



# Charlottesville MSA Locality Pay Brief

July 2024

Locality Pay Areas (LPA) are geographic areas that provide pay system adjustments to base salaries established through the General Schedule pay system for federal employees, in order to make pay more comparable to non-federal pay for similar work in the same region – in other words, to allow federal agencies to compete with private sector jobs in a given geography, to ensure quality employees are able to be both recruited and retained.

Charlottesville MSA, comprised of Albemarle County, City of Charlottesville, Fluvanna County, Greene County, and Nelson County, is currently part of the *Rest of the United States* LPA, meaning there is no geographic adjustment provided to federal employees working here. Charlottesville MSA is directly adjacent to the Washington-Baltimore-Arlington LPA to the north and to the Richmond, VA LPA to the east, each of which have locality pay.

Locality Pay Area	Adjustment to General Schedule
Rest of US (Charlottesville)	+16.82%
Washington-Baltimore-Arlington	+33.26%
Richmond	+21.91%

The effect of the LPAs is that employees working in the intelligence and national security sector in Northern Virginia, less than 100 miles from Charlottesville MSA, receive an adjustment more than twice that of Charlottesville MSA, while the cost of living in Charlottesville MSA is estimated to be only 12.9% lower than the Washington-Arlington-Alexandria MSA. Put another way, employees seeking to locate from a similar position in the Washington-Arlington-Alexandria MSA to the Charlottesville MSA would be receive reduced pay of 16.44% - without the benefit of a commensurate decrease in cost of living.

*Charlottesville MSA's inclusion into one of the adjacent LPAs is defensible and would allow the federal agencies operating at Rivanna Station to overcome a competitive disadvantage for recruiting the high-talent employees needed to advance the missions there.*

## BASIS OF LETTER OF SUPPORT

Goal: To achieve the appropriate locality pay assignment for the Charlottesville MSA.

Objective: Seek a policy amendment to clarify how to assign a MSA that is adjacent to two locality pay areas in which the combined employment interchange rate (EIR) is at least 7.5%.

Request:

- The Charlottesville MSA be added as an area of application to the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA LPA on the basis of its status as a CBSA, its combined EIR of 7.5% with its two adjacent

basic locality pay areas, and its higher EIR with the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA basic locality pay area.

Rationale:

- The current criteria governing the addition of Core-Based Statistical Areas (CBSAs) or single counties to adjacent LPAs as areas of application does not adequately address situations where a CBSA is adjacent to multiple LPAs. Criteria exist for MSAs adjacent to a single LPA and for a county adjacent to two LPAs, but not for an MSA adjacent to two LPAs. Application of the established 7.5% EIR threshold for a single LPA to the combined EIR is a rational threshold for a MSA adjacent to two MSAs.
- Adjacency to two LPAs, while being considered *Rest of the US*, puts the GS employees working in Charlottesville MSA at a distinct disadvantage to their colleagues working in the Washington-Arlington-Alexandria MSA and the Richmond MSA – at the same time that Charlottesville MSA is an easy commute to both adjacent MSAs/LPAs. Over 390,000 federal employees in Washington-Arlington-Alexandria MSA and Richmond MSA, less than 100 miles from Charlottesville MSA, are a natural recruitment pool for Rivanna Station.
- Strong candidates for the GS positions at Rivanna Station compete not only with local employers, but increasingly, employers offering remote positions but based in cities across the US, due to the nature of these positions (cybersecurity/IT, GIS analysts, etc.).

## BACKGROUND INFORMATION

Locality Pay Areas (LPAs) are geographic areas within the United States where federal employees who are part of the General Schedule (GS) pay system receive adjustments to their base salaries to make their pay more comparable to non-federal pay for similar work in the same region. The Charlottesville Metropolitan Statistical Area (MSA) currently falls within the *Rest of United States LPA* that has a locality pay rate of 16.82% above General Schedule (GS) base pay. It is adjacent to two LPAs with higher locality pay rates—the *Washington-Baltimore-Arlington, DC-MD-VA-WV-PA LPA* (locality pay rate of 33.26%) and the *Richmond, VA LPA* (locality pay rate of 21.91%).

Locality pay is administered by two federal interagency groups, the Federal Salary Council and the President's Pay Agent.

Metropolitan Statistical Areas (MSAs) are defined by the US Office of Management and Budget. The Charlottesville MSA includes Albemarle County, City of Charlottesville, Fluvanna County, Greene County, and Nelson County, with a combined population of approximately 223,825.

Core-Based Statistical Areas (CBSAs) is a term to collectively refer to Metropolitan Statistical Areas and Micropolitan Statistical Areas.