

**FEDERAL SALARY COUNCIL
MEETING NUMBER 16-1
OCTOBER 28, 2016**

The [Federal Salary Council](#) met on October 28, 2016, at the Office of Personnel Management (OPM). Council members who participated in the meeting are listed in the table below.

Council Member	Title
Dr. Stephen E. Condrey	Federal Salary Council Chair and Past President of the American Society for Public Administration
Mr. Louis P. Cannon	National Trustee, Fraternal Order of Police
Mr. J. David Cox	National President, American Federation of Government Employees
Dr. Rex L. Facer II	Associate Professor of Public Finance and Management, Romney Institute of Public Management, Brigham Young University
Mr. Anthony M. Reardon	National President, National Treasury Employees Union
Ms. Jacqueline Simon	Public Policy Director, American Federation of Government Employees

Mr. Mark Allen, OPM Pay Systems Manager, was the Designated Federal Officer. About 30 members of the public also attended the meeting, including 3 representatives of the media.

Agenda Item 1: Announcements and Minutes from Previous Meeting

Designated Federal Officer’s Opening Remarks

At 2:05 p.m., Mr. Allen welcomed everyone to the meeting. He clarified that OPM does not hold membership on the Council, which is a Federal Advisory Committee Act committee that receives staff support from OPM under Executive Order 12764. He said that the Council’s charter was renewed in January 2016.

Mr. Allen summarized the Council’s role in the locality pay program. He explained that the Council performs duties enumerated in title 5, including developing recommendations to cover the establishment or modification of pay localities, the coverage of salary surveys used to set locality pay, the process for making pay comparisons between Federal and non-Federal pay, and the level of comparability payments that should be made. He said a copy of the meeting agenda was included in the meeting folders, and that the Council will submit its recommendations for January 2018 locality pay, when finalized, to the [President's Pay Agent](#).¹

Mr. Allen welcomed Mr. Reardon as a new member of the Council. Regarding the National Federation of Federal Employees (NFFE), Mr. Allen explained that NFFE does not currently have representation on the Council but has continued to support the Council Working Group

¹ The President’s Pay Agent consists of the Secretary of Labor and the Directors of the Office of Management and Budget and OPM. Under section 5304 of title 5, the Pay Agent provides for Federal Salary Council meetings, considers the recommendations of the Federal Salary Council, defines locality pay areas, and submits an annual report to the President on the locality pay program.

pending a new appointment to the Council. He added that Mr. Jai Atkins, Assistant to the NFFE National President, was at the meeting. Mr. Allen then turned the floor over to Chairman Condrey.

Council's Introductions and Announcements

Chairman Condrey said he would like to make brief remarks on a personal note. He explained that the reason he participated in the previous Council meeting (November 6, 2015) by telephone rather than in person was that he had lost his sight in 2015 and had been adjusting to that change. He emphasized that he was very glad to be back in person, and he thanked Mr. Allen and OPM staff for their support of the Council. He then turned the floor over to Dr. Facer.

Dr. Facer thanked Chairman Condrey, and said that he was very appreciative of his fellow Council members and OPM staff for all of their help. He announced that the minutes from the previous Council meeting, Council Document FSC-16-01-02, were finalized, certified, and posted on the OPM website. He then asked the Council members to introduce themselves.

Following the introductions, Dr. Facer turned to the next agenda item, a report by the Bureau of Labor Statistics.

Agenda Item 2: Report of the Bureau of Labor Statistics

Ms. Frances Harris of the Bureau of Labor Statistics (BLS), Office of Compensation and Working Conditions, read the following statement into the record:

I am Frances Harris of the Bureau of Labor Statistics, Office of Compensation and Working Conditions. I am pleased to come before you today to present the work that the Bureau of Labor Statistics does in support of the President's Pay Agent and the Federal Salary Council. The BLS provides pay estimates each year to the Federal Salary Council and President's Pay Agent for broad categories of professional, administrative, technical, clerical, and officer jobs, known as PATCOs, at the various General Schedule (GS) work levels. These estimates are based on the combined data from the Bureau's National Compensation Survey (NCS) and the Occupational Employment Statistics (OES) programs.

The Occupational Employment Statistics program has a sample of 1.2 million establishments and estimates occupational employment and pay in every State and metropolitan area in the nation and selected U.S. territories. The National Compensation Survey has a sample of about 11,400 establishments and collects detailed information on the pay, benefits, and work levels of jobs. The BLS uses a statistical process to bring together data from the NCS and OES.

In February 2013, the Office of Management and Budget released new area definitions based on the 2010 census. The Federal Salary Council requested that the BLS deliver PATCO estimates in 2016 under the 2013 OMB Core Based Statistical Area (or CBSA) definitions. The Council requested that the BLS provide separate estimates with and without incentive earnings and including Areas of Applications under the new 2013 CBSA definitions for the current locality pay areas.

In the 2016 delivery, the BLS produced estimates of pay for professional, administrative, technical, clerical, and officer occupational categories and GS work levels for 95 areas, including

the 47 current locality pay areas as well as a number of areas of interest. This is the Bureau's standard annual delivery. In addition to the standard delivery, the BLS delivered PATCO estimates for Harrisburg-York-Lebanon, Pennsylvania, that also included Adams County and York County in this area's definition.

For all estimates delivered this year, the BLS applied standard methods to screen for BLS confidentiality requirements. Estimate suppressions were limited in number and concentrated in areas with relatively small employment, and in PATCO by grade combinations that contain relatively few detailed occupations and have relatively small federal weight.

The BLS plans to deliver an additional set of research PATCO estimates by the end of November 2016. For these research estimates, a statistical procedure will be used to constrain the model to reduce the number of pay inversions for the 2016 and 2015 PATCO estimates. Pay inversions are situations where estimated earnings are higher for a lower work level than they are for a higher work level within a given area and broad occupational category.

Looking ahead, the Office of Personal Management (OPM) is working to provide a federal employment weight file to the BLS that uses the 2010 version of the Standard Occupational Classification (SOC) codes. The federal employment weight file currently provided to the BLS uses the 2000 version of the SOC codes. The BLS plans to deliver 2017 PATCO estimates based on both the federal weight file that uses the 2000 SOC codes and the federal weight file that uses the 2010 SOC codes if it receives approval and the weight files from the OPM early in 2017.

The BLS would like to inform the Council that the OES program is considering collecting data at a more aggregated level than the detailed occupation for four of the 250 occupations currently in the federal employment weight file. These aggregations are being considered because survey respondents and OES data collectors find it difficult to distinguish between the detailed occupations contained in the aggregate. These aggregations are expected to lead to higher quality estimates. Under current plans, the OES aggregations could be included in the PATCO estimates as early as the 2018 delivery. Once changes to the OES are finalized, the BLS will evaluate the impact on the PATCO estimates and will inform the Federal Salary Council of its findings.

I will be happy to answer any questions you may have.

When Ms. Harris concluded her presentation, Dr. Facer invited comments or questions from the Council.

Ms. Simon asked what the four occupations are for which the OES program is considering collecting data at a more aggregated level. Ms. Harris responded that the four occupations are—

1. Purchasing Agents, Except Wholesale, Retail, and Farm Products;
2. Mathematical Technician;
3. Medical and Clinical Laboratory Technician; and
4. Medical and Clinical Laboratory Technologist.

Hearing no additional questions, Dr. Facer thanked Ms. Harris for her presentation and BLS for the hard work it does in producing the non-Federal salary estimates used in the locality pay program.

Agenda Item 3: Testimony about Locality Pay Areas

Dr. Facer noted that seven individuals attending the meeting were signed up to speak regarding locality pay area boundaries. He asked that each speaker's presentation be limited to 5 minutes. The Council then heard the presentations, which are summarized below under titles indicating the "Rest of U.S." locations of interest.

San Juan County, WA

Mr. Kevin Holmes, a Customs and Border Protection (CBP) officer whose official worksite is in San Juan County, WA, introduced himself. Supplementing written materials he had provided to the Council in support of San Juan County being included in the Seattle locality pay area—see Council Document FSC-16-01-06—Mr. Holmes made brief remarks, which included the following:

- There is a significant pay disparity between San Juan County, which is in the "Rest of U.S." locality pay area, and neighboring portions of the Seattle locality pay area.
- San Juan County, an island located between Northwest Washington State and British Columbia, Canada, is a major CBP point of entry for U.S. Citizens returning from Canada and foreign guests entering the U.S.
- San Juan County, WA, has no viable job industry other than tourism and is consistently ranked one of the top tourist destinations in U.S. and foreign travel magazines. San Juan County has the highest living costs in the State of Washington.
- The only way to access San Juan County is by air, vessel or ferry.
- CBP officers on temporary duty (TDY) are sent from CBP ports in the Seattle locality pay area to assist with elevated volume of crossing during the summer period, and the CBP officers on TDY receive Seattle locality pay while officers with official worksites in San Juan County receive "Rest of U.S." locality pay.

Mr. Cannon asked about the length of time CBP officers on TDY work in San Juan County, and if they were all from Seattle. Mr. Holmes responded that the Seattle Director of Field Operations had been sending four officers at a time, and that those officers have been assigned to TDY in San Juan County for 1-month periods.

Hearing no additional questions from the Council, Dr. Facer thanked Mr. Holmes and welcomed the next speakers.

Charleston, SC

The next speakers were Ms. Glenn Jeffries, Ms. Lisa Metheney, and Mr. Sean McBride, representatives of the Greater Charleston Federal Executive Association (FEA). Each speaker

made brief remarks supplementing the Greater Charleston FEA's written materials in Council Document FSC-16-01-08.

The first of the three speakers was the Greater Charleston FEA's Co-Chairman, Ms. Glenn Jeffries. Her key points included the following:

- The Greater Charleston FEA represents over 25 Federal agencies.
- Agency heads say they have difficulty in recruiting and retaining Federal jobs in the Charleston area because Federal jobs in Charleston are not paid enough compared to jobs in private industry and to Federal jobs in other locality pay areas.
- A nine-member locality pay subcommittee has been established, representing six agencies and also including the Chief Advancement Officer from the Charleston Metro Chamber of Commerce.
- About 700,000 people live in Charleston, and more than 4 million people visit each year.
- Charleston was voted "number one city in the world" by *Travel and Leisure Magazine*.
- Charleston's popularity as a tourist destination has driven costs upward during a period when Federal salaries were frozen for several years.
- Agencies have difficulty recruiting talent from outside the area due to pay.
- The General Services Administration increased per diem rates significantly compared to changes in per diem rates in the 13 new locality pay areas implemented in January 2016.
- The Greater Charleston FEA is not proposing a locality pay increase due to the cost of living, but due to the difficulties of recruiting Federal employees to the area.
- The Greater Charleston FEA requests that a higher locality pay rate be established for the Charleston area.²

When Ms. Jeffries concluded her presentation, Mr. Sean McBride, FEA Charleston, addressed the Council. He seconded Ms. Jeffries' points and made additional points including the following:

- The Charleston area has a vast shortage of new graduates in certain areas, such as engineering.
- There is a 54 percent shortage of electrical engineers, 83 percent shortage of industrial engineers, and a 100 percent shortage of mechanical engineers.
- Agencies must often try to hire from outside the area, but qualified candidates are not interested.
- While GSA recently decreased per diem in Las Vegas (a new locality pay area established in January 2016) and increased per diem in Charleston, Charleston remains in the "Rest of U.S." locality pay area.

² As shown in Attachment 2 of the Council Working Group report, Council Document FSC-16-01-10, the Council has been monitoring pay disparities in Charleston, SC, and other metropolitan areas with GS employment of 2,500 or more. During the 3-year period 2014-2016, the pay disparity for Charleston was 6.14 percentage points below the pay disparity for the "Rest of U.S." locality pay area.

- According to a survey of Federal agency heads—
 - All agency heads polled responded that it takes at least 60 days to fill a vacancy and 55 percent indicated that it takes at least 120 days to fill a vacancy,
 - Of agency heads polled, 27 percent indicated at least a 20 percent declination rate from candidates offered jobs in the Charleston area, with 82 percent of those agencies reporting that the primary reason for declination was salary.

When Mr. McBride concluded his presentation, Ms. Lisa Metheney, FEA Charleston, and head civilian at the U.S. Army Corps of Engineers, addressed the Council. Her key points include the following:

- She was speaking on behalf of 42 Federal agencies.
- Mr. Scott Isaacks, Medical Center Director, Veteran Affairs Medical Center, Charleston, reports that Veterans Affairs has a hard time hiring clinicians, and this directly impacts their mission.
- The passport center in Charleston processes 3 million passports per year.
- The Corps of Engineers had to advertise three times for mechanical engineer positions, which took up to 9 months to fill.
- Even with her agency being willing to hire candidates in need of development, recruitment is difficult due to living costs and pay.
- Flexibilities such as relocation bonuses, pay back of student loans, telework, are not really helpful anymore since private industry offers a lot of the same benefits.
- Entry-level and top level positions are the hardest to fill.

Dr. Facer thanked the three presenters. The Council had no questions, so he introduced the next speaker.

Carlisle Barracks, PA

Lieutenant Colonel (LTC) Jennifer Bower, U.S. Army War College, made brief remarks to supplement the written materials in Council Document FSC-16-01-07. She noted that Carlisle Barracks is in the Harrisburg locality pay area. She said that its proximity to the Washington D.C. locality pay area has a detrimental effect on recruitment and retention of quality, experienced employees. She explained that the security guard workforce dropped to 19 guards from 31 authorized in September 2016. She ended her remarks by saying that there is a high turnover rate of employees who leave Carlisle Barracks for higher locality pay at other U.S. Army facilities that are between 20 and 33 miles driving distance away.

Dr. Facer asked Council if there were any questions. Mr. Cannon asked if these employees were all in occupational series 0085 (Security Guard). LTC Bower said yes. She said that the Susquehanna duty station had occupational series 0083 (Police), and other nearby duty stations had a mix of the two occupational series. These are exclusively civilian employees.

Dr. Facer thanked LTC Bower. The Council had no further questions, so he introduced the next speaker.

San Luis Obispo County, CA

Mr. Mike Young, Vet Center Team Leader, Veterans Affairs, made brief remarks to supplement written materials provided in Council Documents FSC-16-01-03 and FSC-16-01-04. He noted that San Luis Obispo County receives “Rest of U.S.” locality pay (14.35 percent). He said the bordering counties have locality pay ranging from Los Angeles locality pay (27.65 percent) to San Jose locality pay (35.75 percent). He said that San Luis Obispo County is the sixth most expensive place to live in the U.S. according to the *San Luis Obispo Tribune*. He emphasized that the county is almost entirely surrounded by higher locality pay areas. He concluded by saying that recruitment and retention is difficult and Federal employees frequently accept other Federal jobs in higher paying locality pay areas with lower costs of living.

The Council had no questions, so Dr. Facer thanked Mr. Young and introduced the next speaker.

Imperial County, CA

Mr. Mike Matzke, Border Patrol Agent, Union Representative, local 2554, made brief remarks to supplement Council Document FSC-16-01-05. He said that he was speaking today to thank the Council for its support in the past, and for recommending that Imperial County be included in the Los Angeles locality pay area.

The Council had no questions, so Dr. Facer thanked Mr. Matzke and turned to the next agenda item.

Agenda Items 4 and 5: Working Group Report and Council Recommendations

Dr. Facer said that Ms. Simon would now read the report of the Federal Salary Council Working Group, Council Document FSC-16-01-10. Ms. Simon read the Working Group report, pausing at each decision point for Dr. Facer to ask Council members to vote on the Working Group recommendation on the decision point. Council members unanimously agreed to all of the Working Group recommendations regarding the 14 decision points listed below. (The purpose of the list below is to document decisions the Council made on issues discussed in detail in the Working Group report. Readers interested in more detail on these issues should refer to the Working Group report, Council Document FSC-16-01-10.)

- Decision Point 1: Should the Council recommend the locality pay rates for 2018, using the NCS/OES model results, as shown in Attachment 1 of the Working Group report?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend the locality pay rates for 2018, using the NCS/OES model results, as shown in Attachment 1 of the Working Group report.
- Decision Point 2: Should the Council urge the Pay Agent to begin the regulatory process

to establish Burlington, VT, and Virginia Beach, VA, as new locality pay areas?

- Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will urge the Pay Agent to begin the regulatory process to establish Burlington, VT, and Virginia Beach, VA, as new locality pay areas.
- Decision Point 3: Should the Council use the updated commuting patterns data issued by the U.S. Census Bureau, and recommend use of the updated commuting patterns data to the Pay Agent?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will use the updated commuting patterns data issued by the U.S. Census Bureau, and recommend use of the updated commuting patterns data to the Pay Agent.
- Decision Point 4: Should the Council recommend that McKinley County, NM, be included in the Albuquerque locality pay area as an area of application?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend that McKinley County, NM, be included in the Albuquerque locality pay area as an area of application.
- Decision Point 5: Should the Council use the definitions of metropolitan areas issued by the Office of Management and Budget (OMB) in July 2015?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will use the definitions of metropolitan areas issued by OMB in July 2015.
- Decision Point 6: Based on updated results from the NCS/OES model, should the Council recommend that the Birmingham, AL, and San Antonio, TX, research areas be established as separate locality pay areas in 2018, and continue to monitor the pay gaps for other “Rest of U.S.” areas for which BLS has provided salary estimates from the NCS/OES model?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend that the Birmingham, AL, and San Antonio, TX, research areas be established as separate locality pay areas in 2018, and continue to monitor the pay gaps for other “Rest of U.S.” areas for which BLS has provided salary estimates from the NCS/OES model.

- Decision Point 7: Should the Council again recommend eliminating the GS employment criterion and adjusting employment interchange criteria as discussed in the Working Group report?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will again recommend eliminating the GS employment criterion and adjusting employment interchange criteria as discussed in the Working Group report.

- Decision Point 8: Should the Council recommend that, in the event the Pay Agent continues to use GS employment in evaluating “Rest of U.S.” locations as possible areas of application, that the Pay Agent reduce the GS employment criterion for locations with very high employment interchange rates, as recommended in the Working Group report?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will recommend that, in the event the Pay Agent continues to use GS employment in evaluating “Rest of U.S.” locations as possible areas of application, that the Pay Agent reduce the GS employment criterion for locations with very high employment interchange rates, as recommended in the Working Group report.

- Decision Point 9: Should the Council again recommend treating multi-county micropolitan areas the same as metropolitan statistical areas (MSAs) or combined statistical areas (CSAs), but that single-county micropolitan areas continue to be evaluated as individual counties?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will again recommend treating multi-county micropolitan areas the same as MSAs or CSAs, but that single-county micropolitan areas continue to be evaluated as individual counties.

- Decision Point 10: Should the Council continue to recommend that partially surrounded areas be evaluated by the Pay Agent on a case-by-case basis?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will continue to recommend that partially surrounded areas be evaluated by the Pay Agent on a case-by-case basis.

- Decision Point 11: Should the Council recommend that San Luis Obispo County, CA, be added to the Los Angeles locality pay area as an area of application?
 - Recommendation of the Working Group: Yes.

- Council Action: By unanimous agreement, the Council will recommend that San Luis Obispo County, CA, be added to the Los Angeles locality pay area as an area of application.
- Decision Point 12: Should the Council defer further action on partially surrounded locations pending the results of a comprehensive Working Group review of such locations?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will defer further action on partially surrounded locations pending the results of a comprehensive Working Group review of such locations.
- Decision Point 13: Should the Council again recommend the criteria suggested in the Working Group report to evaluate single-county locations that are adjacent to multiple locality pay areas?
 - Recommendation of the Working Group: Yes.
 - Council Action: By unanimous agreement, the Council will again recommend the criteria suggested in the Working Group report to evaluate single-county locations that are adjacent to multiple locality pay areas.
- Decision Point 14: Should the Council recommend any special action be taken for any of the areas listed in Attachment 8 of the Working Group report?
 - Recommendation of the Working Group: No.
 - Council Action: By unanimous agreement, the Council will recommend no special action be taken for any of the areas listed in Attachment 8 of the Working Group report.

Agenda Items 6 and 7: Public Comment and Adjournment

Dr. Facer invited public comment. Hearing none, Chairman Condrey adjourned the meeting at 3:27 p.m.

CERTIFIED

SIGNED

 Stephen E. Condrey, Ph.D.
 Chairman