

supplements. A rate payable to a GM employee is considered a GS rate.

\* \* \* \* \*

■ 8. In § 531.610, revise paragraph (k) to read as follows:

**§ 531.610 Treatment of locality rate as basic pay.**

\* \* \* \* \*

(k) Lump-sum payments under 5 CFR part 550, subpart L, for accumulated and accrued annual leave;

\* \* \* \* \*

**PART 575—RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES; SUPERVISORY DIFFERENTIALS; AND EXTENDED ASSIGNMENT INCENTIVES**

■ 9. The authority citation for part 575 continues to read as follows:

**Authority:** 5 U.S.C. 1104(a)(2) and 5307; subparts A, B, and C also issued under sec. 101, Pub. L. 108–411, 118 Stat. 2305 (5 U.S.C. 5753 and 5754); subpart D also issued under 5 U.S.C. 5755; subpart E also issued under sec. 207, Pub. L. 107–273, 116 Stat. 1779 (5 U.S.C. 5757).

**Subpart B—Relocation Incentives**

**§ 575.206 [Amended]**

■ 10. In § 575.206(a)(4), remove the word “recruitment” and add in its place the word “relocation.”

**Subpart C—Retention Incentives**

**§ 575.310 [Amended]**

■ 11. In § 575.310(a), remove “(g)” and add in its place “(f).”

Office of Personnel Management.

**Linda M. Springer,**  
Director.

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**BILLING CODE 6325–39–M**

**OFFICE OF PERSONNEL MANAGEMENT**

**5 CFR Part 531**

**RIN 3206–AK78**

**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 is issuing final regulations on locality pay areas for General Schedule employees. The final regulations merge the Kansas City, St. Louis, and Orlando locality pay areas with the Rest of U.S. locality pay area;

create new locality pay areas for Buffalo, NY; Phoenix, AZ; and Raleigh, NC; add the Federal Correctional Complex Butner, NC, to the Raleigh locality pay area under revised criteria for evaluating Federal facilities that cross locality pay area boundaries; add Fannin County, TX, to the Dallas-Fort Worth locality pay area; and make minor changes in the official description of the Los Angeles-Long Beach-Riverside and Washington-Baltimore-Northern Virginia locality pay areas. The new locality pay area definitions will become effective in January 2006.

**DATES:** The regulations are effective January 1, 2006. The regulations are applicable on the first day of the first pay period beginning on or after January 1, 2006.

**FOR FURTHER INFORMATION CONTACT:** Allan Hearne, (202) 606–2838; FAX: (202) 606–4264; e-mail: *pay-performance-policy@opm.gov*.

**SUPPLEMENTARY INFORMATION:** Section 5304 of title 5, United States Code, authorizes locality pay for General Schedule (GS) employees with duty stations in the contiguous United States and the District of Columbia. By law, locality pay is set by comparing GS pay rates with non-Federal pay rates for the same levels of work in each locality pay area. Non-Federal pay levels are estimated by means of salary surveys conducted by the Bureau of Labor Statistics (BLS). In 2005, there are 32 locality pay areas: 31 separate metropolitan locality pay areas and a Rest of U.S. (RUS) locality pay area that consists of all locations in the contiguous United States that are not part of one of the 31 separate metropolitan locality pay areas.

Section 5304(f) of title 5, United States Code, 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 to the President’s Pay Agent about the locality pay program. Based on recommendations of the

Federal Salary Council, we use Metropolitan Statistical Area (MSA) and Combined Statistical Area (CSA) definitions established by OMB as the basis for locality pay area definitions.

On June 20, 2005, OPM issued a proposed rule on behalf of the Pay Agent to—

- Create new locality pay areas for Buffalo, Phoenix, and Raleigh;
- Merge the Kansas City, St. Louis, and Orlando locality pay areas with the Rest of U.S. locality pay area;
- Include several new areas of application in the new Raleigh locality pay area; and
- Add Fannin County, TX, to the Dallas locality pay area, Culpepper County, VA, to the Washington, DC, locality pay area, and change the name of the Santa Barbara-Santa Maria-Goleta, CA, Metropolitan Statistical Area within the Los Angeles locality pay area.

**Comments Received**

We received 31 comments on the proposed regulations. Several of the commenters requested that separate locality pay areas be established in additional locations due to high living costs. The suggested areas included Eureka, CA; Fresno, CA; Las Vegas, NV; Norfolk, VA; Preston County, WV; Salt Lake City, UT; Tampa, FL; and Toledo, OH. Norfolk, Salt Lake City, and Tampa have been surveyed for the locality pay program in the past, but the surveys indicated that pay levels in each location were below pay levels in the RUS locality pay area.

Living costs are not directly considered in setting locality pay or defining locality pay areas. Locality pay is set by comparing GS and non-Federal pay for the same levels of work to allow the Government to recruit and retain an adequate workforce. Locality pay is not designed to equalize living standards for GS employees across the country. Since living costs are just one of many factors that affect the supply and demand for labor, they are not considered separately.

Several commenters were opposed to merging the Kansas City, St. Louis, and Orlando locality pay areas with the RUS area and expressed concerns about the impact on pay for employees in those areas. Salary survey results consistently show that the pay disparity in these three areas is below that in the RUS locality pay area. Since the purpose of locality pay is to enable the Government to offer higher pay in high-pay areas, there is no policy-based justification for continuing these three cities as separate locality pay areas.

Commenters expressed several other concerns about Kansas City, St. Louis,

and Orlando. These included that pay levels are higher in the core city than the broader locality pay area, that including outlying areas reduces pay levels, that living costs are higher in the suburbs than in the inner cities, that reductions in locality rates will cause staffing problems, and that recent increases in oil prices have affected employees in these three areas. Some or all of these same factors may also apply in any of the other locality pay areas, but they do not justify treating Kansas City, St. Louis, and Orlando differently than the other areas. The Pay Agent does not anticipate any significant staffing difficulties in Kansas City, St. Louis, or Orlando due to this action because the differences between the RUS rate and the current locality rates in these areas are small and the regulations are expected to become effective at the same time as an across-the-board GS pay increase.

A number of commenters focused on the geographic coverage of existing locality pay areas. Some commenters recommended adding Colorado Springs to the Denver locality pay area, adding Toledo to the Detroit locality pay area, adding Fort Dix to the New York locality pay area, including San Diego in the Los Angeles locality pay area, including more locations in Pennsylvania near York County in the Washington-Baltimore locality pay area, extending locality pay to employees in foreign areas or in Alaska and Hawaii, and including nurses and other medical personnel in Fannin County, TX, who are paid under title 38, United States Code, in the Dallas locality pay area.

Colorado Springs, Toledo, Fort Dix, and the additional areas in Pennsylvania do not pass the criteria recommended by the Federal Salary Council for including a location in an existing locality pay area. San Diego is already surveyed separately, and recent survey results indicate that pay levels in San Diego are similar to those in the Los Angeles locality pay area. While the Federal Salary Council considered combining several existing locality pay areas in 2003 in order to free up survey resources (including merging the Los Angeles and San Diego locality pay areas), they took no action on the proposal because BLS indicated there would not be any significant reduction in survey work. Because the areas under consideration were all large areas, they would still have to be surveyed separately for BLS' nationwide products, including the Employment Cost Index.

Section 5304 of title 5, United States Code, does not provide for locality payments in foreign areas or in Alaska

or Hawaii, so the Pay Agent cannot extend locality payments to employees in those areas.

The Department of Veterans Affairs is responsible for setting pay for employees covered by title 38, United States Code, and is not required to use the locality pay area boundaries established by the President's Pay Agent under the GS locality pay program for those employees.

Finally, both the American Federation of Government Employees and the prison wardens at the Federal Correctional Facility, Butner, NC, expressed support for adding the entire facility to the new Raleigh locality pay area.

#### **The Federal Correctional Complex, Butner, NC**

The final regulations include the Federal Correctional Complex, Butner, NC, in the new Raleigh locality pay area. Based on information provided by the wardens of the prison complex, about 1,050 General Schedule employees are stationed at the prison, with an additional 375 to be added in the spring of 2006. The Durham/Granville County line runs through the prison complex. In fact, the county line runs through several of the buildings at the facility, and many employees work in more than one building on a daily basis. Most of the prison land area and buildings are located in Durham County, inside the Raleigh CSA, but the Low Security Institute, with approximately 124 permanently assigned GS employees, is in Granville County, outside the Raleigh CSA but less than a mile from the county line. Granville County, with a total of about 134 GS employees, does not pass the GS employment criterion previously recommended by the Federal Salary Council for including an adjacent county in a higher-paying locality pay area. Likewise, the portion of the prison in Granville County, with 124 GS employees, does not pass the 750 GS employment criterion for including all of a Federal facility in a locality pay area. However, the Pay Agent concluded that it would not be administratively feasible or desirable to include only part of the prison facility in the new Raleigh locality pay area and proposed to include the entire correctional facility in that area.

The Pay Agent requested that the Federal Salary Council consider this matter when it met in 2005. At its meeting on October 3, 2005, the Council voted to amend its recommended criteria for evaluating Federal facilities that cross locality pay area boundaries. The Pay Agent concurs with the

Council's recommended revision, as set forth here:

*For Federal facilities that cross locality pay area boundaries:* To be included in an adjacent locality pay area, the whole facility must have at least 500 GS employees, with the majority of those employees in the higher-paying locality pay area, or that portion of a Federal facility outside of a higher-paying locality pay area must have at least 750 GS employees, the duty stations of the majority of those employees must be within 10 miles of the separate locality pay area, and a significant number of those employees must commute to work from the higher-paying locality pay area.

#### **Impact of Changes**

The changes in locality pay area boundaries move about 34,000 GS employees to the RUS locality pay area and move about 25,000 GS employees from the RUS locality pay area to a separate metropolitan locality pay area.

#### **Waiver of Delay in Effective Date**

In order to give practical effect to these regulations at the earliest possible moment, I find that good cause exists for making this rule effective in less than 30 days. The delay in effective date is waived so that affected agencies and employees may benefit from the new locality pay area definitions on the effective date of the January 2006 GS pay adjustment.

#### **E.O. 12866, Regulatory Review**

The Office of Management and Budget has reviewed this rule in accordance with E.O. 12866.

#### **Regulatory Flexibility Act**

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because they will apply only to Federal agencies and employees.

#### **List of Subjects in 5 CFR Part 531**

Government employees, Law enforcement officers, Wages.

Office of Personnel Management.

**Linda M. Springer,**

*Director.*

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

#### **PART 531—PAY UNDER THE GENERAL SCHEDULE**

■ 1. The authority citation for part 531 continues to read as follows:

**Authority:** 5 U.S.C. 5115, 5307, and 5338; sec. 4 of Pub. L. 103–89, 107 Stat. 981; and E.O. 12748, 56 FR 4521, 3 CFR, 1991 Comp., p. 316; Subpart B also issued under 5 U.S.C.

5303(g), 5333, 5334(a), and 7701(b)(2); Subpart C also issued under 5 U.S.C. 5304, 5305, and 5553; sections 302 and 404 of Federal Employees Pay Comparability Act of 1990 (FEPCA), Pub. L. 101-509, 104 Stat. 1462 and 1466; and section 3(7) of Pub. L. 102-378, 106 Stat. 1356; Subpart D also issued under 5 U.S.C. 5335(g) and 7701(b)(2); Subpart E also issued under 5 U.S.C. 5336; Subpart F also issued under 5 U.S.C. 5304, 5305(g)(1), and 5553; and E.O. 12883, 58 FR 63281, 3 CFR, 1993 Comp., p. 682 and E.O. 13106, 63 FR 68151, 3 CFR, 1998 Comp., p. 224; Subpart G also issued under 5 U.S.C. 5304, 5305, and 5553; section 302 of the FEPCA, Pub. L. 101-509, 104 Stat. 1462; and E.O. 12786, 56 FR 67453, 3 CFR, 1991 Comp., p. 376.

### Subpart F—Locality-Based Comparability Payments

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

#### § 531.603 Locality pay areas.

\* \* \* \* \*

(b) The following are locality pay areas for purposes of this subpart:

(1) Atlanta-Sandy Springs-Gainesville, GA-AL—consisting of the Atlanta-Sandy Springs-Gainesville, GA-AL CSA;

(2) Boston-Worcester-Manchester, MA-NH-ME-RI—consisting of the Boston-Worcester-Manchester, MA-NH CSA, plus the Providence-New Bedford-Fall River, RI-MA MSA, 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 and Weld County, CO;

(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, CA MSA and Edwards Air Force Base, CA;

(17) Miami-Fort Lauderdale-Miami Beach, FL—consisting of the Miami-Fort Lauderdale-Miami 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—Truckee, CA-NV—consisting of the Sacramento—Arden-Arcade—Truckee, 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;

(31) Washington-Baltimore-Northern Virginia, DC-MD-PA-VA-WV—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.

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[FR Doc. 05-24212 Filed 12-16-05; 8:45 am]

BILLING CODE 6325-39-P

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 229

[Regulation CC; Docket No. R-1244]

#### Availability of Funds and Collection of Checks

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule; technical amendment.

**SUMMARY:** The Board of Governors is amending appendix A of Regulation CC to delete the reference to the New Orleans branch office of the Federal Reserve Bank of Atlanta and reassign the Federal Reserve routing symbols currently listed under that office to the head office of the Federal Reserve Bank of Atlanta, and to correct typographical errors in the routing symbols listed under the Helena branch office of the Federal Reserve Bank of Minneapolis. The Board also is providing notice that the previously announced transfer of the Nashville branch office's check-processing operations to the Atlanta head office will be delayed until 2007. Finally, the Board is providing advance notice concerning future appendix A changes affecting the Federal Reserve Bank of New York and the Federal Reserve Bank of Philadelphia.

**DATES:** The amendment to appendix A under the Ninth Federal Reserve District (Federal Reserve Bank of Minneapolis) is effective December 19, 2005. The amendment to appendix A under the Sixth Federal Reserve District (Federal Reserve Bank of Atlanta) is effective on March 31, 2006.

**FOR FURTHER INFORMATION CONTACT:** Jack K. Walton II, Associate Director (202/452-2660), or Joseph P. Baressi, Senior Financial Services Analyst (202/452-3959), Division of Reserve Bank