

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

573rd FPRAC

SHELDON FRIEDMAN, Chairperson, Presiding

Thursday, March 15, 2012

Room 5526
Office of Personnel Management
Washington, D.C.

ATTENDANCE:

Members/Alternates:

Management Members**MARK ALLEN**, Office of Personnel Management
SETH SHULMAN, Department of Defense
TAMMY VANKEUREN, Department of Air Force
CARLOS SAAVEDRA, Department of NavyLabor Members**DENNIS PHELPS**, IBEW, Metal Trades Department
KEITH HILL, AFGE (via telephone)
JACQUELINE SIMON, AFGE
SARAH SUSZCZYK, NAGE
STEVEN FISHER, ACT

Staff Specialists and Visitors:

JEROME MIKOWICZ, Designated Federal Official,
Office of Personnel Management
MADLINE GONZALEZ, Office of Personnel Management
TERRI AVONDET, Office of Personnel Management
LINDSEY O'KEEFE, Office of Personnel Management
BRITTNEY MANCHESTER, Office of Personnel Management
CHRISTOPHER WALLACE, Office of Personnel Management
CHRISTOPHER MEDLEY, Office of Personnel Management
SEAN REILLY, Office of Management and Budget
CRAIG JERABEK, Department of Defense
JIM BRADY, Department of Defense
DAWNA POWELL, Department of Defense
KARL FENDT, Department of Defense
CHRIS LYNCH, Department of Defense

CHRIS QUESENBERRY, Department of Defense
DARLENE FREEMAN, Department of Air Force
KARA WEBSTER, Legislative Assistant for Jon Runyan,
a U.S. Representative in Congress for the State of
New Jersey

Recording Secretary: **FEBBIE GRAY**

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G S

CHAIRMAN FRIEDMAN: Good morning, everyone, and welcome to this 573rd meeting of the Federal Prevailing Rate Advisory Committee. My name is Sheldon Friedman, Chairman of the Committee.

As usual, why don't we go around and introduce ourselves, starting this time with Dennis.

MR. PHELPS: Dennis Phelps with IBEW, representing the Metal Trades Department.

MS. SIMON: Jacque Simon, AFGE.

MS. SUSZCZYK: Sara Suszczyk, NAGE.

MR. FISHER: Steve Fisher, ACT.

CHAIRMAN FRIEDMAN: I think we have one member on the phone?

MR. HILL: Yes. Keith Hill, AFGE.

MR. ALLEN: Mark Allen with OPM.

MR. SHULMAN: Seth Shulman, Department of Defense.

MS. VANKEUREN: Tammy Vankeuren, Air Force.

MR. SAAVEDRA: Carlos Saavedra, Department of the Navy.

MR. MIKOWICZ: Jerry Mikowicz, the Designated Federal Official for this meeting.

CHAIRMAN FRIEDMAN: And if folks sitting around the sides of the room would also introduce themselves, please.

MS. AVONDET: Terri Avondet, OPM.

MS. GONZALEZ: Madeline Gonzalez with OPM.

MS. FREEMAN: Darlene Freeman, Air Force.

MS. POWELL: Dawna Powell, DoD.

MR. FENDT: Karl Fendt, DoD.

MR. JERABEK: Craig Jerabek, DoD.

MR. BRADY: Jim Brady, DoD.

MR. QUESENBERRY: Chris Quesenberry, DoD.

MR. LYNCH: Chris Lynch, DoD.

MS. MANCHESTER: Brittney Manchester, OPM.

MS. O'KEEFE: Lindsey O'Keefe, OPM.

MS. GRAY: Febbie Gray, OPM.

MR. REILLY: Sean Reilly, OMB.

MR. MEDLEY: Chris Medley, OPM.

MS. WEBSTER: Kara Webster, representing Jon

Runyan.

MR. WALLACE: Christopher Wallace, OPM.

CHAIRMAN FRIEDMAN: Well, thank you.

Let me just make one very brief announcement. I got a call from Steve Condrey, who is Chairman of the Federal Salary Council, asking if FPRAC members would be interested in participating in a briefing along with members of the Federal Salary Council, on the Congressional Budget Office's recent report on Federal compensation. It struck me that that would be of interest to people, but I just want to make sure I was correct in that.

I don't know exactly when or even if it is going to happen, but I did join him in making that request of OPM.

MS. SIMON: Would the briefing be by OPM staff or CBO staff?

CHAIRMAN FRIEDMAN: By OPM staff.

MS. SIMON: Oh, okay. I think it sounds like a great idea.

CHAIRMAN FRIEDMAN: Anything you want to add, Jerry?

MR. MIKOWICZ: Yes. I would say we would like to

do the briefing. The only question at the moment is that I had to touch base with General Counsel, because both the Federal Salary Council and Federal Prevailing Rate Advisory Committee are FACA entities, Federal Advisory Committee Act, and we have certain guidelines about what can be discussed or not discussed, because many of you are not Federal employees.

But since this would really not be a meeting, it would be voluntary participation, it would be sharing of information, and OPM staff would lead it, but, certainly, Jacque, you have a lot of information. You have written some of your views already -- or AFGE has , so I sent it to you, for example, and to Sheldon and others. Mark, you know, we've read it.

So I thought there might be a discussion. One of the things that the CBO report did was that it specifically cited the Federal Salary Council and some of the documents that were used for the President's Pay Agent that relate to methodology, and so there are things that are relevant to our committees. And we would not end up in any policy discussion or have any recommendations, but it would be an

exchange of views and information.

So as soon as I can get the final green light, Mark and Allan Hearne on my staff will be sending out some invitations. We will probably get a time when a lot of people can participate, and Management members of FPRAC will also be invited. And it will be just a discussion, and we'll see what we get.

CHAIRMAN FRIEDMAN: Thank you, Jerry.

Anything else on this?

CHAIRMAN FRIEDMAN: Seth, did you want to make an announcement, so people don't scoot out of here at the end?

MR. SHULMAN: Yes. Thank you.

I was going to save it for the end, but since it's sitting there on the table, we did bring cake to recognize Craig Jerabek's impending retirement, which is at the end of this month. At the end of this meeting, if I could just make a couple of --

CHAIRMAN FRIEDMAN: Absolutely.

MR. SHULMAN: -- you know, clarificatory remarks.

CHAIRMAN FRIEDMAN: I thought we would mention it now, so people don't hightail it out of here at the end of

the meeting before you hear the further announcement, and, of course, our best wishes to Craig in his well-deserved retirement.

Let me just quickly dispose of the minutes of the 571st meeting. We don't have the minutes yet for last week's meeting, as you can well imagine, but you do have the transcript before you of the 571st. Are there any changes beyond those which we have already received today?

[No audible response.]

CHAIRMAN FRIEDMAN: Hearing none, that transcript is adopted.

We have a visitor today who has requested an opportunity to address FPRAC. Her name is Kara Webster. She is a Legislative Assistant for Representative Jon Runyan of New Jersey.

Thank you very much for coming, Kara. I understand there is a letter from the Congressman that you would like to read into our record, so the floor is yours.

But go to a microphone. There's one right there.

MS. WEBSTER: Okay. Thank you for allowing me to

come today.

This is the letter that we would like to submit into the record on behalf of Congressman Jon Runyan.

[Ms. Webster reads letter.]

Dear Director Berry: I am writing to encourage the Office of Personnel Management (OPM) to correct a pay disparity among workers at Joint Base McGuire-Dix-Lakehurst (JB MDL), which is located in my congressional district in New Jersey. Specifically, it is my understanding that the Federal Prevailing Rate Advisory Committee (FPRAC) could be re-voting on their earlier 2010 recommendation to move the McGuire and Fort Dix employees into the Lakehurst rate. It is my hope that the FPRAC reaffirm its 2010 recommendation and that OPM immediately implement it.

As you are aware, the 2005 Base Realignment and Closure process through the Department of Defense (DOD) consolidated McGuire Air Force Base, Fort Dix, and Lakehurst Naval Air Station as Joint

Base McGuire-Dix-Lakehurst. The Joint Base for the United States Air Force, as its lead operating service, is the first of its kind, and all military service branches are now represented at this one joint facility.

Additionally, Joint Base McGuire-Dix-Lakehurst is home to Fort Dix Federal Correction Institution as well as other Federal non-DoD agencies. Joint Base McGuire-Dix-Lakehurst employs over 40,000 men and women, and it is one of the largest employers in New Jersey.

While the Joint Base has largely been a resounding success, one area which remains a critical issue is wage parity for wage grade employees at the base. Before the three installations were combined, employees at McGuire and Fort Dix were paid at the Philadelphia wage rate, while Lakehurst employees were paid at the New York wage rate.

After consolidation, this discrepancy remained, resulting in employees who do the same job but on

different ends of the Joint Base being paid different wages. My office has been told that approximately 600 Federal employees could be affected by this discrepancy.

General Service employees at Joint Base McGuire-Dix-Lakehurst were all transferred into the higher New York wage rate previously, so this wage rate pay parity is especially unfair with the two types of Federal workers being treated differently.

Since I was elected to Congress, I have continuously worked on this issue with your office as well as House committees.

Specifically, in May of 2011, I wrote your office asking you to implement the 2010 FPRAC recommendation that no (non-RUS) General Schedule locality pay area would be subdivided between more than one Federal Wage System wage area.

Additionally, on June 6th, 2011, I wrote your office along with the entire New Jersey congressional delegation asking for this FPRAC

recommendation to be implemented

In addition to working with OPM, I have asked Chairman Issa of the House Oversight and Government Reform Committee to investigate this matter.

Finally, I successfully included report language in the FY 2012 National Defense Authorization Act requesting OPM's coordination with DoD in ensuring that DoD employees at the Joint Base are all paid at the New York city pay rate. This legislation was signed into law by the President on December 31st, 2011.

I am troubled that OPM continues to study, delay, and re-vote on implementation of the 2010 FPRAC recommendation. This wage disparity was government created and should be government remedied. The employees at the Joint Base have waited long enough, and deserve to have their pay adjusted to the Lakehurst (New York) rate. I hope that FPRAC reiterates its prior recommendation to correct this disparity, and OPM

implements this correction as quickly as possible.

Your staff may contact Joe Heaton on my staff at 202-225-4765 if we can be of any additional assistance.

And, again, thank you for allowing me to read this letter.

CHAIRMAN FRIEDMAN: Thank you. Thank you very much for your input, and please let the Congressman know we appreciate his input very much.

I would suggest we move on down to the New Business section of our agenda, the transmission of the report of the Wage Area Definition Study Group, 570-MGT/LBR-1.

I said at the end of the last meeting that I would share a transmittal memo with everyone prior to sending the study group report on to Director Berry. It has been brought to my attention that there is a strong likelihood that there will be a minority report accompanying the study group report, and since the Management members have a couple more days to complete that

and since it is customary to transmit minority reports with majority reports at the same time, I have held off on my transmittal memo and will prepare it once I have a minority report, if there is one. So that's the explanation why I didn't circulate that after the last meeting.

We were asked by Director Berry in 563-OPM-1 not only to study and analyze the issue at hand, which has certainly been done, but also -- and let me just read from 563-OPM-1. After considering this analysis, (which we've done), the Committee may present its recommendation to Director Berry on whether to proceed with a proposal to change OPM's regulation. So, in effect, he has asked us whether or not we reaffirm the original recommendation of October 2010 to consolidate FWS wage areas, or portions of FWS wage areas, that lie within non-RUS General Schedule locality pay areas. And it has been pointed out to me that that's one remaining item of business on this matter that we ought to finish.

MS. SIMON: Excuse me. Is the question in light of the findings of the work group, do we want to reaffirm? In other words, is the question whether anything that was

found in the course of studying the implementation of the proposal, did it change anybody's mind? Is that the question?

CHAIRMAN FRIEDMAN: I guess that's one way to look at it.

MS. SIMON: Okay.

CHAIRMAN FRIEDMAN: Basically, we would need a motion to reaffirm or not the original recommendation.

MR. PHELPS: Make a motion to reaffirm the recommendation.

CHAIRMAN FRIEDMAN: Okay. And that is the October 2010 --

MR. PHELPS: Correct.

CHAIRMAN FRIEDMAN: -- original recommendation. Is there a second?

MR. FISHER: I'll second it.

CHAIRMAN FRIEDMAN: Okay. It's been moved and seconded that FPRAC should reaffirm its original October 2010 recommendation to Director Berry to consolidate FWS wage areas, or portions of FWS wage areas, that lie within non-RUS General Schedule locality pay areas.

Is there any discussion?

MR. ALLEN: Yes, Mr. Chairman.

Based on our discussions at the last meeting of FPRAC last week, the Management members do not agree with the original AFGE proposal. Since it is all a matter of public record now, I am not going to belabor the point and go through all the reasons why the Management members objected to the proposal originally.

This is an issue that's been studied for a number of years now. The position that Director Berry was in after the October 2010 recommendation was that there was a pay freeze put into effect, and in keeping with the spirit of that pay freeze and with the knowledge that implementing the FPRAC recommendation would cause some employees to see their pay go up, and some employees to see themselves put on a lower wage schedule, he asked for an additional study to be undertaken, which is this several-hundred-pages long document that FPRAC worked cooperatively on over the course of 10 meetings.

We have, I think, what I would call an "honest disagreement" about whether the recommendation is really

the soundest concept for administering the prevailing rate system under the Prevailing Rate Systems Act.

Some of the points that we had made on the Management side in the past in terms of our objections were that the Federal Wage System and General Schedule operate under different laws and regulations. They use different pay-setting and job-rating methodologies, and the two systems are designed to achieve different purposes for different groups of Federal employees.

The implementation of the October 2010 FPRAC recommendation would have broadly different impacts in different parts of the country. At one level, we have the Joint Base, which is now an individual installation. At the Joint Base, I think we are talking about around 800 or so employees who would be moved into the New York wage area, resulting in some employees being placed on a marginally higher wage schedule while others would be put on a lower wage schedule.

On another level, the FPRAC recommendation would result in paying employees who work in Baltimore according to prevailing wage levels in Washington, D.C., and that

would affect a few thousand employees.

Another point that the Management members have made is that the Federal Wage System is more market-sensitive than the General Schedule with the capability of establishing far more local market wage surveys enabling more precise measurement, and application of market rates than is possible under the current GS locality pay system. The proposal would result in increases in pay for some employees, and some employees would be placed in lower wage schedules. At some installations, the increased labor costs would range anywhere from 15 to 25 percent.

I have some other points here, but I don't think we really need to go into those. I think some of the other Management members have some other things they'd like to say.

MR. SHULMAN: Yes, I will add and just reiterate some of the observations that we made last week for those who were not in the room and did not have a chance to read what will be in the public record.

Ultimately, this boils down to a couple of

challenges for the Department of Defense, and I can't speak for the Department of Veterans Affairs, which is not present this morning, but the impacts to them are the same.

There's been no business case made for the most part for any of these decisions, none. Where the Department has faced challenges with attrition or recruitment as a result of wages that are below what the market bears, we have always used the flexibilities available to us in the form of special salary rates, and in the circumstances such as what has been described for Joint Base McGuire-Dix-Lakehurst, this Committee has always taken the opportunity to have discussions about those unique situations and make moves as necessary to reorganize and relocate organizations into a different wage survey area to correct such inequities.

To take a blanket approach such as this where there has been, again, no business case need to do so, merely increases the Department's outlay to the tune of, as I said last week, getting something approaching half-a-billion dollars, and the number I said on the record last week is accurate. We looked at it again, and it

doesn't include the orphan counties.

So the number will be significant. There will be a huge impact to the Department, and inevitably, when decisions like these are made, there is no resource allocation that comes along with them. So the Department has to find a way to pay for it, okay, and when we have to find a way to pay for things like this, absent an additional resource allocation, one of two things happens.

We have to either -- and this is not a threat, this is not a promise, but this is the sort of thing that has to be on the table when you talk about a time of decreasing resource funding. You have to decrease the number of positions across the Department, or you have to eliminate organizations. And these are some of the very serious questions that the Department will be left to grapple with if this sort of thing is allowed to go through and this change to regulation does in fact wind up being enacted.

So, again, the Department feels very strongly that this is not an appropriate change to regulation. As I said, we have other means at our disposal to address pay

inequities, and we certainly like to avail ourselves of the services of this Committee to discuss those unusual circumstances where and when it's necessary.

CHAIRMAN FRIEDMAN: Anyone on this side of the table?

MS. SIMON: Yes. I have a letter that is being sent to Director Berry and signed jointly by the Labor members of FPRAC that I'd like to read into the record.

CHAIRMAN FRIEDMAN: Okay.

MS. SIMON: Before I do so, I just want to respond to one point that Seth just made regarding the projected 10-year cost.

I think that that's something that is likely in dispute, but, in any case, I'm just going to go ahead and read the letter.

[Ms. Simon reads letter.]

Dear Director Berry: The Department of Defense has produced two documents aimed at forestalling the implementation of the proposal to consolidate Federal Wage System wage areas that lie within a single General Schedule locality.

The first misleadingly entitled "Implementation Plan" would represent a radical departure from past practice regarding changes in Federal Wage System wage area boundaries. Instead of adding counties to existing wage areas and existing wage schedules, as has occurred in all past actions involving changes to the boundaries of wage areas, DoD would require entirely new surveys and new schedules for both existing and added counties. Indeed, this plan is essentially a poison pill that would undermine the intent of the original proposal.

The second document labeled "Unintended Consequences" calls to mind the fabled boy who, after murdering his parents, asks for mercy from the court because he's an orphan. Almost all of the negative or unintended consequences about which they warn derive from their own flawed implementation plan, not from the proposal itself or the implementation plan that OPM staff elaborated in the 600-page FPRAC working group

report.

It is important to remember that the proposal approved by FPRAC in October 2010 is inspired by the third merit system principle: Equal pay should be provided for work of equal value with appropriate consideration of both national and local rates paid by employers in the private sector. It is this principle that informs the General Schedule locality pay system under the Federal Employee Pay Comparability Act, and it is this principle that the FPRAC-approved proposal for the Federal Wage System would help realize. The Federal Government should try to be as consistent as possible when drawing boundaries to define local labor markets in order to uphold this merit system principle. There is no justification for using one set of criteria for salaried Federal workers and another for Federal workers paid on an hourly basis.

Critics of the FPRAC-approved proposal complain that FPRAC has not made a "business case" for its

adoption or implementation. While one might question the requirement of a business case for an enterprise that is not a business, the case for consolidation -- the consolidation proposal is based in part on the notions of internal equity, external equity, private sector practice, and modernization. Each of these is embodied in the merit system principles, although no business is bound by such principles. The best businesses place a high value on equity and modernization. Businesses do sometimes make decisions solely on the basis of cost, and those that operate on a lowest labor cost basis, such as Walmart, are infamous for the fact that their compensation practices impose enormous social cost; for example, employees of highly profitable corporations qualifying for food stamps, Medicaid, CHIP, housing assistance, earned income tax credit, free and reduced meals at school, publicly subsidized child care, and transit benefits, et cetera.

The Federal Government, to its credit has not pursued a lowest cost compensation policy. Instead, the Federal Government strives to be a model employer with compensation practices that reflect the standards set by large firms that aim to recruit and retain a high quality, well-trained, and highly productive workforce. Internal equity in the context of salaries means an employer pays all its employees the same or similar rate for same or similar work. The FPRAC-approved consolidation proposal is primarily about internal equity. It recognizes that both hourly and salaried workers who work in the exact same location for the same employer deserve to be treated as though they work in the same location. Internal equity is recognized as an important pay principle in both public and business administration.

To the extent that pay practices are a performance management tool, it is widely acknowledged that arbitrary distinctions have a

distinctly negative effect on productivity, morale, and sense that pay is a fair compensation for one's work. Treating Federal employees who work side by side in the same place, on the same military base, in the same veterans hospital, at the same Federal corrections institute as though they are working in different locations is a violation of the internal equity principle, the third merit system principle, and best practices standard followed by large private firms that provide geographic pay differentials.

According to surveys by both Towers Watson and Culpepper Compensation Consultants, between 60 and 70 percent of private firms provide geographic differentials in base pay; there is no evidence that any discriminate between salary and hourly workers in geographic differentials. This is an external equity argument in favor of the FPRAC-approved consolidation policy.

There is no reason to pretend that different categories of employees who work in the exact

same location work in a different location, and there is no reason to believe that employees will accept as fair the pretense that hourly workers are in a different location from their salary coworkers when in fact they work in the exact same space.

In 1990, when FEPCA was enacted, Congress in the first Bush administration recognized that the modern definition of a "local labor market" was a commuting area. The outdated Federal Wage System boundaries were initially drawn on the basis of concentrations of Federal blue collar employment, irrespective of commuting patterns. The FEPCA system uses metropolitan statistical area boundaries and objective commuting data from the Census and the American Community Survey to show the dimensions of local labor markets. The criteria used by the Federal Salary Council are prudent and appropriate for Federal pay setting for both hourly and salaried workers.

The FSC method requires a 7.5-percent employment

interchange rate for counties adjacent to metropolitan or combined statistical areas and has recommended to the pay agent a 20-percent commuting rate for single counties to be included in existing pay locality.

Core metropolitan areas in the surrounding counties from and into which substantial numbers of workers commute are the appropriate boundary criteria for a local labor market in 2012. The FPRAC-approved consolidation proposal is, thus, a much needed modernization for the Federal Wage System.

DoD's proposed implementation plan is a proposal that would make a radical and unjustifiable break from decades of pay administration practice in the Federal Government. Neither the FWS nor the GS system abolishes existing rates when a new county or set of counties is added to an existing local schedule. The plan put forward by DoD would do just that: throwing out the baby with the bath water.

Instead of adding new counties to existing local wage areas, as FPRAC has recommended and done in every previous instance when an existing local wage area has been expanded -- not abolished but expanded -- DoD would require the counties that meet the new criteria for inclusion to wait until a new survey is conducted and new wage schedule is calculated. The resulting mess of unfairness, inconsistency, and wasted resources are what DoD calls unintended consequences in its second document.

Such consequences do not result from the implementation of the plan that OPM staff used in its analysis of the FPRAC-approved consolidation proposal. The OPM staff's implementation methodology follows past practice and would not result in a two-tier system, would not require massive numbers of new surveys and new schedules, massive numbers of workers on indefinite safe pay or recruitment and retention problems. Only DoD's proposal produces such undesirable

consequences.

One consequence highlighted by DoD would occur. Some employees whose pay would change upon implementation would be placed in retained rates for some period of time. The impact of this phenomenon is presented as if it would undermine the entire pay system. That is never the case. Retained pay already exists in numerous situations throughout several pay systems when there is a change that affects different positions in different ways. It is one of the mechanisms that gives Federal pay systems the flexibility necessary to accommodate change, while at the same time minimizes its impact on individuals.

The Federal Wage System is often referred to as the "prevailing rate system," because Title 5 refers to it as such; however, the Federal Wage System does not pay its workers according to private sector rates. Although it's a pay system for blue collar skilled trades, data from the

private sector industry most closely associated with skilled trades is explicitly excluded from consideration in prevailing rate calculations, data is collected by hand and come from only the small fraction of local employers willing to share information with the Federal Government. The unwillingness to share data has been an increasing problem in recent decades. Whether from anti-government animists or competitive considerations is not known. However, the quality of the data collected, the method of drawing a straight pay line for each local wage area, the persistence of pay caps -- no one can receive a pay adjustment higher than the average GS adjustment -- the uniqueness of many Federal blue collar jobs with no private sector job matches renders DoD's declaration that the FPRAC-approved consolidation proposal will over- or under-compensate many employees absurd. The Federal Wage System does not pay exact market rates. What the Federal Government can and

should do is strive to pay competitive rates and treat its hourly and salaried workforces the same with regard to geographic boundaries.

The proposal that FPRAC adopted in October 2010 to consolidate blue collar wage areas within GS localities has been thoroughly studied. It would affect a relatively small number of Federal blue collar workers, just 18,000 or 9.5 percent of the workforce, at a modest cost of around \$60 million per year.

Although the number of employees affected is small, the impact of this proposal would be tremendously positive in terms of recognition.

It will be an important step toward modernization, fairness, and equity, and it will bring the promise of the merit system principle of equal pay for work of equal value closer to realization.

And the letter is signed by J. David Cox, the National Secretary-Treasurer of the American Federation of Government Employees, myself; Mr. Dennis Phelps from the

Metal Trades Department, the AFL-CIO, and the International Brotherhood of Electrical Workers; Sarah Suszczyk, Federal Deputy Director of the National Association of Government Employees; William Fenaughty, National Secretary-Treasurer of the National Federation of Federal Employees, IAM, AFL-CIO, who is also a representative of the Metal Trades Department of the AFL-CIO; and Mr. Steve Fisher from the Association of Civilian Technicians.

CHAIRMAN FRIEDMAN: Thank you.

Any further discussion of the motion?

MR. ALLEN: Not from the Management side, Mr. Chairman.

CHAIRMAN FRIEDMAN: If there is no further discussion on either side, are we ready to vote?

MS. SIMON: Yes.

MR. ALLEN: Mr. Chairman, I will note for the record here that we are lacking one of the Management members, and under FPRAC's rules, that would mean one of the Labor members, with their indulgence, would not vote on this today. The other four members would.

CHAIRMAN FRIEDMAN: Right. You folks need a

minute to figure out who is not going to vote?

MS. SIMON: Can we check -- Keith, are you on the phone? How about you vote and I won't vote?

MR. HILL: Fine.

CHAIRMAN FRIEDMAN: Go ahead, Madeline.

MS. GONZALEZ: Okay. Metal Trades?

MR. PHELPS: Yes.

MS. GONZALEZ: AFGE, Keith?

MR. HILL: Yes.

MS. GONZALEZ: NAGE?

MS. SUSZCZYK: Yes.

MS. GONZALEZ: ACT?

MR. FISHER: Yes.

MS. GONZALEZ: OPM?

MR. ALLEN: No.

MS. GONZALEZ: DoD?

MR. SHULMAN: No.

MS. GONZALEZ: Air Force?

MS. VANKEUREN: No.

MS. GONZALEZ: Navy?

MR. SAAVEDRA: No.

MS. GONZALEZ: The vote is a tie.

CHAIRMAN FRIEDMAN: Okay. Well, the vote is a tie. I will cast my vote in favor of the motion. I recognize this has been a very difficult, contentious, long-lasting issue, and I recognize there are good arguments on both sides, but I find the case that the Labor folks have made to be, in the end, compelling about a local labor market is a local labor market. If it's defined in one way for white collar workers, I don't know of any good reason to define it differently for blue collar workers. Commuting practices, there is no evidence that they are different for the two groups. I am not going to elaborate all the discussion that we have had before, but, in the end, I do vote with Labor on this, and the motion is, therefore, carried. We have adopted it, and we will transmit that along with the study group report and any minority report to Director Berry.

It has been a long slog on this issue. I especially appreciate the very hard work of OPM folks who have dug deep into this subject to produce this enormous

report, very detailed, very comprehensive report. I appreciate the indulgence and participation of all the members of FPRAC, both in here and those involved in the study group which met 10 times to review various aspects of this issue.

I think we will all be glad to get back to some of the other, more regular business of FPRAC.

With that, I should ask, is there any other business today?

MR. ALLEN: For the sake of clarity, Mr. Chairman, I should note that we are still under a Governmentwide pay freeze. In order for Director Berry to implement the FPRAC recommendation, if he chooses to do so, we would have to enter into the regulatory process, which involves issuing a proposed rule, receiving any public comments on it, and then based on those comments, proceeding to the final regulation stage. It would be anticipated that any changes would not be implemented until January 2013.

CHAIRMAN FRIEDMAN: Thank you for that clarification, in case anyone needed it.

MR. PHELPS: Mr. Chairman, I just want to say I think we ought to thank DoD staff from wage setting too. They provided a lot of information for OPM to be able to do their work.

CHAIRMAN FRIEDMAN: Oh, absolutely. And sorry if I left you folks out. Don't feel it was in any way meant as a slight. It's the aging brain, I occasionally forget stuff. You'll get there.

[Laughter.]

CHAIRMAN FRIEDMAN: Did you want to, Seth, say something about --

MR. SHULMAN: Yeah, just very briefly.

As noted earlier, Craig Jerabek, who has served as Chief of Wage and Salary for -- how many years, Craig?

MR. JERABEK: About 8 years.

MR. SHULMAN: Eight years and worked in Wage and Salary for --

MR. JERABEK: About 35.

MR. SHULMAN: -- 35 years, will be calling it a career at the end of this calendar month. This is his last FPRAC meeting, and the Department will recognize Craig

separately in a retirement ceremony a couple of weeks hence, but we wanted to take the opportunity to thank him for all his years of effort and dedication in his current and his former capacities.

So, on behalf of the Department of Defense, thanks very much.

[Applause.]

MR. SHULMAN: With that, of course, we had the need to try to replace Craig, and we think we've done that, but, you know, we'll find out.

[Laughter.]

MR. SHULMAN: Jim Brady, who is sitting next to Craig over there has been promoted to the same position. So Jim, in effect, became the Chief of Wage and Salary effective this past Sunday, so Jim is the man.

Karl has taken over Jim's former responsibilities as the Eastern Region representative for Appropriated Fund, Wage and Salary.

And that means there's another vacancy, and we will just continue to fill vacancies as long as we are able to, until we have to stop.

So, with that said, I have nothing else to add.

MR. ALLEN: I'd like to add to that, Seth.

MR. SHULMAN: Sure.

MR. ALLEN: I have actually known Craig and worked with Craig for 21 or 22 out of his 37-plus years working with DoD. I did work with DoD a couple of years before I came to OPM, and I learned a lot from Craig.

Craig actually went out on a local wage survey, and we got to do the survey in midtown Manhattan back in the early '90s, which was quite an experience. And Craig had some interesting stories to tell about what midtown Manhattan used to be like before I went to do the survey there. It was, thankfully, a little bit better.

[Laughter.]

MR. ALLEN: I would say that Craig and his staff have been excellent partners with OPM and with the labor unions involved in setting the pay for blue collar employees who work for the Federal Government, and I wish Craig well in his future.

MR. JERABEK: Thank you very much.

CHAIRMAN FRIEDMAN: I just want to add my thanks

as well, especially, Craig, to your generosity in providing your staff to help educate me in my role as the relatively new chair of this committee. I have learned a great deal from your folks, and I expect I will learn more as I continue, so, anyway, best wishes.

MR. JERABEK: I would like to take an opportunity also to thank everybody here that I have worked with. It has been a very interesting time, especially the last couple of years, on different FPRAC matters. And I think in the spirit of cooperation, I think it is a good thing to keep the Federal Wage System flexible and growing and keep it intact as much as we can, because I think what we have learned over the years is that the FWS since 1972 has been a model pay system for Federal employees. So I'd love to see that continue, and I'm sure with everybody here, I'm sure everybody has the best interest in heart.

MR. PHELPS: From the Labor side, I'd like to thank Craig and wish him a happy retirement. I've been able to work with him for over the last 5 years quite a bit, and it's been a pleasure, Craig.

MR. JERABEK: Thank you, Dennis.

MS. SIMON: And, Craig, I'm another one of your students. I've learned so much from you. You always answer all my questions. I know some of them are dumb questions, but you've always been very, very accessible and helpful to me, and I also appreciate all your hard work and wish you the best in retirement.

MR. JERABEK: Thank you.

CHAIRMAN FRIEDMAN: I think there is cake; is that right?

MR. SHULMAN: There is cake.

CHAIRMAN FRIEDMAN: I guess we don't have coffee, but you have 15 minutes to grab a cup in the lobby and bring it back up here. You have to pay for your own coffee, though.

I guess we will be adjourning.

MR. PHELPS: Motion to adjourn.

CHAIRMAN FRIEDMAN: Hearing no objection, we are adjourned. Thank you.