

October 14, 2008

Federal Salary Council

**1900 E Street NW.
Washington, DC 20415-8200**

**MEMORANDUM FOR: THE PRESIDENT'S PAY AGENT
HONORABLE ELAINE L. CHAO
HONORABLE JAMES A. NUSSLE
HONORABLE MICHAEL W. HAGER**

**SUBJECT: Level of Comparability Payments for January 2010 and Other
Matters Pertaining to the Locality Pay Program**

As authorized by the Federal Employees Pay Comparability Act of 1990 (FEPCA), we present our recommendations for the establishment or modification of pay localities, the coverage of salary surveys conducted by the Bureau of Labor Statistics (BLS) for use in the locality pay program, the process of comparing General Schedule (GS) pay to non-Federal pay, and the level of comparability payments for January 2010.

Bureau of Labor Statistics Surveys and Pay Gap Methodology

We reviewed comparisons of GS and non-Federal pay calculated using BLS survey data collected under the National Compensation Survey (NCS) program in 2006 and 2007. All BLS data were updated to March 2008 and compared to GS pay data as of the same date. The change in non-Federal pay as measured by the nationwide Employment Cost Index (ECI) was used to update the BLS data. All of the pay gaps (percentage difference between base GS rates and non-Federal pay for the same levels of work) we reviewed were calculated using the same general weighting and aggregation methods in use since 1994.

BLS data this year includes all of the survey improvements designed for the NCS program, including about 47 percent of the data leveled using the new four-factor grade leveling system. BLS continues to phase-in the new leveling system, and plans to complete the process with data delivered in 2011. BLS also provided data covering establishments with 50 or more employees and data covering all establishment sizes this year. In the past, we have limited comparisons to data from establishments with 50 or more employees. Single entrepreneurs or "nonemployee" establishments are not included in NCS surveys.

Establishment Size

Some believe that excluding small establishments from the pay comparisons biases the results. This belief is based on the assumption that small establishments pay less than large establishments. Since BLS expanded its surveys to cover all establishments, both the President's

Pay Agent and the Federal Salary Council have been assessing the impact of small establishments on the Federal/non-Federal pay comparisons.

Office of Personnel Management (OPM) staff computed pay gaps for both sets of data and found that the pay gaps averaged 1.58 points higher when small establishments were included in 2007 and 0.48 points higher this year. In 2008, the pay gaps were higher including the small establishments in 23 locality pay areas and lower in 8 locality pay areas. (We do not have a survey including small establishments for the Raleigh area.) There also appeared to be a pattern in 2007 and in 2008 where average salaries were lower in small establishments than in larger establishments for low-graded employees but higher in small establishments than in larger establishments for high-graded employees. In 2007, BLS staff said that there were relatively few employees found in the higher grades at small establishments so that sampling variability is likely to be high and that those found were often managers or physicians and surgeons. Since the pay comparisons use Federal employee weights, and there are many Federal employees in the higher grade levels, the pay gaps were generally higher when the data from small establishments were included.

Including data from small establishments increases the amount of data available for many jobs, increases the number of non-Federal employees represented by the data by more than 25 percent, and results in a modest 1.5 percent increase in the number of Federal employees represented by survey data instead of modeled data. (Last year it was a 1.7 percent increase.)

The impact of small establishments on the pay gaps is modest compared to the overall size of the estimates. Since including small establishments increases the number of non-Federal employees represented by the survey data, has a relatively modest impact on the pay gaps, and appears to not introduce additional instability in the measures, we recommend that the Pay Agent use the data from all establishment sizes so that we can put to rest the argument that the results are biased because small establishments are excluded.

Attachment 1 shows the pay gaps for each locality pay area for establishments with 50 or more employees and for all establishments. Data cited in the remainder of this letter are based on the all establishments data except as noted.

Changes in Pay Gaps Since 2007

The ongoing implementation of the four-factor leveling system appears to continue to affect the pay gaps, but less so this year than in the past. The average pay gap was about 2.5 points higher in 2008 than in 2007, with 25 locations increasing and 7 locations decreasing. Based on the 3.2 percent change in the ECI from March 2007 to March 2008, and the 2.5 percent January 2008 GS base pay increase, we otherwise would have expected only about a 1.0 point increase in the average pay gap. The largest increases were in the Buffalo (+4.29 percentage points), Hartford (+4.96 points) and Rest of U.S. (+4.81 points) locality pay areas

Attachment 2 shows 2008 pay gaps for all establishments compared to those for 2007.

State and Local Government Resampling

BLS replaces all of its State and local government sample at the same time approximately every 10 years. This is different than its sample replacement for private industry where 1/5 of the establishments are replaced each year. BLS believes that more frequent but gradual sample replacement is not necessary in State and local governments because “the Government sector is more stable in terms of new establishments coming into existence or establishments going out of business. Also, response rates are higher within the Government sector...”

OPM staff noted some substantial variations in this year’s data for average salaries by occupational category and grade level. We use PATCO (Professional, Administrative, Technical, Clerical, and Officer) categories to group occupations. Many of these variations are in the Officer category where much of the data is for jobs common to State and local governments. (The Officer category includes jobs such as correctional officer, border patrol agent, police, and fire protection.) For example, OPM staff noted the following changes in average salary between the data used in 2007 and the data used in 2008 for the Officer category.

- Denver GS-5 plus 25 percent
- Los Angeles GS-6 plus 27 percent
- Los Angeles GS-7 minus 24 percent
- Memphis GS-7 plus 21 percent
- Miami GS-6 plus 30 percent
- New York GS-4 plus 30 percent
- Portland GS-5 minus 21 percent
- Sacramento GS-4 plus 31 percent
- Sacramento GS-6 plus 79 percent

BLS attributed these changes to randomly selected jobs in State and local governments rotating in or out of the sample. In some cases, a single job was identified as causing most of the change. These changes are far too large to be due to actual changes in salary levels in the locality. (As a point of comparison, the ECI increased at an annual rate of 3.2 percent across all jobs from March 2007 to March 2008.) The variability in survey results may be due to survey samples that are too small compared to the range and variability of salaries found within an occupational group and grade level, coupled with replacement of the entire State and local government sample at one time.

The Council is on record that BLS samples should be increased to improve the surveys and this is another indicator we need larger samples to enhance the credibility of the survey results. Since BLS has already pulled a new government sample for the next 10 year cycle, BLS’ sample rotation for State and local governments won’t reveal instability of the pay measures for another 10 years. Nevertheless, the Council and the Pay Agent should look for ways to increase survey samples. (The above analysis was based on data from establishments with 50 or more employees but the results are similar for the all establishments data.)

Other Variations in Survey Results

OPM staff also identified and asked BLS about several other large swings in the survey results. These included a 23 percent decrease in the average salary for GS-5 Clerical employees in Huntsville where BLS' response indicated "a high-paid, high impact job in private industry was abolished due to company restructuring"; a 22 percent increase in the average salary for GS-7 Clericals in Seattle where BLS' reply was that "a relatively low-paid job no longer contributes, since the local government schedule rotated out". These are additional indicators that our sample size may be too small to produce stable estimates, at least for some occupational categories/grade levels.

Effect of Incentive Pay on the Rest of U.S. Pay Gap

Another substantial change discussed by OPM and BLS involved a 45 percent increase in the estimate for the GS-12 administrative category in the Rest of U.S. (RUS) locality pay area. This increase was unusual because it involved the RUS area which includes the largest sample since it is a composite of many surveys. Based on information provided by BLS, the estimate increased by 45 percent mainly because it was derived in part from sampled data for a job in one of the many surveys conducted for the RUS locality pay area that received uncommonly high earnings (base salary plus incentive pay) of more than \$1 million.

BLS excludes bonuses and other payments such as premium pay from the survey results used for the locality pay program. However, incentive pay, defined by BLS as payments for meeting job goals where the formula is clearly known by both the employee and the employer beforehand, is included in our estimates for any job where it's the practice of the surveyed establishment to determine pay based on a production driven formula. To the extent such payments were used in jobs surveyed, incentive payments have been included in BLS data used for setting GS pay since the 1970s. These payments are generally included as income for tax purposes, sometimes included as income for annuity computations, and generally not included as base pay for subsequent years. Employees under the General Schedule are eligible for bonuses but generally do not receive payments equivalent to incentive pay in the private sector.

While incentive payments have been included in the surveys for years, this is the first time a large swing in survey results has been attributed to incentive payments. Large fluctuations such as this one cause instability in the pay measures, and for 2008, result in pay gaps in five locality pay areas (Cincinnati, Dayton, Indianapolis, Raleigh, and Richmond) below that for the RUS locality pay area. Some Council members question whether such payments should be included in the pay comparisons used to set Federal pay.

We asked BLS to review the data for other categories highly affected by incentive payments in this year's data. They reported that administrative GS-8 in Chicago increased 12.3 percent and clerical GS-3 in San Francisco decreased 16.9 percent mainly due to jobs receiving incentive pay. Both of these categories have very low weights in the pay gap calculations. BLS also summarized that 4.7 percent of the weighted workers in our GS to private sector job matches receive incentive pay.

The Pay Agent and the Council have not discussed the suitability of including incentive payments since locality pay began in 1994. Likewise, there are no established procedures for dealing with outliers in the data. Any such procedures would need to be developed in cooperation by the Council and the Pay Agent and implemented by BLS.

The Council notes that we have never excluded data and most members believe now is not the time to start making ad hoc decisions about which data are suitable and which are not. If we had achieved “full” pay comparability (FEPCA permits a 5 percent remaining gap) with the non-Federal sector in 2002, as contemplated in the pay statute, the Council would be more concerned about the potential instability to the pay gap measures introduced by this incentive pay. However, since we are far from full comparability and never implement the rates indicated by the survey results, we do not believe this data anomaly is a critical issue. We do believe that pay setting for Federal employees should be a transparent process and we recommend using the data as delivered by BLS. However, we have tasked our Working Group to further explore this issue and expect them to report back in the Spring.

Locality Rates for 2010

Based on calculations provided by OPM staff in taking a weighted average of the locality pay gaps as of March 2008, the overall gap between base GS average salaries (excluding any add-ons such as special rates and existing locality payments) and non-Federal average salaries surveyed by BLS is 47.91 percent. The amount needed to reduce the pay disparity to 5 percent (the target gap) averages 40.87.

We calculate the pay gaps excluding existing locality payments because locality pay is paid on top of the base General Schedule rates. The overall average pay gap in 2008, including the current average locality rate of 18.17 percent, is 25.17 percent. The calculation is $(147.91/118.17-1) \times 100$ equals 25.17 percent.

Under 5 U.S.C. 5304(a)(3)(I), after the 9-year phase-in period, the percentage of comparability payments due in January 2002 and any year thereafter may not be less than the full amount of the target gap. Therefore, we recommend overall average locality rates of 40.87 for 2010. We cannot calculate the percentage increase over the average of the rates authorized for 2009 at this time because the 2009 rates have not yet been set. The proposed comparability payments for 2010 for each locality pay area are shown in **Attachment 3**. The locality rates shown for the RUS locality pay area and the five locations below RUS were derived by averaging the pay gaps for these six areas.

These locality rates would be in addition to the increase in General Schedule base rates under 5 U.S.C. 5303(a). This provision calls for increases in basic pay equal to one-half of one percentage point less than the percentage by which the Employment Cost Index, wages and salaries, private industry workers, increased between September 2007 and September 2008. The ECI for September 2008 will not be published until October 31, 2008, so the amount is not known at this time.

Locations with Pay Gaps Below the Rest of U.S. (RUS) Pay Area

The pay gaps in Cincinnati, Dayton, Indianapolis, Raleigh, and Richmond are below that for the RUS locality pay area. The Council recommends that we retain these five locality pay areas for review again next year but have combined the 2008 pay gaps for these five locations with that for the RUS locality pay area in a cost-neutral fashion for computing locality pay in 2010. This is the same process we have used in the past when a separate locality pay area dipped below RUS and would continue the practice of the RUS rate as the lowest locality pay rate.

Surveys in New Cities

In 2003, the Council recommended that surveys be expanded in six metropolitan areas then in RUS where limited BLS data indicated relatively high pay. BLS informs us that it has completed its survey redesign in five of these areas and there will be no additional sample in the future. The Raleigh survey was cancelled due to budget cuts and BLS has not yet produced a new survey of Raleigh. We continue to use data from 2003 for Raleigh. The pay gaps are shown in the table below.

NCS Pay Gaps (All Establishments) in Six Metropolitan Areas		
Location	Pay Gap	Compared to RUS
Austin, TX	30.24%	-5.08
Buffalo, NY	41.20%	5.88
Louisville, KY	30.02%	-5.30
Memphis, TN	26.70%	-8.62
Phoenix, AZ	43.73%	8.41
Raleigh, NC*	31.76%	-3.56
RUS	35.32%	

* The Raleigh survey is from 2003 and includes only establishments with more than 50 employees and does not include some survey improvements introduced since then, which generally increased measured pay gaps.

The Council recommended and the President’s Pay Agent approved making three of the six new locality pay areas in 2006 (Buffalo, Phoenix, and Raleigh). This year the pay gaps in Buffalo and Phoenix continue to be well above that for the RUS locality pay area. The pay gap for Raleigh is below that for RUS. However, Raleigh has not benefited from improvements introduced in the surveys since 2003. Austin, Louisville, and Memphis continue to be below RUS.

The Council recommends that Buffalo and Phoenix continue as separate locality pay areas and that the Raleigh locality pay area should continue until BLS has actually conducted a survey of Raleigh using the current survey methodology. The Council also concluded it would ask BLS to submit data covering Austin, Louisville, and Memphis again next year but that it would discontinue reviewing these three locations after the 2009 review if the survey results continue to indicate these locations do not warrant separate locality pay rates.

Requests to be Included in An Existing Pay Area or for New Locality Pay Areas

OPM staff had contacts from employees in 42 areas by email, telephone, or letter since 2007:

Albany, NY	Albuquerque, Santa Fe, Los Alamos, NM	Allentown, PA
Ashville, NC	Athens, GA	Atlantic City, NJ
Austin, TX	Beaumont, TX	Beckley, WV
Bend, OR	Berkshire County, MA	Cape May County, NJ
Charleston, SC	Charlottesville, VA	Claremont, NH (White River Junction)
Colorado Springs, CO	Coos County, NH	Fresno, CA
Gulfport, MI	Harrisburg, PA	Humboldt County, CA
Kern County, CA	Lancaster, PA	Lansing, MI
Las Vegas, NV	Logan County, OH	Los Angeles, CA
Mendocino County, CA	Mono County, CA	Monroe County, FL
New Orleans, LA	Orlando, FL	Pendleton County, WV
Polk County, TX	Portland, ME	Reno, NV
Rockford, IL	San Juan County, WA	Tampa, FL
Virginia Beach, VA	Wilmington, NC	Yuma County, AZ

We also received petitions from employees or groups representing Albany, NY; Austin, TX; Bakersfield, CA (Kern County); Beaumont, TX; Berkshire County, MA; Harrisburg, PA; New Orleans, LA; Portland, ME; and Wilmington, NC. Employees from several of these locations provided oral testimony at our September 5 and September 30 meetings.

None of these locations meets the current criteria to be included in an existing locality pay area and, at present there are no plans or funds to expand the number of locations surveyed by BLS as separate locality pay areas.

The need for more locality pay areas is a recurring theme we face each year. Employees and Federal managers in a number of the major cities still covered in the catch-all Rest of U.S. locality pay area continue to believe that nonFederal pay levels in their area warrant establishment of a separate locality pay area. The Council has struggled with how to address these cases in the absence of appropriate survey data from BLS. Under FEPCA, the Council's determination on the establishment of locality pay areas must be based on appropriate surveys

from BLS that include a comparison of “levels of work” between Federal and nonFederal jobs. At present, only the BLS National Compensation Survey (NCS) meets this “levels of work” requirement. But BLS does not have adequate resources to conduct appropriate NCS surveys in all those places that the Council would like to review for potential establishment of locality pay areas, including those which have appeared before the Council.

The Council notes that BLS is studying ways that OES data might be used in the locality pay program. These data represent a much larger sample of nonFederal employers and cover more metropolitan areas than available under the NCS program. If BLS can develop a method of using OES data that addresses the level of work requirements in the statute, the Council would be able to address many of these locations based on BLS pay measures. BLS stated it could brief our Working Group on its research later this year and plans for a more detailed report next Spring. The Council looks forward to these developments.

Our Working Group reviewed the current criteria for adding adjacent locations as an “area of application” to an existing locality pay area. These criteria were recommended by the Council and approved by the Pay Agent and we have modified them over the years. The current criteria are based on the number of employees covered by the General Schedule pay system and the level of commuting to/from the adjacent area and the MSA/CSA comprising the locality pay area.

Some members of the Council believe that commuting is the most relevant criterion and measures the degree of economic linkage among areas. While the GS employment criterion certainly is an indicator of whether the area represents a big problem or a smaller problem in terms of Government-wide employment, it does not give us a measure of the economic linkage among areas. The Council discussed dropping the GS criterion entirely but is not prepared to make such a recommendation at this time. Rather, we asked our Working Group to reconvene and study how we define locality pay areas and associated areas of application. We expect to hear their report next Spring.

Locality Pay Areas for 2010

Since we have not completed our review of existing locality pay area boundaries, there are no resources to expand BLS’ NCS program, and BLS has not finished its study of how OES data could be used for the locality pay program, there are no prospects for redefining existing locality pay areas or adding any new ones. Therefore, the Council recommends continuation of the existing locality pay areas using the same geographic definitions as in 2008:

- (1) Atlanta-Sandy Springs-Gainesville, GA-AL—consisting of the Atlanta-Sandy Springs-Gainesville, GA-AL CSA;
- (2) Boston-Worcester-Manchester, MA-NH-RI-ME—consisting of the Boston-Worcester-Manchester, MA-RI-NH CSA, plus Barnstable County, MA, and Berwick, Eliot, Kittery, South Berwick, and York towns in York County, ME;
- (3) Buffalo-Niagara-Cattaraugus, NY—consisting of the Buffalo-Niagara-Cattaraugus, NY CSA;
- (4) Chicago-Naperville-Michigan City, IL-IN-WI—consisting of the Chicago-

Naperville-Michigan City, IL-IN-WI CSA;

(5) Cincinnati-Middletown-Wilmington, OH-KY-IN—consisting of the Cincinnati-Middletown-Wilmington, OH-KY-IN CSA;

(6) Cleveland-Akron-Elyria, OH—consisting of the Cleveland-Akron-Elyria, OH CSA;

(7) Columbus-Marion-Chillicothe, OH—consisting of the Columbus-Marion-Chillicothe, OH CSA;

(8) Dallas-Fort Worth, TX—consisting of the Dallas-Fort Worth, TX CSA;

(9) Dayton-Springfield-Greenville, OH—consisting of the Dayton-Springfield-Greenville, OH CSA;

(10) Denver-Aurora-Boulder, CO—consisting of the Denver-Aurora-Boulder, CO CSA, plus the Ft. Collins-Loveland, CO MSA;

(11) Detroit-Warren-Flint, MI—consisting of the Detroit-Warren-Flint, MI CSA, plus Lenawee County, MI;

(12) Hartford-West Hartford-Willimantic, CT-MA—consisting of the Hartford-West Hartford-Willimantic, CT CSA, plus the Springfield, MA MSA and New London County, CT;

(13) Houston-Baytown-Huntsville, TX—consisting of the Houston-Baytown-Huntsville, TX CSA;

(14) Huntsville-Decatur, AL—consisting of the Huntsville-Decatur, AL CSA;

(15) Indianapolis-Anderson-Columbus, IN—consisting of the Indianapolis-Anderson-Columbus, IN CSA, plus Grant County, IN;

(16) Los Angeles-Long Beach-Riverside, CA—consisting of the Los Angeles-Long Beach-Riverside, CA CSA, plus the Santa Barbara-Santa Maria-Goleta, CA MSA and all of Edwards Air Force Base, CA;

(17) Miami-Fort Lauderdale-Pompano Beach, FL—consisting of the Miami-Fort Lauderdale-Pompano Beach, FL MSA, plus Monroe County, FL;

(18) Milwaukee-Racine-Waukesha, WI—consisting of the Milwaukee-Racine-Waukesha, WI CSA;

(19) Minneapolis-St. Paul-St. Cloud, MN-WI—consisting of the Minneapolis-St. Paul-St. Cloud, MN-WI CSA;

(20) New York-Newark-Bridgeport, NY-NJ-CT-PA—consisting of the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA, plus Monroe County, PA, and Warren County, NJ;

(21) Philadelphia-Camden-Vineland, PA-NJ-DE-MD—consisting of the Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA, plus Kent County, DE, Atlantic County, NJ, and Cape May County, NJ;

(22) Phoenix-Mesa-Scottsdale, AZ—consisting of the Phoenix-Mesa-Scottsdale, AZ MSA;

(23) Pittsburgh-New Castle, PA—consisting of the Pittsburgh-New Castle, PA CSA;

(24) Portland-Vancouver-Beaverton, OR-WA—consisting of the Portland-Vancouver-Beaverton, OR-WA MSA, plus Marion County, OR, and Polk County, OR;

- (25) Raleigh-Durham-Cary, NC—consisting of the Raleigh-Durham-Cary, NC CSA, plus the Fayetteville, NC MSA, the Goldsboro, NC MSA, and the Federal Correctional Complex Butner, NC;
- (26) Richmond, VA—consisting of the Richmond, VA MSA;
- (27) Sacramento—Arden-Arcade—Yuba City, CA-NV—consisting of the Sacramento—Arden-Arcade—Yuba City, CA-NV CSA, plus Carson City, NV;
- (28) San Diego-Carlsbad-San Marcos, CA—consisting of the San Diego-Carlsbad-San Marcos, CA MSA;
- (29) San Jose-San Francisco-Oakland, CA—consisting of the San Jose-San Francisco-Oakland, CA CSA, plus the Salinas, CA MSA and San Joaquin County, CA;
- (30) Seattle-Tacoma-Olympia, WA—consisting of the Seattle-Tacoma-Olympia, WA CSA, plus Whatcom County, WA;
- (31) Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA—consisting of the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA, plus the Hagerstown-Martinsburg, MD-WV MSA, the York-Hanover-Gettysburg, PA CSA, and King George County, VA; and
- (32) Rest of U.S.—consisting of those portions of the continental United States not located within another locality pay area.

Locality Pay in Nonforeign Areas

The Administration has proposed legislation to gradually replace the nonforeign area cost-of-living allowance (COLA) paid in Alaska, Hawaii, Guam, Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands with locality pay. BLS currently conducts salary surveys in Honolulu, HI, for its NCS program, and had surveyed Anchorage, AK, in 2005. BLS does not conduct NCS surveys in any other COLA area, but does cover most of these areas in its Occupational Employment Statistics surveys. BLS produced NCS data for Anchorage and Honolulu using our procedures and we reviewed the results. Based on the current methodology, the pay gap between GS and non-Federal pay in Anchorage is 55.52 percent and the pay gap in Honolulu is 39.45 percent. Both are above the pay gap in the Rest of U.S. locality pay area. Congress has not taken action on the proposed legislation, but we need to continue to monitor the legislative proposal and the survey results. Note that BLS no longer surveys Anchorage, AK, and, if the legislation is enacted, that survey should be reinstated. At our meeting on September 30, 2008, BLS stated that it presently does not have funding to reintroduce a survey of Anchorage. We used the 2005 survey of Anchorage, appropriately updated to 2008, for computing the pay gap in Anchorage reported here.

Pay Increases in 2009

Legislation has been enacted providing for a 3.9 percent overall average pay increase under sections 5303 (the across-the-board increase) and 5304 (locality pay) in January 2009. While we believe the details of the pay increase distribution should be left to the President to determine, we recommend that funds allocated for locality pay raises be distributed so that locations with the largest pay gaps receive the largest increases and that employees in each locality pay area

receive at least some portion of the locality pay funds, after payment of an across-the-board increase of at least 2.9% (the level of increase provided under FEPCA).

By direction of the Council:

_____, SIGNED _____
Terri Lacy
Chairman

Attachments

ATTACHMENT 1

2008 Pay Gaps Large Establishments vs. All Establishments				
Locality Pay Area	March 2008 Base GS Payroll	All Establishments	50 or More Employee Establishments	All - 50 or more
ATLANTA	\$1,413,356,234	48.21%	45.76%	2.45%
BOSTON	\$1,319,503,787	56.49%	54.41%	2.08%
BUFFALO	\$236,989,092	41.20%	38.90%	2.30%
CHICAGO	\$1,147,856,349	50.90%	50.72%	0.18%
CINCINNATI	\$409,594,691	32.96%	32.09%	0.87%
CLEVELAND	\$497,225,779	40.80%	40.22%	0.58%
COLUMBUS	\$412,023,301	39.71%	37.55%	2.16%
DALLAS	\$978,698,983	49.06%	45.99%	3.07%
DAYTON	\$332,031,715	32.61%	32.97%	-0.36%
DENVER	\$1,066,710,587	43.78%	45.44%	-1.66%
DETROIT	\$654,191,336	46.72%	45.34%	1.38%
HARTFORD	\$214,797,906	55.03%	53.82%	1.21%
HOUSTON	\$753,597,447	48.44%	47.82%	0.62%
HUNTSVILLE	\$533,184,819	39.35%	39.89%	-0.54%
INDIANAPOLIS	\$371,773,564	34.47%	31.80%	2.67%
LOS ANGELES	\$1,752,143,598	53.62%	52.59%	1.03%
MIAMI	\$685,626,215	45.00%	43.93%	1.07%
MILWAUKEE	\$178,605,423	38.13%	39.10%	-0.97%
MINNEAPOLIS	\$376,065,289	45.55%	41.69%	3.86%
NEW YORK	\$2,613,821,427	58.90%	57.79%	1.11%
PHILADELPHIA	\$1,463,787,887	44.65%	45.86%	-1.21%
PHOENIX	\$436,528,643	43.73%	42.56%	1.17%
PITTSBURGH	\$346,229,281	38.06%	36.05%	2.01%
PORTLAND	\$536,182,635	46.30%	44.29%	2.01%
RALEIGH	\$586,120,497	31.76%	31.76%	0.00%
REST OF U.S.	\$23,729,395,693	35.32%	35.95%	-0.63%
RICHMOND	\$384,515,169	33.83%	34.42%	-0.59%
SACRAMENTO	\$326,567,380	49.33%	50.91%	-1.58%
SAN DIEGO	\$864,220,679	53.78%	52.16%	1.62%
SAN FRANCISCO	\$1,324,953,094	66.96%	66.53%	0.43%
SEATTLE	\$1,191,130,268	51.42%	50.04%	1.38%
WASHINGTON DC	\$15,484,250,226	65.44%	63.94%	1.50%
Averages	\$62,621,678,994	47.91%	47.42%	0.48%

ATTACHMENT 2

2008 vs. 2007 Pay Gaps for All Establishments				
Locality Pay Area	March 2008 Base GS Payroll	2007 All Establishments Pay Gap	2008 All Establishments Pay Gap	Change
ATLANTA	\$1,413,356,234	45.84%	48.21%	2.37%
BOSTON	\$1,319,503,787	55.47%	56.49%	1.02%
BUFFALO	\$236,989,092	36.91%	41.20%	4.29%
CHICAGO	\$1,147,856,349	50.79%	50.90%	0.11%
CINCINNATI	\$409,594,691	33.72%	32.96%	-0.76%
CLEVELAND	\$497,225,779	39.06%	40.80%	1.74%
COLUMBUS	\$412,023,301	37.99%	39.71%	1.72%
DALLAS	\$978,698,983	46.31%	49.06%	2.75%
DAYTON	\$332,031,715	31.30%	32.61%	1.31%
DENVER	\$1,066,710,587	42.52%	43.78%	1.26%
DETROIT	\$654,191,336	47.20%	46.72%	-0.48%
HARTFORD	\$214,797,906	50.07%	55.03%	4.96%
HOUSTON	\$753,597,447	48.73%	48.44%	-0.29%
HUNTSVILLE	\$533,184,819	39.63%	39.35%	-0.28%
INDIANAPOLIS	\$371,773,564	32.42%	34.47%	2.05%
LOS ANGELES	\$1,752,143,598	52.41%	53.62%	1.21%
MIAMI	\$685,626,215	43.31%	45.00%	1.69%
MILWAUKEE	\$178,605,423	37.20%	38.13%	0.93%
MINNEAPOLIS	\$376,065,289	44.06%	45.55%	1.49%
NEW YORK	\$2,613,821,427	58.66%	58.90%	0.24%
PHILADELPHIA	\$1,463,787,887	44.68%	44.65%	-0.03%
PHOENIX	\$436,528,643	44.08%	43.73%	-0.35%
PITTSBURGH	\$346,229,281	37.59%	38.06%	0.47%
PORTLAND	\$536,182,635	43.52%	46.30%	2.78%
RALEIGH*	\$586,120,497	31.49%	31.76%	0.27%
REST OF U.S.	\$23,729,395,693	30.51%	35.32%	4.81%
RICHMOND	\$384,515,169	33.16%	33.83%	0.67%
SACRAMENTO	\$326,567,380	47.10%	49.33%	2.23%
SAN DIEGO	\$864,220,679	52.31%	53.78%	1.47%
SAN FRANCISCO	\$1,324,953,094	67.92%	66.96%	-0.96%
SEATTLE	\$1,191,130,268	49.43%	51.42%	1.99%
WASHINGTON DC	\$15,484,250,226	64.17%	65.44%	1.27%
Total/Averages	\$62,621,678,994	45.41%	47.91%	2.49%
* Only data for establishments with 50 or more workers were available for Anchorage, Honolulu, and Raleigh.				

Other Areas

Location	March 2007 Pay Gap	March 2008 Pay Gap	Change
ANCHORAGE*	54.96%	55.52%	0.56
AUSTIN	30.79%	30.24%	-0.55
HONOLULU*	41.72%	39.45%	-2.27
LOUISVILLE	31.89%	30.02%	-1.87
MEMPHIS	27.18%	26.70%	-0.48

Locality Pay rates for 2010 Based on Data from All Establishments				
Locality Pay Area	March 2008 Base GS Payroll	All Est. Pay Gap	Adjusted RUS Pay Gap	Target Pay Gap
ATLANTA	\$1,413,356,234	48.21%	48.21%	41.15%
BOSTON	\$1,319,503,787	56.49%	56.49%	49.04%
BUFFALO	\$236,989,092	41.20%	41.20%	34.48%
CHICAGO	\$1,147,856,349	50.90%	50.90%	43.71%
CINCINNATI	\$409,594,691	32.96%	35.13%	26.63%
CLEVELAND	\$497,225,779	40.80%	40.80%	34.10%
COLUMBUS	\$412,023,301	39.71%	39.71%	33.06%
DALLAS	\$978,698,983	49.06%	49.06%	41.96%
DAYTON	\$332,031,715	32.61%	35.13%	26.30%
DENVER	\$1,066,710,587	43.78%	43.78%	36.93%
DETROIT	\$654,191,336	46.72%	46.72%	39.73%
HARTFORD	\$214,797,906	55.03%	55.03%	47.65%
HOUSTON	\$753,597,447	48.44%	48.44%	41.37%
HUNTSVILLE	\$533,184,819	39.35%	39.35%	32.71%
INDIANAPOLIS	\$371,773,564	34.47%	35.13%	28.07%
LOS ANGELES	\$1,752,143,598	53.62%	53.62%	46.30%
MIAMI	\$685,626,215	45.00%	45.00%	38.10%
MILWAUKEE	\$178,605,423	38.13%	38.13%	31.55%
MINNEAPOLIS	\$376,065,289	45.55%	45.55%	38.62%
NEW YORK	\$2,613,821,427	58.90%	58.90%	51.33%
PHILADELPHIA	\$1,463,787,887	44.65%	44.65%	37.76%
PHOENIX	\$436,528,643	43.73%	43.73%	36.89%
PITTSBURGH	\$346,229,281	38.06%	38.06%	31.49%
PORTLAND	\$536,182,635	46.30%	46.30%	39.33%
RALEIGH	\$586,120,497	31.76%	35.13%	25.49%
REST OF U.S. (RUS)	\$23,729,395,693	35.32%	35.13%	28.88%
RICHMOND	\$384,515,169	33.83%	35.13%	27.46%
SACRAMENTO	\$326,567,380	49.33%	49.33%	42.22%
SAN DIEGO	\$864,220,679	53.78%	53.78%	46.46%
SAN FRANCISCO	\$1,324,953,094	66.96%	66.96%	59.01%
SEATTLE	\$1,191,130,268	51.42%	51.42%	44.21%
WASHINGTON DC	\$15,484,250,226	65.44%	65.44%	57.56%
Total/Averages	\$62,621,678,994	47.91%	47.91%	40.87%

Combining Locations with RUS

Location	March 2008 Base GS Payroll	Pay Gap
CINCINNATI	\$409,594,691	32.96%
DAYTON	\$332,031,715	32.61%
INDIANAPOLIS	\$371,773,564	34.47%
RALEIGH	\$586,120,497	31.76%
RICHMOND	\$384,515,169	33.83%
REST OF U.S.	\$23,729,395,693	35.32%
Average	\$25,813,431,329	35.13%