Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number.

This rule involves a collection of information subject to the PRA—Standard Form (SF) 15, Application for 10-Point Veteran Preference, OMB No. 3206–0001. OPM is currently reinstating this expired collection with changes to include an expanded population. The systems of record notice for this collection is: OPM GOVT–1 (https://www.opm.gov/information-management/privacy-policy/sorn/opm-sorn-govt-1-general-personnel-records.pdf).

List of Subjects in 5 CFR Part 211


Alexys Stanley,
Regulatory Affairs Analyst.

Accordingly, OPM amends part 211 of title 5, Code of Federal Regulations, as follows:

PART 211—VETERAN PREFERENCE

1. The authority citation for part 211 continues to read as follows:


2. In §211.102, revise paragraph (d) introductory text to read as follows:

§211.102 Definitions.

(d) Preference eligible means a veteran, disabled veteran, sole survivor veteran, spouse, widow, widower, or parent who meets the definition of "preference eligible" in 5 U.S.C. 2108.

[FR Doc. 2018–26265 Filed 12–6–18; 8:45 am]

BILLING CODE 6325–39–P

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 531

RIN 3206–AN64

General Schedule Locality Pay Areas

AGENCY: Office of Personnel Management.

ACTION: Final rule.

SUMMARY: On behalf of the President’s Pay Agent, the Office of Personnel Management (OPM) is issuing final regulations to establish six new General Schedule locality pay areas, make certain changes to the definitions of existing locality pay areas, and make minor clarifying changes to the names of two locality pay areas. Those changes in locality pay area definitions are applicable on the first day of the first pay period beginning on or after January 1, 2019. Locality pay rates for the six new locality pay areas will be set by the President.

DATES: The regulations are effective January 5, 2019, and are applicable on the first day of the first pay period beginning on or after January 1, 2019.

FOR FURTHER INFORMATION CONTACT: Joe Ratcliffe by email at pay-leave-policy@opm.gov or by telephone at (202) 606–2838.

SUPPLEMENTARY INFORMATION: Section 5304 of title 5, United States Code (U.S.C.), authorizes locality pay for General Schedule (GS) employees with duty stations in the United States and its territories and possessions. See Section 5304(f) authorizes the President’s Pay Agent (the Secretary of Labor, the Director of the Office of Management and Budget (OMB), and the Director of the Office of Personnel Management (OPM)) to determine locality pay areas. The boundaries of locality pay areas must be based on appropriate factors, which may include local labor market patterns, commuting patterns, and the practices of other employers. The Pay Agent must give thorough consideration to the views and recommendations of the Federal Salary Council, a body composed of experts in the fields of labor relations and pay policy and representatives of Federal employee organizations. The President appoints the members of the Federal Salary Council, which submits annual recommendations on the locality pay program to the Pay Agent. The establishment or modification of locality pay area boundaries must conform to the notice and comment provisions of the Administrative Procedure Act (5 U.S.C. 553).

On July 9, 2018, OPM published a proposed rule in the Federal Register on behalf of the Pay Agent. (See 83 FR 31694.) The proposed rule proposed linking locality pay area definitions to metropolitan statistical areas (MSAs) and combined statistical areas (CSAs) defined by OMB in OMB Bulletin No. 18–03, and proposed establishing four new locality pay areas: Birmingham-Hoover-Talladega, AL; Burlington-South Burlington, VT; San Antonio-New Braunfels-Pearsall, TX; and Virginia Beach-Norfolk, VA-NC. The proposed rule also proposed adding two “Rest of U.S.” locations to the geographic definitions of two existing locality pay areas and making minor, clarifying changes to the names of two locality pay areas. The proposed rule did not propose modifying the standard commuting and GS employment criteria used in the locality pay program to evaluate, as possible areas of application, locations adjacent to the metropolitan area comprising the basic locality pay area. (A basic locality pay area is an OMB-defined MSA or CSA on which the definition of a locality pay area is based, and an area of application is a location that is not part of a basic locality pay area but is included in the locality pay area. Criteria used to establish areas of application were explained in the proposed rule.)

The proposed rule provided a 30-day comment period. Accordingly, the Pay Agent reviewed comments received through August 8, 2018. After considering those comments, the Pay Agent has decided to implement the locality pay area definitions in the proposed rule, with two additional changes based on recommendations received from the Federal Salary Council on July 10, 2018. Those changes are the establishment of a new Corpus Christi-Kingsville-Alice, TX, locality pay area and establishment of a new Omaha-Bluffs-Fremont, NE-IA, locality pay area.

On July 10, 2018—the day after the proposed rule was published—the Pay Agent received the Federal Salary Council’s recommendations for locality pay for January 2019, which included a recommendation to establish a Corpus Christi-Kingsville-Alice, TX, locality pay area and an Omaha-Bluffs-Fremont, NE-IA, locality pay area. (The Council’s recommendation for locality pay for January 2019 are posted at https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/federal-salary-council/recommendation17.pdf.) Because the Council based that recommendation on the same criteria as used for the four new locality pay areas included in the proposed rule, we have approved the Council’s recommendation regarding the two additional locality pay areas. In addition, a number of commenters on the proposed rule supported the establishment of these two additional locality pay areas. Accordingly, these final regulations establish a Corpus Christi-Kingsville-Alice, TX, locality pay area and an Omaha-Bluffs-Fremont, NE-IA, locality pay area. As with the four new locality pay areas included in the proposed rule, locality pay rates for the two additional new locality pay areas will be set by the President at a later date after they are established by these final regulations.
Impact and Implementation

Establishing 6 new locality pay areas will impact about 70,000 GS employees. Locality pay rates now applicable in those areas will not change automatically because locality pay percentages are established by Executive order under the President’s authority in 5 U.S.C. 5304 or 5304a, and the President decides each year whether to adjust locality pay percentages. When locality pay percentages are adjusted, past practice has been to allocate a percent of the total GS payroll for locality pay raises and to have the overall dollar cost for such pay raises be the same, regardless of the number of locality pay areas. If a percent of the total GS payroll is allocated for locality pay raises, the addition of new areas results in a somewhat smaller amount to allocate for locality pay increases in existing areas. Implementing higher locality pay rates in the six new locality pay areas could thus result in relatively lower pay increases for employees in existing locality pay areas than they would otherwise receive.

Establishing McKinley County, NM, as an area of application to the Albuquerque–Santa Fe–Las Vegas, NM, locality pay area will impact about 1,600 GS employees. Establishing San Luis Obispo County, CA, as an area of application to the Los Angeles–Long Beach, CA, locality pay area will impact about 100 GS employees.

Using the definitions of MSAs and CSAs in OMB Bulletin No. 18–03 as the basis for locality pay area boundaries will impact about 153 GS employees in the new San Antonio–New Braunfels–Pearsall, TX, locality pay area. However, those GS employees are included in the impact statement above regarding establishment of the six new locality pay areas. No other locality pay areas are impacted by using MSAs and CSAs in OMB Bulletin No. 18–03 as the basis for locality pay area boundaries.

The changes in the names of the Boston–Worcester–Providence, MA-RI-NH-CT-MD and Albany–Schenectady, NY, locality pay areas will have no impact on GS employees because the geographic boundaries of the two locality pay areas affected will remain the same.

Comments on the Proposed Rule

OPM received 184 comments on the proposed rule. Most commenters supported the proposed changes in the definitions of locality pay areas. A number of comments reflected misunderstandings of the proposed rule’s definitions of locality pay areas, with some comments indicating a belief that certain counties actually included in a proposed locality pay area were excluded. As explained in the proposed rule, locality pay areas consist of (1) the MSA or CSA comprising the basic locality pay area and, where criteria recommended by the Federal Salary Council and approved by the Pay Agent are met, (2) areas of application. Regarding the MSAs and CSAs comprising basic locality pay areas, those final regulations define MSA as the geographic scope of an MSA as defined in OMB Bulletin No. 18–03 and define CSA as the geographic scope of a CSA as defined in OMB Bulletin No. 18–03. (OMB Bulletin No. 18–03 is posted at https://www.whitehouse.gov/wp-content/uploads/2018/04/OMB-BULLETIN-NO.-18-03-Final.pdf.) Where a locality pay area defined in these regulations lists one or more locations in addition to the MSA or CSA comprising the basic locality pay area, those additional locations are areas of application that meet criteria recommended by the Federal Salary Council and approved by the President’s Pay Agent. OPM plans to post the definitions of locality pay areas on its website soon after these final regulations are issued.

Some commenters objected that certain locations were to remain in the “Rest of U.S.” locality pay area under the proposed rule. Some of these commenters were concerned about locations in MSAs or CSAs in the “Rest of U.S.” locality pay area for which the Federal Salary Council has studied disparities between non-Federal pay and Federal pay over several years of data. For such locations that will remain in the “Rest of U.S.” locality pay area, the Council found that the pay disparities do not significantly exceed the pay disparity for the “Rest of U.S.” locality pay area over the same period. Some commenters were concerned about locations that will remain in the “Rest of U.S.” locality pay area because those locations do not meet the criteria for areas of application. Some commenters were concerned about rural locations that do not qualify as areas of application and for which the locality pay program’s current salary survey methodology cannot produce reliable estimates due to data insufficiency with respect to non-Federal salaries. For example, some comments expressed concern about Accomack and Northampton Counties, VA, not being included in the proposed Virginia Beach–Norfolk, VA-NC, locality pay area. These two counties comprise an area known as the Eastern Shore of Virginia and do not meet the Pay Agent’s criteria to be part of the Virginia Beach–Norfolk, VA-NC, locality pay area. In some cases, comments expressed concern regarding possible recruitment and retention difficulties the commenters believe agencies may have in certain locations that will remain in the “Rest of U.S.” locality pay area when these final regulations are put into effect. The Pay Agent has no evidence that the changes these final regulations will make in locality pay area definitions will create recruitment and retention challenges for Federal employers. However, should recruitment and retention challenges exist in a location, Federal agencies have considerable administrative authority to address those challenges through the use of current pay flexibilities.

A number of commenters expressed their views on pay levels in locality pay areas. Some commenters suggested specific locality pay percentages to apply to new or existing locality pay areas, and some commenters offered opinions on the extent to which pay increases are needed in some locality pay areas compared to others. Some commenters expressed concern that existing locality pay areas’ future pay levels could be set lower than they otherwise would, due to establishment of new locality pay areas. Such commenters as these are outside the scope of these final regulations. The purpose of these final regulations is to define the boundaries of locality pay areas. The role of the Pay Agent with regard to locality pay percentages is to report annually to the President what locality pay percentages would go into effect under the Federal Employees Pay Comparability Act of 1990 (FEPCA). The President establishes a base General Schedule and sets locality pay percentages each year by Executive order.

Some commenters expressed the belief that various indicators of living costs should be considered in defining locality pay areas or in setting locality pay. Living costs are not directly considered in the locality pay program. Locality pay is not designed to equalize living standards for GS employees across the country. Under 5 U.S.C. 5304, locality pay rates are based on comparisons of GS pay and non-Federal pay at the same work levels in a locality pay area. Relative living pay indirectly affect non-Federal pay levels, but living costs are just one of many.
Some commenters objected that, as a consequence of the definitions of current locality pay areas, adjacent counties are included in two different locality pay areas while receiving different locality payments. These commenters were concerned that the adjacent California Counties of Sacramento and San Joaquin receive different locality payments, with Sacramento County receiving higher San Jose-San Francisco-Oakland, CA, locality pay. Sacramento County is located in the Sacramento-Roseville, CA, CSA, which is the basis for the geographic definition of the Sacramento-Roseville, CA-NV, locality pay area. San Joaquin County is located in the San Jose-San Francisco-Oakland, CA, CSA, which is the basis for the geographic definition of the San Jose-San Francisco-Oakland, CA, locality pay area. Locality pay percentages are based on comparisons in each locality pay area between GS and non-Federal pay for the entire locality pay area. The results of such pay comparisons differ between the Sacramento-Roseville, CA-NV, and San Jose-San Francisco-Oakland, CA, locality pay areas. Consequently, those two locality pay areas and the locations comprising them receive different locality payments.

One commenter suggested a change in the criteria for evaluating Federal facilities that cross locality pay area boundaries. This commenter suggested that the term “facility” in those criteria be replaced with the term “Federal administrative boundary.” The commenter stated that most GS employees with duty stations within the Tahoe National Forest are duty stations within the Sacramento-Roseville, CA-NV, locality pay area, while Sierra County, CA, remains in the “Rest of U.S.” locality pay area. The commenter reported that the U.S. Forest Service is having difficulty recruiting and retaining employees for its duty stations in Sierra County. The Pay Agent’s criteria for evaluating Federal facilities that cross locality pay area boundaries is intended to cover single Federal facilities rather than large geographic areas such as National Forests. As stated above, Federal agencies have considerable administrative authority to address significant recruitment and retention challenges through the use of current pay flexibilities.

Some commenters expressed concern that certain Federal pay systems outside of the General Schedule would not benefit from the changes planned for definitions of GS locality pay areas. The purpose of these final regulations is to define locality pay areas for Federal employees who receive locality pay under 5 U.S.C. 5304, not to set pay levels for Federal employees who do not receive locality pay under 5 U.S.C. 5304.

One commenter suggested that all GS employees should receive the same locality pay rates regardless of location. The purpose of locality pay is to reduce pay disparities, which vary by locality pay area. Therefore, it is appropriate that locality rates differ between locations.

Expected Impact of the Final Rule

Establishing new locality pay areas could have the long-term effect of increasing pay for Federal employees in affected locations if the President establishes higher locality pay percentages for those new pay areas. In addition, studies do suggest that increasing wages can raise the wages of other workers when employers need to compete for personnel. However, when locality pay percentages are adjusted, the practice has been to allocate a percent of the total GS payroll for locality pay raises and to have the overall cost for such pay raises be the same, regardless of the number of locality pay areas.

OPM expects this final rule to impact approximately 71,700 GS employees. Of the changes this final rule implements, the most significant change in terms of employment results from establishment of the Virginia Beach-Norfolk, VA-NC locality pay area, in which approximately 30,400 GS employees would be affected. Considering the relatively small number of employees affected, OPM does not anticipate this rule will substantially impact local economies or have a large impact in local labor markets. In addition, OPM did not receive any comments expressing concern regarding such impact.

As future locality pay rulemakings may impact higher volumes of employees in geographical areas and could rise to the level of impacting markets, OPM will continue to study the implications of such impacts in E.O. 13771 designations for future rules as needed.

Regulatory Procedures

Executive Order 12866, “Regulatory Planning and Review” and Executive Order 13563, “Improving Regulation and Regulatory Review”

Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distribute impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This final rule has been designated a “significant regulatory action,” although not economically significant, under section 3(f) of Executive Order 12866. Accordingly, the rule has been reviewed by the Office of Management and Budget (OMB).

Reducing Regulation and Controlling Regulatory Costs

This rule is not an Executive Order 13771 regulatory action because this rule is related to agency organization, management, or personnel.

Regulatory Flexibility Act

OPM certifies that this rule will not have a significant economic impact on a substantial number of small entities as this rule only applies to Federal agencies and employees.

Federalism

OPM has examined this rule in accordance with Executive Order 13132, Federalism, and has determined that this rule will not have any negative impact on the rights, roles and responsibilities of State, local, or tribal governments.

Civil Justice Reform

This regulation meets the applicable standard set forth in Executive Order 12988.

Unfunded Mandates Act of 1995

This rule will not result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any year and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Congressional Review Act

This action pertains to agency management, personnel, and
organization and does not substantially affect the rights or obligations of nonagency parties and, accordingly, is not a “rule” as that term is used by the Congressional Review Act (Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)). Therefore, the reporting requirement of 5 U.S.C. 801 does not apply.

Paperwork Reduction Act

This rule does not impose any new reporting or record-keeping requirements subject to the Paperwork Reduction Act.

List of Subjects in 5 CFR Part 531

Government employees, Law enforcement officers, Wages.

Officer of Personnel Management.

Alexys Stanley,

Regulatory Affairs Analyst.

Accordingly, OPM is amending 5 CFR part 531 as follows:

PART 531—PAY UNDER THE GENERAL SCHEDULE

§ 531.602 Definitions.

* * * * *

CSA means the geographic scope of a Combined Statistical Area, as defined by the Office of Management and Budget (OMB) in OMB Bulletin No. 18–03.

* * * * *

MSA means the geographic scope of a Metropolitan Statistical Area, as defined by the Office of Management and Budget (OMB) in OMB Bulletin No. 18–03.

* * * * *

3. In § 531.603, paragraph (b) is revised to read as follows:

§ 531.603 Locality pay areas.

* * * * *
(37) Palm Bay-Melbourne-Titusville, FL—consisting of the Palm Bay-Melbourne-Titusville, FL MSA;
(39) Phoenix-Mesa-Scottsdale, AZ—consisting of the Phoenix-Mesa-Scottsdale, AZ MSA;
(40) Pittsburgh-New Castle-Weirton, PA-OH-WV—consisting of the Pittsburgh-New Castle-Weirton, PA-OH-WV CSA;
(41) Portland-Vancouver-Salem, OR-WA—consisting of the Portland-Vancouver-Salem, OR-WA CSA;
(42) Raleigh-Durham-Chapel Hill, NC—consisting of the Raleigh-Durham-Chapel Hill, NC CSA and also including Cumberland County, NC, Hoke County, NC, Robeson County, NC, Scotland County, NC, and Wayne County, NC;
(43) Richmond, VA—consisting of the Richmond, VA MSA and also including Cumberland County, VA, King and Queen County, VA, and Louisa County, VA;
(44) Sacramento-Roseville, CA-NV—consisting of the Sacramento-Roseville, CA CSA and also including Carson City, NV, and Douglas County, NV;
(45) San Antonio-New Braunfels-Pearsall, TX—consisting of the San Antonio-New Braunfels-Pearsall, TX CSA;
(46) San Diego-Carlsbad, CA—consisting of the San Diego-Carlsbad, CA MSA;
(47) San Jose-San Francisco-Oakland, CA—consisting of the San Jose-San Francisco-Oakland, CA CSA and also including Monterey County, CA;
(48) Seattle-Tacoma, WA—consisting of the Seattle-Tacoma, WA CSA and also including Whatcom County, WA;
(49) St. Louis-St. Charles-Farmington, MO-IL—consisting of the St. Louis-St. Charles-Farmington, MO-IL CSA;
(50) Tucson-Nogales, AZ—consisting of the Tucson-Nogales, AZ CSA and also including Cochise County, AZ;
(51) Virginia Beach-Norfolk, VA-NC—consisting of the Virginia Beach-Norfolk, VA-NC CSA;
(52) Washington-Baltimore-Arlington, DC-MD-VA-WV-PA—consisting of the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA and also including Kent County, MD, Adams County, PA, York County, PA, King George County, VA, and Morgan County, WV; and
(53) Rest of U.S.—consisting of those portions of the United States and its territories and possessions as listed in 5 CFR 591.205 not located within another locality pay area.

FOR FURTHER INFORMATION CONTACT: For specific questions about this document, please contact Jason Outlaw at (202) 720-7838 or jason.outlaw@wdc.usda.gov.

SUPPLEMENTARY INFORMATION:
Regulatory Certifications
Executive Order 12866
This rule is not a “significant regulatory action” under Executive Order 12866.

Regulatory Flexibility Act
The Regulatory Flexibility Act is not applicable to this rule because USDA is not required by 5 U.S.C. 533 or any other provisions of law to publish a notice of proposed rulemaking with respect to the subject matter of this rule.

Environmental Evaluation
It has been determined through an environmental assessment that the issuance of this interim final rule will not have a significant impact upon the human environment. Copies of the environmental assessment may be obtained by contacting Karen Fullen at (503) 273-2404 or Karen.fullen@por.usda.gov.

Executive Order 12372
Executive Order 12372, “Intergovernmental Review of Federal Programs,” requires consultation with State and local officials. The objectives of the Executive Order are to foster an intergovernmental partnership and a strengthened federalism, by relying on State and local processes for State and local government coordination and review of proposed Federal Financial assistance and direct Federal development. This program is not subject to Executive Order 12372, which requires consultation with State and local officials.

Executive Order 12988
This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule will not preempt State or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule. Before any judicial action may be brought regarding the provisions of this rule, appeal provisions of 7 CFR parts 11, 614, and 780 must be exhausted.

Executive Order 13132
This rule has been reviewed under Executive Order 13132, “Federalism.” The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the Federal Government and the States, or