



# 2026 Legislative Priority: Federal Pay Erosion Across the Civil Service

## General Schedule, Wage Grade, and Floating Plant Workers Are Falling Behind

**Issue Summary:** Over the past two decades, federal employee pay has failed to keep pace with inflation and private-sector wages. This erosion affects **white-collar General Schedule (GS) employees, Wage Grade (WG) blue-collar workers, and floating plant and marine workers** alike. The result is a federal workforce that is effectively working at higher levels of responsibility for **less real pay** than prior generations, undermining recruitment, retention, morale, and mission readiness.

## A Real-World Example of Pay Erosion

In 2004, a GS-4 Step-1 summer hire in Kansas City earned **\$25,300**. Adjusted for inflation, that salary equals **approximately \$43,400 in 2025 dollars**.

To earn that same purchasing power today in the Kansas City locality, an employee would need to be paid roughly **GS-5 Step-3**.

**Within the span of a single federal career, inflation has erased more than a full General Schedule grade.**

## This Is a System-Wide Problem

Federal workers were already underpaid relative to the private sector in 2004. Since then, repeated below-inflation raises, pay caps, and delayed locality adjustments have compounded the gap.

As a result:

- A GS-9 today earns less (in real dollars) than a GS-8 earned 20 years ago
- A GS-12 today earns less than a GS-11 earned 20 years ago
- A GS-13 today earns less than a GS-12 earned 20 years ago

**Employees are effectively performing higher-graded work for lower real compensation.**

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*Local 777, IFPTE, AFL-CIO represents over 1,500 employees of the U.S. Army Corps of Engineers in the Chicago, Pittsburgh, Sacramento Districts and the South Pacific Division. We work in Illinois, California, Pennsylvania, Indiana, Wisconsin, Utah, Arizona, and remotely nationwide, and plan, design, build, operate, and maintain Federal water resources infrastructure and environmental restorations, and protect our nation's aquatic resources and commercial navigation. Our members work in offices, on construction sites, at locks and dams, on government vessels, at flood control reservoirs, and at dredged material management and electric barrier facilities.*

*The views expressed are those of Local 777 only, and not of the Department of Defense or Department of the Army.*

## **Wage Grade and Marine Workers Are Falling Even Further Behind:**

The problem is even more acute for **Wage Grade (WG) blue-collar workers and floating plant marine employees**:

- WG schedules often **lag private-sector wage surveys**, especially in skilled trades
- Marine and floating plant workers face **intense private-sector competition** from commercial shipping, construction, and maritime operations
- Federal pay systems struggle to reflect:
  - Irregular schedules
  - Hazardous conditions
  - Required certifications and specialized skills

As a result, federal agencies increasingly lose experienced tradespeople and mariners to private employers offering **significantly higher wages for comparable work**.

### **Why This Matters:**

#### **Recruitment Is Failing**

Agencies cannot attract young workers into skilled trades, engineering, or maritime careers when federal starting pay no longer provides a living wage.

#### **Retention Is Declining**

Experienced GS professionals, WG tradespeople, and marine workers are leaving federal service—not because of mission, but because they cannot afford to stay.

#### **Mission Readiness Is at Risk**

Infrastructure maintenance, navigation, flood control, disaster response, and national defense all depend on a stable, skilled federal workforce.

### **Requested Action:**

- Ensure **annual federal pay raises that meet or exceed inflation**.
- Address **GS grade compression and locality pay lag**.
- Modernize **Wage Grade and marine pay systems** to reflect labor-market **realities**.
- Treat federal pay as a **workforce and national readiness investment**, not a discretionary cost.
- Repeal FERS-RAE and FERS-FRAE**.
  - See Federal Employee Pension Fairness Act, e.g. H.R. 3269, 115th Congress