



441 G St. N.W.  
Washington, DC 20548

B-337035

February 5, 2025

The Honorable Rand Paul  
Chairman  
The Honorable Gary C. Peters  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable James Comer  
Chairman  
The Honorable Gerald E. Connolly  
Ranking Member  
Committee on Oversight and Government Reform  
House of Representatives

Subject: *Office of Personnel Management: Prevailing Rate Systems; Change in Criteria for Defining Appropriated Fund Federal Wage System Wage Areas*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Office of Personnel Management (OPM) entitled "Prevailing Rate Systems; Change in Criteria for Defining Appropriated Fund Federal Wage System Wage Areas" (RIN: 3206-AO69). We received the rule on January 15, 2025. It was published in the *Federal Register* on January 21, 2025. 90 Fed. Reg. 7428. The effective date of the rule is October 1, 2025.

According to OPM, this rule changes the regulatory criteria used to define Federal Wage System (FWS) wage area boundaries and makes changes in certain wage areas. OPM stated the purpose of this change is to make the FWS wage area criteria more similar to the General Schedule locality pay area criteria.

Enclosed is our assessment of OPM's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Charles Ezell  
Acting Director  
Office of Personnel Management

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
OFFICE OF PERSONNEL MANAGEMENT  
ENTITLED  
“PREVAILING RATE SYSTEMS; CHANGE IN CRITERIA  
FOR DEFINING APPROPRIATED FUND FEDERAL WAGE SYSTEM WAGE AREAS”  
(RIN: 3206-AO69)

(i) Cost-benefit analysis

The Office of Personnel Management (OPM) prepared an analysis of the costs and benefits for this rule. 90 Fed. Reg. 7428, 7436–7438 (Jan. 21, 2025). According to OPM, the rule’s benefits outweigh the negative impacts since the rule will better equalize geographic pay area treatment across the federal government’s two main pay systems: the General Schedule and the Federal Wage System (FWS). *Id.* at 7428, 7435. OPM stated that the estimated payroll cost of the rule, including 36.70 percent fringe benefits, is approximately \$150 million when annualized at a 2 percent rate, and its cumulative undiscounted 10-year cost is around \$1.5 billion for geographic areas being moved from one wage area to another as a result of amending the criteria used to define FWS wage area boundaries. *Id.* at 7436. OPM further stated the rule will address most of the internal equity and fairness concerns found across the country. *Id.* at 7437.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

OPM stated that the Acting Director of OPM has certified that this rule will not have a significant economic impact on a substantial number of small entities. 90 Fed. Reg. at 7438.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

OPM determined that this rule will not have an effect on state, local, and tribal governments, in the aggregate, or on the private sector, of \$100 million in 1995 dollars, updated annually for inflation, in any one year. 90 Fed. Reg. at 7439.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On October 11, 2024, OPM published a proposed rule. 89 Fed. Reg. 82874. OPM stated it received 585 comments from Members of Congress, labor organizations, several hundred federal employees, and one agency. 90 Fed. Reg. at 7428. OPM responded to comments in this rule. See *id.* at 7429–7434.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

In its submission to us, OPM indicated that this rule does not contain a collection of information requiring OMB approval under the Act. OPM also stated it plans to use an existing collection—the Establishment Information Form, Wage Data Collection Form, and Wage Data Collection

Continuation Form approved under OMB Control Number 3206-0036—in association with the rule. 90 Fed. Reg. at 7439.

Statutory authorization for the rule

OPM promulgated this rule pursuant to sections 552, 5343, and 5346 of title 5, United States Code. See 90 Fed. Reg. at 7439.

Executive Order No. 12866 (Regulatory Planning and Review)

OPM stated that this rule has been designated a significant regulatory action under the Order. 90 Fed. Reg. at 7438.

Executive Order No. 13132 (Federalism)

OPM determined that this rule does not have sufficient federalism implications to warrant the preparation of a federalism assessment. 90 Fed. Reg. at 7439.