

**MEMORANDUM FOR: THE PRESIDENT'S PAY AGENT
HONORABLE ELAINE L. CHAO
HONORABLE MITCHELL E. DANIELS, JR.
HONORABLE KAY COLES JAMES**

**SUBJECT: Level of Comparability Payments for January 2003 and Other
Matters Pertaining to the Locality Pay Program**

As authorized by the Federal Employees Pay Comparability Act of 1990 (FEPCA), we present our recommendations for the establishment or modification of pay localities, the coverage of salary surveys conducted by the Bureau of Labor Statistics (BLS) for use in the locality pay program, the process of comparing General Schedule (GS) pay to non-Federal pay, and the level of comparability payments for January 2003.

BLS Surveys and Pay Gap Methodology

Under current plans, four of the five improvements designed for the National Compensation Survey (NCS) program will be incorporated into the surveys next year. However, none of the improvements are in surveys we now have, and survey results continue to show anomalies. Therefore, we continue to believe that salary surveys conducted under the NCS program are not currently suitable for use in the locality pay program. There were no surveys conducted using the approved Occupational Compensation Survey Program (OCSP) methodology this year because BLS discontinued that survey program in October 1996.

Because NCS data are not ready to be used, we conclude that the most appropriate approach for locality payments in 2003 is to age the last OCSP data for each location using the change in the nationwide Employment Cost Index (ECI) from the reference date of the survey to March 2001 and recalculate the pay gaps using March 2001 information on GS employment and salaries. This option uses the methods employed to calculate pay gaps for the locality pay program since 1995, but involves aging the non-Federal salary data over an extended time period. **Attachment 1** shows the pay gaps using our recommended approach.

It is unfortunate that it has taken so long to agree on the need, design, test, and implementation of improvements in the surveys. **Attachment 2** shows the actual survey reference date for the most recent OCSP survey in each pay area. We note that the survey data for some of the largest pay areas are 6 to 7 years old now. Half of the data for the Rest of U.S. (RUS) area, for example, were actually collected in 1994, while the reference date for Los Angeles, New York, and Washington, DC, is in 1995. We sincerely hope that NCS data will be usable next year when most of the improvements have been implemented and that this will be the last year we must use the old OCSP data.

Locality Rates for 2003

Based on calculations provided by Office of Personnel Management (OPM) staff in applying the previously approved methodology and updated OCSP survey data, the overall gap between base General Schedule average salaries (excluding any add-ons such as special rates and existing locality payments) and non-Federal average salaries surveyed by BLS was 33.97 percent as of March 2001. The amount needed to reduce the pay disparity to 5 percent (the target gap) averages 27.59 percent.

We calculate the pay gaps excluding existing locality payments because locality pay is paid on top of the base General Schedule rates. The overall average pay gap in 2001, including the current average locality rate of 9.77 percent, is about 22 percent. The calculation is $(133.97/109.77-1) \times 100$.

Under 5 U.S.C. 5304(a)(3)(I), the percentage of comparability payments due in January 2002 and any year thereafter may not be less than the full amount of the target gap. Therefore, we recommend overall average locality rates of 27.59 percent for 2003. We cannot calculate the percentage increase over the average of the rates authorized for 2002 at this time because the 2002 rates have not yet been set. However, these rates represent, on average, a pay increase of 1.32 percent over the 25.93 average rate recommended by the Council for 2002. The calculation is $(127.59/125.93 - 1) \times 100$. The pay gaps and proposed comparability payments for 2003 for each recommended pay area are shown in **Attachment 1**.

These locality rates would be in addition to the increase in GS base rates under 5 U.S.C. 5303(a). This provision calls for increases in basic pay equal to one-half of one percentage point less than the percentage by which the ECI, wages and salaries, private industry workers, increased between September 2000 and September 2001. The ECI increased 3.6 percent for September 2001, so the base increase would be 3.1 percent (3.6 percent - 0.5 percentage point) in 2003.

Locations with Pay Gaps Below the Rest of U.S. (RUS) Pay Area

We previously had recommended that locations with low publishability and pay gaps 2/10 of a percentage point or more below the RUS pay area or below the RUS pay area for three surveys be dropped from the BLS surveys, with the resources redirected to survey new locations. The pay gaps in Huntsville, Indianapolis, and Kansas City are below that for the RUS pay area this year.

Our recommendation to drop locations more than 2/10 of a percentage point below the RUS pay area was intended to reallocate survey resources to survey a new city where the pay gap might be above the RUS pay area gap. Since surveys conducted under the NCS program, as currently configured, are not suitable for use in the locality pay program, reallocating survey resources to cover new cities is not feasible. We recommend that Huntsville, Indianapolis, and Kansas City not be dropped as separate pay areas at this time because (1) it is not feasible to reallocate survey resources, (2) using a nationwide rate of change to adjust the RUS salary data may have overstated non-Federal pay levels in the RUS pay area, and (3) part of the relative drop in the pay gaps in these

areas is probably due to Federal workforce adjustments instead of changes in non-Federal pay. Instead, we recommend that the pay gaps in these locations be combined with that for RUS in a cost-neutral fashion for the 2003 locality payments.

Areas of Application

New London County, CT, Santa Barbara County, CA, and Edwards Air Force Base, CA, all of which we previously recommended and the Pay Agent approved as areas of application to existing locality pay areas, no longer meet our area-of-application criterion of 2,000 GS employees for counties or 1,000 GS employees for installations. In the past, we have recommended that once an area of application has been approved, it should not be removed for the duration of FEPCA's 9-year phase-in for the locality pay program (1994 through 2002). While that time-line ends in 2002, locality pay is far from phased in. In fact, an average of only about 38.1 percent of the target pay gaps was closed in 2001, and we anticipate that an average of only about 42.3 percent of the target pay gaps will be closed in 2002. Also, new census data will soon be available that will certainly affect locality pay area definitions in the future. Finally, the Office of Management and Budget (OMB) and the Census Bureau are revamping how metropolitan areas are defined. These changes may also have an impact on pay area definitions.

We believe New London, Santa Barbara, and Edwards AFB should continue to be included in their respective locality pay areas at the very least until the new census data are available for evaluation and the new metropolitan areas are defined in 2003. Thus, New London County would remain in the Hartford pay area, Santa Barbara County and Edwards Air Force Base would remain in the Los Angeles pay area, St. Marys County would remain in the Washington, DC, pay area, Rhode Island and all of Bristol County would remain in the Boston pay area, and Monterey County would remain in the San Francisco pay area.

We also continue to recommend that BLS survey data from areas of application be used in the pay gap calculations whenever possible. This involves combining data from Santa Barbara with data from Los Angeles and data from New London with data from Hartford. No BLS survey data are available for the other locations. GS employment data used in the pay gap calculations also reflect the recommended geographic coverage.

Requests for New Areas/Areas of Application

Our Working Group considered, and reported to the full Council, inquiries that OPM staff had received from 49 areas about establishing new locality pay areas or additional areas of application. These included:

1. Albuquerque, NM Metropolitan Statistical Area (MSA)
2. Austin County, TX
3. Austin, TX MSA

4. Barnstable County, MA
5. Benton County, OR
6. Caroline County, VA
7. Charleston, SC MSA
8. Charlottesville, VA MSA
9. Clallam County, WA
10. Clatsop County, OR
11. Coconino County, AZ
12. Cumberland County, ME
13. Des Moines, IA MSA
14. El Paso County, CO
15. Frederick County, VA (and Winchester, VA)
16. Hall County, GA
17. Hampden County, MA
18. Hampshire County, MA
19. Harrisburg, PA MSA
20. Ingham County, MI
21. Inyo County, CA
22. Jefferson County, TX
23. Jefferson County, WA
24. Kern County, CA
25. Knoxville, TN MSA
26. Larimer County, CO
27. Lexington, KY MSA
28. Lincoln County, OR
29. Linn County, OR
30. Litchfield County, CT
31. Louisville, KY MSA
32. Merced County, CA
33. Monroe County, FL
34. Nashville, TN MSA
35. Nevada County, CA
36. Norfolk, VA MSA
37. Palm Beach County, FL
38. Phoenix, AZ MSA
39. Raleigh, NC MSA
40. San Antonio, TX MSA
41. San Joaquin County, CA
42. San Louis Obispo County, CA
43. Skamania County, WA
44. Tampa, FL MSA
45. Teton County, WY
46. Toledo, OH MSA

47. Washoe County, NV
48. York, County, ME
49. Yuba County, CA

These contacts ranged from telephone calls, letters, and email messages to detailed reports from Barnstable County, Hampden/Hampshire Counties, and Larimer County, and a petition from San Luis Obispo County. We heard detailed presentations by Federal employee representatives from Barnstable and western Massachusetts at our meetings of July 23 and October 22. We also received reports from the Greater Los Angeles Federal Executive Board stating that the locality rate in Los Angeles is too low and from the Department of Commerce in San Francisco stating that the San Francisco locality rate is too low.

There is little we can do about Los Angeles or San Francisco, since the President and Congress have not implemented locality rates recommended by the Council. For 2001, for example, we recommended a locality rate of 32.90 percent in Los Angeles, but the rate authorized is only 14.37 percent. For San Francisco, the recommendation was 40.17 percent, but the rate authorized is only 16.98 percent. Even so, Los Angeles and San Francisco received their proportional share of the amounts that have been authorized for locality pay raises. Given the small amounts authorized for locality pay, the only way to increase the amount in Los Angeles or San Francisco would be to reduce the amount elsewhere, and that is not feasible or desirable.

In the past, we have expressed our desire to increase the number of pay areas. In 1994, we recommended adding a number of cities, including Austin, Louisville, Nashville, and Raleigh. In July of this year, we recommended to the President's Pay Agent that Austin, Louisville, and Raleigh be made separate locality pay areas using small surveys by BLS. BLS does not presently survey Nashville. This recommendation was under a special provision of law authorizing the Pay Agent to use commercial salary surveys, BLS surveys, or both to consider adding up to five new locality pay areas in 2002. Albuquerque, Norfolk, Phoenix, San Antonio, and Tampa have already been surveyed for locality pay, but the pay gap came out below that for the RUS locality pay area. At present, BLS does not have additional resources to conduct full-scale locality pay surveys in these areas to determine whether pay levels have increased relative to the RUS pay area. We hope that in the future, resources can be found to expand the salary survey program.

Last year, we were contacted by 31 areas, many of whom contacted us again this year. At that time, we recommended no changes be made in pay area definitions until we could review new commuting pattern and population data from the 2000 census. These data are not yet available, and we anticipate beginning our review in 2002. We also stated our desire to see the new metropolitan area definitions to be produced by the Census Bureau and OMB in 2003 before recommending changes in pay areas.

None of the areas seeking to be new areas of application pass the existing criteria, although employees from several areas have suggested possible modifications of the current criteria. The criteria for areas of application were first recommended by the Council and approved by the Pay

Agent at the beginning of the locality pay program in 1993. We have reviewed the criteria each year since then and recommended only three modifications affecting about 10,000 employees during the past 8 years. The criteria were intentionally made difficult to pass because the use of OMB's MSA definitions as the basis for pay areas already results in very large pay areas. It is the nature of a "locality" program that there be borders. Once borders are established, there will always be employees near the borders, and, if we change the borders, there are always new employees just on the other side.

The locality rate authorized in the RUS pay area is currently 7.68 percent. The RUS rate would have been 18.41 percent in 2001 if our recommendations had been followed, well above the rates currently authorized in any locality pay area. Clearly, the relationship between Federal and non-Federal pay in all these areas would have been better if the pay law had been fully implemented.

We are still using 1990 census data to evaluate commuting patterns because these data are not updated between censuses. However, 2000 commuting pattern data will be available next year. OMB and the Census Bureau plan to revise the metropolitan area definitions in 2003. Because of the number of areas requesting special treatment and because new data will become available over the next few years, we reiterate our recommendation made last year not to make any wholesale modifications of pay area boundaries at this time. Until we have more recent empirical data, we continue to believe it would be disruptive to Federal employees and agencies to recommend any additional changes in pay area boundaries. The Pay Agent should continue to monitor counties adjacent to pay areas and could make minor adjustments if a particularly egregious situation justified such action until the new data are available, just as it did last year in the case of a small portion of Bristol County, MA.

While we understand the concerns of Federal managers, employees, and employee groups in all these locations, we believe the pay law provides other flexibilities for agencies to deal with any recruitment or retention problems in these areas without the necessity of providing exceptions to the pay area boundaries. These flexibilities include the use of special salary rates up to 60 percent above the base General Schedule, recruitment and relocation bonuses of up to 25 percent of basic pay, and retention allowances of up to 25 percent of basic pay.

However, the Council believes that 2003 might be the year to consider significant changes in the structure of the locality pay program. We will have the new census data and new metropolitan area definitions. It might be suitable also to consider other aspects of the program at that time, including how many locality pay areas are feasible, what constitutes a meaningful difference in locality rates, the relative precision of the pay gaps and locality rates, and how to treat areas that cannot be surveyed separately.

If significant changes are to be made in the locality pay program, we believe it would be prudent to include the views of all stakeholders in the examination of all aspects of the program. We would urge the Pay Agent to provide a forum for such discussions at an appropriate date.

Locality Pay Areas for 2003

Since there have been no additions to the areas covered by approved salary surveys, we recommend continuation of the 32 existing locality pay areas and seven existing areas of application, as follows:

- (1) Atlanta, GA--consisting of the Atlanta, GA MSA;
- (2) Boston-Worcester-Lawrence, MA-NH-ME-CT--consisting of the Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA, all of Bristol County, MA, and the State of Rhode Island;
- (3) Chicago-Gary-Kenosha, IL-IN-WI--consisting of the Chicago-Gary-Kenosha, IL-IN-WI CMSA;
- (4) Cincinnati-Hamilton, OH-KY-IN--consisting of the Cincinnati-Hamilton, OH-KY-IN CMSA;
- (5) Cleveland-Akron, OH--consisting of the Cleveland-Akron, OH CMSA;
- (6) Columbus, OH--consisting of the Columbus, OH MSA;
- (7) Dallas-Fort Worth, TX--consisting of the Dallas-Fort Worth, TX CMSA;
- (8) Dayton-Springfield, OH--consisting of the Dayton-Springfield, OH MSA;
- (9) Denver-Boulder-Greeley, CO--consisting of the Denver-Boulder-Greeley, CO CMSA;
- (10) Detroit-Ann Arbor-Flint, MI--consisting of the Detroit-Ann Arbor-Flint, MI CMSA;
- (11) Hartford, CT--consisting of the Hartford, CT MSA, plus all of New London County, CT;
- (12) Houston-Galveston-Brazoria, TX--consisting of the Houston-Galveston-Brazoria, TX CMSA;
- (13) Huntsville, AL--consisting of the Huntsville, AL MSA;
- (14) Indianapolis, IN--consisting of the Indianapolis, IN MSA;

- (15) Kansas City, MO-KS--consisting of the Kansas City, MO-KS MSA;
- (16) Los Angeles-Riverside-Orange County, CA--consisting of the Los Angeles-Riverside-Orange County, CA CMSA, plus Santa Barbara County, CA, and that portion of Edwards Air Force Base, CA, not located within the Los Angeles-Riverside-Orange County, CA CMSA;
- (17) Miami-Fort Lauderdale, FL--consisting of the Miami-Fort Lauderdale, FL CMSA;
- (18) Milwaukee-Racine, WI--consisting of the Milwaukee-Racine, WI CMSA;
- (19) Minneapolis-St. Paul, MN-WI--consisting of the Minneapolis-St. Paul, MN-WI MSA;
- (20) New York-Northern New Jersey-Long Island, NY-NJ-CT-PA--consisting of the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA;
- (21) Orlando, FL--consisting of the Orlando, FL MSA;
- (22) Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD--consisting of the Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD CMSA;
- (23) Pittsburgh, PA--consisting of the Pittsburgh, PA MSA;
- (24) Portland-Salem, OR-WA--consisting of the Portland-Salem, OR-WA CMSA;
- (25) Richmond-Petersburg, VA--consisting of the Richmond-Petersburg, VA MSA;
- (26) Sacramento-Yolo, CA--consisting of the Sacramento-Yolo, CA CMSA;
- (27) St. Louis, MO-IL--consisting of the St. Louis, MO-IL MSA;
- (28) San Diego, CA--consisting of the San Diego, CA MSA;
- (29) San Francisco-Oakland-San Jose, CA--consisting of the San Francisco-Oakland-San Jose, CA CMSA, plus Monterey County, CA;
- (30) Seattle-Tacoma-Bremerton, WA--consisting of the Seattle-Tacoma-Bremerton, WA CMSA;
- (31) Washington-Baltimore, DC-MD-VA-WV--consisting of the Washington-Baltimore, DC-MD-VA-WV CMSA, plus St. Marys County, MD; and
- (32) Rest of U.S.--consisting of those portions of the continental United States not located within another locality pay area.

Status of Improving Future Surveys

Over the last several years, we have reviewed and monitored progress by Pay Agent and BLS staff in designing and implementing improvements in the NCS program. We recommended in our October 22, 1999, letter to the Pay Agent that these improvements should be made. We are pleased with the progress made to date and look forward to reviewing NCS data next year after four of the five improvements are implemented. However, we note that none of the improvements are in current surveys and recommend that the Pay Agent not use NCS surveys this year. We will continue to monitor NCS survey results and review implementation of the improvements. We hope the impact of the improvements will be reflected in the survey results next year, but that remains to be seen.

New Pay Areas in 2002 Using Commercial Salary Surveys, BLS Surveys, or Both

In July, we recommended that the Pay Agent should not use commercial salary surveys to set Federal pay. At the same time, we recommended that the Pay Agent should use small NCS surveys of Austin, Louisville, and Raleigh to make those locations locality pay areas in 2002. The Pay Agent has not yet made a decision on this matter or submitted its report to Congress.

We have not made recommendations for locality rates in Austin, Louisville, or Raleigh for 2002 or 2003 because the Pay Agent has not yet made its decision on whether to make any of these locations new locality pay areas in 2002. If the Pay Agent approves any of these locations, our Working Group should express its views to the Pay Agent staff concerning what adjustments should be made in our recommendations for allocating locality pay increases in 2002 and the level of comparability payments to recommend for these areas in 2003.

Allocating Locality Pay in 2002

In the past, we have recommended and the President has agreed to allocate funds available for locality pay raises based on the size of the pay gap in each area. We recommend that funds available for locality pay in 2002 be allocated as follows:

Instead of applying a uniform phase-in factor--across-the-board--to all localities, the President should base increases on the size of the pay gap in each locality, so that areas with bigger gaps than the average target gap (25.90 percent based on 2000 data for 2002 payments) would get larger increases than those resulting from application of the uniform phase-in factor, while areas with smaller gaps than the average would get smaller increases.

Attachment 3 shows locality rates for 2002 based on the allocation method we recommended in our October 27, 1997, letter to the Pay Agent. The table was provided by OPM staff and shows locality rates for 2002 using our recommended approach--a 3.6 percent general adjustment, plus 1.0 percent of payroll (including existing locality payments) allocated for locality pay. We support this allocation if the Congress provides for a 4.6 percent overall increase. Note that the average increase in locality rates is 1.19 percentage points because existing locality payments are included in the base payroll and because

employees on higher special rates, law enforcement geographic pay, or stationed outside of the existing 32 locality pay areas do not receive locality pay.

Our method allocates the 1.19 percentage point average increase in locality rates among localities based on the relationship of the local gap to the average gap. The RUS pay area, with a target gap of 20.79 percent, would get 0.8027 times the average increase, or 0.96 percentage points. Washington, DC, with a target gap of 27.17 percent, would get 1.0490 times the average increase, or 1.25 percentage points. This method of allocating locality pay was used by the President from 1998 through 2001.

We thank you for the opportunity to make our recommendations. We would be happy to meet with you, as authorized by FEPCA, to discuss any questions or concerns you have concerning them.

By direction of the Council:

William J. Sheffield
Chairman

Attachments

Attachment 1

Locality Rates for 2003 Using OCSF Survey Data Under the Recommendations of the Federal Salary
Council

(Locations below RUS have been averaged with RUS)

LOCALITY PAY AREA	Mar-01 Base GS PAYROLL	Previous 3/00 Gap	New Mar-01	Gap Point Change	Mar-01 Target	2003 1.0 Local
Atlanta	\$1,160,448,435	29.68%	31.80%	2.12%	25.52%	25.52%
Boston (Incl Rhode Island GS data)	\$1,134,089,363	37.86%	39.45%	1.59%	32.81%	32.81%
Chicago	\$997,425,987	41.09%	42.96%	1.87%	36.15%	36.15%
Cincinnati	\$318,702,470	35.32%	37.65%	2.33%	31.10%	31.10%
Cleveland	\$418,687,061	31.60%	33.24%	1.64%	26.90%	26.90%
Columbus	\$355,049,054	29.81%	31.00%	1.19%	24.76%	24.76%
Dallas	\$784,439,999	32.23%	34.02%	1.79%	27.64%	27.64%
Dayton	\$497,221,632	28.39%	30.22%	1.83%	24.02%	24.02%
Denver	\$871,191,455	37.82%	39.43%	1.61%	32.79%	32.79%
Detroit	\$579,422,377	40.85%	42.71%	1.86%	35.91%	35.91%
Hartford (Incl New London data)	\$137,628,874	38.46%	40.04%	1.58%	33.37%	33.37%
Houston	\$531,842,484	49.50%	51.37%	1.87%	44.16%	44.16%
Huntsville (Gap averaged with RUS)	\$605,802,522	26.83%	28.53%	1.70%	22.41%	22.41%
Indianapolis (Gap averaged with RUS)	\$289,197,226	26.83%	28.53%	1.70%	22.41%	22.41%
Kansas City (Gap averaged with RUS)	\$694,385,843	26.83%	28.53%	1.70%	22.41%	22.41%
Los Angeles (Incl Santa Barbara data)	\$1,623,943,733	43.33%	45.06%	1.73%	38.15%	38.15%
Miami	\$447,794,674	36.13%	37.85%	1.72%	31.29%	31.29%
Milwaukee	\$148,930,256	31.02%	32.76%	1.74%	26.44%	26.44%
Minneapolis	\$275,371,953	33.86%	35.79%	1.93%	29.32%	29.32%
New York	\$2,387,618,980	41.87%	43.55%	1.68%	36.71%	36.71%
Orlando	\$171,274,594	26.83%	28.68%	1.85%	22.55%	22.55%
Philadelphia	\$1,307,585,531	34.92%	36.75%	1.83%	30.24%	30.24%
Pittsburgh	\$278,158,749	27.42%	29.17%	1.75%	23.02%	23.02%
Portland	\$428,996,308	35.16%	37.08%	1.92%	30.55%	30.55%
Richmond	\$354,525,425	29.44%	31.15%	1.71%	24.90%	24.90%
Rest of U.S. (RUS)	\$21,133,262,981	26.83%	28.53%	1.70%	22.41%	22.41%
Sacramento	\$282,480,256	33.83%	36.35%	2.52%	29.86%	29.86%
St. Louis	\$516,417,604	27.33%	29.31%	1.98%	23.15%	23.15%
San Diego	\$839,368,030	36.86%	38.16%	1.30%	31.58%	31.58%
San Francisco (Incl Monterey GS data)	\$1,177,600,177	52.08%	54.13%	2.05%	46.79%	46.79%
Seattle	\$974,246,163	35.21%	37.40%	2.19%	30.86%	30.86%
Washington (Incl St. Marys GS data)	\$13,813,157,456	33.53%	35.38%	1.85%	28.93%	28.93%
TOTAL/AVERAGES	\$55,536,267,652	32.19%	33.97%	1.78%	27.59%	27.59%

Attachment 1

Locality Rates for 2003 Under the Recommendations of the Federal Salary
Council

(Locations below RUS have been averaged with RUS)

Combining Locations with RUS

Locations Combined with RUS	3/1/2002 Base 3/1/2002	
	GS Payroll	GAP
Rest of U.S. (RUS)	\$21,133,262,981	28.64%
Huntsville	\$605,802,522	26.41%
Indianapolis	\$289,197,226	26.81%
Kansas City	\$694,385,843	27.84%
TOTAL/AVERAGES	\$22,722,648,572	28.53%

Attachment 2

Employment Cost Index (ECI) Data Used to Age Surveys to March 2001

ECI for Civilian Workers (White-Collar Less Sales)

(Wages and Salaries)

SURVEY	SURVEY				
	REF	DATE	ECI	ECI	AGING
LOCATION		BASE	Mar-01	FACTOR	
Atlanta MSA		Mar-96	127.0	152.1	1.1976
Boston CMSA		Jun-96	127.8	152.1	1.1901
Chicago CMSA		Jun-96	127.8	152.1	1.1901
Cincinnati CMSA		May-96	127.5	152.1	1.1926
Cleveland CMSA		Aug-96	128.9	152.1	1.1803
Columbus MSA		Jan-96	126.2	152.1	1.2052
Dallas CMSA		Mar-96	127.0	152.1	1.1976
Dayton-Springfield MSA		Mar-96	127.0	152.1	1.1976
Denver CMSA		Jan-96	126.2	152.1	1.2052
Detroit PMSA		Jan-96	126.2	152.1	1.2052
Hartford MSA		Mar-96	127.0	152.1	1.1976
New London MSA		Jan-96	126.2	152.1	1.2052
Houston CMSA		Apr-96	127.3	152.1	1.1951
Huntsville MSA		Mar-96	127.0	152.1	1.1976
Indianapolis MSA		Aug-96	128.9	152.1	1.1803
Kansas City MSA		Sep-96	129.4	152.1	1.1754
Los Angeles CMSA		Nov-95	125.5	152.1	1.2116
Santa Barbara MSA		May-95	123.6	152.1	1.2306
Miami CMSA		Nov-96	129.7	152.1	1.1724
Milwaukee CMSA		Aug-96	128.9	152.1	1.1803
Minneapolis MSA		Feb-96	126.6	152.1	1.2014
New York CMSA		Jul-95	124.2	152.1	1.2246
Orlando MSA		Apr-96	127.3	152.1	1.1951
Philadelphia CMSA		Nov-96	129.7	152.1	1.1724
Pittsburgh MSA		May-96	127.5	152.1	1.1926
Portland CMSA		Jul-96	128.3	152.1	1.1852
Rest of U.S. (RUS)*		Nov-96	129.7	152.1	1.1724
Richmond MSA		Aug-96	128.9	152.1	1.1803
Sacramento CMSA		Mar-96	127.0	152.1	1.1976
St. Louis MSA		Mar-96	127.0	152.1	1.1976
San Diego MSA		Jul-96	128.3	152.1	1.1852
San Francisco CMSA		Mar-96	127.0	152.1	1.1976
Seattle CMSA		Nov-96	129.7	152.1	1.1724
Washington, D.C. CMSA		Oct-95	125.3	152.1	1.2142

* RUS data are from the November 1995 survey aged by BLS to November 1996.

Attachment 3

Locality Rates in 2002 with a 4.6 Percent Increase--3.6 Percent for the Base, and 1.0 Percent for Locality Pay
 Allocated Using the FSC's Add-on Approach

LOCAL AREA	Mar-01 Base GS Payroll	Mar-00 Target Gap	2001 Local Rate	Local Proportion of Average Gap	FSC Add-on Amount	2002 Add-on Local Rate	2002 Net with 3.60%
Atlanta	\$1,160,448,435	23.50%	8.66%	0.907	1.08%	9.74%	4.63%
Boston	\$1,134,089,363	31.30%	12.13%	1.209	1.44%	13.57%	4.93%
Chicago	\$997,425,987	34.37%	13.00%	1.327	1.58%	14.58%	5.05%
Cincinnati	\$318,702,470	28.88%	10.76%	1.115	1.33%	12.09%	4.84%
Cleveland	\$418,687,061	25.33%	9.17%	0.978	1.16%	10.33%	4.70%
Columbus	\$355,049,054	23.63%	9.61%	0.912	1.09%	10.70%	4.63%
Dallas	\$784,439,999	25.93%	9.71%	1.001	1.19%	10.90%	4.72%
Dayton	\$497,221,632	22.28%	8.60%	0.860	1.02%	9.62%	4.57%
Denver	\$871,191,455	31.26%	11.90%	1.207	1.44%	13.34%	4.93%
Detroit	\$579,422,377	34.14%	13.14%	1.318	1.57%	14.71%	5.04%
Hartford	\$137,628,874	31.87%	12.65%	1.231	1.46%	14.11%	4.94%
Houston	\$531,842,484	42.38%	16.66%	1.636	1.95%	18.61%	5.33%
Huntsville	\$605,802,522	20.79%	8.12%	0.803	0.96%	9.08%	4.52%
Indianapolis	\$289,197,226	20.79%	7.89%	0.803	0.96%	8.85%	4.52%
Kansas City	\$694,385,843	20.79%	8.32%	0.803	0.96%	9.28%	4.52%
Los Angeles	\$1,623,943,733	36.50%	14.37%	1.409	1.68%	16.05%	5.12%
Miami	\$447,794,674	29.65%	11.09%	1.145	1.36%	12.45%	4.87%
Milwaukee	\$148,930,256	24.78%	8.91%	0.957	1.14%	10.05%	4.68%
Minneapolis	\$275,371,953	27.49%	10.30%	1.061	1.26%	11.56%	4.78%
New York	\$2,387,618,980	35.11%	13.62%	1.356	1.61%	15.23%	5.07%
Orlando	\$171,274,594	20.79%	7.71%	0.803	0.96%	8.67%	4.52%
Philadelphia	\$1,307,585,531	28.50%	10.80%	1.100	1.31%	12.11%	4.82%
Pittsburgh	\$278,158,749	21.35%	8.54%	0.824	0.98%	9.52%	4.54%
Portland	\$428,996,308	28.72%	10.32%	1.109	1.32%	11.64%	4.84%
Richmond	\$354,525,425	23.28%	8.60%	0.899	1.07%	9.67%	4.62%
Rest of U.S. (RUS)	\$21,133,262,981	20.79%	7.68%	0.803	0.96%	8.64%	4.52%
Sacramento	\$282,480,256	27.46%	10.73%	1.060	1.26%	11.99%	4.78%
St. Louis	\$516,417,604	21.27%	8.00%	0.821	0.98%	8.98%	4.54%
San Diego	\$839,368,030	30.34%	11.31%	1.171	1.39%	12.70%	4.89%
San Francisco	\$1,177,600,177	44.84%	16.98%	1.731	2.06%	19.04%	5.42%
Seattle	\$974,246,163	28.77%	10.45%	1.111	1.32%	11.77%	4.84%
Washington	\$13,813,157,456	27.17%	10.23%	1.049	1.25%	11.48%	4.77%
TOTAL/AVERAGES	\$55,536,267,652	25.90%	9.75%	1.000	1.19%	10.95%	4.72%

FSC Add-on Amount 0.0119