

Federal Salary Council

1900 E Street NW.

Washington, DC 20415-8200

July 10, 2018

MEMORANDUM FOR: THE PRESIDENT'S PAY AGENT
HONORABLE ALEX ACOSTA
HONORABLE MICK MULVANEY
HONORABLE DR. JEFF T.H. PON

SUBJECT: Level of Comparability Payments for January 2019 and Other
Matters Pertaining to the Locality Pay Program

Executive Summary. As authorized by the Federal Employees Pay Comparability Act of 1990 (FEPCA) and detailed below, the Council makes the following recommendations to the President's Pay Agent for January 2019, with respect to estimated locality rates for January 2019; the establishment or modification of pay localities; the coverage of salary surveys conducted by the Bureau of Labor Statistics (BLS) for use in the locality pay program; the level of comparability payments for January 2019; and the process of comparing General Schedule (GS) pay to non-Federal pay:

- Recommendation 1: That the Pay Agent adopt the estimated locality pay rates set forth in Attachment 1 as those that, absent some other provision of law, would go into effect under FEPCA in January 2019. The recommendations that follow are based on that recommendation; however, the Pay Agent should note that, in accordance with its statutory charter, the Council plans to undertake a thorough review and discussion of the salary survey methodology used in the locality pay program and of the current criteria for establishing areas of application.
- Recommendation 2: That the Pay Agent begin the regulatory process to establish Burlington, VT; Virginia Beach, VA; Birmingham, AL; and San Antonio, TX as new locality pay areas.
- Recommendation 3: That the Pay Agent begin the regulatory process to establish McKinley County, NM, as an area of application to the Albuquerque locality pay area and to establish San Luis Obispo County, CA, as an area of application to the Los Angeles locality pay area.
- Recommendation 4: That the Pay Agent establish Corpus Christi, TX; and Omaha, NE as new locality pay areas.
- Recommendation 5: That the locality pay program use the updated definitions of metropolitan areas published in OMB Bulletin 18-03.

Recommendation 1: The Council recommends that the Pay Agent adopt the estimated locality rates set forth in Attachment 1 as those that, absent some other provision of law, would go into effect under FEPCA in January 2019.

- Background and Rationale. The Federal Salary Council reviewed comparisons of GS and non-Federal pay based on data from two BLS surveys, the National Compensation Survey (NCS) and the Occupational Employment Statistics (OES) program. As explained in previous Council documents, BLS uses NCS data to assess the impact of level of work on occupational earnings, and applies factors derived from the NCS sample to occupational average salaries from OES to estimate occupational earnings by level of work in each locality pay area. Taken together, this process is called the *NCS/OES model*. (A further explanation of the NCS/OES model and pay disparity calculations is provided in Attachment 2.) Based on that model, Office of Personnel Management (OPM) staff calculated a weighted average of the estimated locality pay disparities as of March 2017.¹
- According to those calculations, the estimated overall disparity between (1) base GS average salaries and (2) non-Federal average salaries as estimated by BLS in locality pay areas was 61.48 percent.² In theory, therefore, the amount needed to reduce the pay disparity to 5 percent (the target disparity established by FEPCA) averages 53.79 percent. Thus, when existing locality pay rates (averaging 22.35 percent) are taken into account, the overall remaining pay disparity is estimated at 31.98 percent. Using estimated data from the salary survey and pay comparison methodology described above, we recommend the Pay Agent adopt the estimated locality rates set forth in Attachment 1 as those that, absent some other provision of law, would go into effect under FEPCA in January 2019. These locality rates would be in addition to the increase in GS base rates under 5 U.S.C. 5303(a). This provision calls for increases in basic pay equal to the percentage increase in the Employment Cost Index (ECI), wages and salaries, private industry workers, between September 2016 and September 2017, less half a percentage point. The ECI increased 2.6 percent during that period, so the base GS increase in 2019 would be 2.1 percent.

The Pay Agent should take note that the Council plans to further review the NCS/OES model, as well as alternatives thereto, and make recommendations to the Pay Agent, if and as warranted, as part of its deliberations regarding locality pay in 2020. Thus, while the estimated pay disparities set forth in Attachment 1 were calculated using the same general weighting and aggregation methods used since 1994, the Council has expressed concerns about the locality pay program's salary survey methodology and the NCS/OES model which was adopted for use in the locality pay program in 2012. For example, the Council expressed concern about the significant reduction of the NCS sample (by roughly half) that preceded deliveries of the first NCS/OES salary data used in the locality pay program, and although the Council recommended the full

¹ Those calculations excluded such additions as GS special rates and existing locality payments.

² This differs slightly from the 61.33 percent overall pay disparity presented in the April 10, 2018, Council meeting due to correction of a small error since discovered by Council staff in the GS payroll file initially used to estimate the average pay gap.

NCS sample be restored, it was not—primarily because of BLS resource constraints.

The Pay Agent has also expressed concerns about pay disparities calculated using the NCS/OES model, and as a consequence, some Council members believe it is time for the Council to review the current methodology. Other members of the Council consider the current methodology to be sound but welcome discussion with BLS and other Federal Government experts regarding potential improvements. The Council members are not in full agreement as to whether changes in the locality pay program’s methodology are warranted; however, the Council’s statutory mandate and regulatory charter both call upon it to periodically review the methodology, and Council members are in agreement that further review and discussion of the locality pay program’s methodology are warranted.

Another area the Council intends to review and discuss focuses on the criteria for establishing areas of application. In recent years, the Council has recommended changes in those criteria. While the Pay Agent has not approved changes in the current criteria for establishing areas of application, it has indicated it may be open to considering alternatives to those criteria. Accordingly, we believe reviewing the criteria for areas of application is warranted.

Attachment 3 lists 40 “Rest of U.S.” locations from which groups or individuals have contacted the Council or OPM staff to express concerns about pay levels or the geographic boundaries of locality pay areas. These locations do not meet criteria approved by the Pay Agent for inclusion in a new or existing locality pay area, yet representatives from some of these locations report that Federal agencies in their area have recruiting and/or retention problems. What we have heard regarding locality pay and its impact on staffing for these areas concerns us and indicates a need to review both the salary survey methodology and the criteria for areas of application.

The Council believes such review should be conducted carefully and requires more time than is available to the Council for completing recommendations for locality pay in 2019. Thus, we plan to begin our review of the salary survey methodology and criteria for areas of application as part of our deliberations for locality pay in 2020. In the meantime, we recommend OPM continue to encourage agencies to consider using pay flexibilities such as recruitment, retention, and relocation payments, and special salary rates to ease any staffing problems that may exist in “Rest of U.S.” locations.

Recommendation 2: The Council recommends that the Pay Agent begin the regulatory process to establish Burlington, VT; Virginia Beach, VA; Birmingham, AL; and San Antonio, TX as new locality pay areas regardless of the size of the pay adjustment for January 2019.

- Background and Rationale. Using the existing criteria for determining locality pay areas, the Council previously recommended that the Pay Agent establish Burlington, VT, and Virginia Beach, VA, as new locality pay areas, and in its December 5, 2016 report to the President, the Pay Agent approved that recommendation pending appropriate rulemaking. In addition, the Council previously recommended that the Pay Agent establish Birmingham, AL, and San Antonio, TX, as new locality pay areas for 2018, and in its December 20, 2017 report to the President, the Pay Agent approved that recommendation pending appropriate rulemaking. We recommend the Pay Agent begin the regulatory process to establish all four new locality pay areas immediately. Note that, like the 13

locations established as new locality pay areas in January 2016, these four additional locations all had estimated pay disparities that significantly exceeded those estimated for the “Rest of U.S.” locality pay area over an extended period.

Recommendation 3: The Council recommends that the Pay Agent immediately begin the regulatory process to establish McKinley County, NM, as an area of application to the Albuquerque locality pay area; and to establish San Luis Obispo County, CA, as an area of application to the Los Angeles locality pay area.³

- Background and Rationale. With regard to McKinley County, NM, the Council, in its December 2016 recommendations to the Pay Agent, analyzed commuting patterns data collected between 2009 and 2013 by the American Community Survey, and found that McKinley County, NM, qualified as an area of application to the Albuquerque locality pay area. In its December 2017 report to the President, the Pay Agent tentatively agreed it would be appropriate to use the updated commuting patterns data for evaluating adjacent locations as potential areas of application and that it would consider doing so during the notice and comment period for establishing the four new locality pay areas discussed above.
- With regard to San Luis Obispo County, CA, the Council included a special recommendation in its December 2016 recommendations to the Pay Agent. Therein, the Council noted that San Luis Obispo County, CA, had been treated as a “Rest of U.S.” location, though bordered to the north by the San Jose locality pay area, bordered to the south and east by the Los Angeles locality pay area, and bordered to the west by the Pacific Ocean. The Council further noted that more than 99 percent of San Luis Obispo County was bordered by the Los Angeles and San Jose locality pay areas. Accordingly, the Council recommended that the county be added to the Los Angeles locality pay area, with which it has a higher employment interchange rate than with the San Jose locality pay area, and further, that the Pay Agent make that change during the regulatory process establishing Burlington, VT, and Virginia Beach, VA, as new locality pay areas. In its December 2017 report for locality pay in 2018, the Pay Agent tentatively approved the Council’s recommendation regarding San Luis Obispo County pending appropriate rulemaking.

Recommendation 4: The Council recommends that the Pay Agent establish Corpus Christi, TX, and Omaha, NE, as new locality pay areas.

- Background and Rationale. We continue to monitor and estimate pay disparities for “Rest of U.S.” metropolitan areas with 2,500 or more GS employees and for which BLS is able to calculate NCS/OES salary estimates. We refer to such “Rest of U.S.” locations as *research areas*. There are 41 research areas not approved as separate locality pay areas. We studied estimated pay disparities for these research areas, compared to the estimated

³ Locality pay areas consist of (1) basic locality pay areas and (2) locations adjacent to that basic locality pay area that meet the criteria approved by the Pay Agent; the latter are designated areas of application. Current criteria for areas of application are listed in Attachment 5.

pay disparity for the “Rest of U.S.” over the 3-year period 2015-2017. The results are shown in Attachment 4. The estimated pay disparities for the Corpus Christi, TX, and Omaha, NE, research areas exceeded that for the “Rest of U.S.” locality pay area by more than 10 percentage points on average over the 3-year period 2015-2017. Accordingly, we recommend those two areas be established as separate locality pay areas in 2019.

Recommendation 5: The Council recommends that the locality pay program use the updated definitions of OMB-defined metropolitan areas published in OMB Bulletin 18-03.

- Background and Rationale. As noted above, the Council typically uses metropolitan statistical areas (MSAs) and combined statistical areas (CSAs), both defined by OMB, as the basis of locality pay area boundaries. While OMB does not establish these definitions specifically for use in the Federal Government’s locality pay program and cautions agencies to review them carefully before using them for non-statistical purposes, it has been the Council’s practice to consider those definitions for use in the locality pay program, both in defining new and existing locality pay areas and in evaluating “Rest of U.S.” locations as potential areas of application.

In this regard, OMB has recently made minor updates to its definitions of metropolitan areas (see OMB Bulletin 18-03, issued on April 10, 2018). Based on the Council’s analysis, the effect of those updates on the Federal Government’s locality pay program is limited to one county: Frio County, TX, with about 153 GS employees, which the revised definitions would add to the metropolitan area that would comprise the tentatively approved San Antonio, TX, locality pay area (see Recommendation 2 above). Accordingly, we recommend the definitions of MSAs and CSAs contained in OMB Bulletin 18-03 be used in the locality pay program.

SIGNED _____

Ronald P. Sanders, DPA
Chairman

Attachments

Attachment 1
Locality Rates for 2019

Area	March 2017 Payroll	Pay Disparity	Locality Rate (Target Pay Disparity)
Alaska	\$466,901,553	76.61%	68.20%
Albany-Schenectady, NY	\$175,171,428	55.85%	48.43%
Albuquerque-Santa Fe-Las Vegas, NM	\$571,907,358	43.04%	36.23%
Atlanta--Athens-Clarke County--Sandy Springs, GA-AL	\$1,959,550,261	50.43%	43.27%
Austin-Round Rock, TX	\$399,714,156	58.62%	51.07%
Birmingham, AL	\$286,276,964	40.32%	33.64%
Boston-Worcester-Providence, MA-RI-NH-CT-ME	\$1,739,097,045	72.04%	63.85%
Buffalo-Cheektowaga, NY	\$322,157,740	48.88%	41.79%
Burlington, VT	\$197,558,872	60.46%	52.82%
Charlotte-Concord, NC-SC	\$205,528,983	50.13%	42.98%
Chicago-Naperville, IL-IN-WI	\$1,405,963,109	61.97%	54.26%
Cincinnati-Wilmington-Maysville, OH-KY-IN	\$442,507,337	42.20%	35.43%
Cleveland-Akron-Canton, OH	\$690,836,931	43.80%	36.95%
Colorado Springs, CO	\$523,489,598	51.49%	44.28%
Columbus-Marion-Zanesville, OH	\$597,786,405	49.25%	42.14%
Dallas-Fort Worth, TX-OK	\$1,325,576,452	68.94%	60.90%
Davenport-Moline, IA-IL	\$252,535,868	41.67%	34.92%
Dayton-Springfield-Sidney, OH	\$548,609,554	48.01%	40.96%
Denver-Aurora, CO	\$1,358,850,882	71.81%	63.63%
Detroit-Warren-Ann Arbor, MI	\$884,941,129	59.71%	52.10%
Harrisburg-Lebanon, PA	\$366,201,265	46.14%	39.18%
Hartford-West Hartford, CT-MA	\$298,677,934	66.45%	58.52%
Hawaii	\$1,000,768,569	50.93%	43.74%
Houston-The Woodlands, TX	\$968,900,419	76.84%	68.42%
Huntsville-Decatur-Albertville, AL	\$798,881,358	57.58%	50.08%
Indianapolis-Carmel-Muncie, IN	\$616,686,935	38.73%	32.12%
Kansas City-Overland Park-Kansas City, MO-KS	\$1,198,216,414	46.29%	39.32%
Laredo, TX	\$187,745,513	63.18%	55.41%
Las Vegas-Henderson, NV-AZ	\$324,116,889	48.95%	41.86%
Los Angeles-Long Beach, CA	\$2,409,511,709	80.66%	72.06%
Miami-Fort Lauderdale-Port St. Lucie, FL	\$981,075,694	51.91%	44.68%
Milwaukee-Racine-Waukesha, WI	\$242,821,696	47.31%	40.30%
Minneapolis-St. Paul, MN-WI	\$546,463,946	60.24%	52.61%
New York-Newark, NY-NJ-CT-PA	\$3,150,548,082	83.92%	75.16%
Palm Bay-Melbourne-Titusville, FL	\$314,393,600	40.98%	34.27%
Philadelphia-Reading-Camden, PA-NJ-DE-MD	\$1,733,810,887	65.37%	57.50%
Phoenix-Mesa-Scottsdale, AZ	\$619,225,339	49.81%	42.68%
Pittsburgh-New Castle-Weirton, PA-OH-WV	\$467,095,374	48.86%	41.77%
Portland-Vancouver-Salem, OR-WA	\$729,199,912	57.58%	50.08%
Raleigh-Durham-Chapel Hill, NC	\$1,070,392,889	48.28%	41.22%
Rest of US	\$25,311,864,902	35.99%	29.51%
Richmond, VA	\$619,281,824	53.14%	45.85%
Sacramento-Roseville, CA-NV	\$509,073,074	66.26%	58.34%
San Antonio, TX	\$1,331,851,848	55.24%	47.85%
San Diego-Carlsbad, CA	\$1,552,931,576	78.60%	70.10%
San Jose-San Francisco-Oakland, CA	\$1,691,356,076	98.13%	88.70%
Seattle-Tacoma, WA	\$1,756,064,154	76.29%	67.90%
St. Louis-St. Charles-Farmington, MO-IL	\$797,841,291	50.54%	43.37%
Tucson-Nogales, AZ	\$784,583,201	46.74%	39.75%
VA Beach, VA	\$2,042,875,076	47.32%	40.30%
Washington-Baltimore-Arlington, DC-MD-VA-WV-PA	\$22,843,613,395	87.75%	78.81%
Totals/Averages	\$91,621,032,466	61.48%	53.79%

Attachment 2

NCS/OES Model and Pay Disparity Calculations

NCS/OES Model

The Bureau of Labor Statistics (BLS) uses National Compensation Survey (NCS) data to assess the impact of level of work on occupational earnings, and applies factors derived from the NCS sample to occupational average salaries from Occupational Employment Statistics (OES) data to estimate occupational earnings by level of work in each locality pay area. This measurement process is called the *NCS/OES model*.

To calculate estimates of pay disparities, the Pay Agent asks BLS to calculate annual wage estimates by area, occupation, and grade level. These estimates are then weighted by National Federal employment to arrive at wage estimates by broad occupation group and grade for each pay area. There are five broad occupational groups collectively referred to as “PATCO” categories: Professional (P), Administrative (A), Technical (T), Clerical (C), and Officer (O).

OES data provide wage estimates by occupation for each locality pay area, but do not have information by grade level. The NCS has information on grade level, but a much smaller sample with which to calculate occupation-area estimates. To combine the information from the two samples, a regression model is used. The model assumes that the difference between a wage observed in the NCS for a given area, occupation, and grade level, and the corresponding area-occupation wage from the OES, can be explained by a few key variables, the most important of which is the grade level itself. The model then predicts the extent to which wages will be higher, on average, for higher grade levels. It is important to note that the model assumes the relationship between wages and levels is the same throughout the Nation. While this assumption is not likely to hold exactly, the NCS sample size is not large enough to allow the effect of grade level on salary to vary by area.

Once estimated, the model is used to predict the hourly wage rate for area-occupation-grade cells of interest to the Pay Agent. This predicted hourly wage rate is then multiplied by 2,080 hours (52 weeks X 40 hours per week) to arrive at an estimate of the annual earnings for that particular cell. The estimates from the model are then averaged, using Federal employment levels as weights, to form an estimate of annual earnings for PATCO job family and grade for each area.

Calculating Pay Disparities Using the NCS/OES Model

Because 5 U.S.C. 5302(6) requires that each local pay disparity be expressed as a single percentage, the comparison of GS and non-Federal rates of pay in a locality requires that the two sets of rates be reduced to one pair of rates, a GS average and a non-Federal average. An important principle in averaging each set of rates is that the rates of individual survey jobs, job categories, and grades are weighted by Federal GS employment in equivalent classifications. Weighting by Federal employment ensures that the influence of each non-Federal survey job on the overall non-Federal average is proportionate to the frequency of that job in the Federal sector.

A three-stage weighted average is used in the pay disparity calculations. In the first stage, job rates from the NCS/OES model are averaged within PATCO category by grade level. The

NCS/OES model covers virtually all GS jobs. The model produces occupational wage information for jobs found only in the OES sample for an area. For averaging within PATCO category, each job rate is weighted by the Nationwide full-time, permanent, year-round employment⁴ in GS positions that match the job. BLS combines the individual occupations within PATCO-grade cells and sends OPM average non-Federal salaries by PATCO-grade categories. The reason for National weighting in the first stage is explained below.

When the first stage averages are complete, each grade is represented by up to five PATCO category rates in lieu of its original job rates. Under the NCS/OES model, all PATCO-grade categories with Federal incumbents are represented, except where BLS had no data for the PATCO-grade cell in a location.

In the second stage, the PATCO category rates are averaged by grade level to one grade level rate for each grade represented. Thus, at grade GS-5, which has Federal jobs in all five PATCO categories, the five PATCO category rates are averaged to one GS-5 non-Federal pay rate. For averaging by grade, each PATCO category rate is weighted by the local full-time, permanent, year-round GS employment in the category at the grade.

In the third stage, the grade averages are weighted by the corresponding local, full-time, permanent, year-round GS grade level employment and averaged to a single overall non-Federal pay rate for the locality. This overall non-Federal average salary is the non-Federal rate to which the overall average GS rate is compared. Under the NCS/OES model, all 15 GS grades can be represented.

Since GS rates by grade are not based on a sample, but rather on a census of the relevant GS populations, the first two stages of the above process are omitted in deriving the GS average rate. For each grade level represented by a non-Federal average derived in stage two, we average the scheduled rates of all full-time, permanent, year-round GS employees at the grade in the area. The overall GS average rate is the weighted average of these GS grade level rates, using the same weights as those used to average the non-Federal grade level rates.

Finally, the pay disparity is the percentage by which the overall average non-Federal rate exceeds the overall average GS rate. Calculation of the Washington-Baltimore pay disparity is shown on the next page as an example.

1. Employment weights include employees in the United States and its territories and possessions.

Pay Disparity Example—March 2017 Pay Disparity for Washington-Baltimore Locality Pay Area

Grade	BLS Average Grade-PATCO Annual Salary Estimates for Washington-Baltimore (Derived Using Nationwide GS Employment Weights)					Local GS Employment Weights Used to Derive Washington-Baltimore Average Non-Federal Salaries					Calculating Overall Average Non-Federal and Federal (Base GS) Annual Salaries Using Grade Weights for DC			
	Admin	Clerical	Officer	Prof	Technical	Admin	Clerical	Officer	Prof	Technical	Grade Fed Emp.	BLS Avg.	Base GS Avg.	Disparity
1														
2					\$35,702					6	37	\$35,702.00	\$22,273	60.29%
3		\$34,838	\$39,591		\$34,829		208			11	277	\$34,837.55	\$25,157	38.48%
4	\$50,275	\$43,542	\$43,371	\$42,559	\$38,340		521	32		90	809	\$42,805.37	\$29,030	47.45%
5	\$56,285	\$53,975	\$51,131	\$53,172	\$46,078	179	1,352	528	40	1,031	3,273	\$51,015.87	\$32,790	55.58%
6	\$65,204	\$62,474	\$57,205	\$60,364	\$53,449	6	877	957		2,629	4,491	\$56,040.17	\$36,899	51.87%
7	\$70,506	\$66,804	\$64,511	\$68,481	\$62,906	1,943	695	818	889	5,377	9,908	\$65,348.40	\$40,504	61.34%
8	\$75,728	\$69,081	\$67,292	\$76,257	\$68,975	25	603	459	34	3,136	4,258	\$68,906.37	\$47,000	46.61%
9	\$80,424	\$74,241	\$76,908	\$76,574	\$77,322	8,876	442	252	2,227	2,348	14,235	\$79,047.09	\$48,532	62.88%
10	\$99,607	\$88,684	\$92,630	\$86,184	\$95,483	630	210	79	38	481	1,439	\$95,894.39	\$56,004	71.23%
11	\$112,443	\$104,960	\$109,699	\$105,601	\$113,299	14,275	15	105	4,602	972	19,991	\$110,887.83	\$58,379	89.94%
12	\$137,198	\$122,605	\$146,947	\$134,886	\$144,615	26,992	16	185	10,960	1,188	39,355	\$136,817.78	\$71,152	92.29%
13	\$164,206	\$148,762	\$197,084	\$163,485	\$191,677	49,126		431	18,774	567	68,902	\$164,441.28	\$85,853	91.54%
14	\$205,639		\$228,070	\$209,531	\$191,055	36,718		383	20,892	108	58,108	\$207,159.24	\$102,870	101.38%
15	\$209,175		\$212,687	\$215,115	\$165,038	17,936		137	16,641	20	34,740	\$212,009.28	\$123,814	71.23%
											259,823	\$157,810.21	\$84,052.41	87.75%

3

The above example shows how March 2017 pay disparities are calculated beginning with salary estimates BLS provides at the Grade-PATCO level, applying local GS employment weights to derive average salaries across PATCO category by GS grade, applying local grade weights to calculate an overall Federal salary and an overall non-Federal salary for the locality pay area, and a comparison between the overall non-Federal salary and overall Federal salary to calculate the area's pay disparity—(Non-Federal Salary / (Federal Salary) – 1.

Attachment 3
Locations that Contacted Council Staff about Locality Pay
Contacts Since October 28, 2016

Rest of US Location
Asheville, NC
Augusta, ME / Kennebec County, ME
Boise, ID
California Counties of Butte, Shasta, and Tehama
Charleston, SC
Charlottesville, VA
Coos County, NH
Deschutes County, OR
Erie County, PA
Flagstaff, AZ (Coconino County, AZ)
Fresno, CA
Gallatin County, MT
Imperial County, CA
Jefferson County, WA
Lane County, OR
Lansing, MI
Madison, WI
Merced County, CA
Mono County, CA
Myrtle Beach-Conway, SC-NC CSA
Nantucket, MA
Nashville, TN
New Orleans, LA
North Carolina Counties of Duplin, New Hanover, and Pender
Oklahoma City, OK
Pine County, MN
Polk County, TX
Prescott, AZ (Yavapai County, AZ)
Puerto Rico
Reno, NV (Rest of US portions)
Rochester, MN
Rochester, NY
San Juan County, WA
Scranton, PA
Sierra County, CA
Spokane, WA
Sussex County, DE
Walla Walla, WA
Wenatchee, WA
White River Junction, VT

Attachment 4
NCS/OES Model Pay Disparities 2015-2017 in
Current “Rest of U.S.” Research Areas

OES/NCS Model Pay Disparities 2015-2017							
in 41 BLS Research Areas							
Area Compared to Rest of US							
Area	Area Pay Disparities			Area Pay Disparities minus Rest of US Pay Disparity			
	2015	2016	2017	2015	2016	2017	Average
Augusta, GA	26.21%	27.76%	29.33%	-13.36%	-6.33%	-6.66%	-8.78%
Boise, ID	38.90%	37.82%	38.16%	-0.67%	3.73%	2.17%	1.74%
Charleston, SC	30.62%	31.74%	37.17%	-8.95%	-2.35%	1.18%	-3.37%
Charleston, WV	24.22%	27.64%	25.71%	-15.35%	-6.45%	-10.28%	-10.69%
Clarksville, TN	20.51%	22.20%	22.96%	-19.06%	-11.89%	-13.03%	-14.66%
Columbia, SC	25.51%	26.85%	27.82%	-14.06%	-7.24%	-8.17%	-9.82%
Columbus, GA	31.34%	31.98%	30.59%	-8.23%	-2.11%	-5.40%	-5.25%
Corpus Christi, TX	44.59%	49.11%	52.33%	5.02%	15.02%	16.34%	12.13%
Crestview, FL	46.42%	42.41%	45.61%	6.85%	8.32%	9.62%	8.26%
Des Moines, IA	44.30%	43.00%	46.53%	4.73%	8.91%	10.54%	8.06%
El Paso, TX	42.27%	41.33%	41.41%	2.70%	7.24%	5.42%	5.12%
Fresno, CA	39.33%	38.21%	40.20%	-0.24%	4.12%	4.21%	2.70%
Gainesville, FL	22.93%	24.50%	27.00%	-16.64%	-9.59%	-8.99%	-11.74%
Gulfport, MS	29.94%	35.75%	37.25%	-9.63%	1.66%	1.26%	-2.24%
Jackson, MS	22.09%	22.01%	23.29%	-17.48%	-12.08%	-12.70%	-14.09%
Jacksonville, FL	43.32%	41.51%	42.48%	3.75%	7.42%	6.49%	5.89%
Jacksonville, NC	28.74%	25.48%	34.25%	-10.83%	-8.61%	-1.74%	-7.06%
Killeen-Temple, TX	36.25%	36.77%	41.41%	-3.32%	2.68%	5.42%	1.59%
Lawton, OK	16.77%	17.93%	20.59%	-22.80%	-16.16%	-15.40%	-18.12%
Lexington, KY	25.99%	25.21%	27.74%	-13.58%	-8.88%	-8.25%	-10.24%
Little Rock, AR	26.80%	28.10%	24.30%	-12.77%	-5.99%	-11.69%	-10.15%
Louisville, KY	36.48%	35.35%	35.92%	-3.09%	1.26%	-0.07%	-0.63%
Macon, GA	40.01%	40.48%	36.12%	0.44%	6.39%	0.13%	2.32%
Madison, WI	43.44%	43.68%	41.23%	3.87%	9.59%	5.24%	6.23%
Manhattan, KS	37.18%	31.88%	30.07%	-2.39%	-2.21%	-5.92%	-3.51%
McAllen, TX	40.58%	36.89%	33.45%	1.01%	2.80%	-2.54%	0.42%
Memphis, TN	35.11%	30.63%	35.78%	-4.46%	-3.46%	-0.21%	-2.71%
Montgomery, AL	35.45%	37.58%	39.20%	-4.12%	3.49%	3.21%	0.86%
Nashville, TN	38.37%	36.54%	40.29%	-1.20%	2.45%	4.30%	1.85%
New Bern, NC	--	34.54%	32.12%	--	0.45%	-3.87%	--
New Orleans, LA	40.97%	40.65%	38.90%	1.40%	6.56%	2.91%	3.62%
Oklahoma City, OK	38.91%	36.33%	37.92%	-0.66%	2.24%	1.93%	1.17%
Omaha, NE	47.81%	46.81%	45.45%	8.24%	12.72%	9.46%	10.14%
Orlando, FL	40.93%	39.25%	40.49%	1.36%	5.16%	4.50%	3.67%
Pensacola, FL	31.86%	28.24%	28.01%	-7.71%	-5.85%	-7.98%	-7.18%
Salt Lake City, UT	45.71%	41.44%	40.20%	6.14%	7.35%	4.21%	5.90%
Savannah, GA	36.49%	31.50%	31.50%	-3.08%	-2.59%	-4.49%	-3.39%
Spokane, WA	46.26%	41.08%	42.21%	6.69%	6.99%	6.22%	6.63%
Tampa, FL	45.14%	44.12%	44.43%	5.57%	10.03%	8.44%	8.01%
Tulsa, OK	37.15%	38.71%	42.55%	-2.42%	4.62%	6.56%	2.92%
Yuma, AZ	40.95%	35.26%	35.19%	1.38%	1.17%	-0.80%	0.58%
Rest of U.S.	39.57%	34.09%	35.99%	0.00%	0.00%	0.00%	0.00%

Notes:

1. The pay disparities shown above for 2015 are based on 2003 OMB-defined metropolitan areas, and the pay disparities for 2016 and 2017 are based, respectively, on February 2013 and July 2015 metropolitan area definitions.
2. BLS could not produce NCS-OES salary estimates for the New Bern, NC, area for 2015, because in 2015 New Bern was a micropolitan area. BLS has said it is not feasible to produce NCS-OES salary estimates for micropolitan areas.

Attachment 5

Current Criteria for Areas of Application

Current criteria for adding adjacent core-based statistical areas (CBSAs) or single counties to locality pay areas as areas of application are:

- For a multi-county CBSA adjacent to a basic locality pay area: 1,500 or more GS employees and an employment interchange rate with the basic locality pay area of at least 7.5 percent.⁵
 - The “employment interchange rate” is the sum of (1) the percentage of employed residents of the area under consideration who work in the basic locality pay area and (2) the percentage of the employment in the area under consideration that is accounted for by workers who reside in the basic locality pay area. The employment interchange rate is calculated by including all workers in assessed locations, not just Federal employees.
- For a single county that is not part of a multi-county, non-micropolitan CBSA and is adjacent to a basic locality pay area: 400 or more GS employees and an employment interchange rate with the basic locality pay area of at least 7.5 percent.

Criteria for evaluating Federal facilities that cross county lines into a separate locality pay area are:

- For Federal facilities that cross locality pay area boundaries: To be included in an adjacent locality pay area, the whole facility must have at least 500 GS employees, with the majority of those employees in the higher-paying locality pay area, or that portion of a Federal facility outside of a higher-paying locality pay area must have at least 750 GS employees, the duty stations of the majority of those employees must be within 10 miles of the separate locality pay area, and a significant number of those employees must commute to work from the higher-paying locality pay area.

⁵ Excludes two types of CBSAs: (1) CSAs composed entirely of micropolitan statistical areas and (2) multi-county micropolitan statistical areas. The single-county criteria apply for counties included in such CBSAs.