FEDERAL PREVAILING RATE ADVISORY COMMITTEE

572nd FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, March 8, 2012

Room 5526
Office of Personnel Management
Washington, D.C.

ATTENDANCE:

Members/Alternates:
Management Members
MARK ALLEN, Office of Personnel Management
SETH SHULMAN, Department of Defense
DARLENE FREEMAN, Department of Air Force
CARLOS SAAVEDRA, Department of Navy
ANN MARIE HANNON, Department of VA (via telephone)

Labor Members
WILLIAM FENAUGHTY, NFFE, representing MTD
KEITH HILL, AFGE (via telephone)
JACQUELINE SIMON, AFGE (via telephone)
SARAH SUSZCZYK, NAGE
STEVEN FISHER, ACT

Staff Specialists and Visitors:
JEROME MIKOWICZ, Designated Federal Officer, Office of Personnel Management
MADELINE GONZALEZ, Office of Personnel Management
TERRI AVONDET, Office of Personnel Management
SEAN REILLY, Office of Management and Budget
H.L. ROVAN, Department of Defense
JIM BRADY, Department of Defense
KARL FENDT, Department of Defense
CRAIG JERABEK, Department of Defense
CHRIS LYNCH, Department of Defense
TAMMY VANKEUREN, Department of Air Force
BARBARA WALKER, Department of Army [via telephone]
DENNIS PHELPS, MTD
Recording Secretary:  **FEBBIE GRAY**

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CHAIRMAN FRIEDMAN: Good morning, everyone. Sorry about the slightly late start. We've got some folks on the phone this morning.

My name is Sheldon Friedman, and welcome to this 572nd meeting of the Federal Prevailing Rate Advisory Committee. As usual, why don't we go around the room and introduce ourselves, and then we will get to the folks on the phone.

Why don't you start, Mark?

MR. ALLEN: Mark Allen with OPM.

MR. SHULMAN: Seth Shulman, Department of Defense.

MS. FREEMAN: Darlene Freeman, Air Force.

MR. SAAVEDRA: Carlos Saavedra, Department of the Navy.

MR. MIKOWICZ: Jerry Mikowicz, the Designated Federal Official for this meeting.

MR. FENAUGHTY: Bill Fenaughty, NFFE.

MR. PHELPS: Dennis Phelps, IBEW.

MS. SUSZCZYK: Sarah Suszczyk, NAGE.

MR. FISHER: Steve Fisher, ACT.

CHAIRMAN FRIEDMAN: And if the folks on the phone could introduce themselves, please?
MS. HANNON: Ann Marie Hannon, VA.

MS. WALKER: Barbara Walker, Department of Army.

MS. SIMON: Jacque Simon, AFGE.

MR. HILL: Keith Hill, AFGE.

CHAIRMAN FRIEDMAN: Thank you.

And then let's go around the sides of the room, please.

MS. AVONDET: Terri Avondet, OPM.

MS. GONZALEZ: Madeline Gonzalez with OPM.

MS. VANKEUREN: Tammy Vankeuren, Air Force.

MR. BRADY: Jim Brady, DoD.

MR. FENDT: Karl Fendt, DoD.

MR. JERABEK: Craig Jerabek, DoD.

MR. LYNCH: Chris Lynch, DoD.

MR. ROVAN: Hank Rovan, DoD.

MS. GRAY: Febbie Gray, OPM.

MR. REILLY: Sean Reilly, OMB.

CHAIRMAN FRIEDMAN: Welcome, everyone.

We have a couple of announcements. Folks have received them. These are, more or less, bookkeeping requirements under the FACA legislation that the General Services Administration oversees.
The first item, 572-OC-1, is our charter for FPRAC. Every 2 years, we need a new one. The old one is about to expire. The new one is before you for your information. The second item is the Membership Balance Plan for FPRAC, 572-OC-2, which I've been told is a new GSA requirement for FACA committees. It simply states what our past practice has been with respect to membership on FPRAC.

Any questions about either of these documents?

[No audible response.]

CHAIRMAN FRIEDMAN: Review of the minutes of the 571st meeting will have to await our next meeting. Since this is an extra meeting, we actually don't have them ready yet.

Which brings us to old business, and I would suggest we skip down to item (f), the Report of the Wage Area Definition Study Group, 570-MGT/LBR-1.

We had a 10th and final meeting of the Wage Area Study Group on February 29th. I believe everyone now has the subsequent material that has come through that study group as well as a transmittal memo from me, the Chair of the study group, to members of FPRAC, and an executive summary. You have in addition documents submitted by DoD, and a letter from several meetings back that Barbara Walker has requested be
considered for inclusion in the report that comes out of this Committee.

563-OPM-1, Statement for the Federal Prevailing Rate Advisory Committee, was Director Berry's charge to us to review in depth the October 2010 FPRAC recommendation. We now have the report of the study group before us plus these other supplementary materials, and we have the very important task of getting back to Director Berry pursuant to his request to us as to whether or not we favor implementation of that October 2010 recommendation and whether the study group report before you, either as is or with changes that this group would want to make, should be passed on to him.

I would not anticipate that we will finish the discussion today but am hopeful that we will do so at our meeting next week.

As to how we proceed on this discussion, I am open to suggestion. It does seem to me that there are three possibilities: forward the study group report as is, amend it in some way, or not forward it. Those seem to be the three possibilities.

So, with that, let me just throw the floor open and see how people want to proceed with the discussion.
MR. ALLEN: Mr. Chairman, maybe a good starting point would be for me to quickly summarize what's in the report and what we were asked to do.

CHAIRMAN FRIEDMAN: Okay.

MR. ALLEN: I'll go back to the reason why we established a study group and why we have prepared what looks like a 600-page report on how the October 2010 FPRAC recommendation could be implemented if Director Berry chooses to implement the recommendation.

The October 2010 FPRAC recommendation in my mind was framed as more of a concept than something that could be immediately implemented. As we see from the work that the study group was engaged in, we have several hundred pages of documentation now that could be provided to Director Berry to show him in more detail and far more depth how the original FPRAC recommendation could be put into place through the regulatory process of issuing proposed regulation and final regulation.

Briefly, what Director Berry asked FPRAC to take another look at was an in-depth analysis determining to the extent possible a potential set of revised wage area definitions, a potential set of revised wage schedules, the
number of wage employees, changes in pay, and use of pay retention (where applicable), the viability of surveys in remaining portions of revised wage areas, the capability of the lead agency to conduct surveys in remaining portions of revised areas, an effective implementation plan and time table with the highest priority areas for initial implementation, findings of any unintended consequences and applicable remedies, and any other appropriate factors to be considered if the FPRAC recommendation proposal were to be implemented in whole or in part after the pay freeze ends.

As Chairman Friedman has mentioned, the study group met 10 times. I think we made a great deal of progress in addressing the questions that Director Berry posed to the Committee.

I would like to thank Madeline Gonzalez in particular for leading this project. I think the work that is reflected in the report is outstanding work, and I would also like to thank Terri Avondet, Joe Ratcliffe, and Mike Eicher of OPM's Pay Systems Staff for helping out with the report as well.

I think the report mostly addresses the questions that were posed.

As the executive summary to the document shows, we
covered a lot of ground. However, there are a couple of things that the study group did not reach consensus on, and those documents, I believe, have been provided to the Committee for its consideration, but I will turn this over to the DoD staff to explain those documents.

**MR. SHULMAN:** Okay. As Mark just noted, we have submitted two separate documents that were broached during various study group meetings that are at the moment not included in this study group report, and we believe strongly that in the interest of transparency and for the fullness of understanding of what the issues are that ultimately the bill payers -- the Department of Defense, the Department of Veterans Affairs, and other Federal agencies who employ FWS employees -- will have to face, we believe that these documents should be submitted as part of the findings of the study group.

As noted, the DoD staff who participated in the study group noted some challenges with the existing proposed implementation plan, and we have submitted 572-DOD-1 as a document that would accompany this report, if it were sent at all, and I’m talking about a suggested alternative means of implementation.

I won't get into the weeds on what is discussed in
this, because we all have copies of it, and you have the ability to read it. Presumably, members of this Committee who attended the study group meetings are also familiar with it.

The second document that DoD would like submitted with this report is a list of unintended consequences, which frankly are significant. Aside from the fact that there's been really no business case established or business need identified to increase prevailing rates for any of these affected employees and the total cost to the Department of Defense at a minimum could actually approach a half-a-billion dollars over the FYDP by the time you fully burden each position to which an increase is applied and including all the orphaned counties, we'll set the $500-million price tag or roughly $500-million price tag aside for the moment. We will wind up with pay inequities across the Department if this were to be implemented the way it's discussed.

We will have overcompensated certain employees. We will have undercompensated other employees in the same pay system, in the same locality. We will have essentially a multi-tiered compensation system where none existed previously. There will be challenges in gathering data to deal with increases in prevailing rates, because we will no longer be able to match up
to actual prevailing rates in industry.

There are design flaws that we believe need to be considered and rectified if, again, this is to go the way it is.

Future changes to General Schedule boundaries are impossible to predict at this stage. We don't know what will happen, and as a result, these prevailing rates may also be impacted at that point.

So we have submitted 572-DoD-2 for the Committee's consideration as part of this. Again, in the interest of transparency, everyone who's a decision-maker needs to have all the facts in front of him or her, and I think we would be doing Director Berry a disservice if this type of information was not part of the submission as it currently stands.

Finally, as requested, as you know late yesterday, the Department of the Army asked for inclusion in this report, the letter identified as 566-MGT-1 that as the Chairman mentioned was read into the record several meetings ago that describes Army's serious and significant concerns with implementation of this type of proposal and its significant impacts to their ability to run an effective and efficient business operation in at least one location.

Since it has been read into the record already, it is
a matter of public record. It is something that this Committee has heard, and honestly, we see no reason why, again, in the interest of the fullness of the facts and transparency that this should also not be considered as part of the submission of this report.

**MS. SIMON:** This is Jacque Simon from AFGE. Thanks for that, Seth, and also, Mark, thank you for your description of what preceded today's meeting, and I also want to thank the OPM staff who worked so hard on this. It's a tremendous amount of work, as everybody can see before them, and really high-quality work. And we're extremely grateful for everybody's professionalism and conscientious effort to get this done within a short time frame.

With regard to DoD's proposed additions, we really, really disagree strongly with a lot of what's written in these documents and which you must sort of read through. Most importantly, what's called an "alternate implementation plan" is not in fact an alternate implementation plan.

And, you know, you kept saying decision-makers need facts. These aren't facts, and one of the problems is that this is an alternative proposal. It would be one thing if it were an alternative means of achieving the end envisioned in AFGE's
proposal. It is not an alternative means for achieving that end. It is a means to achieve an alternative end. It is not an implementation plan for the proposal that the work group studied. It is not. It is a completely different proposal.

And by all means, if the Army wants that kind of plan, they should go ahead and propose it to FPRAC, and then we will study that plan, but this is not an implementation plan for our proposal. That's Item 1.

Item 2 is, you know, you just read into the record the number half-a-billion. That is not an accurate cost estimate. It's a cost estimate that's about 250 million dollars more than the cost estimate that OPM prepared, and given that facts matter, there's no reason to exaggerate its cost. So it's almost like a rhetorical thing: A billion here, a billion there, soon you're talking a lot of money. Well, let's not use the word "billion" unless we're somewhere in the neighborhood of billions. We're talking at worst, at most, you know, given that we get pay increases in the future of 1.1 percent, something in the neighborhood of 300 to 350 million over 10 years, not half-a-billion. So let's not say half-a-billion.

In addition, as far as the unintended consequences, almost all of these substantive unintended consequences in your
unintended consequences document would be consequences of this alternative plan that DoD has proposed, not of our proposal.

We have dealt with orphan counties, and we would not have a multi-tiered system with the implementation plan that the OPM study put forward. The multi-tiered, you know, "crazy quilt" is a result of DoD's alternative, not the AFGE plan as described in the work group report.

The other thing is, on the third document -- I mean, we could discuss this further. I don't want to, you know, dominate the discussion. Regarding the letter from the commander -- I don't know if she's a commander or what her position is at Tobyhanna. I don't know if she's even still there. As you noted, that was read into the record of FPRAC. Surely, the Director has access to our minutes and the public record of what has transpired at FPRAC meetings. God knows there were numerous letters and individuals who testified for the record at FPRAC who were in favor of this proposal, and people who the Director has as much responsibility to listen to as this particular individual from Pennsylvania.

So, you know, are we going to include as part of the report every piece of testimony and every letter that was written on this subject? No, that's unnecessary. It's an
unnecessary duplication. These materials are easily available
to the Director if he wants to go back and look over the record.
So the third item is entirely unnecessary. It's just redundant,
and it doesn't have a place in this report.

And we do not think that the other two documents do,
either, partially because they are, you know, not responsive to
the Director's request. They are not germane to the proposal.
They are an alternative proposal, and the unintended
consequences are really a part of DoD's plan for an alternative
proposal, and they are not really reflective of consequences of
the implementation of our proposal.

So I'll leave it at that.

MR. SHULMAN: Okay. I think we're going to agree to
disagree on Items 1 and 2, and I'm not going to belabor that,
but I will tell you how we arrived at the number, which I stated
earlier.

The $337-million number over a 5-year FYDP, as
identified by OPM staff, is not our number. That's OPM's
number, if I'm correct in that, Mark. Okay. And by OPM's own
admission, that number may very well be on the low side.
However, that is simply a salary dollar number. That does not
account for a fully burdened amount of money. When I say "fully
burdened," when we pay an individual, we also include on top of that an additional 36.76 percent for all of the various benefits and entitlement costs that go with each position.

**MS. SIMON:** Well, we all know that's going down, don't we?

**MR. SHULMAN:** Regardless of that, we have to include the cost for the bill payer, and that would be, in this case, the Department of Defense, and the Department of Veterans Affairs. So that number, the total final number has to be reflective of what the sum outlay for each Federal Department is going to be. So, when you multiple 36.76 by $337 million, you wind up with $460.88 million, and this number, as also established by OPM, does not include the orphan counties.

So my rounding close to half-a-billion dollars is not out of line with what the actual cost will be to the government, okay? I'm not making these numbers up. This is actually how we do the calculations.

So, when you get right down to it, we are just trying to arrive at what the true cost is, and ultimately, the burden has to be paid by the American taxpayer, okay? So the numbers are what they are, and they may well be on the low side. They might be slightly high. We won't know. But I will tell you
that to do the right math, you have to include the fully burdened cost. That's how we do the budgeting for these sorts of things.

And every individual activity that has employees does it exactly the same way, and I will look to my colleagues from Air Force and Navy who are sitting at the table with me. And OPM will bear this out. This is how we do the math. I'm not --

MS. SIMON: Oh, I don't --

MR. SHULMAN: -- making these --

MS. SIMON: -- think anybody would --

MR. SHULMAN: -- numbers up.

MS. SIMON: -- disagree that that's how you do the math. I just think that in the executive summary, it is described as the additional wage cost. I mean, it's not misrepresented.

MR. SHULMAN: Okay, gotcha. But the true cost has to be identified. Ultimately, that's what the bill payer has to worry about.

In that particular case, that would be us, and there is a direct impact to the Department's ability to carry out its mission when you increase costs across an organization the size of ours.
You know, when you talk about it on an individual case-by-case basis, it doesn't seem like a lot of money. Just like the half-percent salary increase that Congress may or may not vote on this year, that for us individually doesn't cost a lot, but for the government as a whole, it's a little bit more than that. It's about a billion dollars, I'd say. So you can't look at this on the individual level. You've got to look at it in the aggregate, and that's why I use the numbers I do.

They're not meant to shock. They are very real numbers, and there is a very real impact to a Department that is currently engaged in efficiencies and effectiveness studies with regard to how we save money, and we still haven't faced the issue of sequestration, which is also looming on the horizon. And even if we don't have that, we are going to face more cuts.

So the monies have to come from somewhere. This is a very real and legitimate concern that the Department's leadership has. I think the Director --

**MS. SIMON:** We're all --

**MR. SHULMAN:** -- would be --

**MS. SIMON:** -- aware of the budget situation.

**MR. SHULMAN:** Okay.

**MS. SIMON:** That may --
MR. SHULMAN: The Director -- I mean, that's -- but that should be --

MS. SIMON: But nobody --

MR. SHULMAN: -- part of the --

MS. SIMON: Nobody --

MR. SHULMAN: -- consideration.

MS. SIMON: -- needs to persuade anybody in this room or on this call.

MR. SHULMAN: No, that's fine. All we're saying--

CHAIRMAN FRIEDMAN: Let me make a suggestion then.

MR. SHULMAN: All we're saying is that Director Berry should have that number in front of him.

CHAIRMAN FRIEDMAN: Let me make a suggestion that others on either side of the table who haven't spoken yet might want to have an opportunity to weigh in. Anybody?

MR. FENNAUGHTY: I agree with Jacque. I don't think that these dogmas should be part of the report.

You know, there is no way that anybody would want to or could stop DoD from submitting it to Director Berry or OMB or anybody else they want to, but I don't believe they should be a part of the report itself.

MR. PHELPS: I agree --
MS. SUSZCZYK: I agree.

MR. PHELPS: -- that they should not be.

MR. SAAVEDRA: I believe as much information as we're able to provide must be forwarded, noting that no business case was established as to why the proposal was introduced in the first place. What is it that we were trying to fix? That was never established. So we have to be fully up front, engaged to note we're not fixing anything, and it's going to cost this much.

The cost to the Federal Government, to the taxpayer is this, and Director Berry must know that. It just needs to be said. These are facts.

MR. PHELPS: Fine, send it to him as your comments to the report.

MR. SAAVEDRA: No, this Committee should be responsible in providing the information. We have the information.

MR. PHELPS: Well, I think Jacque was right. You know, this proposal has already been voted on and sent to Director Berry. All he asked for was certain --

MR. SAAVEDRA: Were the facts.

MR. PHELPS: -- specific information.
MR. SAAVEDRA: What he asked for were facts.

MR. PHELPS: Certain specific information afterwards --

MR. SAAVEDRA: And the facts.

MR. PHELPS: -- and that counter-proposal is not what was asked for. He didn't ask for a counter-proposal. He asked for facts that were out there and how it would be implemented, and I don't believe that those documents reflect what the Director asked for.

If DoD or Navy or Army wants to submit, you know, these other documents to show what their counter-proposal to the proposal would be, then they're more than welcome to, but I don't believe they should be a part of the report of this Committee.

CHAIRMAN FRIEDMAN: Can I just ask a clarification question? And we don't actually have motions before us yet, but are some of the Management folks saying that if these three pieces were included in the report that you would then support by consensus sending it to the Director?

MR. SHULMAN: That's a fair question.

CHAIRMAN FRIEDMAN: I just want to understand what exactly we're talking about here.
MR. SHULMAN: That's a fair question. I think we probably want to step outside for a few minutes and talk about that.

CHAIRMAN FRIEDMAN: Do you want to have a caucus?

Okay.

So the folks on the phone, we are going to have to cut you off and then get you back.

MS. HANNON: All right, thank you.

MS. SIMON: Okay. Should the labor people stay on the phone or --

MR. PHELPS: Yeah.

CHAIRMAN FRIEDMAN: I guess you can. It would be simpler, right? Yeah.

[Off the record for Management caucus.]

CHAIRMAN FRIEDMAN: Management is back from its caucus, and we are back in session.

Is there anything that you folks want to report back from the caucus?

MR. SHULMAN: Pursuant to your request, Mr. Chairman, you had a question for us, and we took the opportunity to discuss your question at caucus, and we've come back with a question.
We would like to know what Labor's position would be regarding incorporating DOD-572-1 and DOD-572-2 and the list of all documents supporting or opposing the original AFGE proposal that have already been submitted into FPRAC for the record in the final report of the working group's analysis, as requested by Director Berry in 565-OC-2.

**MS. SIMON:** Well, we probably need to caucus, but my first reaction is that this is another thing that might delay us because of the time it would take to gather all those materials.

**MR. ALLEN:** Jacque, I think our plan, regardless of what happens today, is for Madeline to put the documentation together in a final format that can go forward to Director Berry. It's going to take her a little while to do that since the report is so voluminous and we have to add the other documents, because they are already part of the FPRAC record. That shouldn't --

**MS. SIMON:** Well, I'll --

**MR. ALLEN:** -- take too long.

**MS. SIMON:** -- tell you one thing, before we even caucus. AFGE would insist on inclusion of an additional document that responds to the so-called implementation plan B and the so-called unintended consequences B, because, you know,
there was no sort of sense that, okay, if it wasn't written today, it can't go forward, if that's going to be the -- you know, if it's going to be a thousand pages rather than 600 pages. That would definitely -- I know AFGE would insist on a written response.

As it was, we were expecting, regardless of how it went today, that DoD would be submitting to the Director their documents, and we would be submitting our refutation of those documents -- or of the, you know, arguments put forward in those documents.

If those documents become part of the official work group report, you know, it could put us back weeks or months until we have several more meetings where we discuss the AFGE response to the DoD documents, which is why it makes so much more sense for DoD to, you know, put forward their documents, you know, independently as sort of a dissenting report or whatever, in which case we would submit additional documents as well, but we can't just stop the clock today and say anything not in today can't go if DoD's stuff goes.

I mean, obviously, you know, we can always just write a letter to the Director, but I guess everything would depend on how much delay this would entail.
MR. PHELPS: To me, it would seem redundant to put everything --

MS. SIMON: It's already way, way --

MR. PHELPS: -- in on --

[Simultaneous speaking.]

MS. SIMON: -- way, way, way, way, way behind schedule.

MR. PHELPS: That's all -- you know, all the other stuff that's already been submitted is already there.

MS. SIMON: Right.

MR. PHELPS: The one that Army read into the record a while back is already there, you know. It would just seem to me like we'd be burdening down this to stick everything in there, and I don't think -- I personally wouldn't agree to do it just so DoD can get what they want in today, you know.

As Jacque said, you know, they can always submit it to Director Berry as not part of the report.

CHAIRMAN FRIEDMAN: Well, do you want to say something?

MR. SHULMAN: Yeah. I would just make an observation. We weren't intending -- the last item was not an idea -- the idea is not to submit the actual documents but a page with
references of those documents, so not the actual papers themselves, but there have been a number of items that have been submitted for the record in this room. Then we would simply reference those items as an appendix to the report, nothing more, nothing less. We're not talking—

MS. SIMON: As a --

MR. SHULMAN: -- about --

[Simultaneous speaking.]

MS. SIMON: As a substitute for the letter from that Marriott guy?

MR. SHULMAN: That would be the Deputy Chief of Staff for Tobyhanna. Yes.

MS. SIMON: Yeah. Mr. Marriott.

MR. SHULMAN: Through Dr. Duncan who is the Army G1 for Civilian Personnel Policy.

MS. SIMON: Right.

MR. SHULMAN: But, yes, it wouldn't be a substitute. Your point was well taken that there had been a lot of other things submitted, and I was agreeing with you that, yes, we want those to be included in the record too. It's part of the fullness of the --

MS. SIMON: No, no, no.
MR. SHULMAN: -- of the disclosure.

MS. SIMON: I hear what you're saying. What I'm just asking you, instead of the actual --

MR. SHULMAN: Yes.

MS. SIMON: -- copy of --

MR. SHULMAN: Yes.

MS. SIMON: -- Mr. Marriott's letter.

MR. SHULMAN: Yes, exactly right, just as --

MS. SIMON: It would be a page with a lot of references?

MR. SHULMAN: You got it.

MS. SIMON: Is that what you are envisioning? I'm just trying to understand what you're saying.

MR. SHULMAN: Yes, just a reference page. You got it.

MS. SIMON: Okay. Well, you know, that's a separate issue from those other two DoD documents.

MR. FENAUGHTY: Do you mean all three of these documents? One reference?

MR. SHULMAN: 572-DOD-1 and 572-DOD-2, as submitted today for discussion, we would like to know what your position is going to be if we tabled this as a motion with regard to putting these in the report.
**MS. SIMON:** Well, and we're responding back that if you want to have these things in the report, then, you know, the unions are going to have a refutation in the report, which is why we want this to, you know --

Well, how about this, Seth, if we could just step back a second. Is your proposal that Management is fine with submitting this document to Director Berry with your implementation plan, your unintended consequences, and a page full of references?

**MR. SHULMAN:** We haven't actually determined that, but we're asking what Labor's position would be on that. Do you think that we would be able to reach consensus if that were the case?

**MS. SIMON:** Well, do you?

**MR. SHULMAN:** I would like to think so.

**MS. SIMON:** Well, okay. I mean, that's the question before us.

**MR. SHULMAN:** Yes. So you said you might need to caucus for that. We believe that we might be able to reach consensus on submitting the report with those two documents -- with DoD Items 572 DOD-1, 572-DOD-2, and a list of references attached, but that --
MS. SIMON: Okay, I guess we --

MR. SHULMAN: -- really depends on --

MS. SIMON: -- do need a --

MR. SHULMAN: -- Labor's position.

MS. SIMON: -- caucus then.

CHAIRMAN FRIEDMAN: So, did I hear a request for a caucus, does Labor need one?

MR. PHELPS: I don't think we need to caucus.

CHAIRMAN FRIEDMAN: Okay.

MR. PHELPS: I mean, if the rest of Labor would like to, you know, we could certainly do that, but I wouldn't be able to support that.

MR. FENAUGHTY: Nor ACT.

CHAIRMAN FRIEDMAN: I guess that answers the question that there would not be consensus to proceed then.

MS. SIMON: Can we have a caucus?

MR. PHELPS: Sure, we can, Jacque.

CHAIRMAN FRIEDMAN: You can certainly have a caucus.

[Off the record for Labor caucus.]

CHAIRMAN FRIEDMAN: Labor has finished its caucus, and we are back in session. Do you folks have something to report in response?
MR. HILL: Yeah. Mr. Chair, this is Keith Hill.

CHAIRMAN FRIEDMAN: Yes, Keith.

MR. HILL: I'd like to make a motion that we advance the report to Director Berry sans Management's counter-proposal as is, and I am asking for a second on that motion.

MS. SUSZCZYK: Seconded.

CHAIRMAN FRIEDMAN: Okay. It's been moved and seconded to send the report as is from the study group to Director Berry.

Well, we can start discussion on that or we can -- if there's a motion to postpone, we can take that up.

MS. SIMON: I think the discussion is pretty much what we had earlier. You know, there's certainly nothing to prevent DoD from submitting additional materials, including a reference to all the letters and testimony for and against this proposal that have been provided to FPRAC, and, you know, the unions will do the same, but the document is what it is. It's a product of the work group, and OPM's staff and you know, we all had lots of input as it was being prepared, and it's ready. It's ready for the Director.

CHAIRMAN FRIEDMAN: Any discussion?

MR. SHULMAN: That is but one view, and I would not
submit that we are prepared to vote on this today.

**CHAIRMAN FRIEDMAN:** Any discussion?

**MR. SHULMAN:** Nor discuss it today.

**CHAIRMAN FRIEDMAN:** Nor discuss it today.

Well, you can make a motion to postpone consideration until the next meeting.

**MR. SHULMAN:** We so request motion to postpone until next week.

**MR. ALLEN:** And seconded.

**MR. HILL:** I think there's a motion on the table already, isn't there?

**CHAIRMAN FRIEDMAN:** Okay. Well, there is, but I think a motion to postpone, if there's consensus on it -- maybe there's not. Maybe people want to go ahead. If there's not consensus on the motion to postpone, then we'll go back to the main motion.

**MR. HILL:** We will --

[Simultaneous speaking.]

**MR. HILL:** I am unfamiliar with FPRAC procedure. Will it follow Robert's Rules of Order?

**CHAIRMAN FRIEDMAN:** We do follow Robert’s Rule of Order, except the Chairman is ignorant of them. So if I'm
violating them, let me know.

MR. HILL: Well, I think there's a motion on the table. I don't consider the motion to postpone a friendly amendment.

CHAIRMAN FRIEDMAN: Okay. I guess -- let me see.

MR. HILL: So I guess we have to --

CHAIRMAN FRIEDMAN: So there would not be consensus then to postpone this until a week from today?

MS. SIMON: No. Well, I don't know. Want to do a vote?

CHAIRMAN FRIEDMAN: Unless there's any further discussion on either side, we can vote.

MS. SUSZCZYK: Are we voting on the first motion or the motion to postpone?

CHAIRMAN FRIEDMAN: We'd be voting on the -- the motion to postpone would only be if by consensus, so we're--

MS. SUSZCZYK: Okay.

CHAIRMAN FRIEDMAN: About which there does not appear to be consensus.

MS. SIMON: Okay. So are we going to vote? Are we done with the discussion of the other motion?

CHAIRMAN FRIEDMAN: We are discussing Keith's motion,
and Management has requested a caucus.

**MS. SIMON:** Okay.

[Off the record for Management caucus.]  

**CHAIRMAN FRIEDMAN:** Management has concluded its caucus, and we are back in session.

Would you like to report anything from your caucus?

**MR. ALLEN:** We have a substitute motion to introduce, a substitute to the main motion that AFGE made. Management would like to introduce a substitute motion to incorporate 572-DOD-1 and 572-DOD-2 and a list of all documents supporting or opposing the AFGE proposal which have been submitted to FPRAC for the record into the Final Report of the working group's analysis as requested by the Director of OPM in 565-OC-2.

**CHAIRMAN FRIEDMAN:** Is there a second for that?

**MR. SHULMAN:** Second the motion.

**CHAIRMAN FRIEDMAN:** So, if I'm correct in my Rules of Order, we debate that one first.

**MR. SHULMAN:** I believe that's right, yes.

**CHAIRMAN FRIEDMAN:** Any response or debate on that?

**MR. PHELPS:** We've already had the debate on that earlier.

**CHAIRMAN FRIEDMAN:** Okay.
MR. FENAUGHTY: We already talked about it.

CHAIRMAN FRIEDMAN: Okay. Are we ready to --

MR. SHULMAN: We would merely remind the Committee membership that we were asked to do this. The Director gave us specific instruction. He said it in 565-OC-2 that this should be in the report. We haven't done anything other than what the Director has asked for in making this motion, and failing to adhere to the Director's request is in itself going to be a little bit of a challenge for this Committee to explain.

CHAIRMAN FRIEDMAN: Any further discussion of the substitute motion?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, I believe we're ready to vote. Do you want to poll people, Madeline?

MS. GONZALEZ: Who is voting? We only have four Management members present now because Ann Marie Hannon at VA had to disconnect from the phone temporarily. Which four members are voting on the Labor side, please?

MR. FENAUGHTY: I'm voting.

MS. GONZALEZ: And one AFGE member. Okay.

MS. SIMON: What about one AFGE member? What are you talking about?
CHAIRMAN FRIEDMAN: There are only four Management representatives present, so one Labor representative needs to recuse himself or herself.

MS. SIMON: That's in our rules?

MS. GONZALEZ: Yes.

CHAIRMAN FRIEDMAN: Yes. It doesn't affect the outcome.

MS. SIMON: Okay. Keith, do you want to vote for AFGE?

MR. HILL: Sure. Which proposal are we voting on first?

CHAIRMAN FRIEDMAN: We're going to vote first on the substitute motion just offered by Management to incorporate 572-DOD-1, 572-DOD-2, and the list of items that have been submitted or appeared at our meetings pertaining to this matter. So that's the motion.

Is that substitute motion clear to everybody?

MR. FENAUGHTY: Well, I just have a question.

CHAIRMAN FRIEDMAN: Sure.

MR. FENAUGHTY: I'm not an expert on Robert's Rules of Order, but I'm not sure a substitute motion could be an--

CHAIRMAN FRIEDMAN: An amendment?
MR. FENNAUGHTY: -- amended motion, another motion. I'm not trying to split hairs. I just think we should get it right.

CHAIRMAN FRIEDMAN: Okay. I appreciate that. I think it would be an amendment to the main motion. It's taking Keith's motion and saying --

MR. FENNAUGHTY: Changing it.

MR. HILL: Actually, actually it's a separate and distinct proposal or amendment or motion. It's not --

MS. SIMON: It's not a friendly --

MR. HILL: -- an amendment --

MS. SIMON: -- amendment --

MR. HILL: -- to my motion.

MS. SIMON: -- anyway.

MR. HILL: It's not a friendly amendment.

CHAIRMAN FRIEDMAN: Right. So what does that mean procedurally?

MS. SIMON: It's an amendment --

[Simultaneous speaking.]

MS. SIMON: -- by way of a substitution.

CHAIRMAN FRIEDMAN: Are you saying we need to vote?

MR. FENNAUGHTY: It is two separate motions.
CHAIRMAN FRIEDMAN: Okay. So does that mean we need to take up the first motion first? I'm happy to do it in whichever order is correct from the parliamentary standpoint.

MS. SIMON: I think you take up the first -- Keith, you take up the first motion first, right?

MR. HILL: I would say so.

MR. SHULMAN: However, this motion is the precursor, the natural precursor in terms of order of operations to the motion that Keith submitted. So absent consideration of this motion first, we are not able to entertain the previous motion at all, really.

MS. SIMON: I mean, you can entertain it.

CHAIRMAN FRIEDMAN: Yeah, but which one--

MR. HILL: You can amend the --

CHAIRMAN FRIEDMAN: -- is the question.

MR. HILL: -- motion, but you can't change the motion.

MS. SIMON: You can't have your subsequent motion voted on before the original one, given that it's not a friendly amendment to the existing -- to the first motion. I mean, it's not like you're changing "of" to "to."

MR. SHULMAN: Well, we would ask you then to kindly pull your motion until we have determined the outcome of this
MS. SIMON: Well, no, we want to vote on our motion first.

MR. HILL: The motion stands.

MR. SHULMAN: I don't think we can vote on it, not without consideration of our motion.

CHAIRMAN FRIEDMAN: Well, I think it's been considered in debate. I mean, I don't know what further consideration --

MR. SHULMAN: The vote then would be on an incomplete -- from our perspective, from Management's perspective, it would be on an incomplete report. We're asking --

MS. SIMON: Well, then you --

MR. SHULMAN: -- for consideration --

MS. SIMON: -- vote against --

MR. SHULMAN: -- of the documents --

MS. SIMON: -- it.

[Simultaneous speaking.]

MR. SHULMAN: The documents will be in there.

CHAIRMAN FRIEDMAN: Yeah. I guess you then vote no, right, if that's --

MR. FENAUGHTY: Just vote no against it and then go to your amendment.
MS. SIMON: I mean, you vote against it, so that we can vote on other things, and, you know, we just proceed.

MR. SHULMAN: Again, I don't see how you vote on what AFGE has proposed when the --

MR. HILL: Well, the motion to --

[Simultaneous speaking.]

MR. HILL: -- submit your documents should have been proposed before my amendment.

MR. SHULMAN: I don't know how you can vote on it and ignore the fact that the Director has asked us for certain things to be included in the report that no one is interested in entertaining.

MR. PHELPS: Well, that's your opinion. That's not our opinion, and there's a motion on the floor, and I'll call the motion.

MR. SHULMAN: All right. So, if there's a difference of opinion, I think that there is something -- there's a clear legal issue at stake here. So we probably need an attorney to tell us whether it's appropriate or not.

MR. PHELPS: Yeah, but Robert's Rules of Order says that when a motion is called you have a vote.

CHAIRMAN FRIEDMAN: We just need to follow Robert's
Rules of Order. Does anybody know them in this room or on the telephone?

**MS. SIMON:** I know them --

**MR. PHELPS:** I know them fairly well --

**MS. SIMON:** -- backwards and forwards.

**MR. PHELPS:** -- and I know once a motion is on the floor, the motion --

**MR. HILL:** Well, you have to vote on --

**MR. PHELPS:** -- is called, you have to vote.

**MR. HILL:** -- the first amendment first, unless there is a friendly amendment to the amendment.

**MR. PHELPS:** That stops debate.

**CHAIRMAN FRIEDMAN:** Okay. Then let's vote.

**MR. HILL:** The debate was held already.

**CHAIRMAN FRIEDMAN:** Okay. So I'm going to state the motion. The motion is to send the report that we have received from the study group as is to Director Berry. Did I state it correctly?

**MS. SIMON:** Yeah.

**CHAIRMAN FRIEDMAN:** All right.

**MS. HANNON:** Hi.

**CHAIRMAN FRIEDMAN:** Did somebody just join us?
MS. HANNON: Yeah. This is Ann Marie calling in. I'm in transit now, so I should be able to rejoin the meeting.

CHAIRMAN FRIEDMAN: Okay.

MS. GONZALEZ: So we have 5 Management and 5 Labor members now.

CHAIRMAN FRIEDMAN: Okay.

MR. HILL: It's 5 and 5 now.

CHAIRMAN FRIEDMAN: Ann Marie, we're just about to vote on Keith's original motion, which is to send the report that FPRAC received from the study group as is to Director Berry.

So do you want to call the roll for voting, Madeline?

MS. GONZALEZ: Okay. MTD?

MR. FENAUGHTY: Yes.

MS. GONZALEZ: AFGE? Jacque?

MS. SIMON: Yes.

MS. GONZALEZ: AFGE? Keith?

MR. HILL: Yes.

MS. GONZALEZ: NAGE?

MS. SUSZCZYK: Yes.

MS. GONZALEZ: ACT?

MR. FISHER: Yes.
MS. GONZALEZ: OPM?
MR. ALLEN: No.
MS. GONZALEZ: DoD?
MR. SHULMAN: No.
MS. GONZALEZ: Air Force?
MS. FREEMAN: No.
MS. GONZALEZ: Navy?
MR. SAAVEDRA: No.
MS. GONZALEZ: VA?
MS. HANNON: No.
MS. GONZALEZ: Mr. Chairman, the vote is 5 to 5.

CHAIRMAN FRIEDMAN: So we have a tie, and it's up to me then to resolve this. I vote yes. I believe we should send this report on. I believe those who have a different view on the Management side should feel every encouragement to get their view to Director Berry.

[Technical disturbance: Loud Telephone Audio Noise.]

MR. SHULMAN: It's not necessarily in conflict. You can now vote to amend the report.

[Technical disturbance: Loud Telephone Audio Noise.]

CHAIRMAN FRIEDMAN: We now vote on Mark's motion to incorporate 572-DOD-1, 572-DOD-2, and a list of documents
supporting or opposing the AFGE proposal which have been submitted to FPRAC for the record into the final report of the study group that was requested by the Director of OPM.

[Technical disturbance: Loud Telephone Audio Noise.]

**CHAIRMAN FRIEDMAN:** There is a motion on the floor, which is the one we are now voting.

**MS. SIMON:** And that is the motion to delay until next week a vote on the motion to include the other items? I mean, there are two motions on the floor, right?

[Technical disturbance: Loud Telephone Audio Noise.]

**CHAIRMAN FRIEDMAN:** I'll state the motion again. It's the motion that Management offered, which is to incorporate 572-DOD-1, 572-DOD-2, and a list of items that have been submitted to FPRAC on one side or the other side of the table on the underlying issue that we're considering, into the study group report.

**MR. HILL:** Mr. Chair, I would submit that that's already been addressed in our previous vote.

**CHAIRMAN FRIEDMAN:** Well, that's what I thought, too, but Management would like a recorded vote on that, and there's a motion before us. So I don't know of any reason not to have the vote.
CHAIRMAN FRIEDMAN: Unless there's further discussion, I suggest we vote. Any further discussion of it?

MR. SHULMAN: Yeah. I would like to make a few observations again. Going back to what Director Berry asked us for in 565-OC-2: The working group will review all of the information developed for the analysis as outlined above. If any working group member does not agree with OPM's proposed methodology for any of the analysis, the working group chair will provide a reasonable amount of time for discussion of alternatives. If consensus or creative resolution is not reached in a timely manner, the working group chair will note any remaining differences of opinion for the record, with a summary explanation and opportunity for more detailed explanation for the record and move forward on the study. Any such notes may be made part of the final report at the request of any party.

And so technically we don't need to vote on this. Management requests for these documents to be made part of the final study report.

MS. SIMON: Seth, this is Jacque. What you just read suggests that the Chair should summarize the disagreement.
CHAIRMAN FRIEDMAN: That document was FPRAC's instruction to the study group, I believe.

[Technical disturbance: Loud Telephone Audio Noise.]

CHAIRMAN FRIEDMAN: So we have a motion before us that's been seconded. I'll state it -- I guess I've stated it already. I don't need to state it again, do I?

MR. FENAUGHTY: Not for me.

MS. SIMON: Yeah. Can we just clarify that what Seth just read was not the Director's instructions to FPRAC but the FPRAC's instructions to the study group?

CHAIRMAN FRIEDMAN: That's correct.

MS. SIMON: And, you know, the issues on which there wasn't consensus could have been summarized by the Chair; however, these weren't issues on which there -- my contention is these are not issues about which there weren't consensus. These are separate issues. This is a different proposal.

MR. SHULMAN: My observation would be certainly from what the DoD staff has shared in that there was quite a bit of discussion on these items in the working group, and there was no consensus reached, so I have to take them at their word, honestly.

MS. SIMON: Oh, no, no, no. There was plenty of
discussion, and the discussion was these documents were irrelevant to our proposal.

MR. SHULMAN: I don't know that that's an accurate reflection of how the DoD staff feels about them.

MS. SIMON: No, of course not, but that's --

MR. SHULMAN: Then there is a lack of consensus.

[Simultaneous speaking.]

CHAIRMAN FRIEDMAN: Okay. Any further discussion?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, I suggest we vote.

MS. FREEMAN: Mr. Chairman, I just wanted to say that as far as the submission of additional information -- you're saying that the paragraph read earlier by Seth in 565-OC-2--that this was not from the Director, but that this is what the charge is for the FPRAC working group, if that's the direction that they were going in the beginning, regardless of the working group, then that's what everybody was thinking, and this is what they were charged with doing.

So, you know, there's no need to change it at the end. If this is what they thought that they were charged with, this is what they were supposed to be doing, then this is what, you know, the Committee ended up doing, so this is why we're saying
that the information or whatever should be there, because we thought that this is what the working group was charged with.

**MR. PHELPS:** Well, those of us that were involved, this is what we ended up doing, not the document submitted right towards the end by DoD.

**MS. WALKER:** This is Barbara. May I address the Committee?

**CHAIRMAN FRIEDMAN:** Sure.

**MS. WALKER:** I was involved with many of those working group meetings, and there was quite a bit of discussion about additional documentation that could be provided into the study. And it was the consensus -- well, we didn't even have to come to a consensus according to our rules.

What we were told is any additional information that we had that was relevant to the cause at hand could be provided, and that's what we've done. And it seems now that the union members are preventing Management from providing that documentation. I don't understand that.

**MS. SIMON:** Barbara, this is Jacque Simon from AFGE.

You know, our contention is not the way, what you just described.

**MS. WALKER:** Well, it absolutely is, Jacque. We --
MS. SIMON: I'm sorry, but it's --

MS. WALKER: -- discussed it --

MS. SIMON: -- not.

MS. WALKER: -- in the meeting.

MS. SIMON: I mean, we don't think that the alternative proposal is responsive to our proposal.

MS. WALKER: I'm not even talking about the alternative proposal. I'm talking about Management having the ability to provide additional relevant documentation in the study.

MS. SIMON: Well, see, that's the key thing.

MS. WALKER: The document that I asked to be included had already been read into the record. Providing it to Director Berry in conjunction with this study is very relevant, because that paper was relevant to your proposal.

MS. SIMON: You're back to Mr. Marriott's letter?

MS. WALKER: I'm back to any documentation that is to be supplied to help the Director make a well-educated decision on this proposal.

MS. SIMON: Barbara, are you just coming into the conversation right now for the first time this morning?

MS. WALKER: No, I'm not.
MS. SIMON: Oh. Because I thought, you know, that we had sort of moved on to a different proposal from Management, which was not Mr. Marriott's letter by itself but a page of citations of all material that had been introduced to FPRAC, testimony letters, et cetera relevant to the proposal.

MS. WALKER: Right.

MS. SIMON: It wasn't just Mr. Marriott's letter, but --

MS. WALKER: Exactly.

MS. SIMON: -- it sounds like you're talking about just Mr. Marriott's letter?

MS. WALKER: No, I agree with DoD's proposal to include any relevant documentation into this survey report.

MS. SIMON: Well, are you proposing a new motion which would exclude the alternative implementation thing and the so-called unintended consequences and just the list of relevant testimonies and letters?

MS. WALKER: No, I'm not. I'm trying to get to the bottom line of were we or were we not allowed to provide additional information in this survey report.

MS. SIMON: I think -- I think not.

CHAIRMAN FRIEDMAN: Okay. Unless there's some
further discussion, I believe we're ready to vote.

**MS. SIMON:** Okay.

**MR. HILL:** Could you please read the motion again?

**CHAIRMAN FRIEDMAN:** The motion is to incorporate Documents 572-DOD-1 and 572-DOD-2 from today's FPRAC meeting plus a list of items that are relevant to the underlying issue that have been submitted to FPRAC, those three things, incorporate them into the report that FPRAC will send to Director Berry.

Did I state the motion accurately?

**MR. ALLEN:** That is a fair representation, yes.

**CHAIRMAN FRIEDMAN:** Okay. And, Madeline, would you call the roll?

**MS. GONZALEZ:** OPM?

**MR. ALLEN:** Yes.

**MS. GONZALEZ:** DoD?

**MR. SHULMAN:** Yes.

**MS. GONZALEZ:** Air Force?

**MS. FREEMAN:** Yes.

**MS. GONZALEZ:** Navy?

**MR. SAAVEDRA:** Yes.

**MS. GONZALEZ:** VA?
MS. HANNON: Yes.

MS. GONZALEZ: Metal Trades?

MR. FENAUGHTY: No.

MS. GONZALEZ: AFGE? Keith?

MR. HILL: No.

MS. GONZALEZ: AFGE? Jacque?

MS. SIMON: No.

MS. GONZALEZ: NAGE?

MS. SUSZCZYK: No.

MS. GONZALEZ: ACT?

MR. FISHER: No.

MS. GONZALEZ: The vote is a tie.

CHAIRMAN FRIEDMAN: What a surprise. Well, I have to cast the deciding vote. I vote no -- [inaudible].

[Technical disturbance: Loud Telephone Audio Noise.]

CHAIRMAN FRIEDMAN: And we'll try in the transmittal memo to convey the extent of this disagreement and the fact that there will be additional materials provided to the Director in very high probability from the Management side.

With that, I want to reiterate thanks that Mark offered at the outset to Madeline, to Terri, to everyone else who did such hard and long work on this report. Thank you all,
and thanks to all the participants in the study group and our 10 meetings and all the work we did. Thank you all here today. I know everybody is not happy with the outcome. There would have been no way for that to be possible.

Is there any other business that needs to come before us today?

MR. PHELPS: Motion to adjourn.

MR. ALLEN: Second.

CHAIRMAN FRIEDMAN: Okay. I bet there is no objection to that. So we've got consensus on something.

MR. FENAUGHTY: One out of seven ain't bad.

CHAIRMAN FRIEDMAN: Yeah.

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