with design recommendations developed by the National Academy of Public Administration (NAPA) based on labor market best practices.
- Oversight & Employee Protections: Requires ongoing oversight by OPM, GAO, Congress, and NAPA (including regular reports and evaluations); ensures employees may not receive a reduction in pay because of entering or leaving the project; and requires a written agreement between the employing agency and the labor organization for covered bargaining-unit employees to participate.

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