

Federal Prevailing Rate Advisory Committee 649th FPRAC

Janice R. Lachance, Chair, Presiding

Thursday, December 21, 2023

Virtual Meeting via Microsoft Teams
Office of Personnel Management
Washington, D.C. 20415

Attendance:

Members/Alternates:

Management Members

Mark Allen, OPM

Nancy Anderson Speight, DOD

Mandy Laughlin, Army

Catherine Anders, Navy

Ann Vicks, VA

Labor Members

Jacqueline Simon, AFGE

Daniel Horowitz, AFGE

Paul O'Connor, Metal Trades

Felicia Neale, ACT

Carisa Carmack, NAGE

Staff Specialists and Visitors:

Brenda Roberts, Designated Federal Officer, OPM

Ana Paunoiu, OPM

Samantha Bono, OPM

Sharon Kwon, OPM

Christopher Lynch, DOD

Karl Fendt, DOD

Rosemary Meriwether, DOD

Kieu Nguyen, DOD

Erica Abiera, DOD

Charles Arnold, DOD

Dawna Powell, DOD

Christine Wlezien, DOD

Jerry Dollente, DOD

Brandon Anderson, Navy
Michele Alexander, Navy
Kimberly Eidson, Air Force
Sheila Willis, VA
Cynthia Bell, VA
Ralph Reels, VA
Mechelle Muthuveeran, DOI
LCDR Daniel Pullium, Naval Support Activity Monterey
Capt. Robert Smith, Naval Support Activity Monterey
Tabatha Hall, Naval Air Station Lemoore
Andrew Bolomey, Butner Federal Prison
Lakeshia Carter, Butner Federal Prison
Jeremy Tisdale, Butner Federal Prison
Curtis Newman, Legislative Aide for Senator John Fetterman
Drew Friedman, Federal News Network
Chad Brading
Ned George
Recording Secretary
Mike Eicher, OPM
[Transcript prepared from digital audio produced by FPRAC.]

Proceeding

I.	Opening Announcements and Introductions	4
II.	Review of the Minutes of the 648th Meeting	8
III.	Old Business.....	9
	a. Letter from the American Federation of Government Employees, Dated September 6, 2018, Requesting FPRAC Review a Proposal to Not Allow Federal Wage System Wage Area Boundaries to Split General Schedule Locality Pay Areas and a Proposal to Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area, 620-AFGE-1	9
	b. Letter from the American Federation of Government Employees, Dated September 3, 2019, Requesting FPRAC Recommend Redefining San Joaquin County, CA, from the Stockton, CA, Wage Area to the San Francisco, CA, Wage Area, 627-AFGE-1	10
	c. Letter from the National Association of Government Employees, Dated September 25, 2019, Requesting FPRAC Reexamine the Placement of Wage Grade Employees Working in the Salinas-Monterey, CA, Wage Area, 628-NAGE-1	11
	d. Letter from the Association of Civilian Technicians, Dated November 9, 2019, Requesting FPRAC Consider Moving the Puerto Rico Wage Area into the Special Appropriated Fund Schedule for U.S. Insular Areas, 629-ACT-1 ..	11
	e. Email from the American Federation of Government Employees, Dated May 23, 2022, Requesting FPRAC Review a Proposal to Unify the WG schedules at the Federal Correctional Complex Butner, 639-AFGE-1.....	12
	f. Email message from Ms. Kathleen Pagano regarding pay disparities at the Naval Facilities Engineering Systems Command Mid-Atlantic, Public Works Department, 643-OC-7	12
IV.	New Business	13
	a. Update on FPRAC Working Group Discussions	13
	b. Redefinition of the Arapahoe-Denver, Colorado, Non-appropriated Fund Federal Wage System Wage Area, 649-MGT-1	13
	c. Presentation: Remarks on the American Federation of Government Employees' Proposal Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area – Guest Speaker, Mr. Ned George	13
	d. Letter from Steven R. Kestner Regarding the Pay Disparity Between FWS and GS Employees at Tobyhanna Army Depot, 649-OC-3	13

I. Opening Announcements and Introductions

Chair Lachance: I really appreciate everybody being here so close to the holidays. It is nice to see everyone. I would like to welcome everyone, members and observers, to the 649th meeting of the Federal Prevailing Rate Advisory Committee. It is December 21st, and the time is now 10 a.m. Our meeting is being held virtually today but, as usual, it will be recorded, and a verbatim transcript will be provided to all members for you to review at the next meeting.

I am Janice Lachance, and I have the privilege of chairing this committee. What we would like to do first is get a sense of who is here to make sure we have everybody who has an interest in this on record and as part of our list of attendees. We are going to start with the Management members of the committee. We will start with OPM.

Mr. Allen: Mark Allen for OPM staff is on.

Chair Lachance: DOD?

Ms. Speight: Hi. This is Nancy Speight, Deputy Assistant Secretary of Defense for Civilian Personnel Policy.

Chair Lachance: Army?

Mr. Lynch: Chris Lynch.

Chair Lachance: Sorry, Chris. Didn't mean to cut you off.

Mr. Lynch: No, it's okay. I jumped in.

Ms. Meriwether: And also Rosemary Meriweather, another alternate member for DOD.

Chair Lachance: Great. Thank you all. Army?

Ms. Laughlin: Good morning. This is Mandy Laughlin here for Army.

Chair Lachance: Navy?

Ms. Anders: Good morning. This is Catherine Anders for Department of Navy.

Mr. Anderson: And Brandon Anderson, alternate. I'm also on the 619 number.

Chair Lachance: Okay. You just can't get enough of us, can you, Brandon?

The VA?

Ms. Willis: Good morning. This is Sheila Willis, and I also have Ms. Ann Vicks and Ralph Reels and Cynthia Bell with us as well.

Chair Lachance: It sounds like somebody has something playing in the background. If you are not speaking, I wonder if you could mute your mics. There we go. Thank you.

We will move to our partners in the Labor movement. Metal Trades.

Mr. O'Connor: Paul O'Connor here. I'm on my phone right now, 603, but I will be at my computer probably in about 5 or 10 minutes.

Chair Lachance: Okay. Thank you, Paul.

AFGE?

Mr. Horowitz: Daniel Horowitz.

Chair Lachance: Great.

Mr. Horowitz: I think Jacque Simon is on the phone.

Chair Lachance: Okay. Jacque, can you hear us? Are you here?

Ms. Simon: Yes, I can hear you. I'm sorry. I'm at the airport, so I muted myself. It was probably my background noise that you all heard, so I will mute myself again.

Chair Lachance: Okay. Thank you, Jacque. Feel free, though, to unmute and participate.

NAGE?

Ms. Carmack: Carissa Carmack. Sorry. And I think that we have a couple of observers today as well with us in the lobby. I think we've got Chad Brading and Lieutenant Commander Dan Pullium as well.

Chair Lachance: Okay. Thank you for that.

And ACT?

Ms. Neale: Felicia Neale is online for ACT.

Chair Lachance: Great. And I see that Brenda Roberts is here. She is the Designated Federal Official under the Federal Advisory Committee Act, so welcome, Brenda.

The staff who is attending, could you introduce yourselves?

Ms. Paunoiu: Ana Paunoiu with OPM. Good morning.

Ms. Bono: Samantha Bono, OPM.

Mr. Eicher: Mike Eicher, OPM.

Mr. Arnold: Charles Arnold, DCPAS.

Mr. Fendt: This is Karl Fendt with DCPAS, and I have various wage staff members on the line that we had shared with Ana before the meeting.

Chair Lachance: Thank you, Karl.

I'm sorry. Go ahead.

Ms. Kwon: This is Sharon Kwon with the Congressional Legislative and Intergovernmental Affairs Team at OPM.

Chair Lachance: Great. Thank you, Sharon.

Ms. Simon: Janice, this is Jacque Simon. We may have some observers. Ned

George. I don't know who else might be on, but there may be some AFGE observers also.

Chair Lachance: Great. We did get some people who requested to attend. Are there any observers, who haven't been covered in the member staff categories? Can you let us know who you are?

Mr. Newman: Hi. This is Curtis Newman from the office of Senator John Fetterman. Just observing. Thanks for having me.

Chair Lachance: Sure. Welcome.

Ms. Alexander: Hi. This is Michele Alexander from the Department of Navy.

Chair Lachance: Great. Anybody else?

Ms. Muthuveeran: Good morning. This is Michele Muthuveeran from the Department of the Interior

Chair Lachance: Great. Thank you.

Ms. Eidson: Good morning. This is Kimberly Eidson from the Department of Air Force.

Chair Lachance: Anybody else?

Mr. Allen: There are a couple of people who may also be on. Drew Friedman from Federal News Network—I don't know if she's on or not—and Barbara Schwemle from the Congressional Research Service.

Chair Lachance: Drew or Barbara, did you make it onto the call?

Ms. Paunoiu: I see Ms. Friedman.

Ms. Friedman: Good morning. I'm here.

Chair Lachance: Okay. Drew, thank you. Welcome.

Great. Well, I think we've covered everybody who's on the call. Ana will let us know if there is anybody new who joins so that we can all be aware since everyone's screen displays differently. So thank you all for being here.

Before we start this meeting, I do want to note that the FPRAC Working Group has held a few meetings since our last public meeting. The most recent one was on December 14th, and we have been working hard to consider potential recommendations for reforms to the FWS. And we are going to talk about that later in this meeting. I want to start by thanking everyone who has participated in those. It is a complex issue. It has a very, very long history, and everyone has dedicated themselves to really asking the right questions and thinking about ways that we can come to agreement, and doing it in a very creative, constructive, and supportive way.

So I want to thank everybody. I especially want to thank the staffs at the Department of Defense and OPM who continue to crank out incredible background information for all of us to consider so that any decisions that are made are thoughtful, are grounded in data, solid data, and strong evidence. The work they have done has really been extraordinary, and everyone deserves a lot of credit for where we have come.

We have no announcements on today's agenda, but does anyone have anything that they would like to say that is not on the agenda at this point in terms of an announcement?

[No audible response.]

II. Review of the Minutes of the 648th Meeting

Chair Lachance: Okay. So we can move to review the transcript of the last public

meeting, which was held on October 19, 2023. Are there any changes that anyone wants to bring to our attention?

[No audible response.]

Chair Lachance: If not, is there any objection to adopting the transcript of the last meeting as it is presented in your materials?

[No audible response.]

Chair Lachance: Hearing no objection, I think we can go ahead and accept them.

III. Old Business

- a. Letter from the American Federation of Government Employees, Dated September 6, 2018, Requesting FPRAC Review a Proposal to Not Allow Federal Wage System Wage Area Boundaries to Split General Schedule Locality Pay Areas and a Proposal to Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area, 620-AFGE-1
 - Letter from the American Federation of Government Employees, Dated March 22, 2022, Requesting FPRAC Review a Proposal to Limit all Non-Rest of U.S. General Schedule Locality Pay Areas to no more than one Federal Wage System Wage Area and a Proposal to Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area, 637-AFGE-1
 - 2022 Update to Review of Monroe County, Pennsylvania, 638-OPM-2
 - Estimated 5-Year Cost Projection of Application of FPRAC Document 620-AFGE-1, 622-OPM-1

- Paper Pay Disparity at Tobyhanna Army Depot by Joseph P. Lynott Sr., 623-OC-2
 - Email Message from Steven R. Kestner in Support of the Proposal to Move Monroe County, PA, to the New York, NY, Wage Area, 623-OC-3
 - Letters from Steven R. Kestner Regarding the Pay Disparity Between FWS and GS Employees at Tobyhanna Army Depot, 627-OC-1, 633-OC-1, and 637-OC-2
 - Employment Distribution at Tobyhanna Army Depot, 634-OPM-1, and 2022 Update to GS and FWS Employment Distribution at Tobyhanna Army Depot, 638-OPM-3
 - Market Rates vs Schedule Rates for Electronics Mechanics (Series 2604) Tobyhanna Army Depot, 634-OPM-2, and 2022 Update to Market vs Schedule, 638-OPM-4
 - Letter from Sen. John Fetterman in Support of the Proposal to Move Monroe County, PA, to the New York, NY, Wage Area, 648-OC-1
- b. Letter from the American Federation of Government Employees, Dated September 3, 2019, Requesting FPRAC Recommend Redefining San Joaquin County, CA, from the Stockton, CA, Wage Area to the San Francisco, CA, Wage Area, 627-AFGE-1
- Review of San Joaquin County, California, 629-MGT-1

c. Letter from the National Association of Government Employees, Dated September 25, 2019, Requesting FPRAC Reexamine the Placement of Wage Grade Employees Working in the Salinas-Monterey, CA, Wage Area, 628-NAGE-1

- Review of the Salinas-Monterey, California, Federal Wage System Wage Area, 629-MGT-2
- Request for the abolishment of the Monterey/Salinas wage survey area, 632-NAGE-1, 636-NAGE-1, 641-NAGE-1, and 641-NAGE-2
- Letter from FWS Employees in the Salinas-Monterey FWS Wage Area Requesting FPRAC Reexamine the Placement of Wage Grade Employees Working in the Salinas-Monterey, CA, Wage Area, 644-NAGE-1

d. Letter from the Association of Civilian Technicians, Dated November 9, 2019, Requesting FPRAC Consider Moving the Puerto Rico Wage Area into the Special Appropriated Fund Schedule for U.S. Insular Areas, 629-ACT-1

- 2016 Study by NOAA Describing the Ocean Economies of the U.S. Virgin Islands and Puerto Rico, 629-ACT-2
- Review of the Puerto Rico Federal Wage System Wage Area, 631-MGT-1
- Puerto Rico Wage Grade Adjustment 2020, 631-ACT-1
- Letter from the Association of Civilian Technicians Requesting FPRAC Delay the Vote on the ACT Puerto Rico Proposal until April/May 2021, 636-ACT-1

e. Email from the American Federation of Government Employees, Dated May 23, 2022, Requesting FPRAC Review a Proposal to Unify the WG schedules at the Federal Correctional Complex Butner, 639-AFGE-1

- Supporting Documentation submitted by Federal Correctional Complex Butner employees, 639-AFGE-2 through 639-AFGE-7
- Email from Federal Correctional Complex Butner FWS employees requesting an update on FPRAC Review of an AFGE Proposal to Unify the WG schedules at the Federal Correctional Complex Butner, 643-OC-2
- Additional Supporting Documentation submitted by Federal Correctional Complex Butner employees, 643-OC-3 through 643-OC-6
- Review of Durham and Granville Counties, North Carolina, 644-MGT

f. Email message from Ms. Kathleen Pagano regarding pay disparities at the Naval Facilities Engineering Systems Command Mid-Atlantic, Public Works Department, 643-OC-7

- Letter from Sen. Elizabeth Warren (D-MA), Sen. Edward J. Markey (D-MA), Sen. Jack Reed (D-RI), and Sen. Sheldon Whitehouse (D-RI) to OPM in support of the 2010 Federal Prevailing Rate Advisory Committee (FPRAC) recommendation to consolidate Federal Wage System (FWS) wage areas that lie within General Schedule (GS) locality pay areas, Dated February 19, 2020, 643-OC-8

Chair Lachance: And there are still items that are under Old Business that remain on the agenda, but we have been working on a number of possibilities that could

resolve some of those issues. So rather than take up the old business, I am hoping that you all would agree that we can go right to New Business. Is there any objection to that?

[No audible response.]

Chair Lachance: Okay. We'll go ahead then.

IV. New Business

a. Update on FPRAC Working Group Discussions

- Working Group Discussion Draft on Wage Area Regulatory Criteria (5 CFR 532.211), 648-OPM-1
- Potential Wage Area Definitions Resulting from New Wage Area Definition Criteria in 648-OPM-1, 649-OC-1
- Potential Cost Impact Estimate by Wage Area and County, 649-OC-2

b. Redefinition of the Arapahoe-Denver, Colorado, Non-appropriated Fund Federal Wage System Wage Area, 649-MGT-1

c. Presentation: Remarks on the American Federation of Government Employees' Proposal Redefine Monroe County, PA, from the Scranton-Wilkes-Barre, PA, Wage Area to the New York, NY, Wage Area – Guest Speaker, Mr. Ned George

d. Letter from Steven R. Kestner Regarding the Pay Disparity Between FWS and GS Employees at Tobyhanna Army Depot, 649-OC-3

Chair Lachance: We will go back and rewind the tape a little bit here. Congress asked OPM a while ago to consider ways to align the FWS schedule and localities to

the GS schedule and locality pay, and because of that, we have been talking about this for a while now. I became chair a bit ago, going on a year and a half, and we have talked a lot about how to make this happen. And in the last few months, it has come together in a way that I think has been impressive. We have answered a lot of questions, dealt with a lot of the complexities that this would bring about.

And so what I would like to do at this point is very, very quickly ask the staff, OPM and DOD, whoever wants to speak up, about what they think, what their outcomes are from all of the work that has been done.

OPM has floated draft regulations that would align the criteria between—or more closely align the criteria between the GS and the FWS pay schedules. Does anybody want to address this? Nancy, you or your team? Mark, you or your team? Is there anything that you would like to say at this point, that would go on the record, that we could use as a basis for our discussion?

Ms. Speight: This is Nancy Speight.

I was going to include this in my remarks when we got to the vote, but I can say it beforehand if that's okay or appropriate with you.

Chair Lachance: Sure. Wherever you like.

Ms. Speight: Okay. I want to note that I am one of three representatives from the Department of Defense. We at Defense share the same concerns about implementing a change to the FWS regulations without a business case analysis and justification.

We have reached different decisions. I urge OPM to consider working on alternatives to fix pay issues in areas where they are clearly apparent and have been a subject of discussion for several years before pursuing this quickly drafted regulatory

revision having nationwide implications.

So I basically am putting on the floor an opportunity for anyone to raise options before we take a vote. And I want it to be on the record.

Chair Lachance: Thank you, Nancy.

Ms. Speight: You're welcome.

Chair Lachance: Does anyone else want to address that or the situation in general?

Ms. Simon: Well, Janice, this is Jacque. You were asking DOD and OPM to speak, but when they're done, I'd like to respond to what Nancy just said.

Chair Lachance: Great. Thank you.

Do you want to go ahead, Mark, or do you want Jacque to go ahead and respond?

Mr. Allen: I will just say something briefly and then go into the documents that have been put on the agenda this morning, explain what those represent coming out of the working group.

I would say that the working group was established not only to look at the definitions of wage area boundaries and the criteria for defining wage area boundaries. The document that was introduced at FPRAC and agreed upon by everybody was to take a top-to-bottom look at how the Federal Wage System operates, and there are a number of different avenues that the members can take to look at how the Federal Wage System operates overall.

The item on the agenda this morning is limited to how wage areas are defined, and it's directly responsive to congressional report language encouraging OPM to

explore how something could be done to ensure that there would only be one wage area within a GS locality pay area boundary.

What we put on the agenda at the last meeting, FPRAC document 648-OPM-1, is what would be necessary to change in the existing regulatory criteria that are used for defining wage area boundaries to make it possible for there only to be one wage area within a single GS locality pay area. The working group went through exhaustive analyses of what the outcome of those criteria being applied would be, and that's reflected in the 50-some documents reflecting what new wage area definitions would look like if those criteria were to be followed.

To just briefly summarize what the new criteria would do is it takes the existing Federal Wage System criteria and then merges into those criteria the same criteria that are used to define GS locality pay area boundaries. They would be looking at consolidated statistical areas and employment interchange. Those are the primary two factors that are used in the General Schedule system that have not been used in the Federal Wage System so far.

We also developed with the working group an analysis of the impact, and what we're looking at is that around 10 percent of the Federal Wage system workforce, if this were to be followed, would be moved from one wage area to a different wage area and from one wage schedule to a different wage schedule.

The overall cost impact would be around 1 percent of the Federal Wage System payroll, and around 15,000 employees would see their wage rates go up, and about 2,000 would see their wage schedule rates go down, but most of those people would be covered by pay retention.

Chair Lachance: Are there any questions for Mark before I call on Jacque?

[No audible response.]

Chair Lachance: Okay. Jacque, do you want to go ahead?

Ms. Simon: Sure. Thank you, Janice.

I would also like to thank the staff at DOD and OPM for all the hard work they put into preparing the alternative ways of implementing the proposed alignment of criteria for drawing local boundaries for the two pay systems.

I think that it was very comprehensive. Mark could correct me. I think we've been working on this close to 15 years. This is the second time a fully elaborated description of the—of what the system would look like after implementation of some version of what Congress asked for. So I think that the work meetings have been extremely informative, and we really got to see, I think, two ways of doing it. One is sort of following past practice where you just add counties to existing wage schedules, and another one would take the occasion of the change in boundaries to do entirely new surveys and create a whole new schedule prior to implementation. Either way. One way is a little more complicated and more expensive, and the other one is sort of following past practice.

I don't think we need to decide here today which of those paths for implementation would be taken, but I'm hoping that we don't kick the can down the road because time really is of the essence to get this going, and I'm just hoping that we can vote on the pursuit of the proposed regulation as we've studied it in the work group.

Chair Lachance: Thank you, Jacque.

Are there any other comments? Catherine, I see your hand up.

Ms. Anders: Hi. Yes. Prior to vote, the Department of Navy did want to state some residual concerns with the proposal with regard to an absence of a substantiated business case to explain the basis of request. Currently, there are successful pay flexibilities available to target areas that are experiencing staffing and retention issues rather than taking this large-scale approach. Leveraging these pay flexibilities in specific areas of concerns could be beneficial.

OPM salary, basic salary calculations do not currently take into consideration additional implementation costs associated with this change or the offset to support mitigating them. Increases in additional labor costs have not been addressed and could seriously erode mission readiness by having to divert funds as civilian pay salaries are a must-pay bill.

Additionally, offsets may have to be taken from a workforce reduction. Deploying this method could potentially cause a ripple effect, and under this proposal, the newly hired employees may be disadvantaged in comparison to existing employees receiving pay retention. Employees who qualify for pay retention will be compensated higher than their newer counterparts.

In addition, employees on retained pay only receive up to 150 percent of the Step 5 of basic pay rate, which should be noted, and are limited to 50 percent of an annual pay increase.

Additionally, to bridge the pay differences between newly hired and retained pay, their mitigation strategies may be required to include additional incentives and special wage rate requests.

Lastly, the DON did want to note concerns about additional resources required to

participate in the more expansive wage salaries.

Those are our concerns noted for the record. Over.

Chair Lachance: Thank you.

Paul.

Mr. O'Connor: Good morning. I'd like to point out that there is a cost to adopting these recommended changes. There's also a cost if we do not adopt these recommended changes. We're not hiring the right people. There aren't enough people interested in doing federal sector jobs because the pay rates are so low, and special pay rates address that element only as a hiring—in the hiring process. It's not a long-term solution. It's not—it has nothing to do with wage survey, and once those hiring numbers are reached, then the special wage rate can go back to its original rate. That would be with safe pay, except for new hires who will go back immediately, and the cycle of having not enough people. skilled people to apply for jobs, would begin at that point again. And it would be a cycle that would repeat itself. The special pay rates are not the solution, and there is a cost to doing nothing.

If you want to come up with a third process, well, let's do that, but in the interim, what we have to work with here is—within this—within the um guidelines of what exists today. So people talk about a new system. Let's do that. But let's not stop this from happening, these recommended increases, recommended changes. Thank you.

Chair Lachance: Anyone else?

[No audible response.]

Chair Lachance: Clearly, we don't have consensus. I didn't know if anybody was interested making a motion at this point.

Mr. Allen: I think what this basically comes down to is whether the committee has studied this issue enough to address the congressional concern that encouraged OPM to explore having the wage area within the locality pay area boundary. So that one option the committee has is whether or not to move the revised regulatory criteria on to the Director for her to consider.

[Audio distortion.]

Chair Lachance: Wait. Nancy and —I hear both Nancy and Jacque coming through. Does one of you want the floor?

Ms. Speight: I was just asking to mute the back sound, wherever it is.

Chair Lachance: Okay. Thank you, Nancy.

Jacque, did you want to be recognized?

Ms. Simon: I just heard you say that we don't have consensus, and so do we not vote unless we have consensus?

Chair Lachance: No. I think one of the members could introduce a motion to at least move the regulations, the draft regulations forward to the Director of OPM. I think that is what Mark was suggesting.

Mr. Allen: Yeah. It's a question of whether the committee believes that we're answering the mail, so to speak, that the Congress asked us to take a look at. Like, how could OPM ensure there's only one wage area within the locality pay area boundary? I think we as a group thoroughly examined how that could be done and what the impact would be wage area by wage area, and I'm happy to hear other members speak to that issue.

Ms. Simon: Mark, this is Jacque. I don't think that the intent of the language from

Congress was to answer the question, "Could this be done?" I think the answer—I think the intent of the congressional language was figure out a way to do this and do it, not just to have an intellectual, you know, exercise.

So to that end, I would like to make a motion that we recommend to the Director of OPM to pursue the regulation that we studied in the work group, you know, possibly modified, to provide more detail but that we move forward with that proposed regulation.

Mr. Allen: I just need a second for the motion.

Chair Lachance: Is there a second?

Mr. Horowitz: Second.

Chair Lachance: I'm sorry. Can you tell me who that was?

Mr. Horowitz: Daniel Horowitz from AFGE. Second.

Chair Lachance: Thank you, Daniel. Great. Thank you.

Is there discussion?

[No audible response.]

Chair Lachance: Okay. We'll vote. Let me start with the Management members.
OPM.

Mr. Allen: Are you ready, Ana?

Ms. Paunoiu: Yes, I'm ready. I have the list in front of me. So I'm just going to go ahead.

Mr. Allen: Okay.

Chair Lachance: Okay. Why don't you go ahead with the list of names. Great.

Ms. Paunoiu: OPM. Mr. Allen?

Mr. Allen: OPM staff votes yes.

Ms. Paunoiu: DOD. Ms. Speight?

[No audible response.]

Chair Lachance: Nancy, you're muted.

Ms. Speight: I apologize. DOD is concurring in favor of the proposed change to align with OPM and the Union FPRAC members. However, I do so reluctantly with substantive comments concerning implementation and costs. I'd like to put them on the record. May I be so allowed?

Chair Lachance: Of course.

Ms. Speight: Okay. So I'm voting yes with the following concerns. Notwithstanding the substantive concerns, I am mindful that modifying the wage areas will increase pay rates for many more FWS employees than will be negatively impacted based on the implementation plan proposed by OPM. It is also consistent with the President's management agenda.

While DOD conducted—concluded there are no legal impediment to this change, we have business case and policy consideration concerns. I'm now going to state them for the record.

One, as I've already stated, there may be other options. One is in calendar 2022, the FPRAC voted to remove the pay cap. If implemented by Congress, the FWS pay will be more aligned with local market pay, as stated in law, and substantially and financially benefit the federal workforce.

Two, DOD has proposed to study whether there's an interest in addressing the areas where there are unique administrative concerns, specifically like Tobyhanna, rather than changing the regulation with now without necessarily changing the

methodology for all.

Number two are implementation considerations. OPM is basing its cost analysis on applying a restricted methodology by moving all employees to existing schedules that have historically applied floors and ceilings and are based on older current survey areas.

If 5 CFR 532.211 is revised, DOD encourages implementing wages for new GS-aligned geographic areas based on updated market data versus leveraging previously established schedules. This approach could increase pay retention rates. However, it reduces overpayment and is more consistent with legislative intent. Either implementation plan will require increased data collection resources; in our case, approximately six FTEs to accommodate the larger survey areas.

[Audio break.]

Chair Lachance: You've muted again, Nancy. I'm sorry.

Ms. Speight: Sorry. I don't know how that happened. Keeping my hands still.

Okay. So DOD also—I apologize. DOD also anticipates an increase in special rate requests in higher cost areas. As such, DCPAS will include a requirement for additional resources should OPM and OMB adopt this change.

The next point is the ongoing GAO study results and congressional interest could create additional scrutiny on why the pay of FWS differs from the market data that DOD collects. Other than being mandated by law, we're not sure, if the restricted methodology is followed, it appears the DOD surveys become meaningless. For example, the current Boston wage area is now unrestricted, i.e., paid from the local market, as it is and as it is on special rates. The new survey data based on the

proposed new area would be significantly different. It would not be allowed to take effect. This is very complicated, and we can provide an explanation if you need one.

Next, DOD's collective pay data reflects differing pay markets which will be merged. This proposal will create higher market pay rates in lower cost areas and have other consequences. We anticipate the following impacts.

Pay retention. FWS employees whose pay is aligned with the lower GS boundaries will be placed on pay retention. The implementation approach will determine a number, but a rough estimate indicates approximately 1,170 DOD employees will be placed on pay retention. In some cases, the pay retention could last over a decade, preventing any annual increases. DOD can provide impacted geographic areas if desired.

And going back to Mr. O'Connor, I'd like to hear more about that eventually, what you said that would offset that. I didn't quite understand it, sir.

Another point, recruitment and retention. In addition to the pay retention mentioned above, the new system will also affect new employees who will receive a lower pay than existing employees in the same job. I believe Navy mentioned this. Paying federal workers below market could create recruitment and retention issues for the FWS workforce, to include discouraging the current labor pool from choosing to work in a high cost market so they can make the same pay in lower cost markets.

Next, incentive for contracting out functions. Overpaying creates incentives for contracting out federal functions, if permitted, as the market could incentivize contractors versus the federal employees.

And next, unfair competition in lower cost areas with private sector. In several

wage areas where employees will now be paid above market rates, DOD will essentially be paying—will be the highest payer in these areas. This could put the private sector at potential hiring disadvantage to the government. As a reminder, the prevailing rate concept, as stated in law, is meant to match yet not exceed the private sector. This allows the government to fairly compete with the private sector and still be the most efficient with taxpayer dollars.

Next, we have concerns with the methodology/implementation issues, data sufficiency, and timing. The current—to currently execute the surveys, DOD as the lead agency will need at least eight months but ideally ten months to properly plan for the new surveys before the effective dates of each new areas—I'm sorry. I think I just—okay. Thought I lost it. New areas. This allows all input from local area and planning for DOD to meet legal requirements. Otherwise there will be employees on a schedule representing a market that no longer exists.

Based on requirements within 5 CFR 532.211 and .239, there are areas where the private-sector data is insufficient to create a proper pay schedule. DOD has shared two examples so far with OPM, but there may be others as the proposed plan is executed.

To confirm for areas where the FWS areas overlap with multiple GS areas, we will still need to produce multiple schedules with differing floors,—GS locality and our rest of the U.S. DOD suggests an economic impact study on the private sector in low-cost labor areas in the future if this goes through in affected counties, to include the number of employees working for federal versus the number of working for private industry. We think long term, this could have a political ripple.

We're not against. I said we're voting for this change.

For areas where we need to move the, quote/unquote, order month for the survey beyond the two-year window, DOD seeks an exemption to this requirement while the transition is underway.

Thank you for the time, and thank you for allowing me to speak. I yield.

Chair Lachance: Of course, Nancy. Thank you.

Ms. Paunoiu: Army. Ms. Laughlin.

Ms. Laughlin: Hello. Good morning. Along with our vote, I'd like to also make a statement, if that's okay at this point.

Chair Lachance: Okay.

Ms. Laughlin: Thank you.

The Army will vote against this proposal, as it is not advantageous to the Department of Army and would have multiple negative fallouts. There is currently no business case to support this proposal and would result in major budgetary requirements as well as having a negative effect on mission requirements in Tobyhanna.

The budgetary ramifications for Army would be major with it recurring annually and increasing due to inflation. There's also no clarification on how this proposal will be funded. Without additional funding support by OMB or OSD, the proposal will result in drastically reducing training funds and the potential loss of approximately 300 civilian FTEs.

Additionally, there is no business case, no widespread recruitment retention issues throughout Army to support the proposal. Instead, Army has pursued special

salary rates in areas that are associated with critical occupations that have been hard to fill or retain based upon supporting data.

Production supporting Army, Navy, Air Force, and Marines will also immediately reduce, and this would reduce Tobyhanna's competitiveness within the industry by impacting readiness, customer-buying readiness, and buying power.

Finally, the proposal could create inequitable pay situations, create recruitment and retention issues, as well as massive pay retention.

Thank you for your time.

Chair Lachance: Thank you, Mandy.

Ms. Paunoiu: Navy. Ms. Anders?

Ms. Anders: Yes. The Department of Navy will vote yes to this proposal but with our previous concerns stated for the record, please.

Chair Lachance: Thank you.

Ms. Paunoiu: VA. Ms. Willis?

Ms. Willis: VA will vote yes but would like to offer a comment for the record.

VA has a question about what appropriations may—or funding may follow upon implementation.

That's all we have. Thank you.

Chair Lachance: Thank you very much.

Ms. Paunoiu: Metal Trades. Mr. O'Connor?

Mr. O'Connor: Metal Trades votes yes, and I'd like to make a comment as well.

Chair Lachance: Of course.

Mr. O'Connor: Nancy, you had asked me to clarify a point, and I don't remember

what that point was that you wanted me to clarify.

[No audible response.]

Mr. O'Connor: You're on mute.

Ms. Speight: I'm sorry. I have a bad habit. I'm so sorry. I heard you say something to the effect of the people on retention and the new people, the difference in the pay will be mitigated at some point, and I didn't hear the rest of it.

Mr. O'Connor: Yes, yes. When a special pay rate is invoked, it's because there's insufficient skills or numbers to meet the mission's needs. Once those needs are met, once the right number of skilled people are there and the right number of people are there, that special pay rate can go away and revert back to the original pay rate. That would be a safe pay status for current employees, but for new employees, they would immediately go new—not employees—folks who want—new candidates, their pay would immediately revert to the original pay. There'd be no safe pay. They'd go right back to the original pay scale, which creates the—a problem of not hiring the right skill sets and experience level and numbers of people to meet the mission's, the agency's needs. So special pay rates are not designed to be long-standing, long-term solutions. They're a quick fix for hiring deficiencies.

Also, I believe it was Army who said that there's no business case from their perspective. Boy, you know—and I heard that the prevailing rate concept—I think this was from DOD—is a fair concept. Well, I agree it's a fair concept, but the way that ties into the business case is we don't work by concept. We work by actuality.

And in actuality, the wage survey—all we survey is companies that volunteer to be in the survey. We don't survey some of the bigger companies and companies that

have government contracts because they don't want the government in their business any more than what they have to be. So we don't get some of the best pay rates out there. We get the best pay rates of companies that volunteer, which is typically less than the standard prevailing rate would be. And it's hard, if not impossible, to really compare jobs in some cases, like a nuclear shipyard. How do you compare the skill set of a nuclear shipyard to the pay rates of mom-and-pop companies that are on the list to be surveyed? You really can't. So it's not a fair equivalent of job for job.

And, you know, on top of that, how many decades has it been since facilities have gotten increases in pay because of the wage survey? We get increases because the President chooses or doesn't choose to give us one, and that's across the board. That's not related to the wage survey. So there are a lot of incongruities and inconsistencies in the wage survey process that creates an imbalance to disadvantage federal employees as compared to the prevailing rates that exist. And we have a long way to go before we reach the actual—even with the pay rates of the companies that we survey, the vast majority of federal facilities, the federal wage areas are anywhere from 1 percent to 5 to 10 to 20 to 30 percent under the prevailing rates. And that is consistent. If the system was working, that wouldn't happen. We wouldn't even need to have this discussion, because there would be fair and equal pay rates across the board, but that isn't how the system is working.

And that's all I had to say. Again, we vote yes.

Chair Lachance: Thank you.

Ms. Paunoiu: AFGE. Ms. Simon.

Ms. Simon: I vote yes. I didn't know that—I didn't prepare a formal statement in

support of this. I think I'm just going to follow the advice of many wise people who say take yes for an answer.

Chair Lachance: Thank you, Jacque.

Mr. Allen: You can send in a statement if you want to after the meeting.

Ms. Simon: Okay, thanks.

Ms. Paunoiu: AFGE. Mr. Horowitz.

Mr. Horowitz: Yes.

Ms. Paunoiu: NAGE. Ms. Carmack.

Ms. Carmack: Yes.

Ms. Paunoiu: ACT.

Ms. Neale: ACT votes yes also.

Ms. Paunoiu: Madam Chair, we have 9 for and 1 against.

Chair Lachance: Great. Thank you all so much. It took us—if you look at the history of this committee, it has taken quite a while to get here. We still obviously have work to do, given everybody's comments, and I think the group is willing to maintain its dedication to the issue and to advancing this so that we can at least move forward with some of the reforms or changes that have to take place. We are going to work hard to figure out how to do that. So again, my thanks to everybody on the committee, the members. You have spent, all spent many, many hours on this and clearly have put a lot of thought into it. We'll stay focused on it and appreciate at least this milestone that we've been able to achieve.

Are there any other comments before we close this out?

Mr. Allen: Under New Business item (c)—

Chair Lachance: Yes.

Mr. Allen: —Mr. Ned George expressed an interest in saying something on this, and there's also a letter from Mr. Kestner.

And we also have item (b), which is the—

Chair Lachance: Right.

Mr. Allen: —redefinition of another wage area.

Chair Lachance: Yes. That's where I was going to go next. I didn't know if anybody wanted to address the vote, but I don't see anyone.

So we do have a few more items of New business. Why don't we look at item 649-MGT-1, which is the redefinition of the Arapahoe—Arapahoe—I'm sorry. Somebody from out West needs to tell me how to pronounce that.

Mr. Allen: Arapahoe.

Chair Lachance: Arapahoe, Denver, Colorado, non-appropriated fund Federal Wage System wage area.

Mark, can you introduce this topic?

Mr. Allen: Yeah. This one is actually pretty simple. Previously, there was a small presence of non-appropriated fund employees in Denver, and what we're recommending here is to remove Denver County from the Arapahoe, Denver, wage area because there are no longer any non-appropriated fund employees in Denver County. Just the Arapahoe County would be the survey county. I wouldn't expect any impact on any wage rates for employees in that county because of the floor increase provision, and I think the \$15 an hour minimum rate is also impacting that wage schedule. That's all I have to say about that. It seems pretty clear-cut to me.

Chair Lachance: Any questions or discussion about it?

Ms. Speight: What area would they go to under this new—the proposed regulation? Are they—wouldn't they mainly be Interior folks or not?

Mr. Allen: These are the non-appropriated fund employees primarily of the Department of Defense, but this is a non-appropriated fund workforce, and the regulatory change would only cover the appropriated fund system.

Ms. Speight: Uh-huh.

Mr. Allen: There's separate regulatory criteria for how the non-appropriated fund system works, because the underlying law for the Federal Wage System put them under a different section. The wage area definitions work differently for the NAF workforce than they do for the appropriated fund workforce.

In this case, we are recommending that Denver County be removed from the survey area, and the wage area would continue to have Arapahoe County as a survey area, and then Mesa County, Colorado, as an area of application. I believe the employees in Mesa County may be with VA.

Chair Lachance: Any other questions or comments?

[No audible response.]

Chair Lachance: Does it make sense to move forward on this by consensus, or does anybody want a motion and a vote?

[No audible response.]

Chair Lachance: I am taking this as consensus, folks. People are nodding. So let's go ahead. No one on this call is shy about speaking up when they don't agree with so let's go ahead and move this forward by consensus. Thank you, everybody.

And as Mark mentioned, under New Business, we do have a letter for the record from Mr. Steven Kestner in support of the proposal to move Monroe County, Pennsylvania, to the New York, New York, wage area and in support of addressing the pay inequity between GS and FWS employees.

Does anyone want to comment on that, or should the letter stand on its own merits?

Ms. Speight: We don't have the letter, but I thought—

Ms. Simon: I think the letter—oh, sorry.

Chair Lachance: Nancy first, then Jacque.

Ms. Speight: Just going to say I think I'm familiar with his concerns, but I'm not sure. They say Tobyhanna, but I thought maybe I'm thinking of somebody else. Is this Tobyhanna?

Chair Lachance: Yes, it is.

Ms. Simon: Yes.

Ms. Speight: I'm sorry. I'm thinking of somebody else. That's the same thing. Sorry.

Chair Lachance: Thank you.

Jacque?

Ms. Simon: I was just saying yes, but I thought I could let it speak for itself.

Chair Lachance: Okay. That makes sense.

Of the observers, Ana, did we have anyone who registered who wanted to speak?

Ms. Paunoiu: No.

Chair Lachance: Okay. Great. Thank you.

Are there any other items that committee members would like to raise or discuss at this time?

Mr. Allen: Yes. One bookkeeping suggestion. Since the vote today, I think a lot of the Old Business items could be taken off of the agenda, and we can start the new year with kind of a clean slate. The working group would continue, but unless anybody would like to have any of the specific items continue as Old Business, I would recommend we take those off. If there's anything that would come up in the new year, I think a member could reintroduce the subject for discussion.

Ms. Simon: Mark, as far as AFGE proposals that are on that list, I mean, I could reintroduce or keep them there. I mean, I just—this is insurance against any party succeeding and derailing the effort that we voted in favor of today.

Chair Lachance: So, Jacque, are you okay reintroducing them in the new year, or do you want to keep them on?

Ms. Simon: Well, I think that I've been—that there's something—there's at least one item, an AFGE proposal that would move Monroe County into the New York wage area, and I'd just like to keep that on that.

Chair Lachance: On the agenda? Okay. That's fine. And again, anything can be brought back up again at any time, but given the fact that we were committed to working on implementing this proposed regulation, that that will take care of a lot of these things. But, Jacque, I understand, and we can leave that one on the agenda.

Ms. Simon: Okay. I somehow got muted. I thought that was somebody's way of telling me to shut up, but in any case, I was muted in the middle of what I was saying,

but I got back on. But yeah.

Chair Lachance: I think we got the gist, but is there anything else you want to add?

Ms. Simon: No. Happy New Year, everyone. Merry Christmas. Happy New Year. Have a great day.

Chair Lachance: Thank you, Jacque. Same to you.

I do want to note that the agenda includes our future meeting dates. We are going to continue to have the public meetings on the third Thursday of every month, so I look forward to working with you all on that through next year.

Since there are no other items under New Business, it would be in order for us to adjourn. Is there a motion to adjourn?

Ms. Carmack: Before we do that, this is Carissa from NAGE. Sorry. I just want to note I think we would also like to keep our item of Old Business for the Monterey–Salinas area on Old Business for now until we can evaluate whether or not the vote today allows us to take that off. So for now, we'd like to keep that under Old Business.

Chair Lachance: Okay. So noted, and we will make that happen.

Ms. Carmack: And I can also make the motion to adjourn, if appropriate.

Mr. Allen: I'll second.

Chair Lachance: Great. I don't think anybody will object to adjourning. Thank you all very much. We will be back in touch about continuing the working group and its agenda, and much like Jacque, I want to wish everybody very, very happy holidays and a wonderful start to 2024. We've ended the year with a significant accomplishment, and I am looking forward to working with all of you as we work on the implementation plans.

Thanks, everyone.

[End of recorded session.]