

The National Council of Social Security Management Associations, Inc.

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- **Locality Pay Update**

Back in June, the Office of Management and Budget (OMB) released its revised list of Metropolitan Statistical Areas (MSAs) in bulletin number 03-04. For statistical purposes, the revised list goes into effect immediately; however, the revisions do NOT immediately affect federal locality pay. The new OMB list includes 49 new MSAs, 565 newly created “Micropolitan Statistical Areas”, and 116 Combined Statistical Areas.

Because the Federal Salary Council takes into account OMB’s MSA designations when reviewing federal locality pay, the new MSA definitions could potentially extend locality pay to new areas—but the new definitions might also cause some MSAs to lose locality pay. The Federal Salary Council will meet in early October to determine whether or not some locality pay areas should be redrawn due to OMB’s MSA revisions, and it will then issue its recommendations to the President’s Pay Agent, OPM, and the Labor Department. (Prior to making its recommendations, the Federal Salary Council plans to hold public hearings on the subject of locality pay.) The Federal Salary Council may choose to make locality pay revisions based on OMB’s MSA tables, maintain the 2000 definitions, or make up new locality pay definitions. It is not obligated to follow OMB’s lead. Additionally, OPM, as advised by the President’s Pay Agent, is not obligated to completely follow the Federal Salary Council’s recommendations.

Based on our analysis of OMB’s revised MSA list, it seems that one area that could potentially be added to the locality pay list is Palm Beach County, FL, which (as of June 2003) is now part of the Miami-Ft. Lauderdale MSA. Of great concern, is the fact that an area that might lose its locality pay status is Monterey County, CA, which was included in the San Francisco locality pay area in 2000 and thus received locality pay starting in 2001. It is important to note that, according to the 2000 MSA list provided by OMB, Salinas, CA-Monterey County stood *alone* as an MSA. It was added to the San Francisco locality pay area by the Federal Salary Council and then it was implemented by OPM. It stands to reason that if Salinas-Monterey County, CA is stripped of its 21.08% locality pay status, federal employees in that area may decide to seek other employment. According to Gary Dent, President of the local Monterey County FMA, “Our most recent employees came here making their employment decisions on the availability of locality pay. They have expressed a deep sense of betrayal with the current discussion about our losing the locality pay. They feel they were recruited with all the cards on the table and now conditions of their employment are being changed arbitrarily and capriciously” (*Government Executive Magazine*, 9/4/03).

The new Metropolitan Statistical Area list can be found on the Census website at: <http://www.census.gov/population/estimates/metro-city/03mfips.txt>. If the link does not work, go to the

Census website, click on "M" under Subject A-Z, then click on "Metropolitan and Micropolitan Statistical Areas", click on "Current Lists", and then click on "Metropolitan and Micropolitan Statistical Areas and Components (157K)". You should be able to locate your city or county. If not, please contact us for assistance.

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