

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

622nd FPRAC

JILL L. NELSON, Chair, Presiding

Thursday, December 20, 2018

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM
Christopher Lynch, DoD
Susie Collins, Navy
Deon Fortune-Canada, Air Force
Carin Otero, VALabor Members:Jacque Simon, AFGE
Richard Loeb, AFGE (via phone)
Timothy Traylor, NAGE**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Karl Fendt, DoD
Kieu Nguyen, DoD
Erica Abiera, VA
Bob Morgan, Deputy Chief of Staff for Representative Matt Cartwright (D-PA)**Recording Secretaries:**Mike Eicher, OPM
Ana Paunoiu, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G

CHAIR NELSON: Good morning, everyone. The meeting will now come to order. We like to see faces here. We didn't make it last month. This is the 622nd meeting of the Federal Prevailing Rate Advisory Committee. It's now 10:03 a.m. The weather is with us; we're having a meeting. No snow.

The meeting is being recorded, and a transcript will be provided to all members.

My name is Jill Nelson. I'm Chair of this Committee. We are going to start with introductions, and we'll start with the Union officials, go around the room, and then I believe we do have a Union official on the phone too. So let's go ahead, sir.

MR. TRAYLOR: Good morning. My name is Timothy Traylor. I'm the National Representative for NAGE, standing in the place of Rob Shore.

MS. SIMON: Jacque Simon, American Federation of Government Employees.

CHAIR NELSON: Someone—who is on the phone?

MS. SIMON: Richard Loeb.

CHAIR NELSON: Richard?

MR. LOEB (via phone): Yes. This is Rich Loeb, AFGE.

CHAIR NELSON: Okay. Thank you.

MR. ALLEN: Mark Allen with OPM.

MR. LYNCH: Christopher Lynch, Department of Defense.

MS. FORTUNE-CANADA: Deon Fortune-Canada, Department of Air Force.

MS. COLLINS: Susie Collins, Department of Navy.

MS. OTERO: Carin Otero, Department of Veterans Affairs.

CHAIR NELSON: We have a guest here?

MR. MORGAN: Yes. My name is Bob Morgan. I'm Deputy Chief of Staff and District Director for Congressman Matt Cartwright, Pennsylvania-17.

CHAIR NELSON: Thank you.

Let's go ahead and start over here.

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

MS. ABIERA: Erica Abiera, Department of Veterans Affairs.

MS. NGUYEN: Kieu Nguyen, Department of Defense.

MR. FENDT: Karl Fendt, DoD.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez, OPM.

MS. PAUNOIU: Ana Paunoiu, OPM.

CHAIR NELSON: Thank you.

Let's move on to the announcements if there are any. Does anyone have an announcement they'd like to make?

MR. TRAYLOR: Well, Rob Shore had an addition to the family.

CHAIR NELSON: Yes.

MR. TRAYLOR: So I think that's worthy of an announcement.

CHAIR NELSON: It's a little girl?

MR. TRAYLOR: Little girl.

MR. LYNCH: Awesome.

CHAIR NELSON: Congratulations to Rob. We will all have to tell him that when we see him come back.

MR. ALLEN: We expect pictures.

CHAIR NELSON: That's true. We do.

MR. TRAYLOR: I'm sure he'll have many.

MR. ALLEN: Well, let's consent for the record.

[Laughter.]

CHAIR NELSON: Okay. Review of the minutes of the 621st meeting. The minutes were sent out. Edits were requested. Did we receive edits?

MS. GONZALEZ: No edits were received.

CHAIR NELSON: No edits? Okay. Any edits offered for the transcript today?

[No audible response.]

CHAIR NELSON: Okay. Seeing and hearing none, the Chair will entertain a motion to accept the minutes of the 621st meeting.

MS. SIMON: So moved.

MR. ALLEN: Second.

CHAIR NELSON: Awesome. The minutes are approved.

We are moving on to the Old Business. Now, today, we have a congressional visitor to address item (c) on the agenda. If the members have no objection, we're going to go ahead and address item (c) first so the visitor can provide the testimony.

Jacque, would you like to say anything on this before Mr. Morgan speaks today?

MS. SIMON: I'm just very happy that Mr. Morgan can be here today, and we very much welcome his testimony, which reflects the day-to-day experience of the inequity that we've discussed here. It's something that I'm sure Representative Cartwright's office and Senator Casey's office both hear about a lot.

So thank you very much, Mr. Morgan, for coming today.

MR. MORGAN: Thank you.

As I said—good morning—my name is Bob Morgan. I'm Deputy Chief of Staff and District Director for Congressman Matt Cartwright, Pennsylvania-17.

I'd like to thank the Federal Prevailing Rate Advisory Committee for inviting me to speak today. It is a privilege to be here and discuss an important issue, which represents an injustice in the way federal employees are compensated.

I would note today is not the first time I've appeared before this Committee to discuss this very same issue. In January of 2016, I testified in front of this Committee on behalf of Congressman Cartwright and the workers at Tobyhanna Army Depot in Monroe County, Pennsylvania, about the unfairness created by the locality pay system.

At that time, this Committee had recently voted to unify wages for employees at Joint Base McGuire-Dix-Lakehurst in New Jersey, and Congressman Cartwright had hoped it would do the same for Tobyhanna because paying hourly and salaried employees working side by side in the same location different rates is manifestly unfair.

Thankfully, on January 22, 2016, this Committee voted in favor of the motion by a vote of 5 to 4. However, even after significant urging, the Acting Director of OPM failed to implement this recommendation.

I appear before you again today to discuss why Congressman Cartwright urges this Committee to reach the same conclusion as it did in 2016. To end these pay discrepancies as you have done in other locations is so important to the federal workers it affects.

As you're aware, the Federal Office of Personnel Management calculates wage rates based on boundaries drawn long ago, and as a result, salaried federal employees are paid more than hourly-wage federal workers who work in the same place.

This inequity comes from the discrepancy between the boundaries for blue-collar versus white-collar workers. While blue-collar locality boundaries were drawn according to the placement of military installations in the 1950s, white-collar locality boundaries are drawn to encompass more current metropolitan labor markets based on modern Census data on commuting rates.

Under the current policy, General Schedule or salaried employees at Tobyhanna are placed in the New York City regional boundary. As a result, they receive a bonus of roughly 20 to 25 percent. However, hourly employees at Tobyhanna Army Depot are included in the Scranton wage area, which is a part of the locality pay area known as the "Rest of the U.S."

The current system is seriously and obviously outdated. Hourly and salaried workers travel the same highways, take the same trains, and buy lunch in the same places. It would also seem the recently announced action of the Federal Salary Council creating six new localities and adding territory to the Albuquerque and Los Angeles localities is a tacit admission of the failure of the "Rest of the U.S." compensation system developed so many years ago.

This situation is unacceptable and unfair to our federal workforce. There should be absolutely no pay distinction between hourly-wage workers and salaried employees who work in the same location. This is why Congressman Cartwright, along with four other Pennsylvania Congressmen, introduced the Locality Pay Equity Act.

This bill will direct the Office of Personnel Management to fix this antiquated system by prohibiting the Office from defining more than one local wage area for prevailing rate employees within a pay locality.

The Locality Pay Equity Act will rectify this unjust pay discrepancy and help federal workers achieve equitable treatment. It will ensure blue-collar federal employees are

treated in the same way as white-collar workers, ending a discriminatory and outdated classification system.

The workers at Tobyhanna Army Depot deserve the same pay regardless of whether they are hourly or salaried. It's time to remedy this problem, and the solution is obvious. Congressman Cartwright urges the Committee to unify wages for our hardworking Tobyhanna employees.

Thank you again for allowing me the opportunity to speak today about this very important issue.

CHAIR NELSON: Thank you. We appreciate you being here.

Should we just continue on with this topic?

MR. ALLEN: Since this is an AFGE topic, I'm open to AFGE's suggestions on the approach to take for the rest of the agenda.

MS. SIMON: Well, I think that you've included in our packet here some updates to OPM's estimate of the cost of implementing the proposal, and I'd like to have some more time to study what OPM has produced.

CHAIR NELSON: Okay.

MR. ALLEN: I can just run through what it is. There are some points that should be made about this one.

It is an update to the cost projection we provided in the past, I had said that I didn't think the cost of the proposal would go down by much. However, it has gone down by quite a bit, and most likely, the reason for that is that the Newburgh, New York, wage area was abolished when it became part of the New York Metropolitan Statistical Area. So that contributed to reducing some of the costs.

Also, Joint Base McGuire-Dix-Lakehurst was moved entirely into the New York wage area, so that would have reduced some of the costs there as well. There's some other areas that also had been acted on.

What we're seeing here, though, is that the aggregate increase in base pay would be around \$56 million a year.

Unlike the previous version of this, we didn't do a cost escalation in this estimate. So on the first table there, you see the costs extended a year.

In the previous version, we had estimated that the costs would escalate as a result of annual pay adjustments to probably around 3 percent a year. For this updated version, we have deliberately left out what the increases would be for the next 5 years because we have no idea what they would be.

And for 2019, currently the administration's position is implementing the President's alternative pay plan, which would result in no wage adjustments for 2019. It's a different subject.

It's a technical point, but when you aggregate the costs over 5 years, in this, we say \$281 million. That is just base pay. It doesn't take into consideration, increases in benefit costs or that annual adjustments will take place over the course of the next 5 years. Of course, they will. We just don't know what they'll be.

MS. SIMON: But it's a completely static kind of analysis, assuming that everything else stays the same except for their wages.

MR. ALLEN: That's right.

MS. SIMON: Okay. I mean, there's obviously many, many factors that are at work here that affect the cost of compensating the workforce, but this is a static kind of snapshot.

MR. ALLEN: That's correct.

Now, the one that has been of interest to this Committee today, Monroe County, Pennsylvania, is on the last page of the main chart. It's in the packet, this one, the last summary page.

MS. SIMON: Does it have a page number at the bottom?

MR. ALLEN: It says "New York" at the top because these would potentially be counties that would be added to the New York wage area.

MS. SIMON: Okay. My last page says Berks County, Pennsylvania.

MR. LYNCH: It's probably page 6 on yours.

MR. ALLEN: Yeah. There the costs would be around \$15 million in the first year, which is a big chunk of the overall cost, and the reason for that is the much higher wage levels in New York compared to the Scranton wage area and the large number of employees. Our current count is around 1,386 Federal Wage System employees who would be affected by AFGE's proposal. But as the members can see, there are many other counties that would be affected.

Another county with a large number of employees that would be affected would be York County, Maine, where the Portsmouth Naval Shipyard is located. IT has around 2,799 employees. You'll see the costs there under the Boston wage area. It's around \$3.6 million in the first year, and the reason it's not a huge cost in that case is that the wage rates are not that different.

Does anybody have any other questions about 622-OPM-1?

CHAIR NELSON: I appreciate you putting this all together. It's definitely a lot of information.

MR. ALLEN: At one of our prior meetings, there was an indication expressed

from the Labor members that the only concern that the Management members had about this proposal was costs. That's not really the case.

There were at least three minority reports related to these issues that were provided along with the majority recommendations to the Director of OPM, and at our next meeting, we can go through what some of those other additional concerns were.

CHAIR NELSON: Shall we move on? Any other—

[No audible response.]

CHAIR NELSON: Okay. Let's jump back up on Old Business, jump back up to (a).

MR. LYNCH: Before we go, I just want to thank Mr. Morgan for coming to discuss the issue again, and so, hopefully, we'll be able to work together to fix address this issue. Thank you.

MR. MORGAN: Thank you.

CHAIR NELSON: Thank you. I appreciate your comments Mr. Lynch, and Mr. Morgan, we do appreciate you coming in, especially during such a busy week for everyone.

Jumping back to (a), we have the NAGE request to reexamine placement of wage grade employees in Shawnee County. We have received additional information on this. There's four new business items. We've gotten a memo and three letters. How would you like to address that? We have the memo and the letters in the record for everyone.

MR. ALLEN: I see a number of new documents that have been provided to OPM.

CHAIR NELSON: We're kind of incorporating New Business with the Old Business, so we have the whole discussion at once here. That is probably the best and most efficient way.

MS. SIMON: Yeah.

MR. ALLEN: Yeah. Most of these are NAGE documents. So I think it would be helpful for NAGE to walk through what some of these are.

From that first line, it appears like a lot of this information is information that we saw at meetings under the previous administration, but I may be mistaken. There may be some new things in here for us to take a look at as well.

CHAIR NELSON: Would you like to address it?

MS. SIMON: Yes.

MR. TRAYLOR: I think it would be helpful to understand this memo here from the VA. Most of the NAGE requests say the same thing. There's a disparity between Topeka and Leavenworth. This document corroborates that story as well as shows the impact to recruitment issues and retention issues.

For us, I mean, to walk through this document would be helpful because the requests are saying the same thing.

CHAIR NELSON: Well, if you'd like to walk us through that?

MR. TRAYLOR: So this is from Department of VA. So I'm hoping that the Department of VA can walk us through their letter.

MR. ALLEN: I'll speak to this first. This is a letter from a medical center director rather than from the Department of Veterans Affairs Headquarters. I just want to make that point clear about what this is.

MS. OTERO: That is exactly my standpoint. I am the Deputy Assistant Secretary for Human Resources Management, and when I inquired with my counterpart HR executive at Veterans Health Administration, she was actually in Topeka, Kansas, last month. So she inquired

into this issue, and she believes that there's obviously a personal care and concern among the employees together and the medical center director who was speaking in their own right. They were not authorized to speak for the Department of Veterans Affairs.

They aren't the authoritative voice, as the medical center director. So what I can say is that I investigated it, and we still stand by our determination that it should not be changed.

MS. SIMON: VA would not be in favor of abolishing Shawnee County and moving the employees to a Leavenworth wage area; is that correct? You would oppose it?

MS. OTERO: Right. That's correct. It's just we would not change what the current situation is.

We know that some employees over maybe the past 5 years have done some work during normal business hours using government vehicles, but we don't believe that there is any reason to change the current situation. And that the person who wrote this letter was speaking in their own right, and they were not speaking on behalf of the Department of Veterans Affairs.

MR. ALLEN: It's actually not all that unusual for a local executive to present information from their local perspective. We saw something similar with the Providence, Rhode Island, VA Medical Center, where the medical center director there said his operation would benefit if he was able to pay higher wages to his wage grade employees in Rhode Island. It's helpful information to know that, but it's not really something that's determinative of a department position, or it's not something that determines whether OPM is going to change a definition of a wage area boundary.

MS. SIMON: We're well aware of that.

So why don't we defer a formal vote on this issue.

MR. ALLEN: Do we have a quorum here today to vote?

CHAIR NELSON: I think there's three.

MR. ALLEN: Three Labor members?

MS. GONZALEZ: You need four and four.

CHAIR NELSON: Yeah.

MR. ALLEN: Okay.

CHAIR NELSON: So I don't think there's a quorum for having a vote today.

MR. ALLEN: What I'm going to suggest about the issues with Shawnee County, Kansas, and also with Monroe County, Pennsylvania, is that we all take some time to, first of all, look back and see the historical record of things that were discussed in the past, take a look at any of this new information that's been presented to us, and come back at the next meeting, and put everything out on the table about what our positions are and maybe after that move on to something else.

CHAIR NELSON: How does that sound to Management and Union? Is everyone on board?

I think that's a very good plan because I think we kind of need to—it seems like this has been around for a while, for years.

MR. ALLEN: Well, the initial recommendation, majority recommendation, came in October 2010, but the discussions about this subject actually go back 5 years further.

CHAIR NELSON: Oh, wow.

MR. ALLEN: So it's absolutely a thing—

MS. SIMON: They go back further than that, Mark. George W. Bush's FPRAC Chair was all for it.

MR. ALLEN: Yeah. And I actually went to Tobyhanna Army Depot in 1992 or

'93, and I heard the same concerns at that time for wage grade employees. They would like to have the same wage rates that are paid in New York.

MS. SIMON: That was prior to GS being part of New York. That shows you how old this is, but in any case, the actual consideration by FPRAC is more than 10 years old.

CHAIR NELSON: Okay. So we'll defer that one.

We've got the definition of Pitt County. Do we have any updates on Pitt County? This was deferred at the October meeting.

MR. ALLEN: I believe AFGE was going to have somebody down in that area to check and coordinate with local people.

MS. SIMON: I think there was—

CHAIR NELSON: So you want to defer that one? Okay.

MR. ALLEN: Okay. Likewise, with this one, I'd like to wrap this one up in January.

MS. SIMON: What? Forsyth?

CHAIR NELSON: Pitt County.

MR. ALLEN: Pitt.

CHAIR NELSON: I'm just taking some notes here.

Okay. Item (d) was specifically put on here by MTD, Dale Troll, prior to him, and he was going to be checking on that. It has to do with the current definition of Portsmouth, New Hampshire, wage area.

The way I understand it, I think, more than anything, he was unaware of what had taken place before, the history of this one. Am I correct on this one?

MR. ALLEN: Yeah.

CHAIR NELSON: The information was included to be able to bring them up to speed on how this had got to where it's at, and he was going to do some additional checking. And now he's not here with us.

MR. ALLEN: I believe Metal Trades did talk to DoD staff. As far as I know, it's a non-issue. There was just a lack of understanding about what had happened in the past, and so we've provided that information about what happened at previous FPRAC meetings. I'm perfectly find with the documents on the agenda for now.

CHAIR NELSON: Okay.

MR. ALLEN: We'll just take care of it at the next meeting, and if there are any remaining questions, I'll be happy to answer those.

CHAIR NELSON: Right. Reading the material, I too thought it was probably just a misunderstanding. He wanted to talk to the predecessor who raised it because he was kind of like dropped in on this at the last meeting going, "I don't know." So let's just go ahead and leave the stuff here, and we'll defer it. And, hopefully, then we'll have a representative here that can— from that Union that can help us out.

So I'm looking at the agenda, and I'm seeing that we've basically covered everything on here. Am I missing anything?

MR. ALLEN: No. I don't see anything.

CHAIR NELSON: Don't see anything? Okay.

Please note that the future dates have been included in your packet for the meetings throughout 2019. You all should have those, and that way, we can hopefully make sure that we do have a quorum on the next one.

Outside of that, I believe we've covered everything. Anyone else have any issues

they'd like to raise?

MS. SIMON: No.

CHAIR NELSON: Okay. Is there a motion for adjournment?

MS. SIMON: So moved.

CHAIR NELSON: So moved. Is there a second?

MR. ALLEN: Second.

CHAIR NELSON: Okay. All in favor? Sounds like a consensus. I'm seeing thumbs up. Merry Christmas.