

## FEDERAL PREVAILING RATE ADVISORY COMMITTEE

624th FPRAC

**JILL L. NELSON**, Chair, Presiding

Thursday, May 16, 2019

Room 5526  
Office of Personnel Management  
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM  
Christopher Lynch, DoD  
Virginia Reynolds, Air Force  
Gary Buck, Army  
Leah Brady, VA (via phone)Labor Members:Jacque Simon, AFGE  
Richard Loeb, AFGE  
Robert Shore, NAGE**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM  
Madeline Gonzalez, OPM  
Karl Fendt, DoD  
Erica Abiera, DoD  
Leticia DavidQuintero, Navy  
Shannon Moss Scott, Navy  
Ellen Kollar, VA (via phone)  
Paulina Paczala, NAGE  
Adam Sadick, NAGE**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

CHAIR NELSON: Good morning. This meeting will come to order.

This is the 624th meeting of the Federal Prevailing Rate Advisory Committee. It's now 10:16. This meeting is being recorded, and a transcript will be provided to all members. We've started a few minutes late. We have DoD still on the way. We'll give them 16 minutes. So, hopefully, they'll be cruising in soon.

My name is Jill Nelson, Chair of this Committee. We'll start with introductions. Let's start with the Union officials, and we'll just kind of work our way around.

MR. SHORE: Rob Shore, with NAGE.

Do you want them to go left?

CHAIR NELSON: Yeah. We'll come on the back side.

MR. LOEB: Richard Loeb, AFGE.

MS. SIMON: Jacque Simon, AFGE.

MR. ALLEN: Mark Allen with OPM.

MS. REYNOLDS: Virginia Reynolds, Air Force.

MR. BUCK: Gary Buck, Army.

CHAIR NELSON: Might as well start down there.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez with OPM.

MR. SADICK: Adam Sadick, NAGE.

MS. PACZALA: Paulina Paczala, NAGE.

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

MS. DAVIDQUINTERO: Leticia DavidQuintero, Navy.

MS. SCOTT: Shannon Moss Scot, Department of Navy.

CHAIR NELSON: Thank you. We have two persons on the phone line.

MS. BRADY: This is Leah Brady, VA.

MS. KOLLAR: Ellen Kollar, on the phone as well for VA.

CHAIR NELSON: Thank you. We figured we can go ahead and start, and hopefully DoD will come cruising in soon. But we can at least move on to the announcements and get started with that.

Your folders include the update to the Fiscal Year 2019 Prevailing Rate Pay Adjustments, 624-OPM-1.

Mark, do you have any comments to go with that?

MR. ALLEN: Found it.

Yes. This year was a little different than previous years. As people here no doubt remember, there was a zero percent adjustment that was implemented at the end of December for Fiscal Year 2019. Congress overrode that zero percent adjustment with an average 1.9 percent increase, and this memorandum that was issued on March 28th, 2019, provided instructions to the Federal agencies on how to implement what we call a "floor increase provision" and a pay cap. The floor increase provision provides the same increase that General Schedule employees receive, wherever Federal Wage System employees work, and the pay cap serves as the maximum increase. The floor increase, however, could be higher than the pay cap amount.

MS. SIMON: Are you on page 2 under Determining Rates under Section 737(a)?

MR. ALLEN: On Page 2. —737(a) refers to the pay cap. 737(b) and 748(b) sort of duplicate one another. That's where the floor increase provision went into effect.

I was thinking of something this morning. OPM staff used to provide the

Committee with a list by wage area, what the pay caps actually are. We stopped doing that some years ago. I was just wondering if the members want to see that again. The reason I say that is because the pay gaps in some areas are growing, but there is also the fact that in some locations, the floor increase has caused the wage schedule to be a little bit higher than the prevailing wage levels.

MS. SIMON: So you have that, those materials? They're just not on the website, but you can share them with us?

MR. ALLEN: Yeah, we can share them. We used to do that, but we stopped.

MS. SIMON: Yeah, I'd like to see that.

MR. ALLEN: We stopped doing it.

I think it's just interesting to see by wage area what the actual market conditions are and how things are moving. We do compile the information each year. It's just we haven't been giving it to the Committee for the last few years, but if there's an interest, we'll start doing that.

MS. SIMON: Yes, please.

CHAIR NELSON: Sounds good. So that's the announcement that's on here.

Does anyone else have an announcement they'd like to make?

[No audible response.]

CHAIR NELSON: I'm taking that as a no.

Let's review the minutes of the 623rd meeting held on March 21st. OPM received no edits for the transcript. Does anyone have any edits to offer today for the transcript?

[No audible response.]

CHAIR NELSON: Seeing and hearing none, the Chair will entertain a motion to

accept the minutes of the 623rd meeting.

MR. ALLEN: Move to accept the minutes.

MS. SIMON: Second.

CHAIR NELSON: Accept that by consensus. Excellent.

We are going to move on to Old Business.

As you are all aware, we had planned on having a team from the Tobyhanna Army Depot here to provide us with a presentation today. Unfortunately, due to an unexpected death of one of the Union officials who was scheduled to participate in the presentation, the delegation is unable to be with us today. They have requested the opportunity to provide their presentation at a later date.

I am fine with that. Is everyone else?

MS. SIMON: Yeah. No one has gotten back to me yet on when exactly they'd like to reschedule, but I know they do want to reschedule. I think that's fine. So it will probably be next month or next month after.

CHAIR NELSON: Okay. As soon as you do, keep us informed—

MS. SIMON: Yeah, absolutely.

CHAIR NELSON: —as to what because I think it is important for everyone to have all the information.

MS. SIMON: I know that someone from Senator Casey's office would like to come when the Tobyhanna Local is here as well as from Representative Cartwright.

CHAIR NELSON: Thank you.

Now, my question is that two of the agenda items of the Old Business, they're all interrelated with Tobyhanna, and that's (a) and (c). How do we want to handle these? Do we

want to defer those too until we can have the presentation made?

MS. SIMON: Yes.

CHAIR NELSON: I think that would be the package as to what we would do with that.

MS. SIMON: I mean, I don't know. On (a), I am not going to speak to (a). I will only speak to (c).

CHAIR NELSON: Okay.

MR. SHORE: I understand last time, we deferred because of the intertwining with Tobyhanna. However, I am constantly contacted by the employees at the VA about what's going on.

The second person who had brought this to our attention has now left and taken a job at the Leavenworth VA because of the pay disparity.

I understand why we've thought about waiting, but at the same time, the supervisor for a number of the wage grade employees called me yesterday. He said he can't fill his positions. So NAGE would like to move forward as quickly as possible.

MS. SIMON: That's fine.

CHAIR NELSON: So where does that leave us?

MR. ALLEN: Today that leaves us with no capacity really to vote on it—and we would be voting—for lack of quorum for voting purposes on the Labor side.

I think for the time being, we can defer it until the next meeting.

MR. SHORE: I guess we don't have any choice in that regard.

CHAIR NELSON: Of course. Okay.

Now, the definition of Pitt County, any updates on this, Jacque?

MS. SIMON: No.

CHAIR NELSON: Is this one we're going to—

MS. SIMON: Unfortunately, we need to defer this. It's something that President Cox wants to be here to talk about, and he is out of town and not able to come.

CHAIR NELSON: Okay. So there is at least—

MS. SIMON: This is where he comes from.

CHAIR NELSON: —a reason as to why.

MS. SIMON: And he's very familiar with this issue.

CHAIR NELSON: Okay. So if you could try to keep us updated on that one, we would appreciate that.

MS. SIMON: Okay.

CHAIR NELSON: Thank you.

So we are on to New Business, and we have several items this morning. One is a draft copy of the Prevailing Rate Advisory Committee Annual Summary, 2017-2018, and that's Document 624-OC-1.

Mark, could you brief us on this one?

MR. ALLEN: Yeah. There used to be a statutory requirement that most Federal advisory committees would provide Congress with an annual report. Sometime back in the 1990s, that statutory provision was done away with because congressional committees got tired of seeing so many reports coming in that nobody read.

But the Committee did decide it was a good idea for historical purposes just to document each year what the Committee had actually discussed. So that's the purpose of this document, and that's what this document does.

Most of the meetings were in 2018. We only had one meeting in 2017, under the previous Chairman, Sheldon Friedman. You won't see a whole lot here. There's nothing really controversial. It's just documenting what happened at the Committee. It doesn't state any policy positions or anything. It just says what was discussed and what the recommendation of the Committee was.

CHAIR NELSON: Is there any discussion on this?

COMMITTEE MEMBER: None from us.

CHAIR NELSON: Any from you, Jacque?

MS. SIMON: No.

CHAIR NELSON: Okay. Are we ready to make a decision on this one, a consensus? This is fine?

MS. SIMON: It looks fine.

CHAIR NELSON: It looks fine, guys. We're okay with that?

MR. ALLEN: Yeah. We'll reach out to the members who are not here.

MS. SIMON: I guess we can't approve this either?

MR. ALLEN: We can reach out to the members who are not here to see if they're okay with this one before the next meeting.

CHAIR NELSON: Okay. We don't have a quorum. How would you suggest we approach the next one?

MR. ALLEN: Usually what I do is I just run through the technical details, and if there is consensus on the items with the people who are here, then we just reach out to the people who are not here and find out what their views are, and then we'll report to you as the Chair what their views are.

CHAIR NELSON: Okay. So why don't you go ahead and discuss with us item (b), the definition of Johnson County, Indiana, to Nonappropriated Fund Federal Wage System Wage Area under Document 624-MGT-1.

MR. ALLEN: Okay. 624-MGT-1, what the Management members are proposing is to define Johnson County, Indiana, to the Hardin-Jefferson Nonappropriated Fund Wage Area. There is now one employee in a Grade 5 Nonappropriated Fund position at Camp Atterbury, which is, I believe, a National Guard facility. That employee works with the Army-Air Force Exchange Service.

I would note for the record that the DoD staff have arrived.

MR. FENDT: Sorry for the delay. Chris Lynch is coming soon.

MR. ALLEN: Yeah. This one is sort of a toss-up.

Take a look at the map at Attachment 1. You see in Southern Indiana, Johnson County on the first map, the name is in red. It is just south of Marion County, Indiana. It is a little bit closer in proximity to Fort Knox, Kentucky, than it is to Wright-Patterson Air Force Base.

And if you take a look at the next attachment, I'm talking about the Regulatory Criteria Analysis. It shows it is 123 miles to Fort Knox, 141 miles to Wright-Patterson. The other regulatory criteria don't really show any kind of a linkage with either of those areas. So this Management proposal is based on distance.

CHAIR NELSON: Do you have a question?

MS. SIMON: And you made the choice on the basis of the fact that it was a few miles closer?

MR. ALLEN: Yes. The reason I say it's a toss-up is because in the past, we have

taken a look at what county might be neighboring, and in this case, Johnson County is neighboring Marion County, Indiana. And Marion County, Indiana, is defined to the Greene-Montgomery Nonappropriated Fund Wage Area.

MS. SIMON: Johnson is next to Marion, and Marion is Hardin-Jefferson? Is that what you just said?

MR. ALLEN: No. Marion is in that sort of purple color. It's part of the Greene-Montgomery Wage Area, but it's standard practice to define Nonappropriated Fund Areas primarily based on proximity with these counties that are pretty rural.

MS. SIMON: But, I mean, if you look at the map, if Marion is part of this Montgomery-Greene, Johnson should be part of the Montgomery-Greene too.

MR. ALLEN: So the question is, how would we get to that point?

MS. SIMON: What do you mean by that?

MR. ALLEN: If we look at the regulatory criteria, it is distance to the survey area, and the survey area that would be closest is Hardin-Jefferson.

MS. SIMON: Because Jefferson and Hardin are the survey areas?

MR. ALLEN: That's right.

Now, from the prevailing rate perspective, it's doubtful that the local market conditions in either Fort Knox or Wright-Patterson are dictating what the market rates are in Johnson County. It's just we look at the distance as primarily the determining factor for Nonappropriated Fund Areas.

There's no particular rush on this one today. I think if people need time to talk about it and think about it some more—

MS. SIMON: I mean, would you be open to the alternative?

MR. ALLEN: Are other Management members okay with waiting?

MS. SIMON: Well, okay. While we wait, Mark, are you open to the possibility of Montgomery-Greene?

MR. ALLEN: Yeah. But there has to be some rationale based on prior precedent for doing that.

CHAIR NELSON: What did you say? There were 18 miles?

MS. SIMON: Eighteen miles.

MR. ALLEN: Yeah.

CHAIR NELSON: That's the difference between them?

MR. ALLEN: Yeah. The thing that I'm looking at is it's adjacent to a county that's already defined to the Greene-Montgomery Wage Area. It's not adjacent to a county that's defined to the Hardin-Jefferson.

CHAIR NELSON: Right.

Do we have any precedent for—

MR. ALLEN: We do. Off the top of my head, I don't recall what they are, but we have accommodated situations like this in the past.

MS. SIMON: Would you be willing to try to find a situation like this where you have adjacent counties that—

MR. ALLEN: We'll look at the last few years and see what happened with those.

MS. SIMON: Okay.

CHAIR NELSON: Thank you.

I see in the folder, we have the definition of Metropolitan Statistical Areas, 624-MGT-2.

Do you have a little bit of insight for us on this?

MR. ALLEN: Yes. The Office of Management Budget periodically releases updates to Metropolitan Statistical Area definitions, and they last did one in September 2018. That is under OMB Bulletin No. 18-04.

They used to only do these updates after every census, but they started using different data sources. So they were in a position to update the Metropolitan Area definitions more frequently. They did this back in September.

Under OPM regulations, the regulations actually reflect a reading of the Prevailing Rate Systems Act from 1972 that said that when defining Federal Wage System wage areas, a Metropolitan Statistical Area should not be split into two separate wage areas.

So this proposal dealing with a few counties is reflecting changes in Metropolitan Area definitions and how they impact Federal Wage System wage areas.

The first one is Madison County, Virginia. It's currently defined to the Hagerstown wage area, and the Management position here is that it should be combined into the Washington, D.C., area of application.

The second page lists the area definitions.

The third page primarily identifies the grade levels and the number of employees. In this case, in Madison County, the employer there is the Department of the Interior Park Service, and I believe that is probably Shenandoah National Park, Skyline Drive. You see that there are four employees at Wage Grade 3. That grade level on the Hagerstown wage schedule currently is higher than the Washington, D.C., wage schedule, meaning that there would be four employees there who would see a reduction in pay with this change. The 40 other employees would see their pay go up because the Washington, D.C., wage schedule is higher at the higher

grade levels than the Hagerstown wage schedule is.

The maps in this package show Washington, D.C. Madison County is sort of southwest of Culpepper. It's fairly far out there. The Metropolitan Areas are based primarily on commuting. So the maps show that.

The wage schedules show the difference in pay between the two wage areas.

We don't have to take all three of these as one packet. We can sort of split them up if there is a need to have a further discussion or separate votes on these, if it comes to that. If we have consensus on the whole package in 624-MGT-2, we can also do that.

For the time being, I will just move on to the next one. This is Ottawa County, Ohio, and the Management proposal is to redefine that county from the Cleveland, Ohio, wage area to the Detroit, Michigan, wage area.

This would affect 38 employees, the Department of the Air Force, Department of the Army, and Department of the Interior Fish and Wildlife Service. The Detroit wage schedule is higher at all grade levels than the Cleveland wage schedule currently is, and you will see we have included maps and wage schedules for that purpose.

The third and final recommendation here is Covington County, Mississippi, and the recommendation from the Management members is that Covington County be redefined from the Jackson, Mississippi, area of application to the Meridian, Mississippi, area of application.

This one affects no employees, but I would just note that the wage schedule for the Meridian wage area is higher at all grade levels than the Jackson wage area.

So, with this one, what we are doing with this one is avoiding splitting the Hattiesburg, Mississippi, Metropolitan Statistical Area into two separate parts.

Okay. That's all I've got on those.

CHAIR NELSON: Okay. So, essentially, then, all three of them are moving to a higher wage area, but for the first one that impacts where there were three?

MR. ALLEN: That's right—four.

CHAIR NELSON: Four.

MR. ALLEN: Four employees at Wage Grade 3 who we understand they're under temporary appointments and would not receive pay retention as a result of this change.

CHAIR NELSON: And the 44, did you say?

MR. ALLEN: Forty employees would go to a higher wage scale.

CHAIR NELSON: Go to a higher rate, okay.

Do we have any discussion on this one?

[No audible response.]

CHAIR NELSON: Do you want to accept a consensus on this one?

MR. LYNCH: I think so.

CHAIR NELSON: Okay. So there's a package on that one.

MR. ALLEN: Okay.

CHAIR NELSON: Excellent.

I believe we've now covered all the items on our agenda, correct?

We did a couple items which Mark was going to run with you afterwards. We accepted consensus depending on what your vote was.

MR. LYNCH: Okay, perfect. And I apologize for our lateness. It's Police Week, and there was a line of buses coming out of the Mark Center. God bless the police, but they just made it a little difficult this morning.

CHAIR NELSON: I thought maybe you guys could have just jumped on one of

the motorcycles and got here quicker.

[Laughter.]

MR. LYNCH: Not to highlight Erica, but if Erica wasn't in the state that she's in, which I think this will be her last meeting for a while, just as we had a celebration last time, hopefully the next meeting will have good news on a new baby boy.

CHAIR NELSON: Excellent. Congratulations.

So, yes, I guess motorcycles weren't in your future today.

MR. LYNCH: No. I think my wife would have shot me as well.

CHAIR NELSON: The cops wouldn't have appreciated it either.

MR. LYNCH: No, I don't think so.

MR. ALLEN: Was it Erica with VA?

MS. ABIERA: Yeah.

MR. ALLEN: Okay. Back at DoD. Okay.

CHAIR NELSON: Okay. So do we have a motion for adjournment?

MS. SIMON: So moved.

MR. ALLEN: And second.

CHAIR NELSON: Okay. All in favor, adjourn?

[Chorus of ayes.]

CHAIR NELSON: Okay. The meeting is now adjourned. May you all have a great morning and a less adventuresome trip back.