

THE FEDERAL SALARY COUNCIL

Minutes of November 19, 2010

Meeting No. 10-02

The Federal Salary Council held its second meeting of 2010 on Friday, November 19, 2010. Mr. Charles Grimes, Deputy Associate Director for Employee Services 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 (Human Resources Management Program Director, Carl Vinson Institute of Government, University of Georgia)
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 ¹	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

More than 20 members of the public also attended the meeting, including Congressional Staff from the office of Representative John W. Olver (D-MA) and 3 representatives from the media.

Agenda Item 1: (Announcements, Introductions, and Minutes from Meeting 10-01)

Mr. Grimes welcomed the Council members and audience to the meeting. He and the Council members briefly introduced themselves.

The Council unanimously approved the minutes from the previous Council meeting (meeting 10-01 on October 29, 2010). Dr. Condrey then turned to the next item on the agenda.

Agenda Item 2: (Testimony about Locality Pay Areas)

Dr. Condrey said that speakers were present from Berkshire County, MA, and the Marine Corps Mountain Warfare Training Center in Mono County, CA. He said that presentations on

¹ Mr. Fenaughty was sworn in as a new Council member the morning of the meeting.

Berkshire County would be followed by presentations on Mono County. He invited the speakers from Berkshire County to begin their presentations.

Berkshire County, MA

Three speakers gave presentations concerning locality pay for Berkshire County:

- Mr. Frederick Baron, Chief Engineer at a Department of the Navy Facility in Pittsfield, MA (Berkshire County),
- Mr. Patrick DeFalco, chair of the Federal Executive Association of Western Massachusetts (FEAWM), and
- Ms. Ann Nelson, a Congressional Staff member from the office of Representative John W. Olver.

Mr. Baron began his presentation, which consisted mostly of a written statement, Council Document 10-02-04. During Mr. Baron's presentation, Mr. DeFalco displayed the same large map he used in several previous Council meetings to make the point that Berkshire County still receives "Rest of U.S." (RUS) locality pay while most counties in Connecticut, Massachusetts, and Rhode Island receive higher locality pay.

Mr. Baron congratulated the newly appointed Council members and said, "Appearing before the Salary Council with a full membership team is truly a welcome change and an honor."² He said he was speaking on behalf of General Schedule (GS) employees of the Navy who were unable to attend the Council meeting to show their support for the FEAWM proposal to add Berkshire County to the Hartford locality pay area. He added that he is one of the GS employees who would be affected by a change in locality pay for Berkshire County.

Mr. Baron said the Navy Program Management Office in Pittsfield, MA, has been working with the FEAWM for more than 5 years on the issue of locality pay in Berkshire County. He said he knew his message would not be new to some of the Council members, and he would assume the new Council members had reviewed or been briefed on prior petitions for Berkshire County.

Mr. Baron referred the Council members to Council Document 10-02-07, a petition signed by over 50 employees supporting a change in locality pay for Berkshire County by adding it either to the Hartford locality pay area or to a newly established Albany locality pay area.³ He said a decision by the Council to recommend higher locality pay for Berkshire County would significantly benefit GS employees in Berkshire County, who "perform a vital service to the nation and this region." He thanked the Council for hearing his statement and said he would be happy to answer questions.

² Mr. Baron's last presentation to the Council was in Council Meeting 09-01, which was on October 19, 2009. At that time, all three expert seats and two of the employee organization seats were vacant. The Council voted to defer recommendations regarding locality pay area boundaries until the Administration filled the vacant seats.

³ For more detail on this proposal, see minutes from Council Meeting 10-01 and Council Document 10-01-08, a proposal by the Federal Executive Association of Northeastern New York to establish an Albany locality pay area using salary data from the Bureau of Labor Statistics' Occupational Employment Statistics program.

Dr. Condrey asked whether the Council had any questions on Mr. Baron's presentation. Since there were no questions, Dr. Condrey turned the floor over to Mr. DeFalco.

Mr. DeFalco's presentation consisted mostly of a written statement, Council Document 10-02-05. He thanked the Council for the opportunity to speak on behalf of Federal employees in Berkshire County. He reminded the Council of his presentation in the previous Council meeting, in which he described recruitment and retention challenges Federal agencies in Berkshire County face without the benefit of higher locality pay. He said, "As I said last month and visually displayed with the regional map, Berkshire County is the only county with GS employees in all of Southern New England without locality pay." He said that with the exception of Berkshire County, GS employees in Connecticut, Massachusetts, and Rhode Island receive Boston, Hartford, or New York locality pay.⁴ He asked that the Council consider "the minimal cost impact of rectifying this situation."

Mr. DeFalco said that one benefit of his having attended so many Council meetings in the past was that he had seen the Council and the Pay Agent "take action to rectify situations that were warranted." Referring to the Council's recommendation in 2005 to the Pay Agent regarding the Federal Correctional Complex in Butner, NC, he asked, "Is the situation in Berkshire County that different from the one on the prison grounds in North Carolina?"⁵ He said that as in the case of the prison, Federal employees in Berkshire County regularly come into contact in their work with Federal employees who are stationed nearby and receive higher locality pay. He said this situation is devastating to the morale of Federal employees in Berkshire County.

Mr. DeFalco repeated the same two suggestions he had offered in the previous Council meeting. The first suggestion was that the Council recommend that Berkshire County be added to the Hartford locality pay area based on the FEAWM-proposed addition to the Council's current criteria (see Council Document 10-02-03) for evaluating adjacent areas, i.e.--

To be included in an adjacent locality pay area (within the same state)⁶, the following 4 criteria must be met for this exception: The county must be adjacent, or within 5 miles of being adjacent, to two 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 at least 85 GS employees; The county must have a combined commuting rate between all bordering locality pay CSA's⁷ with add-ons⁸ of at least 7.5%.

⁴ Employees in Berkshire County are covered by "Rest of U.S." locality pay, which is 14.16 percent above the base General Schedule in 2010. The 2010 locality rates for Boston, Hartford and New York are 24.80 percent, 25.82 percent, and 28.72 percent, respectively. Locality rates for 2010 are posted on the OPM Web site at http://www.opm.gov/oca/compmemo/2009/2010PAY_Attach2.pdf.

⁵ Details concerning the 2005 Council's recommendation regarding the Federal Correctional Complex in Butner and the Pay Agent's decision regarding the evaluation of Federal facilities that cross locality pay area boundaries can be found in the [Federal Salary Council's Recommendations for Locality Pay in 2007](#) and in the [2005 Pay Agent's Report to the President on Locality Pay for 2007](#). As a result of the Pay Agent's decision, the entire Federal Correctional facility in Butner was included in the Raleigh locality pay area beginning in 2006.

⁶ The Hartford Combined Statistical Area is not in Massachusetts.

⁷ I.e., combined statistical areas as defined by the Office of Management and Budget.

⁸ The Council's current method of measuring commuting does not include "add ons" to combined statistical areas.

Mr. DeFalco's other suggestion was that the Council recommend establishment of Albany as a new locality pay area with Berkshire County included as an area of application. He said that the "pay discrepancy statistics" presented by the Federal Executive Association of Northern New York in the previous Council meeting warrant the establishment of a separate Albany locality pay area.

In concluding his presentation, Mr. DeFalco said that potential applicants for Federal jobs in Berkshire County are keenly aware of the locality pay situation in the area, and that the only way to overcome personnel challenges in Berkshire County would be to offer the same pay as for surrounding areas.

Mr. DeFalco said he had looked through the Report of the Federal Salary Council Methodology Working Group (Council Document 10-02-02) and had seen nothing in the report indicating an intention to recommend higher locality pay for Berkshire County. He said that while he applauded the Council for work done so far, he asked that the Council also consider Berkshire County "as an add on." He reminded the Council that Berkshire County is a relatively short commute from Albany.⁹ He said that if Albany is established as a separate locality pay area Berkshire County would be surrounded on all sides, except to the north, by counties with higher locality pay, which would exacerbate the already significant staffing difficulties in Berkshire County.

Chief Cannon asked how many agencies would be affected. Mr. DeFalco said there were 96 GS employees in Berkshire County, and he listed some of the agencies employing them.¹⁰

Since there were no further questions for Mr. DeFalco, Dr. Condrey invited Ms. Nelson to begin her presentation.

Ms. Nelson read a statement by Representative Olver, Council Document 10-02-06, into the record. The statement expresses support of either of the two solutions FEAWM proposed for alleviating staffing problems in Berkshire County, and points out that the sum of commuting interchange rates between Berkshire County and the New York, Hartford, and Albany Combined Statistical Areas (CSAs) substantially exceeds the 7.5 percent commuting interchange rate required under current Council criteria for evaluating adjacent areas.

Dr. Condrey thanked Ms. Nelson for her presentation. He asked the Council members whether they had any questions, and there were none. After confirming there was no further word from Berkshire County, he introduced the next speaker, Mr. Rodney Allen, Deputy Director of the Marine Corps Mountain Warfare Training Center in Mono County, CA.

⁹ In the previous meeting, Dr. Condrey asked how long a commute it is from Berkshire to Albany, and Mr. DeFalco estimated the commute time would be about 25-30 minutes.

¹⁰ The June 2010 Central Personnel Data File has 100 records for GS employees in Berkshire County, with 55 at DOD components, 18 at the Social Security Administration, and the remainder in small numbers at the Departments of Agriculture, Commerce, Interior, Treasury, Veterans Affairs; the General Services Administration; and the National Archives and Records Administration.

Mono County, CA

Mr. Allen thanked the Council for the opportunity to speak and gave a presentation accompanied by a handout, Council document 10-02-08. He introduced Ms. Judi Romero, Regional Human Resources Director (Marine Corps Installations West, Camp Pendleton, CA). Dr. Condrey asked whether Ms. Romero would also like to speak, and she accepted. Dr. Condrey reminded them that the 5 minute time limit per speaker indicated on the meeting agenda would apply, and he asked that the two speakers' combined presentations be limited to 10 minutes.

Mr. Allen briefed the Council on the Marine Corps Mountain Warfare Training Center's mission, which is the training of U.S. Marine Corps, Joint, and Allied Forces for military operations in mountainous, high altitude, and cold weather environments. He said the training center normally accommodates about 1,500 trainees at a time, but that enrollment can surge well beyond that number in summer. He said the center can stretch itself to push eight battalions per year through training. He said that while the training center cannot train all troops bound for Afghanistan, it trains not only U.S. Marines but also Green Berets and Special Forces guests from other countries, e.g. Canada and the U.K. He said the center has nine training schools in which trainees gain mountain and cold weather warfare skills. He said that because of current U.S. military operations in Afghanistan, the training center's mission has never been more relevant. He added that training Marines for combat in Afghanistan is now the Marine Corps Commandant's top priority.

Mr. Allen said the training center had 250 uniformed staff and 119 civilian positions with a 50 percent vacancy rate. He said the facility had grown considerably in recent years due to increasing demand for training from the U.S. Marine Corps.

Mr. Allen said that the center's training area is in the Humboldt-Toiyabe National Forest. He called the Council's attention to the second page of his handout, a map showing the remoteness of the training center and its location relative to shopping and standard consumer services. The map was annotated with information on the availability of schools and housing and examples of living costs, e.g. the prices of milk and gasoline.

In response to a question from Ms. Simon about the point on the map labeled "MCMWTC," Mr. Allen confirmed that is where civilian employees work.

Mr. Allen said that Carson City, NV, a city he said is about one-third the size of Alexandria, VA, is the closest place for big-box stores such as Costco and Walmart. He mentioned the difference between the price of milk in big-box stores in Carson City and the price of milk in small towns along Interstate 395 (which have no big-box stores) that are closer to the training center.

Mr. Allen said that due to tourism in the area, housing near the training center is very expensive and generally not affordable for Federal employees. He added that most private landowners in the immediate area are ranchers.

Mr. Allen called the Council's attention to the third page of his handout. He said the training center has "a shallow recruiting pool." He said that any skilled labor the center can realistically hope to retain typically comes from Carson City and that employees who come from farther

away tend to be short-term. He mentioned two examples where the center had employees who came on board from out of state, stayed just long enough to be fully trained, and then quit for jobs in areas with higher locality pay. He said the location is generally just too remote to attract and retain qualified people other than those from Carson City.

Dr. Condrey asked if the greater obstacle to the training center meeting its staffing needs is remoteness or pay, and Mr. Allen said he believed it is pay.

Dr. Facer asked how far the training center is from Yerington, NV. Mr. Allen said Yerington was not shown on the map but is about an hour's drive from Yerington. Mr. Allen asked if Dr. Facer is from Yerington, and Dr. Facer said his grandmother is from there.

Mr. Allen said that while Bridgeport, CA/Mono County, CA is in the RUS locality pay area, Twentynine Palms, CA is in the Los Angeles locality pay area and Carson City (which he earlier said was the center's primary source for skilled labor) is in the Sacramento locality pay area. He said the center experienced a 41 percent turnover rate for civilian positions over a 1-year period, and he reiterated that housing costs were high and that prices for gasoline and groceries at locations closer than Carson City were "tourist prices." He mentioned challenges in recruiting and retaining police officers and firefighters, and he said the U.S. Forest Service is also affected. (He said the Forest Service told him that a third of its positions were vacant.)

Ms. Simon asked Mr. Allen about the bullet "An exception must be made to the OPM rule of 750 personnel to merit review." She said that the criteria the bullet referred to seemed to be the Council's criteria for Federal facilities that cross locality pay area boundaries (see Council Document 10-02-03), which is why she had asked earlier where the civilian employees work. Mr. Allen confirmed they all work at the base camp, which is in the RUS locality pay area.

Dr. Condrey asked at this point that Mr. Allen and Ms. Romero try to conclude the presentation within 2 more minutes.

Mr. Allen mentioned difficulties the training center had experienced recently in trying to recruit a police chief. He said that all he was asking is that the Council "consider us like Carson City." Dr. Condrey asked if the request was that the Council recommend that Mono County be made part of the Sacramento locality pay area. Mr. Allen confirmed that was what he wanted. He said that most of the training center's civilian employees live in Carson City. He added, "We're talking about less than 200 people."

Ms. Romero said the staffing data provided in Mr. Allen's presentation was from 2008-2009. She said her office has additional, more current data, which she said would show continuing staffing problems for the training center. She said that potential applicants were generally employed elsewhere and "staying put," and that recruiting is becoming even more difficult. She said her office has been tracking reasons why applicants are turning down jobs and employees are leaving, and she said the area's high living costs are cited as a reason.

Dr. Facer expressed an interest in seeing detailed turnover data for Mono County, e.g. whether employees who were leaving are staying in the Federal sector. Mr. Allen and Ms. Romero said they could get the Council additional data. Ms. Romero said that retention is a serious problem.

Chief Cannon said he would also like to see additional data on Mono County, including the more current, additional staffing data Ms. Romero earlier said her office has gathered since providing the data for Mr. Allen's presentation. He said he also would like to know if workers at the facility are able to organize and that he hates to see cases where workers are not allowed to organize. Mr. Allen said the workers are covered by AFGE.

Ms. Kelley asked Mr. Allen to confirm her understanding that the training center's civilian employees are located in Mono County, and he said she was correct.

Mr. Fenaughty asked whether the Government is the dominant employer in Mono County. Mr. Allen said that it is, with the second largest employer being the Mammoth Ski Resort.

Ms. Simon asked OPM staff the commuting interchange rate between Mono County and Sacramento. Mr. Allan Hearne, team leader for the locality pay program, said that while Mono County is adjacent to Carson City, it is not adjacent to the Sacramento CSA, and the Council's current criteria include the area being adjacent to the metropolitan area on which the locality pay area is based. He told her that the commuting interchange rate between Mono County and the Sacramento CSA is 2.81 percent, substantially below the 7.5 percent in the Council's current criteria. He said that commuting interchange rates for Mono County and other areas that had recently contacted the Council or OPM staff about locality pay area boundaries could be found in materials from the previous Council meeting (see Council Document 10-01-06).

Mr. Allen asked Dr. Condrey how he could get additional staffing data to the Council. Dr. Condrey said the data could be sent to Mr. Hearne. Dr. Facer said again that he would like to see turnover data, and Dr. Condrey reminded Mr. Allen and Ms. Romero of Dr. Facer's earlier request to see where employees who had left the training center had gone (Federal sector or outside it).

In closing his presentation, Mr. Allen said, "We'll continue training your Marines," and he said that the training center is the only facility with conditions comparable to what military personnel encounter in Afghanistan.

Since there were no more questions or comments about the presentation on Mono County, Dr. Condrey turned to the next item on the agenda.

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

Dr. Condrey said that, in the absence of a Vice Chair, Dr. Facer would present the report of the Council Working Group. Dr. Facer said that in keeping with the Council's past practice for presentation of the Working Group report, which is generally to read it word for word into the record, he would try to stay faithful to the text of the report without boring the audience too much.

The Working Group report identified 14 decision points for which the Council would need to make recommendations to the Pay Agent. For each decision point, the decision point, recommendation of the Working Group, and Council action are listed below, followed where

necessary by a summary of any detailed Council discussion of the decision point and related issues. (The original text of the Working Group report is in Council Document 10-02-02.)

Decision Point 1: Include the high incentive pay in the Miami survey?¹¹

Recommendation of the Working Group: The Council should recommend to the Pay Agent use of data as delivered by BLS, with incentive pay included.

Council Action: The Council will recommend to the Pay Agent that BLS data be used as delivered by BLS, with incentive pay included.

During discussion of Decision Point 1, Dr. Condrey said that while he believed it is generally a good practice to drop data points varying by more than two standard deviations from the mean, he also respected the Working Group's opinion and so would agree with the recommendation to use the data as BLS delivered them, with all incentive pay included.

Dr. Facer reminded everyone that on the issue of whether to include the high incentive data the Council could only make a recommendation, that it would be the Pay Agent that would decide on the issue, and that in 2008 and 2009 the Council wanted to use all data just as delivered by BLS, but that the Pay Agent had disagreed.¹²

Ms. Simon said the rationale for using data as delivered by BLS is that the Council does not want to "cherry pick" Ms. Kelley agreed, and she said it would be "inconsistent and dangerous" to establish a practice of modifying or excluding BLS salary data.

Decision Point 2: What additional information should the Council review on the OES model?

Recommendation of the Working Group: The Working Group said that, in 2011, it will explore significant differences by location between National Compensation Survey (NCS) pay gaps and OES pay gaps, before the Council makes a recommendation to the Pay Agent on using the OES survey data and econometric model in the 32 current locality pay areas. The Working Group posed the question of what other aspects of OES should be studied but made no specific recommendations on additional OES study in the Working Group report.

¹¹ As explained in the Working Group report, the pay gap for Miami is 7.61 percentage points higher with incentive pay than without incentive pay, mostly due to extremely high incentive pay in one financial industry job in the BLS survey data.

¹² See page 14 of the 2008 Pay Agent report (<http://www.opm.gov/oca/payagent/2008/2008PayAgentReport.pdf>) and page 11 of the 2009 Pay Agent report (<http://www.opm.gov/oca/payagent/2009/2009PayAgentReport.pdf>.)

Council Action: The Council unanimously agreed to study OES further before recommending its use in the 32 current locality pay areas, with subjects for further study to be determined.

During discussion of Decision Point 2, Ms. Kelley suggested that the Working Group study the OES model further, which not only could help with issues already considered but could also lead to identification of additional issues.

Dr. Facer stressed the importance of careful, thorough examination of issues associated with changes in methodology. He said the Council should carefully consider all aspects of switching from use of NCS surveys to use of OES surveys, e.g. the transition plan, timing, differences between NCS and OES survey results, changes from year to year in OES survey results, etc.

Ms. Kelley asked whether the Working Group would have access to any additional data BLS provides on OES.¹³ Dr. Condrey said that would be the goal.

Dr. Condrey agreed with Dr. Facer's point about the importance of careful study of the OES model.

Decision Point 3: Which survey results should be used for locality pay in 2012, those using NCS data or those using the OES model?

Recommendation of the Working Group: Continue using NCS data in locations where available, and defer recommending general use of the OES model to allow additional time to study the OES model. However, the Working Group notes that OES probably represents the future of BLS surveys for the locality pay program.

Council Action: The Council unanimously agreed to recommend use of NCS data in the 32 continuing locality pay areas and defer recommendations on general use of the OES model until the Council has had time to study OES carefully.

Decision Point 4: What should the Council recommend about making Charlotte, Louisville, and New Orleans separate locality pay areas in 2012, and which survey results should be used?

Recommendation of the Working Group: Since Charlotte has a significantly higher pay gap than RUS using either the NCS methodology or the OES methodology, establish Charlotte as a separate locality pay area in 2012. Since the pay gap for Louisville is below RUS using OES data (and just slightly above RUS using NCS data), leave Louisville part of the RUS locality pay area in 2012. Since a) the OES pay gap for New Orleans is below RUS and b) OES data is

¹³ E.g., from the minutes of the previous Council meeting, "Dr. Facer asked whether the Council had access to the underlying econometric models and parameter estimates. Mr. Hearne said that BLS could provide those."

probably the future for locality pay surveys, leave New Orleans part of the RUS locality pay area for 2012.

Council Action: The Council unanimously agreed to recommend establishing Charlotte as a separate locality pay area in 2012, using the 2010 pay gap based on the OES model for Charlotte. Council unanimously agrees to recommend leaving Louisville and New Orleans in the RUS locality pay area.

During discussion of Decision Point 4, Dr. Facer said that the NCS pay gap for Charlotte was from data used for the RUS locality pay area and that the NCS surveys producing the RUS sample have smaller sample sizes than NCS surveys for separate locality pay areas. He said the smaller sample size of the NCS survey for Charlotte bolsters the argument to use results from the OES model for Charlotte, since the OES data were based on a much larger sample.

Decision Point 5: Excluding Albany, Charlotte, Kern County (Bakersfield), and Portland, which will be addressed later, what actions should the Council recommend on areas that have contacted the Council or OPM staff about locality pay area boundaries?

Recommendation of the Working Group: The Working Group did not make a specific recommendation on this question but pointed out that a) none of the areas listed¹⁴ meet current criteria for evaluating adjacent areas, and b) there are no plans or resources to expand NCS surveys to include these areas.

Council Action: The Council unanimously agreed that recommendations regarding these areas will be deferred until the Council has had time for further study and evaluation of the proposed OES model and of the Council's criteria for evaluating adjacent areas.

During discussion of Decision Point 5, Ms. Simon said that the Working Group had developed a proposal for new criteria to be used in evaluating adjacent areas, which would be discussed later. She said the proposed criteria should be applied to the areas on the list (i.e., the list of areas that have contacted the Council or OPM staff about locality pay area boundaries since September of 2009). Dr. Facer said the goal had been to include everybody.¹⁵

Decision Point 6: Should Albany, Albuquerque, Bakersfield, Harrisburg, Lansing, and/or Portland, ME, be made locality pay areas in 2012 using the OES model?

Recommendation of the Working Group: Yes. Use 2009 pay gaps based on the OES model to establish new locality pay areas in 2012 for Albany, Albuquerque, Bakersfield, Harrisburg,

¹⁴ See Working Group Report (Council Document 10-02-02) for the list of areas that have contacted OPM since last September 2009 about locality pay area boundaries.

¹⁵ I.e., any area that is adjacent to the metropolitan area that is the basis for a locality pay area had the proposed criteria applied to it, including any such areas on the list.

Lansing, and Portland, ME, since there are no existing or planned separate NCS surveys for these areas¹⁶.

Council Action: The Council unanimously agreed to recommend use of 2009 pay gaps based on the OES model to establish new locality pay areas in 2012 for Albany, Albuquerque, Bakersfield, Harrisburg, and Portland, ME. Council unanimously agrees to add the Lansing, MI, CSA to the Detroit locality pay area as an area of application.

During discussion of Decision Point 6, Dr. Condrey noted that pay gaps for Albany, Albuquerque, Bakersfield, Harrisburg, Lansing, and Portland, ME were significantly above the pay gap for RUS.

Dr. Facer reminded everyone that the Working Group also decided to recommend to the full Council that Charlotte be established as a separate locality pay area, using 2010 data from the OES model (see Decision Point 4).

Dr. Condrey explained that part but not all of Bakersfield, CA, is included in the Los Angeles locality pay area, and he said it would make sense to have the same locality rate applicable to all of Bakersfield.

Dr. Condrey asked whether it would be possible to add the portion of Bakersfield not already in the Los Angeles locality pay area to that pay area, and he said that perhaps the Lansing metropolitan area should be added to the Detroit locality pay area. He asked the Council if it had a sense of whether the Bakersfield and Lansing areas should be separate locality pay areas or areas of application.

Ms. Simon asked whether it might be better to treat the Bakersfield and Lansing areas as “add ons.” In response, Mr. Hearne said that a problem with that would be that Bakersfield did not meet the Council’s current or proposed criteria for areas of application. He said the Council could propose other criteria, however, such as pay measures. He said the Lansing CSA would pass the Council’s proposed criteria. Ms. Simon asked Mr. Hearne how Edwards Air Force Base became part of the Los Angeles locality pay area, and Mr. Hearne said it was an area of application when the Los Angeles locality pay area was established in 1994.

Dr. Condrey asked if the Council wanted to recommend that the Lansing metropolitan statistical area be an area of application to the Detroit locality pay area, and the Council members unanimously agreed to make that recommendation.

¹⁶ BLS has not been asked to use the OES model to produce 2010 estimates for these areas, so 2010 OES data for these areas were not readily available.

Decision Point 7: How should additional areas be selected in the future? Should the Working Group study this issue?

Recommendation of the Working Group: The Working Group pointed out the need for the Council to consider this question but made no specific recommendation on selection criteria for new areas.

Council Action: The Council unanimously agreed that it should develop systematic criteria for selecting new locality pay areas after carefully studying the issue.

Decision Point 8: Should Edwards Air Force Base; Adams and York Counties, PA; and the five townships in York County, ME remain in their current locality pay areas or be moved to newly created ones?

Recommendation of the Working Group: Since a) employees in these locations already receive higher locality pay than they would in the proposed new locality pay areas, and b) there is no legal authority for employees to retain a locality pay rate when moving to a lower locality pay area, leave these locations in their current locality pay areas.

Council Action: The Council unanimously agreed to recommend leaving the locality pay area coverage for Edwards Air Force Base; Adams and York Counties, PA; and the five townships in York County, ME as it is.¹⁷

During discussion of Decision Point 8, Dr. Condrey said the Council can refine its recommendations with respect to locality pay area boundaries as it learns more from its review of related issues.

Decision Point 9: Should the Council recommend dropping the GS employment criterion for evaluating adjacent areas?

Recommendation of the Working Group: Recommend dropping the GS employment criterion, since it has always been problematic and hard to justify.

Council Action: The Council unanimously agreed to drop the GS employment criterion, since it has always been problematic and hard to justify.

Decision Point 10: Should the Council recommend retaining the 7.5 percent commuting criterion for evaluating adjacent multi-county metropolitan areas?

¹⁷ Warren County, NJ, is currently retained in the New York locality pay area but was not included on the list prepared for the Working Group. The Council's recommendation letter includes Warren County.

Recommendation of the Working Group: Recommend retaining the 7.5 percent commuting criterion for evaluating adjacent multi-county metropolitan areas.

Council Action: Council unanimously agrees to recommend retaining the 7.5 percent commuting criterion for evaluating adjacent multi-county metropolitan areas.

Decision Point 11: Should the Council recommend that the commuting criterion be raised to 20 percent for evaluating adjacent counties that are not part of a multi-county metropolitan area?

Recommendation of the Working Group: Recommend setting the commuting criteria for evaluating adjacent single counties to 20 percent.

Council Action: The Council unanimously agreed to recommend to Pay Agent raising the commuting criterion for evaluating adjacent single counties to 20 percent.

Decision Point 12: Should the Claremont CSA, which is composed entirely of micropolitan areas, be treated as a multi-county metropolitan area or as separate counties?

Recommendation of the Working Group: The Working Group did not initially make a recommendation on this issue but pointed out that treating the four counties composing the CSA as separate counties would exclude two of the four counties in the CSA, while if considered as a whole CSA all four counties would be recommended as an area of application to the Boston locality pay area.

Council Action: The Council unanimously agreed to recommend treating the Claremont CSA as an entire CSA even though it is composed entirely of micropolitan areas.

Decision Point 13: What should the Council recommend about the interim rule to make Alaska and Hawaii separate whole-state locality pay areas and add the other non-foreign areas to the RUS locality pay area?

Recommendation of the Working Group: The Working Group explained the interim rule, which makes Alaska and Hawaii separate whole-State locality pay areas and includes the other non-Foreign areas in the RUS locality pay area.

Council Action: The Council concurred with the Pay Agent's action to make Alaska and Hawaii separate whole-State locality pay areas and include the other areas in the RUS locality pay area.

Decision Point 14: Should the RUS locality pay rate be the floor, with no location receiving a lower rate?

Recommendation of the Working Group: The Working Group agrees with the Council's policy over the years to recommend that no location should receive less than the RUS rate, so the Working Group recommends applying this policy to Guam, Puerto Rico, and the U.S. Virgin Islands.

Council Action: The Council unanimously agreed with Council policy over the years to recommend that no location receive less than the RUS rate, and we recommend applying this policy to Guam, Puerto Rico, and the U.S. Virgin Islands.

When the Council concluded discussion of the Working Group report, Dr. Condrey said the Council members would be in touch with each other in the weeks to come and would meet sometime in 2011. He then opened the floor for public comment.

Agenda Item 5: Public Comment

Mr. DeFalco asked what counties are included in the Albany CSA. Mr. Hearne said that while he had not brought a list of metropolitan areas to the meeting, he could find out after the meeting what counties are in the Albany CSA. He added that he knew the commuting interchange rate between Berkshire County and the Albany CSA is below the commuting rate in both the proposed and current criteria.

Dr. Condrey said that, regarding Berkshire County, the Council could consider the combined commuting rate to/from the New York, Hartford, and Albany CSAs (cited earlier in Ms. Nelson's presentation of Representative Olver's statement to the Council).

Dr. Facer said that the Council's recommendations reflected a desire to do something now but that the Council planned to continue its review of locality pay area boundaries and criteria for evaluating adjacent areas.

In response to a question from the audience regarding how the Claremont CSA would be treated under the Council's recommendations, Dr. Condrey said the recommendation would be to apply criteria for multi-county metropolitan areas to the Claremont CSA even though it is composed entirely of micropolitan areas.

After confirming there was no further public comment, Dr. Condrey adjourned the meeting at 11:20 a.m.

CERTIFIED

SIGNED

Stephen E. Condrey
Chair