

October 25, 2007

Federal Salary Council

1900 E Street NW.
Washington, DC 20415-8200

**MEMORANDUM FOR: THE PRESIDENT'S PAY AGENT
HONORABLE ELAINE L. CHAO
HONORABLE JAMES A. NUSSLE
HONORABLE LINDA M. SPRINGER**

**SUBJECT: Level of Comparability Payments for January 2009 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 2009.

Bureau of Labor Statistics (BLS) Surveys and Pay Gap Methodology

We reviewed comparisons of General Schedule (GS) and non-Federal pay calculated using Bureau of Labor Statistics (BLS) survey data collected under the National Compensation Survey (NCS) program in 2005 and 2006. All BLS data were updated to March 2007 and compared to GS pay data as of the same date. The change in non-Federal pay as measured by the nationwide Employment Cost Index (ECI) was used to update the BLS data. All of the pay gaps (difference between base GS rates and non-Federal pay for the same levels of work) we reviewed were calculated using the same general weighting and aggregation methods in use since 1994.

BLS data this year includes all of the survey improvements designed for the NCS program, including about 60 percent of the data leveled using the new four-factor grade leveling system. BLS continues to phase-in the new leveling system, covering an additional 20 percent of the total sample each year. BLS also provided data covering establishments with 50 or more employees and data covering all establishment sizes this year. In the past, we have limited comparisons to data from establishments with 50 or more employees. Single entrepreneurs or "nonemployee" establishments are not included in NCS surveys.

Establishment Size

Some believe that excluding small establishments from the pay comparisons biases the results. This belief is based on the assumption that small establishments pay less than large establishments. Since BLS expanded its surveys to cover all establishments, we were interested

in assessing the impact of small establishments on the Federal/non-Federal pay comparisons.

BLS generally surveys “establishments” and defines an establishment as:

“an economic unit that produces goods or services, usually at a single physical location, and engaged in one or predominantly one activity.”

This is different than a “firm” which BLS defines as a legal business, either corporate or otherwise, and may consist of one establishment, a few establishments, or even a very large number of establishments.

Hence, small “establishments” covered by BLS surveys represent the pay practices of small establishments that are part of large firms and small establishments that are part or all of small firms. BLS estimates that 4.695 million firms out of about 5 million firms in the United States have fewer than 50 employees and that there are 4.706 million single-establishment firms, so probably most small establishments are also small firms. About 29 percent of workers are employed in small firms.

The pay gaps averaged 1.58 points higher when small establishments were included. There also appeared to be a pattern where average salaries were lower in small establishments than in larger establishments for low-graded employees but higher in small establishments than in larger establishments for high-graded employees. BLS staff said that there were relatively few employees found in the higher grades at small establishments so that sampling variability is likely to be high and that those found were often managers or physicians and surgeons, relatively high-paying jobs. Since the pay comparisons use Federal employee weights, and there are many Federal employees in the higher grade levels, the pay gaps increased when the data from small establishments were included.

Including data from small establishments increases the amount of data available, increases the number of non-Federal employees represented by the data by more than 25 percent, and results in a modest 1.7 percent increase in the number of Federal employees represented by survey data instead of modeled data.

The impact of small establishments on the pay gaps is modest compared to the overall size of the estimates. While we do not want to rule out the possibility of using data from small establishments in the future, we do not recommend using the data this year. Since this is the first year we have looked at data from small establishments, and since some Council members have expressed concerns about how well jobs in small establishments match Federal jobs, we recommend the data be reviewed again next year before making a decision on whether or not to use the data from small establishments. BLS has indicated that it can deliver both sets of data again next year.

Attachment 1 shows the pay gaps for each locality pay area for establishments with 50 or more employees and for all establishments. Data cited in the remainder of this letter are based on establishments with 50 or more employees—our standard methodology.

Changes in Pay Gaps Since 2006

The ongoing implementation of the four-factor leveling system appears to continue to affect the pay gaps. The average pay gap was about 6 points higher in 2007 than in 2006, with all locations increasing except for Dayton. This likely means the new survey methods tend to match survey jobs to lower General Schedule grades. Based on the 3.6 percent change in the ECI from March 2006 to March 2007, and the 1.7 percent January 2007 GS base pay increase, we otherwise would have expected only about a 2.5 point increase in the average pay gap. BLS staff said that a comparison of pay levels over its entire sample indicated pay levels increased about 4.2 percent but that pay levels in jobs used for the locality pay program increased by an average of 7.7 percent, with the largest increases at grades 14 and 15. BLS also used a new procedure this year to impute missing data, which may have also affected the measures.

The largest increases were in the Huntsville (+12.33 percentage points) and the Washington-Baltimore (+9.72 percentage points) locality pay areas. The decrease in the Dayton pay gap is mainly attributable to conversion of Department of Defense employees to the National Security Personnel System. These employees no longer receive rates of pay under the General Schedule and cannot be included in the pay comparisons under section 5304 of title 5, United States Code.

Attachment 2 shows 2007 pay gaps compared to those for 2006.

Locality Rates for 2009

Based on calculations provided by Office of Personnel Management (OPM) staff in taking a weighted average of the locality pay gaps, the overall gap between base GS average salaries (excluding any add-ons such as special rates and existing locality payments) and non-Federal average salaries surveyed by BLS was 43.73 percent as of March 2007. The amount needed to reduce the pay disparity to 5 percent (the target gap) averages 36.89 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 2007, including the current average locality rate of 16.88 percent, is 22.97 percent. The calculation is $(143.73/116.88-1) \times 100$.

Under 5 U.S.C. 5304(a)(3)(I), after the 9-year phase-in period, 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 36.89 percent for 2009. We cannot calculate the percentage increase over the average of the rates authorized for 2008 at this time because the 2008 rates have not yet been set. The proposed comparability payments for 2009 for each locality pay area are shown in **Attachment 3**.

These locality rates would be in addition to the increase in General Schedule 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 Employment Cost Index, wages and salaries, private industry workers, increased between September 2006 and September 2007. The ECI for September 2007 will not be published until October 31, 2007, so the amount is not known at this time.

Since BLS has not yet removed Buffalo from its RUS sample because it represents other locations in the sample design, we have adjusted the RUS pay gap to remove Buffalo as shown in **Attachment 3**.

Surveys in New Cities

In 2003, we recommended that surveys be expanded in six metropolitan areas then in RUS where limited BLS data indicated relatively high pay. While BLS has not yet expanded its sample in these areas, BLS has indicated that it plans to do so and included them in its pay model again this year. The pay gaps are shown in the table below.

NCS Pay Gaps in New Metropolitan Areas (Percent)		
Location	NCS Pay Gap	Compared to RUS
Austin, TX	28.08	-1.56
Buffalo, NY	37.19	7.55
Louisville, KY	29.97	0.33
Memphis, TN	25.99	-3.65
Phoenix, AZ	41.55	11.91
Raleigh, NC	31.49	1.85
RUS	29.64	

While these are small-scale surveys and the proportion of modeled data tends to be above that found in existing locality pay areas, we recommended and you approved making three of the six new locality pay areas in 2006 (Buffalo, Phoenix, and Raleigh). This year the pay gaps in these three locations continue to be well above that for the RUS locality pay area, while those for Austin and Memphis continue to be below that for the RUS locality pay area. The pay gap for Louisville is only 0.33 points above that for the RUS area this year. We note that the Raleigh survey was cancelled due to a budget cut just before it was made a new locality pay area. Hence, it has not benefited from the survey improvements that have generally increased pay gaps.

BLS staff report that the survey redesign has not yet affected the data in these areas, the new government sample will be included in surveys delivered in 2008, and that one-fifth of the new private sector sample will be incorporated in surveys delivered in 2009. BLS also concludes that there are only limited possibilities for reallocating resources between areas since they would not want to affect the quality of the estimates for their on-going publications.

Since the survey redesign has not yet affected the data and since only limited reallocation of resources is feasible, we plan to continue to monitor Austin, Louisville, and Memphis as BLS completes its survey redesign and that no other action be taken at this time.

Requests to be Included in or for New Locality Pay Areas

OPM staff had contacts from employees in 33 areas by email, telephone, or letter since 2006:

Albany, NY	Allentown, PA	Aspen, CO
Bend, OR	Berkshire County, MA	Burlington, VT
Carteret County, NC	Charleston, SC	Charlotte, NC
Charlottesville, VA	Colorado Springs, CO	Glenwood Springs, CO
Greenville, NC	Harrisburg, PA	Hood River County, OR
Imperial County, CA	Jacksonville, FL	Kern County, CA
Lancaster, PA	Las Vegas, NV	Logan County, OH
Los Alamos, NM	New Orleans, LA	Pensacola, FL
Portland, ME	Prescott, AZ	Reno, NV
San Juan County, WA	San Luis Obispo County, CA	Tampa, FL
Teton County, WY	Virginia Beach, VA	Wilmington, NC

None of these locations requesting to be included in an existing pay area pass the applicable criteria for inclusion recommended by the Council and adopted by the Pay Agent, and we recommend you not consider making any changes based on these contacts. Likewise, BLS does not have the resources to conduct additional surveys, so it is not feasible to survey any of the areas listed above separately.

We also reviewed petitions from employees in Albany, NY, and Berkshire County, MA, about locality pay in their areas.

Albany, NY

We received a petition from the Federal Executive Association of Northeastern New York asking that we recommend establishment of a separate locality pay area covering Albany, Rensselaer, Saratoga, and Schenectady Counties, NY. The petition included some pay comparisons indicating that pay levels in the Albany area were similar to those in other separate locality pay areas. These pay comparisons used data from BLS' Occupational Employment Statistics (OES) program.

While we were pleased to see that the petition focused on salary levels instead of living costs, we have to point out that it is unlikely that OES data could be used in the locality pay program since OES does not consider levels of work. Title 5 requires that locality pay comparisons be based on appropriate surveys that shall be conducted by BLS, but also requires pay comparisons be made for the same levels of work. Since the NCS program is the only BLS salary survey program that

includes levels of work, we are presently limited to areas that BLS can survey separately under NCS. Pay comparisons among locations that do not account for work level can be skewed by differences in occupational work level distributions between areas.

While Albany is surveyed under NCS as part of the Rest of U.S. locality pay area, it was recently added to the geographic sample and BLS has not yet published an NCS survey of Albany. We could review NCS data on Albany in a few years. However, RUS survey samples are often smaller than what BLS produces for our 31 separate locality pay areas. Since RUS is an average, about half the locations surveyed in RUS are probably above the average while the other half are below. Taking locations out of RUS without replacing the lost sample affects the quality of the data for the RUS locality pay area, which presently covers over 500,000 GS employees.

If we were to recommend new locality pay areas, we would need to establish what criteria should be used to select locations. Furthermore, BLS has indicated that, based on its current funding and resources, it cannot expand its current NCS program to increase samples in existing locality pay areas or to cover more areas. Therefore, while we empathize with employees and managers in parts of RUS whose pay is relatively higher than average, we regretfully recommend no new locality pay areas for 2009.

Berkshire County, MA

The Federal Executive Association of Western Massachusetts submitted a petition requesting that Berkshire County, MA, be added to the Hartford locality pay area. Representatives from Berkshire have approached the Council over the last several years stating that Berkshire is the only county in Massachusetts or southern New England not included in a separate locality pay area, that agency organizational structures sometimes result in satellite offices and headquarters offices receiving different pay, and citing anecdotal recruitment and retention information. This year, employees in Berkshire pointed out that GS employment in the County has dropped from 114 employees in March 2005 to 98 as of March 2007. However, OPM staff reported that the losses appear to be mainly employees under non-permanent appointments, most at the Federal Emergency Management Agency of the Department of Homeland Security. For permanent employees, GS employment is down four during the period and there were four conversions to the new National Security Personnel System, which may account for the change. We suspect that aggregate employment changes in Berkshire County may be attributable to factors other than the locality pay program.

Employees from Berkshire proposed a change in the Council's criteria for evaluating adjacent counties to accommodate their proposal. The proposed criteria include:

- The county must be adjacent or within 5 miles of being adjacent to two locality pay areas
- The county must be the only county in the State not in a separate locality pay area
- The county must have at least 85 GS employees.

Berkshire is not adjacent to the Hartford Combined Statistical Area (CSA). Rather, it is adjacent to the Springfield area of application to Hartford. In the past, the Council and the Pay Agent have not permitted “piggy backing” of areas of application. Berkshire is adjacent to Litchfield County, CT, which is part of the New York CSA. Most of the GS employees in Berkshire County are stationed in Pittsfield, which is 30 miles from the Connecticut border, 81 miles from Hartford, and 153 miles from New York City.

As in 2006, we note that the proposal would drop commuting entirely as a criterion for evaluating areas, since Berkshire has only a 0.29 percent employment interchange rate with the Hartford CSA and a 2.72 percent rate with the New York CSA, both well below the 7.5 percent criterion. We believe that commuting patterns are key to defining labor markets and should be retained in the criteria. Hence, we recommend that no changes be made in the area of application criteria.

Locality Pay Areas for 2009

We recommend continuation of the 32 existing locality pay areas in 2009, as follows:

- (1) Atlanta-Sandy Springs-Gainesville, GA-AL—consisting of the Atlanta-Sandy Springs-Gainesville, GA-AL CSA;
- (2) Boston-Worcester-Manchester, MA-NH-RI-ME—consisting of the Boston-Worcester-Manchester, MA-RI-NH CSA, plus Barnstable County, MA, and Berwick, Eliot, Kittery, South Berwick, and York towns in York County, ME;
- (3) Buffalo-Niagara-Cattaraugus, NY—consisting of the Buffalo-Niagara-Cattaraugus, NY CSA;
- (4) Chicago-Naperville-Michigan City, IL-IN-WI—consisting of the Chicago-Naperville-Michigan City, IL-IN-WI CSA;
- (5) Cincinnati-Middletown-Wilmington, OH-KY-IN—consisting of the Cincinnati-Middletown-Wilmington, OH-KY-IN CSA;
- (6) Cleveland-Akron-Elyria, OH—consisting of the Cleveland-Akron-Elyria, OH CSA;
- (7) Columbus-Marion-Chillicothe, OH—consisting of the Columbus-Marion-Chillicothe, OH CSA;
- (8) Dallas-Fort Worth, TX—consisting of the Dallas-Fort Worth, TX CSA;
- (9) Dayton-Springfield-Greenville, OH—consisting of the Dayton-Springfield-Greenville, OH CSA;
- (10) Denver-Aurora-Boulder, CO—consisting of the Denver-Aurora-Boulder, CO CSA, plus the Ft. Collins-Loveland, CO MSA;
- (11) Detroit-Warren-Flint, MI—consisting of the Detroit-Warren-Flint, MI CSA, plus Lenawee County, MI;
- (12) Hartford-West Hartford-Willimantic, CT-MA—consisting of the Hartford-West Hartford-Willimantic, CT CSA, plus the Springfield, MA MSA and New London County, CT;
- (13) Houston-Baytown-Huntsville, TX—consisting of the Houston-Baytown-Huntsville, TX CSA;
- (14) Huntsville-Decatur, AL—consisting of the Huntsville-Decatur, AL CSA;

- (15) Indianapolis-Anderson-Columbus, IN—consisting of the Indianapolis-Anderson-Columbus, IN CSA, plus Grant County, IN;
- (16) Los Angeles-Long Beach-Riverside, CA—consisting of the Los Angeles-Long Beach-Riverside, CA CSA, plus the Santa Barbara-Santa Maria-Goleta, CA MSA and all of Edwards Air Force Base, CA;
- (17) Miami-Fort Lauderdale-Pompano Beach, FL—consisting of the Miami-Fort Lauderdale-Pompano Beach, FL MSA, plus Monroe County, FL;
- (18) Milwaukee-Racine-Waukesha, WI—consisting of the Milwaukee-Racine-Waukesha, WI CSA;
- (19) Minneapolis-St. Paul-St. Cloud, MN-WI—consisting of the Minneapolis-St. Paul-St. Cloud, MN-WI CSA;
- (20) New York-Newark-Bridgeport, NY-NJ-CT-PA—consisting of the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA, plus Monroe County, PA, and Warren County, NJ;
- (21) Philadelphia-Camden-Vineland, PA-NJ-DE-MD—consisting of the Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA, plus Kent County, DE, Atlantic County, NJ, and Cape May County, NJ;
- (22) Phoenix-Mesa-Scottsdale, AZ—consisting of the Phoenix-Mesa-Scottsdale, AZ MSA;
- (23) Pittsburgh-New Castle, PA—consisting of the Pittsburgh-New Castle, PA CSA;
- (24) Portland-Vancouver-Beaverton, OR-WA—consisting of the Portland-Vancouver-Beaverton, OR-WA MSA, plus Marion County, OR, and Polk County, OR;
- (25) Raleigh-Durham-Cary, NC—consisting of the Raleigh-Durham-Cary, NC CSA, plus the Fayetteville, NC MSA, the Goldsboro, NC MSA, and the Federal Correctional Complex Butner, NC;
- (26) Richmond, VA—consisting of the Richmond, VA MSA;
- (27) Sacramento—Arden-Arcade—Yuba City, CA-NV—consisting of the Sacramento—Arden-Arcade—Yuba City, CA-NV CSA, plus Carson City, NV;
- (28) San Diego-Carlsbad-San Marcos, CA—consisting of the San Diego-Carlsbad-San Marcos, CA MSA;
- (29) San Jose-San Francisco-Oakland, CA—consisting of the San Jose-San Francisco-Oakland, CA CSA, plus the Salinas, CA MSA and San Joaquin County, CA;
- (30) Seattle-Tacoma-Olympia, WA—consisting of the Seattle-Tacoma-Olympia, WA CSA, plus Whatcom County, WA;
- (31) Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA—consisting of the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA, plus the Hagerstown-Martinsburg, MD-WV MSA, the York-Hanover-Gettysburg, PA CSA, and King George County, VA; and
- (32) Rest of U.S.—consisting of those portions of the continental United States not located within another locality pay area.

Locality Pay in Nonforeign Areas

The Administration has proposed legislation to gradually replace the nonforeign area cost-of-living allowance (COLA) paid in Alaska, Hawaii, Guam, Puerto Rico, the Commonwealth of the

Northern Mariana Islands, and the U.S. Virgin Islands with locality pay. BLS currently conducts salary surveys in Honolulu, HI, for its NCS program, and had surveyed Anchorage, AK, in 2005. BLS does not conduct surveys under NCS in any other COLA area, but does cover most of these areas in its Occupational Employment Statistics surveys.

We reviewed BLS data for Anchorage and Honolulu using our procedures used for existing locality pay areas. Based on the current methodology, the pay gap between GS and non-Federal pay in Anchorage is 54.96 percent and the pay gap in Honolulu is 41.72 percent. Both are well above the 29.64 percent pay gap in the Rest of U.S. locality pay area. BLS plans to conduct future surveys in Honolulu but Anchorage has been dropped from its geographic sample. While Congress has not taken action on the proposed legislation, we recommend that if the legislation is enacted that you ask BLS to reinstate its Anchorage survey and ensure that both the Anchorage and Honolulu surveys are as robust as feasible.

Pay Increases in 2008

At this point, we do not know what pay raise will be provided in 2008. The President proposed a 3.0 percent overall average increase and has until November 30 to submit an alternative plan for locality pay under section 5304a of title 5, United States Code. The Congress has draft legislation that would set the total increase at 3.5 percent. The across-the-board increase under current law would be 2.5 percent. While we believe the details of the pay increase distribution should be left to the President to determine, we recommend that any funds allocated for locality pay raises be distributed so that locations with the largest pay gaps receive the largest increases and that employees in each locality pay area receive at least some portion of the locality pay funds, after payment of an across-the-board increase of at least 2.5%.

By direction of the Council:

_____ **SIGNED** _____
Terri Lacy
Chairman

Attachments

ATTACHMENT 1

March 2007 Pay Gaps			
AREA	ALL ESTABLISHMENTS	ESTABLISHMENTS 50 OR MORE EMPLOYEES	ALL MINUS 50 or MORE
ANCHORAGE	.	54.96%	.
ATLANTA	45.84%	42.79%	3.05%
BOSTON	55.47%	51.64%	3.83%
BUFFALO	36.91%	37.19%	-0.28%
CHICAGO	50.79%	49.87%	0.92%
CINCINNATI	33.72%	31.71%	2.01%
CLEVELAND	39.06%	39.35%	-0.29%
COLUMBUS	37.99%	34.42%	3.57%
DALLAS	46.31%	43.65%	2.66%
DAYTON	31.30%	31.08%	0.22%
DENVER	42.52%	42.78%	-0.26%
DETROIT	47.20%	44.82%	2.38%
HARTFORD	50.07%	47.52%	2.55%
HONOLULU	.	41.72%	.
HOUSTON	48.73%	47.69%	1.04%
HUNTSVILLE	39.63%	39.17%	0.46%
INDIANAPOLIS	32.42%	30.48%	1.94%
LOS ANGELES	52.41%	51.09%	1.32%
MIAMI	43.31%	42.33%	0.98%
MILWAUKEE	37.20%	37.06%	0.14%
MINNEAPOLIS	44.06%	39.95%	4.11%
NEW YORK	58.66%	57.79%	0.87%
PHILADELPHIA	44.68%	43.60%	1.08%
PHOENIX	44.08%	41.55%	2.53%
PITTSBURGH	37.59%	35.28%	2.31%
PORTLAND	43.52%	40.24%	3.28%
RALEIGH	.	31.49%	.
REST OF U.S.	30.51%	29.64%	0.87%
RICHMOND	33.16%	32.22%	0.94%
SACRAMENTO	47.10%	46.32%	0.78%
SAN DIEGO	52.31%	50.66%	1.65%
SAN FRANCISCO	67.92%	67.63%	0.29%
SEATTLE	49.43%	46.32%	3.11%
WASHINGTON DC	64.17%	61.64%	2.53%

ATTACHMENT 2

2007 vs. 2006 PAY GAPS—Establishments with 50 or More Employees

Locality Pay Area	March 2007 Base GS Payroll	March 2007 50 or More Pay Gap	March 2006 Pay Gap	Change
ATLANTA	\$1,416,678,034	42.79%	38.50%	4.29%
BOSTON	\$1,314,935,834	51.64%	45.43%	6.21%
BUFFALO	\$227,910,311	37.19%	34.44%	2.75%
CHICAGO	\$1,147,073,954	49.87%	44.27%	5.60%
CINCINNATI	\$400,943,279	31.71%	27.89%	3.82%
CLEVELAND	\$470,125,835	39.35%	35.52%	3.83%
COLUMBUS	\$421,764,449	34.42%	30.33%	4.09%
DALLAS	\$1,019,128,996	43.65%	39.95%	3.70%
DAYTON	\$342,259,088	31.08%	31.80%	-0.72%
DENVER	\$1,057,786,697	42.78%	38.02%	4.76%
DETROIT	\$634,748,132	44.82%	39.50%	5.32%
HARTFORD	\$232,094,692	47.52%	46.81%	0.71%
HOUSTON	\$722,384,148	47.69%	41.82%	5.87%
HUNTSVILLE	\$537,938,955	39.17%	26.84%	12.33%
INDIANAPOLIS	\$348,893,802	30.48%	24.33%	6.15%
LOS ANGELES	\$1,777,069,685	51.09%	44.95%	6.14%
MIAMI	\$682,699,501	42.33%	33.89%	8.44%
MILWAUKEE	\$179,888,398	37.06%	35.54%	1.52%
MINNEAPOLIS	\$369,374,349	39.95%	39.12%	0.83%
NEW YORK	\$2,697,584,573	57.79%	52.12%	5.67%
PHILADELPHIA	\$1,523,301,299	43.60%	40.13%	3.47%
PHOENIX	\$422,231,954	41.55%	37.05%	4.50%
PITTSBURGH	\$342,667,159	35.28%	29.09%	6.19%
PORTLAND	\$536,465,744	40.24%	36.53%	3.71%
RALEIGH	\$604,726,611	31.49%	29.57%	1.92%
REST OF U.S.	\$24,525,974,789	29.64%	24.80%	4.84%
RICHMOND	\$446,656,004	32.22%	31.89%	0.33%
SACRAMENTO	\$350,641,585	46.32%	40.01%	6.31%
SAN DIEGO	\$938,395,556	50.66%	46.15%	4.51%
SAN FRANCISCO	\$1,334,176,118	67.63%	63.11%	4.52%
SEATTLE	\$1,216,953,394	46.32%	38.44%	7.88%
WASHINGTON DC	\$15,642,614,023	61.64%	51.92%	9.72%

Other Areas

Locality Pay Area	March 2007 Base GS Payroll	March 2007 50 or More Pay Gap	March 2006 Pay Gap	Change
ANCHORAGE	\$390,145,753	54.96%	--	--
AUSTIN	Included in RUS	28.08%	22.14%	5.94%
HONOLULU	\$643,405,745	41.72%	--	--
LOUISVILLE	Included in RUS	29.97%	27.42%	2.55%
MEMPHIS	Included in RUS	25.99%	19.28%	6.71%

ATTACHMENT 3

Pay Gaps and Locality Rates for 2009				
Locality Pay Area	3/2007 Base GS Payroll	3/2007 50 or More Pay Gap	Adjusted RUS GAP	Target Gap and 2009 Local Rate
ATLANTA	\$1,416,678,034	42.79%	42.79%	35.99%
BOSTON	\$1,314,935,834	51.64%	51.64%	44.42%
BUFFALO	\$227,910,311	37.19%	37.19%	30.66%
CHICAGO	\$1,147,073,954	49.87%	49.87%	42.73%
CINCINNATI	\$400,943,279	31.71%	31.71%	25.44%
CLEVELAND	\$470,125,835	39.35%	39.35%	32.71%
COLUMBUS	\$421,764,449	34.42%	34.42%	28.02%
DALLAS	\$1,019,128,996	43.65%	43.65%	36.81%
DAYTON	\$342,259,088	31.08%	31.08%	24.84%
DENVER	\$1,057,786,697	42.78%	42.78%	35.98%
DETROIT	\$634,748,132	44.82%	44.82%	37.92%
HARTFORD	\$232,094,692	47.52%	47.52%	40.50%
HOUSTON	\$722,384,148	47.69%	47.69%	40.66%
HUNTSVILLE	\$537,938,955	39.17%	39.17%	32.54%
INDIANAPOLIS	\$348,893,802	30.48%	30.48%	24.27%
LOS ANGELES	\$1,777,069,685	51.09%	51.09%	43.90%
MIAMI	\$682,699,501	42.33%	42.33%	35.55%
MILWAUKEE	\$179,888,398	37.06%	37.06%	30.53%
MINNEAPOLIS	\$369,374,349	39.95%	39.95%	33.29%
NEW YORK	\$2,697,584,573	57.79%	57.79%	50.28%
PHILADELPHIA	\$1,523,301,299	43.60%	43.60%	36.76%
PHOENIX	\$422,231,954	41.55%	41.55%	34.81%
PITTSBURGH	\$342,667,159	35.28%	35.28%	28.84%
PORTLAND	\$536,465,744	40.24%	40.24%	33.56%
RALEIGH	\$604,726,611	31.49%	31.49%	25.23%
REST OF U.S.	\$24,525,974,789	29.64%	29.57%	23.40%
RICHMOND	\$446,656,004	32.22%	32.22%	25.92%
SACRAMENTO	\$350,641,585	46.32%	46.32%	39.35%
SAN DIEGO	\$938,395,556	50.66%	50.66%	43.49%
SAN FRANCISCO	\$1,334,176,118	67.63%	67.63%	59.65%
SEATTLE	\$1,216,953,394	46.32%	46.32%	39.35%
WASHINGTON DC	\$15,642,614,023	61.64%	61.64%	53.94%
	\$63,886,086,948		43.73%	36.89%

Removing Buffalo from RUS		
RUS	\$24,525,974,789	29.64%
Buffalo	\$227,910,311	37.19%
	Adjusted RUS	29.57%

Note: The pay gaps shown in the attachments are slightly different than those in the Working Group report of October 3, 2007. BLS reports that in compiling the nonfederal salary data file, statistical weights for approximately 2 percent of the wage records were erroneously dropped. When the estimates were originally computed, the wage records that did not have a matching record in the final weight file were excluded from the estimation process, resulting in some of the estimates being incorrect. The missing records were added to the final weight file in October 2007 and the estimates were recomputed using all the data and weights and delivered to OPM on October 5, 2007.