

Federal Salary Council Meeting Minutes
Meeting Number 24-1
November 18, 2024

The [Federal Salary Council](#) held a meeting hosted by the U.S. Office of Personnel Management (OPM) on November 18, 2024, after providing [advance notice](#) of the meeting in the *Federal Register*. Council members who participated in the meeting are listed in the table below.

Council Member	Title
Dr. Stephen E. Condrey	Federal Salary Council Chair and Past President of the American Society for Public Administration
Ms. Janice R. Lachance	Expert Member and Chair, Federal Prevailing Rate Advisory Committee
Dr. Jared J. Llorens	Expert Member and Dean and E. J. Ourso Professor, E. J. Ourso College of Business, Louisiana State University
Dr. Everett Kelley	Employee Organization Representative, National President, American Federation of Government Employees
Ms. Jacqueline Simon	Employee Organization Representative, American Federation of Government Employees
Ms. Doreen Greenwald	Employee Organization Representative, National Treasury Employees Union
Mr. Patrick J. Yoes	Employee Organization Representative, National President, Fraternal Order of Police
Mr. David J. Holway	Employee Organization Representative, National President, National Association of Government Employees
Mr. Randy Erwin	Employee Organization Representative, National President, National Federation of Federal Employees

About 200 members of the public also attended the meeting, including 2 representatives of the media and a staff member from the office of Representative Stephen Lynch.

Agenda Item 1: Introductions and Announcements / Minutes from Previous Meeting

At 10:01 a.m. Eastern Standard Time, Mr. Mark Allen, OPM Pay Systems Manager, started the meeting at the request of Chairman Condrey.

Designated Federal Officer's Opening Remarks

Mr. Allen introduced himself as Designated Federal Officer for the meeting. He welcomed everyone and explained the Council's role as an advisory body operating under the Federal Advisory Committee Act. He noted that OPM provides staff support to the Council members but does not itself hold membership on the Council or develop the Council's recommendations. He explained that the Council's purpose in meeting was to develop recommendations on General Schedule (GS) locality pay for January 2026. He noted that the Council's annual recommendations cover the establishment of pay localities, the coverage of salary surveys, the processes used for making comparisons between Federal and non-Federal pay, and the level of comparability payments for Federal employees. He said the Council recommendations would be sent to the [President's Pay Agent](#) once finalized. He noted that documenting approval of the minutes from the Council's meeting held on November 14, 2023, was the next agenda item. After the Council members briefly introduced themselves, the Council officially approved those minutes. Mr. Allen then turned the floor over to Chairman Condrey, who introduced the next agenda item, a report from the Bureau of Labor Statistics.

Agenda Item 2: Report of the Bureau of Labor Statistics

Mr. Michael Lettau of the U.S. Bureau of Labor Statistics (BLS), Office of Compensation and Working Conditions provided the following report.

I am pleased to present the work that BLS does in support of the President's Pay Agent and the Federal Salary Council. The BLS provides estimates of annual wages for workers in private industry and state and local government to the Federal Salary Council for broad categories of professional, administrative, technical, clerical, and officer jobs, known as PATCO groups, at the various GS work levels. These estimates are based on the combined data from the Bureau's National Compensation Survey (NCS) and the Occupational Employment and Wage Statistics (OEWS) programs.

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

For the 2024 delivery, the BLS produced PATCO estimates for 122 areas. This included estimates for both current locality pay areas and for research areas of

interest to the Federal Salary Council. The research areas included ten areas that have now been added to the standard delivery of PATCO estimates. The PATCO estimates are based on OMB Core Based Statistical Area (CBSA) definitions and include any areas of application in the area's definition.

As in prior years, BLS provided separate estimates including and excluding the effect of workers who receive incentive payments. Also, BLS delivered two sets of estimates for the 2024 delivery. The second set of estimates uses NCS sample weights that better represent the number of workers in each occupation that BLS samples. The BLS recommends these estimates as an improvement to the PATCO estimation methodology.

There were no questions on Mr. Lettau's testimony. Chairman Condrey turned to the next agenda item, which was a reading of the Council Working Group's report into the record.

Agenda Item 3: Recommendations of the Federal Salary Council Working Group, Issues 1-8

At the Chairman's request, Mr. Joe Ratcliffe, OPM Senior Compensation Analyst, read the Council Working Group report up through Issue 8. At that point, the Council heard previously scheduled testimony from the public (Agenda Item 4). Once that testimony concluded, Mr. Ratcliffe resumed his reading of the report (Agenda Item 5).

Mr. Ratcliffe paused after reading each Working Group recommendation, and Chairman Condrey then asked the Council members to indicate whether they wanted to adopt the Working Group recommendation. The Council unanimously accepted the Working Group's recommendations on Council Decision Points 1-8, as indicated below.

- Council Decision Point 1: Should the Council recommend the locality pay rates for 2026 for current locality pay areas, using the NCS/OEWS Model results shown in Attachment 1 of the Working Group report?

The Working Group recommended doing so, and the Council members all agreed.

- Council Decision Point 2: Does the Council agree with the Working Group that the 11 areas listed in discussing Issue 2 of the Working Group report should all be established as Rest of US research areas now that BLS has provided a full 3 years of data for each of them?

The Working Group recommended doing so, and the Council members all agreed.

- Council Decision Point 3: Should any of the Rest of US research areas listed in Attachment 3 of the Working Group report be established as new locality pay areas?

The Working Group recommended that the Kennewick-Richland-Walla Walla, WA, CSA and the Syracuse-Auburn, NY, CSA be recommended for establishment as new locality pay areas but that the Dothan, AL, research area not be recommended for establishment as a new locality pay area at this time because the anomalous GS-13 estimate that caused the 47.84 percentage point change in Dothan's pay disparity between 2022 and 2023 remained in the sample, continuing to distort the pay disparity results for Dothan. The Council members all agreed with the Working Group on its recommendations for the three areas.

- Council Decision Point 4: Should BLS review NCS/OEWS salary estimates each year and identify any obvious anomalies to the Council each year in a report accompanying the data delivered to OPM staff?

The Working Group recommended BLS be asked to do so, and the Council members all agreed.

- Council Decision Point 5: Since BLS regards research areas with non-Federal employment of fewer than 20,000 as being at increased risk for year-to-year volatility in NCS/OEWS salary estimates, should BLS stop delivering NCS/OEWS salary estimates for such areas?

The Council agreed with the Working Group that, as efforts continue to include additional metropolitan statistical areas and combined statistical areas in the annual BLS deliveries of NCS/OEWS data, the Council should request addition of an MSA or CSA to such deliveries only when its non-Federal employment is at least 20,000. The Council recommended this because BLS is currently limited in its ability to add new areas to an annual data delivery, and BLS regards MSAs/CSAs with non-Federal employment below 20,000 as being at increased risk for year-to-year volatility in NCS/OEWS salary estimates. However, for locations already established as Rest of US research areas that are found to have non-Federal employment of fewer than 20,000, BLS should continue deliveries of such areas until the Council requests otherwise. The Council may want BLS to stop deliveries for some established Rest of US research areas with low non-Federal employment but should make decisions on whether to do so carefully, considering factors such as how far below the threshold of 20,000 non-Federal employees the area is or whether its pay disparity has come close to meeting the pay disparity criterion over one or more 3-year periods.

- Council Decision Point 6: Should any of the locations listed in Attachment 4 of the Working Group report be established as new Rest of US research areas?

The Working Group recommended and the Council agreed that these areas should continue to be considered as potential Rest of US research areas, and the Council should evaluate 3 consecutive years of pay disparity data for these areas as soon as possible. Also, the Council should continue its work to study pay in as many additional locations as resources allow.

- Council Decision Point 7: Should the Council reiterate the recommendation from its February 2024 annual report that—
 - In defining locality pay areas geographically, the Pay Agent apply the updates to the delineations of the metropolitan statistical areas and combined statistical areas reflected in Office of Management and Budget (OMB) Bulletin No. 23-01 as such updates were applied with adoption of OMB Bulletin No. 20-01, and
 - Updated commuting patterns data be used in the locality pay program—i.e., commuting patterns data collected by the U.S. Census Bureau between 2016 and 2020 as part of the American Community Survey?

The Working Group recommended doing so, and the Council members all agreed.

- Council Decision Point 8: Should the Council reiterate the recommendation from its February 2024 annual report that the Pay Agent add Wyandot County, OH, to the Columbus, OH, locality pay area and Yuma County, AZ, to the Phoenix, AZ, locality pay area?

The Working Group recommended doing so, and the Council members all agreed.

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

At the Chairman’s request, Mr. Ratcliffe called on individuals one by one who had arranged in advance to speak to the Council members in the meeting. Speakers were reminded that the Chairman had set a time limit of 5 minutes per speaker.

The testimony is documented and presented by geographic area below, in the order presented in the meeting. Information on relevant criteria as they apply to each geographic area is provided at the beginning of the summary for each area. Where applicable, questions or comments from the Council on the testimony are included in the documentation below.

* Note: Due to problems with the audio equipment during the meeting, portions of the testimony could not be heard during the meeting at times. However, most petitioners had

also provided written testimony to the Council members prior to the meeting, and the Council members were aware of the results of applying the standard criteria for defining locality pay areas to each location of concern. *

Puerto Rico

* Note on relevant criteria: Puerto Rico is in the Rest of US locality pay area, but the Puerto Rico pay disparity is below the Rest of US pay disparity. In fact, for Puerto Rico, the pay comparison process shows that, on average, base General Schedule rates not including Rest of US locality pay are higher than the non-Federal pay rates used for calculating the pay disparity. *

Mr. Brent Iglehart, a Department of Homeland Security (DHS) Assistant Special Agent in Charge, addressed the Council:

I am a native of the greater National Capital Region and have made Puerto Rico my home for over a decade. I am before you today representing the upwards of 3,800 DHS employees who provide critical services in Puerto Rico. According to FedScope, 14,000 Federal employees represent 16 departments and agencies in Puerto Rico.

The Non-Foreign Area Retirement Equity Assurance Act of 2009 designated Puerto Rico as a Rest of US locality area. We respectfully request the Council reconsider establishing a locality area for this U.S. territory or attach it as an area of application to an existing locality area under special circumstances, such as Miami or the National Capital Region. DHS leadership believes that an egregious situation can be demonstrated which warrants an exception to the existing criteria, or, at the very least, a special review.

Numerous circumstances coalesce to make Puerto Rico unique. These impact the cost of labor and our ability to recruit and retain talent. An abundance of literature published over the last several years supports our position. The population of Puerto Rico has been in decline for 15 years or more, presently at about 3.2 million, stuck in a cycle of talent flight and low birth rate. The civilian labor force is 1.2 million with participation at 44 percent, versus 62 percent nationally.

BLS estimates may not paint the true picture of Puerto Rico's labor market demographic. It has flaws. Puerto Rico is the only domestic assignment where the language of local government, commerce, education, the press, and culture is a language other than English. As English is the language of the Federal Government, employees need to communicate in English and Spanish, though

only 22.5 percent of the population claimed on the most recent Census to speak English “very well.” In 2014, the Puerto Rico legislature considered a bill that would have declared Spanish as the only official language. According to the bill, 80 percent of the population does not speak or understand English. The point is that the size of the potential candidate pool is much smaller than BLS data may lead one to believe.

Local recruitment can be a desirable hiring strategy, bringing on employees accustomed to the nuances and particularities of island living. Local recruitment fails though to incentivize employees to remain, as some eventually leave the island, often related to troublesome environmental conditions and better-paying opportunities stateside.

The smaller local candidate pool is also potentially contrary to the first Federal merit system principle which includes recruiting “individuals from all segments of society.” Not surprisingly, 98.7 percent of the Puerto Rico population identifies as Hispanic or Latino.

Recruiting candidates from the continental United States (CONUS) has its own challenges. Living on an island means all travel is limited to air or sea, and there are absolute limits as to where one can reside. Travel off island is expensive and requires advance planning. Remote work is usually not an option for our positions. Excepting the U.S. Virgin Islands, the next closest U.S. destination is Florida, 1,000 miles to the west. While largely anecdotal, it is not all that uncommon for potential and new employees to have second thoughts or buyer’s remorse when accepting a Federal job in Puerto Rico. In just the last month my Agency had two prospective employees from CONUS withdraw from the hiring process.

There are also hidden costs for employees, including a 11.5-percent sales tax, vehicle excise taxes plus shipping, lacking intra-island public transportation, private education costs due to an under-resourced public school system, inflated costs of goods as an unintended consequence of the Jones Act, 25 cents per kilowatt hour residential electricity and an unreliable grid, inadequately maintained public infrastructure, scarcity of medical professionals and a failing healthcare system, a progressive income tax up to 33 percent, and an explosive housing market where cash rules. While estimates of average housing prices certainly vary by source, municipality and region, at least one reputable source puts the median listing home price for San Juan at \$895,000, the largest metropolitan area with a good portion of the Federal workforce. An unintended

consequence of Puerto Rico Act 60, drawing high-dollar investors, is pricing long-time residents out of the housing market, also affecting new hires coming to the island and those Puerto Ricans who left and wish to return.

A few professions in the private sector and local government receive benefits not afforded Federal employees. Take for example the case of police officers, who do not have their overtime wages taxed, and some public employees are exempt from property taxes, and there are statutorily imposed Christmas bonuses. Some particularly in-demand earners like physicians and high-dollar investors (i.e., Puerto Rico Act 60) enjoy other incentives such as capital gains and income tax discounts or exemptions.

To close, we implore the Federal Salary Council to revisit Puerto Rico's locality position. Inequities and disparities affect employees and degrade mission capability. Mitigation is required.

To supplement my testimony, I have provided the Council some of the more relevant data sets, studies, and articles I have relied upon. I am truly appreciative of the opportunity to present today.

Charleston, SC

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

Mr. Scott Isaacks, Director and CEO of the Ralph H. Johnson VA Health Care System addressed the Council:

I am speaking today on behalf of the Greater Charleston Federal Executive Association to address the longstanding challenges faced by Federal agencies in Charleston, Berkeley, and Dorchester Counties in attracting and retaining a skilled workforce. Our region, which includes over 10,000 Federal employees across more than 50 Federal agencies, has advocated since 2016 for a distinct locality pay designation to support critical recruitment and retention efforts.

This area is home to both DOD and non-DOD agencies, all of which face unique challenges tied to the high cost of living. Housing costs in particular are 51.3 percent above the national average, straining the financial stability of Federal

employees and impacting quality of life. Currently, Charleston remains in the Rest of US locality pay category, set at 16.82 percent, which does not adequately reflect the region's cost of living or housing market pressures.

Our health care system provides essential services to over 91,000 veterans in South Carolina and Georgia. As one of the fastest-growing VA systems in the nation, we are seeing a 7.06 percent growth rate in our veteran population, a trajectory projected to continue over the next 20 years. This rapid expansion has placed unprecedented demands on our healthcare workforce, and the disparity in locality pay has made it difficult to fill critical roles. Despite approving \$2.86 million in recruitment, relocation, and retention incentives in FY24, we currently have 868 vacant positions, which severely strains our existing staff of 3,500 dedicated employees.

In addition to these incentives, the Ralph H. Johnson VA Health Care System spent \$801,000 in FY24 on the Student Loan Repayment Program and implemented 12 critical skills incentives to help address these gaps. These temporary solutions, however, are not sufficient to resolve the staffing shortages caused by Charleston's current locality pay designation. To stay competitive, we have also requested adjustments to 23 special salary rates this year and documented 99 requests for above-minimum rates as essential recruitment tools. Yet, with locality pay lagging behind actual costs, our recruitment and retention challenges persist. As I speak on behalf of the VA, the 50 plus other Federal agencies in the Charleston area are facing similar challenges.

Compared to other cities with lower cost-of-living indexes but higher locality pay rates—such as Atlanta (23.45 percent), Dallas (26.98 percent), and Charlotte (19.26 percent)—Charleston's designation at 16.82 percent locality pay fails to match the reality faced by Federal employees here. The absence of a competitive locality rate forces talented professionals to leave or decline offers, further deepening our recruitment and retention crisis.

In response, we have made significant efforts to support our workforce by establishing telework agreements for 225 employees and remote roles for an additional 120. But the nature of healthcare requires a robust on-site workforce, and the number of vacancies in essential positions emphasizes the urgent need for a sustainable solution through locality pay adjustments.

Captain Reed Koepp, Deputy Commander of the 628th Air Base Wing and Commanding Officer of the Naval Support Activity at Joint Base Charleston, addressed the Council:

I appreciate the opportunity to address you today regarding a critical issue that impacts not only our civilian workforce but also the military readiness of our nation. As the launch point for our nation's resolve, Joint Base Charleston services a total population of nearly 133,000, including retired service members and their dependents. We maintain and operate a physical infrastructure valued at \$7.8 billion, spanning over 23,000 acres, three seaports, two civil-military international airfields, 16 miles of coastline, and 38 miles of rail. This unique and complex mission is executed by more than 6,600 Airmen and Sailors, including more than 1,400 Federal civilian employees, who constitute 19 percent of our total workforce.

These individuals are not merely employees; they are vital members of our team, ensuring that we effectively serve our mission partners across all branches of the military. However, we have been increasingly challenged with recruiting and retaining the skilled Federal civilian workforce we need. Despite our best efforts to attract and retain qualified employees using all available incentives, which we invested more than \$500K in last year, our three-year average vacancy rate is 15 percent, while our declination rate is 21 percent.

Compounding this issue, projections indicate that 21 percent of our current employees are eligible to retire within the next three years, and 38 percent within the next five years. This trend is particularly concerning in our engineering unit, where 19 percent of personnel are currently retirement-eligible and that number is projected to increase to 29 percent in the next five years.

As we continue to struggle with recruiting and retaining the necessary civilian workforce, the burden increasingly falls on our military service members. When civilian positions remain unfilled, military personnel often must take on additional duties, leading to burnout, decreased morale, and reduced effectiveness in their primary roles. This ultimately impacts our overall mission readiness in several ways:

- **Operational Delays:** Insufficient civilian personnel can delay critical maintenance and logistical support tasks, resulting in extended downtime for military equipment and vehicles, which reduces their availability for training and deployment.
- **Loss of Expertise:** Civilian employees often possess specialized skills and institutional knowledge crucial for the efficient operation of military installations. The loss of these experienced workers can lead to a decline in the

quality of support services, affecting everything from infrastructure maintenance to advanced technical support.

- **Training Disruptions:** Civilian personnel play a key role in planning and executing training exercises. A shortage of civilian staff can disrupt training schedules, leading to less prepared military units and a decrease in overall combat readiness.
- **Supply Chain Issues:** Civilian employees are integral to managing supply chains and ensuring that military units have the necessary equipment and supplies. Shortages in civilian staff can lead to bottlenecks, resulting in critical shortages of essential materials.
- **Impact on Family Support Services:** Many civilian employees work in roles that support military families, such as healthcare, education, and housing services. Shortages in these areas can negatively affect the well-being of military families, leading to decreased morale and retention rates among service members.

It is important to recognize that the relationship between Federal civilian locality pay and military readiness is complex and multifaceted, with many factors contributing to military readiness beyond just locality pay.

However, this is one area where you have the ability to make a significant impact.

In conclusion, I urge the Federal Salary Council to consider the pressing need for a Federal locality pay increase for the greater Charleston area. By addressing this issue, we can enhance our ability to attract and retain the skilled workforce necessary to support our military missions and maintain our national security.

Tampa, FL

* Note on relevant criteria: Rest of US area Tampa, FL, does not meet the pay disparity criteria. (The standard established by the Council to trigger a Council recommendation to establish a Rest of US research area as a new locality pay area is that its pay disparity be 10 or more percentage points above that for the Rest of US over the most recent 3-year period.) *

Dr. Bob Rohrlack of the Tampa Bay Chamber addressed the Council:

I am the President and CEO of the Tampa Bay Chamber. Our community is home to MacDill Air Force Base, which is comprised of the 6th Air Refueling Wing, the 927th Air Refueling Wing, U.S. Special Operations Command, U.S. Central Command, and over 30 other mission partners.

Our region has experienced rapid and sustained growth which has transformed its economic base into a really diverse, highly-skilled workforce. What was once considered primarily a tourism-based economy has developed into a more robust economic system with a mature technology segment that competes with the rest of the nation to recruit, hire, train, and retain a highly skilled workforce. Despite this, the Tampa-St. Petersburg-Clearwater, FL, MSA is not considered to be eligible for a pay adjustment for Federal employees who reside here simply because it includes surrounding counties that are largely rural areas and are disproportionately more affordable than when compared to where Federal employees live and work. Units across MacDill Air Force Base are experiencing difficulties recruiting and retaining staff with some reporting up to a 30 percent vacancy rate, which obviously negatively impacts the mission readiness of the Department of Defense. The blended average of statistical wage for the four county MSA in Tampa is not reflective of the workforce realities in Tampa and Hillsborough Counties where most of the areas civilian Federal employees live and work.

The Tampa Bay Chamber supports the reevaluation of the metropolitan statistical area to only include areas within a 45-minute drive from MacDill Air Force Base. This approach would provide more accurate wage data and improve recruitment and retention efforts, ultimately enhancing the mission readiness in matters of national security.

Recognizing that the Department of Defense represents approximately 35 percent of the Federal civilian workforce we also urge the Federal Salary Council to recommend adding the Secretary of Defense to the President's Pay Agent.

Statistics only tell half of the story. The impact on our servicemembers and Federal employees is real here in the Tampa Bay area. Their quality of life is being impacted in a way that statistics and data cannot quantify. I urge you to consider the whole story and the impact of not taking action to provide relief for our servicemembers and support personnel. We look forward to working with the Federal Salary Council, our elected officials, and Federal employment advocate organizations as we work together to correct these pay disparities for the Federal employees in Hillsborough County and throughout all of Tampa Bay, FL.

Cumberland and Dauphin Counties, PA—Carlisle Barracks

* Note on relevant criteria/situation: Cumberland and Dauphin Counties, PA, are in the Harrisburg locality pay area due to application of standard criteria; both counties are in the

Harrisburg-York-Lebanon, PA, CSA and therefore part of the Harrisburg basic locality pay area. The two petitioners whose testimony is summarized below expressed concern about the proximity of the two counties to portions of the Washington-Baltimore locality pay area. *

Lieutenant Colonel Priscella Nohle and Dr. Thomas M. Easterly of the U.S. Army Garrison, Carlisle Barracks addressed the Council. Due to audio equipment issues, OPM note takers were not able to record their testimony verbatim, but as in the Council meeting held on November 14, 2023, the petitioners described staffing challenges they said had resulted from Carlisle Barracks being limited to the Harrisburg locality pay rate (19.10 percent in 2024) despite being so close to Pennsylvania counties like Adams, Franklin, and York that receive the Washington-Baltimore locality pay rate (33.26 percent in 2024). The petitioners proposed that the Council recommend a special locality pay adjustment for the two counties in consideration of such proximity.

Federal Correctional Complex Allenwood (Union County, PA)

* Note on relevant criteria: This location is in the Bloomsburg-Berwick-Sunbury, PA, CSA. Adjacent to the Harrisburg basic locality pay area but does not meet area-of-application criteria. Not evaluated using the NCS/OEWS Model, which BLS has said cannot produce reliable salary estimates for micropolitan areas or rural counties. *

Mr. Andrew Hill of AFGE Local 307 addressed the Council:

On January 1, 2024, new locality rates were implemented for our neighboring institutions, leaving the Federal Correctional Complex Allenwood in a severely disadvantaged state. The Federal Correctional Institution Schuylkill, located in Minersville, PA, is 53 miles from the complex Allenwood and received the Philadelphia locality pay rate—a 11.73 percent increase over Rest of US locality pay. The overall distance from Minersville to Philadelphia is 100 miles, while the distance from Allenwood to Philadelphia is 165 miles.

Likewise, from the United States Penitentiary Canaan, located in Waymart, PA, is 110 miles from the Allenwood Complex, and received New York locality pay—a 20.42 percent increase over Rest of US locality pay. Waymart is 135 miles from New York, NY. Allenwood is 176 miles from New York, NY. You can imagine why we're struggling to recruit or retain qualified applicants from these areas that are in between the locality boundaries established by OMB that we are losing staff transferring to neighboring institutions. As I stand in front of you today, we currently employ 777 correctional workers 70 percent staffing with 120 vacant positions at the complex.

We are in a critical state that needs to be addressed. As staffing at the complex is at an all-time low, we firmly believe that this issue could be fixed by adjusting the locality or implementing a special pay table to match. Allenwood has often been seen as the poster child of the Bureau of Prisons. We currently are tasked with 13 separate psychology-based missions across the complex. We believe that all of these missions are impactful to the future of corrections and we will not be able to maintain nor sustain these missions without proper staffing.

However, our national recruiting efforts did not place enough candidates to maintain a safe work environment nor does current pay and benefits persuade a tenured employee to remain in Allenwood. Private competition has increased. In 2024 with a 570-acre industrial complex underway across the road, which includes 9 warehouses, 2 of which are currently believed to have a higher starting salary than we can offer at Allenwood. By increasing locality pay, we are certain that we can hire and maintain employees. We continue to be a flagship of the Bureau of Prisons and ensure the mission is successfully completed by helping rehabilitate inmates in a safe working environment. I appreciate your consideration today.

Dr. Kelley thanked Mr. Hill for being there and presenting this case.

Coos County, NH

* Note on relevant criteria: Not adjacent to the Boston basic locality pay area, though it is adjacent to an area of application, so does not meet area-of-application criteria. Not evaluated using the NCS/OEWS Model, which BLS has said cannot produce reliable salary estimates for micropolitan areas or rural counties. *

Mr. Michael Vigneault made the following statement:

I am a Gardener Supervisor for the Federal Bureau of Prisons in Berlin, NH. I am also the legislative coordinator for the AFGJ Local-2008. I will be speaking on behalf of Coos county New Hampshire.

Currently, Coos county is the only county in New Hampshire not on the Boston locality pay area. When viewing the Council-recommended 2025 Boston locality pay area map, using the 23-01 combined statistical area and metropolitan statistical area, you will notice the county at the top of the state as not being part of the Boston-Worcester-Providence, MA-RI-NH, CSA. By not being part of this CSA, it has greatly harmed our recruitment and retention of professional employees. We are aware that we are not abutters to the counties in the [basic locality pay area] and not meeting those criteria, however, we want to remind the Council there are exceptions to that rule. Based on [adjacent CSAs being included

as areas of application], five other counties who are not abutters to the Boston MSA got added to the CSA. These counties are Orange, Windsor and Windham County of Vermont and Cumberland, Androscoggin, and Sagadahoc Counties of Maine.

Another criterion Coos County did not meet was due to BLS not being able to produce an NCS/OEWS model and show favorable interchange rates. However, OPM proposed rule for “Prevailing Rate Systems; Change in Criteria for Defining Appropriated Fund Federal Wage System Areas” [Docket ID; OPM-2024-0016], states on page 45, “Coos County, NH, from the Portsmouth, NH area of application to the Boston-Worcester -Providence, MA, area of application due to employment interchange measures favoring the Boston-Worcester-Providence, MA, wage area.” If OPM is confirming that the interchange measure is favorable on the wage grade area, can the Council use such statements for the criteria of the Coos County, NH, on the GS locality pay area? Furthermore, in the summary of the wage area proposal, it states the purpose of the change “is to make the FWS wage area criteria more similar to the General Schedule (GS) locality pay area criteria.” “OPM proposes to amend 5 CFR 532.211 to make the criteria OPM uses to define the geographic boundaries of the FWS wage areas more similar to the GS locality pay area criteria and to define revised wage area boundaries in accordance with those revised criteria.”

With that in mind, the Council should understand that some in Coos County and within the same governmental facilities such as FCI-Berlin will get paid out of the wage grade as defined as the Boston wage area while others in the GS/GL pay scale do not meet the criteria for the Boston locality area. We hope the Council can recognize these logical arguments and add Coos County to the Boston CSA. Thank you for your time and consideration.

Southern NJ

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

Ms. Jessica Weisman of the Federal Bureau of Investigation (FBI) addressed the Council:

Thank you for allowing me the opportunity to speak on behalf of the Federal employees in southern New Jersey. My name is Jessica Weisman, and I am the Supervisory Senior Resident Agent of the Federal Bureau of Investigation’s

Atlantic City Resident Agency. I am before you today representing the counties in New Jersey that are not under the New York-Newark locality pay area. This is a truly unique situation in the most densely populated state in our nation.

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

As you are aware, this is not our first application to the Federal Salary Council. We first petitioned in 2009 just for Atlantic County, which at the time the pay difference in rates was 6.7 percent. Fast forward 15 years from the initial application to today and not only has the pay difference grown to 8.69 percent, so did our hardships.

As stated many times by heads of agencies in our application, we are unable to staff our offices with experienced personnel, as multiple nationwide canvasses yield no applicants. Many of our offices are considered hard to staff offices, so we are forced to rely on new personnel who have no choice in a location. It is nearly impossible for any new employee coming to work in southern New Jersey/Jersey area to find affordable housing as the housing market is dire, and they are forced to reside in depressed areas with high crime rates, or ironically travel from areas in the north where the housing market is more manageable.

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

After proposing special rates for southern New Jersey area an official response was received from the FBI, my agency, on November 1, 2024, stating in part there is a limited budget for retention, recruitment, and relocation, the 3R incentives,

which cover the relocation of personnel to meet operational needs and retention of highly-qualified employees through benefits such as the student loan repayment program, university education program, and retention bonuses. This funding is not sufficient to adequately recruit and retain personnel with specialized skills or to offer relocation incentives for all high-cost locations. Our agency pursued additional funding for 3R purposes and special pay rates through the budget process but were not successful. The 3R authorities are narrowly defined and are not intended to be used for all position types in a specific location. Additionally, special pay rates as suggested by Council do not currently exist for all occupational series employed by the FBI in southern New Jersey. For these three reasons using 3R incentives or special pay rates is not a viable solution. This leads to possible next steps which begin with the Council and could be expanded with legal authority to make adjustments other than across-the-board locality pay adjustments, or the President's Pay Agent could change locality. This would allow our agency to absorb this cost within its existing compensation and benefits budget.

In the more than 15 years since the Council rejected our original request for a change, the problems with the current pay disparity have become undeniable, which the Federal Salary Council in recent petitions has acknowledged. The small geographic footprint of the area in question means that there are overlapping locality areas in New Jersey—and Federal employees sharing the same costs of living are paid less because they are assigned to an office in the southern New Jersey area. Our employees are essential to our public safety and national security, and they should not be forced to endure financial and personal hardships just to be able to carry out their daily responsibilities. We are hopeful the members of the Federal Salary Council will take note, accept our application, and recommend the long-needed relief of an immediate change in locality pay for southern New Jersey to the New York-Newark locality pay area. Thank you, Council, for allowing southern New Jersey to be heard.

Grand Rapids, MI

* Note on relevant criteria: Not adjacent to the Detroit basic locality pay area, though it is adjacent to an area of application, so does not meet area-of-application criteria. Not yet evaluated using the NCS/OEWS Model; no areas with comparable GS employment have been selected yet for study using the Model. *

Ms. Rebecca Marriott of the FBI addressed the Council:

Good afternoon. My name is Rebecca Marriott and I am with the Federal Bureau of Investigation out of the Detroit field office. I appreciate the opportunity to speak on behalf of all of the Federal employees out of the Grand Rapids area of responsibility (AOR). I will start off my brief 5-minute presentation though by saying I understand that I've been told that this is a fruitless endeavor numerous times.

Now, the topic I want to talk about is how I prepared for this briefing. Having been a Federal employee for numerous years I actually thought to better understand why the difference between several of the areas that I cover are different in COLA to include the Lansing AOR, which is actually 12 percent higher COLA versus where I am sitting at, as well as Kalamazoo, which is currently under study.

Now, in my position obviously with the day and age of the Freedom of Information Act and being transparent with Government processes, I tried to understand but really got no clear answer of how I was supposed to advocate for my people as well as the mission here in Grand Rapids. I was told numerous times about commute times and disparities but being able to effectively advocate for consideration I haven't been able to come up with a good formula. So, with that being said, since I do have a brief 5 minutes, I'm going to just cover the housing costs alone. Kent County, which is in Grand Rapids AOR, the median home price is 68 percent higher than Wayne County, which is in the Detroit metropolitan area. Grand Rapids median home price is 38 percent higher than Wayne County. So, just being able to afford a home compared to the metropolitan area, which is in Michigan, is significantly higher. The disparities that I was able to touch on is between two of the competing employers here in the Grand Rapids area, which is Herman Miller, an office furniture supplier, as well as Fred Meyer, which is one of the largest grocery store chains.

If you look at the GS-12 position for Herman Miller, the operations manager salary is 89 percent higher than a GS-12 position here in Grand Rapids. As well as, if you look at a GS-12 versus a store director in Meyer the GS-12 salary is \$27,000 lower than what Fred Meyer offers. Now, comparing the managerial positions just between the Lansing AOR as well as the Grand Rapids AOR, if you look at the BLS website from the data of 2023, Lansing, MI, management hourly wage is actually less than Grand Rapids. But on the flip side, any managerial position that I have in the Lansing AOR, that person will have a 12 percent cost of living higher than

anyone that takes a managerial position with the Federal Government in Grand Rapids.

This has caused significant issues throughout all of the Federal Government employers on the west side of the state being able to fill positions as compared to our Lansing and Detroit area. Again, I really appreciate the time and opportunity to speak on behalf of the Federal employees and I look forward to doing this again next year. Thank you.

Accomack County, VA

* Note on relevant criteria: Does not meet the criteria to be established as an area of application. Not evaluated using the NCS/OEWS Model, which BLS has said cannot produce reliable salary estimates for micropolitan areas or rural counties. *

Mr. Ben Robbins of NASA addressed the Council:

I am a regional vice president for AFGE at NASA's Wallops Flight Facility in Wallops Island, VA. In October 2022, the Council proposed adding Salisbury-Cambridge, MD-DE, CSA to the Philadelphia locality pay area. This recommendation was approved in November 2023 by OPM's final rule governing GS locality pay areas. Accomack County, VA, adjacent to the newly expanded Philadelphia locality pay area was not included in the consideration despite having approximately 400 GS employees, more than the 358 GS employees in the Salisbury-Cambridge, MD-DE, CSA. Additionally, about 40 percent of these employees reside within the Salisbury CSA, now included in the Philadelphia locality pay area. AFGE therefore seeks an exception to the application of existing criteria so that Accomack County would be included in the Philadelphia locality pay area.

Key arguments for the exception we seek include geographical and infrastructural limitations, socioeconomical and environmental challenges, healthcare underservice, educational disadvantages, and rising costs to compensate for these factors as well as for the quality of life for which the current Rest of US (RUS) designation does not fully account. Regarding geographical and infrastructural limitations, Accomack County's isolation in both these regards pose additional challenges for residents and employees. The county is largely water based with 71 percent of the area either being publicly owned or only accessible by boat. This isolation affects transportation, access to services, and overall living conditions. Socioeconomically and environmentally the county faces significant challenges as highlighted in the most recent Eastern Shore Hazard Mitigation Plan published in

commission by the Commonwealth of Virginia as well as findings taken from the EJScreen, which is an environmental justice mapping and screening tool developed by the Environmental Protection Agency (EPA). Accomack County's indicators reflect higher than average environmental risks and socioeconomic disadvantages, the solutions to which align more closely with those in the Philadelphia locality pay area than those in other rural regions of the country or Commonwealth.

The county's educational underperformance is another argument for inclusion. Per U.S. News & World Report, Accomack County's educational system ranks lower in this regard compared to state and national standards. With limited access to higher education and extracurricular opportunities parents often need to travel or relocate to provide better educational prospects for their children incurring additional costs.

Healthwise, Accomack County is designated by the Department of Health and Human Services as a medically underserved area with limited healthcare resources. Residents must travel significant distances for specialized medical services, often incurring additional costs for transportation and lodging. This healthcare underservice contributes to a lower quality of life where GS employees work and supports the argument for higher pay compensation.

Accomack County's real estate costs are significantly higher than those in neighboring Somerset County and Wicomico County in Maryland, both of which are included in the Philadelphia locality pay area. The median home value in Accomack is approximately 44 percent higher than that in Somerset County, MD, and approximately 16 percent higher than that in Wicomico County, MD. These rising property values and increasing cost of living justify the need for higher locality pay to offset associated financial burdens.

In summary, the adjustment sought by AFGE will provide fair compensation reflecting the higher cost of living and difficult conditions faced by employees at NASA's Wallops Flight Facility. Such inclusion would help mitigate the recruitment and retention difficulties exacerbated by Wallops' isolated location and would provide parity for the NASA workforce, and in a manner that does not disadvantage other agencies or geographic regions.

Charlottesville, VA, MSA

* Note on relevant criteria: Does not meet the criteria for areas of application. Not yet evaluated using the NCS/OEWS Model. Council is working to study pay in more areas with GS employment of less than 2,500. *

Ms. Elizabeth Mitchell of the National Geospatial-Intelligence Agency addressed the Council:

Together we represent the more than 20 Federal agencies in the Charlottesville, VA, Metropolitan Statistical Area (MSA). We are here today to request a very different kind of proposal than we usually do. Building upon your demonstrated commitment to applying locality pay decision criteria fairly and consistently across the United States we ask you to enable CBSAs to have the same opportunity as single-county localities to become areas of application through a combined employment interchange rate.

As you may know, OMB characterizes locality based on the size and distribution of the population that resides within them. OMB characterizes some localities as stand-alone counties, others as MSAs, and CSAs, which together comprise the CBSAs. Localities have no say in how OMB characterizes them, yet they are subject to different locality pay decision criteria depending on how they are characterized. For example, both stand-alone counties and CBSAs must meet a specific employment interchange rate threshold calculated based on President's Pay Agent approved data in order to be added as an area of application to an adjacent locality pay area. However, stand-alone counties that border two or more locality pay areas, and therefore have employment interchanges spread across multiple localities, they can achieve the requisite threshold with a combined employment interchange rate. Such a county would be added to the adjacent locality with the highest interchange rate. Not so for CBSAs. They are not permitted to take their combined interchange rate into consideration, even when they are adjacent to multiple locality pay areas. This disadvantages Federal employees in such localities and overlooks the impact that such a geographic location has on CBSAs labor market conditions.

We therefore ask you to help ensure a level playing field for localities characterized by OMB as CBSAs. We propose that you do so by expanding the decision criteria for CBSAs to be consistent with that as for single-county locations, enabling CBSAs to become areas of application to existing locality pay areas through a combined employment interchange rate of 7.5 percent or greater.

We have analyzed the impact of expanding the decision criteria nationally, and using the data that this body recommended to the President's Pay Agent, only two CBSAs in the entire country would meet the 7.5 percent threshold for a combined employment interchange rate and become new areas of application. One of these localities would be the Charlottesville, VA, MSA, which borders both the Washington, D.C. and Richmond, VA, locality pay areas. It is home to approximately 2,000 Federal employees and the Department of Defense's Rivanna Station, which supports some of the U.S. Intelligence community's most critical missions.

Increased locality pay for the Charlottesville, VA, MSA, would enable the U.S. Government to attract and retain the best qualified Federal workforce and help make the nation safer through taking advantage of the nation's unique private, public, academic, partnership opportunities. In short, this modest, commonsense expansion and modification would not only make the criteria more fair and consistent; it would have immediate positive impact on U.S. national security.

Proposal to Divide Boston Locality Pay Area

* Note on relevant criteria: The current Boston locality pay area is defined as all other locality pay areas and therefore includes the Boston-Worcester-Providence, MA-RI-NH-CT, CSA as defined in OMB Bulletin No. 20-01 (which comprises the basic locality pay area), plus other locations adjacent to that CSA that met the criteria to be included in the Boston locality pay area as areas of application. *

Mr. Chad Sartini of the Department of Veterans Affairs addressed the Council:

Essentially, we are requesting the Boston metropolitan area be approved for its own distinct locality pay. Before I begin, I'd like to thank those Congresspeople we have met with and the staffers who are present today virtually.

So, the President's Pay Agent has previously stated that there is a need to consider major legislative reforms of the GS pay system, which continues to establish a single locality rate in each locality pay area without regard to different labor markets. We wholeheartedly agree with the President's Pay Agents' comments.

Our report opines that the existing system is broken leading to a lack of fairness and equality of compensation of Federal employees in the Boston area. Our report begins with demographic analysis of the various counties receiving Boston locality pay. In short, the Boston MSA is generally younger, more educated, has a higher employment rate with few working Government positions, has a higher median income, has significantly more employees in professional occupations,

home ownership is significantly lower, likely due to cost, which forces employees to pay high rent and commute long distances. We believe the current methodology is ignoring the local labor market considerations.

The Federal Employees Pay Comparability Act of 1990 (FEPCA) was enacted with the goal of closing the pay disparity between Federal and private sector employees. FEPCA essentially created the locality pay system and its methodology. Unfortunately FEPCA has not been successful and Boston's pay disparity has only increased over the past 20 years. FEPCA requires that the annual pay adjustments be set 0.5 percent below the national average Employment Cost Index (ECI) with the adjustment to be divided between across-the-board adjustments and locality area adjustments. Annual adjustments are often well below the amount set by law as we all know. As ECI can fluctuate significantly between locality pay areas in any given year those with an ECI change well outside the national average will experience a larger pay disparity gap. Additionally, the gap is often larger than what can be closed with the available locality pay portion of the annual adjustment. Over time the growing disparity and inequality is observed in the Boston locality pay area. FEPCA also requires the use of BLS cost of labor data. When we did this, it was clear that the Boston MSA had a completely different cost of labor compared to those outlying areas that also receive Boston locality pay. Also of note when we did this is that the Boston MSA had a higher average salary than the Bridgeport, CT, MSA. We argue that cost of living, like several others here have argued, should be a consideration in the locality pay methodology.

For all these reasons we are making five recommendations:

- 1) In light of the President's Pay Agent's comments, locality should be tailored to local labor markets. Furthermore, it may make sense to tailor pay to individual occupations versus one rate across all occupations.
- 2) All available data and not just cost of labor data should be considered.
- 3) Annual pay adjustments should be tailored to local labor markets, rather than utilizing the national average ECI.
- 4) Reconsider use of the employment interchange rate as a qualifying factor for inclusion of the locality pay area, due to the increase of telework and unreliability of the data.
- 5) OPM should develop a standard format and require a submission process for agencies to submit Human Capital Indicators (HCI) data. This data would be

extremely helpful when determining whether existing locality pay is sufficient or if adjustments are required.

After confirming there were no more individuals who were scheduled to provide testimony, Chairman Condrey asked Mr. Ratcliffe to continue to the next agenda item.

Agenda Item 5: Recommendations of Council Working Group, Issues 9-10

Mr. Ratcliffe resumed his reading of the Working Group report. As with his previous reading of the report, he stopped after reading each Working Group recommendation, and Chairman Condrey then asked the Council members to indicate whether they wanted to adopt the Working Group recommendations. The Council unanimously accepted the Working Group's recommendations, as shown below:

- Council Decision Point 9: Should any exceptions be made to the policy of defining locality pay area based on standard criteria?

The Working Group recommended *not* doing so, and the Council members all agreed.

- Council Decision Point 10: Should the Council ask BLS again to collect data for a sample of NCS/OEWS observations to show the prevailing policy on salary ranges and waiting periods for progression through those ranges?

The Working Group recommended doing so, and the Council members all agreed.

Agenda Item 6: Public Comment

Chairman Condrey asked Mr. Allen to call on persons that may have additional commentary to present to the Council. There were no public comments in response.

Agenda Item 7: Adjournment

There were no public comments, and Chairman Condrey adjourned the meeting at 12:16 p.m.

Certified

[Signed]

Dr. Stephen E. Condrey

Chairman