

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

620th FPRAC

JILL L. NELSON, Chair, Presiding

Thursday, September 20, 2018

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM
Christopher Lynch, DoD
Susie Collins, Navy
Deon Fortune-Canada, Air Force
Carin Otero, VALabor Members:Paul O'Connor, MTD
Jacque Simon, AFGE
Richard Loeb, AFGE
Robert Shore, NAGE
Terry Garnett, ACT**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Karl Fendt, DoD
Gary Kistner, DoD
Becky Chaves, DoD
Michelle Francois, Army
Gary Buck, Army
Debbie Kolen, VA
Erica Abiera, VA
Timothy Traylor, NAGE**Recording Secretaries:**Mike Eicher, OPM
Ana Paunoiu, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G

CHAIR NELSON: Good morning. Will the meeting please come to order? We have the recorders on.

This is the 620th meeting of the Federal Prevailing Rate Advisory Committee. It's now 10:02. We're prompt.

The meeting is being recorded, and a transcript will be provided to all members.

Good morning, everyone. My name is Jill Nelson. I've tried to go around the room to meet everyone. I'm pleased and honored to be the Chair of this Committee. I'm looking forward to working with all of you.

At this point, I think we need to start with introductions so we've got them on record. Let's go around the table first.

Terry, do you want to start?

MR. GARNETT: Terry Garnett, Association of Civilian Technicians, ACT, National President.

MR. TRAYLOR: Good morning. Tim Traylor. I'm with the National Association of Government Employees.

MR. SHORE: And Rob Shore, also with the National Association of Government Employees.

MR. LOEB: Hi. Richard Loeb, Senior Policy Counsel, American Federation of Government Employees.

MS. SIMON: Jacque Simon, American Federation of Government Employees.

MR. O'CONNOR: Paul O'Connor, Metal Trades Department and IEW.

MR. ALLEN: Mark Allen. I'm the Pay Systems Manager at OPM.

MR. LYNCH: Christopher Lynch, Department of Defense.

MS. FORTUNE-CANADA: Deon Fortune-Canada, Headquarters, Air Force.

MS. COLLINS: Susie Collins, Department of Navy.

MS. OTERO: Carin Otero, Veterans Affairs.

CHAIR NELSON: Okay. Let's go around the room and get everybody.

MS. ABIERA: I am Erica Abiera, Veterans Affairs.

MS. KOLEN: Hi. I'm Deb Kolen, VA.

MS. ROBERTS: I'm Brenda Roberts. I'm the Designated Federal Officer, OPM.

MR. BUCK: Gary Buck, Department of Army.

MS. FRANCOIS: Michelle Francois from Army.

MS. CHAVES: Becky Chaves, DoD.

MR. FENDT: Karl Fendt, DoD.

MR. KISTNER: Gary Kistner, DoD.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez, OPM.

MS. PAUNOIU: Ana Paunoiu, OPM.

CHAIR NELSON: We've got everybody covered. Awesome.

Let's go through the announcements first. There's a couple things in your folder. A couple of them are basically provided for the record for your packets, and the first one is the Prevailing Rate Advisory Committee Annual Survey 2016. It is 620-OC-1.

This report was adopted at the last meeting with the Committee, which was on January 12th, 2017. We've had it put in the packet for all of you, just as a copy for the record.

You've also been provided a copy of the Committee's Charter for the record,

which was signed in—February 2018? January 2018? It's pretty current.

MR. ALLEN: Yes, this one will take us through February 2020.

CHAIR NELSON: Okay.

There's also a roster that's been provided, which identifies each of the primary members and the primary alternates.

Are there any announcements from any of you?

[No audible response.]

CHAIR NELSON: I hear none.

We need to go back and review the minutes of the 619th meeting. It's been a while, I know, but the Committee still needs to approve the minutes of the meeting which was held on January 12, 2017.

OPM has not received any edits or corrections for this meeting.

Are there any edits or corrections offered today for the transcript?

[No audible response.]

CHAIR NELSON: Are there any objections to adopting the transcript?

MR. ALLEN: No objections.

CHAIR NELSON: Okay. Seeing and hearing no objections, I'll entertain a motion to accept the minutes of the 619th meeting.

MR. ALLEN: I'll move to accept the minutes.

CHAIR NELSON: Do we have a second?

MR. SHORE: Second.

CHAIR NELSON: Moved and seconded. Minutes are approved.

So now we move on to the Old Business. The agenda we got before us today, it's

quite lengthy and substantive. The old agenda items were already old agenda items when the Committee last met. That being said, I doubt if we're going to get through everything in our agenda today, but we're going to try. Mostly, it's been 2 years, so let's see what we can do. We'll take each thing as we come.

As we approach the Old Business, I think it will be helpful as we get to each agenda item, that we have a refresher discussion on them.

Mark, would you like to start us off with the request to reexamine the placement of wage grade employees working on Shawnee County? If I understand it right, this kind of overlaps with the Topeka, Kansas, one, and this was a request by NAGE.

MR. ALLEN: Okay. If it's okay with everybody, I'll start running through the agenda, starting with the Old Business. These things have been updated. So, in a way, we're actually moving straight from Old Business into the New Business items.

CHAIR NELSON: That's what I was wondering, and I was going to see if it was okay with all of you if we just kind of like incorporated the old and the new on those items because those items, technically they're still old, but at the same time, they're our first three on New Business.

MR. ALLEN: Under Old Business, there are three items that have been remaining on the agenda at the last FPRAC meeting.

Under Old Business (a), those documents are still relevant in the Old Business, but we have updates for the Shawnee County review, which is basically the Topeka wage area under New Business items (a) and (b).

For item (b) in Old Business, we have a New Business document in item (c), and then for Old Business item (c), we have a New Business document in item (d).

There are two ways we can go about this. We can do them sequentially, just go through Shawnee County first and have a discussion about that -- I doubt we're going to have consensus on that one today -- or I can just run through all the New Business items, get them out on the table. It depends on what the members want to do.

MS. SIMON: I think it will be good to go through all the three.

MR. ALLEN: Three, Old Business?

MS. SIMON: Well, Kansas, North Carolina, and Texas.

MR. ALLEN: Okay. 620-MGT-1 is an update to a previous document that OPM staff put together at the request of the Labor members on the Committee. It was originally introduced for discussion in May of 2016. We had a number of visits from local employees and some testimony that they presented. Basically, this is an update that starting on page 3—and I'll go through the viability of the Topeka wage area, whether it still meets the regulatory requirements to be a separate wage area, and from the Management perspective, it does—covers metropolitan statistical areas and survey area considerations starting on page 5.

On page 6, there is a previous statement from VA management in the local area regarding the Topeka VA Medical Center and the Leavenworth VA Medical Center.

There was some discussion at the previous meetings about the perception that employees under the Federal Wage System in those two Medical Centers were somehow working together, and this statement explains the degree to which that was happening or was not happening.

MR. SHORE: Mark, can I just jump in really quick on that? Because I had a question. My recollection was that that was the list that was provided by the VA earlier in the process, shortly after the original request by NAGE was made, and I think that at some point

along the lines, there was additional information that I provided on behalf of these employees—that the drivers who drive the vans were going between different facilities, including some of the CBOCs, which are the off-site medical centers as well as the Leavenworth. And I didn't see that mentioned in this summary. Do you know if it was covered or if they went back and looked at that?

MR. ALLEN: It was not covered in this summary. It's probably one of the Old Business items.

MR. SHORE: Okay.

MR. ALLEN: The documents in Old Business contain a lot of information that may be helpful for the members to go back and look at. Those documents are also a refresher to see what various things came up, like the shuttle going between Topeka and Leavenworth and the outpatient clinics in that area.

So what I would suggest in this case is putting this back on the agenda as a New Business item to try and help us catch up with what had been going on almost a couple of years now. It would be helpful for everybody to review this document, and if anybody needs the previous documents, if they don't have them, we can send those out to you.

MS. SIMON: I'm just looking through this now, Mark, and it's, you know, kind of surprising to see that the examples provided by the union involving—you know, there's lots, maintenance workers, but housekeepers in particular.

I mean, we've got this report from the employees, and apparently, a manager says it never happened? It seems like we need some more research because it jumps out at me that—I can't imagine somebody just fabricated that kind of an assertion. It seems very, very unusual and implausible.

MR. ALLEN: It's a case where everybody may go back and take a fresh look.

MS. SIMON: Okay.

MR. ALLEN: So we'll have to lean on VA to take a look at this, and if there's anything new to be added to the record, I think that would be appreciated by everybody.

Starting with page 8 of 620-MGT-1, there is a summary of the regulatory criteria, but the—

MS. SIMON: What's the minimum number of workers to justify the existence of a separate wage area?

MR. ALLEN: There's a minimum of 100 prevailing rate employees to establish an appropriated fund FWS wage area, but there was never a minimum established to continue a wage area; in this case, there are about 700 wage employees. That goes back to what I was mentioning a little earlier, which is that the wage area continues to meet all of OPM's requirements to remain a separate wage area.

MS. SIMON: But there isn't a minimum number of employees required?

MR. ALLEN: No. The regulations only say there has to be 100 or more wage employees to establish a wage area, but we haven't established a new wage area since 1972.

MR. O'CONNOR: I have a question. Would you typically modify a wage area if you consistently have a minimum of 100 employees in that wage area year to year?

MR. ALLEN: We usually rely on DoD to tell us when they can no longer accommodate a survey in a local wage area.

There was one wage area where the employment got down to maybe 80, 85 people, and that had reached the point where they no longer maintained separate wage surveys for that area. It's happened a couple of times.

But these are going to be—usually they're in wage areas with a fairly small number of employees. Columbus, Mississippi, may have been one, and Oscoda-Alpena, Michigan, is one. That's when I first started working this program way back in the early '90s.

Document 620-OPM-1. The Labor members asked us to provide the Committee with information regarding a hypothetical of what would happen or what would have happened if the Topeka wage area were hypothetically to be abolished, what disposition the counties for Topeka would have under the regulatory criteria. So we have charts in here that show where counties and where employees would end up.

On the first page down at the bottom, we have several counties, which would go to the Wichita wage area. On the second page, we have the counties that would go to Kansas City, and the three counties that would go to Omaha. But, of course, this is not what the Management members would recommend. This is what would happen if the wage area were to be abolished for some reason.

And on subsequent pages, it lists the analysis of the regulatory criteria, which is an indication of why each county would be possibly defined to which area.

Another option would be just to define the entire wage area to a neighboring wage area, but we didn't look at that possibility.

Any questions on those, those two documents?

[No audible response.]

CHAIR NELSON: Nope.

MR. ALLEN: Okay. Moving on to the definition of Pitt County, North Carolina, to a Nonappropriated Fund wage area. I believe we left off on this one. There's one position there at a VA canteen service facility. AFGE was going to reach out to their field activity and get their

opinion on the change that the Management members have recommended based on regulatory criteria.

Looking at the map is the clearest way of viewing what the Management members have recommended and why.

There is a map in Attachment 1, where it says Wayne County, North Carolina, NAF wage area, Current Regulations. Wayne County is in a sort of dark shaded green color. That's where Seymour Johnson Air Force Base is.

Pitt County is two counties over from that. It's highlighted, and the name is in red. The Marine Corps Air Station in Cherry Point is located in the Craven NAF FWS wage area. The single employee working for VCS #358 in Pitt County is being paid from the Cumberland wage schedule, and the Management members believe this is inappropriate. Since so somebody would have to go through Wayne County to get to Cumberland, it doesn't make sense that Pitt County be defined to a survey area that is that far away. We are recommending from a prevailing rate perspective and based on the regulatory criteria, that Pitt County be defined to the Wayne wage area.

When we had been discussing this before, the issue came up that that single employee's wage rate would decrease. The employee was made into a permanent employee, permanent position, so he or she would be covered by pay retention. Of course, any future employees would not be covered by pay retention, so would be on a lower wage schedule than the one that we believe was inappropriately applied before.

Any questions on that one?

MR. O'CONNER: The employee is working where?

MR. ALLEN: At the VA—in an outpatient clinic in Greenville, North Carolina.

MR. O'CONNOR: And that county is where? That's Wayne?

MR. ALLEN: No. He or she is in Pitt County, and the closest survey area to Pitt County is Wayne. If you go through the regulatory criteria, mainly it is looking at distance, and it is 43 miles to Seymour-Johnson Air Force Base in the Wayne wage area, and 63 miles to Marine Corps Air Station Cherry Point in the Craven wage area.

CHAIR NELSON: Any discussion on that one?

[No audible response.]

MR. ALLEN: Regarding the Old Business items, it may just be a case where members just need to wrap their heads around the issues. There's been a lot of stuff on the agenda to go through. It's quite detailed information.

If it's okay with everybody, I'll move on to the next one, which was Old Business item (c), New Business item (d), 620-MGT-3. Again, this is an update. 620-OPM-2 is also an update of previously provided information.

There's apparently some concern expressed from employees in San Antonio that the Corpus Christie, Texas, wage schedule was substantially higher than the one of San Antonio—\$4 an hour higher. So the Management members took a look at whether or not the San Antonio, Texas, wage area was still meeting OPM's requirements to remain a separate wage area, and in our opinion, it does - there are around 3,200 wage employees working in the San Antonio, Texas, wage area.

In 620-MGT, we go through what agencies employ wage employees in the San Antonio wage area and which Labor Unions represent the workers there. We also cover the Corpus Christi area where there are about 2,500 prevailing rate employees.

I'll point out that Corpus Christi—this came up during our discussions before—

Corpus Christi is a smaller labor market than San Antonio, and statistics are in the back of the package, but we are guessing that the possible reason for the wage rates being substantially higher in Corpus Christi than in San Antonio is because of the Gulf Coast oil industry.

We have on page 9 updated information about the observations from local wage surveys, most recently in San Antonio and in Corpus Christi. I see much more data coming in from San Antonio, just because the economy there is much bigger, but you also see in most cases that the wage rates are significantly higher in the Corpus Christi wage area.

MS. SIMON: Except for truck drivers.

MR. ALLEN: Truck drivers are 32 percent lower in Corpus Christi than in San Antonio.

MS. SIMON: And electricians. It's shocking. Nothing is organized.

MR. ALLEN: So because we are working on a prevailing rate system, the survey findings, of course, translate into what's on the wage schedule. The wage schedule is lower at every grade level in San Antonio than in Corpus Christi. Labor markets are just different.

We've got maps. The maps haven't changed since we last saw them.

MS. SIMON: Climate change isn't that fast, huh?

MR. ALLEN: The position of the Management members has not changed on this one. We don't see a good reason to abolish a wage area that is a distinct labor market from the San Antonio wage area.

In 620-OPM-2, we have an update to the employment and quit rates. I think what sort of stands out to me on this is that we've got higher quit rates employees at lower grade level work, so food service and custodial work is a significant quit rate for those occupations, but not necessarily for skilled trades.

MS. SIMON: Well, let's see. Where do you have the ones that sort of jumped out at us with the big, big differentials? Like warehouse worker and—

MR. ALLEN: General Services and Support Work.

MS. SIMON: So where is electrician? Is electrician here?

MR. ALLEN: Electrician is in the 2800 job family - electrical installation and maintenance work. Two quits out of 101 employees, so around 2 percent.

Although there is some turnover in the lower paid work, we don't really see—

MS. SIMON: You don't have warehouse workers, or do you? Oh, yes, you do. 6900.

MR. ALLEN: 19 quits of 265 employees.

MS. SIMON: Yeah.

MR. ALLEN: Okay. So that covers three Old Business items with New Business updated documents. If everybody is okay with it, I can move on to the next documents in New Business.

On some of these, we should be able to get consensus fairly easily.

CHAIR NELSON: It is in folder No. 2.

MR. ALLEN: Okay. I direct your attention to New Business item (e), 620-MGT-4. The Federal Wage System uses the North American Industry Classification System to determine what industries are surveyed in the Federal Wage System wage surveys. We've been using what we call the NAICS coding scheme for many, many years, and every now and then, OMB will update the definitions. This document is basically just a technical update. There's no intention here to change any of the industry coverage. We're just pointing to new codes.

The chart there at the bottom of the first page is adopting an updated coding

system for department stores and general merchandise stores. We are just updating the previous 2012 NAICS manual into the current one for 2017. We don't expect any real changes in the surveys based on these updates in the NAICS codes.

There are some changes to the appropriated fund system on page 3. There's an update from—let's take an example—51711, Wire Telecommunications Carriers. The Office of Management and Budget is changing the code for that, making it more specific, and kept the same name. That would be under the Artillery and Combat Vehicle Specialized Industry under the Monroney Amendment regulations. And there's a similar change under Guided Specialized Industry Coverage. It's on page 4. It summarizes what we're recommending to be done in the regulations.

MS. SIMON: Mark, since there are so many new people, could you explain how these kind of changes would affect our data collection?

MR. ALLEN: Do you want to take that, Chris?

MR. LYNCH: Thanks, Mark.

MR. ALLEN: Put you on the spot.

[Laughter.]

MR. LYNCH: I guess in one, in the case of the warehouse clubs and super centers, that expands our data collection effort, and it gives us—I don't believe we currently survey some of them that may have—on the NAF side that may have the grocery stores and such. So I think in some cases, it really won't have much of a difference, but I do believe in, for instance, the warehouse clubs and super centers, that will expand our ability to collect data.

MS. SIMON: Oh, that one made sense, but what I didn't understand was the stuff on page 4, where you deleted this Communication Specialized Industry, Artillery Combat

Vehicle. What will they be replaced with since we know we have federal people performing work in those industries?

MR. ALLEN: The specific regulations that are being proposed to be amended are not the regular wage survey regulations. They're the regulations that would determine whether there's a specialized industry.

MS. SIMON: Right.

MR. ALLEN: It's usually called the Monroney Amendment where you—

MS. SIMON: No, I understand. So, for example, at Tobyhanna, you've got Specialized Electronic Communications work going on. It's an electronics depot. I don't know if in that wage area, you have private-sector work that's remotely similar, and I wonder what you're going to replace this with now that you've proposed to delete it.

MR. ALLEN: We're not proposing to delete anything here.

MS. SIMON: I thought it said delete these codes.

MR. ALLEN: We're taking codes under the previous publication and replacing them with updated codes that cover the same industries as close as possible. So there's no intent with these things to eliminate coverage. There's really no reason to do that.

MS. SIMON: It's just you're substituting a new one for an old one.

MR. ALLEN: Yeah.

MR. O'CONNOR: It's just a number changing or is it some change in the specifics?

MR. ALLEN: I can't say it's just numbers. There is some wording change in the coverage, like "Discount department stores." On the first page, under the 2017 NAICS code, the "Discount Department Stores, *insignificant perishable grocery sales*, this would be covered by

“Department Stores.” It's really up to the Local Wage Survey Committees to figure out what is supposed to be covered under OPM's regulations.

But the intent of this document really is just to bring the coding scheme up to date with current coding. It's nothing more than that.

MS. SIMON: We don't know what 541713 is, right? You're not adding it. It is not in the chart on page 3.

MR. SHORE: That's the one you're not adding, correct? Research and Development in Nanotechnology?

MR. ALLEN: I believe that one is being added.

MR. SHORE: 541713. Do not add. It was 541712.

MS. SIMON: Oh, here. Okay. Now I see it. Thank you.

MR. SHORE: Is there an explanation as to why not? It looks like 541712 has been split into two different new codes, maybe more, but at least two that are documented here. The one that Jacque was just talking about, which is 713, ends in 713, and then 715, which is being added, is there a reason that you're aware of why 713 is not being added?

MR. ALLEN: Madeline, what was the reason behind that?

MS. GONZALEZ: I consulted with Department of Defense, and they did not recommend that “Research and Development in Nanotechnology” be included. DoD obtains very few, if any, samples obtained for nanotechnology.

MS. SIMON: They don't employ anybody who is involved in that function?

MR. FENDT: The goal of the conversion was to mimic as best we could the current system because those codes were going away, and so all the decisions made were simply to be as close to the current system as possible from a NAICS standpoint.

I can tell you anecdotally—and, of course, we can provide research after the fact if it's required, but there is very few examples that you're getting from these NAICS codes, but we can provide a more detailed analysis for that if you would like. And that would be current and—

MS. SIMON: No, I understand. I mean, it sounds like what you're saying is the private sector may have changed, but the federal sector is not changing its job, so it doesn't need to have these new categories?

MR. FENDT: So, again, it wasn't about what is the—these NAICS codes went away. So then we did the best we could to come up with the closest representation of what the new NAICS codes were, and so that's simply the process that we went through. And, again, these NAICS codes are very light from a data standpoint.

MR. ALLEN: It sounds like we need to do some more thinking about this. It looks like more information is needed on this or just the process of getting used to what the updates are.

MR. SHORE: I think if the proposal were amended, at least from NAGE's perspective—I don't want to speak for anybody else—to include the 713s, even though currently there may not be many people we're aware of doing it—therefore, there's really no change whatsoever—it seems like that would probably resolve the concern that we have.

MR. ALLEN: Do we have any objections to that?

MR. LYNCH: No, no objection.

CHAIR NELSON: So that would be modified to include that, and then we would have a consensus on it moving forward? Does that sound good to everyone?

MR. ALLEN: So just to be clear, it would be including 541713 in addition to

541715.

CHAIR NELSON: Correct.

MR. LOEB: So we are just going to strike that last bullet from the analysis?

CHAIR NELSON: Yes. I think that's the easiest way to say it.

MR. LOEB: There's a lot of numbers out there.

CHAIR NELSON: I know, and it kind of didn't make sense how it was on the chart—

MR. LOEB: Right.

CHAIR NELSON: —but then it was like no, we're not. Good catch.

MR. SHORE: Well, I think that if you strike the last one and then the one above it, it would say "and add NAICS codes," with an "s," 541713 and 541715.

MR. ALLEN: So if we have consensus on this one, we'll move forward with a proposed regulation for public comment, and then go through the regulatory process and get the CFR updated for those.

MS. SIMON: How long will that take, Mark?

MR. ALLEN: Six months. Six months, maybe a year.

CHAIR NELSON: That's why we're trying to move through as many of these as possible.

MS. SIMON: I'm going to disagree on how long it should take OPM to get a regulation into the pipeline.

MR. ALLEN: It takes a while.

Okay. Next document is 620-MGT-5—again, it's really just a bookkeeping thing. We were made aware that our regulations for covering the U.S. insular areas—America Samoa,

Guam, Commonwealth of Northern Mariana Islands—were outdated. The reason for that is that OPM had designated lead agencies for those areas and DoD is covering Guam, Midway and the U.S. Virgin Islands. The Department of Transportation is covering America Samoa, and the Department of Interior is covering the Commonwealth of Northern Mariana Islands.

But what's been going on for a long time with the wage schedules that apply in those areas is that everybody is just getting the same wage schedule treatment. They get paid for an equivalent schedule to the foreign areas schedule as an average of all of the wage schedules in the continental U.S.

So what we're doing here, since the Department of Transportation and Department of the Interior simply use DoD's wage schedule, is to just designate DoD as the lead agency for all of these. No changes in wage rates. It's just updating regulations to match with reality.

CHAIR NELSON: Need discussion on this one? Do we have consensus on this one?

MS. SIMON: Yeah.

CHAIR NELSON: Excellent.

MR. ALLEN: The next four documents are documents dealing with Nonappropriated Fund wage areas. The first three are dealing with, again, VA canteen service, adding a single position in three different counties.

The first one, under 620-MGT-6, is St. Joseph County, Indiana, and we are recommending that that one be added to the Lake, Illinois, NAF wage area. It's basically taking one position that's in Mishawaka, Indiana, and applying the wage schedule that applies to Chicago for that one.

I won't belabor the point, the regulatory criteria on this, but it's based on distance. St. Joseph County is in Northern Indiana, and Lake County, looking at the first map, is the dark green, where the Naval Station Great Lakes is. That's the closest survey county to St. Joseph.

Now, in terms of distance on Attachment 2, there are 134 miles to the Naval Station Great Lakes. The next closest is Selfridge Air National Guard Base in Michigan. That's 228 miles away.

CHAIR NELSON: Do we need discussion on this one?

I see a mind twirling here.

MR. LOEB: Just—

CHAIR NELSON: Okay.

MS. SIMON: I don't have any objection.

CHAIR NELSON: Do we have a consensus?

MR. LYNCH: No objections.

MR. SHORE: No objections.

CHAIR NELSON: We have a consensus on this one. We can move forward.

Excellent.

MR. O'CONNOR: I have a question. I'm new at this. I'm not sure of the process.

Is there a point where we can discuss more current issues that haven't been addressed yet that aren't in this folder? I want to talk about two specific wage areas that have been combined at some point.

MR. ALLEN: Well, the process to add a new item to the agenda is really just to send it to the Chair a week ahead of time so that OPM staff can support the Chair and socialize the documents with everybody, and then we can discuss it at the next meeting. We are meeting

the third Thursday of every month. The Chair must get the document a week ahead of time, a week before the next meeting. Then it will be put on the agenda. But if it's like a general question that's not really something you want to put on the agenda, I'd say fire away.

MR. O'CONNER: My concern is that my federal experience, 40 years of it, is Portsmouth, New Hampshire, Portsmouth Naval Shipyard. I got a call Tuesday that the wage survey had begun, and new to the process, they've incorporated the Portsmouth wage area into the Portland, Maine, wage area. Is that a fact?

MR. FENDT: So remember earlier, Mark was discussing about when a wage area employment is under 100, so that was one of the most recent ones where the smaller wage area went into a larger wage area.

MR. O'CONNER: We have 3,000 Federal Wage-graded employees at the shipyard alone.

MR. FENDT: Let me make sure we're saying the same thing.

MR. O'CONNER: Okay.

MR. FENDT: If it's something we need to look into after, I just want to make sure—

MR. O'CONNER: But the survey is ongoing right now. We're including industries that are north of Portland, Maine, and we're in New Hampshire, closer to Boston than we are to Portland. Our economy is more in line with Boston than Portland too.

MR. FENDT: Okay. We can definitely make sure we're saying the same thing because obviously you're saying that, and we're not talking about the same thing.

MR. O'CONNER: Okay.

CHAIR NELSON: So, definitely, this is something you raised. Let's put it on the

agenda.

MR. O'CONNOR: So we can talk about it.

MR. FENDT: Yes, of course.

CHAIR NELSON: Excellent. Sounds good.

MR. ALLEN: Okay. Next one, 620-MGT-7. This one is again adding a county to a Nonappropriated Fund wage area. This one is recommending adding Lucas County, Ohio, to the Macomb, Michigan, wage area. So in layman's terms, it's taking a VA clinic in Toledo and applying the Detroit wage schedule.

If you take a look at the map on this one, you can see it appears to be the best choice based again on distance. There's already Ottawa County, Ohio, as part of the Macomb wage area. Lucas County is in the red. It's adjacent to Ottawa, and it's closer to Macomb County than it is to Montgomery, in green, to the south. So it would be applying the schedule that applies to Selfridge Air National Guard Base instead of the one that applies to Wright-Patterson Air Force Base.

CHAIR NELSON: Okay. Consensus? You guys are good with this?

ATTENDEE: We're good.

CHAIR NELSON: Good. Let's move on. Excellent.

MR. ALLEN: Okay. Next item is 620-MGT-8, and this one is defining Greene County, Missouri, to a Nonappropriated Fund wage area. We are recommending that Greene County be defined as an area of application to Pulaski, Arkansas, and again, this is a VA canteen service facility, in this case, in Springfield, Missouri, one employee. We took a look at the regulatory criteria, and this one is a little bit different in that Greene County is somewhat equal distant from two or three other Nonappropriated Fund survey areas. And when the regulatory

criteria does not give us a clear picture of what to do with this area of application count, we look to see if there are any organizational relationships like where does the outpatient clinic report to in the way that VA has their structure arranged, and in this case, it is pointing towards having the county added to the Pulaski area.

MR. GARNETT: Why wouldn't you put it up to Fort Leavenworth?

MR. ALLEN: Because the county has an organizational relationship with Washington County, which is in the Pulaski area.

MS. SIMON: Why not St. Clair?

MR. ALLEN: Again, just because it has an organizational relationship with Washington County, in the Pulaski wage area in Arkansas.

MR. GARNETT: Is it an outpatient clinic?

MR. ALLEN: Yeah. It's going to be a small "community-based outpatient clinic." There is a certain element of judgment call regarding this. It's 204 miles, according to Google Maps, to Fort Leavenworth. It's 207 miles to Little Rock Air Force Base in Pulaski, Arkansas. Scott Air Force Base, in the St. Clair wage area, which is further away. So at least in my mind, it's either Fort Leavenworth based strictly on distance or it's Little Rock Air Force Base based on the organizational relationships that the VA has in that area.

MS. SIMON: Is that closer to Scott Air Force Base?

MR. ALLEN: Not according to the road network.

MR. GARNETT: The road network, maybe not the road network.

MS. SIMON: It looks like it's closest to Scott.

MR. ALLEN: It's being measured to Fort Leavenworth, which is further away.

There are two survey counties in the Leavenworth wage area.

MS. SIMON: On what page do you have the thing about—

CHAIR NELSON: Distance?

MS. SIMON: The distance.

MR. GARNETT: Attachment 2, page 1.

MR. ALLEN: It looks like it would be closer to Johnson. That would be the closest survey county, but we have a practice of measuring to the survey post installation for these things.

MS. SIMON: Well, what if we moved to—apply it to St. Clair? Can you live with that?

MR. ALLEN: No, because St. Clair is the least justifiable choice of the three.

MS. SIMON: It's the closest.

MR. ALLEN: St. Clair? No, St. Clair is—

ATTENDEE: 248 miles.

MR. ALLEN: Yeah. Yes, it's 248 miles to St. Clair, 204 miles to Fort Leavenworth, if we're measuring Fort Leavenworth.

MR. GARNETT: St. Clair is in here.

MS. SIMON: It looks closer to my eye.

MR. LOEB: I'm not sure. It just came out 2 days ago.

CHAIR NELSON: Oh, the new app? Just making sure it gets to the actual Air Force Base as opposed to just—

MR. LOEB: Right. I think there are better ways to do it.

CHAIR NELSON: Technology, though.

MS. SIMON: Where does it say in here the number of miles to the host activity?

MR. ALLEN: It's in the attachment. Greene County to Little Rock Air Force Base in Pulaski, Arkansas, is 207 miles. It's 248 miles to Scott Air Force Base in St. Clair, Illinois, and 204 miles to Fort Leavenworth.

But what I have noticed on this is that Johnson County is the closest survey county. We just have to make a choice of whether to define Greene County to the nearest survey county versus define it to basically the nearest host installation, taking into consideration the organizational relationship for that outpatient clinic, which would be defining it to the Pulaski wage area, in Arkansas.

MR. GARNETT: What's the pay difference between Little Rock and Leavenworth?

MR. ALLEN: I have the wage schedules in the back.

MR. GARNETT: Attachment 3. Okay.

MR. ALLEN: Pulaski, this would be NA-2, \$9.32. That's Step 1 in Pulaski, \$9.51 in Leavenworth.

So I'll speak for myself on this one. If you all have a different view on this—taking it strictly based on distance to a survey area, I would not personally have an objection to that, but I need you to say what you think.

MS. SIMON: Are you okay with Leavenworth?

MR. ALLEN: Are we okay on that?

MR. LYNCH: I think—yeah, we're okay with that, Leavenworth.

MS. SIMON: Okay, Leavenworth.

MR. ALLEN: So the justification we'll use on this one is going to be that the Leavenworth survey area is the closest, and we'll not take into consideration the organizational

relationship.

CHAIR NELSON: And with Leavenworth, then we will have consensus?

[No audible response.]

MR. ALLEN: Okay. The next one—

MR. O'CONNOR: I have another question. Do you ever consider the local economy of the facilities to be affected compared to the possibilities of where they can go, which wage area they would fit into?

MR. ALLEN: The only thing we look at is regulatory criteria. In the grand scheme of things, would we look at the impact of federal agencies on the local economy? Only in terms of what the regulatory criteria would point to. We're not in the practice of looking—say, if there's a base closure in a local wage area and that depresses the federal employment in that area, then we'd have to take a look at that because the local activity would not be able to support the local wage survey, but at that point, there would be so few employees there that the closure of that facility would not have a big effect on the local economy. The people who would be left there would be just assigned to a different wage schedule.

CHAIR NELSON: Does that answer your question?

MR. ALLEN: We're not really looking at the macroeconomic effects of federal employment on the local economy.

MR. O'CONNOR: So combining wage areas, you could conceivably—to some, it would depress local economies.

MR. ALLEN: I doubt that it would have an effect on the broad economy. When the wage area is abolished, OPM's regulations put guidance in the operating manual, say that wage surveys could continue being done in both wage areas, survey areas, or everything could be

shifted to a different wage area. It's been done in both ways in the past. It depends on how similar the two economies are within basically two metropolitan areas.

CHAIR NELSON: Shall we move on to the next one?

MR. ALLEN: Okay. It's my turn to torture some names.

CHAIR NELSON: Better you than me.

MR. ALLEN: I may need help, or maybe I don't.

This is 620-MGT-9. On occasion, the DoD staff will ask us to remove area of application counties from wage areas where a county no longer has employment under the Nonappropriated Fund system. That goes back to the law that created the Nonappropriated Fund part of the Federal Wage System which says that wage areas should only be defined where there are employees located.

So what we're recommending in this case, because DoD has not had employment, in a few municipalities in Puerto Rico for a number of years, there's really no need to cover them as area of application counties, and those municipalities are Ceiba—did I get that right?

CHAIR NELSON: Yes. I hope.

MR. ALLEN: Isabella, Toa Baja, and Vieques, and also recommending that the U.S. Virgin Islands of St. Croix, and St. Thomas be removed from the Guaynabo-San Juan NAF wage area.

MS. SIMON: Mayaguez is at—

MR. ALLEN: The only other thing we're recommending is that Mayaguez, Puerto Rico, be defined as an area of application.

MS. SIMON: It's okay.

MR. ALLEN: Okay.

CHAIR NELSON: Okay with everyone over there?

[No audible response.]

CHAIR NELSON: And you did well with the names.

MR. ALLEN: I have friends who are familiar with that area.

ATTENDEE: Coworkers.

MR. ALLEN: Okay. Next, 620-MGT-10. OPM received a request from the Department of Homeland Security to cover Coast Guard employees in remote areas of Alaska. Those are Ketchikan, Kodiak, and Sitka under the Alaska 12 percent remote area differential set-aside wage schedule.

This is a schedule practice that OPM has extended over the years as agencies to be covered—the Coast Guard is currently using the regular wage schedule. The Management members have no objection to adding three Coast Guard locations to the 12 percent remote area differential set-aside schedule.

Attachment 1 provides a letter from DHS and their justification. They went into a lot of detail in explaining why the 12 percent differential applies, and it convinced me, so I signed the document.

CHAIR NELSON: It made you want to move to one of these little—

MS. SIMON: Oh, yeah, right. It would take more than 12 percent.

CHAIR NELSON: I was reading this one, and this one was—I want to get through this one today. I take it, we have consensus on this one?

ATTENDEE: Yes.

CHAIR NELSON: Excellent. Thank you.

MS. SIMON: Let's continue our streak.

CHAIR NELSON: I'm not sure that's happening, but let's go. We'll give it a try.

MR. ALLEN: Okay. The next one—I actually should not be introducing this one. It should be 620-AFGE-1, and I'll turn things over to Jacque.

MS. SIMON: This is a reintroduction of a proposal that was approved in October of 2010 and never brought into being because many factors, and so we are reintroducing a proposal that no General Schedule pay locality, except as to RUS., should contain more than one Federal Wage System wage area, and that Monroe County, Pennsylvania, be added to the New York City wage area. If you can't do it, the right thing for the entire country, do the right thing for Monroe County, Pennsylvania.

MR. ALLEN: I guess I would just make some comments. I know we don't have consensus on this one because it's got a very long history of disagreement on using GS locality pay areas to define wage areas.

The proposal that AFGE has put back on the table is something that was by majority vote sent to Director Berry back in October 2010 and then later in 2012 by the Committee.

Monroe County was actually sent to the Acting Director at the time. I think that would have been in 2016.

So, basically, what we're looking at is two OPM Directors and an Acting Director declined to adopt those recommendations, which would have been relying on using GS locality—

MS. SIMON: I'll have to correct you, Mark. They didn't decline to adopt it. They didn't get around to it. They didn't actively reject it.

MR. ALLEN: But the fact is it's the same effect.

MR. SHORE: Well, they can't do anything, right? We kept following up asking if there was a decision. As far as I'm aware, we were never told that a decision was ever reached on them.

MS. SIMON: No. Beth Cobert left the building without ever having acted on it.

MR. ALLEN: That is correct.

So now they're back on the table. We don't have consensus.

On the idea that those recommendations that had previously been sent to OPM Directors, I guess the only thing I could say is we've been talking—

CHAIR NELSON: Is it possible that there's any updates that could be provided to go with it?

MS. SIMON: I'll say maybe—

CHAIR NELSON: I mean, that could be helpful.

MS. SIMON: —in subsequent meetings, I'll try to get more information. I'm sure that we could bring in affected employees to testify. They'd certainly like to be heard on this issue.

CHAIR NELSON: That would be a good idea to at least get some more—

MS. SIMON: Yeah.

CHAIR NELSON: —current discussion going with it. It seems like it has a long history, so—

MS. SIMON: Yes. Monroe County is a very, very big issue. It's a terrible inequity, and it really affects morale and the overall operation of the base. The white collar employees are considered to be New York City for purposes of their local pay differential, and hourly workers and the skilled trades are considered to be in Wilkes Barre-Scranton for purposes

of their local pay differential. You got one employer who is treating the hourly workforce one way and the salaried workforce another. They work side by side in the same exact location, commuting on the same roads. Everything about their employer is identical, except their treatment by the employer, and it's a bad inequity. The kind of work that's done at Tobyhanna kind of has to be seen to be believed. It's extremely complex electronics work in a military maintenance and manufacturer and repair, very, very complex work, and you've got a situation where people are doing relatively—people who are responsible for hundreds of millions of dollars' worth of military equipment are making less than people who are doing fairly less—have less responsibility, but are paid under a different pay system and so are making a lot more. And those kind of inequities are troubling, and it deprives the base in some cases with the amazingly skilled electricians can make more money doing clerical work than doing the very skilled electronics weapons system repair work.

Now, there are certainly some people on the other side of the table who suggested, "We know what to do. We'll cut the pay of the GS people." Anyway, it's kind of a calling, the people who—I know you guys like to use quit rates. The people who do this work at Tobyhanna are overwhelmingly—they're veterans themselves. They're very, very committed to the mission, and they certainly have very specialized skills that they've chosen to employ in the defense of our country, and they just really resent, understandably, being treated as second class citizens at their own place of work, which they are. So it's a terrible inequity.

MR. GARNETT: Can I ask what the Management's version, opposition to it is?

MR. LYNCH: Well, at this point, I would say since we have a whole new team on the Management side, I think we might want to discuss this further—

MS. SIMON: That would be great.

MR. LYNCH: In fact, you will notice we have—everybody is new.

MS. SIMON: Yeah. That would be great.

MR. LYNCH: So maybe we have additional discussion and see where it takes us.

MS. SIMON: Yeah. And I do think in the past, I guess it was under George W. Bush, the FPRAC Chair actually did a field trip to Tobyhanna to see with his own eyes. I don't know if you're interested in that kind of thing, but I'm sure they'd love to have you. It will blow your mind. That place just—I mean, I've been to a lot of—

CHAIR NELSON: You've been there.

MS. SIMON: But the work they do is amazing. For somebody like me, it's very difficult to describe because I have zero technical knowledge, but when you go there, you will see. You will be impressed by the complexity of the work they perform and how well—

CHAIR NELSON: It sounds to me like if we could open up this one a little differently with—

MS. SIMON: Sure.

CHAIR NELSON: —some updated information.

MS. SIMON: Sure.

MR. O'CONNOR: I think that's a common theme, not just at Tobyhanna, but that sounds like an extreme example.

CHAIR NELSON: Yeah.

MR. O'CONNOR: It's a common theme across the country. I would think that—I'd like to be collaborative, and I would think that instead of you folks going off having your discussions and making a decision, we should have discussions to get—

CHAIR NELSON: We could do some working group thing on some of this.

MS. SIMON: Yeah.

CHAIR NELSON: Keep the discussion moving.

MR. O'CONNOR: We have perspectives you folks may not and vice versa. If we share those, then we can come up with a solution that works for everybody.

MR. LYNCH: And as we said, the last meeting, early 2017, we have all new people, new data and such, so I think we can discuss it a bit more and find out if we can—where we stand again.

MS. SIMON: Okay. That sounds like a great idea.

CHAIR NELSON: So if you've got any documentation of data to get the thing rolling, please feel free to get it in, and we'll see what we can do and get it passed around.

MS. SIMON: Okay.

MR. LYNCH: And we can revisit the data as well, Karl's team.

CHAIR NELSON: Definitely. And we can get everything out the week before and share some of this stuff back and forth, and if we need to do a working group off of some of it, we can always look at that possibility too.

MR. LYNCH: Absolutely.

CHAIR NELSON: Okay. We've gone through everything. Now, my questions are back on the Old/New, the first three, where we stand. We stand at—the first one, I know definitely we're getting some updated materials for to continue discussion, and the next two, then, where are we?

MS. SIMON: We need some more time on those.

CHAIR NELSON: Okay.

MR. SHORE: Yeah. The first one, I will follow up with the issue that Jacque

pointed out where there seems to be a discrepancy between what the employees have said and what Management has said.

CHAIR NELSON: That's Management follow-up.

MR. SHORE: I know Management is going to do their follow-up. Myself and Tim will follow up with our people and see if we can get some written statements, if we didn't already. I can't remember, but something to go along with that as well.

CHAIR NELSON: And the other two, where are we at with that?

MR. ALLEN: No consensus on San Antonio.

I was wondering if we could move ahead with Pitt County, though, because I don't really see any alternative for how that one could be—

MS. SIMON: We're not ready. We're not ready for that.

CHAIR NELSON: Could we be ready for the next meeting?

MS. SIMON: I'll check and see where we are on that.

MR. ALLEN: One other thing I neglected to mention, that is on the Alaska set-aside schedules. That is not in regulations, so it does not take 6 months to a year to put those employees under the differential schedule, so that will happen faster than that.

CHAIR NELSON: Okay. I don't see that we've got anything else at this meeting to cover.

MR. LYNCH: I think we're good.

CHAIR NELSON: I think we've tackled a pretty tough agenda and kind of, probably, maybe even in record time.

MS. SIMON: It's all downhill from here.

CHAIR NELSON: No, no, no.

[Laughter.]

CHAIR NELSON: Okay. So we have our next meeting on October 18th, okay?

Is there a motion for adjournment?

MR. ALLEN: Second.

CHAIR NELSON: Second.

We're adjourned. Thank you