

Federal Salary Council

1900 E Street NW.

Washington, DC 20415-8200

December 5, 2015

**MEMORANDUM FOR: THE PRESIDENT'S PAY AGENT
HONORABLE THOMAS PEREZ
HONORABLE SHAUN DONOVAN
HONORABLE BETH COBERT**

**SUBJECT: Level of Comparability Payments for January 2017 and Other
Matters Pertaining to the Locality Pay Program**

As authorized by the Federal Employees Pay Comparability Act of 1990, we present our recommendations for the establishment or modification of pay localities, the coverage of salary surveys conducted by the Bureau of Labor Statistics (BLS) for use in the locality pay program, the process of comparing General Schedule (GS) pay to non-Federal pay, and the level of comparability payments for January 2017.

BLS Surveys and Pay Gap Methodology

The Federal Salary Council reviewed comparisons of GS and non-Federal pay based on data from two BLS surveys, the National Compensation Survey (NCS) and the Occupational Employment Statistics (OES) program. BLS uses NCS data to assess the impact of level of work on occupational wages. BLS applies factors derived from the NCS data to occupational average salaries from OES to estimate occupational wages by level of work in each locality pay area. We call this measurement process the *NCS/OES model*.

The pay gaps (i.e., percentage differences between base GS rates and non-Federal pay for the same levels of work) were calculated using the same general weighting and aggregation methods in use since 1994 and described in annual reports of the President's Pay Agent. The BLS survey data cover establishments of all employment sizes.

Recommended Locality Rates for 2017

Based on Office of Personnel Management (OPM) staff's calculations, in taking a weighted average of the locality pay gaps as of March 2015 using the NCS/OES model, the overall gap between 1) base GS average salaries excluding any add-ons such as GS special rates and existing locality payments and 2) non-Federal average salaries surveyed by BLS in locality pay areas was 61.66 percent. The amount needed to reduce the pay disparity to 5 percent (the target gap) averages 53.96 percent. Taking into account existing locality pay rates averaging 19.82 percent, the overall remaining pay disparity is 34.92 percent. The proposed comparability payments for 2017 for each locality pay area are shown in **Attachment 1**.

These locality rates would be in addition to the increase in GS base rates under 5 U.S.C. 5303(a). This provision calls for increases in basic pay equal to the percentage increase in the Employment Cost Index (ECI), wages and salaries, private industry workers, between September

2014 and September 2015, less half a percentage point. The ECI increased 2.1 percent in September 2015, so the GS base pay increase in 2017 would be 1.6 percent.

Future Deliveries of NCS/OES Data

The geographic definitions for the NCS/OES salary data used in our recommendations for 2017 locality pay rates are based on February 2013 metropolitan areas defined by the Office of Management and Budget (OMB) and, where applicable, areas of application qualifying under criteria approved by the Pay Agent. We ask that BLS continue delivering NCS/OES salary estimates based on those geographic specifications, with OPM staff coordinating with BLS on data deliveries. We no longer have a need for NCS/OES data deliveries using older metropolitan areas or excluding areas of application.

Also, as discussed in more detail below—

- We request that BLS deliver NCS/OES salary estimates for the New Bern-Morehead City, NC, Combined Statistical Area when BLS is able to do so; and
- Because, under the locality pay area definitions applicable in January 2016, 1) the Portland-Lewiston-South Portland, ME, Combined Statistical Area is included in the Boston locality pay area as an area of application and 2) the Sierra Vista-Douglas, AZ, Metropolitan Statistical Area is included in the Tucson locality pay area as an area of application—
 - We no longer need separate NCS/OES salary estimates for the Portland-Lewiston-South Portland, ME, Combined Statistical Area, and
 - We no longer need separate NCS/OES salary estimates for the Sierra Vista-Douglas, AZ, Metropolitan Statistical Area.

We thank BLS for its hard work in producing the NCS/OES salary estimates used in the locality pay program.

New and Discontinued Research Areas

We continue to monitor pay gaps for those areas for which the Pay Agent requested NCS/OES salary estimates in 2012 for “Rest of U.S.” metropolitan areas that had 2,500 or more GS employees. Such “Rest of U.S.” metropolitan areas are called “research areas.”

Last year, the Council requested NCS/OES salary estimates from BLS for 11 additional areas where GS employment had grown to 2,500 or more, i.e. the following OMB-defined metropolitan and micropolitan areas—

- Burlington-South Burlington, VT, Metropolitan Statistical Area;
- Charleston-Huntington-Ashland, WV-OH-KY, Combined Statistical Area;
- Clarksburg, WV, Micropolitan Statistical Area;
- Des Moines-Ames-West Des Moines, IA, Combined Statistical Area;

- Fort Leonard Wood, MO, Micropolitan Statistical Area;
- Gainesville-Lake City, FL, Combined Statistical Area;
- McAllen-Edinburg, TX, Combined Statistical Area;
- New Bern-Morehead City, NC, Combined Statistical Area;
- Sierra Vista-Douglas, AZ, Metropolitan Statistical Area;
- Spokane-Spokane Valley-Coeur d'Alene, WA-ID, Combined Statistical Area; and
- Tulsa-Muskogee-Bartlesville, OK, Combined Statistical Area.

BLS was unable to deliver NCS/OES estimates for the Clarksburg, WV, Micropolitan Statistical Area and the Fort Leonard Wood, MO, Micropolitan Statistical Area. After analyzing NCS/OES salary data for micropolitan areas, BLS determined that reliable salary estimates for micropolitan areas cannot be produced with the NCS/OES model.

BLS also determined that it could not produce reliable NCS/OES estimates for the New Bern-Morehead City, NC, Combined Statistical Area (CSA). Until OMB updated its metropolitan area definitions in February 2013, New Bern was a micropolitan area, and is still defined as such under the current OES sample design. This may change as BLS continues work to complete implementation of use of the February 2013 OMB-defined metropolitan areas in the OES program. Accordingly, above we ask that BLS deliver NCS/OES salary estimates for the New Bern-Morehead City, NC, CSA when BLS is able to do so.

The Sierra Vista-Douglas, AZ, Metropolitan Statistical Area (MSA) is also a former micropolitan area, and as with the New Bern CSA, BLS cannot deliver estimates for the Sierra Vista MSA at this time. However, under the locality pay area definitions that will be applicable in January 2016, the Sierra Vista-Douglas, AZ, MSA, is included in the Tucson locality pay area as an area of application, so the Council no longer needs separate NCS/OES salary estimates for the Sierra Vista-Douglas, AZ, MSA. Similarly, under the locality pay area definitions that will be applicable in January 2016, the Portland-Lewiston-South Portland, ME, CSA is included in the Boston locality pay area as an area of application, so the Council no longer needs separate NCS/OES salary estimates for the Portland, ME, CSA, which BLS has been delivering in recent years. Accordingly, we ask that BLS discontinue delivery of NCS/OES estimates for the Sierra Vista-Douglas, AZ, MSA, and the Portland, ME, CSA.

Recommending Burlington, VT, and Virginia Beach, VA, as New Locality Pay Areas

The 13 new locality pay areas we have recommended thus far from the research areas we have been monitoring had pay gaps, using NCS/OES data, exceeding that for the “Rest of U.S.” locality pay area by 10 percentage points or more, on average, over a 4-year period.

For evaluating research areas to determine whether they should be recommended for establishment as separate locality pay areas, the Council recommends studying pay gaps over the 3-year period 2013-2015 rather than using a 4-year period. Our concerns about volatility in pay

gap measurements have diminished. While we still believe it is best to recommend new locality pay areas only after studying a few years of pay gaps—

- In recent years, NCS/OES pay gaps have shown overall year-to-year stability, and
- Using 3 years of data rather than 4 years of data potentially gives more weight to recent changes in local labor markets and may be a better indicator of how close pay gaps in research areas are to the pay gap for the “Rest of U.S.” locality pay area.

Our recommendation in previous years to use an average over 4 years of NCS/OES data rather than an average over 3 years of NCS/OES data reflected our desire to take a cautious, phased approach to using the NCS/OES model in the locality pay program. The relative year-to-year stability we have observed in recent years in NCS/OES data has given us enough confidence in the NCS/OES salary estimates that we are now recommending use of 3-year averages for the purpose of comparing research areas’ pay gaps to the “Rest of U.S.” pay gap. Pay gaps for “Rest of U.S.” metropolitan areas for the 3-year period 2013-2015 are shown in **Attachment 2**.

Reviewing NCS/OES pay gaps over the 2013-2015 period studied, we find that two additional areas, Burlington, VT, and Virginia Beach, VA, now have pay gaps averaging more than 10 percentage points above the pay gap for the “Rest of U.S.” area over the 3-year period studied. We recommend that the Pay Agent establish Burlington, VT, and Virginia Beach, VA, as separate locality pay areas in 2017. The Council will continue to monitor the pay gaps for other “Rest of U.S.” areas for which BLS has provided salary estimates from the NCS/OES model.

Defining Locality Pay Areas

A brief history of Council recommendations on the establishment of locality pay area boundaries can be found in our January 23, 2014, recommendations on the locality pay program. Those recommendations and other Council materials can be found posted on the OPM website at <http://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/#url=Federal-Salary-Council>.

For this set of Council recommendations, we are focused on the following issues with respect to defining locality pay areas:

- Recommending Burlington, VT, and Virginia Beach, VA, for establishment as new locality pay areas, as discussed above, and
- Evaluating areas in the vicinity of locality pay areas, including—
 - Eliminating the GS employment criterion and adjusting commuting criteria,
 - Evaluation of multi-county micropolitan statistical areas in the vicinity of locality pay areas, and
 - Criteria for evaluating single-county locations adjacent to multiple locality pay areas.

Evaluating Areas in the Vicinity of Locality Pay Areas

Some of our recommendations this year are resubmissions of recommendations for evaluating areas in the vicinity of locality pay areas, which the Pay Agent has not approved. We continue to believe these recommendations are based on sound compensation analysis, and we urge the Pay Agent to reconsider its views on them.

Current Criteria

Our current criteria for adding adjacent Core-Based Statistical Areas (CBSAs) or counties to locality pay areas are:

- For a multi-county CBSA adjacent to a locality pay area's main metropolitan area: 1,500 or more GS employees and an employment interchange rate with the locality pay area's main metropolitan area of at least 7.5 percent.
- For a single county that is not part of a multi-county, non-micropolitan CBSA and is adjacent to a locality pay area's main metropolitan area: 400 or more GS employees and an employment interchange rate with the locality pay area's main metropolitan area of at least 7.5 percent.

We also have criteria for evaluating individual Federal facilities with portions in more than one locality pay area:

- For Federal facilities that cross locality pay area boundaries: To be included in an adjacent locality pay area, the whole facility must have at least 500 GS employees, with the majority of those employees in the higher-paying locality pay area, or that portion of a Federal facility outside of a higher-paying locality pay area must have at least 750 GS employees, the duty stations of the majority of those employees must be within 10 miles of the separate locality pay area, and a significant number of those employees must commute to work from the higher-paying locality pay area.

As we recommended last year, the Council recommends leaving the criteria for Federal facilities unchanged but recommends the changes discussed below to the criteria for evaluating "Rest of U.S." locations that are adjacent to separate locality pay areas.

Eliminating the GS Employment Criterion and Adjusting Commuting Criteria

For the last several years, the Council has recommended that the GS employment criterion be eliminated because GS employment is not an indicator of linkages among labor markets or other economic linkages among areas. Even though the Pay Agent has rejected this recommendation for the past several years, the Council continues to believe defining areas of application based solely on commuting patterns is the more proper methodology. Accordingly, this year we resubmit our recommendation to eliminate the GS employment criterion.

As stated in our November 2014 recommendations, the Council has examined the economic literature on local labor markets and concludes that GS employment is not a useful criterion for establishing local labor markets.

Since the 1950s, labor economists (e.g., Wilcock and Sobel 1958; Tolbert and Sizer 1987; Casado-Diaz and Coombes 2011) have agreed on a definition of labor markets similar to that currently used by BLS. BLS (2014) describes labor markets as “an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence” (p. iii). Further, BLS (2014) notes that “Regardless of population size, commuting flows are an indication of the degree of integration of labor markets among counties; commutation data show the extent that workers have been willing and able to commute to other counties” (p. 168). Economists generally agree with the BLS position. For example, Casado-Diaz and Coombes (2011) note that “one crucial advantage of commuting data as the basis for definitions of [local labor market areas] is that the ‘friction of distance’ which restricts people’s patterns of movement causes most of the strongest interactions to be between nearby areas” (p. 13). See **Attachment 3**, which list sources considered in assessing the relevance of the GS employment criterion.

Accordingly, we again recommend that the employment interchange measure for “Rest of U.S.” counties not in a metropolitan statistical area (MSA) or combined statistical area (CSA) be increased from 7.5 percent to 20 percent, thus indicating an even stronger economic linkage among areas.

Since adjacent CBSAs are more likely to have employment opportunities in the CBSA and thus less commuting to the pay area, the criterion for CBSAs should remain at 7.5 percent for both multi-county CBSAs and single-county, non-micropolitan CBSAs.

Our recommended criteria for evaluating CBSAs or counties that are adjacent to the main locality pay area, i.e. the OMB-defined metropolitan area on which the locality pay area is based, are as follows:

- For a CBSA (includes single-county CBSAs other than single-county micropolitan areas) adjacent to a locality pay area’s main metropolitan area: an employment interchange rate of at least 7.5 percent with the locality pay area’s main metropolitan area.
- For a county that is not part of a CBSA or comprises a single-county micropolitan area and is adjacent to a locality pay area’s main metropolitan area: an employment interchange rate of at least 20 percent with the locality pay area’s main metropolitan area.

Micropolitan Areas

We continue to believe it is appropriate to treat multi-county micropolitan statistical areas the same as multi-county metropolitan statistical areas in evaluating locations in the vicinity of locality pay areas, so we are resubmitting our November 2014 recommendation on multi-county micropolitan areas.

As noted in our November 2014 recommendations, historically there has been some controversy about the use of micropolitan statistical areas for locality pay. Micropolitan areas are CBSAs where the largest population center has between 10,000 and 49,999 residents. The Pay Agent concluded it would not use micropolitan areas in the locality pay program except when included in a CSA with one or more MSAs—micropolitan areas are too small with too little economic

activity to be considered separately. The Council, on the other hand, recommended in 2003 that micropolitan statistical areas be used if part of any CSA, whether or not an MSA was included. For example, under the Council's view, the Claremont, NH-VT, CSA—a four-county CSA in 2003 composed of two micropolitan areas, would have been considered as a unit. Under the Pay Agent's view, the Claremont area would not have been considered as a unit but rather evaluated as four separate counties.

In February 2013, presumably due to increased commuting among the components, OMB redelineated the Claremont, NH-VT CSA into a single four-county, stand-alone micropolitan area. Under the Council's earlier recommendation on micropolitan areas discussed above, the Claremont area would no longer qualify to be considered as a unit because the same four counties are no longer combined as a CSA but rather into a single micropolitan area. To avoid this incongruous result, the Council changed its earlier position to recognize multi-county micropolitan areas, not just those in CSAs, while continuing to evaluate single-county micropolitan areas as single counties. The Council recommended to the Pay Agent that multi-county micropolitan statistical areas be treated the same as multi-county metropolitan statistical areas in the locality pay program. The Pay Agent did not approve that recommendation.

We urge the Pay Agent to reconsider its views on micropolitan statistical areas and approve our recommendation to treat multi-county micropolitan statistical areas the same as multi-county metropolitan statistical areas in evaluating locations in the vicinity of locality pay areas.

Completely or Almost Completely Surrounded "Rest of U.S." Locations

In November 2012, January 2014, and November 2014, the Council recommended that "Rest of U.S." locations completely surrounded by higher-paying locality pay areas be added to the pay area with which such locations have the highest commuting, and that partially surrounded areas be evaluated by the Pay Agent on a case-by-case basis. The Pay Agent has agreed that a single-county "Rest of U.S." location completely surrounded by higher-paying locality pay areas should be added to the adjacent locality pay area with which the county has the highest level of commuting.

Regarding partially surrounded areas, while below we resubmit our November 2014 recommendations for single-county locations bordered by multiple locality pay areas, which addresses some partially surrounded locations, we still believe it is unclear at what point being bordered by higher-paying areas constitutes a problem. Hence, the Council continues to believe that the Pay Agent should evaluate additional partially surrounded locations on a case-by-case basis, considering such factors as the size of the area, distance to the pay area, transportation facilities among the areas, quit rates, retention rates, and similar factors.

Evaluating Single-County Locations Adjacent to Multiple Locality Pay Areas

In our November 2014 recommendations, we recommended adding criteria for evaluating single-county "Rest of U.S." locations that border multiple locality pay areas. The Pay Agent, in its report on locality pay in 2016, said it could see the logic of that recommendation in the context of the Council's recommendation to eliminate the GS employment criterion (which the Pay Agent did not approve). Accordingly, since we are resubmitting our recommendation to

eliminate the GS employment criterion, we are also resubmitting our recommendation regarding single-county locations adjacent to multiple locality pay areas. That recommendation is explained again below.

Our other recommendations presented so far would result in some single-county locations remaining in the “Rest of U.S.” locality pay area while being adjacent to multiple separate locality pay areas. When mapped with our other recommendations for defining locality pay areas, such “Rest of U.S.” locations often appear surrounded, or nearly surrounded, by higher-paying locality pay areas. We believe that, without some remedy, Federal employers in such locations could have staffing problems caused by higher locality pay nearby, so we are making a recommendation to evaluate such locations for possible inclusion in one of the separate locality pay areas they border:

- For single counties adjacent to multiple locality pay areas and not qualifying under our other proposed criteria—
 - For a county comprising a single-county CBSA other than a micropolitan area, the sum of commuting rates to the separate locality pay areas’ main metropolitan areas must be greater than or equal to 7.5 percent.
 - For a county that either is not in any CBSA or comprises a single-county micropolitan statistical area, the sum of commuting rates to the separate locality pay areas’ main metropolitan areas must be greater than or equal to 20 percent.

Under this recommendation, counties with the required sum of commuting rates would be covered by the adjacent separate locality pay area with which the single county location has the highest level of commuting. The locations that would be added to separate locality pay areas under this recommendation, if our other recommendations are approved, are shown in **Attachment 7**.

Impact of Applying Recommended Criteria for Evaluating Adjacent “Rest of U.S.” Areas

Proposed new areas of application are shown in **Attachments 4-7**. These locations would be included in separate locality pay areas in addition to locations that will be in separate locality pay areas under the final regulations implementing locality pay areas applicable in January 2016. Regarding **Attachments 4-7**—

- **Attachment 4** shows multi-county MSAs, CSAs, and micropolitan areas qualifying as areas of application under the proposed CBSA criteria;
- **Attachment 5** shows single-county CBSAs qualifying as areas of application under the proposed CBSA criteria (single-county metropolitan statistical areas, not micropolitan areas, with an employment interchange rate of 7.5 percent or more);
- **Attachment 6** shows counties qualifying as areas of application under the proposed criteria for adjacent counties that are not part of a CBSA or comprise a single-county micropolitan area; and
- **Attachment 7** shows counties qualifying as areas of application under the proposed criteria for single-county locations adjacent to multiple locality pay areas and not qualifying under other criteria as areas of application.

Note: These attachments do not include “Rest of U.S.” locations already included in separate locality pay areas applicable in January 2016.

Under these recommendations, locality pay area coverage would change for about 13,232 GS employees who are now in the “Rest of U.S.” locality pay area and would be covered, under our proposed Council recommendations, by separate locality pay areas.

Requests to be Included in Higher-Paying Locality Pay Areas

Federal Salary Council staff had contacts from employees in 42 “Rest of U.S.” areas requesting that the areas be included in new or existing locality pay areas separate from the “Rest of U.S.” locality pay area. These areas are listed in the table in **Attachment 8**.

In addition to simple contacts, we also received more detailed inquiries or petitions from employees or groups representing Burlington, VT, and Bakken region oil and gas production areas in North Dakota and Montana. Employees from some locations listed in Attachment 8 provided oral testimony at prior Council meetings. In summary, employees in Burlington, VT, request it be reviewed as a potential separate locality pay area, and employees in the Bakken region request higher locality pay in consideration of increased living and labor costs.

Some of the areas that contacted Council staff would benefit from our other recommendations. For others that do not meet our criteria, the Council recommends that OPM continue to encourage agencies to use other pay flexibilities such as recruitment, retention, and relocation incentives, and special salary rates to ease any staffing problems in these areas.

Allocating Locality Pay in 2016

At this point, we do not know what pay raise will be provided in 2016, but the President has indicated in his August 28, 2015, alternative pay plan that he will approve a 1.3 percent total increase, with a 1.0 percent across-the-board increase for the base General Schedule and 0.3 percent of payroll allocated to increase locality pay percentages. Regarding the allocation of locality pay, we believe that—

- Employees in each locality pay area should receive at least some portion of the funds available for locality pay after receiving the across-the-board increase for the base General Schedule; and
- In keeping with past practice, locality pay percentages for the 13 new locality pay areas should be established by 1) constructing a 2015 hypothetical locality pay percentage based on the average rate of phase-in for existing locality pay areas, 2) calculating a remaining pay disparity for each area based on the constructed 2015 hypothetical locality pay percentage, and 3) increasing the constructed 2015 hypothetical locality pay percentage based on that remaining pay disparity.
 - This is consistent with the way the Buffalo, Phoenix, and Raleigh locality pay areas were treated when they were implemented in January 2006.

Summary of Major Recommendations

In summary, our major recommendations for 2017 include the following:

- We recommend using the 2017 locality rates shown in **Attachment 1**.
- We recommend establishing Burlington-South Burlington, VT, and Virginia Beach-Norfolk, VA-NC as separate locality pay areas.
- We recommend modifying the qualifying criteria for new areas of application as stated above.

By direction of the Council:

SIGNED

Stephen E. Condrey, Ph.D.
Chairman

Attachments

**Attachment 1
Locality Pay Rates for 2017**

Area	March 2015 Base GS Payroll	Pay Gap	Locality rate (target pay gap)
Albany, NY	\$172,305,079	52.92%	45.64%
Albuquerque, NM	\$558,539,892	43.88%	37.03%
Alaska	\$446,517,568	79.02%	70.50%
Atlanta, GA	\$1,826,900,548	52.54%	45.28%
Austin, TX	\$386,941,225	55.49%	48.09%
Boston, MA	\$1,719,938,653	68.74%	60.70%
Buffalo, NY	\$311,667,054	55.67%	48.26%
Charlotte, NC	\$187,340,555	49.34%	42.23%
Chicago, IL	\$1,375,723,967	65.72%	57.83%
Cincinnati, OH	\$443,554,558	43.04%	36.23%
Cleveland, OH	\$660,893,708	45.05%	38.14%
Colorado Springs, CO	\$557,839,288	55.68%	48.27%
Columbus, OH	\$563,211,156	49.41%	42.30%
Dallas, TX	\$1,298,129,540	64.97%	57.11%
Davenport, IA	\$247,838,229	47.43%	40.41%
Dayton, OH	\$761,085,305	48.55%	41.48%
Denver, CO	\$1,287,929,043	70.48%	62.36%
Detroit, MI	\$870,506,490	61.53%	53.84%
Harrisburg, PA	\$357,733,389	48.20%	41.14%
Hartford, CT	\$299,357,247	65.58%	57.70%
Hawaii	\$971,151,713	49.51%	42.39%
Houston, TX	\$919,332,678	80.45%	71.86%
Huntsville, AL	\$826,751,906	57.14%	49.66%
Indianapolis, IN	\$579,316,657	43.03%	36.22%
Kansas City, MO-KS	\$1,140,721,915	46.65%	39.67%
Laredo, TX	\$182,452,111	70.81%	62.68%
Las Vegas, NV	\$310,567,169	53.62%	46.30%
Los Angeles, CA	\$2,347,975,163	82.26%	73.58%
Miami, FL	\$949,263,394	53.09%	45.80%
Milwaukee, WI	\$235,061,223	53.70%	46.38%
Minneapolis, MN	\$504,038,102	61.64%	53.94%
New York, NY	\$3,083,752,113	84.31%	75.53%
Palm Bay, FL	\$310,155,533	45.81%	38.87%
Philadelphia, PA	\$1,706,898,702	68.05%	60.05%
Phoenix, AZ	\$585,530,416	58.06%	50.53%
Pittsburgh, PA	\$452,390,299	50.97%	43.78%
Portland, OR	\$691,764,705	57.07%	49.59%
Raleigh, NC	\$1,001,956,051	49.91%	42.77%
Rest of US	\$28,639,215,413	37.23%	30.70%
Richmond, VA	\$623,975,299	57.00%	49.52%
Sacramento, CA	\$485,265,743	65.74%	57.85%
San Diego, CA	\$1,477,549,952	85.17%	76.35%
San Francisco, CA	\$1,649,853,792	101.06%	91.49%
Seattle, WA	\$1,673,341,850	76.27%	67.88%
St. Louis, MO	\$799,138,339	52.60%	45.33%
Tucson, AZ	\$775,689,620	47.93%	40.89%
Washington, DC	\$22,411,520,824	87.06%	78.15%
All Pay Areas	\$89,668,583,176	61.66%	53.96%

Attachment 2
NCS/OES Model Pay Gaps 2013-2015 in Current Council “Rest of U.S.” Research Areas

Area	Pay Gaps ¹			Area Pay Gap Minus “Rest of U.S.” Pay Gap			
	2013	2014	2015	2013	2014	2015	Average
Augusta, GA	28.76%	25.02%	26.21%	-11.05%	-13.84%	-13.36%	-12.75%
Birmingham, AL	47.04%	48.00%	50.47%	7.23%	9.14%	10.90%	9.09%
Boise, ID	38.17%	40.83%	38.90%	-1.64%	1.97%	-0.67%	-0.11%
Burlington, VT	51.59%	55.82%	60.99%	11.78%	16.96%	21.42%	16.72%
Charleston, SC	34.71%	33.73%	30.62%	-5.10%	-5.13%	-8.95%	-6.39%
Charleston, WV	24.65%	23.07%	24.22%	-15.16%	-15.79%	-15.35%	-15.43%
Clarksville, TN	22.65%	20.93%	20.51%	-17.16%	-17.93%	-19.06%	-18.05%
Columbia, SC	28.38%	25.52%	25.51%	-11.43%	-13.34%	-14.06%	-12.94%
Columbus, GA	30.62%	25.70%	31.34%	-9.19%	-13.16%	-8.23%	-10.19%
Corpus Christi, TX	50.21%	46.80%	44.59%	10.40%	7.94%	5.02%	7.79%
Crestview, FL	48.65%	42.65%	46.42%	8.84%	3.79%	6.85%	6.49%
Des Moines, IA	41.11%	40.01%	44.30%	1.30%	1.15%	4.73%	2.39%
El Paso, TX	39.86%	41.20%	42.27%	0.05%	2.34%	2.70%	1.70%
Fresno, CA	40.57%	38.53%	39.33%	0.76%	-0.33%	-0.24%	0.06%
Gainesville, FL	21.71%	22.36%	22.93%	-18.10%	-16.50%	-16.64%	-17.08%
Gulfport, MS	33.65%	32.96%	29.94%	-6.16%	-5.90%	-9.63%	-7.23%
Jackson, MS	26.21%	23.25%	22.09%	-13.60%	-15.61%	-17.48%	-15.56%
Jacksonville, FL	42.37%	40.53%	43.32%	2.56%	1.67%	3.75%	2.66%
Jacksonville, NC	35.55%	28.77%	28.74%	-4.26%	-10.09%	-10.83%	-8.39%
Killeen-Temple, TX	32.75%	33.43%	36.25%	-7.06%	-5.43%	-3.32%	-5.27%
Lawton, OK	16.89%	15.91%	16.77%	-22.92%	-22.95%	-22.80%	-22.89%
Lexington, KY	26.74%	25.79%	25.99%	-13.07%	-13.07%	-13.58%	-13.24%
Little Rock, AR	27.59%	27.14%	26.80%	-12.22%	-11.72%	-12.77%	-12.24%
Louisville, KY	35.01%	33.09%	36.48%	-4.80%	-5.77%	-3.09%	-4.55%
Macon, GA	39.97%	38.97%	40.01%	0.16%	0.11%	0.44%	0.24%
Madison, WI	43.01%	43.82%	43.44%	3.20%	4.96%	3.87%	4.01%
Manhattan, KS	35.17%	33.53%	37.18%	-4.64%	-5.33%	-2.39%	-4.12%
McAllen, TX	37.86%	36.87%	40.58%	-1.95%	-1.99%	1.01%	-0.98%
Memphis, TN	40.09%	36.57%	35.11%	0.28%	-2.29%	-4.46%	-2.16%
Montgomery, AL	36.34%	36.04%	35.45%	-3.47%	-2.82%	-4.12%	-3.47%
Nashville, TN	39.48%	37.49%	38.37%	-0.33%	-1.37%	-1.20%	-0.97%
New Orleans, LA	44.38%	41.31%	40.97%	4.57%	2.45%	1.40%	2.81%
Oklahoma City, OK	37.36%	35.53%	38.91%	-2.45%	-3.33%	-0.66%	-2.15%
Omaha, NE	49.50%	46.89%	47.81%	9.69%	8.03%	8.24%	8.65%
Orlando, FL	40.38%	39.15%	40.93%	0.57%	0.29%	1.36%	0.74%
Pensacola, FL	29.79%	29.76%	31.86%	-10.02%	-9.10%	-7.71%	-8.94%
Salt Lake City, UT	45.74%	45.11%	45.71%	5.93%	6.25%	6.14%	6.11%
San Antonio, TX	50.04%	47.75%	48.80%	10.23%	8.89%	9.23%	9.45%
Savannah, GA	48.12%	41.84%	36.49%	8.31%	2.98%	-3.08%	2.74%
Spokane, WA	47.20%	45.43%	46.26%	7.39%	6.57%	6.69%	6.88%
Tampa, FL	44.75%	43.70%	45.14%	4.94%	4.84%	5.57%	5.12%
Tulsa, OK	37.43%	37.83%	37.15%	-2.38%	-1.03%	-2.42%	-1.94%
Virginia Beach, VA	50.07%	49.92%	49.05%	10.26%	11.06%	9.48%	10.27%
Yuma, AZ	45.82%	42.82%	40.95%	6.01%	3.96%	1.38%	3.78%
Rest of U.S.	39.81%	38.86%	39.57%	0.00%	0.00%	0.00%	0.00%

¹ The NCS/OES pay gaps shown here use NCS/OES salary estimates based on 2003 OMB-defined metropolitan areas, as in past years. Due to BLS confidentiality standards, BLS could not deliver both 1) NCS/OES estimates with current geographic specifications and 2) NCS/OES estimates based on 2013 OMB-defined metropolitan areas without suppressing some data. Because suppressions made in some research areas appeared significant, we recommend continuing to use current geographic specifications for research areas again this year.

Attachment 3

Sources Considered in Assessing the Relevance of the GS Employment Criterion

Bureau of Labor Statistics (2014). *Labor Market Areas, 2014*. Retrieved from <http://www.bls.gov/lau/lmadir.pdf>.

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Wilcock, R. C., & Sobel, I. (1958). *Small city job markets: The labor market behavior of firms and workers*. Urbana: Institute of Labor and Industrial Relations, University of Illinois.

Casado-Díaz, J.M. y Coombes, M. (2011) "The delineation of 21st Century local labour market areas: A critical review and a research agenda," *Boletín de la Asociación de Geógrafos Españoles*, 57, 7-32.

Attachment 4
Adjacent “Rest of U.S.” Multi-County Metropolitan Areas with 7.5 Percent or Higher
Commuting

Pay Area	Metropolitan Area	Employment Interchange	GS Empl
ATLANTA	Rome-Summerville, GA CSA	27.12%	75
BOSTON	Claremont-Lebanon, NH-VT Micropolitan Statistical Area	9.98%	977
CHARLOTTE	Hickory-Lenoir, NC CSA	13.00%	156
CHICAGO	Rockford-Freepport-Rochelle, IL CSA	11.96%	213
CLEVELAND	Youngstown-Warren, OH-PA CSA	10.92%	979
COLUMBUS	Mansfield-Ashland-Bucyrus, OH CSA	11.56%	245
DAVENPORT	Dixon-Sterling, IL CSA	12.77%	35
DAYTON	Lima-Van Wert-Celina, OH CSA	9.79%	169
DETROIT	Lansing-East Lansing-Owosso, MI CSA	10.00%	804
DETROIT	Saginaw-Midland-Bay City, MI CSA	7.76%	714
DETROIT	Toledo-Port Clinton, OH CSA	9.01%	717
HUNTSVILLE	Florence-Muscle Shoals, AL MSA	11.49%	116
INDIANAPOLIS	Bloomington-Bedford, IN CSA	11.35%	113
INDIANAPOLIS	Lafayette-West Lafayette-Frankfort, IN CSA	8.67%	199
INDIANAPOLIS	Richmond-Connersville, IN CSA	10.81%	40
MINNEAPOLIS	Mankato-New Ulm-North Mankato, MN CSA	12.35%	64
PHILADELPHIA	Salisbury, MD-DE MSA	9.94%	367
PITTSBURGH	Johnstown-Somerset, PA CSA	10.41%	491
PITTSBURGH	Wheeling, WV-OH MSA	14.69%	229
RALEIGH	Rocky Mount-Wilson-Roanoke Rapids, NC CSA	10.58%	88
SAN FRANCISCO	Modesto-Merced, CA CSA	18.91%	708
WASHINGTON, DC	Cumberland, MD-WV MSA	9.95%	365

Attachment 5
Adjacent “Rest of U.S.” Single-County MSAs with 7.5 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Adjacent CBSA
MILWAUKEE	Fond du Lac Co. WI	22.92%	31	Fond du Lac, WI Metropolitan Statistical Area
HUNTSVILLE	Etowah Co. AL	11.01%	127	Gadsden, AL Metropolitan Statistical Area
DETROIT	Jackson Co. MI	21.93%	46	Jackson, MI Metropolitan Statistical Area
MILWAUKEE	Sheboygan Co. WI	13.62%	18	Sheboygan, WI Metropolitan Statistical Area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
ALBANY	Greene Co. NY	49.84%	3	Not in a metro area
ALBANY	Hamilton Co. NY	35.44%	3	Not in a metro area
ALBUQUERQUE	Mora Co. NM	49.32%	20	Not in a metro area
ALBUQUERQUE	Socorro Co. NM	21.41%	109	Not in a metro area
ATLANTA	Banks Co. GA	78.97%	1	Not in a metro area
ATLANTA	Cleburne Co. AL	35.09%	19	Not in a metro area
ATLANTA	Franklin Co. GA	25.87%	0	Not in a metro area
ATLANTA	Gilmer Co. GA	27.53%	37	Not in a metro area
ATLANTA	Greene Co. GA	36.49%	4	Not in a metro area
ATLANTA	Habersham Co. GA	22.78%	35	Cornelia, GA Single County Micropolitan Statistical Area
ATLANTA	Lumpkin Co. GA	66.59%	33	Not in a metro area
ATLANTA	Putnam Co. GA	24.03%	29	Not in a metro area
ATLANTA	Randolph Co. AL	25.94%	7	Not in a metro area
ATLANTA	Talbot Co. GA	37.18%	1	Not in a metro area
ATLANTA	Taliaferro Co. GA	25.81%	0	Not in a metro area
ATLANTA	White Co. GA	38.88%	0	Not in a metro area
AUSTIN	Blanco Co. TX	26.16%	34	Not in a metro area
AUSTIN	Burnet Co. TX	21.70%	22	Not in a metro area
AUSTIN	Lee Co. TX	29.18%	1	Not in a metro area
BOSTON	Carroll Co. NH	25.68%	45	Not in a metro area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
BOSTON	Cheshire Co. NH	20.23%	32	Keene, NH Single County Metropolitan Statistical Area
BUFFALO	Wyoming Co. NY	43.43%	6	Not in a metro area
CHARLOTTE	Anson Co. NC	40.49%	4	Not in a metro area
CHARLOTTE	Chesterfield Co. SC	22.22%	16	Not in a metro area
CHICAGO	Iroquois Co. IL	34.28%	2	Not in a metro area
CHICAGO	Starke Co. IN	31.19%	8	Not in a metro area
CINCINNATI	Adams Co. OH	33.24%	2	Not in a metro area
CINCINNATI	Fleming Co. KY	24.45%	9	Not in a metro area
CINCINNATI	Highland Co. OH	38.65%	15	Not in a metro area
CINCINNATI	Lewis Co. KY	21.70%	1	Not in a metro area
CINCINNATI	Owen Co. KY	34.26%	3	Not in a metro area
CINCINNATI	Ripley Co. IN	35.58%	8	Not in a metro area
CINCINNATI	Robertson Co. KY	41.90%	0	Not in a metro area
CINCINNATI	Switzerland Co. IN	48.70%	3	Not in a metro area
CLEVELAND	Harrison Co. OH	32.01%	7	Not in a metro area
CLEVELAND	Wayne Co. OH	35.51%	67	Wooster, OH Single County Metropolitan Statistical Area
COLUMBUS	Coshocton Co. OH	20.80%	9	Coshocton, OH Single County Metropolitan Statistical Area
COLUMBUS	Hardin Co. OH	22.92%	7	Not in a metro area
COLUMBUS	Morgan Co. OH	34.49%	1	Not in a metro area
COLUMBUS	Noble Co. OH	43.65%	0	Not in a metro area
COLUMBUS	Pike Co. OH	35.41%	28	Not in a metro area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
COLUMBUS	Vinton Co. OH	35.30%	3	Not in a metro area
DALLAS	Atoka Co. OK	22.09%	12	Not in a metro area
DALLAS	Bosque Co. TX	22.98%	24	Not in a metro area
DALLAS	Franklin Co. TX	24.38%	2	Not in a metro area
DALLAS	Hill Co. TX	34.42%	18	Not in a metro area
DALLAS	Jack Co. TX	40.87%	2	Not in a metro area
DALLAS	Love Co. OK	42.88%	4	Not in a metro area
DALLAS	Montague Co. TX	40.64%	5	Not in a metro area
DALLAS	Rains Co. TX	60.24%	0	Not in a metro area
DALLAS	Van Zandt Co. TX	44.75%	9	Not in a metro area
DAVENPORT	Cedar Co. IA	33.40%	44	Not in a metro area
DAVENPORT	Jackson Co. IA	25.88%	8	Not in a metro area
DAVENPORT	Louisa Co. IA	37.26%	25	Not in a metro area
DETROIT	Sanilac Co. MI	40.48%	5	Not in a metro area
DETROIT	Tuscola Co. MI	25.43%	19	Not in a metro area
HARRISBURG	Juniata Co. PA	31.04%	17	Not in a metro area
HOUSTON	Colorado Co. TX	37.28%	9	Not in a metro area
HOUSTON	Grimes Co. TX	39.90%	4	Not in a metro area
HOUSTON	Polk Co. TX	24.34%	12	Not in a metro area
HUNTSVILLE	Lincoln Co. TN	31.04%	5	Not in a metro area
INDIANAPOLIS	Blackford Co. IN	31.03%	1	Not in a metro area
INDIANAPOLIS	Fountain Co. IN	26.59%	2	Not in a metro area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
INDIANAPOLIS	Parke Co. IN	23.11%	10	Not in a metro area
INDIANAPOLIS	Randolph Co. IN	28.33%	2	Not in a metro area
INDIANAPOLIS	Rush Co. IN	71.71%	1	Not in a metro area
INDIANAPOLIS	Tipton Co. IN	41.34%	0	Not in a metro area
KANSAS CITY	Anderson Co. KS	34.15%	3	Not in a metro area
KANSAS CITY	Brown Co. KS	21.90%	19	Not in a metro area
KANSAS CITY	Carroll Co. MO	26.42%	5	Not in a metro area
KANSAS CITY	Daviess Co. MO	42.57%	8	Not in a metro area
KANSAS CITY	Gentry Co. MO	24.10%	4	Not in a metro area
KANSAS CITY	Henry Co. MO	30.16%	16	Not in a metro area
KANSAS CITY	Holt Co. MO	30.21%	9	Not in a metro area
MIAMI	Glades Co. FL	32.30%	8	Not in a metro area
MINNEAPOLIS	Kanabec Co. MN	47.01%	8	Not in a metro area
MINNEAPOLIS	Meeker Co. MN	59.92%	16	Not in a metro area
MINNEAPOLIS	Morrison Co. MN	34.80%	164	Not in a metro area
MINNEAPOLIS	Pepin Co. WI	20.22%	2	Not in a metro area
MINNEAPOLIS	Pine Co. MN	31.52%	208	Not in a metro area
MINNEAPOLIS	Polk Co. WI	40.90%	29	Not in a metro area
MINNEAPOLIS	Steele Co. MN	21.01%	3	Owatonna, MN Single County Micropolitan Statistical Area
NEW YORK	Sullivan Co. NY	37.72%	32	Not in a metro area
NEW YORK	Wayne Co. PA	23.29%	360	Not in a metro area
PITTSBURGH	Greene Co. PA	47.24%	33	Not in a metro area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
PORTLAND	Wahkiakum Co. WA	41.47%	4	Not in a metro area
RALEIGH	Caswell Co. NC	22.56%	0	Not in a metro area
RALEIGH	Warren Co. NC	54.84%	2	Not in a metro area
RICHMOND	Essex Co. VA	29.45%	4	Not in a metro area
RICHMOND	Greensville Co. VA	26.60%	0	Not in a metro area
RICHMOND	Nottoway Co. VA	41.63%	166	Not in a metro area
RICHMOND	Surry Co. VA	37.26%	0	Not in a metro area
SACRAMENTO	Alpine Co. CA	23.95%	11	Not in a metro area
SACRAMENTO	Amador Co. CA	27.67%	47	Not in a metro area
SACRAMENTO	Colusa Co. CA	29.31%	38	Not in a metro area
SACRAMENTO	Sierra Co. CA	22.54%	39	Not in a metro area
SAN FRANCISCO	Calaveras Co. CA	27.38%	56	Not in a metro area
SEATTLE	Grays Harbor Co. WA	22.97%	38	Aberdeen, WA Single County Micropolitan Statistical Area
ST. LOUIS	Gasconade Co. MO	33.97%	1	Not in a metro area
ST. LOUIS	Greene Co. IL	32.10%	4	Not in a metro area
ST. LOUIS	Iron County, MO	37.54%	0	Not in a metro area
ST. LOUIS	Madison Co. MO	35.36%	0	Not in a metro area
ST. LOUIS	Montgomery Co. IL	32.81%	26	Not in a metro area
ST. LOUIS	Montgomery Co. MO	38.95%	3	Not in a metro area
ST. LOUIS	Pike Co. MO	21.75%	9	Not in a metro area
ST. LOUIS	Randolph Co. IL	34.63%	16	Not in a metro area

Attachment 6
Adjacent “Rest of U.S.” Single Counties with 20 Percent or Higher Commuting

Pay Area	Place Name	Employment Interchange	GS Empl	Feb 2013 Metro Status
ST. LOUIS	Ste. Genevieve Co. MO	50.27%	2	Not in a metro area
ST. LOUIS	Washington Co. IL	47.32%	7	Not in a metro area
ST. LOUIS	Washington Co. MO	63.99%	22	Not in a metro area
WASHINGTON, DC	Caroline Co. MD	67.01%	6	Not in a metro area
WASHINGTON, DC	Fulton Co. PA	51.64%	2	Not in a metro area
WASHINGTON, DC	Madison Co. VA	38.46%	19	Not in a metro area
WASHINGTON, DC	Orange Co. VA	58.33%	11	Not in a metro area
WASHINGTON, DC	Page Co. VA	24.26%	100	Not in a metro area
WASHINGTON, DC	Shenandoah Co. VA	40.48%	48	Not in a metro area

Attachment 7
Single-County “Rest of U.S.” Locations Adjacent to Multiple Locality Pay Areas

Location	Single-County Metropolitan Area (If Applicable)	Adjacent Locality Pay Areas	Commuting	Recommended Locality Pay Area	GS Empl
La Paz County, AZ	N/A	Las Vegas, Los Angeles, and Phoenix	Las Vegas, 7.85%; Los Angeles, 14.68%; Phoenix, 1.11%	Los Angeles	214
Imperial County, CA	El Centro, CA Metropolitan Statistical Area	Los Angeles and San Diego	Los Angeles, 4.74%; San Diego, 3.18%	Los Angeles	2,016
Lake County, CA	Clearlake, CA Micropolitan Statistical Area	Sacramento and San Francisco	Sacramento, 0.69%; San Francisco, 19.99%	San Francisco	87
Lincoln County, CO	N/A	Colorado Springs and Denver	Colorado Springs, 7.81%; Denver 16.35%	Denver	3
Holmes County, OH	N/A	Cleveland and Columbus	Cleveland, 19.85%; Columbus, 2.67%	Cleveland	12
Schuylkill County, PA	Pottsville, PA Micropolitan Statistical Area	Harrisburg, New York, and Philadelphia	Harrisburg, 9.15%; Philadelphia, 11.21%; New York, 10.43%	Philadelphia	309
Fayette County, TX	N/A	Austin and Houston	Austin, 11.53%; Houston, 12.95%	Houston	7
Westmoreland County, VA	N/A	Richmond and Washington	Richmond, 6.31%; Washington 27.69%	Washington, DC	16

Attachment 8

“Rest of U.S.” Locations that Contacted Council Staff about Locality Pay Areas

Contacts Since October 17, 2014

Bend-Redmond-Prineville, OR, CSA
Burlington, VT
Cape Coral-Fort Myers-Naples, FL, CSA
Carroll County, IL
Charleston-North Charleston, SC, MSA
Charlottesville, VA, MSA
Clallam, Jefferson, and San Juan Counties, WA
Claremont-Lebanon, NH-VT, Micropolitan Statistical Area (Including White River Junction)
DeRidder-Fort Polk South, LA, Combined Statistical Area
Eastern North Dakota, Western North Dakota, and Central Montana
Gillespie County, TX; Kendall County, TX; and Kerr County, TX
Grand Rapids-Wyoming-Muskegon, MI, CSA
Humboldt County, CA
Imperial County, CA
Longview-Marshall, TX, CSA
Mendocino County, CA
Missoula, MT MSA
Morgantown-Fairmont, WV, CSA
Nashville-Davidson--Murfreeseboro, TN, CSA
Naval Air Station Lemoore, CA
New Orleans-Metairie-Hammond, LA-MS, CSA
Orlando-Deltona-Daytona Beach, FL, CSA
Perry County, KY
Pine County, MN
Puerto Rico
Rochester-Austin, MN, CSA
San Luis Obispo County, CA
Scranton--Wilkes-Barre--Hazleton, PA, MSA
Shenandoah County, VA
Sierra County, CA
State College-DuBois, PA, CSA
Syracuse-Auburn, NY, CSA
Tampa-St. Petersburg-Clearwater, FL, MSA
Toledo-Port Clinton, OH, CSA
Tyler-Jacksonville, TX, CSA
Virginia Beach-Norfolk-Newport News, VA-NC, CSA