

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

606th FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, June 18, 2015

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM
Jim Davey, DoD
Dave Curley, Air Force
David Pedersen, Navy
Arleen Romba, VA (via phone)Labor Members:Bill Fenaughty, MTD/NFFE
Jacque Simon, AFGE
Candace Archer, AFGE
Robert Shore, NAGE
Steven Landis, ACT**Staff Specialists and Visitors:**Brenda Roberts, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Steven Driscoll, OPM
Christopher Lynch, DoD
Mayra Soto-Cubillos, DoD
Gary Buck, Army
Col. Charles Kelm, Air Force
Scott Stoner, Air Force
Pat Schmidt, Air Force
Christine Douglas, Air Force
Rosemary Meriwether, Navy
Brian Kokotajlo, AFGE
Rod Koeppa, AFGE
Emell Monlyn, NAGE
Lamar Elliott, ACT**Recording Secretary:**

Mike Eicher, OPM

[Transcript prepared from digital audio produced by FPRAC.]

C O N T E N T S

	<u>Page</u>
I. <u>Opening/Announcements</u>	
• Introductions.....	4
• Announcements.....	5
– Letter to Director Archuleta from New Jersey Senators, dated May 21, 2015, in support of redefining the Philadelphia portion of Joint Base McGuire-Dix-Lakehurst to the New York wage area, 606-OC-1	
II. Review of the Minutes of the 605th Meeting.....	6
III. Old Business.....	6
a. Review of Lee County, Virginia, 557-MGT-2	
– 2013 Update to Review of Lee County, Virginia, 586-MGT-1	
b. Definition of South Bend-Mishawaka, IN-MI Metropolitan Statistical Area, 562-MGT-2	
– 2013 Update to Definition of South Bend-Mishawaka, IN-MI Metropolitan Statistical Area, 586-MGT-2	
c. Letter from the American Federation of Government Employees, Dated June 6, 2011, Requesting FPRAC Review a Proposal to Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area, 564-AFGE-1	
d. Definition of Hickory-Lenoir-Morganton, NC Metropolitan Statistical Area, 575-MGT-1	
– 2013 Update to Definition of Hickory-Lenoir-Morganton, NC Metropolitan Statistical Area, 588-MGT-1	
e. Proposal to Move a Portion of Joint Base McGuire-Dix-Lakehurst from the Philadelphia, PA, Wage Area to the New York, NY, Wage Area, 599-ACT-1	
– Review of Burlington and Ocean Counties, New Jersey, 602-OPM-1	
– Joint Base McGuire-Dix-Lakehurst GS and FWS Employment as of October 2014, 603-OC-2	
f. Definition of Hancock County, Mississippi, to a Nonappropriated Fund Federal Wage System Wage Area, 604-MGT-1	

CONTENTS (continued)

	<u>Page</u>
IV. New Business.....	6
a. Remarks by USAF Col Charles Kelm, 87th Mission Support Group Commander, Joint Base McGuire-Dix-Lakehurst	
b. Transcript of 556th Meeting – includes remarks by Colonel Gina M. Grosso, Former Commander at Joint Base McGuire-Dix-Lakehurst on pages 8 to 20 [REPRINT]	
c. 2011 letter from 15 New Jersey Congressmen in support of AFGE’s proposal to consolidate FWS wage areas, or portions of wage areas, that lie within non-RUS GS locality pay areas, 565-OC-3 [REPRINT]	
d. Director John Berry’s response to 2011 letter from the 15 New Jersey Congressmen in support of AFGE’s proposal, 566-OC-2 [REPRINT]	
e. Burlington and Ocean Counties, NJ: Summary of FPRAC Discussions, 606-OC-2	

P R O C E E D I N G

CHAIRMAN FRIEDMAN: Good morning, everyone, and welcome to our 606th meeting of the Federal Prevailing Rate Advisory Committee. My name is Sheldon Friedman, Chair of the Committee, and as usual, let's please go around the room and introduce ourselves. Let's start with you today Bill.

MR. FENAUGHTY: Bill Fenaughty, Metal Trades and NFFE.

MS. ARCHER: Candace Archer, AFGE.

MS. SIMON: Jacque Simon, AFGE.

MR. SHORE: Rob Shore with NAGE.

MR. LANDIS: Steve Landis from ACT.

MR. ALLEN: Mark Allen with OPM.

MR. DAVEY: Jim Davey with DoD.

MR. CURLEY: Dave Curley with the Air Force.

MR. PEDERSEN: David Pedersen with Navy.

CHAIRMAN FRIEDMAN: We will introduce our distinguished guest in a minute, but before we do that, will the people around the edge of the room please introduce yourselves for the recorder? And speak loudly, please.

MS. ROBERTS: Brenda Roberts, Designated Federal Officer.

MS. SOTO-CUBILLOS: Mayra Soto-Cubillos, DoD.

MR. STONER: Scott Stoner, Air Force.

MS. MERIWETHER: Rosemary Meriwether, Navy.

MR. BUCK: Gary Buck, Department of Army.

MR. LYNCH: Christopher Lynch, DoD.

MR. DRISCOLL: Steve Driscoll, OPM.

MS. GONZALEZ: Madeline Gonzalez with OPM.

MR. EICHER: Mike Eicher with OPM.

MS. SCHMIDT: Pat Schmidt from Department of Air Force.

MS. DOUGLAS: Christine Douglas from Department of Air Force.

MR. ELLIOTT: Lamar Elliott, ACT.

MR. MONLYN: Emell Monlyn, NAGE.

MR. KOKOTAJLO: Brian Kokotajlo, Bureau of Prisons, AFTGE Local 2001.

MR. KOEPPA: Rod Koeppa, Bureau of Prisons, Local 2001.

CHAIRMAN FRIEDMAN: Welcome, everyone. I forgot our phone participant. Is our VA representative on the phone?

MS. ROMBA: Yes. Arleen Romba with VA.

CHAIRMAN FRIEDMAN: Thank you. Sorry to forget you.

The only announcement I have is in your packets, a letter that OPM Director Archuleta received from the two U.S. Senators from New Jersey regarding the agenda item on the Joint Base McGuire-Dix-Lakehurst. Please add that to the list of other items we have on that topic.

I just want to remind people we have no July meeting, so if you are here that day, I won't be.

[Laughter.]

CHAIRMAN FRIEDMAN: I'll see you in August.

And we also have a working group meeting immediately after today's FPRAC meeting.

Are there any other announcements that people have?

[No audible response.]

CHAIRMAN FRIEDMAN: Okay. That brings up the review of the transcript of our last meeting. Are there any changes that people want to make beyond those we've already heard from you about?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any objection to adopting the transcript of our last meeting?

[No audible response.]

CHAIRMAN FRIEDMAN: Hearing no objection, the transcript is adopted.

Thank you.

That brings up Old Business, and we have with us today a speaker who is going to describe one of our long-pending Old Business items. Under item (e) of Old Business are a couple of items that you have all seen, and under New Business, what I basically did was ask Madeline to circulate the items that we had on hand from our previous examination of this issue dating back to 2010, and also a chronology as best as we could put together relating to the pay for FWS workers at the Joint Base.

So with all of that as background material, it is my pleasure to introduce our speaker today on this topic, Colonel Charles Kelm, the 87th Mission Support Group Commander at Joint Base McGuire-Dix-Lakehurst in New Jersey, and we all thank you very, very much for coming. And the floor is yours.

Col. CHARLES KELM: Thank you, Mr. Chairman. Committee, good morning.

As the Chairman said, my name is Colonel Charles Kelm from Joint Base McGuire-Dix-

Lakehurst, the Mission Support Group commander. As one of the senior commanders on the installation, I'm grateful for the opportunity to talk with you today in support of the proposal put forth in November of 2014 on behalf of our Federal Wage System employees.

As many of you know, a part of 146th of the 2005 Base Realignment and Closure Commission directed the Defense Department to realign 26 separate installations into 12 joint base installations with full operational capability, 1 October of 2009. Today, Joint Base McGuire-Dix-Lakehurst is the nation's only tri-service joint base with active duty service and guard service members and civilian employees of the Navy, the Army, the Air Force, the Coast Guard, and the Marines, and we ensure total force integration by training, supporting, and sustaining global operations.

The Joint Base spans 42,000 contiguous acres in Burlington and Ocean Counties in New Jersey and lies within two separate Federal Wage System pay areas, New York and Philadelphia.

Prior to 2009, in a stand-up of Joint Base McGuire-Dix-Lakehurst, our personnel worked at three separate individual installations—McGuire Air Force Base, Fort Dix, and Naval Air Engineering Station Lakehurst—meaning those personnel working on McGuire and Dix were part of the Philadelphia locality pay area, while personnel working on Lakehurst were part of the New York locality pay area.

At that time, there was no wage disparity to our personnel that impacted morale within our units. However, as we stood up the Joint Base over the last 6 years, our personnel and their morale slowly have—the impact to their morale has become apparent. Since 2009, Joint Base leadership has received six congressional inquiries, three commander action lines, and two Inspector General complaints focused on a pay disparity amongst our Federal Wage System

employees.

Upon becoming a joint base in 2009, our NSPS, General Schedule, and Non-Appropriated Fund employees were officially moved into the New York locality pay area. However, the pay disparity still exists for our Federal Wage System employees.

As it stands, 83 percent of the Joint Base's Wage Grade employees remain in the Philadelphia wage area with impact of almost half-a-million dollars to their wages. This is a considerable bearing on our Federal Wage System workforce, as many are performing the same duties as their counterparts located at Lakehurst but are receiving less compensation. People such as Mr. Jeffrey Pritchard [ph], an electrician on the McGuire side, makes \$1.52 less per hour than an electrician on the Lakehurst side doing the exact same job, or Mr. Paul Weebly [ph], a carpenter working on McGuire side, who makes \$1.32 less per hour than a carpenter of the same grade and step on the Lakehurst side.

The biggest impact from a mission readiness perspective is there are multiple squadrons across the installations that have like-graded positions, performing the exact same job, working within both wage areas. Due to the wage differences, squadron, group, and leadership do not have the flexibility to assign employees from one area of the installation to another. This significantly impacts our ability to accomplish our mission and realize those efficiencies envisioned from the 2000 BRAC direction. As the second largest employer in the state of New Jersey, we value each of our employees, both civilian and military, who work in a wide variety of positions. Our civilian employees are the backbone of our installation, and we rely on them to successfully execute our mission and support a population of approximately 38,000 people. We need the opportunity to direct our resources and personnel effectively and efficiently as we sustain just under 4,000 facilities valued at a little more than \$9 billion and support more than 80

mission partners and their missions that are vital to our national defense.

The proposal put forth in November 2014 does that for us. Thank you again for your time this morning in allowing me to address this important issue and express our support for the proposal.

CHAIRMAN FRIEDMAN: Thank you very much for coming. We really appreciate your taking the time to give your remarks.

Steve, I will turn to you first, being your union's initiative here, to see if you have any questions or observations, if you can stick with us, Colonel.

Col KELM: Absolutely.

MR. LANDIS: I don't have anything at this time. The Colonel has basically expressed everything that we have been saying for like 5 years, I would assume.

CHAIRMAN FRIEDMAN: Any questions or discussion?

MR. DAVEY: I have a short comment or two, I suppose.

CHAIRMAN FRIEDMAN: Sure, sure.

MR. DAVEY: Thank you, Colonel. Appreciate the information. I'm fully aware of the pay differential and why it exists and how long it has existed.

I'm curious. When BRAC came about, I don't think there was any intent in BRAC itself to have a unifying pay system at the Joint Base that you're in command of. It's kind of a sidelight that happened for GS, and if we had criteria, which we don't have, that tells us how to do this, the criteria might say we have the smaller part accept the pay of the larger part, in which case Dix-McGuire area Philadelphia pay would be the dominant part, and that's what Lakehurst pay would become.

I'm curious how BRAC works so that the pay increase happens at Dix-McGuire,

and we're talking about consolidating an area for efficiencies and savings, but this is the opposite of savings. I don't need an answer. I'm just pointing out that BRAC envisions savings, and this is the opposite of that.

Col KELM: If I may. My job at the base is installation support. We manage the installation support, security, logistics, engineering for the entire installation, and small things such as grounds custodial, custodial maintenance, taking the trash out, we do that for the entire base. Snow removal, which is key in New Jersey, especially for the winter we had just come through, right now we can't take our operators from McGuire-Dix side and move them over to the Lakehurst side because of the pay disparity.

MR. DAVEY: I think you could but would choose not to, is that—

Col KELM: Well, we're asking them to do the same job as their peers without the same pay, so some of the decisions that we've made locally is that we're paying overtime for those on Lakehurst because we have that requirement.

We could save money by not having to pay that overtime or bring up our work orders on the Lakehurst side, which we're not able to do right now. So there is some cost savings, we think, that are possible with this initiative. Some rough order of magnitude would take care of the pay disparity increase. Right now, we're talking about 388 employees, potentially. That difference in pay is just under \$500,000. From October through May of this last year, our overtime bill was about \$380-something, roughly. So almost that pay disparity difference would be just in October through May in overtime, which we wouldn't have to pay for. So those are some roughing.

But we continue since 2009 to look for efficiencies, and there are new things, new initiatives every day that we see at Joint Base that were not originally envisioned in BRAC but

have become positive things as a result of. This is one of those things that we think would benefit our workforce and our ability to effectively and efficiently manage our personnel.

CHAIRMAN FRIEDMAN: Any other discussion of this? Jacque.

MS. SIMON: Yeah. I'd just like to thank you very much for coming. AFGE represents a lot of the civilian employees at the Joint Base, including our guests here at the prison in Fort Dix.

We have the kind of problems you have throughout the country at many military installations and at many federal prisons and VA hospitals, and the kind of disparity you are talking about is no less severe when it's a disparity between the treatment of salaries and hourly workers, generally.

Joint Base McGuire has a somewhat unique situation, but it really reflects the larger problem. We talk a lot about Tobyhanna Army Depot, which is a good example of the problem we've been trying to address here for more than 5 years. We had a recommendation that hasn't been acted on yet. The salaried employees at Tobyhanna are in the New York City locality, and the wage grade employees, the hourly employees at Tobyhanna are stuck with Scranton wages.

The GS system is a more modern system. It drives its locality boundaries on the basis of commuting data, which is really the modern understanding of what is a labor market, and I think that that issue, rather than—I think where we have our disconnect, there can be the goal of absolutely minimizing wages and, hey, at any cost, and then there's the idea of having a fair, modern, rational pay system that promotes equity, high morale, and productivity. And the two of them are often at odds and they're certainly at odds in the context of the issue that we've been struggling with here at FPRAC.

The case at a place like Tobyhanna, where you've got the disparity between hourly and salaried, you've got one employer, and it says to one group of employees, "We recognize that you are commuting in a way that puts you in the New York City locality, and you've got another workforce, an hourly workforce, and even though you may drive much further distances, you are not in the same locality. Work side by side, same employer, same location, and we consider you to be working in two different locations." And it's unjust. It would make the most sense for us to solve this problem for everybody who faces it. We want to solve it for Joint Base. We absolutely want to solve it for Joint Base, and we want to solve it for everybody.

And we've recognized from day one that Joint Base was a horrible example of this. The disparity between salaried and hourly is no more or no less important than this disparity between salaried and hourly at the Joint Base, and I just think that we need to recognize that paying the absolute lowest wages you can possibly get away with should not be the only goal the federal government pursues.

CHAIRMAN FRIEDMAN: Any other comments or discussion?

MR. ALLEN: I have questions, Mr. Chairman. Thank you, Colonel. I would like to thank you again for your attendance here. I think your information is very valuable for the committee's deliberations.

I would like, however, to get some additional information, just so we're all at the same knowledge level about how the Federal Wage System operates, and one of the questions I have is, is there a specific headquarters at which, say, Facilities Maintenance is managed out of on the Joint Base, and if so, where is that place located?

Col KELM: So we have the Air Base. The Air Base Wing is the wing responsible

for installation support. That is headquartered at McGuire's side at Building 2901. The civil engineers, Engineering Department of Public Works for the different services, that's at another facility. It's on McGuire, but there is—the Lakehurst has a separate engineering section that is the operating location, if you will, out of there. Logistics Readiness or Logistics Squadron has operating locations on the Lakehurst side, the Dix side, and the McGuire side. Their functions are split throughout evenly between petroleum oil, the fuels flight. There's the vehicle's flight that's on Dix, and then the deployment readiness, that's on McGuire. So that's pretty evenly split.

And then we have the Force Support Squadron, which is NWR for similar sister services. That is the people program, HR, Human Relations. That is throughout the installation as well. But if you're looking for one headquarters building, it's on the McGuire side.

MR. ALLEN: Okay. That's what I thought. I just wanted to try and confirm that that is the case.

Among the employees who work at the Joint Base, approximately how many are on the side that coincides with Burlington County, and how many would coincide with Ocean County?

Col KELM: Sir, the information I was given is we have 388 total Federal Wage System employees. So 82 percent of this, which is roughly 297 people are on the McGuire side, the Dix side.

MR. ALLEN: Okay. We put together a chronology going back to 1994, and this is an issue I've been dealing with for more than 20 years now. So it's certainly not a new issue. OPM did do something around 1996 or 1997 based on the recommendation of the Federal Prevailing Rate Advisory Committee, which was to split Lakehurst away from the Fort Dix and

McGuire Air Force Base portions of what's now the Joint Base. The main reason for that was that the New York Metropolitan Area had expanded down to include Ocean County. So Ocean County is part of the New York Metropolitan Area now. Burlington County is part of the Philadelphia Metropolitan Area, and it's kind of speaking to Jacque's point.

Metropolitan area definitions are based on commuting, and there is a dividing line that runs right through the base, the Joint Base, which would place, based on commuting, Ocean County in the New York metropolitan area and Burlington County in the Philadelphia wage area.

One of the primary criteria that the Federal Wage System is operated under—and this goes back to the statutory creation of the Federal Wage System—is that metropolitan areas should not be split, which has left us with a conundrum since the Joint Base was established that we have no criteria, really, on how to deal with a single installation that's splitting metropolitan area boundaries and also splitting wage area boundaries as a consequence of us following recommendations to use the metropolitan area definitions established by the Office of Management and Budget.

My next point would be that it's not the case under the Federal Wage System that everybody would experience an increase in pay if this committee made a recommendation to define the entire Joint Base to the New York wage area. The first four grade levels are actually lower on the wage schedule for New York than they are for Philadelphia.

Would that, in your opinion, present a morale problem for the employees at the lower grade levels if they were assigned to a lower wage schedule?

Col KELM: So the lower grades, it is more beneficial, I think what I just heard you say, on McGuire than on the Lakehurst side. It's actually the reverse situation. We looked at that. There's about 34 employees that that would initially affect; however, if you made the

recommendation, they would be under pay retention, and so that would only affect new employees if we were to—if this committee were to make a recommendation to assume the New York pay. So it would only affect new employees, not current employees, so it would not affect the morale, if you will.

What I've also seen is since it's become a joint installation, we have housing both in Ocean County—and those folks come over to the McGuire-Dix area—as well as those that are living in our housing areas on the McGuire side are now commuting over to the Lakehurst area. Specifically, in our Security Forces, we have quite a few folks that are going—the sailors that were in Ocean County are now on the McGuire side, and some of our airmen are over on the Lakehurst development.

So what we have seen within our community, as the base has become one, is that separate from the counties and separate from the metropolitan areas, they are treating it as one area in which we live and commute and work in.

But to answer your specific question, we did look at that, those 34 individuals would be eligible for pay retention, the new employees would understand what they're being hired into, so if that answers—

CHAIRMAN FRIEDMAN: Any other questions, discussion, comments?

MR. DAVEY: Mr. Chairman, along the lines of what we are talking about, safe pay, if pay went the other way, where Lakehurst went on safe pay, how many employees are in Lakehurst that would be on safe pay? You said it was 83 percent of 380 or whatever the number was.

Col KELM: Yeah. Well, based on the numbers that we have, 297 of those, if the wage was recommended to be increased, they would see the pay increase eventually, and then

that's kind of what—

MR. DAVEY: The other side of that coin is there would be—if it went the other way, how many people above 290 were there at Lakehurst? Oh, we're not talking Lakehurst numbers there, are we?

Col KELM: No. That's just McGuire that gets personnel.

MR. DAVEY: Okay. I'm just curious. Do we know the Lakehurst numbers, how many employees are there?

Col KELM: So 34 of 323 assigned to McGuire are the wage grade lower. 297 of the 323 that are assigned to McGuire-Dix are higher. Most of them are on the WG-10. That's our largest demographic. The other 65 personnel assigned to Lakehurst, the New York City pay—

MR. DAVEY: Okay. That's the number, 65.

Col KELM: That's the number you're looking for. There's 65. Eight are in the lower wage grades; 57 are in the higher wage grades.

MR. DAVEY: Okay. So it would be 34 or so on safe pay if it went one way, and it would be 60-something if it went the other way.

Col KELM: Sixty-five. That's right.

MR. DAVEY: Okay. Just trying to get a concept in my head of what the impact would be. Safe pay for somebody, whether it's really bad this way or really bad that way.

Col KELM: Yes, sir.

MR. ALLEN: In OPM's briefing package, 602-OPM-1, at the very end of that, you have a listing of employment by county, and what we show is—it's a little more complicated. There are 313 wage grade employees working in Ocean County. We define wage area boundaries generally by county unless we have a really good reason to split the country into

different parts. Thirty-seven work at—

MS. SIMON: Mark, can I interrupt you for one second?

MR. ALLEN: Yes.

MS. SIMON: I don't have a document in front of me. You're including all wage grade, DOD and other agencies; is that correct?

MR. ALLEN: Yes.

MS. SIMON: Okay. Thank you.

MR. ALLEN: Thirty-seven of the employees who are stationed in Ocean County work in Fort Dix portion. So, in the past, we actually did carve out a portion of Ocean County, which is where the—it's the Fort Dix training area.

Col KELM: The range, yes, sir.

MR. ALLEN: 276 wage grade employees working at Lakehurst. There are an additional 16 wage leaders and additional 16 wage supervisors. So it's around, according to OPM's data, around 300 employees working at the Lakehurst portion that would be affected by—or may not be affected by any change that OPM would implement.

There are an additional number of employees who are in the Fort Dix portion of Ocean County, which amounts to around 50 employees, who are assigned to Fort Dix, but they're actually in Ocean County.

CHAIRMAN FRIEDMAN: I'm not sure if the Colonel's numbers would be different, but we'll sort that out, if we need to.

Rob, first you, then Steve.

MR. SHORE: Yeah. I just wanted to first kind of second what Jacque had said earlier about the greater problem of the wage grade employees across the country, but regarding

Mr. Davey's—I guess the analysis that seems to be going on, it's my understanding that the government's job isn't only to save money. I think the Colonel mentioned retaining employees is also important—all those things are important and should be considered in a situation, and I don't think just saving money should be the main goal here.

CHAIRMAN FRIEDMAN: Steve and then—

MR. LANDIS: Okay. I have two things on that. We're talking about how it was in '97 that they moved Lakehurst into the New York wage area, and we were able to not include the Fort Dix portion that was in Ocean County. So I think that sets a precedent right there of raising some MSA lines in order to keep closely related federal activities together, which is what we're suggesting we do in this case.

Secondly, this situation—and I've asked this before—of how we're able to justify telling salaried workers that they're more important and better than hourly workers, that just doesn't make any sense to me. I can understand we're on different pay scales. There's a GS pay scale, and there's a WG pay scale. I'm talking about what you base that on, and the fact that you tell a group of people in the same facility that these GS guys deserve the higher rate than you do, we have an issue with that. In fact, it's gotten worse in the last 5 or 6 years at Joint Base McGuire.

Specifically, speaking from my own personal experience with the one guard unit there, we have about 150 FTW employees, and the Northeast has a very large number of other federal positions—DCMA, DLA—and we are constantly losing good, qualified people that are tired of the pay disparity, and they go and they find these other jobs. And we're having a difficult time backfilling those positions.

The people we have working are getting younger and less experienced, and also

consider the fact that we're talking about doing a pay decrease. You're not necessarily suggesting, but questioning the possibility of lowering the pay for the people—moving the people on Lakehurst side to the Philadelphia wage area. We're talking about a lot of people here, civilian workers who are working in direct support of the military and civilian workers who are doing the military job. There are number of people on both sides of the base that wear the uniform during the week as military employees and are flying military missions. They have to deploy at a moment's notice and go in the military status and deploy all over the world, leaving their families behind, and I find it a little ridiculous to even allude to the fact that we're going to reduce their pay.

CHAIRMAN FRIEDMAN: Dave.

MR. PEDERSEN: I want to say thank you for those points and also thank you for coming, Colonel.

I want to make a couple comments, particularly regarding the concept that the intention is to provide the lowest possible wages, which is never the intention.

The purpose is to provide prevailing wages; we are the Federal Prevailing Rate Advisory Committee, and we have to recognize there are differences in wages between geographic areas. This is why we conduct the wage surveys, a great partnership between management and labor, to make sure we are provided the prevailing wages. That's how the wages have been set in these two areas.

When there is a compelling data-based reason to make a change, we are always open to discussion, and I believe Management is sensitive to making changes to the compensation structure when there are recruitment or retention problems. It is appreciated that recruitment and retention was mentioned as an issue, as those are the discussions that I lean

towards engaging in as opposed to discussion on concept or saying there's a morale problem. When we can actually point to an issue that's being faced, it needs to be addressed – that is where we can have the most meaningful conversations.

CHAIRMAN FRIEDMAN: Anyone else?

MR. DAVEY: If I may?

CHAIRMAN FRIEDMAN: Certainly.

MR. DAVEY: Mark Allen alluded to what really is in my head. We don't have criteria that fits this scenario that has an answer that puts Dix-McGuire onto Lakehurst, other than this is the way we'd like it to go. When we look at the criteria, we have an answer that says Lakehurst; if anything should go, should go to Dix-McGuire.

When the GS system moved, combined everything, they did it with criteria, criteria with 750 or more people within 10 miles of the higher area that have significant commuting patterns to other higher area or from the higher area. And if we were to adopt criteria, which is really what I would propose we do, that we adopt criteria and look at the criteria and see how it works. We might not get the answer that we're talking about—that's being talked about, because, honestly, when we look at the criteria now, proximity, size, so on, wouldn't we be saying Lakehurst should really be paid Philadelphia wages?

CHAIRMAN FRIEDMAN: Jacque.

MS. SIMON: I think that we have a proposed criterion that addresses everything we've discussed here today, and that is to limit all GS localities, most of U.S GS localities to no more than one Federal Wage System wage area. That solves the problem. That's the criterion.

MR. DAVEY: I think that criteria, was it the GS locality become the wage grade?

MS. SIMON: The boundaries of the GS locality would become the boundaries of

the wage area for all GS localities besides—

MR. ALLEN: That would be the October 2010, majority FPRAC recommendation.

MS. SIMON: That is correct. It is the answer. It is the answer to your question.

MR. ALLEN: And it has not been accepted by OPM for implementation.

What we're trying to do now is deal with Joint Base issues separately and see if we can come up with solutions for the Joint Base.

MS. SIMON: I know what's going on, Mark. I'm just telling you if you want to resolve this problem, which I don't think anyone—well, there might be some people in the room who don't consider it a problem, but if you want to address this issue using—

MR. DAVEY: Criteria?

MS. SIMON: —a criterion that is a rational, defensible criterion that's consistent with good management, modern pay system understanding of commuting data to define the boundaries of a local labor market, then you are led, inevitably, to the criterion of limiting non-RUS GS localities to no more than one FWS wage area. The end.

MR. DAVEY: The difference is that one is to the higher wage area.

MS. SIMON: Not always.

MR. DAVEY: Well, apparently, it is.

MS. SIMON: Believe me, OPM did a study, what, 9 inches thick of exactly how it would be implemented, and there are some places you'd be impressed to see where wages go down.

CHAIRMAN FRIEDMAN: Well, there's also—one follow-on? Okay.

MR. DAVEY: There's 10 or so new locality areas being developed.

MS. SIMON: Thirteen.

MR. DAVEY: Okay. And I don't know the impact of this question as it fits in those new areas that are coming into play, so I'd be curious to see, do they have bases that are splitting what is today a RUS area, and now it's becoming a RUS-in-a-locality area. And what's the picture look like on those facilities?

CHAIRMAN FRIEDMAN: Can I make a procedural suggestion as Chair to focus the discussion? I think the issue of criteria is very important, and we certainly have had divergent views presented on that. I suspect we're not going to get consensus this morning on changes in criteria, and we certainly have visited that issue in the Committee before.

I think we ought to focus, if there aren't any more questions or discussion, specifically on the Joint Base this morning.

MR. DAVEY: I have a question about the prison and the impact. I find it interesting that the BRAC Commission result would affect the prison inadvertently and produce a pay differential for someone in the Philadelphia area because the Department of Defense made a decision to consolidate and be more efficient or more flexible. I just find it interesting that there's this side effect for the prison employees because of the Department of Defense.

And I don't mean to—I'm part of the Department of Defense. That the Department of Defense efficiencies produce a pay raise at the Bureau of Prisons, that the Philadelphia employees, Philadelphia locality area, Philadelphia metropolitan statistical area employees at the prison see a pay raise because of this.

CHAIRMAN FRIEDMAN: The same type of raise—

MR. DAVEY: Correct.

CHAIRMAN FRIEDMAN: —as the white collar employees got 5 or 6 years ago.

Is that what you mean?

MR. ALLEN: Jim, is your point there is another federal prison in the Philadelphia wage area?

MR. DAVEY: It's on the facility Dix-McGuire—as I understand it, it's on the Joint Base.

MR. ALLEN: It is. It's on the Dix side.

MR. DAVEY: It would not be excluded from this action, as far as I know. So the side effect of DoD's BRAC activity is a pay raise for the prison personnel for Bureau of Prisons. I just find it interesting. It's unexpected.

CHAIRMAN FRIEDMAN: Any other Joint Base-related comments, questions, statements? Yes, sir.

MR. FENAUGHTY: I would like to hear from the Colonel—and thank you for coming, Colonel—a little bit about the retention and recruiting problems you're experiencing as the commander.

Col KELM: Retention and recruitment is always a challenge, finding the right skill sets. The concern is there are other agencies outside our installation that are paying more for some skill sets, specifically HVAC and our carpenters, our structures that we have challenges with. And so I will tell you as the one responsible for HR, probably the most significant issue that I have addressed in the last year is this paid disparity and the morale that comes with every commander's call that we have, individual meetings I have with the labor folks, blue collar. This is a discussion topic.

Sometimes the people that I have a discussion with prior to are not there because they found other opportunities, and they made that personal choice, but the single biggest issue is

this one that's brought up to me time and time again, and it affects the morale, to be quite blunt with you.

I have a hard time looking into someone's eyes and saying, "I need you to go do this, and you're going to get less for the same job that someone next to you is going to get." That's not the basis—it's the same pay for the same job. That's a value that our nation is built on. Same thing for our service members.

So when you ask me about retention and morale, this is an issue for these 388 employees that I get to work with.

MR. FENAUGHTY: Thank you.

Col KELM: Yes, sir.

CHAIRMAN FRIEDMAN: Are there any new points that people would like to bring out that relate to the issue we're discussing?

MR. ALLEN: One more point that the Colonel may be able to help with. OPM has established a number of pay flexibilities that are available for agencies to use, some with OPM's approval, but some that can be approved at the local level or approved at the agency headquarters level, such as, say, recruitment and retention incentives. Special wage rates would have to come to OPM, but recruitment and retention incentives now do apply, can be applied for wage grade employees.

At the Joint Base, has there been any use of the pay flexibilities that you're aware of?

Col KELM: If you don't mind, Ms. Pat Schmidt, she heads up our HR, 34 years at the Joint Base, so I would ask her to answer that question.

MR. ALLEN: Good morning.

CHAIRMAN FRIEDMAN: Please come to the microphone. Thank you.

MS. SCHMIDT: My name is Pat Schmidt. I am the Civilian Personnel HR Director, and as far as incentives, we have offered them in the past, but like the Colonel was saying, because of the other agencies, even though we offered them, people were still leaving.

And I have a good example. We had a wage grade, an HVAC employee last week, took us 6 months to hire the individual on the Lakehurst side. Within 1 week, he decided he was losing money, actually resigned his position, and went back to a contractor. So that was an example where we tried to offer him under the three R's, but he would not accept it, and he was on board for 1 week. So we do have a hiring recruitment problem where people are leaving and going to other areas.

CHAIRMAN FRIEDMAN: Thank you.

MR. ALLEN: Thank you.

CHAIRMAN FRIEDMAN: Any other new points that people wish to make?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, it seems we have three possibilities. One is to see if there is consensus around the ACT proposal. Another is to see if people want to bring it to a vote this morning. And the third is to defer a decision until a later meeting.

MR. ALLEN: Mr. Chairman, my observation is we certainly don't have consensus on the idea of using GS locality pay areas to define Federal Wage System wage areas, and this is a position that Management members have had for several years now, but we are certainly open to further considering any possible solution that we can come up with that's rational for the Joint Base because that's what we're dealing with and with the ACT proposal. We're not trying to deal with, at least in my opinion, the broader issue because the Committee

has already made a recommendation on a majority basis for that, which has not been accepted. It hasn't been rejected, but it hasn't been accepted.

CHAIRMAN FRIEDMAN: So regarding the ACT proposal—is there a consensus? Apparently not. Are you saying you would like to go ahead and resolve this today or defer it? Do you have an opinion on that? Maybe I should ask the Labor side.

MR. LANDIS: I think we would like, at this time, to put the vote off and not do a vote today.

CHAIRMAN FRIEDMAN: Okay. Well, then we can move on. Is there any other question, comment, discussion? I don't want to cut off discussion if people are yearning to say something else on this topic that hasn't been said yet, and we do need to resolve it at some point. But we've got a lot of new information on our plate. So it certainly makes sense to reflect a bit before we make a decision.

So with that, we can move on to the next agenda item.

And, Colonel, thank you so much for coming. We really, really appreciate your taking the time, and the information you brought us was very, very helpful to us.

Col KELM: Thank you, Mr. Chairman. Thank you, Committee, for allowing me to speak this morning with you. I appreciate your support, and thanks for the opportunities you give us to provide our nation's defense, both on the military and civilian.

CHAIRMAN FRIEDMAN: Thank you.

MS. SIMON: Thank you.

CHAIRMAN FRIEDMAN: Okay. There is an Old Business item that we addressed at our last meeting. There was some thought we might be able to resolve this morning, and that's item (f), the definition of Hancock County, Mississippi, to a non-appropriated fund

Federal Wage System wage area, 604-MGT-1. Is there any further discussion on that one this morning? Do people need a recap on that issue?

MS. ARCHER: I think there is consensus on this now.

CHAIRMAN FRIEDMAN: And the consensus is?

MS. ARCHER: Move forward with the Management proposal.

CHAIRMAN FRIEDMAN: Okay. So it appears there is consensus to adopt—

MS. SIMON: Wait.

MS. ARCHER: AFGE had some reservation. AFGE had some reservations, but I think they have been answered.

CHAIRMAN FRIEDMAN: All right. We'll wait a minute for Steve to come back.

[Pause.]

CHAIRMAN FRIEDMAN: We are on item (f) under Old Business. As reported by Candace, there is concurrence by Labor agreement to adopt by consensus 604-MGT-1, the definition of Hancock County, Mississippi, to a non-appropriated fund Federal Wage System wage area. Do you want to be in on that consensus?

MR. LANDIS: Sure.

CHAIRMAN FRIEDMAN: Okay, cool. So we have done it. We have adopted 604-MGT-1 by consensus.

Is there any other Old Business item that you want to bring up this morning?

[No audible response.]

CHAIRMAN FRIEDMAN: If not, is there any other New Business item that people want to bring up this morning?

[No audible response.]

CHAIRMAN FRIEDMAN: Okay. In that case, it would be in order for us to adjourn.

Yes, Candace.

MS. ARCHER: I just have one question about the meeting dates. There is no meeting in July?

CHAIRMAN FRIEDMAN: Correct.

MS. ARCHER: Okay. I just want to make sure.

CHAIRMAN FRIEDMAN: No meeting in July. So our next meeting is Thursday, August 20th.

MR. LANDIS: I am going to be going again, so I won't be here. Probably be gone in August and September, and I might be back for October.

MS. SIMON: I'm not going to be here either. We are either going to have nobody here in August or just Candace.

MR. FENAUGHTY: That's the convention.

MS. SIMON: The convention. So all of our alternates will also be—maybe by phone.

CHAIRMAN FRIEDMAN: Okay.

MS. SIMON: At best, by phone.

MR. ALLEN: What are the dates you mentioned?

MS. SIMON: I know I'm going to be in Orlando from the 11th to the 22nd.

CHAIRMAN FRIEDMAN: All right. Well, that's good to know.

Any objection to adjourning?

[No audible response.]

CHAIRMAN FRIEDMAN: In that case, hearing no objection, we're adjourned.

See everyone in—we'll see most of you in August.

We have a working group meeting in the Small Pendleton Room.