

## THE FEDERAL SALARY COUNCIL

Minutes of November 4, 2011

Meeting No. 11-01

The Federal Salary Council held its first meeting of 2011 on Friday, November 4, 2011. Mr. Jerome D. Mikowicz, Deputy Associate Director for Pay and Leave at the Office of Personnel Management (OPM), was the Designated Federal Official.

The following Council members attended the meeting:

Member Name	Member Title
Dr. Stephen E. Condrey	Chair (Vice President, American Society for Public Administration)
Mr. Louis P. Cannon	Chief, Protective Services Police Department, District of Columbia Government
Mr. J. David Cox	National Secretary-Treasurer, American Federation of Government Employees (AFGE)
Dr. Rex L. Facer II	Associate Professor of Public Finance and Management, Romney Institute of Public Management, Brigham Young University
Mr. William D. Fenaughty	National Secretary Treasurer, National Federation of Federal Employees
Ms. Colleen L. Kelley	National President, National Treasury Employees Union
Ms. Jacqueline Simon	Public Policy Director, AFGE

About 25 members of the public also attended the meeting, including 3 representatives from the media.

### **Agenda Item 1: (Announcements and Minutes from Last Meeting)**

Mr. Mikowicz welcomed everyone to the meeting. He said the Council is subject to the Federal Advisory Committee Act and performs duties enumerated in law, including developing recommendations to cover the establishment or modification of pay localities, the coverage of salary surveys used to set locality pay, the process for making pay comparisons, and the level of comparability payments that should be made.

Mr. Mikowicz said the Council was meeting today to develop recommendations for January 2013, so he hoped everyone was thinking ahead. He said the Council would decide whether to approve the minutes from the previous Council meeting, hear testimony regarding locality pay area boundaries, and consider Working Group recommendations for 2013. He said the Council would provide an opportunity for public comment later in the meeting, and then he turned the meeting over to Dr. Condrey.

Dr. Condrey welcomed everyone. After the Council members introduced themselves at his request, he called for a motion to approve the minutes from the previous Council meeting (Meeting 10-02, November 19, 2010). Dr. Facer made the motion, Mr. Cox seconded it, and it carried unanimously.

Dr. Condrey said the Council would now hear a statement from the Bureau of Labor Statistics (BLS). He welcomed Mr. Phil Doyle, Assistant Commissioner for the BLS Office of Compensation Levels and Trends.

Mr. Doyle provided a briefing on BLS methodology for providing the Pay Agent with salary data from the National Compensation Survey program (NCS) and the Occupational Employment Statistics program (OES). He read the statement in Council Document FSC-11-01-01, and made the following major points:

- Primarily because of NCS sample reductions mandated by the BLS budget for Fiscal Year 2011, after this year BLS will no longer provide NCS salary estimates for use in the locality pay program, but will provide salary estimates that combine NCS and OES data instead;
- BLS will address the lack of work levels (i.e. grades) in OES salary data by using data from the reduced NCS program to estimate work levels for OES salary data;
- In addition to the last set of NCS-only salary estimates, this year BLS provided salary estimates that combine NCS and OES data for current locality pay areas and for a number of other areas of interest to the Pay Agent;
- BLS realizes that pay gaps computed from NCS-OES data differ from pay gaps computed from NCS data, and BLS will continue recent work with OPM staff and the Working Group to better understand these differences.

Mr. Doyle offered to answer any questions from the Council. After confirming there were no questions, Dr. Condrey turned to the next item on the agenda.

### **Agenda Item 2: (Testimony about Locality Pay Areas)**

Dr. Condrey said the Council would now hear testimony about locality pay area boundaries, and that presentations would be limited to 5 minutes per speaker. Speakers gave testimony about locality pay in Berkshire County, MA, and Portland, ME. The testimony is summarized below.

#### **Berkshire County, MA**

Two speakers gave presentations concerning locality pay for Berkshire County:

- Mr. Patrick DeFalco, Chair of the Federal Executive Association of Western Massachusetts (FEAWM), and

- Mr. Frederick Baron, Chief Engineer at a Department of the Navy Facility in Pittsfield, MA.

Mr. DeFalco began his presentation, which mainly consisted of a written statement, Council Document FSC-11-01-15. His statement was in support of the FEAWM proposal to adopt criteria for evaluating adjacent areas, which would add Berkshire County to the Hartford locality pay area. (The FEAWM proposal is in Council Document FSC-11-01-04.)

Mr. DeFalco thanked the Council for the opportunity to speak, and said that with today's appearance he was making a bid to become the longest tenured attendee of Council meetings. He said it was his 7th straight year of appearing before the Council to request action on Berkshire County, and that in all his presentations he had described the challenges facing the Federal agencies in Berkshire County that are trying to recruit and retain employees without the higher locality pay extended to all other locations in Massachusetts.

Mr. DeFalco said the FEAWM was glad to see the Council's recommendations last year to establish new locality pay areas and new criteria for evaluating adjacent areas, but disappointed that Berkshire County was not included. He said, "We are hopeful that this was not the intent of the Council and that your recommendation this year will include Berkshire County being included."

Mr. DeFalco provided a map, Council Document FSC-11-01-17, and said, "The blue represents current locality pay areas in the States of Massachusetts, Connecticut, Rhode Island, and in Southern New York. The individual counties are separated by lines. The red represents the proposal made by this Council last year for Albany, NY. Once again, the lines separate each individual county in the Combined Statistical Area (CSA). The counties included for Albany, NY, go right up to the border of Berkshire County to the west. I think the exclusion of Berkshire County is powerfully demonstrated by this map, and we ask that this be the year you rectify this situation."

Mr. DeFalco said the FEAWM recommends the Council adopt the following or similar criteria for evaluating adjacent areas:

*To be included in an adjacent locality pay area, the following 3 criteria must be met for this exception: The county must be adjacent, or within 5 miles of being adjacent, to 3 or more locality pay areas; the county must be the only county with GS employees in the State without locality pay; the county must have a combined commuting rate between all bordering locality pay CSAs with add-ons of at least 10.0 percent.*

Mr. DeFalco said that—

- The commuting rate between Berkshire County and the Hartford locality pay area is 5.31 percent;<sup>1</sup>

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<sup>1</sup>Current criteria include commuting between the adjacent area and the *metropolitan area the locality pay area is based on*, not commuting to/from the entire locality pay area. Commuting between Berkshire County and the Hartford CSA is less than 1 percent.

- The commuting rate between Berkshire County and the New York locality pay area is 2.72 percent;<sup>2</sup>
- The commuting rate between Berkshire County and the Albany CSA is 4.89 percent; and
- The sum of those three commuting rates is 12.92 percent (high enough for Berkshire County to pass the FEAWM-proposed commuting criterion.)

Mr. DeFalco said the FEAWM eliminated General Schedule (GS) employment from its proposed criteria because last year the Council proposed dropping the GS employment from criteria used in evaluating adjacent areas. He acknowledged that the criteria the Council proposed last year for evaluating adjacent single counties would require a 20 percent commuting rate, but said the FEAWM believes Berkshire County is a unique situation calling for an exception.

Mr. DeFalco said that potential applicants for Federal jobs in Berkshire County are keenly aware that the county is not covered by higher locality pay, and that the only way to alleviate recruiting and retention challenges for agencies in Berkshire County is to afford GS employees in the county the same compensation as provided in neighboring areas.

Mr. DeFalco said that, before turning the floor over to Mr. Baron, he would like to ask whether OPM staff had received statements from Senator Kerry, Senator Brown and Representative Olver regarding Berkshire County. Mr. Allan Hearne, OPM Team Leader for the locality pay program, responded that OPM had received statements from Senator Kerry and Representative Olver, but not from Senator Brown. Mr. DeFalco responded that a statement from Senator Brown should be on its way.<sup>3</sup> Dr. Condrey then turned the floor over to Mr. Baron.

Mr. Baron thanked the Council for the opportunity to speak, and said it was his sixth time to testify in a Council meeting about Berkshire County. He said he was speaking as one of the Federal employees who would be affected by the FEAWM proposal, and also on behalf of the many GS employees in Berkshire County who also support the proposal. He reminded the Council of concerns he raised in earlier meetings about agencies' staffing challenges in Berkshire County, and said the challenges continue.

Mr. Baron said, "I continue to embrace and promote the message we have been hearing over the past few years from our President, 'Change.' I will again ask the members today to promote a 'change' for the approximately 100 Federal employees located in Berkshire County." He offered to answer questions. (His full statement is in Council Document FSC-11-01-16.)

Dr. Condrey confirmed there were no questions about Berkshire County, thanked the speakers for their professionalism and persistence, and said the Council would now hear testimony about Portland, ME.

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<sup>2</sup> This is actually the commuting interchange rate between Berkshire County and the New York CSA.

<sup>3</sup> Representative Olver's statement is Council Document FSC-11-01-14. Since Senator Kerry's statement did not arrive until the day of the meeting, it was not used at the meeting but was subsequently added to Council files, as will be the statement from Senator Brown when OPM staff receives it.

## Portland ME

Dr. Condrey welcomed Dr. Merrie Cartwright, a Fishery Biologist and Port Agent at a National Oceanic and Atmospheric Administration facility in Portland, ME, and a representative of the Federal Executive Association of Southern ME (FEASM).

Dr. Cartwright greeted the Council. She reminded the Council that the FEASM had written the Council in 2008 about locality pay for Federal employees in Southern ME. She said the FEASM had recently written another letter (Council Document FSC 11-01-12), which she would now paraphrase.

Dr. Cartwright thanked the Council for all its hard work, particularly the analysis leading to the Council's recommendation last year regarding the Portland CSA (i.e. using OES data to establish a new Portland locality pay area.) She said the FEASM was encouraged to see that the Portland CSA qualified for higher locality pay under the Council's recommendations last year, but that the FEASM was now aware of additional relevant information that should be brought to the Council's attention.

Dr. Cartwright said she had just now noticed (from reading the Working Group report in the meeting folders) the Working Group's recommendation that 2006-2008 commuting data from the American Community Survey (ACS) be used in the evaluation of adjacent areas. She said that, while 2006-2008 ACS commuting data exclude counties with populations under 20,000, since the Bureau of Census will not release complete commuting data until 2013, she strongly concurs with the proposal to use the 2006-2008 ACS commuting data. She said the FEASM would prefer that the Portland CSA be added to the Boston locality pay area as an area of application, rather than the Portland CSA being established as a separate locality pay area. She added that this would be consistent with the Council's recommendation last year to add the Lansing, MI, CSA to the Detroit locality pay area even though OES salary data were available for the Lansing CSA.

Dr. Cartwright said that a member of the FEASM's Congressional delegation had contacted the Council and provided information about an applicant for a National Weather Service job in Portland. She said the applicant declined the job offer upon finding out that "Rest of U.S." locality pay would apply instead of Boston locality pay. Dr. Cartwright added that she herself had considered changing jobs to get higher locality pay. She said that adding the Portland CSA to Boston would be advantageous in that it would streamline locality pay area definitions by removing the last remaining township designations from New England locality pay area definitions. (While in the past more counties in New England were split between locality pay areas, York County, ME, is now the only county in New England that is split between locality pay areas.)

Dr. Cartwright referred to a map, Council Document FSC-11-01-18, which she had given the Council members at the beginning of her presentation. She said the map shows the connectivity between the Portland CSA and the Boston locality pay area, and added, "You can see the big border between Portland and Boston. We have lost a few employees over that border." She said commuting between the Portland and Boston CSAs had increased since the 2000 census, and that

the increased commuting was due in part to the addition of the Amtrak Downeaster Route (shown on her map) since the last census. (Based on 2006-2008 ACS commuting data, the commuting interchange rate between the Boston and Portland CSAs is 8.31 percent, which exceeds the commuting criterion for adjacent metropolitan areas.) Referring to the 7.4 percent commuting rate between the Boston and Portland CSAs based on commuting data from the 2000 census, she said, “We didn’t miss qualifying by much.” (The commuting criterion for evaluating adjacent metropolitan areas is 7.5 percent under both the current and proposed criteria for evaluating adjacent areas.)

When Dr. Cartwright concluded her presentation, Dr. Condrey thanked her and confirmed no one had any questions on her presentation. He then turned to the next agenda item.

**Agenda Items 3 and 4: (Working Group Report, Discussion, Council Recommendations)**

Dr. Condrey said that the Council would now hear the Report of the Working Group, which Dr. Facer presented. The Working Group Report, Council Document FSC-11-01-02, identified 12 key decision points for which the Council would need to make recommendations to the Pay Agent.

Upon reaching decision points in the Working Group Report, Dr. Facer paused in his presentation while Dr. Condrey read the decision point and asked for discussion and a vote from the Council. Each of the 12 decision points in the Working Group Report is listed below, and under each decision point are the Working Group’s recommendation for the decision point and the action the Council voted to take.

**Decision Point 1: Should NCS data be used for the existing 34 locality pay areas for 2013?**

Recommendation of the Working Group: The Council should recommend to the Pay Agent that NCS data be used for the existing 34 locality pay areas for 2013.

Council Action: The Council will recommend to the Pay Agent that NCS data be used for the existing 34 locality pay areas for 2013

**Decision Point 2: Should new locality pay areas be recommended based on the OES model?**

Recommendation of the Working Group: The Working Group recommends new locality pay areas be established, based on OES salary data from 2010 aged to 2011, for Albany, NY; Albuquerque, NM; Bakersfield, CA; Charlotte, NC; and Harrisburg, PA.

Council Action: The Council will recommend to the Pay Agent that new locality pay areas be established, based on aged 2010 OES salary data, for Albany, NY; Albuquerque, NM; Bakersfield, CA; Charlotte, NC; and Harrisburg, PA.

**Decision Point 3: Should the Council continue to work with BLS to increase its understanding of the OES model?**

Recommendation of the Working Group: The Council should continue to work with BLS to increase its understanding of the OES model.

Council Action: The Council will continue to work with BLS to increase its understanding of the OES model.

Dr. Facer said the record should show that the Council’s answer to this decision point is “a very strong and affirmative *yes*.”

**Decision Point 4: Should the Council recommend that the Pay Agent reinstate the full NCS program?**

Recommendation of the Working Group: The Council should recommend that the Pay Agent reinstate the full NCS program.

Council Action: The Council will recommend that the Pay Agent reinstate the full NCS program.

As with Decision Point 3, Dr. Facer said the record should show the Council responding to Decision Point 4 with a strong *yes*.

**Decision Point 5: The Working Group recommended changes in how pay areas are defined that will result in substantial expansion of pay areas. Should the Council recommend any special action for any of the areas that contacted OPM other than to apply to them the proposed new criteria for defining locality pay areas?**

Recommendation of the Working Group: The Council should recommend no action for the areas that contacted OPM other than applying to them the proposed new criteria for defining locality pay areas.

Council Action: The Council will recommend no action for the areas that contacted OPM other than applying to them the proposed new criteria for defining locality pay areas.

**Decision Point 6: Should the GS employment criterion be dropped for evaluating areas adjacent to locality pay areas?**

Recommendation of the Working Group: The Council should recommend no longer using the GS employment criterion for evaluating areas adjacent to locality pay areas.

Council Action: The Council will recommend no longer using the GS employment criterion for evaluating areas adjacent to locality pay areas.

**Decision Point 7: Should the commuting criterion used in evaluating adjacent counties be increased from 7.5 percent to 20 percent?**

Recommendation of the Working Group: The Council should recommend that the commuting criterion used in evaluating adjacent counties be increased from 7.5 percent to 20 percent.

Council Action: The Council will recommend that the commuting criterion used in evaluating adjacent counties be increased from 7.5 percent to 20 percent.

**Decision Point 8: Should the new commuting pattern data be used for evaluating areas even though the new data do not include data on counties with fewer than 20,000 persons?**

Recommendation of the Working Group: The Council should recommend that the new commuting pattern data be used for evaluating areas even though the new data do not include data on counties with fewer than 20,000 persons.

Council Action: The Council will recommend that the new commuting pattern data be used for evaluating areas even though the new data do not include data on counties with fewer than 20,000 persons.

**Decision Point 9: Should the Claremont, NH, CSA, which is composed entirely of micropolitan areas, be evaluated as a metropolitan area or excluded from consideration?**

Recommendation of the Working Group: The Council should recommend that the Claremont, NH, CSA, which is composed entirely of micropolitan areas, be evaluated as a metropolitan area, not excluded from consideration.

Council Action: The Council will recommend that the Claremont, NH, CSA, which is composed entirely of micropolitan areas, be evaluated as a metropolitan area, not excluded from consideration.

**Decision Point 10: Should other micropolitan statistical areas (besides those comprising the Claremont, NH, CSA), be treated the same as metropolitan statistical areas?**

Recommendation of the Working Group: The Council should recommend that the locality pay program treat micropolitan areas the same as metropolitan statistical areas.

Council Action: The Council will recommend that the locality pay program treat micropolitan areas the same as metropolitan statistical areas.

**Decision Point 11: Should employees already in a separate locality pay area be included in evaluating areas?**

Recommendation of the Working Group: The Council should recommend that employees already in a separate locality pay area be included when areas are evaluated under current criteria.

Council Action: The Council will recommend that employees already in a separate locality pay area be included when areas are evaluated under current criteria.

**Decision Point 12: Should the Council recommend that OPM modify its locality pay regulations to delink from Core Based Statistical Area definitions until after the Council and Pay Agent have an opportunity to review the new definitions?**

Recommendation of the Working Group: The Council should recommend that OPM modify its locality pay regulations to delink from Core Based Statistical Area definitions until after the Council and Pay Agent have an opportunity to review the new definitions.

Council Action: The Council will recommend that OPM modify its locality pay regulations to delink from Core Based Statistical Area definitions until after the Council and Pay Agent have an opportunity to review the new definitions.

**Agenda Items 5 and 6: (Public Comment and Adjournment)**

When the Council completed its coverage of the Working Group Report, Dr. Condrey provided an opportunity for public comment. No one came forward, and Dr. Condrey adjourned the meeting at 10:51 a.m.

**CERTIFIED**

SIGNED

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Stephen E. Condrey  
Chair