



OFFICE OF INSPECTOR GENERAL

Objective

The objective of this report was to assess whether the Architect of the Capitol (AOC) paid its employees the correct locality pay in accordance with applicable statutes, regulations and policies to identify potential indications of waste in accordance with the Office of Inspector General's (OIG's) mission to promote efficiency and effectiveness in AOC operations and programs.

We conducted this review from August 2023 to December 2023, with data starting in January 2020.

Background

The AOC OIG received multiple hotline complaints regarding employees receiving incorrect locality pay for months despite being approved for remote work outside the Washington, D.C., area. Employee Notification of Personnel Action forms, or SF-50s, which determine locality pay, were not updated in a timely manner to reflect employees' correct official duty station.

The AOC allows eligible employees with telework-suitable duties performing at the Fully Successful level or higher to request to work from a location other than their official duty station on a regular or episodic basis. Agency policy defines regular telework as "work performed at an alternate worksite or a remote work location on a routine and ongoing basis."¹

Federal agencies apply pay, leave and travel regulations based on an employee's official duty station or official worksite. An agency must document an employee's official worksite in a Notification of Personnel Action form.² For employees covered by a telework agreement:

- If the employee is scheduled to report physically to the worksite for the position at least twice each pay period on a regular and recurring basis, the employee's official duty station is the location of the worksite for employee's position (i.e., the worksite for the position absent a telework agreement).³ The official duty station for most AOC employees absent a telework agreement is in Washington, D.C.
- If the employee is not scheduled to report physically to the worksite for the position at least twice each pay period on a regular and recurring basis, the employee's official duty station is the location of the telework site (i.e., their home or other alternative worksite).⁴

General Schedule (GS) federal employees may receive locality pay, or an amount above the employee's base pay, based on their official duty station's geographic location.⁵ Locality pay is typically a percentage of base pay. The Washington-Baltimore-Arlington, DC-MD-VA-WV-PA pay area has one of the highest locality pay

¹ AOC Policy 600-1. 2022. Telework Program, p. 5.

² Title 5 C.F.R. § 531.605(a)(3).

³ Title 5 C.F.R. § 531.605(d)(1).

⁴ Title 5 C.F.R. § 531.605(d)(3).

⁵ Title 5 U.S.C. § 5304.



Report

AOC Locality Pay for Remote Employees

adjustments at 32.49 percent as of 2023, compared to a pay area like Rest of U.S. with an adjustment of 16.50 percent.⁶ A few non-GS positions also receive locality pay.⁷ Wage Grade, Wage Leader, Wage Supervisor and Senior-Rated (SR) employees are not eligible to receive locality pay.^{8,9}

The Telework Enhancement Act of 2010 and AOC Policy 600-1 of 2015 require all teleworkers to have a formal telework agreement in place that is signed by the employee and supervisor and specifies the terms and conditions of participation in the program.¹ As of February 7, 2022, the AOC removed the annual recertification requirement for telework agreements.

After the announcement of the COVID-19 public health emergency on March 13, 2020, the Office of Personnel Management (OPM) changed the federal government's operating status to Open with Maximum Telework Flexibilities, resulting in many government employees working remotely for years.¹⁰ The Capitol closed to the public during the pandemic, thereby diminishing need for a full on-site staff. With the end of the public health emergency declared by President Biden on April 10, 2023, and the end of said operating status effective May 11, 2023,^{11,12} agencies across the government increased meaningful in-person work while using telework and remote work strategically. The AOC followed this practice, bringing back some telework eligible staff to in-person work and fully reopening after May 11, 2023.¹³

Potential issues with remote work were brought to the forefront on September 6, 2023, when U.S. Senator Joni Ernst demanded accountability from federal agencies regarding remote work in a speech on the Senate floor. Senator Ernst also sent letters¹⁴ to 24 Inspectors General requesting an investigation of every major department and agency to determine steps taken to adjust location-based salaries for those who have relocated and how much money could be saved by adjusting locality pay for remote employees who reside outside of the region, among other issues.

⁶ OPM. n.d. "General Schedule: 2023 General Schedule (GS) Locality Pay Tables." <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2023/general-schedule/>.

⁷ Non-GS employees eligible for locality pay are limited to administrative law judges, administrative appeals judges, members of Boards of Contract Appeals, SES employees or certain SL or ST employees. (OPM. 2023. *Continuation of Locality Payments for Non-General Schedule Employees*, p. 3. <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2023/extension-of-locality-payments-for-non-general-schedule-employees-november-29-2023.pdf>.)

⁸ Defense Civilian Personnel Advisory Service. n.d. "Wage and Salary." <https://wageandsalary.dcpas.osd.mil/BWN/WageIndex>.

⁹ AOC Order 213-2. 2017. Senior-Rated Pay Plan, Awards and Annual Leave, p. 7, 10-11.

¹⁰ While OPM sets guidelines for government operating status, those announcements do not apply to employees of the legislative branch among other entities. While the AOC may choose to implement and follow OPM operating status announcements, it is not required to do so. (OPM. 2022. *Government Dismissal and Closure Procedures*, p. 43. <https://www.opm.gov/policy-data-oversight/pay-leave/reference-materials/handbooks/dcdismisssal.pdf>.)

¹¹ OPM. 2023. *Removal of the COVID-19 Governmentwide Operating Status Announcement*, CPM-2023-07. <https://chcoc.gov/content/removal-covid-19-governmentwide-operating-status-announcement>.

¹² White House. 2023. *Bill Signed: H.J.Res. 7*. <https://www.whitehouse.gov/briefing-room/legislation/2023/04/10/bill-signed-h-j-res-7/>.

¹³ AOC. 2023. *End of Pandemic (COVID-19) Flexible Operations*.

¹⁴ U.S. Senate. 2023. Letter from Senator Joni K. Ernst to Acting Inspector General Diana R. Shaw. https://www.ernst.senate.gov/imo/media/doc/department_of_state_letter.pdf.



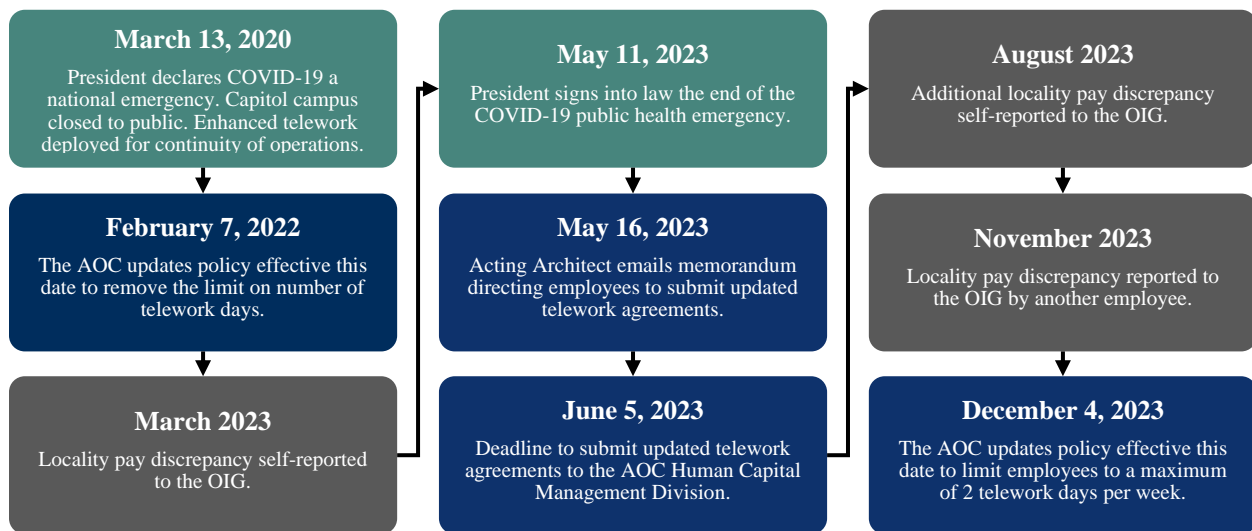
Report

AOC Locality Pay for Remote Employees

Publicly available Inspector General reviews of the application of locality pay for remote employees are limited to date. Prior to the COVID-19 pandemic, the National Archives and Records Administration (NARA) OIG conducted an audit of NARA’s telework program and found one employee that was overpaid due to differences in locality pay.¹⁵ In February 2020, the Department of Veterans Affairs (VA) OIG conducted an administrative investigation of VA supervisors who did not update the SF-50 for an employee who worked in a different locality pay area from their official duty station; the VA OIG report did not report a specific estimated loss.¹⁶ Some Inspectors General responded to Senator Ernest directly, such as the Department of Commerce (Commerce) OIG, which announced plans to conduct an audit of Commerce’s application of correct locality pay in a letter to the Senator.¹⁷

Figure 1 illustrates the timeline of relevant events regarding this issue.

Figure 1. Timeline of Events



AOC Application of Locality Pay for Remote Employees

Due to the COVID-19 pandemic, AOC employees in eligible positions were granted enhanced flexibility to telework to continue operations on March 13, 2020. Weekly COVID-19 updates were provided to staff on the

¹⁵ The NARA OIG found that one employee did not have the correct duty station and was overpaid approximately \$4,447 for a 14-month period. (NARA OIG. 2014. *Audit of Special Telework Arrangements at NARA*, Report No. 14-11, p. 3. <https://www.archives.gov/files/oig/pdf/2014/audit-report-14-11.pdf>.)

¹⁶ VA OIG. 2020. *Alleged Improper Locality Pay for Teleworking Employee*, Report No. 18-03251-88. <https://www.oversight.gov/report/va/alleged-improper-locality-pay-teleworking-employee>.

¹⁷ Department of Commerce OIG. 2023. *Audit of Departmental Employee Locality Pay (#2023-453)*. [https://www.oig.doc.gov/OIGPublications/2023-453%20-employee%20locality%20pay%20announcement%20memorandum%20\(SECURED\).pdf](https://www.oig.doc.gov/OIGPublications/2023-453%20-employee%20locality%20pay%20announcement%20memorandum%20(SECURED).pdf).



Report

AOC Locality Pay for Remote Employees

AOC Compass intranet website, which included a link to a Coronavirus Leave Frequently Asked Questions (FAQ) webpage with information on telework during the public health emergency.

Telework was not a new program for the AOC when the public health emergency began. The latest policy document regarding telework before the COVID-19 pandemic was AOC Order 600-1, dated March 13, 2015. How various agencies implement telework after the pandemic, however, is in the public spotlight after calls to action by Senator Ernst and others.

Varied Implementation of New Temporary Telework Policy (February 2022)

On February 7, 2022, AOC Policy 600-1 formalized temporary telework arrangements during public health emergencies and clarified certain aspects of the AOC telework program at large, including removing the limit on the number of days employees could request for regular telework and establishing criteria to determine official worksite for locality pay purposes.

The policy clarified that locality pay is based on an employee's official worksite and that employees not scheduled to report to the regular worksite should receive locality pay based on their remote work location, except for temporary telework arrangements. Temporary telework arrangements include telework during emergency situations like "a pandemic health crisis," in which case the AOC "may designate the location of the regular worksite as the official worksite... even though the employee is not able to report to the regular worksite on a regular and recurring basis."¹⁸ Under this policy, AOC employees under temporary telework arrangements are paid Washington, D.C., area locality pay, the official worksite for most AOC employees. Temporary telework arrangements are generally only to be used in cases in which the employee is expected to return to work at the normal worksite on a regular and recurring basis in the near future. This policy of paying agency worksite locality pay during emergency situations such as a pandemic is in line with OPM guidance.¹⁹

The AOC is an organization responsive to a very diverse set of stakeholders, and its policies are written to accommodate different needs and allow for flexibility in implementation. The AOC *COVID-19 Pandemic Operations Plan*²⁰ notes that items "may need to be implemented differently by the various jurisdictions and adapted to address specific local requirements, while always following AOC policy." Recognizing there is no one-size-fits-all approach for an organization such as the AOC and that the COVID-19 pandemic was unpredictable and unprecedented, the OIG anticipated occasional variance *across* jurisdictions. Nonetheless, we encountered a few instances of inconsistent policy implementation *within* jurisdictions during the COVID-19 pandemic.

For example, AOC jurisdictions varied in how they approved requests for remote telework. Remote telework means an employee works and resides outside the locality for their position's official worksite and is not scheduled to report physically to the position's worksite on a regular and recurring basis. Notably, three of the

¹⁸ AOC Policy 600-1. 2022. Telework Program, p. 17-18.

¹⁹ OPM. 2022. *2021 Guide to Telework and Remote Work in the Federal Government: Leveraging Telework and Remote Work in the Federal Government to Better Meet Our Human Capital Needs and Improve Mission Delivery*. <https://www.opm.gov/telework/documents-for-telework/2021-guide-to-telework-and-remote-work.pdf>.

²⁰ AOC. 2020. *Architect of the Capitol COVID-19 Pandemic Operations Plan*, p. 24.



Report

AOC Locality Pay for Remote Employees

eight jurisdictions with remote employees used a memorandum titled *Request for Remote Work Outside of the National Capitol Region (NCR)* as documentation, in which the memorandum was signed by the employee and the employee’s supervisor and stated that the employee’s locality pay “will remain consistent with the NCR during the current pandemic [and] will be adjusted at the conclusion of this pandemic commensurate with the locality pay of your new residence” (Figure 2). In total, nine out of 22 locality-pay eligible employees received this memorandum. The language of this memorandum appears to be in line with AOC Policy 600-1’s provisions on locality pay during temporary telework arrangements.²¹ AOC policy did not mention this formal notification to remote employees about their locality pay during the pandemic. Within the three jurisdictions that issued these memoranda, some signed memoranda for all their remote employees while others used it for only part of their remote workforce. AOC Human Capital Management Division (HCMD) personnel, who are responsible for documenting and completing changes to the SF-50, were on the distribution list on these memoranda.

While the COVID-19 public health emergency created the need for increased telework and remote work, the AOC had prior experience with remote work arrangements. We found instances of official worksites being correctly set or updated to telework locations during the pandemic:

- A few employees had their duty station set to a location different from Washington, D.C., on their initial SF-50 from the start of their employment at the AOC. These duty stations corresponded to those employees’ worksites on their telework agreements, signifying the employees were not under a temporary telework arrangement due to the public health emergency. One of those employees with a non-D.C. duty station was hired after the start of the pandemic but for a short-term appointment.
- One AOC employee began their employment with an SF-50 dictating Washington, D.C., as their duty station but later received an SF-50 that corrected their duty station to their remote location before the end of the public health emergency. As of 2022, the telework program allowed for permanent remote telework arrangements as well as temporary telework arrangements for emergencies.

Figure 2. Request for Remote Work Outside of the National Capitol Region (NCR) Memorandum

These historical instances identified by the OIG demonstrate that the AOC was familiar with and capable of changing SF-50 duty stations to ensure that employees were paid the correct locality pay.

²¹ AOC Policy 600-1. 2022. Telework Program, p. 18-19.



Report

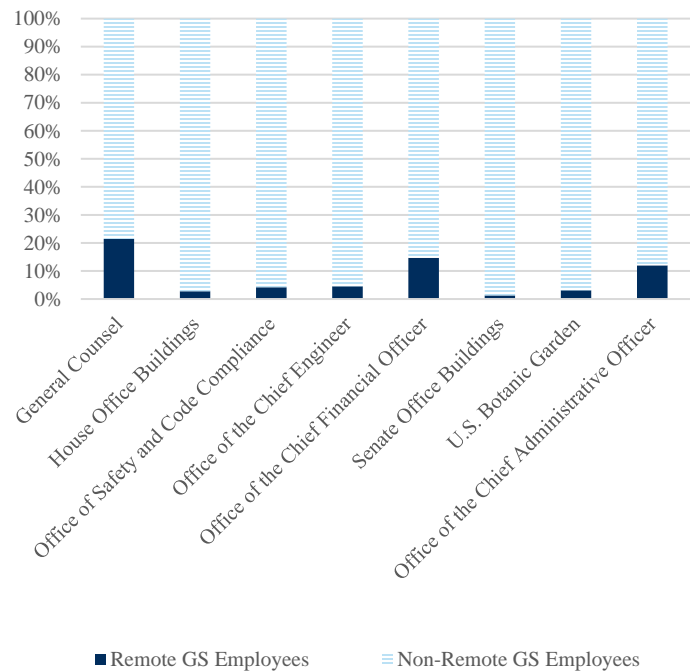
AOC Locality Pay for Remote Employees

Implementation of Policy After the End of the COVID-19 Pandemic (May 2023)

After President Biden signed a resolution to end the public health emergency effective May 11, 2023, the Acting Architect emailed a memorandum directing employees to submit updated telework agreements to their supervisors no later than May 19, 2023, and directing supervisors to submit approved packages to telework coordinators to be sent to the AOC HCMD’s Employee Benefits and Services Branch by early June 2023.

At this time, the HCMD began drafting an updated AOC telework policy that addressed locality pay post-pandemic. Nonetheless, the policy was never finalized or signed and issued by the Architect or the Acting Architect, and the lack of formal guidance continued to create miscommunication and confusion across the various jurisdictions. By August 2023, the OIG received two complaints (2023-0034-INVC-P and 2023-0047-INVC-P) from employees in two different jurisdictions self-reporting that their duty station was not updated with a new SF-50 in their eOPF²² account. Both employees’ telework locations had lower locality pay than the Washington, D.C., area. In one complaint, the employee stated they spent approximately \$1,700.00 of their own funds to travel to Washington, D.C., for official AOC business because their duty station was not updated. An employee’s official duty station, as noted on the SF-50, is used to set locality pay and to determine travel allowances. In light of the complaints, we conducted a review to determine if there were broader policy violations by AOC personnel.

Figure 3. Percentage of Remote GS Employees by Jurisdiction as of August 2023



In August 2023, the OIG requested and received from the HCMD a roster of all known AOC employees working remotely and the approval memorandums or communications pertaining to their remote work. The OIG later requested the same information dating back to January 2020, to cover employees working remotely during and prior to the COVID-19 pandemic. The HCMD ultimately provided the OIG with a list of 25²³ known remote work arrangements with supporting documentation as available.

During and after the pandemic, eight AOC jurisdictions had at least one employee approved for remote telework (Figure 3). No more than 20 percent of each jurisdiction’s GS workforce was comprised of remote employees.

²² eOPF is an online portal containing records, including SF-50 forms, for an individual’s federal employment career. (OPM. n.d. “Personnel Documentation FAQ.” <https://www.opm.gov/frequently-asked-questions/personnel-documentation-faq/>.)

²³ This figure does not include OIG personnel.



Report

AOC Locality Pay for Remote Employees

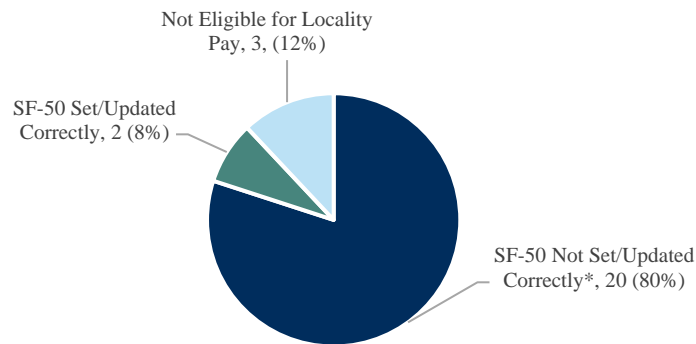
Eligibility for telework is generally determined in part by position responsibilities per AOC policy, so the variation in number of remote employees by jurisdiction was expected.

Methodology

The OIG reviewed all data provided by the AOC and compared the known telework start date and end date²⁴ as well as remote work address²⁵ of each of the remote employees with their SF-50s to examine if the agency updated the official worksite correctly and paid the employee the correct locality pay. Of the 25 remote employees identified by the HCMD (Figure 4):

- Three, or 12 percent, were ineligible to receive locality pay.²⁶
- Two, or eight percent, had their official duty station set to their telework location from the start of their employment at the AOC and were therefore paid the correct locality pay.
- Twenty, or 80 percent, had an incorrect duty station and were therefore paid an incorrect locality pay.

Figure 4. Number of Remote Employees with Incorrect SF-50 Duty Station Between 2020 and 2023



*One employee's SF-50 was originally incorrect but was corrected by August 2023.

For the 20 employees who did not have their official duty station updated to their remote location, we identified the period of discrepancy when the telework location was not reflected on the SF-50 duty station (i.e., an employee was remote and not local but had a Washington, D.C., duty station). This period of discrepancy does not include the COVID-19 pandemic if the employee had a memorandum indicating their locality pay would be

²⁴ We determined known telework start date by the earliest date when remote work was approved for the employee, either on the "Proposed Agreement Period" start date on an approved *AOC Telework Application* or the date on a *Request for Remote Work Outside of the National Capitol Region (NCR)* approval memorandum. We determined the telework end date by the latest date when the employee could have worked remotely, either the effective date of the AOC 600-1 Policy Memorandum, the latest date on the "Proposed Agreement Period" on an approved *AOC Telework Application* or the employee's last day with the AOC, if applicable.

²⁵ We determined remote work address by the "Alternate Worksite Address" as listed on an approved *AOC Telework Application*.

²⁶ One employee was an SR employee and not eligible for locality pay. Two other employees were above a certain step level within GS-15 in a locality pay area where that grade and step resulted in a rate limited to Level IV of the Executive Schedule per Title 5 U.S.C. § 5304 (g)(1) and thus did not create a pay difference based on locality.^{6,9}



Report

AOC Locality Pay for Remote Employees

based on the Washington, D.C., area during the pandemic. We completed the analysis by determining the difference between each employee’s expected and actual locality pay during the period of discrepancy.

Findings

Our review of the data revealed that the AOC overpaid an estimated \$120,658.57 and underpaid an estimated \$5,122.77 in locality pay due to incorrect duty station on employee SF-50s.²⁷ In total, the agency wasted approximately \$115,535.80 in net funds due to inaccurate locality pay for its remote employees. Given the potential for cost avoidance, the OIG considers these \$115,535.80 as questioned costs.²⁸ Of the \$120,658.57 in wasted funds, \$94,311.22 was wasted after the end of the pandemic on May 11, 2023, or a majority of the waste. The remaining \$26,347.40 involved waste during the pandemic for employees without an explicit temporary telework arrangement.

\$120,658.57	\$5,122.77
Total Funds Wasted	Total Funds Saved

\$115,535.80
Net Total Funds Wasted

We identified April 20, 2022, as the start of the locality pay discrepancies, or the earliest date that an AOC employee had a telework agreement indicating they would work outside of the Washington, D.C., area but did not receive a memorandum stating they would be paid Washington, D.C., locality pay until the end of the pandemic. From that date on, the AOC wasted an average of \$203.47 per day and \$74,266.92 per year. The 20 AOC employees identified in our review were not paid the correct locality pay for an average of 17.6 pay periods,²⁹ with an average of \$5,776.79 in overpaid locality pay per employee.

\$203.47
Wasted per Day on
Average Due to
Discrepancy

\$5,776.79
Wasted per Employee on
Average Due to
Discrepancy

17.6
Pay Periods on Average
with Locality Pay
Discrepancy

²⁷ We calculated these figures under the assumption of a standard 80-hour pay period with pay at the employee’s grade and step as reported on their SF-50s without including overtime, leave without pay or payroll deductions, such as federal and state taxes.

²⁸ As referenced through Title 2 U.S.C. § 1808, Inspector General of the Architect of the Capitol, section (d)(1), Inspector General Act of 1978, as amended, Title 5 U.S.C. app. 5(f)(1), Semiannual reports; ... definitions, the term “questioned cost” means a cost that is questioned by the Office because of—

(A) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

(B) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or

(C) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable;

²⁹ We calculated these figures using a federal biweekly pay period, which is two calendar weeks, for a total of 26 pay periods per calendar year.



Report

AOC Locality Pay for Remote Employees

Whether funds were wasted or saved depended on the locality pay for the employee’s remote worksite as determined by the OPM. The AOC abides by OPM guidance for locality pay setting. The Washington-Baltimore-Arlington, DC-MD-VA-WV-PA pay area is one of the highest locality pay areas in the United States at 32.49 percent as of 2023.³⁰ As a result, the AOC would have saved on personnel costs for the majority of its remote employees had the agency paid them based on their bona fide worksite. Since only eight locality pay areas are set higher than the Washington, D.C., area, remote work arrangements typically result in cost savings to those federal government agencies.³¹ Locality pay in areas like Rest of U.S. and Virginia Beach-Norfolk, VA-NC have nearly 50 percent less than in the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA pay area (Figure 5).

Figure 5. Cost Difference in Locality Pay Compared to the Washington, D.C., Area for AOC Telework Agreements Between 2020 and 2023

Locality Pay Area Per Telework Agreement	Locality Pay Percentage in 2023 Per Telework Agreement	Cost Difference in Locality Pay Compared to Washington, D.C., Area (32.49%)
Rest of U.S.	16.50%	-49.22%
Virginia Beach-Norfolk, VA-NC	17.94%	-44.78%
Harrisburg-Lebanon, PA	18.59%	-42.78%
Las Vegas-Henderson, NV-AZ	18.76%	-42.26%
Hawaii	21.17%	-34.84%
Miami-Fort Lauderdale-Port St. Lucie, FL	24.14%	-25.70%
Detroit-Warren-Ann Arbor, MI	28.37%	-12.68%
Boston-Worcester-Providence, MA-RI-NH-ME	31.05%	-4.43%
Houston-The Woodlands, TX	34.47%	6.09%
New York-Newark, NY-NJ-CT-PA	36.16%	11.30%

³⁰ OPM. 2023. *Salary Table 2023-DCB*. <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/DCB.pdf>.

³¹ We determined this figure based on 2023 locality pay tables.⁶



Report

AOC Locality Pay for Remote Employees

Funds wasted or saved from locality pay differences are based on each employee’s remote worksite and GS pay grade, so funds wasted or saved varied across jurisdictions (Figure 6). Eight AOC jurisdictions had remote employees with locality pay discrepancies. Of those, two had at least one employee in a remote work area with higher locality pay than the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA pay area, resulting in the AOC saving funds to which those employees were entitled.

Our review of the number of known remote employees over time revealed an influx of remote employees with locality pay discrepancies after the end of the COVID-19 pandemic in pay period 2023-11 (May 11, 2023) (Figure 7). This increase is driven by two groups of AOC employees whose SF-50s were not updated with their remote work location: those with a *Request for Remote Work* memorandum during the pandemic and those without a memorandum or telework agreement until after the end of the pandemic.

Figure 6. Percentage of Remote GS Employees by Jurisdiction as of August 2023

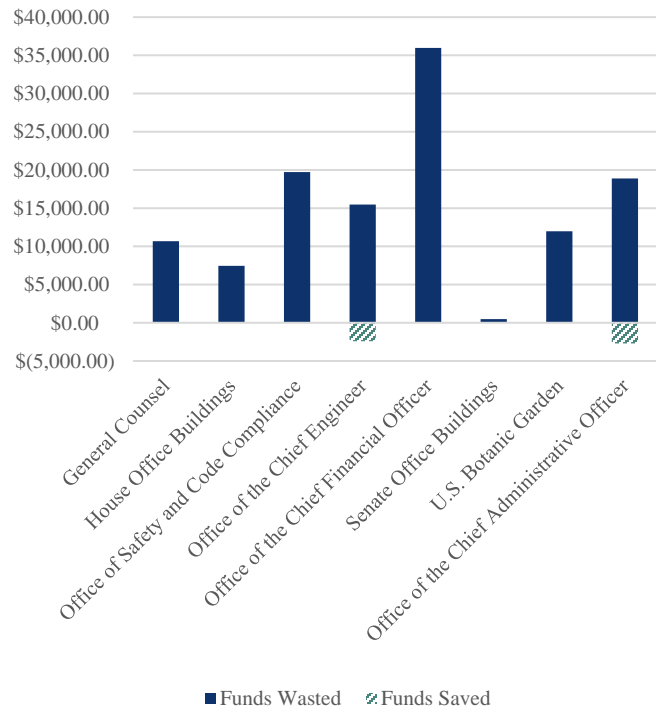
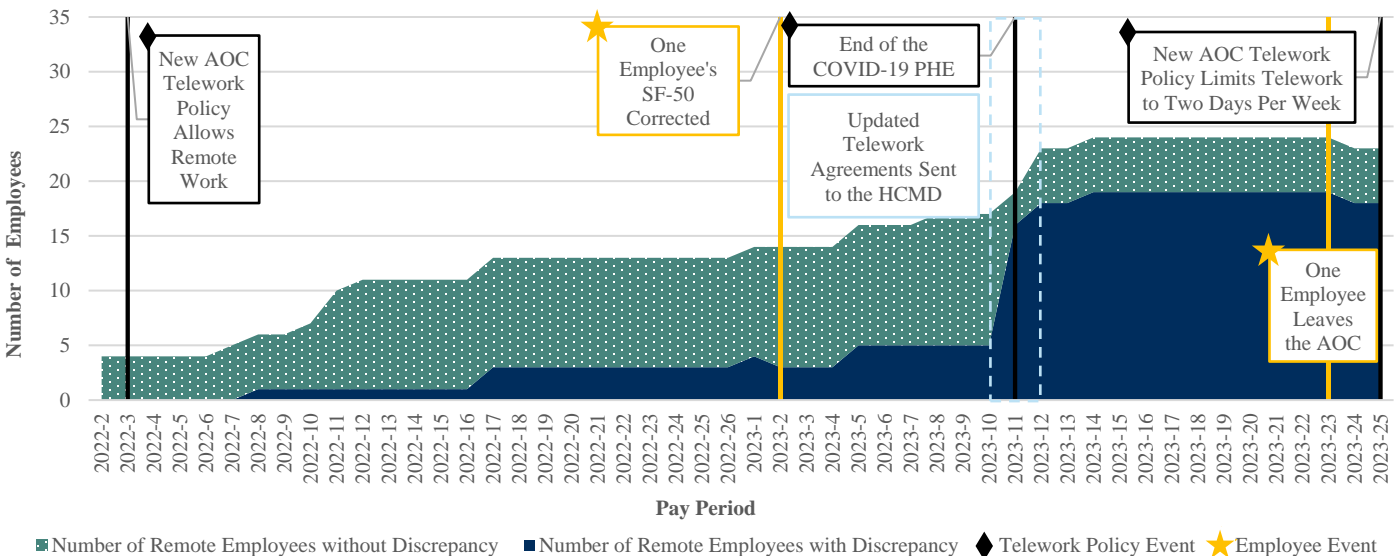


Figure 7. Remote Employees with Locality Pay Discrepancy Over Time by Pay Period





Report

AOC Locality Pay for Remote Employees

Employees who received a *Request for Remote Work* memorandum stating they would receive Washington, D.C., locality pay until the end of the pandemic were only paid incorrect locality pay after the end of the pandemic. The AOC should have updated their SF-50s at the end of the pandemic but did not. As of pay period 2022-3 (February 7, 2022), the agency's telework policy permitted temporary telework arrangements during extenuating circumstances, such as public health emergencies.

In contrast, employees who did not receive a *Request for Remote Work* memorandum and were approved for remote work after the end of the COVID-19 pandemic had a locality pay discrepancy from the start of the processing of their telework agreements. Many telework agreements were processed in pay period 2023-12 (June 5, 2023), or the deadline to submit updated telework agreements after the pandemic. The telework agreements specified that the agreement was for fully remote (as opposed to hybrid) telework, but the AOC did not update the corresponding SF-50s for remote employees in this group.

Employees with telework agreements on file with the HCMD that started during the pandemic had a locality pay discrepancy during and after the pandemic and did not contribute to the influx of employees with locality pay discrepancies after the pandemic but did affect the overall number of employees paid incorrect locality pay during this time.

Policy Update (December 2023)

In November 2023, the former Acting Architect issued a memorandum revising AOC Policy 600-1, effective in early December 2023. The memorandum limited employees to a maximum of two regular telework days per week with approval. Under this policy, only employees seeking reasonable accommodation or in select positions were eligible for more than two regular telework days per week, with supervisory and C-Suite executive approval:

- Contract Specialist/Procurement Analyst
- Information Technology Specialist
- Data Officer/Data Analyst

In the same month the policy was made known to all AOC staff, the OIG received another hotline complaint (2024-0005-INVC-P) alleging that an employee was permitted by their supervisor to work remotely while receiving Washington, D.C., locality pay. The employee's remote work location was in an area with lower locality pay than the Washington, D.C., area. That employee was included in our review.

Conclusion

The AOC's use of remote work and telework helped facilitate a safe work environment during the COVID-19 pandemic. The increased flexibility for telework in the months after the pandemic intended to capitalize on the potential benefits of telework. In particular, remote telework (where employees work at an alternative worksite on a regular basis rather than at their position's official worksite) can create cost savings in lower locality pay added on top of an employee's base pay. When an agency updates a remote employee's worksite or duty station to their telework location on their SF-50, the agency pays the locality adjustment for the telework location



Report

AOC Locality Pay for Remote Employees

rather than the Washington, D.C., area locality pay — the latter of which is higher than most areas of the United States by up to 50 percent.

In the wake of the shift to maximum telework in 2020, the AOC, alongside other federal agencies, encouraged social distancing by asking its eligible GS employees to work remotely. In 2022, the AOC updated its telework policy, formalizing temporary telework arrangements during public health emergencies. The policy change allowed employees to be paid Washington, D.C., area locality pay during the pandemic with the expectation that they would report to the AOC campus in the nation's capital when the COVID-19 national emergency ended, in line with OPM telework guidance.

Balancing differing pressures to compete with the private sector for talented employees and to correctly implement telework to ensure intended cost savings and continued productivity,³² federal agencies must use telework programs responsibly. Limiting remote work and telework is an internal policy decision that can have positive and negative effects on the agency. While there are benefits to having employees onsite, there are also benefits to having a robust remote work or telework program, including employee productivity and improved recruitment and retention.^{19,33} Nonetheless, as seen in the months after the pandemic, even a program of only 25 remote employees in an agency can result in significant waste if not administered properly.

The implementation of these temporary telework arrangements compared to permanent remote ones was inconsistent across and within AOC jurisdictions. A few employees' locality pay reflected their telework location, though most remained on Washington, D.C., area locality pay during and after the pandemic, receiving an average of \$5,776.79 in additional pay compared to their counterparts. The amount of waste per individual employee differed based on the date each employee requested and was approved to telework by the AOC. Locality pay area also affected travel, and may have affected obtaining meaningful training, evident in how one employee reported that they spent their own funds to travel to Washington, D.C., for official AOC business because their duty station was not updated. AOC policy and OPM guidance dictated that most of these employees be switched to the locality pay area in which they are actually working after the COVID-19 national emergency ended. In total, the AOC wasted a net \$115,535.80 from April 2022 to December 2023, due to duty stations that continued to state the Washington, D.C., pay area on remote employees' SF-50s. Even the nine out of 20, or 45 percent, of locality-pay eligible employees who had specific memoranda stating their locality pay would be changed after the pandemic did not have their locality pay adjusted correctly. When the OIG provided

³² Egan, E. 2023. *The Future of Work in Federal Government Requires Telework*. <https://www2.itif.org/2023-future-fed-govt-telework.pdf>.

³³ Per AOC Policy, the purpose of the telework program was to:

- 1.1. Complement AOC continuity of operation plans during adverse weather or emergency incidents
- 1.2. Improve recruitment and retention of high-quality employees as an employer of choice
- 1.3. Reduce office space requirements, parking requirements and transportation costs [...]
- 1.4. Assist eligible employees in managing work/life issues that may adversely impact employees' effectiveness
- 1.5. Supplement efforts to employ and accommodate people with disabilities
- 1.6. Reduce traffic congestion and decrease energy consumption and polluting emissions
- 1.7. Allow employees uninterrupted time to complete duties that are not regular and recurring in nature [...]
- 1.8. Allow employees to work while recovering from temporary medical conditions

(AOC Policy 600-1. 2022. Telework Program, p. 3.)



Report

AOC Locality Pay for Remote Employees

the AOC an opportunity for technical comments on this report, the agency commented that they were already working to correct these deficiencies in waste and locality pay setting.

As of the date of this report, the OIG continues to receive complaints noting confusion and lacking transparency regarding the AOC's posture on remote work, and the setting and processing of locality pay. Without a robust and comprehensive policy, the AOC risks the continued waste of government funds when SF-50s are not changed.