

CHARLOTTESVILLE LOCALITY PAY

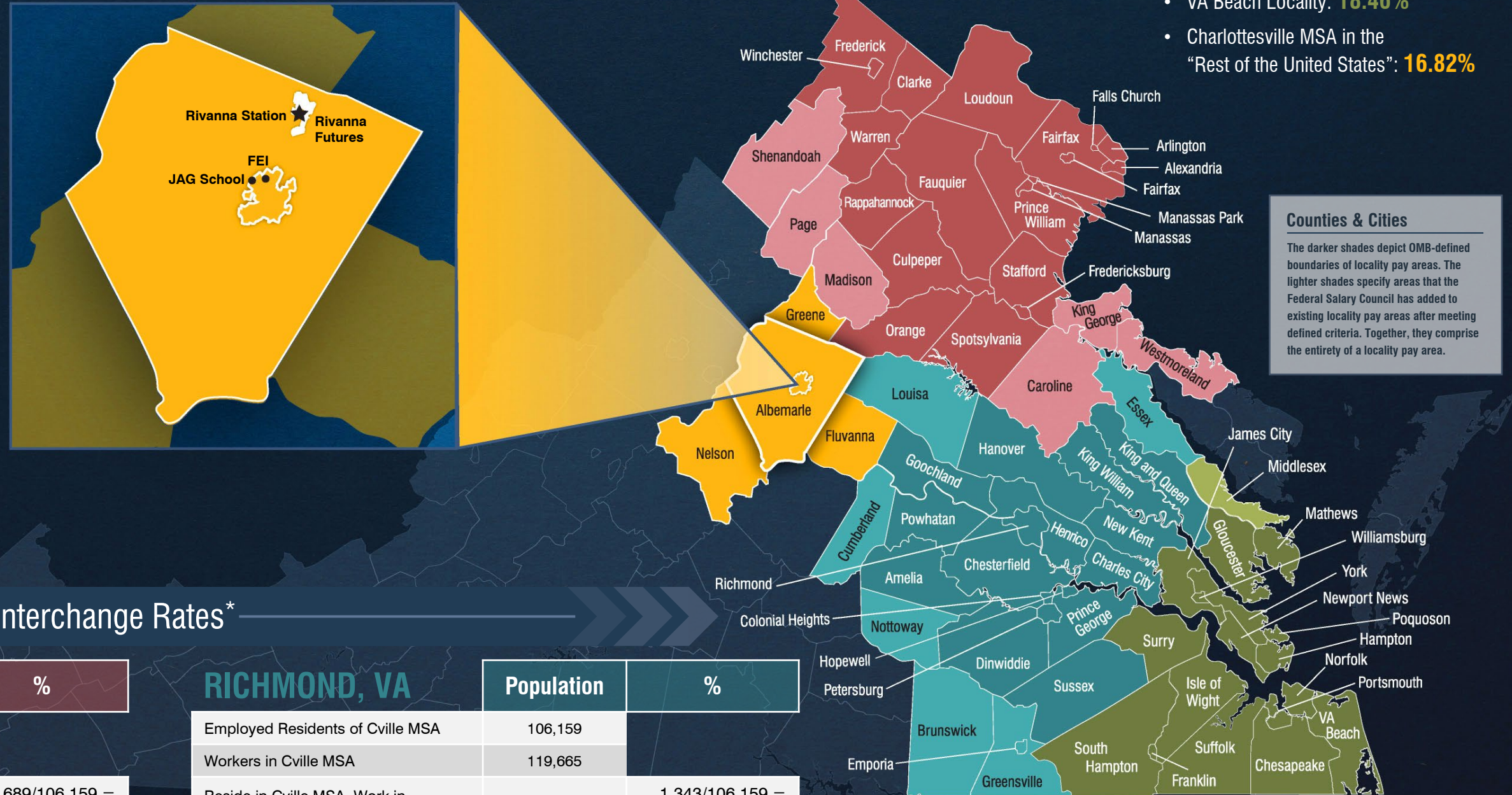
VERSION 1.0

Objective

Increase locality pay for the **Charlottesville, VA Metropolitan Statistical Area (MSA)** to attract and retain the best-qualified federal workforce that helps make the nation safer by taking advantage of the region's unique private-public-academic partnership opportunities

2024 Locality Pay Rates

- Washington, D.C. Locality: **33.26%**
- Richmond, VA Locality: **21.91%**
- VA Beach Locality: **18.46%**
- Charlottesville MSA in the "Rest of the United States": **16.82%**



Charlottesville MSA:

Includes Albemarle County, Charlottesville City, Fluvanna County, Greene County, and Nelson County

Albemarle County:

Includes the Department of Defense's Rivanna Station, Rivanna Futures (Albemarle County's 462-acre site for an "Intelligence Community Innovation Acceleration Campus"), and the Army Judge Advocate General (JAG) School

Charlottesville City:

Includes the Federal Executive Institute (FEI)

Charlottesville (Cville) Employment Interchange Rates*

WASHINGTON, D.C.	Population	%
Employed Residents of Cville MSA	106,159	
Workers in Cville MSA	119,665	
Reside in Cville MSA, Work in D.C. Basic Pay Area	1,689	$1,689/106,159 = 1.59\%$
Reside in D.C. Basic Pay Area, Work in Cville MSA	3,594	$3,594/119,665 = 3.00\%$
Cville MSA & D.C. Basic		4.59%

RICHMOND, VA

Population	%
Employed Residents of Cville MSA	106,159
Workers in Cville MSA	119,665
Reside in Cville MSA, Work in Richmond Basic Pay Area	$1,343/106,159 = 1.27\%$
Reside in Richmond Basic Pay Area, Work in Cville MSA	$1,968/119,665 = 1.64\%$
Cville MSA & Richmond Basic	2.91%



= 7.50% Combined Employment Interchange Rate

* U.S. Census Bureau, American Community Survey, 2016-2020 Commuting Flows

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Charlottesville Metropolitan Statistical Area (MSA)

- The Charlottesville, VA MSA (Charlottesville City and Albemarle, Fluvanna, Greene, and Nelson Counties) has a high cost of living but significantly lower locality pay rate (**16.82%**) than the adjacent localities of Washington, D.C. (**33.26%**) and Richmond, VA (**21.91%**).
- This pay disparity directly affects federal employees who work in the Charlottesville MSA (including those who commute from the D.C. and Richmond localities), impacting the ability of organizations like the Department of Defense to attract and retain the best-qualified federal workforce to take advantage of the region's growing private-public-academic partnership opportunities.

Upcoming Milestones

- In **June 2024**, the President's Pay Agent will approve changes to locality pay areas and rates. This will be followed by a 30-day comment period during which the public may offer feedback and recommendations for changing pay rates and methodologies.
- This is the appropriate window for interested parties to advocate for the President's Pay Agent to permit MSAs (not just individual counties) to use Combined Employment Interchange Rates to meet the 7.5% threshold for inclusion in adjacent locality pay areas.
- If approved, this would result in the expansion of the Washington, D.C. locality pay area to include the Charlottesville MSA, yielding a more appropriate pay level for federal employees in the region, effective **January 2026**.

How Locality Pay is Determined

- The President's Pay Agent (Directors of OMB and OPM and the Labor Secretary) defines locality pay areas and sets pay rates based on recommendations from the Federal Salary Council.
- MSAs—such as the Charlottesville MSA—may be added to an existing, adjacent locality pay area if they have an Employment Interchange Rate of 7.5% or greater.
 - The Employment Interchange Rate is the percentage of workers living in an area under consideration (e.g., Charlottesville MSA) who work in the existing, adjacent locality pay area (e.g., D.C. or Richmond), and vice versa.
 - Employment Interchange Rate calculations use President's Pay Agent-approved commuting data; in 2023, the Federal Salary Council recommended use of the Census Bureau's American Community Survey 2016–2020 Commuting Flows data.
- The President's Pay Agent permits individual counties—but not yet MSAs or counties within MSAs—to use a Combined Employment Interchange Rate with multiple adjacent locality pay areas to meet the threshold.
- Based on the Census Bureau's American Community Survey 2016–2020 Commuting Flows data, the Charlottesville MSA's Combined Employment Interchange Rate is 7.5% (4.59% with D.C. + 2.91% with Richmond).

Locality Pay Timeline

President's Pay Agent agrees/disagrees with Federal Salary Council recommendations for 2025

June 2024

30-day public comment window to provide feedback

July 2024

Federal Salary Council Working Group reviews draft recommendations for 2026

September 2024

Federal Salary Council meets and publishes its recommendations for 2026

November 2024

President's Pay Agent agrees/disagrees with Federal Salary Council recommendations for 2026

June 2025

Charlottesville MSA locality pay is increased

1 January 2026