



September 14, 2026

The Honorable Hung Cao
Acting Secretary
United States Department of the Navy
1000 Navy Pentagon
Washington, DC 20350-1000

Re: Concerns about Salary Inversion at the Department of the Navy

Dear Secretary Cao:

On behalf of the Federal Managers Association (FMA), which represents the interests of more than 200,000 managers and supervisors serving across the federal government, I write to express our growing concern about salary inversion at the Department of the Navy. This problem is significant, worsening, and increasingly affecting the Navy's ability to retain and support its management workforce.

Beginning in the summer of 2023, Federal Wage System (FWS) employees at Norfolk Naval Shipyard, and elsewhere, received a major boost in pay effective with the 7-16-2023 pay period. Wage Grade (WG) employees have subsequently received additional boosts and pay differentials since then. We recognize that these increases are an important and well-deserved gain for FWS employees, and we support their receiving fair compensation for their work. We also know FWS employees' pay rates are determined by survey studies, compared to how the rates for General Schedule (GS) employees are determined.

This pay structure has raised serious concerns among a growing number of our Navy GS members who supervise non-GS employees now earning higher compensation. We have received several accounts of WG employees not accepting promotions into management because they can earn more in their current position. Others who recently accepted promotions regret their decisions because they would have earned more at their prior level had they not been "promoted." In some instances, employees are earning \$6-\$8 more per hour than their direct supervisors. The issue is compounded due to the WG employees' ability to earn overtime pay.

It is troubling when managers and supervisors earn less than the very employees they are charged to lead. Morale is understandably suffering among managers who now earn less than before they were promoted into management. This is harming the government's ability to recruit and retain strong leaders. Why would anyone want the extra responsibility and liability of managing people if it means a pay cut? There is a limit to manager's tolerance to this situation – they will either head to the private sector or step back into non-management jobs where they can earn more. In fact, this has already begun.

We are aware of similar circumstances elsewhere across the country, including at Portsmouth Naval Shipyard (PNS) in New Hampshire, Fleet Readiness Center-Southeast in Jacksonville, Florida, and Puget Sound Naval Shipyard in Bremerton, Washington.

We understand the complexity of the general schedule and support many of the principles outlined by Office of Personnel Management (OPM) Director Kay Cole James in her April 2002 white paper urging a modernized approach to pay in the federal government. We support a broad overhaul of the general schedule, including pay reform, and will continue to work with Congress to resolve many of these concerns. In the meantime, we respectfully urge you to:

- Study and report on how widespread this pay inversion problem is across the Department of the Navy.
- Require a minimum pay gap between supervisors and the employees who report to them.
- Provide a special salary rate for GS shipyard employees who supervise WG and/or WS employees equal to 5 percent above the highest step of the grade they supervise.

The Navy cannot attract and retain its next generation of high performing leaders if accepting a management role means taking on more responsibility for less pay. Correcting this is a common-sense, affordable step that would strengthen U.S. Navy operations to dominate the seas, protect our country, and serve our citizens more effectively.

Thank you for your time and consideration of our views. If you have any questions, or to set up a meeting, please contact Greg Stanford, FMA's Director of Government and Public Affairs, at gstanford@fedmanagers.org or via phone at (703) 683-8700, ext. 104. I look forward to your response.

Respectfully,



Linda S. Lentjes
National President