

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

609th FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, January 21, 2016

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM
Jim Davey, DoD
Dave Curley, Air Force
Gary Buck, Army
Arleen Romba, VA (via phone)Labor Members:Dennis Phelps, MTD
J. David Cox, AFGE
Jacque Simon, AFGE
Robert Shore, NAGE**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Steven Driscoll, OPM
Kevin Franklin, OPM
Malik Walker, OPM
Jim Brady, DoD
Karl Fendt, DoD
Becky Chaves, DoD
Chris Lynch, DoD
Allison Shroeder, DoD
Candace Archer, AFGE
Mike McGinty, AFGE
Anthony Ferreira, AFGE
Ned George, AFGE
Carl Biscontini, AFGE
Emily Ackerman, Rep. Lou Barletta
Bob Morgan, Rep. Matt Cartwright
Stephen Coffey, Rep. Matt Cartwright

ATTENDANCE: (continued)**Recording Secretaries:**

Mike Eicher, OPM
Ana Paunoiu, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G

CHAIRMAN FRIEDMAN: Good morning, everyone, and welcome to our 609th meeting of the Federal Prevailing Rate Advisory Committee. My name is Sheldon Friedman, Chair of the Committee, and we have one of our members on the phone who will introduce herself in a minute. I also know ACT is absent today. Other than that, I think we've got a pretty full house. Let's go around and introduce ourselves, please, starting today with you, Mark.

MR. ALLEN: I'm Mark Allen with OPM.

MR. DAVEY: Jim Davey with DoD.

MR. CURLEY: Dave Curley with the Air Force.

MR. BUCK: Gary Buck, Army.

CHAIRMAN FRIEDMAN: Dennis?

MR. PHELPS: Dennis Phelps, Metal Trade Department.

MR. COX: J. David Cox, American Federation of Government Employees.

MS. SIMON: Jacque Simon, AFGE.

MR. SHORE: Rob Shore, NAGE.

CHAIRMAN FRIEDMAN: And I'd appreciate it if folks around the edges of the room would also please introduce themselves and do it fairly loudly, so our recorder can pick up your names.

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

MR. DRISCOLL: Steve Driscoll, OPM.

MR. BRADY: Good morning. Jim Brady, DoD.

MR. FENDT: Karl Fendt, DoD.

MS. CHAVES: Becky Chaves, DoD.

MS. PAUNOIU: Ana Paunoiu, OPM.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez with OPM.

MR. GEORGE: Ned George, AFGE Local 1647, Tobyhanna Army Depot.

MR. BISCONTINI: Carl Biscontini, President, Local 1647, Tobyhanna Army Depot.

MR. MCGINTY: Mike McGinty, AFGE Local 1647, Tobyhanna Army Depot.

MR. FERREIRA: Tony Ferreira, Sergeant-at-Arms, AFGE Local 1647, Tobyhanna Army Depot.

MR. MORGAN: Bob Morgan, District Director for Congressman Matt Cartwright, Pennsylvania 17.

MR. COFFEY: Stephen Coffey, Legislative Assistant for Congressman Matt Cartwright.

MS. ARCHER: Candace Archer, AFGE.

CHAIRMAN FRIEDMAN: Welcome to all of our visitors from Pennsylvania today.

I have a few announcements before we get into the business part of the meeting, so the first thing is a series of letters that were sent to OPM Acting Director Cobert from Senator Casey and Representatives Cartwright and Barletta regarding the pay situation at Tobyhanna Army Depot, and OPM's replies. Since we have several other agenda items relating to Tobyhanna today, I would suggest we group all that together. This correspondence is background information for that discussion.

There was a hearing back in October on pay flexibilities in the federal workforce.

Brenda was the person representing OPM at that hearing, and I thought people would be interested, if you didn't already watch it, to look at the YouTube video of the hearing. The link is there for you to do that.

The article from the Washington Post at this point is a little bit of old news about the situation at the Joint Base McGuire-Dix-Lakehurst.

The annual report that FPRAC is required to file with GSA under the Federal Advisory Committee Act, we have been distributing that the last few years. I doubt if there's anything in there that you will find exceptional. I've circulated it for your background information.

And last but not least, there is the Acting Director's memo on fiscal year 2016 prevailing rate pay adjustments, a rather lengthy memo. Probably everyone has seen it already. If there are any questions about it, ask Mark.

[Laughter.]

CHAIRMAN FRIEDMAN: Maybe I should just make a brief pause to see if there are any questions about the pay adjustment memo.

[No audible response.]

CHAIRMAN FRIEDMAN: If not, that brings up the review of the minutes of our 608th meeting. Are there any corrections that we haven't heard from you about yet that you want to make now?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any objection to adopting the transcript of our 608th meeting?

[No audible response.]

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

Thank you.

That brings up Old Business. Let me just say a word about Tobyhanna. So we have item (c) which was the letter submitted several years ago from AFGE regarding Tobyhanna, and we also have several New Business items, (c) under New Business, (d) and (e). I would suggest we group all of that together and discuss it all at one time. And if that's agreeable, I would suggest we go ahead and get into that.

I'm open to proceeding in any order. We can start with some statement, if you want, about the letter from 2011 from AFGE. We also want to hear from Mark about the review of Monroe County that he and the staff just completed. We also have a guest speaker, Mr. Morgan, but I'm not sure how many other Hill staff representatives also want to make remarks this morning. However many want to, certainly are welcome to do so. So we can do that in any order.

MR. COX: Mr. Chairman, I believe that OPM staff did a review of Monroe County, and I didn't know if Mark was prepared to discuss this document or not.

CHAIRMAN FRIEDMAN: We can certainly start with that. Mark, the floor is yours.

MR. ALLEN: Sure.

CHAIRMAN FRIEDMAN: If you could walk us through 609-OPM-3.

MR. ALLEN: As J. David has said, OPM staff prepared an analysis document. As we commonly do, we get questions about wage area definitions. OPM has criteria in regulations that are designed to be used by OPM under the advice of this committee to define Federal Wage System wage areas. We currently have 131 Federal Wage System wage areas around the country.

The Scranton wage area is one of those wage areas, and it has been a separate wage area since the creation of the pay system by statute in 1972.

Basically, under 609-OPM-3, OPM staff provides an analysis of the definition of the Scranton wage area. OPM staff took a fresh look at the regulatory criteria to see if the distance, commuting patterns, and industrial establishment criteria have changed at all over time. This analysis gives an up-to-date impression of what the wage area looks like today.

There is a survey area for the Scranton wage area, which is comprised of three counties: Lackawanna, Luzerne, and Monroe. Monroe County is the one that we are specifically reviewing, as that is the location of Tobyhanna Army Depot.

There are, at last count, 1,584 Federal Wage System employees in Monroe County. All of those employees work at Tobyhanna Army Depot, either at the Department of the Army or at the Department of Defense. All employees are represented—at least the bargaining unit employees—by AFGE.

There is a separate Metropolitan Statistical Area for Monroe County, which is defined by the Office of Management and Budget as the East Stroudsburg, Pennsylvania, Metropolitan Statistical Area. That's a single-county metropolitan area.

On page 3 of the document, we have a summary of the regulatory analysis findings from Attachment 2. There's more detail in Attachment 2 than in the summary, but basically, what the analysis leads towards is that, if we look at the distance criterion, which is generally the first criterion that we look at under the prevailing rate system, Monroe County is closer to the Scranton wage area than to any other wage area.

Commuting patterns for residents of Monroe County to nearby survey areas indicate that the commuting patterns criterion favors keeping Monroe County in the Scranton

wage area, and the overall population, private-sector employment and the kinds and sizes of private industrial establishments criterion, also favors the Scranton wage area.

Looking in more detail at the distance criterion, we find that there are 22 miles from Tobyhanna Army Depot to Scranton and 98 miles from the Depot to New York.

Looking at commuting patterns, we did find that there is a pretty strong degree of linkage between Monroe County and the New York survey area. According to the most recent census workflow information we have, there is 20 percent commuting from Monroe County into the New York survey area.

On the other hand, what we see is that 62 percent of the Monroe County resident workforce commutes to jobs in the Scranton survey area, into the three towns of the current survey area definition.

In this case, we did something a little bit different with commuting patterns than we normally do with wage area reviews, and that is that we usually look at out-commuting, like where the residents of a county commute to go to work. In this case, we also looked at where people come from to work in Monroe County. There are two ways of looking at commuting, and from time to time, we consider both.

In this case, 72 percent of the workers with jobs in Monroe County reside in Monroe County, and 82 percent of workers with jobs in Monroe County live in the Scranton survey area.

Attachment 1 has several maps. Included maps are the New York wage area—the cross-hatch area is the survey area. The yellow color on that map is the New York metropolitan area. There's also a map of the Philadelphia wage area and of the Scranton wage area. The last two maps that we have here are screen captures of Google maps showing a possible route that

somebody might take if they were going to go from Tobyhanna Army Depot to—the first one is to New York, and that's where the distance information shows the 98 miles, and the second map shows 22 miles from Tobyhanna Army Depot into downtown Scranton. Attachment 2 includes the analysis of the distance, commuting patterns, and the similarities in overall population, employment, and the kinds and sizes of private industrial establishments criteria. At the very end, as we usually do, we have the current wage schedules that are applicable in the Philadelphia, Scranton, and New York wage areas.

CHAIRMAN FRIEDMAN: Thank you, Mark. Before I turn to questions and discussions on this, a number of people joined us after we went around the room and introduced ourselves. I would appreciate it if everyone who didn't already introduce themselves for the recorder would do that.

MR. LYNCH: Christopher Lynch, Department of Defense.

MS. SHROEDER: Allie Shroeder, Department of Defense.

MR. WALKER: Malik Walker, OPM, Congressional Legislative Affairs.

MS. ACKERMAN: Emily Ackerman, Congressman Lou Barletta's office.

MR. FRANKLIN: Kevin Franklin, OPM, Congressional.

CHAIRMAN FRIEDMAN: Okay. Is that all the—oh, yes. Hi, Arlene. I'm sorry that I forgot to ask you to introduce yourself. Are you still on the phone?

MS. ROMBA: That's quite all right. I am on the line. I was just about to introduce myself.

MS. ROMBA: Arlene Romba with the VA.

CHAIRMAN FRIEDMAN: Thank you.

Okay. Now, any questions and discussions on Mark's report on 609-OPM-3?

MR. COX: Mr. Chairman, Jacque has some questions for Mark.

MS. SIMON: Yes, I do, if you don't mind. This is an unusual analysis that's been put forward. I don't think there's ever been any question about whether Tobyhanna Army Depot was located near Scranton. That has never been a question. That has never been an issue.

What we see in this analysis is that 95 percent of the federal blue collar workers in the Scranton-Wilkes-Barre wage area work in Monroe County, and the other 76 are distributed among—one, two, three, four, five, six—seven other counties. It would have been helpful to see where these 76 others are employed throughout this totally anachronistic wage area.

We know that Monroe County is close to Scranton and Wilkes-Barre. Unless all 76 are in Scranton, the justification for having a Scranton-Wilkes-Barre wage area doesn't exist. Even if all 76 were there, it's 5 percent of the total FWS employment in the wage area.

I am not really sure what the utility of this analysis is because we certainly already knew Monroe County is close to Scranton and Wilkes-Barre. Mark, do you have that information about the distribution of that 5 percent of the rest of the FWS employment, how they're distributed among those many other counties?

MR. ALLEN: I don't have the information with me today, but I am aware that there is a VA Medical Center in Wilkes—I always get this wrong. "Wilkes-Barre"?

MS. SIMON: "Wilkes-Barre."

MR. ALLEN: "Barre," okay. There is a VA Medical Center there. I think there may also be some National Park Service employees, and there may be an Army National Guard unit, but that's just going from memory. I'm not sure how many people there are.

MS. SIMON: But I think that's Wyoming County. Yeah. And is that Luzerne? Where is it? Which is Wilkes-Barre?

MR. COX: The VA would be in Luzerne.

MS. SIMON: Luzerne County?

MR. COX: Yes.

MS. SIMON: Okay, that's Luzerne County.

MR. ALLEN: Yes. It's a fact that the Depot is one of the largest, if not the largest employer of the core private sector in Northeastern Pennsylvania.

MS. SIMON: Well, it's 95 percent of the federal blue-collar workers in this wage area work in Monroe County, according to your report.

MR. ALLEN: That sounds accurate.

MS. SIMON: And so you think there's a handful in Luzerne at the VA Medical Center, and anybody else? Where is the rest of the 76?

MR. ALLEN: We only did an analysis of Monroe County for this purpose. We don't have that information pulled together today, but we can get that.

MS. SIMON: Okay.

MR. ALLEN: We will get that information on where everybody else is.

MS. SIMON: It's not actually all that important. I know that Madeline did that superb analysis in the book that's that thick that shows where everybody would go if the 2010 proposal to limit GS localities to one Federal Wage System wage area were implemented, and it involves abolishing certain wage areas and redistributing those counties to other wage areas when they didn't have enough blue-collar workers to justify the cost of the surveys and to justify the cost of continuing them as separate wage areas, and it's clearly the case with Monroe County that there is no justification for the expense of maintaining it as a separate wage area when virtually all of the blue-collar workers are in Monroe County.

So we've already got recommendations in that study of how these workers might be distributed among other wage areas; is that correct?

MR. ALLEN: Yes. That information is probably a bit dated now. I think the last time that was updated was in 2012.

MS. SIMON: But distance doesn't change.

MR. ALLEN: No.

MS. SIMON: Okay. Those are all my questions.

MR. COX: Mr. Chairman, with that, I would move that we abolish the Scranton-Wilkes-Barre wage area and move Monroe County to the New York City wage area and the other counties to the adjacent wage areas. Do I have a second?

MS. SIMON: Second.

CHAIRMAN FRIEDMAN: It has been moved and seconded. Would you mind writing down the motion so that we have it in writing?

MR. COX: I will be glad to give it to you.

CHAIRMAN FRIEDMAN: Perfect. All right. So it's been moved and seconded to abolish the Scranton-Wilkes-Barre wage area and move Monroe County to the New York City wage area and the other counties to adjacent wage areas. Okay.

We do have a guest speaker. I am trying to situate him in the proceedings here. I don't want to interrupt the flow. Jim, do you want to say something? Go ahead, and then we will turn to the guest speaker.

MR. ALLEN: I'd say now is a good time.

CHAIRMAN FRIEDMAN: All right. How many guest speakers do we have? I know we have one. My question is, Do we have more than one? We have other Congressional

representatives, and do they want to say something also, or is it just Mr. Morgan?

MR. COX: Mr. Chairman, if I may, I actually believe the maker of the motion probably retains the right to speak first.

CHAIRMAN FRIEDMAN: Absolutely.

MR. COX: All right. As I look at this map and you give me the numbers and all the 76 of these employees are located in Monroe County—and I believe according to OPM's own data, according to the geography and the county lines, of everything in this map—Monroe County is directly adjacent, touches with its border the New York wage area. It's caught right between the Philadelphia and the New York wage areas. We're doing one wage survey for New York already. I think also that there is a great deal of expense to do all these wage surveys, a lot of time, a lot of energy, a lot of effort. We have talked at times there are over 100 and some survey areas in this country. We have offered many proposals to consolidate, and this is a classic example where 95 percent of those employees are directly adjacent. They are affected by the cost of living. I believe OPM said that the commuting patterns and all clearly were aligned with that area.

This wage area exists for some reason that really doesn't make sense, and I think it makes sense just to abolish it, align Monroe County to the New York City area, the other counties in accordance with whatever area it may be—Philadelphia, it could be the Harrisburg area—where they would flow along the way.

I think it is time to move forward to get this off the agenda and to deal with it. I believe we've been talking about it for over 8 years now, so time to move forward, and I look forward to hearing from the people that actually live there and give me the bird's-eye view of what's going on.

CHAIRMAN FRIEDMAN: Thank you. And we're going to have a full debate and discussion of this in just a moment, but I would like to call on Mr. Bob Morgan, the district director for Congressman Matt Cartwright, who is our guest speaker and has requested time to speak to us on this matter. Thank you for coming to the table, and if you can be in front of a microphone, that's great. Make sure it's turned on.

MR. MORGAN: I believe it is, yes.

CHAIRMAN FRIEDMAN: The floor is yours, sir.

MR.MORGAN: Thank you. Chairman Friedman, I'd like to thank the Federal Prevailing Rate Advisory Committee for allowing me to speak here today. It is a privilege to discuss this important issue, an issue that represents a serious injustice in the way federal employees are treated.

This Committee voted unified wages for employees at Joint Base McGuire-Dix-Lakehurst in New Jersey, and I hope it will do the same for Tobyhanna Army Depot because paying hourly and salary workers who work in the same location as though they worked in different locations is manifestly unfair.

The federal Office of Personnel Management calculates locality pay based on boundaries that were drawn long ago, and because of that, salaried federal workers are paid more than hourly wage federal workers who work in the very same place. This inequity comes as a result of discrepancy between the boundaries, blue-collar versus white-collar workers. Blue-collar locality boundaries were drawn reflecting placement of military installations in the 1950s. White-collar locality boundaries were drawn to encompass modern-day metropolitan labor markets based on current census data and commuting cost.

Under the current policy, General Schedule or salary employees at Tobyhanna are

placed in the New York City regional boundary. They receive a 25 percent bonus. However, hourly employees at Tobyhanna Army Depot are included in the Scranton wage area, which is part of a pay area known as the "rest of the U.S."

The current system is severely, not to mention obviously, outdated. Hourly and salary workers travel the same highways, take the same vans and buses, and buy lunch in the very same places. This is unacceptable and unfair. There should be absolutely no pay differential between hourly wage workers and salaried employees who work in the same location. This is why Congressman Cartwright, along with four other Pennsylvania Congressmen, introduced the Locality Pay Equity Act. This bill will direct the Office of Personnel Management to fix this antiquated system by prohibiting the office from defining more than one local wage area for prevailing rate employees within a pay locality.

To ensure workers who are currently paid a higher rate are not injured by this legislation, the bill will further prohibit the office from decreasing locality pay for workers currently paid at the higher locality rate.

The Locality Pay Equity Act will fix this unjust pay discrepancy and will help federal workers who need it. It will make sure that blue-collar federal employees are treated in the same manner as white-collar workers, and it will end the inequity and accidental discrimination currently in place due to this outdated classification system.

The workers at Tobyhanna Army Depot deserve the same pay, regardless of whether they are hourly or salary. It's time to fix this problem, and Congressman Cartwright is committed to fighting to ensure Congress adopts this legislation.

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

CHAIRMAN FRIEDMAN: Thank you for those remarks, Mr. Morgan. We will be sure they appear in the transcript of this meeting.

Any questions or discussion? Questions for Mr. Morgan?

[No audible response.]

CHAIRMAN FRIEDMAN: Am I correct that the other Congressional representatives, staff people, do not wish to speak this morning? Raise your hand if you do.

MR. GEORGE: I am not Congressional. I am from the local and would like to speak.

CHAIRMAN FRIEDMAN: Please do, if you're from the local. Why don't you come up to the table?

MR. GEORGE: Here?

CHAIRMAN FRIEDMAN: Where Mr. Morgan was sitting is good, just as long as you're in front of a microphone and the microphone is on.

MR. GEORGE: I think it's on. Can everyone hear me? My name is Ned George. I am the vice president of AFGE Local 1647 at Tobyhanna Army Depot. I am a WG worker. I'm a painter.

Every day, we paint assets and material that keep us right here in this office safe. I put down infrared coatings on Humvees. We are constantly—there's a culture at our place now because what this has transpired to do is a lot of our workers, they almost feel like they're fighting against each other, and it's because of the pay inequity that's going on at that point.

A lot of our skills and our WGs, our blue collar workers, it's hard to keep them in our things because they're trying to get out to the GS side of the house or they're going somewhere else, so we are constantly struggling to retain these people. And it's tough. It's a

tough fight at that point, and I just wish this Committee would sit down and do what is right. It's been a long time coming.

And that's all I have to say. Thank you.

CHAIRMAN FRIEDMAN: Thank you very much.

Any questions?

[No audible response.]

CHAIRMAN FRIEDMAN: Well, okay. So back to debate on the motion. Jim, did you want to speak?

MR. DAVEY: Yes, if I may.

I'm curious, and I was hoping you all from Tobyhanna would help me remember what part of the county Tobyhanna Army Depot is located within, what part of Monroe County. My concept is it is northwest, and it's pretty near the other counties, Luzerne and maybe Lackawanna; is that correct?

MR. McGINTY: That's correct, sir, and to the border of the New York pay area is approximately the same distance as it is to Scranton.

MR. DAVEY: Monroe County has different—I picture it's about 30 miles wide, north to south, east to west.

MR. McGINTY: Right.

MR. DAVEY: And you all are in the upper left-hand quadrant? Is that a fair statement?

MR. McGINTY: Correct.

MR. DAVEY: So if there is commuting going on between Monroe County and the New York area—well, or towards the east or southeast, I'm going to speculate that it's

happening not necessarily from the northwest corner, but more likely from the areas closer to New York City than Tobyhanna.

MR. MCGINTY: That is not necessarily true, sir. As a matter of fact, there's a separate bus station very close to our Depot that—

CHAIRMAN FRIEDMAN: Sir, why don't you come on up and sit next to a microphone, so we can at least capture this for the transcript?

MR. MCGINTY: In response to—

MR. DAVEY: Mr. Davey.

MR MCGINTY: —Mr. Davey's question about the people commuting, living closer to the New York area, it's not necessarily true because very close to our Depot is a huge bus terminal that services the commuters in that area. It was built especially just for the commuters to go to the New York area.

MR. DAVEY: Do you know how many people are on that bus compared to how many people out of Stroudsburg are on that bus?

MR. MCGINTY: It is not one bus. It is 5 to 10 buses.

MR. GEORGE: It's 80 buses.

MR. MCGINTY: Eighty buses?

MR. BUCK: A day?

MR. DAVEY: My point is I would expect more from the eastern part of Monroe County to go to New York than from Tobyhanna.

MR. GEORGE: There's no way to determine that, sir. They come from all over the county.

MR. DAVEY: It just makes sense to me that the farther you are away from New

York City, the less likely you are to commute.

MR. GEORGE: That's not necessarily true if the rates are better down there, sir.

MR. MCGINTY: The entire county is a bedroom community for New York City.

MR. DAVEY: Well, according to some information I have from the Tobyhanna website—and it describes where the employees come from or where they live and reside—the majority of the employees come from Lackawanna, Luzerne, and Monroe County itself. The top three counties where the Tobyhanna employees reside are where we survey, where the wage survey takes place.

So it appears to me that our system right now properly awards people who work at Tobyhanna by surveying where they live, where their counterparts are living as well.

MR. GEORGE: Only half of them.

MS. SIMON: That is irrelevant to any of the criteria that we're considering.

MR. DAVEY: We were talking commuting patterns, and I am just pointing out that the commuting patterns of the Tobyhanna workforce show that they come from our survey area, so I think it's pretty relevant.

MR. SHORE: Can I say, I think what J. David and Jacque were saying before is that actually most of the employees, 70 percent or more, actually live within the county itself. So the fact that maybe 5 percent live in Northampton County, I think it's less relevant.

MR. DAVEY: I am not talking about the 5 percent from Northampton County. I am talking about the three largest counties where Tobyhanna employees come from or work or reside—they're our survey counties, Lackawanna, Luzerne, and Monroe.

So my point is we survey where our people commute from, and we are setting a pay scale based on that. It seems pretty fair to me and pretty appropriate in the way it works

today.

CHAIRMAN FRIEDMAN: Anyone else?

MS. SIMON: I know that people are loathe to use—the General Schedule locality pay system has a model, even though it is a much more—it's much more contemporary and is based on the local labor markets rather than the location of military installations.

But we also in the white-collar pay system have recently adopted a rule having to do with counties that are surrounded by other localities, and Monroe County is almost completely surrounded. It's surrounded—a big portion of its border is adjacent to the Philadelphia wage area. Another big portion of its border is adjacent to the New York City wage area, and a very small portion of its border is connected to the wage area that we proposed abolishing, Scranton-Wilkes-Barre.

The Scranton-Wilkes-Barre wage area only exists because of Monroe County. There is no other reason for that wage area to exist. We've got a 43-year-old rule. It's anachronistic. It doesn't reflect current commuting patterns, current labor markets, and we all know that the Department of Defense faces terrible budget pressures. Abolishing this county would save the cost of surveying this area when all, virtually all its blue-collar workforce, is in Monroe County.

MR. DAVEY: I think abolishing the survey, as proposed, and moving Monroe to the New York City area does exactly the opposite for budgets than what we're describing, saving a little bit of money on the survey compared to—I forget the number. Twenty-five percent pay increase or—

MS. SIMON: It's not a 25 percent pay increase. That is completely and utterly false. It is a much smaller pay adjustment and would vary tremendously, and it's a very modest

cost.

MR. DAVEY: Well, the cost of the survey is by far a lot smaller than the cost of whatever pay change we're talking about for this proposal. So the idea of saving a penny here, I don't agree with that.

CHAIRMAN FRIEDMAN: Anybody else on either side of the table want to speak? I guess it's Labor's turn, if anybody else wants to.

MR. ALLEN: Well, I would just like—

CHAIRMAN FRIEDMAN: Mark? Okay.

MR. ALLEN: It is correct that the wage adjustments that would accrue to employees at Tobyhanna Army Depot are not 25 percent for everybody. When we look at the wage schedule, it's 1.2 percent for wage grade 1. But most Federal Wage System employees these days are more in the skilled trades positions than in the lower graded positions, excluding VA. Within DoD, most employees would probably be in the range of wage grade 10. It would be about a 20 percent increase.

But having said that, OPM does not base its decisions on administering Federal Wage System wage areas by comparing labor market rates in one wage area compared to another. We base them on the criteria, the distance from where people work to—

MS. SIMON: Exactly.

MR. ALLEN: —a nearby metropolitan area and—

MS. SIMON: Exactly. And no one has ever tried to suggest that Monroe County is not close to Scranton. That's a fact.

What motivates our motion is the reality that the Scranton-Wilkes-Barre wage area is an anachronism, and it should be abolished. And 95 percent of its blue-collar workforce is

in Monroe County, which should be in the New York City wage area, and the rest, the 76 other blue-collar workers we can only imagine distributed variously among the other counties of that wage area can easily be added to Rochester, Harrisburg, Philadelphia, or New York, as appropriate.

CHAIRMAN FRIEDMAN: Anything else on the Management side? Do you want to say anything, Jim?

MR. DAVEY: I think that the current survey area for Tobyhanna Army Depot is really the epitome of why the Federal Wage System exists. We survey outside the gate, get pay information from people outside the gate. We have the ability and the skill to do the wage surveys. I think the locality pay system doesn't quite have the same preciseness that we get with the Federal Wage System.

New York pay, for example, they exported to the East Stroudsburg metropolitan statistical area because part of the reason is there is no capability within the locality system to do 130 surveys around the country, so you make adjustments where needed, and this is an example of an adjustment.

I think the proposal we're talking about, actually you have to skip over counties. The survey area for New York in the Federal Wage System is central to New York, and then you'd have to skip over counties and then apply it also to Tobyhanna, even further out. So it makes less sense to me that we'd make New York City the area considering the survey area of New York City has very little relationship to what we're talking about in the East Stroudsburg metropolitan statistical area.

MS. SIMON: I have to speak up on behalf of the highly trained employees of the Bureau of Labor Statistics, who AFGE also proudly represents, who conduct the National

Compensation Survey and the Occupational Employment Statistics Survey. The precision of their data, the quality of their data far exceeds the quality of the data collected by wage committees for the Federal Wage System. We have far, far more precision in definitions of occupations, white and blue collar, in both of those Bureau of Labor Statistics' surveys than anything that's produced in the Federal Wage System's wage surveys. And we have long supported substituting BLS data for these wage surveys because of many documented shortcomings and the data that's produced from these surveys—employers that don't want to participate, the ridiculous exclusion of union-scale wages, and the scale of trades that our blue-collar system requires.

So if you want to debate precision and accuracy and quality of data, there is no comparison between what we get from our wage surveys in this blue-collar system and the quality of the data used for the white-collar pay system. In every situation, the data used for the white-collar system is superior, more precise, more accurate, and more representative of the actual jobs that our people perform in many of our depots and arsenals all around the country. It's very, very technical and highly skilled work, and it's almost never captured, maybe even never. Maybe it's not too much to say never captured in these wage surveys because this is inherently governmental work. There is no work in the private sector that's just like what our members at Tobyhanna perform. There is nothing in the private sector that's comparable, not in Monroe County, not in the Scranton wage area, nowhere in the private sector.

So your point, I strongly object to.

CHAIRMAN FRIEDMAN: Well, this is a wide-ranging set of comments, and it invokes the whole issue of the survey system, which I think probably is beyond the scope of our meeting this morning.

MS. SIMON: True. We took it up in our work group.

CHAIRMAN FRIEDMAN: And I'm not sure we need to resolve that in order to address the current motion.

MR. PHELPS: I will call the question, Mr. Chairman.

CHAIRMAN FRIEDMAN: Okay. The question has been called.

I don't want to cut anyone off. Does anyone else want to say something who hasn't spoken yet?

MR. ALLEN: The Management members would like to take a caucus, Mr. Chairman.

CHAIRMAN FRIEDMAN: Certainly. I believe we have the Small Pendleton Room available.

[Management members go in caucus off the record.]

CHAIRMAN FRIEDMAN: Welcome back, everyone. Management has returned from its caucus. Is there a report from the caucus that you would like to share with the rest of the Committee?

MR. ALLEN: Yes, Mr. Chairman. We do not have consensus on the AFGE motion. There are a number of reasons for this. There is one thing that seems to be mainly driving this, which is the October 2010 FPRAC recommendation, which the Management members strongly objected to, which would be to attempt to combine two separate statutory pay system methodologies together, where the Federal Wage System methodology is maintained separately under statute and under OPM's regulations.

There are a number of reasons why the Management members believe that there should be a separate Scranton wage area. The primary thing driving that belief is basically that

the rates of pay, as measured by local wage surveys, are markedly different between Scranton and New York. Based on the local market surveys that the Department of Defense conducts under OPM's regulations, and with a majority of the employees in the Scranton wage area at wage grade 10, the difference in market rates between Scranton and New York is around 20 percent.

By combining the largest employer in Northeastern Pennsylvania with the New York wage area, what would basically happen would be that the 1,500 or so Federal Wage System employees in Monroe County would end up being paid considerably above what they could reasonably expect to earn within their local labor market. The employees of the Depot have very little relationship with the New York City labor market.

There is one other thing I wanted to mention. This is something that Jacque was referring to about there being not much of a linkage between the Depot and Scranton in terms of federal employees. The way that the Federal Wage System was originally established, and has been maintained, is such that a wage area would be established where there is a very large federal employment presence in an area. If there was no city right where that large military installation or VA Medical Center was located, then the closest city would be linked up with the county where the military installation or VA medical center was located. That is how we arrived at the distance criteria, which very strongly favors measuring prevailing wage levels in the current Scranton survey area rather than going to New York City to measure wage levels there. We know for a fact that, based on local market surveys, the Scranton wage schedule is different from the New York wage schedule for the simple reason that the wage rates are lower as paid by private sector employers than they are in New York.

CHAIRMAN FRIEDMAN: Okay. The question had been called, but I think

perhaps, if it's okay with you Dennis, maybe a little bit more discussion is in order. It's up to you.

MR. PHELPS: Well, these are things that we have already heard over and over again from the Management side. I think I can call the question, and I think we should vote on it.

CHAIRMAN FRIEDMAN: I do think our visitors from Tobyhanna wanted to say something else. Am I right about that?

MR. GEORGE: I would like to make one quick statement, if you don't mind, sir.

CHAIRMAN FRIEDMAN: Absolutely.

MR. GEORGE: Mr. Allen, to talk about your comments on the wage survey, we are hard-pressed to find businesses outside of our gates that do the kind of work we do inside. Just on our painting at that point, when we go to other painting areas and other businesses in the area, they are painting block walls. They are painting sheetrock at that point. I am painting more secured authentic urethanes. I am certified with DoD at that point, through STAR4D at that point, and these other areas aren't.

Our sheet metal guys, we're doing much higher sheet metal work than electronics guys. We're not putting nuts on a wall. We're not doing that kind of—we're doing major, major work—I don't know if you've ever been to Tobyhanna. Look at the kind of work we do at that point, but when we go to do these surveys, there is no one that does the kind of work that we do, for us to survey, to be comparable.

CHAIRMAN FRIEDMAN: All right. The question has been called. If there is no further discussion, I believe we—

MR. DAVEY: Mr. Chairman, may I add something?

CHAIRMAN FRIEDMAN: Yes, sir.

MR. DAVEY: I just want to reiterate—sorry, Dennis—that all of the Federal

Wage System criteria point to keeping the Scranton-Wilkes-Barre survey area the way it is. The motion on the table ignores each and every one of those criteria, which clearly point to Scranton-Wilkes-Barre staying the way it is.

The idea of abolishing an area, a survey area or a wage area, because a GS locality exists in that area, this is not a criteria in any way, shape, or form that we understand within the Federal Wage System.

The wage area of Scranton-Wilkes-Barre is really the gold standard of why we do Federal Wage System wage surveys. You survey right outside the gate. You pay what's being paid right outside the gate. The employees come from right outside the gate. So I would submit that what we're talking about is 100 percent counter to any of those concepts.

Thank you, Mr. Chairman.

CHAIRMAN FRIEDMAN: Thank you, Jim.

All right. Well, the question has been called. I will read the motion, so we'll know what we're voting on.

MS. GONZALEZ: Mr. Chairman, there are four Labor members and five Management members. This means that one Management member cannot vote.

CHAIRMAN FRIEDMAN: Yes. So somebody in Management needs to recuse themselves from voting.

Is Arlene still with us?

MS. GONZALEZ: Arlene?

MS. ROMBA: Yes, I am. I will recuse myself.

MS. GONZALEZ: Okay.

CHAIRMAN FRIEDMAN: I didn't mean to suggest that you should be the one to

do that, but I just wanted to make sure you're still there.

MS. ROMBA: That's quite all right.

CHAIRMAN FRIEDMAN: But that does solve that problem. Okay.

I will read the motion. Abolish the Scranton-Wilkes-Barre wage area and move Monroe County to the New York City wage area and the other counties to the adjacent wage areas.

I believe we are ready to vote, Madeline.

MS. GONZALEZ: I need a "yes" or "no" answer please.

OPM?

MR. ALLEN: OPM votes no.

MS. GONZALEZ: DoD?

MR. DAVEY: No.

MS. GONZALEZ: Air Force?

MR. CURLEY: No.

MS. GONZALEZ: Army?

MR. BUCK: No.

MS. GONZALEZ: Metal Trades?

MR. PHELPS: Yes.

MS. GONZALEZ: AFGE, Mr. Cox?

MR. COX: Yes.

MS. GONZALEZ: AFGE, Ms. Simon?

MS. SIMON: Yes.

MS. GONZALEZ: NAGE?

MR. SHORE: Yes.

MS. GONZALEZ: It's a tie, Mr. Chairman, 4 to 4.

CHAIRMAN FRIEDMAN: Thank you.

Well, the Chair votes yes.

I'd like to make two statements for the record in regard to my vote. It is possible that what we're voting on can't be accomplished under existing regulation. If that's the case, it shouldn't be that hard to revisit the regulations and come up with something that would enable this to be implemented under regulation.

It seems to me that we would not be here on this topic if, back in 2005, half of the Tobyhanna workforce that's paid from the General Schedule had not been moved into the New York wage area. It's obvious that this created—in my mind, anyway, obvious—that this created very serious inequity internally at that workplace. It has not gone away. Here we are, more than 10 years later, and people are, I think, quite understandably still unhappy and upset about it.

I think it is certainly true, as the Management side has pointed out, that the laws and regulations governing the two major federal pay systems are different, but the reality is these people work together side by side in many cases, Tobyhanna being a very, very good example of that, and I don't think there is any way you could make it seem fair to somebody who had been working next to somebody else in the exact same geographic location, often perhaps doing very similar work, and yet one of those folks gets a very large pay increase based on geography and the other doesn't.

I think this is a problem that we have in the Federal Wage System in other areas of the country. We have proposed a potential solution that hasn't been implemented yet, but it's not something that is going to go away.

So, with that, we end that discussion. So thank you all.

We have some other agenda items if people still have any time or patience.

MR. DAVEY: Mr. Chairman, I would like to make you aware that there will be a minority report filed.

CHAIRMAN FRIEDMAN: Yes. I would expect that.

Let's see if we have—you are here, J. David. You had raised questions about an issue in North Carolina that's been an Old Business agenda item for quite some time having to do with the Hickory-Lenoir-Morganton, North Carolina, Metropolitan Statistical Area, 575-MGT-2. The MSA is currently split between the Asheville and Charlotte wage areas.

The Management proposal is to move two counties that have no FWS employment currently into the Asheville wage area based on their analysis of the regulatory criteria. A question was raised regarding how do the boundaries of the new Charlotte GS locality pay area affect this issue, and we have a map in our packet, 609-OPM-2. The map shows that the counties in question are not within the Charlotte GS locality pay area.

Mark, is there anything you want to add about the various staff documents that have been produced on this question?

MR. ALLEN: Yes, Mr. Chairman. The analysis started in 2012. Basically OPM has a regulation that says that unless there is a very unusual circumstance, wage area boundaries should not split metropolitan area boundaries. The Hickory-Lenoir-Morganton, North Carolina, metropolitan area is split between the Asheville and Charlotte wage areas. In 575-MGT-1, the Management members recommended that Alexander and Catawba Counties be redefined to the Asheville area of application, and that was primarily based on distance. There were 19 FWS employees—the only employees in the metropolitan area are in Caldwell County—so that's

where the distance measurement came from. I don't believe that's actually the largest population county.

Just looking at the road map, it looks like Hickory, a city in Catawba County, is probably the larger city, but we did not measure from there to Charlotte or Asheville. If we did measure from Hickory, then most likely the distance criteria would be more in favor of Charlotte because it's adjacent to the Charlotte metropolitan area, I believe.

MR. COX: Knowing the area, Hickory would be the largest city in that area.

Now, as I'm reading this, there actually are no affected employees?

MR. ALLEN: That's correct. Under the Management proposal, it would just be Alexander and Catawba Counties, which have no FWS employees, being shifted over to the Asheville wage area.

MR. COX: But if you're saying that if you measure from Hickory then it would be closest to Charlotte than it would to Asheville?

MR. ALLEN: I believe so, yes. What we normally do, if we have Federal Wage System employees in a metropolitan area, we base the measurements on where the employees actually work. In this case, they're only in just the one county, which is—

MR. COX: Which is Caldwell County.

MR. ALLEN: Yes.

MR. COX: They are probably Army.

MR. ALLEN: They are Army National Guard, 19 wage grade employees.

MR. COX: Okay. The reason I can't—well, there's no affected employees. At this point, no matter which way they go, there wouldn't be an effect on any individual, but if Hickory is closest to Charlotte, then why would we not put them into the Charlotte versus put them into

the Asheville?

MR. ALLEN: It's because the duty station for the Federal Wage System employees is in Caldwell County, which is closer to the Asheville survey area. The Management recommendation is to no longer split the metropolitan area between wage areas, but move the two non-Federal Wage System employment counties to the Asheville wage area.

CHAIRMAN FRIEDMAN: Any further discussion?

[No audible response.]

CHAIRMAN FRIEDMAN: Is there consensus to adopt the proposal?

MR. COX: Yes, okay.

CHAIRMAN FRIEDMAN: Okay. We have adopted 575-MGT-1 by consensus.

Any other Old Business items that people want to bring up today? We have items (a), (d), and (e) under Old Business that have been sitting there for quite a while.

[No audible response.]

CHAIRMAN FRIEDMAN: Not today? I'm hoping we can make progress on them at our next meeting, if possible.

Any other New Business?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, it would be in order for us to adjourn. Is there any objection to adjourning?

MS. SIMON: No.

MR. ALLEN: No.

CHAIRMAN FRIEDMAN: Hearing no objection, we are adjourned, and I hope everybody stays safe from the blizzard.