Section-by-Section Summary

Section 1 — Short Title

Section 2 — Definitions

Defines key terms used in the bill, including “Academy,” meaning the National Academy of Public Administration; “Director,” meaning the Director of OPM; “job family”; “career level”; “pay compression”; and “pay disparity.”

Section 3 — Research Program and Demonstration Project

Requires OPM to create a research program and demonstration project to test modern ways of classifying federal jobs and compensating federal employees.

The project is intended to help the federal government better recruit and retain skilled workers, compete in local labor markets, reduce pay disparities, account for geographic and occupation-specific labor market differences, and address pay compression.

OPM will contract with the National Academy of Public Administration to study modern compensation practices and recommend how the pilot should be designed. The Academy must consider whether the pilot should use job families, career levels, job-specific pay tables, and real labor market data, including cost-of-labor and cost-of-living indicators.

The bill directs the Academy to prioritize locations where federal pay gaps are worsened by rapid private-sector wage growth and where agencies have had persistent difficulty recruiting or retaining defense or technical employees despite using existing pay flexibilities.

OPM must then publish a proposed plan, submit it to GAO for review, and begin implementing the demonstration project after completing required procedures.

The bill limits OPM’s authority to changes directly related to classification, compensation, incentives, qualifications, or work hours needed to test the pilot. It also requires the project to last at least five years.

The bill includes employee protections: employees may not have their pay reduced because they enter or leave the pilot, and covered bargaining-unit employees may only be included with a written agreement between the agency and the union.

Section 3 also authorizes $3 million for OPM to carry out the research program and demonstration project.

Section 4 — Oversight and Reporting

Requires ongoing oversight by GAO, OPM, and the National Academy of Public Administration.

GAO must brief Congress regularly and report on whether the demonstration project is achieving its goals and whether results could apply to other regions or job families.

OPM must brief Congress regularly and submit a public report after four years analyzing what worked, what did not, whether the pilot should be extended, and whether successful parts should be expanded.

The Academy must also submit a report during the third year explaining how the pilot's methods could be applied more broadly across the executive branch and what legal, regulatory, or administrative changes would be needed.