

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

596th FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, July 17, 2014

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE :****Members/Alternates :**Management Members:Mark Allen, OPM
Seth Shulman, DoD
David Pedersen, Navy
Gary Buck, Army
Stephanie Boyd, VA (via phone)Labor Members:Bill Fenaughty, MTD
Jacque Simon, AFGE (via phone)
Candace Archer, AFGE
Adair Gregory, NAGE
Steven Landis, ACT**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Jim Brady, DoD
Becky Chaves, DoD
Karl Fendt, DoD
Lamar Elliott, ACT**Recording Secretaries:**Mike Eicher, OPM
Terri Wallace, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G

CHAIRMAN FRIEDMAN: Good morning, everyone, and welcome to this, our 596th meeting of the Federal Prevailing Rate Advisory Committee. My name is Sheldon Friedman, Chair of the Committee.

We usually start with introductions, but I think I would like to make an announcement about our continuing difficulties with the recording devices. Madeline, can you fill us in on that?

MS. GONZALEZ: Our primary recording device is not working very well. Apparently, it goes in and out. Therefore, we will be relying on the little recorder we have placed on the chair, so please speak loud and clear. Are there any questions?

[No audible response.]

CHAIRMAN FRIEDMAN: Okay. So I take it everybody heard that, and I believe our DoD folks will be here fairly soon.

So, let's begin with introductions. Why don't we start with you today, Bill?

MR. FENAUGHTY: Bill Fenaughty, Metal Trades and NFFE.

MS. ARCHER: Candace Archer, AFGE.

MR. GREGORY: Adair Gregory, NAGE.

MR. LANDIS: Steven Landis, Association of Civilian Technicians.

MR. ALLEN: Mark Allen with OPM.

MR. PEDERSEN: David Pedersen, Navy.

MR. BUCK: Gary Buck, Army.

CHAIRMAN FRIEDMAN: I think we have two Committee representatives on the phone. Could you introduce yourselves, please?

MS. BOYD: Stephanie Boyd, VA.

MS. SIMON: Jacque Simon, AFGE.

CHAIRMAN FRIEDMAN: Okay. So welcome, everyone.

I do have one brief announcement, which is that at the last meeting, I had raised the question of whether the latest Portland wage survey had Labor participation, given that the host activity is no longer a viable activity, and I was informed that in fact there was some Labor participation. I just thought I would let people know that.

That brings up the review of the transcript of our last month's meeting. Does anyone have changes beyond those we have already heard from you about?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any objection to

adopting the transcript of our last meeting?

[No audible response.]

CHAIRMAN FRIEDMAN: Hearing no objection, the transcript is adopted.

I think I forgot to ask the people in the room, other than the members, to introduce themselves, so why don't I correct that oversight?

MS. ROBERTS: Brenda Roberts, OPM, Designated Federal Officer.

MR. BRADY: Jim Brady, DoD.

MS. CHAVES: Becky Chaves, DoD.

MR. FENDT: Karl Fendt, DoD.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez, OPM.

MS. WALLACE: Terri Wallace, OPM.

MR. ELLIOTT: Lamar Elliott. I am with the Association of Civilian Technicians.

CHAIRMAN FRIEDMAN: Thank you all.

So that brings up Old Business. Is there anything on items (a) through (d) of Old Business that people would like to discuss this morning?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, we can move on to item (e). Nothing on (a) through (d) this morning?

MR. FENAUGHTY: Well, where are we at with some of these things? These items are getting pretty old.

CHAIRMAN FRIEDMAN: They are, yes.

Well, any specific item you want to ask about right now, Bill?

MR. FENAUGHTY: How about (a) through (d)?

[Laughter.]

CHAIRMAN FRIEDMAN: Well, here's what I know, and people can supplement that information.

The Review of Lee County, Virginia, there's just not consensus on this item, and we haven't actually put it to a vote. That's (a).

Same for (b) and (d).

(c) is essentially that large issue that we wrestled with back in 2010 and 2011, but dealing only with Monroe County, Pennsylvania. That's the one on which the Director has been forwarded a recommendation from FPRAC, but it has not been implemented, and is, I guess, still being studied. We had some discussion at last month's meeting about it.

So that's what I know about (a) through (d). Anybody

else want to add to that? We have to deal with these items, of course, but there's nothing --

MR. FENAUGHTY: I'm sorry, Sheldon. Did you say (a), (b), and (c), we just don't have any consensus?

CHAIRMAN FRIEDMAN: (a), (b), and (d).

MR. FENAUGHTY: (a), (b), and (d). Okay.

CHAIRMAN FRIEDMAN: So that brings up (e), which is what to do about the Portland, Maine, wage area, and we also now have a Labor proposal under New Business for that under 596-AFGE-1. What I suggest is we combine all of that into one discussion.

So, if you'd like, I can summarize, briefly, the two proposals. The Portland wage area has diminished greatly in employment. The host activity, I believe, has been closed or is in the process of closing down. It's no longer viable as a wage area; therefore, as has happened occasionally in the past, it falls to FPRAC to make a recommendation about how to abolish and redefine the counties of that wage area.

The Management proposal is to redefine the abolished Portland, Maine, wage area counties into two separate wage areas. The Portland-South Portland, Maine, MSA counties would be moved to the Portsmouth wage area, which already includes one

of the counties of that MSA in its wage area definition. The remaining four counties would be defined to the Augusta, Maine, wage area. In addition, all current survey counties would remain survey counties in their new wage areas.

That is the Management proposal which Labor has indicated is not acceptable to them, and the AFGE proposal, which you have before you, is to move all of the counties of the abolished Portland wage area into the Portsmouth wage area while keeping the three current Portland survey counties as survey counties in the Portsmouth wage area.

And those are the proposals that we have before us. We have collected a fair amount of data and done a fair amount of analysis of this issue. There are certainly arguments that can be made on both sides of the table. We've looked at precedents from the 1990s, which was the last time wage areas were abolished.

On the Appropriated Fund side, there were three wage areas, all of which were moved as a group to another wage area. However, before the 1990s, there were occasions when abolished wage areas were split between different wage areas, and we have a big chart showing the history of that.

We had discussion in the working group about whether

FPRAC needed to have some sort of rule or not, about whether we always move abolished wage areas with all of the counties together in a cluster into a new wage area or retain flexibility on a case-by-case basis to either move them all together in a cluster or to split them up between different wage areas. And basically, what was recommended back to FPRAC from the working group is that we should retain flexibility about that.

We can look at rationales. Both parties have included rationales with their proposals. I'm hoping that there is a method of resolving this -- I don't know if there is any basis for a consensus on this. I would certainly entertain any ideas that people have for that.

MR. ALLEN: Mr. Chairman, I think we're just down to an honest difference of opinion about how the wage area should be redefined once it is abolished, with the Management proposal continuing to recommend that individual counties be measured based on distance and the other regulatory criteria and the Labor proposal doing what is not precedent setting. It's something that's been done repeatedly in the past, which is just to abolish a wage area and move every county to the nearest neighboring wage area. But I don't think we have consensus on this proposal.

CHAIRMAN FRIEDMAN: Okay. Is there any more discussion? I guess we need a motion.

MR. ALLEN: Yes.

I would also note that we are lacking participation by the Department of Defense, which means we only have four members on the Management side, and --

MS. GONZALEZ: Stephanie is in attendance via phone, and Seth is on his way.

CHAIRMAN FRIEDMAN: Oh, okay. Good timing.

MR. SHULMAN: Apologies for the late arrival.

CHAIRMAN FRIEDMAN: Why don't you please introduce yourself, Seth, for the recorder -- loudly because we're having recording issues.

MR. SHULMAN: Seth Shulman, Department of Defense.

CHAIRMAN FRIEDMAN: Thank you.

All right. So regarding Portland, do we need a motion? Any thoughts on how to handle that?

MR. ALLEN: Could I just bring Seth up to speed on this?

CHAIRMAN FRIEDMAN: Sure.

MR. ALLEN: Management's proposal is to recommend the *Alternate Analysis of the Portland, Maine, FWS Wage Area*, under

593-MGT-2, and we just have an honest difference of opinion with Labor about how the counties of the abolished Portland wage area should be redefined. So I think we're waiting now for a motion to be made either by Management or Labor.

CHAIRMAN FRIEDMAN: Either side can make a motion to adopt their proposal, and we would vote first on that proposal. So whichever proposal carries first, if it does, it becomes the proposal we recommend to OPM's Director. Do I hear a motion by Management or Labor?

MR. SHULMAN: Well, we certainly make a motion to adopt our proposal.

MR. FENAUGHTY: We certainly make a motion to adopt our proposal. It's outlined in this AFGE document.

CHAIRMAN FRIEDMAN: Okay. Management got to it first.

[Laughter.]

CHAIRMAN FRIEDMAN: I don't know a lot about Robert's Rules of Order, but I think you can only have one motion on the floor at a time.

MR. FENAUGHTY: It depends on who went last, so they went last. So ours is really the one that goes next.

I'm just making this up.

CHAIRMAN FRIEDMAN: Okay.

[Laughter.]

CHAIRMAN FRIEDMAN: I think you probably actually know Robert's Rules of Order.

MR. ALLEN: The way we've done this before is we would have the main motion under consideration, and then there could be a substitute motion. I believe that's what we called it in the past.

CHAIRMAN FRIEDMAN: First, we need a second to Seth's motion.

MR. ALLEN: I second Seth's motion.

CHAIRMAN FRIEDMAN: All right. And then a substitute motion can be offered; is that correct?

MR. ALLEN: Yes.

CHAIRMAN FRIEDMAN: Is somebody doing that?

MR. FENAUGHTY: I'd like to offer a substitute motion. Labor's motion is outlined in the AFGE letter.

CHAIRMAN FRIEDMAN: Okay. The substitute motion needs a second.

MR. GREGORY: Second.

CHAIRMAN FRIEDMAN: It's been seconded.

So now we move to the discussion of the motion and substitute motion. Who would like to kick it off? Is there any

discussion?

MR. LANDIS: I would just like to bring up a point that the difference -- I mean, obviously, the two viewpoints have precedent in the past, either way, but I think that Management's proposal is going to harm a decent number of Federal employees; whereas, the Labor proposal will take care of those people and really not be that big of a deal as far as, you know, the Management side of things is concerned. So that's all I have to say.

CHAIRMAN FRIEDMAN: Any other --

MR. FENAUGHTY: Well, in the past there have been times when we've abolished a particular wage area and moved all of the affected counties together into another wage area. But we've also moved counties the way Management is proposing. But, I'm in favor of moving all of the counties together to one wage area -- we are, I should say.

CHAIRMAN FRIEDMAN: Any other discussion?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, I think I get to call the question, if I want to, right? So I'll do that. We'll vote first on the substitute motion. Does that sound right to anybody who knows Robert's Rules of Order?

MS. GONZALEZ: I think that's correct.

CHAIRMAN FRIEDMAN: All right. So, Madeline, would you conduct the vote, please?

MS. GONZALEZ: I will call every organization, and please vote yes or no.

CHAIRMAN FRIEDMAN: And just to be clear, I guess I should state that we're voting on Labor's substitute motion, which would be to move all of the counties of the abolished Portland wage area into the current Portsmouth wage area and to retain as survey counties all of the current Portland wage area survey counties.

MS. GONZALEZ: Okay. I'm going to start with the Management side. OPM?

MR. ALLEN: OPM votes no.

MS. GONZALEZ: DoD?

MR. SHULMAN: DoD votes no.

MS. GONZALEZ: Navy?

MR. PEDERSEN: Navy votes no.

MS. GONZALEZ: Army?

MR. BUCK: Votes no.

MS. GONZALEZ: VA?

MS. BOYD: VA votes no.

MS. GONZALEZ: On the Labor side, Metal Trades?

MR. FENAUGHTY: Yes.

MS. GONZALEZ: AFGE. Candace?

MS. ARCHER: Yes.

MS. GONZALEZ: AFGE. Jacque?

MS. SIMON: Yes.

MS. GONZALEZ: NAGE?

MR. GREGORY: Yes.

MS. GONZALEZ: ACT?

MR. LANDIS: Yes.

MS. GONZALEZ: Mr. Chairman, it is a tie, 5 to 5.

CHAIRMAN FRIEDMAN: The Chair votes yes. I find it compelling, the fact that our current regulations require us to keep the MSAs together. That automatically moves the Portland MSA counties into Portsmouth, and having done that, I don't see any reason not to move the whole thing to Portsmouth, given that that's a fairly common practice. When you abolish wage areas, it seems to be the typical practice. So, therefore, I vote yes.

And so we have adopted the substitute motion. So thank you.

That brings up another New Business item, unless there's anything else in Old Business that people want to

discuss.

[No audible response.]

CHAIRMAN FRIEDMAN: The other New Business item relates to the President's executive order applying a \$10.10 minimum wage to employees of Federal contractors. The proposal submitted by AFGE is that we recommend to the Director that this same minimum be applied to FWS employees.

By way of background, people may remember, we looked at data on this that showed very, very few folks on the Appropriated Fund side that make less than \$10.10. I believe it's about 262 employees. I think they are located mostly in Puerto Rico.

But on the Non-Appropriated Fund side, there were quite a large number of employees making less than \$10.10, although the exact number is not known because employment breakdowns aren't available by step within pay grade. The upper bound is 21,747. The actual number is quite a bit less than that. Half? I don't know. Who knows? Pick a number. We don't actually know, but it is fairly large.

Of course, everybody knows about the executive order that was issued in January, applicable to the Federal contractor employees. We have had quite a bit of discussion in the working

group but no consensus there. So we now have a proposal before us here at FPRAC.

Is there any further information that people want to share on this topic? Any discussion?

MR. ALLEN: Yes, Mr. Chairman.

There was a fair amount of discussion about this subject in the working group. I think there are some things that should be repeated in the full Committee, just to bring everybody up to speed on where I think the administration currently is.

The President did issue an executive order directing the Department of Labor to issue regulations requiring that any new Federal contract starting after January 2015 have a minimum wage provision of \$10.10 an hour in it. The Department of Labor has issued proposed regulations, which are available for public comment. They have not yet issued the final regulations to implement the President's directive.

That's about all I know about what's going on with the contractor provision that's mentioned in Labor document, 596-AFGE-1.

CHAIRMAN FRIEDMAN: Any other discussion of this?

[No audible response.]

CHAIRMAN FRIEDMAN: Is there consensus to adopt the AFGE proposal?

MR. SHULMAN: No, there is not.

CHAIRMAN FRIEDMAN: There's not. So there is no consensus.

MR. PEDERSEN: If I may, Mr. Chairman?

CHAIRMAN FRIEDMAN: Sure.

MR. PEDERSEN: From the Navy perspective, just the impact that this would have cost-wise would be almost intolerable, and considering that the rate is already settled on the prevailing rate, we do not see a need to change or address that.

If a local, State, or municipality implements a new minimum wage, we'll match that minimum wage in accordance with the DoD wage survey, but just arbitrarily setting a wage for the employees that isn't based on a true need, it's kind of a nonstarter.

MR. SHULMAN: We've had discussion in this room before about the need for a business case for such increases, and the mere fact that an increase has been authorized for a group of people does not automatically translate to the need to increase rates of pay for Federal employees who have shown no inclination

or interest in departing for private sector positions that may or may not be a higher wage.

And as Mr. Pedersen said, the costs, not just to the Department of the Navy, but to the Government at large will be significant, and the likelihood is that, particularly for non-appropriated fund instrumentalities, when such organizations can no longer remain cost effective, they inevitably have to take steps to reduce payroll. So there are always considerations of that nature that have to be talked about prior to rushing headlong to implement such a recommendation.

There can certainly be financial analysis with regard to the impact to both the Department of Defense and other employers of Non-Appropriated Fund employees who, as you pointed out, are the primary audience of such an increase, and prior to making any decision, we strongly recommend that such analyses be performed as well as a business impact statement from organizations that would obviously feel the pinch.

CHAIRMAN FRIEDMAN: Just procedurally, we here at FPRAC lack the resources to do that analysis. We're here to make recommendations to the Director, who would have those resources. So, presumably, before anything like this went forward, that sort of analysis would occur, but it's not

something we can do here, as far as I know.

MR. SHULMAN: It is something that, as a primary employer of the Non-Appropriated Fund employees, the Department of Defense probably could do. I cannot tell you how long it would take us, but I can tell you that we could probably figure out the dollars and cents of it for at least the Department, if not everyone.

CHAIRMAN FRIEDMAN: Also, just for clarification, since it is primarily something that would affect Non-Appropriated Fund employees, you are not talking, I assume, about a direct budgetary impact to the Federal Government, or are you?

MR. SHULMAN: There is a direct budgetary impact to the organizations that employ the Non-Appropriated Fund employees. The nature of non-appropriated funds is such that the fees for services and goods provided pay the salaries of employees.

CHAIRMAN FRIEDMAN: Right.

MR. SHULMAN: For those organizations to remain competitive with other service providers, they, by necessity, have to keep their costs low. The second that the costs go up and they lose their competitive edge, that's the minute that

they cease to be a viable option for the primary customers who, ultimately for us at least, are our servicemen and -women. So if the servicemen and -women are forced to pay more for goods and services, they don't have to use organizations that employ Non-Appropriated Fund employees. When that happens, there are rules in economics. I think we're all familiar with them.

All I'm saying is that before a decision is even arrived at or we discuss this further, we should have some modeling done to know what the impact is going to be. You know, it looks like it might be very small, but when you take a look at what the impact is in the aggregate and over the course of time -- and Congress is already looking at the way commissaries and exchanges operate -- we have to be careful about making a decision like this without further analysis and study.

CHAIRMAN FRIEDMAN: Right.

MR. BUCK: We are also talking about rec centers, golf courses --

MR. SHULMAN: Exactly.

MR. BUCK: -- those facilities that military members use.

MR. SHULMAN: Correct.

CHAIRMAN FRIEDMAN: Anything on the Labor side on this

issue?

MR. FENAUGHTY: There is always a business case to be made for why not to help the people at the lowest end of the rung, and quite honestly, that is all I ever hear from most politicians, the business case. No offense to you, Seth, but that's--

MR. SHULMAN: I'm not a politician.

[Laughter.]

MR. FENAUGHTY: What about those people? We've got to do something for those people, obviously. The President wants to do something. It would make a lot of sense to me if we all did. I know we all do on this side.

MR. ALLEN: I believe as the President and some Members in Congress have said, the cleanest way to do this, to increase the wages for all employees to \$10.10, is for Congress to pass legislation to increase the Federal minimum wage level.

But as David was saying, under the Federal Wage System, we currently do have a regulation that requires wage schedules to be constructed using any relevant local or State minimum wage law.

So it is true that in at least some wage areas, the minimum wage rate -- correct me if I'm wrong, Jim. In some wage

areas, it is already above \$10.10 an hour. Is that correct?

MR. BRADY: I guess it will be in the future, but currently, not to our knowledge.

MR. ALLEN: Okay.

MR. BRADY: But in the future, there are certainly State or local legislative initiatives that suggest it will be.

MR. ALLEN: Yes. I have heard of some areas raising their minimum wage rates in the news, but they tend to have a staggered implementation timetable. I believe this has happened in Seattle, Washington, and in the State of Maryland, but these areas don't just go to the maximum rate starting in January 2015. They phase it in over some time to allow for employers to adjust to such a big increase in what's being proposed as the new State or local minimum wage rate.

CHAIRMAN FRIEDMAN: Any other discussion?

MR. SHULMAN: I would just make the observation that the mere fact that I suggest the business case be studied and applied does not mean that we're dead set against the idea. I just believe that we should be fully informed about what the impacts will be. The fact something may cost us more is not enough of a reason to say, "No, we shouldn't do it." There are always impacts, though, and we do need to be familiar with what

those impacts are before we make the decision. That's all I'm saying. I just hope that that's clear for everyone who is present.

CHAIRMAN FRIEDMAN: Well, in view of the reservations expressed by the Management side, is there a way of rephrasing the AFGE proposal where we could still go forward by consensus, get across the basic idea of the increase, and yet address some of the concerns about the analysis that you say are lacking? Is there any room for consensus to be found around that or not?

The thing that I worry about is in part, as I mentioned, we lack the resources here at FPRAC to do the sort of analysis you are saying is needed, and so I don't think it is fair to the Labor side to be in a circular situation where they have a proposal, Management says it requires analysis, but there is no way to get the analysis done if Labor has no way to do the analysis, and then that becomes the end of the proposal. See what I'm saying?

So is there a way of rephrasing the proposal that would make it a consensus proposal that would address the analysis you think is needed but also get across Labor's point about the need for this increase?

MR. SHULMAN: I truly don't see how. I have no

problem tabling it, making a motion that we table it while we undertake some study. It would not be the first time that a study was done on a proposal before voting on it.

Again, the proposal itself might have some merit, but not knowing what the impacts are, it's difficult to say from my perspective, representing the Department, that we should be in a position to reach consensus and say, "Yes, the Director should consider it," without knowing what those impacts are.

But I have no problem tabling it until we have a better idea, and then we can all make a more fully informed recommendation. That's what this is all about, ultimately, making an informed recommendation to the Director.

MR. ALLEN: I should also reiterate that that \$10.10-an-hour minimum wage rate for contractors is not currently applied to any type of Federal contractors under the Department of Labor's regulation. They are in the process of implementing regulations for January 2015 -- and then only for new contractors.

So I don't think -- it doesn't make sense to me to get ahead of what the Department of Labor is doing for Federal contract compliance if we were to put potential Federal employees at an even more advantageous position.

CHAIRMAN FRIEDMAN: Well, does anybody want to say anything on this side here? Do you have a question?

MR. GREGORY: Is the concern over the timing if this were to be implemented? No? That's not what you're saying?

MR. SHULMAN: That is a concern --

MR. GREGORY: Okay.

MR. SHULMAN: -- as is the fact that we have regulations that require us to pay prevailing rates based on what the rates are currently being paid in FWS wage areas, and again, what the impacts could be for all affected employees and organizations that employ them.

There are several concerns. So, like other proposals that we have faced at this table, we tend to do analysis before we go ahead and try to reach consensus on something.

MR. ALLEN: There is also the question about the legal mechanism that an OPM Director could use to adjust wage rates outside of the appropriations law process that we follow every year. The open question that I don't think has been answered by anybody, is what legal authority we actually have to recommend that Director Archuleta do something to adjust the minimum wage rate for certain groups of Federal employees, where the Director and even the President does not have an alternative plan

authority to provide for annual pay adjustments different than what Congress authorizes each year.

CHAIRMAN FRIEDMAN: Steve?

MR. LANDIS: I think that is actually something that we have been requesting now for the last several meetings, and some on the Management side have opposed that, just requesting that the Director research whether or not if the legal aspect of that is a possibility.

MR. SHULMAN: I wasn't here.

CHAIRMAN FRIEDMAN: Yes. I think you are referring to the working group discussion.

MR. LANDIS: Yes.

CHAIRMAN FRIEDMAN: Yes.

So I guess I will restate my question to the Management side. So, in addition to the business case analysis, Mark, you raised the point that the Department of Labor proposed regulation has sort of a phased implementation plan, and also you raised the question about asking if the Director of OPM has the legal authority to implement the AFGE proposal.

So I would ask, is there a way of rewording Labor's proposal that would address those concerns, so that we might go forward on a consensus basis?

MR. ALLEN: Mr. Chairman, the Management members would like to take a brief caucus to discuss where we're at right now.

CHAIRMAN FRIEDMAN: Okay. I believe we have the Small Pendleton Room available for caucuses.

So we are briefly in recess for however long it may take.

[Management members go in caucus off the record.]

CHAIRMAN FRIEDMAN: We are back in session.
Management is back from its caucus.

Is there anything that Management would like to report?

MR. ALLEN: Yes. Mr. Chairman, we would like to suggest as an alternative to the Labor proposal approach a two-pronged approach to tackling this issue.

The first prong would be for FPRAC to recommend that Director Archuleta seek a legal opinion to assess whether it is even legally permissible for OPM to issue regulations to set a higher minimum wage rate than is currently authorized or set a higher minimum wage rate that's higher than the rate wage schedules would allow.

The second prong would be for the Department of Defense to conduct a cost analysis of the impact and

implementation of increasing the minimum wage rate to \$10.10 an hour.

CHAIRMAN FRIEDMAN: So I understand it -- and maybe the Labor folks have a question about it too -- are you saying both of those conditions would have to be met to move forward, or are they two separate things?

MR. ALLEN: No, they're combined. They would both be happening concurrently. The legal opinion would be requested, as the analysis is conducted.

CHAIRMAN FRIEDMAN: So if there were consensus on this, for example, we could go ahead and recommend to the Director that she ask for the legal opinion; is that correct?

MR. ALLEN: That's correct.

CHAIRMAN FRIEDMAN: Okay.

Any questions or discussion?

MR. LANDIS: It sounds very good to me to start. Do we have some type of an idea of a time requirement for the DoD analysis? I'm not saying it has to be done by the next meeting, but is it going to be completed next year? In ten years?

MR. SHULMAN: No. I mean, we're talking probably, you know, 60 to 90 days. Probably before the end of the fiscal year, I suspect. It really depends on how hard it is to gather

all the information, but remember it is not just DoD we'd be looking at.

MR. LANDIS: Oh, I understand.

MR. SHULMAN: We've got to look at everybody. Ultimately, someone has to analyze all of this, so VA, obviously, also --

MS. ARCHER: I think we need to call a caucus for the Labor members.

CHAIRMAN FRIEDMAN: Sure. Please caucus.

MS. ARCHER: Thank you.

[Labor members go in caucus off the record.]

CHAIRMAN FRIEDMAN: Labor has returned from its caucus, and we're back in session.

Is there anything the Labor folks would like to report on from their caucus?

MS. ARCHER: Jacque, are you with us?

MS. SIMON: Yes, I'm on.

MS. ARCHER: Okay. Would we like to report anything back from Labor from the caucus, or do we just want to move forward?

CHAIRMAN FRIEDMAN: Well, we need some sort of report back from the caucus.

Management has made a proposal for a consensus, and you Labor folks were off having a caucus to discuss it, so --

MR. LANDIS: Okay.

CHAIRMAN FRIEDMAN: -- you need to report --

MR. LANDIS: I don't think we have consensus with the Management proposal. If Management feels like some more research or discussion should be conducted, we could table the issue until the next meeting, or we could call for a vote on the original AFGE proposal.

CHAIRMAN FRIEDMAN: Are you proposing to table it for today?

MR. LANDIS: I think so.

MS. ARCHER: Let's call the question, a motion for a vote on the original proposal.

CHAIRMAN FRIEDMAN: All right, okay. So there is no basis for a consensus with the Management proposal -- or revised proposal.

MS. ARCHER: That's correct.

CHAIRMAN FRIEDMAN: All right. Well, we can vote.

So we are voting on the proposal, as submitted by AFGE. I am reading from 596-AFGE-1. Labor proposes that FPRAC recommend that the \$10.10-per-hour minimum wage that President

Obama has applied to all new Federal contracts by means of his February 2014 executive order -- and the website is given for that -- be applied to all Federal Wage System wage schedules.

MS. GONZALEZ: We do not have a motion. You need to consider a motion.

CHAIRMAN FRIEDMAN: Is there a motion to adopt that proposal?

MS. SIMON: I move that we accept that proposal.

CHAIRMAN FRIEDMAN: Is there a second?

MR. FENAUGHTY: Second.

CHAIRMAN FRIEDMAN: It's been moved and seconded.

Is there any discussion?

MS. ARCHER: I actually think we should get a few things into the record regarding some of the comments that Management made prior to going to caucus.

First of all, there was this assumption that businesses on base would close if there were this issue of raising wages, and, you know, clearly there would be some economic effects of this. But I think that it's appropriate to say that, you know, you largely have a captive market here for a lot of these businesses. It's not easy to, for example, get off base to go to lunch, and that this is probably an overstated

point, at best.

Secondly, one of the things that happened -- and certainly something that was suggested by the administration when it chose to take this action -- is that if we're not subsidizing -- if a living wage doesn't exist for people who are working in these places, then the Government is just going to be paying for it in other ways, either through providing public assistance or other means of providing for these folks.

So, you know, a living wage is something that Labor is always going to support, and while there may be some economic arguments that would certainly suggest this would be more expensive for the employers, we want to at least suggest some of your arguments are not as, you know, bulletproof as you seem to suggest when you were discussing the problems with the \$10.10 wage.

CHAIRMAN FRIEDMAN: Any other discussion?

MR. SHULMAN: Yes. I mean, that's very nice to have my comments mischaracterized, but that's not the first time that's happened in this forum or others, for that matter.

At no point did Management say we made an assumption that this would occur. We did suggest at least studying it to find out what the impacts could be.

So, apparently, Labor has reached a particular perspective on this and has decided that, obviously, there's going to be limited impact. That is a perspective that you are certainly entitled to. It has no grounding in any actual data, so far as I'm aware, because no one, as far as I'm aware, has looked at it yet, but that's okay too. We will have to do analysis, and we will obviously deal with that offline.

I have nothing further to add to the record.

CHAIRMAN FRIEDMAN: Any other discussion?

MS. SIMON: I'd just like to tell everyone that I spoke yesterday with a young woman who is the mother of two. She's a housekeeper at the VA hospital in Seattle, and I told her about this proposal. I told her that we were going to discuss it today at FPRAC, and she told me about her struggles to find a place to live and put food on the table. She has to work two jobs. Again, she has two children. She's a veteran, and it's shameful. She is cleaning the halls and the patient rooms in a VA hospital, taking care of veterans, and by any measure, she is poor. And that shouldn't be the case for an employee of the Federal Government.

And \$10.10 an hour would be an increase for her, and it would be a big difference in her ability to support herself

and her children. And that is the motivation for this proposal, and it's a simple matter of fairness and decency, and that's why we made the proposal.

CHAIRMAN FRIEDMAN: Thank you, Jacque.

Any other discussion of the motion?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, I'll call the question, and we can vote. Labor proposes that FPRAC recommend that the \$10.10-per-hour minimum that President Obama has applied to all new Federal contracts by means of his February 2014 executive order be applied to all Federal Wage System wage schedules.

MS. GONZALEZ: Like before, I will call each organization, and I need to hear you vote yes or no.

I will start with the Labor side this time. Metal trades?

MR. FENAUGHTY: Yes.

MS. GONZALEZ: AFGE. Candace?

MS. ARCHER: Yes.

MS. GONZALEZ: AFGE. Jacque?

MS. SIMON: Yes.

MS. GONZALEZ: NAGE?

MR. GREGORY: Yes.

MS. GONZALEZ: ACT?

MR. LANDIS: Yes.

MS. GONZALEZ: OPM?

MR. ALLEN: No.

MS. GONZALEZ: DoD?

MR. SHULMAN: No.

MS. GONZALEZ: Navy?

MR. PEDERSEN: No.

MS. GONZALEZ: Army?

MR. BUCK: No.

MS. GONZALEZ: VA?

MS. BOYD: No.

MS. GONZALEZ: 5-5. It's a tie.

CHAIRMAN FRIEDMAN: Okay. So I am very sympathetic to Labor's proposal. I agree with it entirely on public policy grounds; however, I am troubled by the fact that only the Management side has offered to come to consensus on making a recommendation to the Director of OPM that she seek a legal opinion about this matter.

Given the fact that that was an offer, I feel I need to abstain this morning, since while it is in my mind a very good idea from a public policy standpoint to implement this

proposal, if we don't know whether the legal authority exists to do it -- and that information could be ascertained by a request from the Director to OPM's General Counsel -- it seems to me it's our obligation to recommend to her that she get that information in order to determine whether it can be done. So I, therefore, abstain. So I guess that means we don't have a decision on this matter this morning. I am happy to revisit it at the next meeting or any subsequent meeting.

Is there any other New Business this morning?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any objection to adjourning?

MR. SHULMAN: No objection.

MR. FENAUGHTY: None here.

CHAIRMAN FRIEDMAN: Hearing no objection, we are adjourned. See everybody in August. Have a good month.

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