

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

629th FPRAC

DOUGLAS FEHRER, Chairman, Presiding

Thursday, December 19, 2019

Room 5526
Office of Personnel Management
Washington, D.C. 20415**ATTENDANCE:****Members/Alternates:**Management Members:Mark Allen, OPM
Christopher Lynch, DoD (via phone)
Gary Buck, Army
Alethea Smalls, VALabor Members:Jacqueline Simon, AFGE (via phone)
Richard Loeb, AFGE
Timothy Traylor, NAGE
Steven Landis, ACT**Staff Specialists and Visitors:**Jeanne Jacobson, Designated Federal Officer, OPM
Madeline Gonzalez, OPM
Michael Cogar, OPM
Karl Fendt, DoD
Gary Kistner, DoD
Mandy Laughlin, Army
Leticia DavidQuintero, Navy
Travis Kielty, ACT**Recording Secretaries:**Mike Eicher, OPM
Ana Paunoiu, OPM

[Transcript prepared from digital audio produced by FPRAC.]

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P R O C E E D I N G

CHAIRMAN FEHRER: Good morning. This meeting will now come to order.

This is the 629th meeting of the Federal Prevailing Rate Advisory Committee, and it's now 10:02.

As always, this meeting is being recorded, and a transcript will be provided to all members. Before getting into other introductions, I want to introduce myself. My name is Douglas Fehrer, and I'm the new Chairman of the Committee. I'll say a bit more in a moment, but we should probably go around and do other introductions first. So the folks who are on the phone, if you could, just one at a time, let us know who you are and which organization you represent.

MS. SIMON: [via telephone] This is Jacque Simon. I represent the American Federation of Government Employees. I'm the Policy Director.

CHAIRMAN FEHRER: Okay, very good.

MR. LYNCH: [via telephone] Christopher Lynch with the Department of Defense.

CHAIRMAN FEHRER: Very good. Thank you.

And then maybe we can start over here.

MR. LOEB: Richard Loeb, AFGE.

MR. TRAYLOR: Tim Traylor, NAGE.

MR. LANDIS: Steven Landis, ACT.

MR. ALLEN: Mark Allen with OPM.

MR. BUCK: Gary Buck, Department of Army.

MS. SMALLS: Alethia Smalls, VA.

CHAIRMAN FEHRER: Actually we'll go around the—

MS. DAVIDQUINTERO: Leticia DavidQuintero, Department of Navy.

MS. LAUGHLIN: Mandy Laughlin, Army.

MS. JACOBSON: Jeanne Jacobson, OPM, Designated Federal Officer.

MR. FENDT: Karl Fendt, DoD.

MR. KISTNER: Gary Kistner, DoD.

MR. EICHER: Mike Eicher, OPM.

MS. GONZALEZ: Madeline Gonzalez, OPM.

MS. PAUNOIU: Ana Paunoiu, OPM.

MR. COGAR: Michael Cogar, OPM.

MR. KIELTY: Travis Kielty, ACT, Association of Civilian Technicians

CHAIRMAN FEHRER: Okay. Thank you all.

As for announcements, I just want to say that I am honored to take the helm as the new Chairman of the Committee, and to that end, I want you all to know that my goal as Chairman is to familiarize myself with all the requests that we receive, to certainly listen to your deliberations, and to be fair and impartial, all while taking into account the mission of FPRAC as outlined within the law.

Likewise, we must all remember that our role as the Committee is advisory in nature. While I certainly welcome an orderly give-and-take around the table, in our discussions, it's imperative that we base our decisions on facts and not feelings or anecdotal information that we might receive.

At the end of the day, pursuant to the law, we must ensure that our wage grade employees are paid based on prevailing market rates, and in instances where agencies are having

difficulty filling positions, we should recommend and promote using special rates and other pay flexibilities to ensure that staffing and pay anomalies are appropriately addressed.

Above all, I hope we can be able to reach consensus on matters brought before the Committee and that we'll be able to work professionally towards that end.

Again, I'm honored to serve on this Committee with all of you, and I look forward to working with and getting to know you all a little better. And I also want to express my appreciation for our wage grade Federal employees and their families as well as the organizations that they represent.

Thank you all, and with that, are there any other announcements?

MR. ALLEN: I'll just note for the record, Mr. Chairman, we do have a quorum for voting purposes here today—two members on the phone and six members at the table today. I'm not expecting to vote on anything, but if we did need to, we do have a quorum today.

MR. LOEB: I thought in the past that phone callers were not counted towards the quorum.

MS. GONZALEZ: Yes, they are.

MR. ALLEN: Yeah. The Committee rules allow that.

CHAIRMAN FEHRER: Okay. If we're set, we'll move on with the minutes. With regard to the meeting, the 628th meeting of the Committee, which was held on Thursday, October 17th, OPM has received no edits of the transcript. Are there any final edits being offered today?

[No audible response.]

CHAIRMAN FEHRER: Okay. If there are none, I will entertain a motion to accept the minutes of the 628th FPRAC meeting.

MR. ALLEN: Move to accept the minutes.

CHAIRMAN FEHRER: Any second?

[No audible response.]

CHAIRMAN FEHRER: Do we have a consensus on accepting minutes?

[No audible response.]

CHAIRMAN FEHRER: Okay, very good. Thank you.

Going on to Old Business. Item (a) is a letter from the American Federation of Government Employees dated September 6th of 2018 requesting that FPRAC review a proposal to not allow Federal Wage System wage area boundaries to split General Schedule locality pay areas. Tied to that is a proposal to redefine Monroe County, Pennsylvania, from the Scranton–Wilkes-Barre, Pennsylvania, wage area to the New York, New York, wage area.

Any discussion or thoughts on this agenda item?

MR. ALLEN: Mr. Chairman, I think when we last left off on this particular subject, AFGE had made an inquiry about possibly doing an expansion of the cost of AFGE's proposal. OPM staff did one under 622-OPM-1, which was a fairly lengthy document, but we have not yet heard if AFGE has something more specific in mind that they were looking for.

CHAIRMAN FEHRER: Jacque?

MS. SIMON: [via telephone] I was just wondering. Can you share that with me? I think what—I don't know what number 620 is, but what year was that cost projection developed for?

MR. ALLEN: I believe this was done for 2018.

MS. SIMON: [via telephone] Okay.

MR. ALLEN: Yeah. AFGE made the initial request at the September 20th, 2018,

meeting. So the data that we provided would have been—

MS. GONZALEZ: It was December 2018.

MR. ALLEN: December, okay. It's about a year ago.

MS. SIMON: [via telephone] Okay. Would you mind resending that to us?

MR. ALLEN: Sure. After the meeting, we can resend this document by email to everybody.

MS. SIMON: [via telephone] Thank you.

CHAIRMAN FEHRER: Anything else on this item at this time?

[No audible response.]

CHAIRMAN FEHRER: I know that this particular request has a long history with FPRAC, going back a number of years. I think it goes back to 2012; is that right?

MR. ALLEN: Actually prior to that, Ms. Chairman.

MS. SIMON: [via telephone] Oh, yeah.

MR. ALLEN: I think I've been dealing with this myself for about 15 years.

CHAIRMAN FEHRER: Okay. Well, I want everyone to know that I certainly am willing to hear out the pros and cons at a future meeting, and we'll go from there.

Item (b) on our Old Business is a letter from the American Federation of Government Employees dated September 3rd, 2019, requesting FPRAC recommend redefining San Joaquin County, California, from the Stockton, California, wage area to the San Francisco, California, wage area.

We'll be going over the staff's review and recommendation under New Business in item (a). However, if there are any questions or comments requesting the request at this point?

MS. SIMON: [via telephone] This is Jacque. I'll just say that there's a group from

our local at the Tracy Army Depot, CMI employees who would like an opportunity to make a presentation at an FPRAC meeting on a date that works for them. So, obviously, we don't want to vote on anything right now because we want them to have the opportunity to make their presentation. They'll have to travel, obviously, from California.

CHAIRMAN FEHRER: Okay. So you will let us know and give us more information on when they may be available?

MS. SIMON: [via telephone] Absolutely. I will talk to them and see what the earliest opportunity for them to come would be.

CHAIRMAN FEHRER: Okay, that's fine.

Item (c) from Old Business is a letter from the National Association of Government Employees dated September 25th of 2019, requesting FPRAC reexamine the placement of wage grade employees working in the Salinas-Monterey wage area. Again, we'll be going over the staff's review under New Business item (b). However, if there are any questions with regard—or comments with regard to the request—does anyone have anything on that?

MR. TRAYLOR: Not at this time.

CHAIRMAN FEHRER: Okay. Moving on to New Business. The review of San Joaquin County, California. We should still review this, the package that was put together?

MR. ALLEN: I believe that's the best course of action, Mr. Chairman.

I can actually run through (a) and (b) together. They're similar, both California wage areas with an interest among some of the local employees to being reassigned to the San Francisco wage area.

Under Old Business items (b) and (c), OPM did agree to conduct a standard review of the Stockton wage area, which is where San Joaquin County is, and Monterey County

which is part of the Salinas-Monterey, California, wage area.

I say these are similar. The geographic aspects of these things are somewhat different, but I'll start with 629-MGT-1, which is the Management members' review of San Joaquin County, California. As I mentioned, we're conducting this study and review based on a request from AFGE, and the Management recommendation with this one is that we see no compelling reason to abolish the Stockton wage area or to redefine San Joaquin County from its current designation to the San Francisco wage area.

And we'll go through the statistical information so everybody is fully informed about what our recommendation is based on.

On page 2, we go through the viability of the Stockton wage area. The basic understanding of this proposal is, from the Management members' perspective, the best way to determine local prevailing wage levels under the law is to measure locally. It's fair to employees. It's fair to private-sector employers, so the Government won't be out-competing them for labor in a local area.

San Joaquin County is the survey county. The area of application is Calaveras County, part of Madera County, Mariposa, Merced, Stanislaus, and Tuolumne Counties.

There are about 1,080 Federal Wage System workers in the wage area. The Defense Distribution Center West, Stockton, still has the capacity to host local wage surveys, and a little further down on the page there, we go through the survey adequacy requirements and show that the DoD wage surveys met all of those requirements that Federal OPM establishes.

Page 3 shows an employment breakdown by agency and labor union representation.

On page 4, we don't see any metropolitan statistical area issues with the Stockton

wage area. It's not splitting existing MSAs.

On page 5, we have a summary of regulatory criteria analysis which is covered in an attachment later in the document, and of course, because we're comparing San Joaquin County to the wage area it's currently in, it's going to look more similar to the Stockton wage area than to the San Francisco wage area.

Attachment 1 has maps, and you see San Joaquin County in the middle of the map, with a Stockton, California, MSA as a label on that as well.

And the next map is sort of just a zoom-in of the Stockton wage area.

Under the regulatory criteria analysis at Attachment 2, we show that the Defense Logistics Agency Tracy that Jacque had mentioned is 21 miles from Stockton, 69 miles from San Francisco. So that gets to the local aspect of that one and the Management recommendation.

With commuting patterns, it is interesting to look at this criterion because in this case, it is a little unusual. For San Joaquin County, we show that 73 percent of the resident workforce lives and works in San Joaquin County. 73 percent commutes to work in the Stockton survey area. However, 18 percent rounded of San Joaquin County resident workforce commutes to work in the San Francisco survey area. I'm just pointing that out as a fact based on commuting information that we get from the Census.

And the third part is the population workforce and kinds and sizes of the private industrial establishments. Since we're basically comparing San Joaquin County to itself, of course, it's going to look more similar to itself than to San Francisco.

The wage schedules on the next attachment, one for San Francisco, one for Stockton, and if we're looking at Wage Grade 10, you see a \$3.80 different at Wage Grade 10. So I can understand why the employees would like to be in a higher-paying wage area, but the

fact is that the best approach for measuring local prevailing rates is to do it locally, and that doesn't cry out to me as a reason to abolish the Stockton wage area and move people elsewhere.

Having said that, I think it's a good idea to hear local perspective. As such, I look forward to seeing visitors, or if they want to call in, that would also be fine from my perspective. The next meeting is in January.

Any questions on that one before I go forward with Monterey?

CHAIRMAN FEHRER: Any questions on the phone?

MS. SIMON: [via telephone] No. I mean, I can take issue with some of the aspects of the analysis, but I'd really like to wait until the folks from Tracy have an opportunity to come make their case.

CHAIRMAN FEHRER: Okay.

MS. LYNCH: And this is Chris. Nothing from me. Thanks, Mark, for the analysis. We appreciate it.

MR. ALLEN: You're welcome.

Okay. So I'll move on to 629-MGT-2, which is the Management members' review of the Salinas-Monterey wage area. This one has come up at FPRAC before, and at that time, we did not have a recommendation that was acted on to make any changes.

There was one county that was shifted into the San Francisco wage area that was San Benito County, and the reason for that, I believe it was—what was that based on, Madeline?

MS. GONZALEZ: The MSA.

MR. ALLEN: On changes in the metropolitan area definitions.

Monterey County is still a separate metropolitan area.

Okay. So similar to the last study, this one was requested by NAGE. So we've

conducted this review, and we see 193 Federal Wage System workers. What's a little different with this one is that Monterey is a pretty sizeable county, and most of the Federal Wage System employees are actually in the far southern end of the county. When we look at geographic distances, we're going to see that there's almost 200 miles between where the Federal Wage System people work for the most part and San Francisco. So that's going to be a pretty tough call, I think, to say that people working in southern Monterey County really are influenced by San Francisco labor market to a great degree for wage grade work.

Also, on page 2, we show that the local wage surveys for the Salinas-Monterey wage area continue to meet all of OPM's regulatory requirements for survey adequacy.

Page 3, we have the agencies' duty stations. This is what I was referring to with Camp Roberts and Fort Hunter Liggett. Those are in the southern part of Monterey County.

The Naval Postgraduate School is in Monterey, and that can be the next most sizeable group of people. Fort Ord is also there.

Again, as we get to the summary of regulatory analysis, Monterey County is not going to look more similar to San Francisco than it does to itself.

Attachment 1, we've got maps showing Monterey County and then the San Francisco, California, wage area.

At Attachment 2, it shows the host activity for Hunter Liggett, 84 miles away from Monterey and 174 miles to San Francisco.

When we look at commuting patterns, we see that 89 percent of the resident workforce for Monterey County lives and works in Monterey County. Only 4 percent of the Monterey County resident workforce needs to work in the San Francisco survey area.

And we finish up with some demographic figures and wage schedules showing

\$4.50 an hour difference in Wage Grade 10. Wage Grade 2, it's about 40 cents, 40 cents an hour.

Okay. That's all I had for those. I'm happy to entertain any questions anybody may have.

MR. LYNCH: [via telephone]: Nothing from me, Mark. Thank you.

MR. ALLEN: Okay. So I would say from the Management members' perspective, we're certainly open to hearing any local input on these. Since we're not proposing any changes, I don't really perceive any urgency on Management's part to get these off the agenda. So unless anybody has anything additional they'd like to add, Mr. Chairman, I'm perfectly fine in leaving it on the agenda for some time.

If we were proposing changes, though, we'd probably want to vote next month, I think.

CHAIRMAN FEHRER: Okay. Should we carry these over as Old Business?

[No audible response.]

CHAIRMAN FEHRER: We will do that and move on to item (c) in New Business. We received a letter from the Association of Civilian Technicians dated November 9th of 2019 requesting FPRAC consider moving the Puerto Rico wage area into the Special Appropriated Fund Schedule for U.S. Insular Areas. This one is tied to item (d), the 2016 study by NOAA describing the ocean economies of the U.S. Virgin Islands and Puerto Rico.

And I do want to point out that OPM staff are just beginning to work this request, and as I understand it, we should be able to review their work and further discuss at perhaps the February or March meeting.

Any comments at this time?

MR. LANDIS: Yes, sir. I assumed that that's what was going to happen.

We also would like to bring in the local group of guys to discuss this issue. I will talk with their representation in Puerto Rico as well with our national president to try to set a date and let you guys know when we can bring them up here for that.

This has been something that we've been looking back and forth over for a couple years. I know I've had a few conversations with some members of OPM about this, and just when you look at all the information, you see how dependent upon each other these territories are—U.S. Virginia Islands, Puerto Rico, and such. And we're just not quite sure. We haven't been able to figure out why the disparity.

From our research, it shows about a 30 percent less pay rate in Puerto Rico than some of these other territories, and again, it's another situation where the GS localities are the same, but the FWS are different. And it brings back to that thing which we were discussing earlier and how that simple fact is causing problems all around the country, and it's something that I think—obviously, this is something we're looking specifically at, but on a larger scale, I think we need to put more emphasis on looking at a solution to that overall problem. That would solve a lot of these multiple individual problems we're having.

MR. ALLEN: Are there specific positions or jobs that are greater or harder to fill than others?

MR. LANDIS: I think that would actually be best left to the group that will come here that can explain that from firsthand experience. I only have secondhand knowledge of those issues.

CHAIRMAN FEHRER: Okay. That's fair enough.

MR. ALLEN: Would these be people from the Puerto Rico Air National Guard, Army National Guard who want to come?

MR. LANDIS: Yes, yes.

MR. ALLEN: I look forward to hearing their perspectives. I'm concerned about Puerto Rico and what's happened there in the last few years, of course, and I understand why the National Guard may have difficulty filling some of the positions there.

But it's possible that even if Puerto Rico was paid from the foreign area schedule, that may not be enough to recruit and retain people in highly skilled positions there with the National Guard.

I look forward to hearing what they have to say. It may or may not lead to a change in the wage area definition, but I think there's an interest among the Management members in making sure that the National Guard can recruit and retain people that are needed there.

CHAIRMAN FEHRER: Okay. So we will keep this moving forward here at OPM, and we will look to just hear back from you with regard to when your folks might be able to get up—

MR. LANDIS: I'm going to try to work something out. It's the week coming up with Christmas. Maybe like the first week of January, we'll try to get something set up. It's going to take until possibly February to create one of the reviews. Maybe we can get them here in January before that, or do you think it would be better to look at the February meeting to bring them?

MR. ALLEN: I think it's probably safe to shoot for the February meeting.

MR. LANDIS: Okay.

MR. ALLEN: Yeah. We are, as the Chairman said, putting together a review of the Puerto Rico wage area, which will explain why there are differences in the wage schedules

between the U.S. Virgin Islands and Puerto Rico. It basically goes to the fact that Puerto Rico has a large economy, and it's possible to conduct a wage survey there. It's not possible to do that with the U.S. Virginia Islands or even Guam. Guam has kind of a fairly sizeable population, but it wouldn't meet the adequacy requirements to have a separate wage survey there for at least the appropriated fund side. They do a separate survey in Guam for the nonappropriated fund activities.

Am I right, Karl?

MR. FENDT: So far.

MR. ALLEN: All right.

CHAIRMAN FEHRER: Okay. Well, very good.

That covers all the new business we had on the agenda. It's worth noting that our meeting dates for the year ahead are listed on the agenda and will be published in the Federal Register.

With that, God willing, our next meeting will be held on Thursday, January 16th, and that will be here at OPM in the Executive Conference Room at 10 a.m.

And I believe that covers all of the items on our agenda for today. Do we have a motion to adjourn?

MR. ALLEN: Mr. Chairman, I have a motion that everybody enjoy the holiday season. Can I get a second?

MR. LANDIS: Second for that one, yeah.

CHAIRMAN FEHRER: Very good.

And all those in favor of adjourning?

MR. ALLEN: Motion to adjourn.

MR. LANDIS: Second.

CHAIRMAN FEHRER: Very good. Okay. The meeting is now adjourned, and on a personal note, I just want to say thank you all for attending and a special thanks to our OPM team for all their great work. And I hope that everyone has a Merry Christmas or a Happy Holiday and Happy New Year.

[End of recorded session.]