

Federal Salary Council Meeting Minutes
Meeting Number 22-2
October 28, 2022

The [Federal Salary Council](#) held a meeting hosted by the U.S. Office of Personnel Management (OPM) on October 28, 2022, after providing [advance notice](#) of the meeting in the *Federal Register*. 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 |
| Ms. Janice R. Lachance | Expert Member and Chair, Federal Prevailing Rate Advisory Committee |
| Dr. Jared J. Llorens | Expert Member and Dean and E. J. Ourso Professor, E. J. Ourso College of Business, Louisiana State University |
| Dr. Everett Kelley | Employee Organization Representative, National President, American Federation of Government Employees |
| Ms. Jacqueline Simon | Employee Organization Representative, American Federation of Government Employees |
| Mr. Patrick J. Yoes | Employee Organization Representative, National President, Fraternal Order of Police |
| Mr. David J. Holway | Employee Organization Representative, National President, National Association of Government Employees |
| Mr. Randy Erwin | Employee Organization Representative, National President, National Federation of Federal Employees |
| Mr. Anthony M. Reardon | Employee Organization Representative, National President, National Treasury Employees Union |

About 41 members of the public also attended the meeting, including 1 representative of the media and 1 Congressional staff member from the office of Representative Derek Kilmer.

Agenda Item 1: Introductions and Announcements / Minutes from Meeting Held on August 5, 2022

At 10:02 a.m. Eastern Daylight Time, Chairman Condrey asked Mr. Mark Allen, OPM Pay Systems Manager and Designated Federal Officer (DFO), to start the meeting.

DFO's Opening Remarks

Mr. Allen introduced himself as DFO for this meeting. He welcomed everyone and explained the Federal Salary Council's role as an advisory body operating under the Federal Advisory Committee Act. He explained that OPM provides staff support to the Council members but does not itself hold membership on the Council or develop its recommendations.

Mr. Allen explained that the Council's purpose in meeting was to develop recommendations on locality pay for General Schedule (GS) employees for January 2024. He clarified that the Council's annual recommendations cover the establishment of pay localities; the coverage of salary surveys; the processes used for making comparisons between Federal and non-Federal pay, and the level of comparability payments for Federal employees. He noted that, once finalized, the Council recommendations would be sent to the President's Pay Agent (the Secretary of Labor and the Directors of the Office of Management and Budget (OMB) and OPM).

Mr. Allen noted that approval of the minutes from Council's most recent previous meeting (held on August 5, 2022) was the next item on the agenda. After taking a few minutes for the Council members to introduce themselves briefly, the Council officially approved those minutes.

Chairman Condrey introduced the next agenda item, which was the report from the Bureau of Labor Statistics (BLS).

Agenda Item 2: Report of the Bureau of Labor Statistics

Mr. Michael Lettau of the U.S. Bureau of Labor Statistics, Office of Compensation and Working Conditions gave the following report.

I am Michael Lettau of the U.S. Bureau of Labor Statistics, Office of Compensation and Working Conditions. I am pleased 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 estimates of annual wages for workers in private industry and state and local Government to the Federal Salary Council for broad categories of professional, administrative, technical, clerical, and officer jobs, known as PATCO groups, 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 and Wage Statistics (OEWS) programs.

The BLS uses a statistical process to combine the data from the NCS and OEWS programs to produce estimates of annual wages by area, occupation, and work level. The BLS aggregates these estimates across the occupations into broad categories of jobs according to Federal employment weights provided by the Office of Personnel Management (OPM). OPM then aggregates the resulting estimates to create a single estimate of non-Federal wages for each area for use in Federal pay comparisons.

For the 2022 delivery, the BLS produced PATCO estimates for 105 areas. This included estimates for both current locality pay areas and for research areas of interest to the Federal Salary Council. The research areas included ten areas that have now been added to the standard delivery of PATCO estimates. The PATCO estimates are based on OMB Core Based Statistical Area (CBSA) definitions and include any Areas of Application in the area's definition.

The PATCO estimates for the 2022 delivery also continued to use the Federal employment weight file based on the 2018 version of the Standard Occupational Classification (SOC) system. As in prior years, BLS provided separate estimates including and excluding the effect of incentive payments to workers.

Beginning with the 2022 delivery, the PATCO estimates are based on data from the OEWS program's model-based estimation method. An article entitled "[Model-based estimates for the Occupational Employment Statistics program](#)" in the August 2019 Monthly Labor Review describes the benefits of new procedure, and this [Survey Methods and Reliability Statement](#) give the technical details for the procedure. This model-based method improves both the accuracy and reliability of the PATCO estimates for annual wages.

Also, BLS delivered two sets of estimates for the 2022 delivery. The second set of estimates uses NCS sample weights that better represent the number of workers in each occupation that BLS samples. The BLS recommends these estimates as an improvement to the PATCO estimation methodology.

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

When Mr. Lettau concluded his presentation, Chairman Condrey asked if the Council had any questions. Hearing none, Chairman Condrey turned to the next item of business, which was reading the report of the Council Working Group into the record.

Agenda Item 3: Recommendations of the Federal Salary Council Working Group

At the Chairman's request, Mr. Joe Ratcliffe, OPM Senior Compensation Analyst, read the Council Working Group report, which presented each decision point for the Council to consider and the Working Group's recommendation regarding each issue covered.

Mr. Ratcliffe stopped after reading each Working Group recommendation, and Chairman Condrey then asked the Council members to indicate whether they wanted to accept the Working Group recommendations. The Council unanimously accepted the Working Group's recommendation on every issue, as indicated in the list of decision points below.

- Council Decision Point 1: Should the Council recommend the locality pay rates for 2024 for current locality pay areas, using the NCS/OEWS model results shown in Attachment 2 [of the Working Group report]?
 - ◇ Working Group recommends: Yes.
 - ◇ Council recommendation? Yes.

- Council Decision Point 2: Should any of the Rest of US research areas listed in Attachment 3 [of the Working Group report] be established as new locality pay areas?
 - ◇ The Working Group recommends not doing so.
 - ◇ Council recommendation? No, as the Working Group recommends.

- Council Decision Point 3: Should the Council reiterate the recommendation it made for 2023 to establish the locations listed in Attachment 4 [of the Working Group report] as new locality pay areas?
 - ◇ The Working Group recommends doing so.
 - ◇ Council recommendation? Yes.

- Council Decision Point 4: Should the Council reiterate the recommendation it made for 2023 that, for purposes of defining locality pay areas, the Pay Agent apply the updates to the delineations of the metropolitan statistical areas and combined statistical areas (MSAs and CSAs) reflected in Office of Management and Budget (OMB) Bulletin No. 20-01 as such updates were applied with adoption of OMB Bulletin No. 18-03?
 - ◇ Working Group recommends: Yes.
 - ◇ Council recommendation? Yes. *

* Note that using MSAs and CSAs as in the past includes using entire MSAs and CSAs as the geographic boundaries of Rest of US research areas and precludes using a subset of an MSA or CSA in calculating the pay disparity for a Rest of US research area.

While in agreement with the Working group recommendation, Ms. Simon asked that the language of the Council recommendation be edited to put less emphasis on the efforts by the previous Administration to deviate from past practice on use of MSAs and CSAs in the locality pay program. Her fellow Council members agreed, so Chairman Condrey asked Mr. Ratcliffe if he could revise the recommendation accordingly in the Council's report to the Pay Agent. Mr. Ratcliffe agreed, and the Chairman asked him to proceed with the reading of the Council Working Group report. *

- Council Decision Point 5: Should the Council reiterate the recommendation it made for 2023 that changes be made in the criteria used to establish areas of application?
 - ◇ The Working Group recommends doing so.
 - ◇ Council recommendation? Yes.
- Council Decision Point 6: Should the Council reiterate the recommendation it made for 2023 regarding specific Rest of US locations completely or almost completely bordered by higher-paying locality pay areas be included in a separate locality pay area?
 - ◇ The Working Group recommends doing so.
 - ◇ Council recommendation? Yes.

- Council Decision Point 7: Should the Council recommend that Jefferson and Clallam Counties, WA, be added to the Seattle locality pay area as areas of application?
 - ◇ The Working Group recommends doing so.
 - ◇ Council recommendation? Yes.

Chairman Condrey turned to the next agenda item, which was testimony regarding certain locality pay area designations or other issues. That testimony is documented below.

Agenda Item 4: Testimony Regarding Certain Locality Pay Area Designations or Other Issues

At the Chairman's request, Mr. Ratcliffe called on individuals one by one who had arranged in advance to speak to the Council members in the meeting. Speakers were reminded that the Chairman had set time limits of 5 minutes. Mr. Ratcliffe said he would give a verbal warning after 4 minutes.

The testimony is listed and documented by geographic area or other topic below, in the order presented in the meeting.

Charleston, SC

* Note: Charleston, SC, is a Rest of US research area. It does not meet the pay disparity criterion established by the Council. (The standard established by the Council to trigger a Council recommendation to establish a Rest of US research area as a new locality pay area is that its pay disparity be 10 or more percentage points above that for the Rest of US over the most recent 3-year period covered by pay disparities the Council has approved for use in the locality pay program.) *

The first speaker began his testimony:

Good morning. My name is Scott Isaacks, Director and CEO of the Ralph H. Johnson VA Health Care System, and I will be speaking today on behalf of the Federal Executive Association of the greater Charleston area. For 7 years now, we have submitted proposals and made presentations to convey the recruitment, relocation, and retention problems facing Federal agencies in the Charleston-North Charleston Metropolitan Statistical Area. This region is home to nearly 12,000 Federal employees executing the missions of 40 different

Federal agencies, which struggle each year to recruit and retain talented employees.

Today I will once again implore the Federal Salary Council to incorporate economic factors such as cost of living into the methodology for determining locality pay areas. Our region's steady population growth rate, consistently more than double the nation's overall growth rate, is putting tremendous upward pressure on housing prices that strain more than a third of all households in the region.

Additionally, I draw your attention to the following statistics that further underscore the reasons for our petition. The Charleston area is 2 percent above the national average for cost of living, and up to 16 percent in the surrounding areas where many of our employees reside. Locality pay is set to the Rest of US at 16.20 percent. In comparison, cost of living estimates in the following cities are Atlanta, GA, is 0.3 percent above the national average with locality pay set at 22.63 percent; Dallas, TX, is 2 percent below the national average with locality pay set at 25.68 percent; Charlotte-Concord, NC, is at the national average with locality pay set at 18.06 percent; and lastly, Birmingham, AL, is 1.6 percent below the national average with locality pay set at 16.81 percent. Federal employees who leave a relatively inexpensive city and move to Charleston, SC, will take a significant pay cut, while moving to an area that will cost their families up to 17 percent more for cost of living.

The numbers that have been historically used to determine whether an area needs its own locality pay rate are trending in the correct direction for the past 7 years due to strong wage growth in the private sector. We know that we will eventually reach the threshold, but we ask that our agencies not be made to wait, as this continues to make it harder to complete our critical missions. We urge you to grant our request for a separate locality pay designation now.

Charleston began tracking human capital indicators close to 4 years ago. Although we don't meet the current pay gap test yet, we have provided quantitative evidence that supports our petition and paints a clear picture of the situation Federal agencies in Charleston are facing. Our problem is not going away, and with each year that passes, our important missions on behalf of this nation suffer. I can demonstrate the impact of this issue on every

Federal agency in Charleston. I will highlight the impact that this is having on the care of our nation's veterans. The Ralph H. Johnson VA Health Care System is the third fastest growing VA medical center in the U.S., and it is critical that we retain our current employees and are able to recruit an ever-increasing number of highly qualified staff to meet the growing patient population needs.

Our growth is projected to continue for the next 20 years as evidenced by the Congressionally suggested \$1.1 billion in capital expansions for our health system. Between 2019 and 2020, our medical center had a 6 percent increase in total patient encounters and a 13 percent drop in total workforce. The facility has lost, and continues to lose, many highly trained medical professionals throughout the organization. Recently we have had to close 22 of our 155 beds, reducing services offered to our veterans, all due to staffing shortages. To this Council I have to stress that because of these issues we're failing our veterans.

In conclusion, we strongly urge the Federal Salary Council to recommend designation of the Charleston-North Charleston Metropolitan Statistical Area now. Further delay of an inevitable outcome will only further erode agencies' capacity and jeopardize important Federal missions. As always, we appreciate your time and reconsideration for establishing a locality rate for our area. Americans that our Federal agencies serve, the dedicated Federal employees that we are all privileged to lead, and the missions we provide for our nation are worth it. Thank you.

The Council had no questions for Mr. Isaacks.

Coos County, NH

* Note: Coos County is part of the Berlin, NH-VT Micropolitan Statistical Area, and under current criteria micropolitan areas are treated the same as a single county when evaluated as potential areas of application. BLS has said it is not feasible to use the NCS/OEWS model to measure non-Federal pay in micropolitan areas. *

Mr. Robert Cone read the following statement into the record.

Good morning. Thank you very much for the opportunity to address the Council. My name is Robert Cone, and I am the Legislative Coordinator for AFGE Local 2008 and a correctional officer here at Federal Correctional Institution (FCI) Berlin.

FCI Berlin has been struggling since it opened in 2012 to hire and retain staff. FCI Berlin has been recently identified as having a chronic critical staff shortage. In 2021, the Bureau of Prisons (BOP) secured approval from OPM to offer an increased group retention incentive at FCI Berlin. In May of 2022, OPM approved our request for accelerated promotions and direct hire authority.

Even with this help from OPM, it is still not solving the issue of our chronic staffing problems. The status quo remains the same. Staff are still leaving the area because they are offered better pay at the state prison just down the road, Androscoggin Valley Hospital, Coos County Family Health, local and state law enforcement, another institution within the BOP, or other Government service.

One of the main issues that FCI Berlin has is that staff can no longer afford to live in Berlin, NH, based on their current pay. Cost of living and the price of goods have gone up since FCI Berlin has opened its doors. In information I sent to Joe Ratcliffe, you will see the new property revaluation the city of Berlin did on June 13, 2022, and the current Economic and Labor Market Information Bureau (ELMI) report from New Hampshire Employment Security (NHES), along with the Rest of US salary table and the Occupational Employment and Wages sheet from NHES/ELMI. The cost of living has gone up so much it directly affects our staffing numbers. Over the last 2 years, FCI Berlin had 69 staff members transfer to another Federal prison, another Government agency, or completely leave Government service altogether to receive better pay to support their cost of living. FCI Berlin has been able to hire 14 new hires in that same time period; as you can see the math doesn't add up, and FCI Berlin is in dire need of help anyway we can get it.

I am here today to request that a salary survey be done for the Berlin NH Micropolitan Statistical Area, hoping that we can be moved to our own locality pay area. Thank you for time, and I appreciate the opportunity that was given to me to address the Council.

Mr. Cone read the following text from a letter of support from Senator Jeanne Shaheen, Senator Margaret Wood Hassan, and Representative Ann McLane Kuster:

Dear Chairman Condrey,

We are writing in support of the employees of Federal Correctional Institution (FCI) Berlin and their request to have a salary survey conducted in the Berlin NH-VT Micropolitan Statistical Area to determine pay disparities based on the National Compensation Survey and Occupational Employment and Wage Statistics model. It is critical that the requisite data be collected by the Bureau of Labor Statistics (BLS) and thoroughly considered by the Council to enable FCI Berlin to successfully compete for employees in the region and ensure FCI Berlin staff receive fair pay for their difficult and dangerous work. As presently designated within the Rest of US pay area, locality pay adjustments fall woefully short of providing adequate salaries, thereby undermining the facility's ability to recruit and retain qualified correctional officers. We are deeply concerned for the safety, morale, and working conditions of FCI Berlin employees. These dedicated public servants put their lives on the line every day and it is paramount that adequate pay can be offered to attract employees and safely staff the facility.

FCI Berlin is one of the larger employers in the region, with a current staffing level of 216 out of 316 authorized GL/GS employees. Of those authorized positions, 121 are correctional officers; however, the current number of correctional officers stands at 67, leaving the facility 54 officers below the fully authorized level. These employees face difficult working conditions, constant threat of danger and violence, and pay that is lower than what is offered at other nearby correctional facilities, law enforcement agencies and health care facilities. As a result, the facility is forced to implement mandatory overtime and augmentation with non-custodial staff. These ongoing conditions compromise the lives and safety of staff and inmates.

Staff at the facility report recruitment efforts are largely unsuccessful given the low pay, conditions of employment and competition from local employers. FCI Berlin has conducted significant outreach through several recruitment campaigns and, as of May 2022, has been granted direct hiring authority. Still, efforts to recruit and retain qualified officers remain significantly undermined by the level of pay the facility is able to offer based on its current locality designation.

Staff at FCI Berlin are correctional professionals who are dedicated to their mission and are drawn by a higher calling to serve their county and local

community. These are critically important positions that require qualified and experienced employees. We urge you to request salary survey data from the BLS on the Berlin NH-VT Micropolitan Statistical Area and thoroughly consider the need to establish this area as a new pay locality. Every effort must be made to protect the safety and well-being of employees at FCI Berlin. We are hopeful that a proper evaluation of the area's wage disparities will justify the necessary change in their pay area designation, thereby supporting the facility in its ongoing efforts to attract and retain qualified employees. We appreciate your attention to this important matter and look forward to your prompt response.

Ms. Simon asked Mr. Cone if he was aware of how the salaries being paid at the state prison compared to the GS salaries of concern. Mr. Cone responded that state prison salaries are higher, and the healthcare and retirement was better than for the GS positions of concern. Ms. Simon asked if people leave the Federal prison system for the state prison system in New Hampshire. Mr. Cone responded in the affirmative.

Ms. Simon noted that for similar situations in the Wage Grade program there is the Monroney Amendment, which allows surveys outside of the wage area if there isn't a similar employer in the same county that employs people with the same jobs. She asked if there is any possibility for us to be able to do that in the GS system.

Mr. Ratcliffe indicated in response that the current salary survey methodology has no such mechanism, and he added that for situations like these, OPM generally refers Federal employers having staffing challenges to the various recruitment and retention remedies that they have.

The Council had no further questions for Mr. Cone.

U.S. Penitentiary Hazelton/Morgantown, WV

* Note: Under the Council Working Group recommendations (adopted by the full Council), the location of concern will remain in the Rest of US locality pay area. The Morgantown-Fairmont, WV CSA is adjacent to the Pittsburgh basic locality pay area. However, it does not meet the employment interchange criterion. Regarding the possibility for establishment as a separate locality pay area, the Morgantown-Fairmont, WV CSA has not been a Rest of US research area to date because GS employment upon initial NCS/OEWS area selection was below 2,500 and is just over 1,600 currently. (The Council agreed earlier in the meeting to request NCS/OEWS salary estimates from BLS

for additional areas with fewer than 2,500 GS employees. The Council plans to continue to work with BLS to determine which additional areas can be studied and when.) *

Mr. Justin Tarovisky read the following statement into the record.

Dear Council Chair and Members,

My name is Justin Tarovisky, and I am the President of AFGE Local 420, which represents the correctional officers and non-custodial staff at the Federal Correctional Complex in Hazelton, WV. We are located in Preston County, WV, which is inside of the Morgantown-Fairmont Combined Statistical Area.

We have made previous requests for Preston County, WV, to be considered for the Pittsburgh, PA, locality pay scale along with requesting exemptions to the criteria due to the employment interchange rate of 7.5 percent not being met. The size and geographical layout of the CSA prevents us from meeting the rate needed.

If there was ever a time to make a request for an exemption, or recommend the area for a study as a new locality area, it is now to make our agency competitive in a challenging economic environment. FCC Hazelton is currently one of the worst staffed Federal prison complexes in the country.

Local 420s correctional officers experience excessive amounts of mandatory overtime. It has become common practice for staff to work between 32-40 hours or more of mandatory overtime on a weekly basis. In the month of October alone, there were 550 instances of mandatory overtime being assigned to the officers at FCC Hazelton (you can't go home after your shift). Officers have to use sick leave, so they won't get mandated, just to find time to do simple tasks in their home life.

This staffing crisis has resulted in the agency utilizing augmentation, which is non-correctional officer staff members such as teachers, secretaries, counselors, electricians, plumbers, cooks, and other essential personnel being used to fill vacant correctional officer positions. This prevents them from completing their own jobs of providing essential programming for inmates. When the inmates cannot program, they cannot meet the requirements to gain an earlier release from prison.

Furthermore, the practice of augmentation creates a more dangerous correctional environment by removing additional staff from the institution's emergency response capabilities. As stated in front of the Senate committee last month by the Council of Prisons Local 33 National President Shane Fausey, "Augmentation has mutated, the agency continues to cut staffing positions, specifically correctional officers and those deficiencies have created this dependency on augmentation just to function."

The staffing crisis at Hazelton has also delayed implementation of the First Step Act (2018), which is a bipartisan criminal justice bill that affords inmates an opportunity for earlier release from incarceration after successful completion of designated programming. When augmentation is utilized, teachers cannot teach classes along with other programming staff being unable to hold the necessary classes to comply with the legislation.

On numerous occasions, due to FCC Hazelton's staffing crisis, the institutions would remain in a "locked down" status while correctional officers provided security covering two separate housing units (blocks). This would put the staff to inmate ratio at 1 officer per 300 inmates. This is an extremely dangerous situation to be in when inmate violence toward staff has steadily increased.

It is strongly believed if this area received a more competitive salary, such as Federal jobs located within the Pittsburgh locality area, we will be more successful at recruiting and retaining qualified staff. This duty station is located within 3 miles of the existing locality pay area of Pittsburgh. This has made it more difficult for us to recruit and retain staff when they can drive 5 minutes north to gain the difference in salary. We cannot compete at this rate.

Please consider making an exception to the criteria (specifically the employment interchange rate) for Preston County, WV, or Morgantown-Fairmont CSA, which would allow for us to meet the criteria for recommendation to the Pittsburgh, PA, locality pay scale. If no exception can be made to the criteria at this time, please recommended Preston County, WV/Morgantown-Fairmont CSA as a new area of study. Thank You.

Chairman Condrey thanked Mr. Tarovisky and asked what the employment interchange rate was between Morgantown and Pittsburgh.

Mr. Ratcliffe responded, “Morgantown has a 5.60 percent employment interchange rate with the Pittsburgh basic locality pay area and has 1,616 GS employees. Under the criteria that the Council has proposed for areas of application, the Morgantown, WV, CSA would need to have a 7.5 percent employment interchange rate with the Pittsburgh basic locality pay area, and there would be no requirement with the proposed criteria for any particular number of GS employees.”

Dr. Kelley reiterated that correctional and non-custodial staff were suffering dearly due to understaffing that puts officers and inmates at risk and in danger. He said that there is too much overtime, which causes fatigue and can cause health issues. He emphasized that he is very familiar with the issue. Mr. Tarovisky thanked Dr. Kelley.

The Council had no further questions for Mr. Tarovisky.

Southern NJ

* Note: Under the Council Working Group recommendation (adopted by the full Council) to continue longstanding past practice with respect to use of MSAs and CSAs without exception, the locations of concern will remain in the Philadelphia locality pay area. *

Ms. Jessica Weisman read the following statement into the record.

Good morning, members of the Federal Salary Council. Thank you for allowing me the opportunity to speak on behalf of the Federal employees in Southern New Jersey. My name is Jessica Weisman, and I am the Supervisory Senior Resident Agent of the Federal Bureau of Investigation’s Atlantic City Resident Agency. I am before you today representing the counties in New Jersey that are not under the New York-Newark locality pay area. This is a truly unique situation in the most densely populated state in our nation.

Federal employees in Southern New Jersey are currently facing significant burdens because of being classified in the Philadelphia locality pay area. Atlantic County, which houses most of the Federal agencies within this petition, contains multiple shore towns where the economy has outpaced the locality pay scale by several multiples. This application seeks to narrow this gap by requesting their inclusion into the “New York-Newark” locality area, which would address the current pay gap for our employees confronted with unique living costs and aid in the recruiting and retention of talent.

By way of background, I have been a special agent with the FBI for almost 25 years, all assigned to the Atlantic City Resident Agency, which makes me more than qualified to speak on the extreme hardships the inequality in pay has had on the Federal agencies in Southern New Jersey.

As you are aware, this is not our first application to the Federal Salary Council. We first petitioned in 2009 just for Atlantic County, which at the time the pay difference in rates was 6.7 percent. We were denied but asked to provide detailed data on hiring and retention issues, which we did, and in a subsequent application were asked to be part of a project to provide human capital indicators data, which we did, compiling detailed information from many Federal agencies in Southern New Jersey, which backed up our claims. Fast forward 13 years from the initial application to today, and not only has the pay difference grown to 8.11 percent, so did our hardships.

As stated many times by heads of agencies in our application, we are unable to staff our offices with experienced personnel, as even multiple nationwide canvasses yield no applicants. Many of our offices are considered hard to staff offices, so we are forced to rely on new personnel who have no choice in their location. This has resulted in our offices becoming steppingstones, where personnel use our office to start and then transfer as soon as they can to the higher pay areas. When I was assigned to Southern New Jersey in 1998, I was able to rent, then purchase, a home in Atlantic County in 2001. I was lucky. Now in 2022, it is nearly impossible for any new employee coming to work in Southern New Jersey to find affordable housing as the housing market is dire, and they are forced to reside in depressed areas with high crime rates, or ironically travel from areas in the north that receive the higher pay, as the housing market is more manageable. In addition, the metropolitan statistical analysis for commuter patterns, which the Federal Salary Council has relied on in the past for Federal locality pay, is invalid for the Southern New Jersey area, particularly Atlantic County. The COVID-19 pandemic has exacerbated this, as many non-Governmental workers have moved out of cities and work from home, causing further financial distress and a lack of affordable housing for our employees, as we do not have the ability to telework, as most of our petitioners work in Federal law enforcement and military.

The Council has previously stated they strongly endorse the approval of all appropriate pay flexibilities, incentives, and special pay rates for recruiting and retention to agencies in Southern New Jersey. In our application we highlight several agencies including FCI Fairton and the United States 177th Fighter Wing, which have used multiple pay flexibilities and incentives for hiring and retention, yet it has been met with failure. This is because employees who were hired with these incentives, then transfer to the higher pay areas, as they are so closely located within the state of New Jersey.

New Jersey is unique, as many Southern New Jersey offices are within such close proximity of the higher pay areas. The majority of the Atlantic County offices are within 3.72 to 10 miles of the adjacent area of Ocean County and Federal agencies in Camden County are located within 35 miles of the adjacent border. Within the Southern New Jersey area there are an estimated 1,601 GS Employees who at the furthest office is within 32.6 miles, except for FCI Fairton which is 41.6 miles and the only location in this petition in Cumberland County.

In the more than 13 years since the Council rejected our original request for a change, the problems with the current pay disparity have become undeniable, which the Federal Salary Council in recent petitions has acknowledged. We have dedicated countless hours to compiling the anecdotal, testimonial, and statistical data needed to support this application. The small geographic footprint of the area in question means that there are overlapping locality areas in New Jersey—and Federal employees sharing the same costs of living are paid less because they are assigned to an office in the Southern New Jersey area. Our employees are essential to our public safety and national security, and they should not be forced to endure financial and personal hardships just to be able to carry out their daily responsibilities. We are hopeful the members of the Federal Salary Council will take note, accept our application, and recommend the long-needed relief of an immediate change in locality pay for Southern New Jersey to the New York-Newark locality pay area. Thank you to the Council for allowing Southern New Jersey to be heard.

The Council had no questions for Ms. Weisman.

Issues Impacting FBI Agents across the Country, Including Pay Levels

Mr. Ratcliffe noted his understanding that the next speaker would like to address the Council regarding issues impacting FBI agents across the country including pay levels. The next speaker then addressed the Council:

Hi, and thank you for your time. I appreciate it. I'll be respectful of your time limits, to be sure. I'm Joshua Zive. I'm outside counsel for the FBI Agents Association. A position I've been lucky to hold for nearly 2 decades. I'd like to start by thanking Joe Ratcliffe and the members of the Council. Joe has been very receptive to speaking with us over the years and that's greatly appreciated, so I don't want that to be lost in what might otherwise seem like comments steeped in decades of frustration, which they certainly are.

The FBI Agents Association is the only professional organization dedicated to representing FBI special agents. We have over 14,000 members. I'm here to voice the FBI Agents Association's support for reforms to the locality pay system overall, as well as for immediate relief for areas like Southern New Jersey.

We have worked on these issues for decades. We've been happy to work closely with organizations, many of whom are represented on the Federal Salary Council. I would in particular like to express thanks to folks like the Federal Law Enforcement Officers Association. I think all of us know that these have been intractable and frustrating issues to work on for a long time. There is an urgent need for structural reforms to the locality pay system. We're hopeful and we continue to be thankful for the FSC's voicing of issues that we share. We hope that you will strongly call and point to Congress for broader reforms as well as taking advantage of any discretion that you do have.

That is the case because as you are familiar with, and [as noted in the Working Group report], Federal workers make nearly 20-30 percent less than their private sector counterparts by your comparability standards. This problem is uniquely bad for special agents as their comparability standards is usually state and local police officers who have access to often unlimited overtime and other benefits, which are forms of compensation not available outside of ADP to Federal special agents. So, these problems become even worse.

In that context, with higher cost of living and spiking housing costs, the problems confronted by our employees across the country are broad. All of our employees are subject to nationwide assignment, which makes their ability to control their location even more difficult. For this reason, we strongly ask that the FSC call on Congress to make meaningful reforms, and that the FSC be willing to depart from established criteria, when it can provide relief to uniquely impacted employees. For example, one such specific situation is Southern New Jersey, as Jessica just spoke to. It is a situation where relief has been sought for over a decade.

The Council has recognized that the statistical case is clear. They have attempted to use other authorities, i.e., the recruitment and retention options, and they have failed. We desperately need your help. And while we understand that there are precedents at hand, we would hope that you would consider the unique circumstances where you could depart from those. Southern New Jersey is one of those cases.

Again, we appreciate your hard work on these issues. We appreciate your consideration of the views of organizations like the FBI Agents Association. And we're happy to be a resource for you Joe and anyone else as you work on these going forward. We appreciate your help. Thank you for your time.

The Council had no questions for Mr. Zive.

Calls for Reform/Improvements

In introducing the next three speakers, Mr. Ratcliffe noted his understanding that they intended to speak on broad issues related to locality pay.

Mr. Jason Briefel read the following statement into the record:

I'm Jason Briefel, and I'm Director of Policy and Outreach for the Senior Executives Association (SEA). I have represented SEA on policy matters for the past decade. The SEA is the nonprofit nonpartisan professional association that has been the voice of the Senior Executive Service (SES) since 1980. Today our membership includes SES, Senior-Level (SL) and Scientific or Professional (ST), GS 12-15s and a myriad of executive equivalents. There are now over 100 white collar pay systems outside the General Schedule that neither this body – nor it seems anyone else – are paying attention to.

I am here today on behalf of SEA to speak plainly – we need unions on the Federal Salary Council to stop standing in the way of reforms to Federal compensation policy that reports from both the Biden and Trump President’s Pay Agents have recommended, as well as employee associations representing Federal managers and executives, Federal law enforcement, contracting, information technology (IT), and many other professional organizations.

Just this week, at a conference in Pennsylvania, OPM Director Ahuja bemoaned that the Government is competing against itself for talent due to too many disparate pay systems, in addition to competing with outside employers. The picture across the Federal landscape for cybersecurity workforce pay is a case in point.

Trapped in a General Schedule created in 1949, the Federal Government is not in a position to compete with industry. I especially want to draw the Council’s attention to pay compression. Pay compression has been long discussed but never meaningfully addressed. The SES lost locality payments nearly 20 years ago, and since then pay compression has dramatically magnified. In 30 locality pay zones across the country, employees hit the pay caps of the General Schedule in the mid GS-15 range. Pay compression skews the risk-reward trade-off for employees advancing in their Federal careers. At a certain point, the risks of advancing in management continue to grow but the rewards do not keep pace. Public service motivation is the only incentive to enter the SES. That is not enough to sustain our nation’s leadership cadre.

Whether it be antiquated technology, lack of training, or too many layers of bureaucracy, employees who want to pursue public service are discouraged and taking their talents elsewhere. Pay compression was once an isolated problem in large cities but it has spread. For an SES who can be reassigned at whim, and is vilified as the deep state, and particularly now, with rampant inflation, it begs the question for many SESers of *why I am doing this? I could retire and go to industry and make a more comfortable living still serving the mission.* I have observed many, many, talented, rising leaders leave Government because they feel they can make a better impact on our nation with better pay and better technology, working on the outside. Pay compression is not a problem alone for Federal managers and executives. Pay compression

negatively affects many of our best technical performers and subject matter experts, too.

Beyond pay compression – there is also the reality of 100 white collar pay systems outside of title 5 covering hundreds of thousands of Federal employees. It is unclear if anyone is looking at those systems from a pay comparability, equity, or merit standpoint.

I present several suggested actions for the Council on SEA’s behalf. Some are more focused, and others are more comprehensive, and will require statutory change—statutory change that OPM must assist Congress in enacting. The Council should ‘unfreeze’ executive pay caps when it comes to locality differentials. We propose that career execs would be entitled to locality pay, even if it means their total compensation goes above the currently frozen EXIII/EXII caps. Even better would be entirely delinking the pay system from the Executive Schedule.

We strongly urge the Council to engage OPM, BLS, and OMB to conduct a study on the effects of pay compression. We must know if employees affected by pay compression are more likely to leave their roles, or Government altogether. We must look at attrition, retention, promotion, and other key human capital indicators to determine if employees affected by pay compression are acting similar or different from their peers who have not hit the cap.

It is imperative that the Federal Salary Council listen to the Pay Agent and other organizations when they say the Government’s current classification and General Schedule pay system is not meeting the needs of Government nor for its employees. The President’s Pay Agent reports, one from the Biden administration and previously from the Trump administration, make clear statutory reform is needed for Federal compensation, to include locality pay.

SEA strongly believes the Government needs to move to an occupation-based, market-oriented pay system. SEA believes that Federal civil service compensation—both pay and benefits—deserves the same comprehensive blue ribbon, quadrennial review that U.S. military compensation receives. We believe that the Federal compensation system should be granted adequate resources to devise and employ the very best methodology the Government’s

budget can buy, and not be forced to accept bureaucratic hand-me-downs, especially not when the U.S. Government has such a large employee payroll.

If the Federal workforce is truly this administration's number 1 management priority, confronting pay compression and the consequences of persisting in the General Schedule of 1949 in the year 2022 is something we hope this Federal Salary Council will do. There is no time to wait. Thank you for the opportunity to present SEA's views to the Council, which we trust you will share with the President's Pay Agent. I am happy to answer your questions.

Once the Chairman confirmed the Council had no questions for Mr. Briefel, Mr. Adam Hanna read the following statement into the record.

Thank you for your time today. My name is Adam Hanna, and I live in Illinois outside St. Louis and have been a Federal employee for 8 years. I am an Assistant U.S. Attorney with the Department of Justice. I am speaking to you today on behalf of the National Association of Assistant U.S. Attorneys (NAAUSA) - a nonpartisan professional membership association that has since 1993 represented the interests of over 6,000 of the nation's career Federal prosecutors and civil attorneys in the 94 U.S. Attorney Offices at the Department of Justice (DOJ). NAAUSA was formed by AUSAs concerned that disparate pay systems within the Department of Justice cause interagency competition, exacerbate external competition, and ultimately undermine the administration of justice. The concerns have only grown in the last 30 years.

AUSAs are paid on the Administratively Determined (AD) pay scale, which has historically resulted in lower pay and diminished AUSA morale. By contrast, nearly all DOJ attorneys and employees are paid under the General Schedule or are members of the Senior Executive Service. If those on the GS system are a step behind the private sector, those on the AD system are two steps behind and struggling to compete with both private and public sector colleagues as well.

AUSAs on the AD scale are paid significantly less than other DOJ attorneys on the GS schedule with the same experience and responsibilities, often as much as \$40,000 per year. This pay gap is profoundly unfair, widely known, deeply destructive to morale, retention, and recruitment of dedicated public servants.

These disparate pay systems have made apples-apples comparisons for DOJ attorneys impossible.

Pay is the single greatest determinant to employee engagement at U.S. Attorney Offices. In the Partnership for Public Service's 2021 Best Places to Work in the Federal Government report, U.S. Attorneys' Offices reported above median and upper quartile scores in nearly every category since 2007. Pay satisfaction, however, has seen lower quartile scores in 11 of the last 12 survey years. U.S. Attorneys' Offices ranked 359 of 415 in agency subcomponents regarding attitudes toward pay satisfaction.

In addition to harming employee morale, use of this alternative pay system also undermines the administration's diversity, equity, inclusion, and accessibility (DEIA) goals. In their 2021 Law School Student Debt Loan Debt Survey report, the American Bar Association (ABA) found black, Hispanic, Asian, and multiracial law school graduates are *more likely to borrow* student loans and *borrow student loans at notably higher amounts* than their white counterparts. When factoring in salary potential, more than 36 percent of respondents to the ABA survey that once considered a career in public service said they chose a private sector job instead. More than 80 percent of borrowers indicated their debt influenced their job selection and career choices.

This is a longstanding issue that has consistently diminished interest in public sector work. In the 2020 ABA Survey more than 40 percent of those working in private practice and those working as corporate counsel similarly said they chose a job that paid more instead of a job they really wanted due to the burden of student loans. When U.S. Attorney Offices cannot pay young lawyers adequately, we cannot recruit and retain diverse attorneys who are interested in pursuing a career in public service. Again, the Government is already a step behind the private sector in this area. The use of an alternative pay system that further undercompensates attorneys at U.S. Attorney Offices and pushes these offices even further behind in the battle for talent.

Over the years, the DOJ has conducted a few AD-GS pay comparability studies. The Department tells NAAUSA it is again striving to conduct such a study. NAAUSA would like to request the Council and OPM engage with the Executive Office of U.S. Attorneys on this pay study and provide assistance. While the

consequences of this alternative pay system are felt strongly by our members, these issues exist across the Federal Government where alternative pay systems are adopted. The result is many employees who fail to receive equal pay for equal work.

We raise the issue of disparate pay systems within the Federal Government to the committee to urge the Council to recommend OPM draft legislation to limit the usage of alternative pay systems and develop a cohesive and coherent compensation system that brings balance to the Federal workforce. AUSAs really love their jobs upholding the rule of law and keeping our communities safe. But they must be paid fairly and equally to their counterparts across the Justice Department. Thank you for the opportunity to present NAAUSA's perspective on these issues.

Once the Chairman confirmed the Council had no questions for Mr. Hanna, Mr. Jamie Collins read the following statement into the record:

Hello, my name is Jamie Collins, and I am the National President of the Professional Managers Association (PMA). I live in Kansas City and have been a Federal employee for 22 years, and a Federal manager for 7 years at the Internal Revenue Service (IRS). Today I am speaking to you in my capacity as PMA's National President and not in my role as an IRS manager. PMA was formed in 1981 by IRS Managers as a national membership association representing the interests of professional managers, management officials, and non-bargaining unit employees in the Federal Government. Today, PMA has over 1,000 members across the IRS and Government and represents the interests of thousands more IRS managers, management officials and Non-Bargaining Unit employees.

I am not here today to speak about any specific locality pay areas. I am here to raise the critical issue of pay compression and the devastating effects PMA has observed overtime, for individual employees affected by compression and pay caps as well as for agencies competing for in-demand talent. In 30 locality pay areas across the country, employees hit the pay caps of the General Schedule in the mid GS-15 range. The majority of these locations are locations where the IRS has major concentrations of our workforce in New Jersey, Texas, California, Missouri, Utah, Georgia, and beyond.

Pay compression is not a problem alone for Federal managers. Pay compression negatively affects many of our best technical performers and subject matter experts. Especially at an agency like the IRS, where Congress allowed our critical pay authority used to secure high-level IT talent to lapse, the ongoing failure of the Federal Salary Council and the President's Pay Agent to confront pay compression is having a meaningful, negative effect on our ability to accomplish our mission and retain staff.

Despite an incredible mission and opportunity for impact, we at the IRS are simply not able to compete financially with industry for professional talent the agency desperately needs. When it comes to managers, especially those who have hit the ceiling of the General Schedule, pay compression presents another pernicious effect – it takes away the incentives to go above and beyond basic job duties. That the IRS puts its managers into the confusing and cumbersome unique Internal Revenue “IR” pay system does not help employees understand the GS-IR tradeoffs.

Pay compression skews the risk-reward tradeoff for employees advancing in their Federal careers. At a certain point, the risks of advancing in management continue to grow but the rewards are not keeping pace at all. Due to this, we are observing managers voluntarily downgrading themselves into bargaining unit roles, where they have a better balance of expectations and rewards for achieving those expectations without the hassles and headaches that come with being a manager in Government. We are also seeing more experienced IRS managers leave the agency or Federal service altogether due to pay compression. This means that our population of managers who could advance into the Senior Executive Service (SES) is dwindling.

To PMA's knowledge, neither the Federal Salary Council nor the President's Pay Agent have specifically studied the effects of pay compression on the Federal Government's ability to compete for professional and management/executive talent. We recognize the majority of the Federal Salary Council represents bargaining unit employees who are in the General Schedule. However, it is imperative that the Federal Salary Council listen to employees who do not have a statutory seat on this body, including Federal managers and executives. We do not feel the Council has taken seriously the

challenges and problems caused by pay compression and the antiquity of the GS for the Government as an employer. That must change.

We strongly urge the Council to engage OPM and OMB to conduct a study on the effects of pay compression. Are employees affected by pay compression more likely to leave their roles, or Government altogether? When we look at attrition, retention, promotion, and other key human capital indicators, are employees affected by pay compression acting similar or different as their peers who have not hit the cap? More broadly, PMA feels very strongly that the Government's General Schedule classification system from 1949 and the current pay comparability framework are in desperate need of modernization and an overhaul.

We vehemently agree with the previous two reports of the President's Pay Agent, one from the Biden administration and previously from the Trump administration, that statutory reform is needed for Federal compensation, to include locality pay. PMA strongly believes the Government needs to move to an occupation-based, market-oriented pay system. PMA believes that Federal civil service compensation—both pay and benefits—deserves the same comprehensive blue ribbon, quadrennial review that U.S. military compensation receives. Thank you for the opportunity to present PMA's views to the Council. I am happy to answer your questions.

The Council had no questions for Mr. Collins.

Jefferson County, WA

* Note: Under the Council Working Group recommendations (adopted by the full Council), Jefferson and Clallam Counties, WA, would be established as areas of application to the Seattle locality pay area. However, this change would require tentative approval by the President's Pay Agent and requires regulatory processes. Thus, changes in locality pay area designations recommended by the Council should not be expected to take effect until January 2024 at the earliest. *

The next speaker began her testimony:

Good morning, I am Peggy Cleveland, and I'm the Director of Human Resources representing Commander, Navy Region Northwest, the higher headquarters for Naval Magazine Indian Island located in Jefferson County,

WA. Thank you for allowing me to speak on behalf of our Navy Region Northwest Federal employees duty stationed in Jefferson County. This has been an arduous process for us, and with the professionalism and commitment to excellence shown by all associated with this Council, and particularly Mr. Ratcliffe, we offer our thanks for the guidance and direction to ensure fair and adequate compensation of our Federal civilian employees.

Yesterday we received the read ahead for today's meeting. We were encouraged and delighted to see that the Working Group came to the conclusion to support the inclusion of Jefferson and Clallam Counties in the Seattle locality pay area. And this morning I was honored to have witnessed this Council accept the Working Group's recommendation.

We understand that the President's Pay Agent has the ultimate responsibility to determine whether that recommendation is approved or disapproved. We stand by for any questions or concerns to assist the Council with their final recommendation to the President's Pay Agent supporting the inclusion of Clallam and Jefferson Counties into the Seattle locality pay area. Thank you, and I yield my remaining time.

The Council had no questions for Ms. Cleveland.

After confirming there were no more individuals who were scheduled to provide testimony, Chairman Condrey provided the opportunity for public comment.

Agenda Item 5: Public Comment

Chairman Condrey asked Mr. Allen to call on persons that may have commentary to present to the Council. Mr. Allen called on one individual who indicated they wished to make comments. A record of those comments is provided below.

My name is Taska Elin, and I'm President of Puget Sound Federal Firefighters representing the firefighters within Navy Region Northwest, in Washington State. First of all I'd like to thank the Working Group and the Council for their recommendation to include Jefferson and Clallam Counties in the Seattle-Tacoma locality pay area.

Naval Magazine Indian Island is located in Jefferson County, WA, and has a mission to give ordinance logistics support to the Pacific Fleet and Joint

Services. It's surrounded by counties that are within the Seattle-Tacoma locality pay area, but doesn't meet the 20 percent employment interchange rate, and therefore falls under Rest of US. This disparity in locality pay, though being close in proximity to other bases, causes Indian Island to have hiring and retention issues.

Over the last 4 years there's been a 36-percent turnover rate because of this pay disparity. Wages in the immediate area are 12 to 50 percent higher than what Indian Island Government employees currently receive. Anyone that's hired soon leaves because of this pay disparity. The living wage and medium home price in Jefferson County is actually higher than some of the surrounding counties that are receiving the higher locality pay.

Jefferson County has some issues with regard to access as well. Access for commuters coming from the outside in the area can only access the area via 2-lane highway, water crossing via bridge, and via ferry. All of these routes are subject to weather closures, maritime traffic, and tidal influence.

With all of these things coming into play, along with the pay disparity, it has become impossible to keep firefighters, police, and other employees, and maintain the mission of the logistics of weapons at Indian Island.

I thank you once again for your support on this issue and I look forward to seeing a final decision including Jefferson and Clallam Counties in the Seattle-Tacoma locality pay area.

There were no further public comments.

Agenda Item 6: Adjournment

Since there were no further public comments, Chairman Condrey asked for a motion to adjourn, and the meeting was adjourned at 11:29 a.m.

Certified

Signed

Dr. Stephen E. Condrey
Chairman