FEDERAL PREVAILING RATE ADVISORY COMMITTEE

631st FPRAC

DOUGLAS FEHRER, Chairman, Presiding

Thursday, February 20, 2020

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

ATTENDANCE:

Members/Alternates:

Management Members:

Mark Allen, OPM

Melissa LaLonde, DoD

Gary Buck, Army

Leticia DavidQuintero, Navy

Sheila Willis, VA (via phone)

Labor Members:

Paul O'Conner, MTD

Jacqueline Simon, AFGE (via phone)

Richard Loeb, AFGE

Timothy Traylor, NAGE (via phone)

Steven Landis, ACT

Staff Specialists and Visitors:

Jeanne Jacobson, Designated Federal Officer, OPM

Madeline Gonzalez, OPM

Michael Cougar, OPM

Karl Fendt, DoD

Christine Wlezien, DoD

Christopher Lynch, DoD (via phone)

Jacqueline LeDoux, Air Force

Virginia Reynolds, Air Force

Travis Kielty, ACT

Luis Cruz, ACT

Roberto Hernandez, ACT

Rebecca Myrick, ACT

Brent Peden, ACT

Julio Romero, ACT

Recording Secretaries:

Mike Eicher, OPM

Ana Paunoiu, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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PROCEEDING

CHAIRMAN FEHRER: Good morning, everyone. This meeting will now come to order. This is the 631st meeting of the Federal Prevailing Rate Advisory Committee, and it's now, for the record, 10 a.m. on the dot.

As always, this meeting is being recorded, and a transcript will be provided to all members, and let's begin with introductions. My name is Doug Fehrer, I'm the Chairman of the Committee. Let's go around the table first, and we'll start, Paul.

MR. O'CONNER: Paul O'Conner, Metal Trades Department.

MR. LOEB: Richard Loeb, American Federation of Government Employees.

MR. LANDIS: Steven Landis, Association of Civilian Technicians.

MR. ALLEN: Mark Allen with OPM.

MS. LALONDE: Melissa Lalonde with Department of Defense.

MS. DAVIDQUINTERO: Leticia DavidQuintero, Department of Navy.

MR. BUCK: Gary Buck, Department of Army.

MS. JACOBSON: Jeanne Jacobson, OPM, Designated Federal Officer.

MS. LEDOUX: Jacqueline LeDoux, Air Force.

MS. REYNOLDS: Virginia Reynolds, Department of Air Force.

MR. FENDT: Karl Fendt, DoD.

MS. WLEIZIEN: Christine Wlezien, DoD.

MR. EICHER: Mike Eicher, OPM.

MS. PAUNOIU: Ana Paunoiu, OPM.

MS. GONZALEZ: Madeline Gonzalez, OPM.

MS. MYRICK: I'm Rebecca Myrick from the ACT, Silver Barons Chapter.

MR. ROMERO: Julio Romero, Western Region, Field Rep for ACT.

MR. CRUZ: I am Luis Cruz. I am Vice President of ACT Chapter 119.

MR. HERNANDEZ: ACT Chapter 119, President Roberto Hernandez.

MR. PEDEN: Brent Peden, ACT.

CHAIRMAN FEHRER: Okay, very good. And then on the phone?

MS. SIMON: [via phone] Jacque Simon, AFGE.

MR. TRAYLOR: [via phone] Good morning. Timothy Traylor with NAGE.

MR. LYNCH: [via phone] Christopher Lynch, Department of Defense.

MS. WILLIS: [via phone] Sheila Willis with VA.

CHAIRMAN FEHRER: Okay, very good. Thank you very much.

It looks like we definitely have a quorum today.

Moving on to Announcements. First, we want to say welcome to all our guests, especially those of you from Puerto Rico, who will be making a presentation in a few minutes. So thank you for being here.

Next, let's turn our attention to Item 631-OC-1 in your packet, and that's the Committee's re-charter. It's been renewed for the next 2 years, and that's through calendar year 2022, It's worth noting that except for a minimal budget increase, there were no changes in the charter. So if there are no questions on that, we'll move on.

Anyone else have announcements at this time?

[No audible response.]

CHAIRMAN FEHRER: Okay. The next item on our agenda is the approval of minutes from the 630th meeting of the Committee, which was held on Thursday, January 16th, here at OPM. We have received no edits to the transcript. Are there any final edits today?

MR. ALLEN: Nothing here, Mr. Chairman.

CHAIRMAN FEHRER: Okay. Seeing and hearing none, do we have a motion to accept the minutes?

MR. ALLEN: Move to accept the minutes.

MR. LANDIS: Seconded.

CHAIRMAN FEHRER: Okay, very good. All in favor?

[No audible response.]

CHAIRMAN FEHRER: Okay. With no opposition, let the record show that the minutes of the 630th meeting have been approved.

And on to Old Business. Items (a), (b), (c), and (d) have been carried over from past meetings. In a few minutes, we're going to hear from our friends at ACT on item (d). That's the proposal to move the Puerto Rico wage area into the Special Appropriated Fund Schedule for U.S. Insular Areas.

But before we move on, I just wanted to start with AFGE. Jacque, anything new on items (a) or (b)? I know you've been looking at bringing in guests to address these.

MS. SIMON: [via phone] Yeah. Thank you. I actually was contacted earlier this week by somebody who was going—was supposed to get back to me with a date on when the folks from Tobyhanna would like to come down and make a presentation, but I don't have anything firm at this point.

CHAIRMAN FEHRER: Okay.

MS. SIMON: [via phone] So I will definitely let you know as soon as we have a firm date.

CHAIRMAN FEHRER: Okay. That's fine. Keep us posted, and we'll continue to

carry these over.

MS. SIMON: [via phone] Okay, thanks.

CHAIRMAN FEHRER: Then on item (c), Tim, do you have any updates from NAGE?

MR. TRAYLOR: [via phone] No updates at this time, but we do request to carry it forward as well.

CHAIRMAN FEHRER: Okay. That's fine. As we move forward, unless there is new information forthcoming, since we have already heard OPM's report-out on this particular one, again, if we don't have any new information forthcoming, I would suggest we try to move for resolution at next month's or perhaps April's meeting at the latest.

MR. TRAYLOR: [via phone] Okay. That's fair.

CHAIRMAN FEHRER: Okay. Taking on New Business, let's go ahead and address item (a) on the agenda.

We have the Draft Prevailing Rate Advisory Committee Annual Summary. This is for last year. It's item 631-OC-2, included in your packets, and it was also emailed to you earlier. It covers the highlights of the Committee's work over the past calendar year, and I think, Mark, you're going to make a brief presentation on this.

MR. ALLEN: Sure. The Annual Summary actually takes the place of what used to be a Congressional reporting requirement that is no longer required. That is all that changed. There may have been a Paperwork Reduction Act provision where Congressmen no longer wanted to see hundreds and hundreds of advisory committee reports going to them. This is really an internal report because FPRAC decided it was a good idea to document each year what the Committee had discussed. This is always noncontroversial. It's just facts and what was the

resolution of an item. No real policy recommendations come out of the Annual Summary.

CHAIRMAN FEHRER: Okay. Is there any discussion and comments?

[No audible response.]

CHAIRMAN FEHRER: If not, I'd ask that we have consensus on this.

[No audible response.]

CHAIRMAN FEHRER: Okay, very good. Thank you.

And our next item on New Business is the review of the Puerto Rico Federal

Wage System Wage Area, that's item 631-MGT-1. Mark is going to review that for us as well.

MR. ALLEN: Mr. Chairman, I was actually thinking it may be better to hear from the people from Puerto Rico first—

CHAIRMAN FEHRER: Okay.

MR. ALLEN: —rather than me going through the dry and boring stuff that I'm going to be going through.

CHAIRMAN FEHRER: Okay.

MR. ALLEN: I'd also like to find out what the main issues are that they're having there, and that may better inform what I highlight when I walk through the package that OPM has put together on behalf of the Management efforts at FPRAC.

CHAIRMAN FEHRER: All right. That's fine. So we'll move on to the presentation, then, and I would like to ask, because we are taping this and it's going to be transcribed, please just identify yourself before you make your part of the presentation so we'll know who said what. You'll get a chance, obviously, to look at the transcript as well.

So, with that, we'll turn it over to you folks. Please come up to the table.

HERNANDEZ: Good morning, everyone.

CHAIRMAN FEHRER: Good morning.

MR. HERNANDEZ: My name is Roberto Hernandez, Puerto Rico Army chapter.

We have the Vice President Luis Cruz who is going to open the presentation.

MR. CRUZ: Good morning. First, I'd like to start with the General Schedule. The General Schedule for Puerto Rico is located under the Rest of the United States, according to 5 CFR 591.205, and those are portions of the United States and its territories and possessions that are not located within another locality pay. So these Rest of the United States includes the territories of the Mariana Islands, U.S. Virgin Islands, Midway Island, America Samoa, and Puerto Rico. At the GS level, we get paid the same in all the territories.

When we come to the wage grade area, Puerto Rico is looking at it under the Appropriated Fund Wage Grade Schedule 151R. The rest of the territories, as the 5 CFR—or as I told before, they share Foreign Territory—a Foreign Area Schedule, which is the 900R. They all have a copy of it. One has the 901. Midway has the 902. Virgin Islands has 903R American Samoa, 904. Commonwealth of Northern Mariana Islands has the 905R.

When we compare the 151R of Puerto Rico with the closest territory, which is Virgin Islands, we find out that Puerto Rico is underpaid by an average of 5.97 percent on the pay schedule across the board in the wage area, and this gap ranges from \$2 up to \$11.50. So, to us, it raises the question why if in the General Schedule we share the same rate, it is not the same in the wage grade area.

Puerto Rico currently utilizes 5 USC 5343(d) where a lead agency makes surveys for the rest of Puerto Rico, while the rest of the territories use—let's call it a "standard rate," without having compatibles in their area. So the result of these surveys puts us in a position where we're getting paid less than the rest of the territories. All we're asking is for fairness and

equality.

The union finds the following practices of this community. For example, Puerto Rico National Guard and ACT has always been excluded from the participation of these surveys, and the exclusion of the National Guard in these surveys to us is proof that disservice has been acted.

In the report of 2017, which is the classification of our bargaining unit report, we had 414 employment positions under the wage grade. When we analyzed the survey and the letter, OPM Letter 631-MGT-1, where they deny our efforts, you can see there that they are talking about 879 employment without the 400 of Puerto Rico. So the Puerto Rico National Guard, these 400 will be close to 50 percent of that survey, and if the Puerto Rico National Guard were included on that survey, we will be at 32 percent of the entire community of Puerto Rico. And that will put us on the leading—as the leading agency for that.

So, to us—can you take over from the special rates?

MR. HERNANDEZ: A special rate applies to 20 percent of the entire wage grade community. For this reason—enough to sustain the existing inequality for the majority of the workers—these convoluted solutions only benefit a few, and there is no evidence that they'll earn more or even be with the foreign areas, foreign areas as in the rest of the islands mentioned previously.

For example, the aircraft mechanic, which is on the special rate, a WU-10—that is Wage Grade Utilities—starts at \$25.75 with a three-step increase, only three steps, ending in \$27.88, while a WG Aircraft Mechanic in the Virgin Islands or in the foreign areas would start at \$25.60 ending at \$29.88. At the end, the wage grade utility, WU, special rate position, would earn \$3 less. For that reason, we suggest that those special rates in Puerto Rico be treated the

same as other territories.

The job performed in the National Guard carry more complexity over those jobs in the civil industry. There are no equitable comparable positions for Puerto Rico National Guard for such service. We understand that this survey—we understand—we have reason to believe that these surveys are more of a desk job than anything else.

For example, the lowest paid WG-6, Materials Handler, which is the warehouse worker, needs to know how to handle and pack more and store for nine classes of supplies, including hazardous materials, and need to operate up to a 10,000-pound forklift. Another example of the mechanics that repair the diesel vehicles and resistant ambush protected vehicles, also known as MRAPs, infantry-fighting vehicles, also know as ASVs, armored security vehicles, for example the M1117s, we have approximately about like 60 of those. And the light tactical vehicles, the cranes, and many other military device construction equipment, we have one that we call it a "transformer," which is the bridge builder. It implements the parts on a self-crane, a horizontal crane to the opposite side of the facility that it needs to create the bridge. I mean, you don't find that in the industrial area.

They simply have no civilian compatible.

MR. CRUZ: So we propose three possible solutions for the board to consider so that one of the three can be selected.

The first one will be the Puerto Rico 151R be modified to match foreign areas.

The second would be the creation of a 906 for Puerto Rico and termination of the 151R, and the third one would be that Puerto Rico Wage Grade Area be combined to the USVI 903, as the FWS Operating Manual S5-4, and for the criteria—for the criteria of that third proposal, we have identified a few—

MR. HERNANEZ: Similarities.

MR. CRUZ: Yeah, a few similarities. We identified that the USVI and Puerto Rico, they are located in the same economic zone. We want to give a copy of a report that was done by a group and presented to NOAA, where they described the oceanic economics of Puerto Rico, that they describe them as oceanic-dependent. They cannot be separated.

The population, Puerto Rico has 3,700,000 people according to the Census of 2010, and there will be like 1,060 people per square mile. In the USVI, it has only a 106,000 in the 2010 Census, and that is around 800 people per square mile. The distance between Puerto Rico and USVI is only 112 miles from the center of each island, but from the nearest coast, it's only 14 miles.

Other points, the Coast Guard is managed and located in Puerto Rico. Ocean freight, everything that comes through the Virgin Islands, comes through Puerto Rico first and gets sorted out and then sent to the USVI. The same is for the mail services. Everything is handled in Puerto Rico, gets sorted out, and shipped to USVI.

Also, the National Guard, we provide training and repair services for the USVI, especially the helicopters. They don't have in the USVI right now maintenance for the helicopters. All the helicopters are repaired internally.

And the communications, also the communications are via undersea water cables, and most or part of the entire communication services are located in Puerto Rico.

And that will be our presentation.

CHAIRMAN FEHRER: Okay. Thank you very much.

Before you do your presentation, Mark, or your review, do you have any questions? Does anyone have any questions, comments, on the presentation?

MR. ALLEN: Thank you all for coming—

MR. HERNANDEZ: Yes.

MR. ALLEN: —and sharing your information with the Committee.

I have just one question. If you have copies, I'd like to have them for the record.

MR. HERNANDEZ: Yes. I apologize because the printer got jammed. So we only could make a certain amount of copies. We tried to have them print out in color, but due to the circumstances of the situation—

CHAIRMAN FEHRER: Does anybody else want a copy other than Mark?

MR. HERNANDEZ: We have it digital. We had sent a copy to Ms. Madeline Gonzalez via email, and we sent one to Mark Allen via email also.

The Oceanic Report, disgracefully, we weren't able to print it out due to the fact that the printer got jammed. So if anybody wishes to have a copy of the package, of the complete package that we are offering, please provide me with your emails, and I will happily send you a complete copy in detail of all of the information found.

Anybody else wish to have a copy?

MR. ALLEN: I don't think that Madeline and I received it in email. It may have got lost somehow.

MS. GONZALEZ: Correct. We did not receive that email.

MR. HERNANDEZ: Oh, I'm sorry, sir. You are Mark Allen. I didn't read your—but yes. The emails were sent this morning.

MS. GONZALEZ: Oh, this morning?

MR. LANDIS: You guys may have already left your offices.

MR. HERNANDEZ: Yes. The emails were sent this morning. Terry Garnett was

the one who provided me with your emails, due to the fact that I informed them that we were having printer problems. If you wish—

CHAIRMAN FEHRER: Okay. What we'll do then is we'll put this in the—MS. GONZALEZ: We'll send it to everybody.

CHAIRMAN FEHRER: —put this in the record as an ACT document and email it to all the members, so they all have it.

MR. HERNANDEZ: Yes.

MS. GONZALEZ: Okay. I will email everything to everyone.

MR. HERNANDEZ: Thank you very much.

I apologize for the inconvenience, but the printer went south.

MR. ALLEN: Ours always does that right before a meeting too.

I do have one question. At our last meeting or maybe the one before, I had said that the Management members have an interest in making sure that Federal agencies are able to recruit and retain the employees that they need. Do you have any data that show any recruitment/retention challenges at the Puerto Rico National Guard or any other Federal agency that Puerto Rico is having?

MR. CRUZ: To answer your question, we have been tracking as a union our membership, and in around 2013, we had 800—I mean 8,000 soldiers, around 8,000 soldiers. Currently, the National Guard has 5,500. And there are various cases where wage grade personnel are just moving out to the States.

MR. ALLEN: Okay. That's what I was suspecting was going on, yes.

MR. HERNANDEZ: And the problem is the main reason is—that we are running into, people literally are telling us, "Give me a reason to stay because I get paid more elsewhere,"

and it's not just the National Guard. It's happening island-wide. A lot of people are leaving because they get better opportunities. We want to provide our employees a reason to stay. This is pretty much an after-the-hurricane situation and after-the-earthquake situation. We do have our hands tied very much.

I am a coordinator at the Maneuver Area Transportation Equipment site, MATE, aka MATE in Camp Santiago Salinas, and we coordinate the movement of the equipment that's being used to supply these needs. The construction equipment that comes out due to the fact of the fires that we had in the mountains; we had an underground cell. It seems like it had some type of either natural gas or natural sap that caught on fire within the mountain. We provided the construction equipment for that, the bulldozers, to address this internal fire. I'm pretty sure you all have heard sometime that town that caught on fire and they had a natural gas, and now it's actually the portal of hell. We don't want that in Puerto Rico. So we addressed the situation immediately, not that anybody brought that up. I am just using it as an example.

And then when the tremors began—like I said, I am a coordinator, Floor Leader of Team 1 in MATES, 755 Transportation Company—we had to separate approximately half of the equipment to transport goods towards the people that were affected, and then the 1473 quartermasters with the refrigerator containers, we service them.

I am a Floor Leader who inspects these things before they go out and assure that they are in full usable status, that the people will not need or fall in need of any type of food or provisions. We need people. We need soldiers. We need employees to carry out these tasks.

With all due respect, I mean, sometimes we're relying too much on the civilian contractors, and all they care about is the money. So to provide better usage, we need—and the union gets affected as well because if we have no soldiers, how can we have union members?

I mean, in reality, maybe the administration sees it in a different way, but down here in the nitty-gritty, as we say, without soldiers in the National Guard, there cannot be technicians. Without technicians, we cannot have union members. So it's a chain reaction. People leave. We will lose people, and we will lose positions.

Puerto Rico right now in accord with information provided from the administration, Chief Edwin Martinez, who is not present, but he is being shared with all of this information. He's an administrator. We're working at under 60 percent of our employment, of our employees, and—

MR. CRUZ: Basically, all are understaffed.

MR. HERNANDEZ: Everybody. So how can we get people?

We're asking for this adjustment. We've given three options, which you can study.

Obviously, the one on the table, most accurate one, is the expansion of the zone to cover Puerto

Rico, to give the people an incentive to say, "I want to stay here."

I myself am a victim of the hurricane. My house is still destroyed. My windows are boarded, and I'm going to have to request a mobilization in order to get money to fix my house because the insurance company is not—I'm not trying to sound like a sob story here. I'm just giving you facts and reality. The insurance company is unwilling to comply. So I have to sue the insurance company. It's going to be 3 years now in September. The tremors, I have a cracked column in the lower section. Thank God, it's just one, but I fear for my family. So I'm going to have to get a MOB, look for at least \$100,000 to fix my house, and in the lawsuit, supply them with the invoices because I can't wait anymore. FEMA cannot do anything until the insurance company does their part, and the insurance company, they're locked up, pretty much like "The Incredibles" first movie. Mr. Incredible, when he was an insurance man. What about our

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stockbrokers? Well, it sounds funny, but that's happening in Puerto Rico. It's very sad. It's very

true.

Anything you wish to add?

MR. CRUZ: No. Do you have any other questions?

MR. LANDIS: I would just like to make a comment on the MOB thing that

Roberto is talking about. So, obviously, during the week, we're both technicians and guardsmen.

So I know exactly what you're referring to, just in case a couple of the board members don't.

During the week, he's a technician, and he's getting paid a WG, WL salary, which

obviously the reason why we're here is because it seems to be a little low in Puerto Rico. When

they request mobilization, they get put on orders and do a deployment anywhere from the Middle

East, whatever, and then they go into the military pay scale, which it doesn't matter where you're

from. They're all the same, and it's substantially, substantially more on mobilization orders than

it is sitting back in Puerto Rico collecting your WL payment. So a lot of technicians do that when

they need extra money. They put forward for orders to get—you know, they'll be gone from their

families.

In the Air Force, we generally only go for 60 to 90 days. In the Army, sometimes

these guys go for 6 months, a year, separated from their families, just in order to make that extra

money to make ends meet and pay the bills, and obviously, in their situation, to rebuild their

homes, rebuild their towns.

MR. HERNANDEZ: You had a question, sir?

MR. BUCK: Yes, sir. Was there exclusion of the National Guard from the

surveys?

MR. HERNANDEZ: Yes.

MR. CRUZ: Yes.

MR. BUCK: Why?

MR. HERNANDEZ: That's the question.

MR. CRUZ: We have no idea. Our understanding, these surveys, the biggest party involved is AFGE, but ACT haven't participated in these surveys. Currently, as we show in 2017, our W's were 400, and according to this letter, the people that were participating, they're 800 in total. So that's why we think that these surveys are totally inaccurate.

And the complexity of our positions, we are sure that there's no compatibles in the civil industry, because of the complexity of them.

MR. HERNANDEZ: I've been in the Guard since 2007, and yes, we have heard rumors of this so-called survey.

I became a technician in late 2007—well, mid-2007, and up to the day of today, we have never heard of the National Guard being part of it. We hear rumors, surveys, that somebody is saying somewhere that the WGs of the VA—this is an example we hear. This is hearsay. That the WGs of the VA who happen to be janitors are getting paid less than the WGs that we have, the WG-8, so we should be happy. Those are hallway rumors because I've never seen that in writing, but it's okay. But if that were to be true, a WG-8 in our industry is a field mechanic working on this type of equipment that I mentioned.

If it were to be true, which like I said it's just a rumor, a janitor making \$8 does not compare to a WG-8 making, let's say, \$12, because they're two completely different fields. Like we say back home, we're comparing bottles with oranges. There is no equity here. Chinas por botellas, as we say back home, or bottles with oranges. There's no comparison.

MR. CRUZ: We heard some rumors also. That is why I mentioned the warehouse

workers. They were comparing big warehouses that handle beverages, huge amounts of beverage and trademarks like Coca-Cola, Pepsi, but our warehouses, we manage everything. We manage food. We manage construction. We manage supply ports, major items, vehicles, medical supplies, janitorial supplies, health supplies. So our workers need to know about every type of supply. They need to know how to store them, how to handle them, how to identify waste material, how to handle radioactive material, and they need to also operate forklifts up to 10,000 pounds.

MR. HERNANDEZ: Capacity of 10,000.

MR. CRUZ: To load and unload. So all our positions in National Guard, they're really complicated. They do a lot of tax for position. So that doesn't assist in a stable industry in Puerto Rico.

MR. HERNANDEZ: And my colleague—

MR. CRUZ: And our point is that these territories are getting a flat rate that is higher than ours, and we are participating in that same flat rate in the GS but not in the WG. And this created this gap, and here in this report of OPM, they're mentioning that we have some special positions. But as we explained before, in the long run, they earn less, and these special positions apply to a small percentage. And we were excluded of the survey, anyways.

MR. HERNANDEZ: My colleague here works in the logistics area, up north. I work in the maintenance area, down south. So, I mean, indirectly speaking, the materials that come out of the warehouse's logistic area end up in the transportation that we provide, give service in the south to be distributed. I mean, the 755th Transportation Company is the one I directly coordinate, but we also have the 770th Transportation, which is more of personnel, and a troop carrier transportation unit, and we have the 775th is a utility transportation unit. Those are

the two biggest transportation units, and they both come out of the MATEs.

Team 2 works on 770th. Team 1, where I am part of, works the 755th. And that's without including the 130th engineering arm of the Engineering Department of the Army Corps of Engineers, the 130th, which has a division of about like seven, if I'm not mistaken, where the construction equipment comes out of, and the boats and the bridges—I mean, we do a lot, and then we're 60 percent short. So we have to make ends meet, and then you have to sometimes run into the situations where a WG-8 will say, "Well, according to my PD, this doesn't apply, but, you know, I need you to help me." Well, my PD says that I'm part of the—I have to help. I have to do maintenance sometimes.

I'm an acting supervisor, because I don't have a direct supervisor at the moment. I'm the floor leader. I have an assistant floor leader, and I also have to—if I have to pick up something on the floor, I will have to do it. I have to get dirty, make sure I'm well enough to go back into the office and make sure all the paperwork is coordinated. All the parts and equipment have to be received, has to be processed. We do a lot of work.

MR. CRUZ: And I would just like to reiterate the same. This survey covers 800 positions between seven agencies. Our agency has 400 by itself.

MR. HERNANDEZ: Another thing, the boundaries which can also be provided—apologize for—as we can see, supposedly, the gnarled is the survey area. So I will pass this around. If you look at the gnarled area of this, this only covers about like what? Fifteen percent of the Island? What about everybody else? I mean, we have a workshop in Ceiba. We have workshops in Dorado, which are not part of the gnarled area. We have a workshop where I work at in Salinas, the MATES, not part of the gnarled area. We have workshops in Mayagüez, not part of the gnarled area. Vega Baja, yes. Vega Baja is part of the gnarled area, but—

MR. CRUZ: In reality, all we're asking is, to have the same standard that the other territories have. We are not asking for more. We're just identifying that we—with these surveys, we're falling under the standard for the territories. That's all we're saying.

MR. HERNANDEZ: And this is why I'm including the Air Guard, which also has, in the gnarled area, the part of the airport. It has in Aguadilla, which is not part of the gnarled area, and it has in—close to Dorado, Toa Baja, which is kind of like in between the gnarled area or not. Those were the three main places of the Air Guard in Puerto Rico. The Air Guard monitors the sea transportation. It's one of the few places in the world that monitors the sea transportation of the equivalent of the signals that the ship passes through the Caribbean and—sorry—through the Atlantic which the signal bounces off of Bermuda, Florida, and back to Puerto Rico. And I believe there's an opposite, also, division that bounces their signal off of Panama, if I'm not mistaken. But since we don't have any Air Guard people, Puerto Rico here, they could clarify this more. But this is based on conversations that I had.

There's a Navy radar also in Camp Santiago because we do have Navy Reserve over there. I believe that—I don't have any Navy Reserve personnel here to justify their cause, but they're also on the same boat.

Anything else?

MR. CRUZ: Yes. And the workload day, the amount of area that we service is just five times what the other territories serve.

MR. HERNANDEZ: Any other questions?

MR. BUCK: Thank you.

MR. ALLEN: Thank you for coming and sharing your information with us.

MR. HERNANDEZ: Anything else, like I said, you guys have my email. If you

have any question, feel free to ask, and I will—if you need any more data, I know people who know people who can get me this data, additional information, documents in writing, and I will provide it to you via the email, or you can speak with Mr. Steve Landis—he has direct communication with myself—or Terry Garnett, who also has direct communication with myself, and/or Luis Cruz.

CHAIRMAN FEHRER: Thank you.

Mark, do you want to walk through—

MR. ALLEN: Sure. This really amounts to a standard review that goes into some of the background that we're aware of for Puerto Rico. What we tend to do when we review wage areas with this Committee is take a look at the data that we have access to for, say, numbers of employees, whether or not the wage surveys that are documented in a wage area are meeting the OPM regulatory requirements. So that's pretty much what 631-MGT-1 covers.

But we go into more detail because Puerto Rico is unusual. It was established as a separate wage area in 1972 under the Federal Wage System, but very shortly after that happened, there were concerns expressed from the Puerto Rico National Guard that they were having a great deal of difficulty recruiting and retaining employees in aircraft maintenance jobs. And I believe there may have been a Congressional hearing or two in the mid-1970s. I think what that eventually turned into was that there was a special wage schedule that was established for aircraft-related jobs to address those recruitment and retention issues.

But having said that, the Puerto Rico wage area was established as a separate wage area in 1972. Places like the U.S. Virgin Islands and Guam were not, at least under the appropriated fund system, because the U.S. Virgin Islands, Guam, American Samoa did not have the population that Puerto Rico has. They did not have an industrial base to be able to be

surveyed to find out what prevailing wage levels were. So that's really how this got started.

There was a determination made back when the pay system was first established that it was possible to conduct local wage surveys in Puerto Rico the same way that they would be done everywhere else in the United States.

So the Management position on this is that we find that the Puerto Rico wage survey still meets the requirements that OPM establishes for all wage areas to remain as a separate wage area.

On page 2, what that chart reflects is employees who are paid through the regular wage schedule in Puerto Rico. It says what agencies they're with, what unions represent the employees. These would just be the wage grade, wage leader, wage supervisor, maybe WD and WN as well.

Did we put WD and WN in this one, Madeline?

MS. GONZALEZ: Yes, we included those two payplans, but I don't recall if any showed up.

MR. ALLEN: Okay.

To answer your question about how the wage surveys are actually conducted and who gets to participate in those, I believe what happens with that is there's a lead agency that's established, which is DoD, but then there's also a lead union that is established to participate in the wage surveys and represent everybody else. I believe that's why AFGE most likely has the lead union representation for Puerto Rico.

What I would suggest is—Steve, you may want to talk about that more with Karl's staff. I believe there's a new wage survey coming up in July for Puerto Rico. So if there is an interest in providing labor, data collectors, of course, it is up to the unions to work all that stuff

out locally, but I think Karl's staff is always looking for help, knowledgeable help about places they're surveying.

MR. HERNANDEZ: We would be available to participate in these surveys and bring out our attention if we were to be included because, until this day since 2007, all I said—well, I've been there since 2007. All we hear are rumors.

MR. ALLEN: Okay.

MR. CRUZ: Yes. And a lot of situations have been happening since 1972. For example, we had the 936 industries that were simply abolished. They were tax havens, and back then in the '70s, there were a lot of manufacturing going on in Puerto Rico with tax cessation. All those industries disappeared. They are no longer there.

MR. HERNANDEZ: Yes.

MR. CRUZ: So right now, we're assured that our positions have no comparables in the civil industry, and we are being left out of these surveys.

MR. HERNANDEZ: 936, other—the inflation of taxes, which is not a direct point within our presentation, but it is a derivative. And the average personnel, the taxes have gone up to 11.5 local tax—percent on local tax, and people still have to pay. Situations where insurances are not doing their job—I still have to pay for my mortgage, and I still have to pay for the insurance within my mortgage to the same insurance company that refuses to repair my house.

MR. CRUZ: But, basically, those manufacturers, big manufacturers, big pharma, a lot of manufacturing that was going on in the '70s, they all disappeared in the '90s.

MR. HERNANDEZ: Yes, after the 936. And then with Trump's—I mean not to say any names. Sorry. With the present administration's agenda of changing in the movements—

MR. CRUZ: And also, back in the '70s, in his area, where it's maintenance, the

vehicles were not that complex, but right now, the vehicles, the tactical—most of them, they're tactical. They have anti-mine. They have self-inflating tires. They're fully electronic. They're not the same as back in the '70s. '70s, they were just a carburetor, start the thing and let's go. Right now, it's a different animal.

MR. HERNANDEZ: Not only that, in the '70s, we had the artillery involvement, Department of the Navy in Vieques and Antigua—I have family in Vieques. Not that I'm against it, the closing of the base on Roosevelt Roads, the artillery, according to the information provided to myself, due to the fact that I have a good communication with several of the lieutenant colonels and full-bird colonels, they have indicated that when the artillery agenda was available, not only the Army practiced artillery, the Navy also practiced. And we recruited other agencies from other parts of the world to come and practice their artillery, and for that artillery military training, there was additional money.

Due to the fact of certain circumstances, which a lot of people always look at the lower case, but within the Clinton administration, a lot of places were closed, like the Chanute Air Base in Illinois. It was one of them that was closed. Well, Roosevelt Roads closed in that time, and also through the Clinton administration, the 936 was removed. I mean, people at the bottom level, the pawns, we make noise, but the ones who make the decisions are the people upstairs.

In the Clinton administration, the artillery program was removed. The base was closed. Regardless of what happened at the base, the one who signed the document was the commander in chief. Those funds were gone, and then all of a sudden, we have the situation where only a small percentage of the island is being surveyed in accord with this map. And we haven't heard anything from that.

MR. CRUZ: I mean, probably, this thing worked in the '70s but not right now.

MR. HERNANDEZ: Things have changed.

MR. CRUZ: And the adaptation—I mean—and sorry to interrupt, but if we adopt the standard of the territories, it will simplify the whole stuff. And we will have a fair wage for the employees as the other territories.

MR. HERNANDEZ: As you said, Mr. Allen, it was established in the '70s, the special pay to get people to be recruited on aircraft maintenance because in that time there was a lot of artillery going on, and those funds were additional funds. What we're asking right now is something similar to what happened in the '70s with the special pay that was provided to Puerto Rico.

MR. CRUZ: And right now, that special pay falls under the standard rate for the territories.

MR. HERNANDEZ: With the changes of the time. It's been 40 years, if I'm not mistaken, approximately.

MR. CRUZ: Fifty.

MR. HERNANDEZ: Thirty—50. 50. Sorry. My math is not that great. Fifty years. So, I mean, that's how many generations? I mean, I'm 52. I was 2 years old when all this began.

MR. ALLEN: Okay. So picking up with the fact that—starting on page 5, we have a listing of metropolitan statistical areas, and on page 8, we list the survey area for the Puerto Rico wage area. The Management members have taken a look at the data that are produced from recent wage surveys in Puerto Rico, and down at the bottom of page 8, there's a—the last wage survey resulted in enough wage data found for 11 survey jobs, with 4 of them at

skill levels. So, on that basis, the Management position is that the wage data collected are equivalent to the data that would be collected in other wage areas in the country.

On page 9, we list compensation flexibilities, which could be used by agencies if they're having difficulty recruiting and retaining employees. I think everybody here is already familiar with those. I won't belabor that.

Because mention has, of course, been made about how the U.S. Virgin Islands and Guam, how wage grade employees are paid on those, in those territories, we've listed the regulatory authority under which those operate. As I was mentioning before, what happens with those situations there was that when the Prevailing Rate Systems Act was passed, the Federal Wage System had to figure out what to do with wage grade employees who were working in overseas areas, wage grade employees in territories where it was not possible to conduct a local wage survey. So there was a determination made that employees working in Germany would be paid from an average of all of the wage schedules in the U.S., and that policy was subsequently rolled out to places like Northern Mariana Islands, Guam, Midway, the U.S. Virgin Islands, and also American Samoa. Puerto Rico was not treated that way because wage surveys there proved to be adequate.

Of course, the economic conditions there were, no doubt, different in the 1970s because of the preferential tax treatment that companies got to establish businesses there, and I'm aware that that tax benefit would have supported a lot of manufacturing jobs in Puerto Rico that, of course, are no longer there. When that type of thing happens, if there are no longer good paying jobs, then the prevailing wage levels would not remain the same. Most likely, they would decrease.

There is a special wage schedule that was established for Puerto Rico just for

leaders and supervisors. Instead of getting paid—I think it is a standard 10 percent above the wage grade rates for a wage leader in most of the country—there was a decision made that wage leaders would get 120 percent. So they get 20 percent above the wage grade rates. That was a decision that was made based on recruitment and retention challenges.

MR. HERNANDEZ: If I may add to that, up to the information provided, those positions, the wage leaders and the wage supervisors, the W—which would fall under the WU, are only being used on the Air Guard side, according to the information provided.

There is the electronics department managed by Chief Marin. Chief Marin is an electronics department supervisor, and he's a WS, a regular WS. He's not a wage special pay wage supervisor position. He's not. He's a regular WS in accord with 151R.

MR. CRUZ: When you look deep in the numbers, the WUs only have three steps, three-steps increase. I mean, the starting one and two other steps, and when you compare with the WG, which have five steps, someone in the territory will end up earning more.

MR. ALLEN: Okay. It's a little confusing because there are actually two special schedule authorities in existence. One is for the wage leaders and wage supervisors, and then there's another one for aircraft maintenance jobs. You're referring to the one with the three steps, which is the aircraft maintenance jobs.

MR. CRUZ: Right.

MR. ALLEN: Wage leaders and wage supervisors get more of a differential over wage grade employees. Everybody should be getting that if they're in a wage leader or wage supervisor position under the regular wage schedule. If they're under the special schedule for aircraft maintenance workers, then it's a kind of curiosity, but there's only three steps. But that's because when that schedule was established, that was a policy.

MR. HERNANDEZ: We know. We understand that.

MR. ALLEN: It doesn't necessarily have to be that way, but if there was going to be a change in the special schedule for the aircraft maintenance workers, that would have to come to FPRAC to discuss that. We'd need to have somebody make a proposal to do something with that.

Ordinarily, these days, we would not establish a special schedule for aircraft maintenance work. OPM would approve, based on a lead agency proposal, to establish special rates. It's a lot faster to do that.

So there have been efforts made over the years to address recruitment and retention problems using pay flexibilities, but we have not seen anything for a long time. So that's the status of where we're at now.

Going back to the question about the survey area, at Attachment 1, we have the map, the cross-hatched area there would be an indicator that we do not have a survey area that covers the whole San Juan metropolitan area. The Committee could make a recommendation that the survey area could be expanded. I don't know that that would actually benefit anybody because most of the wage data currently would be collected in San Juan, but it's something that the Committee could consider if there's a proposal to do that.

We have the wage—the relevant wage schedules at Attachment 2. The special schedule under 5 CFR 532.267 was the one that was established for aircraft, electronic, and optical instrument overhaul positions in Puerto Rico. So this lists the industries that would be surveyed. It lists a different set of survey jobs.

This special schedule, as far as I remember, it hasn't been revisited for a very long time. There was a special—there still is a special wage schedule for ship surveyors, but there's

nobody paid from that schedule anymore. But, again, that was established to address recruitment and retention difficulties with a particular type of work.

Attachment 3 is really going to show what the real concern is, and I fully understand why there is a concern. If you look at the wage schedule for—it would be the regular wage schedule. You'll see that the Wage Grade 1 rate starts at \$8.54 an hour. Wage Grade 10 is \$16.77 an hour. The wage schedule that would apply in the U.S. Virgin Islands, Wage Grade 10, it's \$8 an hour higher at Wage Grade 10, and the schedule that applies in the Virgin Islands, it's the average of the whole United States. So, of course, the prevailing wage levels that serve as the basis for the wage schedule in Puerto Rico are way below average compared to the rest of the country. That's a simple economic fact, and that's what the Federal Wage System was set up to do was to establish wage schedules where it was possible to pay employees according to local market rates.

And we also have evidence in front of us that those rates haven't always worked in the past, and there have been accommodations made through a special schedule authority, which is, in my mind, pretty laborious, drawn out to go through that kind of thing. Whereas, if a special rate were to be considered, it could be better targeted at specific occupations to a greater degree, I would think. If anybody has an idea for talking about the special schedule status in Puerto Rico, this Committee is open to hearing any ideas for that.

I think the Management position at this point is pretty clear. It's that, under the law, we think it's appropriate to continue conducting local wage surveys in Puerto Rico. But if there are recruitment and retention difficulties, the law also provides for ways of addressing those through the special schedule authority and special rates, recruitment and retention incentives. So that's about all I have on that today.

MR. LANDIS: Okay, Mark. So you're talking—so the special schedule, you said is the more laborious thing. How would that—would that get run through this Committee as well?

MR. ALLEN: This Committee historically has reviewed every special schedule, and because they're put into regulation, it takes an inordinate amount of time to change anything if there's ever a proposal to change something.

With the special rate authority, the lead agency would send a proposal to OPM, and the turnaround time around those would be pretty quick through the Federal Wage System once OPM would receive—

MR. LANDIS: And then the special rate would be targeted at specific—and they could include as many as they want in there, but the special schedule would be the whole?

MR. ALLEN: Yes. With special rates, there has to be evidence that there are difficulties filling positions and keeping positions filled, and one of the occupations we see, have seen a lot of in recent years, is aircraft maintenance work all over the country. That's not limited to any particular area.

But I don't want to just focus on aircraft maintenance work. It could be other skilled maintenance work that the National Guard may be having difficulty with, but I just haven't seen any hard data on that type of thing yet.

MR. LANDIS: But just to clarify, when you move to the special schedule part, that would be across the board for?

MR. ALLEN: Well, not the special schedule that's in effect there now did not cover across the board. It currently covers around 120 positions.

MR. LANDIS: And you would refer that was just work leaders and supervisors?

MR. ALLEN: There's another schedule that covers wage leaders and wage supervisors.

MR. LANDIS: Okay. That's different. Okay.

MR. ALLEN: It provides a greater differential—it's like double the differential for wage leaders and supervisors compared with the rest of the country. Of course, that may leave out occupations where there may be difficulty of getting some of them filled.

MR. LANDIS: All right. But either one of those possibilities we're looking at are probably—in your opinion, would they be able to effectively overcome this? Like you said, the WG-10s, around an \$8-an-hour difference, or would it only make a partial adjustment to that?

MR. ALLEN: I haven't seen any hard information yet about what positions they may be having difficulty filling. That would be something that would come from the agencies that employ people in Puerto Rico, but I haven't seen anything to that effect yet. This is an opportunity to raise that there may be an issue with some of the jobs being filled, and we have the Management members here. I don't know if anybody else here has heard of anything, in particular in Puerto Rico, that could be addressed with any of these pay flexibilities.

But what OPM does is just lay out what the flexibilities are. It's really up to the agencies to determine if they need to use them or not.

MR. LANDIS: Right. I understand. Believe me, I understand. I've been on this Committee long enough to understand the importance of the regulations and the rule of law and all that, but it just seems, for lack of a better word, unfair that as much as we have established the connection between Puerto Rico and the Virgin Islands that the pay disparity between the two on the FWS side—and, again, this brings us back to something that we've been arguing back and forth since I've been on this board for, what, like 8 or 9 years? The disparity that occurs when

you have the GS that are in the higher pay and the FWS are left behind. I know we have some Old Business we talked about earlier where that seems to be a problem, and maybe—I believe it's an AFGE proposal to do away with that disparity that might just solve all these problems instead of us just coming back every month and finding new ones that we have to spend time working on.

Because you talk about special rate or special schedules, again, is that going to effectively—what I'm trying to avoid is like just finding a few people to do a pay increase with, when everyone in Puerto Rico that doesn't get included in the special rate is going to get left behind. And the disparity, I just don't understand how we can sit here in good faith and just acknowledge that that pay disparity isn't something that needs to be rectified, you know, \$8-anhour pay on two islands that are so interconnected and so close together.

MR. CRUZ: The way we feel this is that, like we said before, probably in the '70s, that way of surveying was beneficial, but right now, it isn't. Fifty years later, it is not.

And when we look at this, Puerto Rico and the rest of the territories basically—and comparing them with the GS, basically the hard worker is getting penalized simply because of population.

MR. LANDIS: Correct me if I'm wrong, Mark, but I don't think we're talking about the surveys from the '70s. The way that Mark explained it is the surveys have been done, and even if we were included in that, it's not going to make very much of a change.

MR. ALLEN: Yeah. Well, the way that the regular wage schedules are adjusted each year, they're capped. So they can only go up a certain percentage, and there's also a floor increase provision, which sets the minimum increase. What that basically means is that the wage schedule for Puerto Rico, regardless of the economic conditions there, it's going to go up every

year, equivalent to the increase of GS employees in the Rest of U.S. locality pay area. Although the wage surveys are done every year—I mean, I haven't looked at the actual pay gap data to see if there—

Karl, do you know off the top of your head if there is a pay gap there, or is it—MR. FENDT: I think only in the top grades, not in the low grades.

MR. ALLEN: Yes. So that's what would happen each year with the wage schedules. It's been that way since 2004, where they're just adjusted based on an across-the-board amount, regardless of what happens in the local economy.

Does that answer your question?

MR. LANDIS: Yes, it does.

MS. LALONDE: Most of the employees that you talked about, them leaving to the States, do you see a lot of them going nearby? I mean, the closest place to go with the higher wages would be the U.S. Virgin Islands. Do you see that's the primary competition that they're going to?

MR. CRUZ: No. They just head straight to the main U.S.

MR. HERNANDEZ: I have a coworker who just signed a contract with DynCorp, and right before we came to this meeting, he told me, "Hey, I'm looking for better opportunities. I've got to take care of my family. I already signed a contract with DynCorp." I recommended to him, "If I were you, I would request a leave of absence just in case," and he said, "Well, I'll follow your advice, but I don't think I'm coming back." I mean, that's just one case. I've heard a lot of people that are just saying that people—when we had the job fairs, when the Border Patrol or the special MOBs to Alaska come around to do a year or two in Alaska or in Ohio, we have those special MOBs that come every now and then for trainings or become an instructor here,

become a QA there, become a drill sergeant. People just hop on those special MOBs, be out for 2 years, roughly speaking, maybe less, just to be able to earn extra income.

There are some of us that don't want to leave the Island because we have established our roots there, but there are others who sometimes they say, "Well, I have no choice."

CHAIRMAN FEHRER: Are there any other questions? Anyone on the phone? [No audible response.]

CHAIRMAN FEHRER: I have a couple observations, one being that in this conversation, we've kind of gone from things that would require legislative or regulatory action, which would obviously take some time and effort, back to ensuring that you're using all the pay flexibilities that you currently have.

I think you said that the special rates seem convoluted, but to the degree that they at least, in the interim, ensure that people are making a fair rate for what they're doing, ensure that back through your home agencies that those special rates are being used to their fullest.

Because it has been a tough time. I think it's fair to say it's been a tough time for Puerto Rico these past few years.

But having said that, if there's no other comments or questions at this time, I think we should move on. We'll certainly take all of this under advisement and under consideration.

MR. HERNANDEZ: Just one last thing, if I'm allowed? CHAIRMAN FEHRER: Certainly.

MR. HERNANDEZ: Okay. Basing on your point, legislative action, we have, since 2014, been knocking on the doors. Due to the fact of the system that we are adapted to, due to the fact that we have pretty much like an observer, not a Congressman or Congresswoman,

even though they occupy a Congresswoman or -man seat, Jenniffer González, the Resident Commissioner, she is very aware of this. Before her, Pedro Pierluisi was also informed about this. We have spoken with the offices of Raúl Grijalva, Congressman. We have spoken with the offices of Congresswoman Velázquez. We have spoken with Senators Rick Scott and Marco Rubio. We have spoken with Luis Fortuño, the ex-governor of Puerto Rico, due to the fact that he is the chairman within the political party that is running the show, as we speak. And he knows people who know people. Another individual who has been also giving us a lot of support is George Laws, who used to be the director of the Puerto Rico Federal Affairs Administration.

We have knocked on all of these doors. We have presented them with these. We have asked, "Would you be willing to support us?" and we've always received a yes, just to let the Committee know that this is not just something that we have just came up with. We've been dragging this—I remember Steve Landis and myself came here in 2015, if I'm not mistaken.

MR. LANDIS: That's true.

MR. HERNANDEZ: And we were—just to make an approach. It wasn't really a presentation. That's when Steve Landis told me to start getting some info, some data, and then there's been the events. I mean, I was in Hurricane Hugo when it hit in '89. I was 6 months without power. I had to make a line to get ice and to get water. I wasn't there in Hurricane George, but I was there once again in Hurricanes Irma and Maria. Not only did I have to provide traffic control, I had to get into lines to get my gasoline to provide power for my own house, carry ice, go to the water springs, so-called water springs, collect water, put the drops of Clorox in them. So, you know, I've been around Puerto Rico for quite some time.

And, yes, we have spoken with these individuals, with these Congressmen, with these Senators asking for support. Even Robert Pectrol [phonetic] from the National Guard

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Bureau, we have also spoken with him. I haven't talked to him lately, but we have spoken—and

LULAG, the League of American Latin American Citizens [sic], if I'm not mistaken, we have

brought it to their attention also asking for support.

So the legislative—[indicating knocking sound]—door-knocking, yes, we've done

it also, and we are willing to continue to do that.

CHAIRMAN FEHRER: Okay. Well, thank you for sharing that information, and

thank you again for coming up and for making this presentation. Again, we'll certainly take it all

into consideration and reach out to you if we have any further questions as well.

MR. HERNANDEZ: Thank you.

CHAIRMAN FEHRER: Yes. Thank you.

Last but not least on our agenda today, we just have future meeting dates. Our

next meeting will be held on Thursday, March 19th, here at OPM at 10 a.m., and unless anyone

has anything else, I believe that covers all of our items on our agenda for today.

Do we have a motion to adjourn?

MR. LANDIS: I'll make that motion.

CHAIRMAN FEHRER: Okay.

MR. ALLEN: And I'll second.

CHAIRMAN FEHRER: All right. With that, all in favor of adjourning?

[No audible response.]

CHAIRMAN FEHRER: Very good. Thank you all for attending and thank you to

our team for their good work as well.

[End of recorded session.]