

**FEDERAL SALARY COUNCIL
MEETING NUMBER 15-1
NOVEMBER 6, 2015**

The [Federal Salary Council](#) met on November 6, 2015, at the Office of Personnel Management (OPM). Council members who participated in the meeting are listed in the table below.

Council Member	Title
Dr. Stephen E. Condrey	Federal Salary Council Chair and Past President of the American Society for Public Administration
Mr. Louis P. Cannon	National Trustee, Fraternal Order of Police
Mr. J. David Cox	National President, American Federation of Government Employees
Dr. Rex L. Facer II	Associate Professor of Public Finance and Management, Romney Institute of Public Management, Brigham Young University
Ms. Jacqueline Simon	Public Policy Director, American Federation of Government Employees

At the request of Chairman Condrey, who participated by telephone, Dr. Facer acted as Chair for this meeting. Mr. Mark Allen, OPM Pay Systems Manager, was the Designated Federal Officer. About 35 members of the public also attended the meeting, including 3 representatives of the media and Congressional staff from the offices of Senators Patrick Leahy and Bernard Sanders.

Agenda Item 1: Announcements and Minutes from Previous Meeting

At 10:00 a.m., Dr. Facer introduced himself as Acting Chair for this Council meeting, noted that Dr. Condrey was participating by telephone today, and introduced Mr. Mark Allen, Designated Federal Officer for the meeting, who then made brief remarks.

Designated Federal Officer's Opening Remarks

Mr. Allen welcomed everyone to the meeting. He clarified that OPM does not hold membership on the Council, which is a Federal Advisory Committee Act committee that receives staff support from OPM under Executive Order 12764.

Mr. Allen summarized the Council's role in the locality pay program. He explained that the Council performs duties enumerated in title 5, 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 between Federal and non-Federal pay, and the level of comparability payments that should be made. He said a copy of the meeting agenda was included in the meeting folders, and that the Council will submit its recommendations for January 2017 locality pay, when finalized, to the [President's Pay Agent](#).¹

¹ The President's Pay Agent consists of the Secretary of Labor and the Directors of the Office of Management and Budget and OPM. Under section 5304 of title 5, the Pay Agent provides for Federal Salary Council meetings, considers the recommendations of the Federal Salary Council, defines locality pay areas, and submits an annual report to the President on the locality pay program.

Mr. Allen announced that two Council members had retired: Mr. William Fenaughty, National Secretary-Treasurer of the National Federation of Federal Employees (NFFE), and Ms. Colleen Kelley, National President of the National Treasury Employees Union (NTEU).

Mr. Allen said that no replacement appointments have been made yet for the two vacant Council seats. He added that, while NFFE and NTEU do not currently have representation on the Council, when represented both unions contributed greatly to the Council Working Group report while it was being developed. He then turned the floor over to Dr. Facer.

Council's Introductions and Announcements

Dr. Facer thanked Mr. Allen and OPM staff for their support of the Council, and then he asked the Council members to introduce themselves.

Following the introductions, Dr. Facer announced that the minutes from the previous Council meeting, Council Document FSC 15-01-01, were finalized, certified, and posted on the OPM website. Dr. Facer turned to the next agenda item, a report by the Bureau of Labor Statistics.

Agenda Item 2: Report of the Bureau of Labor Statistics

Ms. Frances Harris of the Bureau of Labor Statistics (BLS), Office of Compensation and Working Conditions, gave a presentation on 2015 deliveries of non-Federal salary estimates used in the locality pay program. The full text of her presentation can be found in Council Document FSC 15-01-03.

When Ms. Harris concluded her presentation, Dr. Facer invited comments or questions from the Council. Hearing none, he thanked Ms. Harris for her presentation and BLS for the hard work it does in producing the non-Federal salary estimates. He then turned to the next agenda item.

Agenda Item 3: Testimony about Locality Pay Areas

Dr. Facer noted that six individuals attending the meeting were signed up to speak regarding locality pay area boundaries. He asked that each speaker's presentation be limited to 5 minutes. The Council then heard the presentations, which are summarized below.

Veterans Affairs Medical Center in White River Junction, VT

The first two speakers were Ms. Brenda Willis and Mr. Joseph Nolin, who spoke on behalf of the Veterans Affairs Medical Center (VAMC) in White River Junction, VT. Their testimony supported the addition of the Claremont-Lebanon, NH-VT Micropolitan Statistical Area (which contains the White River VAMC) to the Boston locality pay area.²

² The Council has recommended making this change in the definition of the Boston locality pay area for several years, as part of two broader recommendations to modify the criteria for evaluating adjacent locations as potential areas of application, i.e., 1) to eliminate the General Schedule employment criterion and 2) to treat multi-county micropolitan areas defined by the Office of Management and Budget (OMB) the same as multi-county metropolitan statistical areas defined by OMB. However, the President's Pay Agent, which defines locality pay area boundaries through a regulatory process, has not approved those changes.

Notes prepared for the two speakers' presentations and letters of support from Federal employees can be found in Council Document FSC 15-01-17. Key points made by Ms. Willis and Mr. Nolin are listed below:

- The VAMC is in the "Rest of U.S." locality pay area and is not far from the Boston locality pay area.
- The 2015 locality pay percentages for the "Rest of U.S." locality pay area and the Boston locality pay area are, respectively, 14.16 percent and 24.80 percent.
- It is extremely difficult for the VAMC to recruit and retain good employees due to the low locality pay percentage and high cost of living for the area. The facility loses recent hires to other facilities with higher locality pay.
- The Federal Salary Council previously recommended that the Claremont Micropolitan Statistical area receive Boston locality pay.

Dr. Facer asked if the Council had any questions. Mr. Cox asked for more information about the distance to the Boston locality pay area from the VAMC facility and about commuting between the Boston locality pay area and the Claremont area. Ms. Willis said the VAMC facility is only about 60 miles away from the Boston locality pay area, and she pointed out that commuting data recently published by the Council show that the Claremont-Lebanon, NH-VT Micropolitan Statistical Area has a 9.98 percent commuting interchange rate with the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area.

Mr. Cannon asked to what extent the staffing challenges the VAMC faces impact the ability to maintain patient appointments and otherwise provide medical services to veterans. Ms. Willis replied that appointments are scheduled within 30 days. She added that the VAMC works very hard to accomplish its mission with Federal employees and outsources work only when necessary. In response to another question from Mr. Cannon on whether VAMC employees are leaving the facility for Federal positions or non-Federal positions, Ms. Willis emphasized the significance of higher locality pay offered by Federal employers in the Boston locality pay area. As an example, she said she had heard of VAMC police officers who chose Federal positions where higher locality pay was available.

When discussion of the two VAMC speakers' presentation concluded, Dr. Facer thanked Ms. Willis and Mr. Nolin, and then he welcomed the next speaker, Mr. Patrick DeFalco, Chair of the Federal Executive Association of Western Massachusetts.

Federal Executive Association of Western Massachusetts (Berkshire County, MA)

Mr. DeFalco's purpose in speaking was to thank the Council for supporting the addition of Berkshire County, MA, to the Albany, NY, locality pay area. The text of his presentation can be found in Council Document FSC 15-01-04. (Under final regulations published in the *Federal Register* on October 27, 2015, Berkshire County is part of the new Albany-Schenectady, NY, locality pay area (the definition of which is applicable in January 2016 and can be found on the OPM website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/locality-pay-area-definitions/>).

Dr. Facer asked if the Council had any questions or comments. Mr. Cox thanked Mr. DeFalco for his persistence. Mr. DeFalco had noted during his presentation that he had testified before the Council regarding Berkshire for a number of years. Mr. Cox noted that the locality pay program follows rules, and that regulations were required for Berkshire to be included in the Boston locality pay area. He said he knew such changes can take a lot of time, and he commended the FEAWM and Mr. DeFalco for their persistence. Mr. Cox held Berkshire out as an example of how it sometimes takes some persistence to make beneficial changes in the locality pay program, and he expressed the hope that other similarly situated areas would also be persistent.

When Council discussion of Berkshire concluded, Dr. Facer thanked Mr. DeFalco, and then he welcomed the next speakers, Ms. Lisa Rees, Mr. Sean McVey, and Mr. Jeff Ausland, representatives of the Vermont Federal Executive Association.

Vermont Federal Executive Association (Northwest Vermont)

The first of three speakers representing the Vermont Federal Executive Association (VTFEA) was its president, Ms. Lisa Rees. The text of her presentation can be found in Council Document FSC 15-01-14. Her key points include the following:

- VTFEA is a volunteer organization composed of executives from 36 Federal agencies who oversee a combined workforce of over 5,000 employees.
- Ms. Rees attended this Council meeting, along with her colleague and VTFEA Vice President Sean McVey, to resubmit a proposal for higher locality pay for Northwest Vermont.
- This is her 3rd year testifying in front of the Council.
- The VTFEA discussed the impact that the lack of higher locality pay has on Federal agencies.
- Council Document FSC 15-01-16, reference number 2, presents employment statistics for the Burlington-South Burlington, VT, MSA.

When Ms. Rees concluded her presentation, Mr. Ausland addressed the Council. He displayed several exhibits that are included in Appendix 3 of Council Document FSC 15-01-05. One chart showed average non-Federal pay rates from BLS' Occupational Employment Statistics data juxtaposed with locality pay percentages, showing those data for Burlington compared to other areas throughout the Country.

When Mr. Ausland finished his presentation, Mr. McVey provided brief testimony, the text of which can be found in Council Document FSC 15-01-15. He introduced himself as a U.S. Customs and Border Protection (CBP) officer with 18 years of CBP experience, and that his duty stations over that period included California, Arizona, the District of Columbia, New York, and Vermont. He said that the Border Patrol's fundamental mission is to secure our borders between Ports of Entry against all threats, including terrorists and terrorist weapons, transnational criminal organizations, and illegal immigration.

Mr. McVey thanked BLS for the salary data provided on its website, which the VTFEA used in its presentation. He added that many applicants turn down job offers due to the high cost of living and lack of higher locality pay. He emphasized that lower locality pay significantly impacts hiring capabilities.

When Dr. Facer asked if the Council had any questions for the VTFEA speakers, Mr. Cannon asked if there were staffing problems for all positions or just for certain occupations. Mr. McVey replied that for all positions the Burlington area is a revolving door, which he added is very problematic since institutional knowledge is key. Mr. Cannon asked if a hiring freeze was still in place. Mr. McVey responded that authorization to hire has resumed, but that Vermont had been able to hire only in very small numbers.

The Council had no additional questions so Dr. Facer thanked the three speakers and proceeded with the meeting agenda.

Agenda Items 4 and 5: Working Group Report and Council Recommendations

Dr. Facer said that Ms. Simon would now read the report of the Federal Salary Council Working Group, Council Document FSC 15-01-06.

Ms. Simon read the Working Group report, pausing at each decision point for Dr. Facer to ask Council members to vote on the Working Group recommendation on the decision point. Council members unanimously agreed to all of the Working Group recommendations regarding the 12 decision points listed below. (The purpose of the list below is to document decisions the Council made on issues discussed in detail in the Working Group report. Readers interested in more detail on these issues should refer to the Working Group report, Council Document FSC 15-01-06.)

- Decision Point 1: Should the Council recommend locality pay rates for 2017 for the 47 locality pay areas applicable in January 2016, using the NCS/OES model results as shown in Attachment 1 of the Working Group report?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend locality pay rates for 2017 for the 47 locality pay areas applicable in January 2016, using the NCS/OES model results as shown in the Working Group report.

- Decision Point 2: For future deliveries of NCS/OES salary estimates by BLS, should the Council ask that BLS discontinue delivery of 1) salary estimates based on older OMB definitions of metropolitan areas and 2) salary estimates that do not include areas of application (where areas of application are applicable)?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend, for future deliveries of NCS/OES salary estimates by BLS, that BLS discontinue delivery of 1) salary estimates based on older definitions of metropolitan areas and 2) salary estimates that do not include areas of application.

- Decision Point 3: Should the Council request that BLS deliver NCS/OES salary estimates for the New Bern-Morehead City, NC, Combined Statistical Area when it is able to do so, with OPM staff coordinating with BLS on data deliveries?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will ask that BLS deliver NCS/OES salary estimates for the New Bern-Morehead City, NC, Combined Statistical Area when it is able to do so, with OPM staff coordinating with BLS on data deliveries.

- Decision Point 4: Should the Council discontinue monitoring pay gaps in the Sierra Vista-Douglas, AZ, Metropolitan Statistical Area (MSA) and in the Portland, ME, Combined Statistical Area (CSA)?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will discontinue monitoring pay gaps in the Sierra Vista-Douglas, AZ, MSA and in the Portland, ME, CSA.

- Decision Point 5: For the purpose of determining which “Rest of U.S.” research areas to recommend for establishment as separate locality pay areas, should the Council switch from studying 4 years of pay gaps in research areas to studying 3 years of pay gaps in research areas?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend, for the purpose of determining which research areas to recommend for establishment as separate locality pay areas, switching from studying 4 years of pay gaps in research areas to studying 3 years of pay gaps in research areas.

- Decision Point 6: Based on updated results from the NCS/OES model, should the Council recommend that Burlington, VT, and Virginia Beach, VA, be established as separate locality pay areas in 2017, and 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?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend, based on updated results from the NCS/OES model, that Burlington, VT, and Virginia Beach, VA, be established as separate locality pay areas in 2017, and 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.³

- Decision Point 7: Should the Council again recommend eliminating the GS employment criterion and adjusting commuting criteria as discussed in the Working Group report?

³ Note: Implementing this recommendation would require approval by the President’s Pay Agent and a regulatory process that would include publication of a proposed rule in the *Federal Register*, followed by a period of public comment and publication of a final rule to establish these new locality pay areas.

- Recommendation of the Working Group: Yes.
- Council Action: By unanimous agreement, the Council will again recommend eliminating the GS employment criterion and adjusting commuting criteria as discussed in the Working Group report.
- Decision Point 8: Should the Council resubmit its November 2014 recommendation to treat multi-county micropolitan areas the same as MSAs or CSAs, while continuing to evaluate single-county micropolitan areas as individual counties?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will resubmit its November 2014 recommendation to treat multi-county micropolitan areas the same as MSAs or CSAs, but continue to evaluate single-county micropolitan areas as individual counties.
- Decision Point 9: Should the Council continue to recommend that partially surrounded areas be evaluated by the Pay Agent on a case-by-case basis?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will continue to recommend that partially surrounded areas be evaluated by the Pay Agent on a case-by-case basis.
- Decision Point 10: Should the Council recommend the criteria suggested in the Working Group report to evaluate single-county locations that are adjacent to multiple locality pay areas?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend the criteria suggested in the Working Group report to evaluate single-county locations that are adjacent to multiple locality pay areas.
- Decision Point 11: Should the Council recommend any special action be taken for any of the areas listed in Attachment 8 of the Working Group report?
 - Recommendation of the Working Group: No.
 - Council Action: By unanimous agreement, the Council will recommend no special action be taken for any of the areas listed in Attachment 8 of the Working Group report.
- Decision Point 12: Should the Council make the recommendation in the Working Group report regarding the allocation of locality pay in 2016?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will make the recommendation in the Working Group report regarding the allocation of locality pay in 2016.

Agenda Items 6 and 7: Public Comment and Adjournment

Dr. Facer invited public comment. Hearing none, he adjourned the meeting at 11:35 a.m.

CERTIFIED

SIGNED

Stephen E. Condrey, Ph.D.
Chair