FEDERAL PREVAILING RATE ADVISORY COMMITTEE

583rd FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, March 21, 2013

Room 5526 Office of Personnel Management Washington, D.C. 20415

ATTENDANCE:

Members/Alternates:

Management Members: Mark Allen, OPM Steve Rumble, DoD Pamela Sokol, Army

Labor Members: Dennis Phelps, MTD Jacque Simon, AFGE Sarah Suszczyk, NAGE Steven Landis, ACT

Staff Specialists and Visitors:

Jerry Mikowicz, Designated Federal Officer, OPM Madeline Gonzalez, OPM Brenda Roberts, OPM Jeanne Jacobson, OPM Mike Eicher, OPM Terri Wallace, OPM Lindsay O'Keefe OPM Jim Brady, DoD Karl Fendt, DoD Bill Becht, DoD

Recording Secretaries: Mike Eicher and Terri Wallace

[Transcript prepared from digital audio produced by FPRAC.]

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PROCEEDING

CHAIRMAN FRIEDMAN: Good morning, everyone, and welcome to this, our 583rd meeting of the Federal Prevailing Rate Advisory Committee. My name is Sheldon Friedman, Chair of the Committee, and as usual, why don't we go around and introduce ourselves, starting on the Labor side today?

MR. PHELPS: Dennis Phelps for Metal Trades Department.

MS. SIMON: Jacque Simon, AFGE.

MS. SUSZCZYK: Sarah Suszczyk, NAGE.

MR. LANDIS: Steve Landis, ACT.

MR. ALLEN: Mark Allen with OPM.

MR. RUMBLE: Steve Rumble, Department of Defense.MS. SOKOL: Pamela Sokol, Department of Army.

CHAIRMAN FRIEDMAN: And we are hoping for at

least one more Management member, so we get four folks on the Management side, but let's continue meanwhile.

MS. GONZALEZ: Madeline Gonzalez with OPM.

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

MS. JACOBSON: Jeanne Jacobson, OPM.

MS. ROBERTS: Brenda Roberts, OPM.

MR. FENDT: Karl Fendt, DoD.

MR. BRADY: Jim Brady, DoD.

MR. BECHT: Bill Becht, DoD.

MS. WALLACE: Terri Wallace, OPM.

MS. O'KEEFE: Lindsay O'Keefe, OPM.

MR. EICHER: Mike Eicher, OPM.

CHAIRMAN FRIEDMAN: Okay. Thank you, everyone.

A couple of announcements. Well, the first one is we are sad to say we are going to be losing our Designated Federal Officer in a short period of time. He is retiring, Jerry Mikowicz. It's been a great pleasure for me to work with him, and I know I'll miss him. I feel our whole Committee will.

If you want to say anything, Jerry, maybe enlighten us on who your successor might be, if that's known?

MR. MIKOWICZ: Yes. So, today, I guess I would mark my age as -- in PRAC years, I'm 583 years old, because I started in OPM in 1974 when PRAC was just starting, and I used to attend some of the meetings early on. Of course, it was the building years. It was really interesting, because we were all working to make a consistent Federal prevailing rate system out of all the separate systems in existence at the time. It was an exciting time.

At that time, there were 24 people at OPM working on the Federal Wage System. Today, we have Mark who does it part-time, because he is managing other programs, the white collar program, et cetera, and we have Madeline and Terri, who are working primarily on the Federal Wage System, and now Mike Eicher jumped in, and he works the recorder.

I was at one point the Recording Secretary for PRAC. We used to have -- actually, I was sitting at the front of the table taking the notes, and, boy, you ought to see the comments we had about notes during those days.

[Laughter.]

MR. MIKOWICZ: And maybe that's why they went to recordings. I don't know. No, I think there were other reasons.

I left OPM for a while and came back when the Federal Employees Pay Comparability Act was enacted. It was passed in 1990, and PRAC was still in swing, and here I am today.

I think this is an organization that has had remarkable success. I know that both sides have not always gotten everything they wanted, but what has impressed me is the willingness to work together. We see that in the working groups. We see it in phone calls, e-mails, and meetings that we have, and I think that is a tribute to all the people in Management and Labor sitting at the table.

Chairman Sheldon Friedman, I have to thank you for really digging into the issues and for your leadership.

Jacque, I appreciate you standing up to the TV monitors defending federal employees when many times we on the federal side can't do that.

So a special thanks to the OPM team, and speaking about the future, we are in the process of getting all the papers and clearance. Brenda Roberts here at OPM, who did work at DoD years ago, will take over my place as the Designated Federal Officer, and Jeanne Jacobson will be her alternate. And the reason I mention that is because the next meeting, I will be unable to attend, I will be deployed for a national COOP exercise. I won't be here, and Brenda also is going to COOP, so Jeanne will be here, so thank you.

[Applause.]

CHAIRMAN FRIEDMAN: Thank you, again, Jerry. It's been a pleasure to work with you.

People may not know it, but Jerry is an avid hiker. I guess he's going to get to do a bit more of that now.

MR. MIKOWICZ: Yes.

CHAIRMAN FRIEDMAN: And I guess we should also say that Terri Wallace, who has been working with our Committee for a long time, is going to be away for a while on leave. People can take one look at her and guess what the nature of the leave is.

MS. WALLACE: You better not guess wrong.

[Laughter.]

CHAIRMAN FRIEDMAN: Okay. So one other quick announcement. Last meeting, we approved our annual report for 2012, and you have a copy of the final in your packets.

Any other announcements?

MR. RUMBLE: Mr. Chairman?

CHAIRMAN FRIEDMAN: Yes, sir.

MR. RUMBLE: In the scheme of things of people not being here anymore, Hank Rovan, our chief of the NAF side of Wage, is retiring, and it is my understanding that he's been involved in this about as long as Mr. Mikowicz, since the late '70s.

He did not opt to come today to say anything, but he's leaving the early part of next month.

MR. ALLEN: Does this mean we can talk about him, since he's not here?

MR. RUMBLE: Certainly.

[Laughter.]

MR. RUMBLE: Who's taking notes?

CHAIRMAN FRIEDMAN: Has his successor been designated?

MR. RUMBLE: We are not quite as fast within DoD on doing that, so I don't believe that anybody --

MS. SIMON: Blind sequestration. There is a hiring freeze at DoD.

MR. RUMBLE: I know. It's amazing, Jacque, that people keep moving. It's kind of like cannibalization. You move from one department to another department doing the same job, people moving around.

Jim, has anybody --

MR. BRADY: I have nothing to share on that at

this time. Thank you.

MR. RUMBLE: I didn't think so.

CHAIRMAN FRIEDMAN: Okay. Well, it's been a pleasure to work with Hank, as well.

Any other announcements?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, let's move on to reviewing the transcript from our last meeting. Are there any other changes to the transcript, beyond those people have already sent in?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there agreement to adopt the transcript of our last meeting?

[No audible response.]

CHAIRMAN FRIEDMAN: Hearing no objection, the transcript is adopted.

That brings up old business. Is there any old business item that people wish to discuss today?

Mark has brought to my attention that OMB has just released the new updates for MSA definitions based on the latest Census, which also would give us new commuting data, and so, therefore, some of the pending items in old business that relate to definitions of wage areas might actually be out of date, so we may want to hold on to those until we get the latest word.

Apart from that, is there any -- so I suggest we let those sit until we hear back on that, but apart from that, is there any other old business item that people want to bring up this morning?

[No audible response.]

CHAIRMAN FRIEDMAN: I guess that's a no.

Which brings us to new business with two items. The first one, 583-MANAGEMENT-1, Definition of Broward County, Florida, to a Nonappropriated Fund Wage Area.

Mark, would you summarize that for us, please?

MR. ALLEN: Sure. We actually have two Nonappropriated Fund wage area redefinitions at this meeting, two new business items. So I would deem these to be the Hank Rovan memorial redefinitions.

[Laughter.]

MR. ALLEN: First one is 583-MANAGEMENT-1, the definition of Broward County, Florida.

It's fairly simple. The maps at Attachment 1 show that Broward County is to the north of Miami-Dade County, and just to the south is Palm Beach County. Miami-Dade is a survey county. Palm Beach is an area of application, and Broward County is wedged right in between those. There are three employees with the Department of Veterans Affairs who should be assigned to an appropriate wage schedule, and when we look at the regulatory criteria analysis on page 2 of the document, you see that they all understandably point to Miami-Dade as being the appropriate wage area definition. This would be the definition of Broward County to the area of application of the Miami-Dade wage area.

CHAIRMAN FRIEDMAN: Thank you, Mark. Are there any questions or discussion? [No audible response.] CHAIRMAN FRIEDMAN: Is there consensus to adopt

this?

MS. SIMON: Yeah.

CHAIRMAN FRIEDMAN: So there being a consensus, we have adopted 583-MANAGEMENT-1. Thank you.

That brings up 583-MANAGEMENT-2. Please summarize that one for us, Mark.

MR. ALLEN: This is a little bit different than

other Nonappropriated Fund wage area redefinitions that we've seen recently. This is actually one where we're not redefining a county to another wage area. We are removing counties where there are currently no NAF employees or there will soon be none left because of base closures and realignments.

As you can see on the maps in your packet, Enclosure 1, the current Clayton-Cobb-Fulton, Georgia, Nonappropriated Fund Area consists of three survey counties, Fulton, Cobb, and Clayton, and three area of application counties, Bartow, DeKalb, and Clarke.

What we are recommending is on the next map, that that wage area be shrunk down to have a survey area of Cobb County only, and that the only two areas of application counties be Bartow and DeKalb Counties.

So, in a way, this is kind of like abolishing a wage area and then starting it over again. When this wage area would be redefined, the next wage schedule for Cobb would be an unrestricted wage schedule, not subject to a pay cap.

> CHAIRMAN FRIEDMAN: Any questions or discussion? [No audible response.]

CHAIRMAN FRIEDMAN: Is there consensus to do this, or does Labor need to talk about it?

MR. LANDIS: I think from what I'm reading here is that the facilities or whatever that had employees in Clayton and Fulton, they are no longer there?

MR. ALLEN: That's correct.

MR. LANDIS: Okay. What's the -- I guess there's savings then for not having to deal with those counties, since there's no longer any facilities there as opposed to just dealing with Cobb on its own?

MR. ALLEN: The wage survey itself would be less expensive to conduct since there would be fewer data collectors. The same type of establishments would be covered. The covered survey area is covering most of the City of Atlanta, and I believe it would be shrunk down to just the northwestern suburbs around Atlanta. It's impossible to predict what the wage schedule would actually look like at this time. The next survey done there will be done in only one county.

I should say that Nonappropriated Fund wage areas are a little different than -- actually, they are quite a bit different than Appropriated Fund wage areas in that the

law provides that they can only be established where there are NAF employees; whereas, with the Appropriated Fund wage area we define every county as part of a wage area.

CHAIRMAN FRIEDMAN: Just for my own education, does the regulation on that, that the wage area shall not extend beyond the immediate locality, actually state that the immediate locality must be a county? Is that what you are referring to, Mark?

MR. ALLEN: Yes.

CHAIRMAN FRIEDMAN: Where is immediate locality defined?

MR. ALLEN: That is -- it's actually citing the law, 85 USC 5343, and the locality is defined by OPM regulation on a county basis.

CHAIRMAN FRIEDMAN: Okay. I may need a sidebar education on that, because I'm not quite -- it sounds circular to me. Locality is defined somewhere else as a county?

MR. ALLEN: Well, OPM has to implement laws, and OPM does that through regulation, and there's a listing in one of the appendices to Title 5, Code of Federal Regulations, that identifies each wage area for Nonappropriated Fund employees by county.

CHAIRMAN FRIEDMAN: It seems to me this is a metropolitan area, the Atlanta area. You are taking one county out of the metropolitan area and saying that's going to be the locality.

MR. LANDIS: Which county is Atlanta in? I'm not familiar.

CHAIRMAN FRIEDMAN: I think Fulton.

MR. LANDIS: We know that Atlanta is in Fulton? MR. ALLEN: Yeah. Fulton is downtown Atlanta. Counties in Georgia tend to be relatively small geographically --

MR. LANDIS: Okay. So instead of a county --MR. PHELPS: I think actually Atlanta is partially in Fulton and partially in DeKalb.

MS. SIMON: DeKalb. I'm sure that you are still in Atlanta proper in DeKalb.

MR. PHELPS: Yeah.

MR. LANDIS: Okay. So this isn't like what I'm used to where a county contains a town.

MR. PHELPS: No.

MR. LANDIS: This town could stretch through

other counties. I'm just curious if the land was fully within Fulton if that would -- removing Fulton County from this would then later on drive the surveys to come up with lower wage scales because of that. I'm not sure.

CHAIRMAN FRIEDMAN: Do we have an answer to that question?

MR. ALLEN: The wage schedule would reflect the prevailing wage levels around Marietta and Cobb County.

CHAIRMAN FRIEDMAN: So is there any light that can be shed on Steve's question?

MR. ALLEN: What was the question?

CHAIRMAN FRIEDMAN: He's asking what's the impact on the -- well, you ask it again.

MR. LANDIS: I was just wondering. I'm not familiar with the area that well, but I know Atlanta is a high-priced living area. So I ask if losing those two counties and then doing a future wage survey in only Cobb County would cause the overall wages to decrease. People are already there in Cobb, in the current wage schedule, and if the proposal just maintains Cobb, if the employees in that wage area would then be put on a lower wage pay scale. CHAIRMAN FRIEDMAN: Can you shed some light on that, Jim?

MR. BRADY: No. We are unable to shed light, because we've never surveyed this Cobb County from a universe point of view. We've always had data from the other two counties, as well. So determining what a survey in the one county would actually look like is fairly difficult.

CHAIRMAN FRIEDMAN: So what's your pleasure? MS. SIMON: Well, we do have data from that one county.

MR. BRADY: We have it as a mix of the three counties, but we don't really have data that was based on one county as an entire survey.

CHAIRMAN FRIEDMAN: You haven't done the calculation, I think is what you're saying, right? You've never pulled out the data from that county?

MR. BRADY: There's not really a good way of doing it because it's been part of a large sample survey, in which Atlanta, you know, has some domination. So actually surveying the county by itself would be a much different survey than the survey that includes the

metropolitan area of Atlanta.

MR. PHELPS: I wouldn't imagine as far as the cost Steve was talking about or Mark was talking about that it would be that much, since you have the three counties right there together, that your cost would be that prohibitive to continue with the three -- or any difference really from the one to the three. Those activities right there, you're only talking probably 20, 25 miles to the furthest point in the third county. I would imagine that you probably have people who commute regularly from the other two counties into there to work if that's where your most activity is at this point.

MR. ALLEN: The thing driving this is not really a concern about the survey resources. It's that OPM regulations and the law require -- together they require defining the wage area by county for NAF purposes, and since there would be no NAF employees in two of the current survey area counties, it would not be an accurate reflection to those employees just in Cobb County to have their pay level set based on two other counties where there aren't any NAF employees.

CHAIRMAN FRIEDMAN: Is this something we can get

consensus on today or does it need further study? Are there questions that the Labor side feels it needs answers to, or where are we on this one?

MS. SUSZCZYK: Are you able to point us today to where we can find the definition of localities?

MR. ALLEN: It would be in Part 532. It's Appendix A to subpart B or something like that.

MR. LANDIS: Is that what you have written in the report here, 5 USC 5343?

MR. ALLEN: No, that's a cite from the law. MR. LANDIS: That's different? Okay.

MR. ALLEN: Here it is. Regulatory, 5 CFR Appendix C, subpart D. That's where it lists the Nonappropriated Fund Areas by county.

CHAIRMAN FRIEDMAN: Right. That's what is being proposed to change, right?

MR. ALLEN: Yes. Using counties is a system-wide feature. It's OPM's implementation of the statute.

MS. SIMON: We're okay with it.

CHAIRMAN FRIEDMAN: Okay. All right. Then there's consensus to adopt 583-MANAGEMENT-2.

Is there any other new business not on the

agenda?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any objection to adjourning?

MR. LANDIS: I probably should have brought this up when we were discussing old business, but I was looking at something else.

The report we prepared last year, I know I have brought this up many times before. I just wondered if there was any news on that. I know that as far as I understand, the pay freeze is set to expire at the end of this month. Has that been changed?

CHAIRMAN FRIEDMAN: There's stuff going on in Congress that would extend it perhaps. We don't know for sure.

Jerry, can you elaborate?

MR. MIKOWICZ: From all we know, the Senate and the House both have proposals to have legislation passed in the houses that would extend the pay freeze to the end of 2013. I believe there was also a presidential statement that he would not veto that because that is part of a larger package, and so I think that people mostly think the probability is that there will be a pay freeze for the rest of the year, but as we all know, until it happens, it doesn't happen. So we'll have to wait to see events over the next few days.

MR. LANDIS: Is that part of the H.R. 933 that they've been discussing, or is this something -- a few other --

MR. MIKOWICZ: I don't know how it's packaged, so I can't answer that.

MR. LANDIS: All right. So as far as we know, then it is still in limbo until that's --

CHAIRMAN FRIEDMAN: I don't have any information other than that. "Limbo" would be as good a word as any, I'd say. Would you say?

MR. MIKOWICZ: Agree.

CHAIRMAN FRIEDMAN: Okay. Anything else?

[No audible response.]

CHAIRMAN FRIEDMAN: So any objection to

adjourning?

[No audible response.]

CHAIRMAN FRIEDMAN: Hearing no objection, we're adjourned. See you all next month. Thank you very much.