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## Support for Lump Sum Fades

### \$700 Million Pricetag, Lack of Sponsors Dim Prospects for Benefit

By Sean Ford

A last-ditch effort to salvage Senate funding for the new lump-sum annuity benefit appeared headed for a showdown vote May 1.

Lawmakers were winding up a week of debate over a budget

resolution for fiscal 1988.

At presstime, Sen. Paul Simon, D-Ill., planned to offer an amendment to provide \$700 million next year to fund the benefit, which the Senate Budget Committee had jettisoned from the budget version it shipped to the floor.

But the amendment's chances of passage were considered dim, sources said, in part because supporters "couldn't even get members of the Governmental Affairs Committee to give us support or cosponsor it," one said. Governmental Affairs has jurisdiction

over civil service issues.

Another obstacle was the amendment's reliance on increased taxes next year to make up the \$700 million shortfall it would create.

"That alone could probably

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## Controller Group Backs Burnett on Curtailing Flights

By Susan Kellam

Many overworked air traffic controllers, now voting for a new union, welcomed the recent statement urging a reduction of commercial flights this summer by National Transportation Safety Board chief James Burnett.

"Cutting back flights now would be a clear indication from the administration that it is committed to air safety first," said John Thornton, national coordinator of the National Air Traffic Controllers Association.

"The NTSB is right on top of this situation, and NATCA agrees with the chairman's recommendation. Our association has testified on numerous occasions that flights should be reduced until the ATC [air traffic control] system is rebuilt."

The workers in the Federal Aviation Administration towers and air control centers are on the front lines as the number of scheduled flights this summer threaten



Courtesy Naval Aviation Depot

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## Budget

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kill it — they just don't want to vote for a tax increase," one source warned.

Also, it was not a certain that Simon would offer the amendment, a source said.

If the amendment does not make it into the Senate's first concurrent budget resolution, it will be up to a House-Senate conference committee to decide the fiscal 1988 fate of lump sum.

If passed, however, the amendment could go a long way toward preserving the benefit next year. The House approved a budget plan April 16 that would provide full funding.

The Senate was expected to vote on the full budget the week of May 4.

Besides the lump-sum differences, the following civil service issues also would go to conference if the Senate adopts the budget in current form:

- Within-grade pay raises. The Senate budget would delay payment of within-grade hikes for one year, saving an \$200 million in fiscal 1988. The House budget contains no such provision.

- Travel. The House would cut agency travel accounts by 12 percent next year, while the Senate budget calls for a 15 percent reduction.

- The Federal Supply Service. The Senate would slash the FSS budget by \$176 million next year. The House plan provides for full funding.

Both houses would pay full



Sen. Paul Simon and other lawmakers are in favor of salvaging the lump-sum annuity benefit.

retiree cost-of-living adjustments next year. In addition, both would reject a White House request to lower government contributions to the Federal Employees Health Benefits Program.

Simon, whose state an aide described as "not a major residing place" for federal employees, said the issue of fairness had prompted him to offer his amendment.

"Our retired government workers were just hurt by the elimination of the three-year recovery rule in last year's tax bill," he said in exhorting colleagues to get away from what he called the "kicking-people-when-they-are-down syndrome."

"Federal retirees deserve fair treatment. My amendment

will ensure them of that," he added.

Without the Simon amendment or others boosting civil service spending, the Governmental Affairs Committee will get a "reconciliation order" instructing it to go back and slice \$2 billion from civil service funding before the the Senate votes a second concurrent budget resolution.

Both houses are required to, but rarely do, report second concurrent resolutions by June 15.

One idea under consideration is to have agencies absorb the cost of the 2 percent general schedule raise in the Senate's budget, a source said. That is what the House did in approving a 3 percent raise for next year.

Such a move would cut the reconciliation order by about half, the source said. As of April 30, the Senate's budget would have agencies pay for 50 percent of the raise.

No other amendments affecting civil service pay and benefits were expected as of presstime.

President Reagan proposed eliminating lump sum when he submitted his fiscal 1988 budget proposal in January, just six months after his administration agreed to the benefit as a "revenue neutral" compromise for the three-year rule.

But since then, attention has turned to what Senate Budget Committee Chairman Lawton Chiles, D-Fla., earlier termed the "enormous" early-year costs of the option, which allows federal employees to withdraw retirement contributions in a single payment upon retiring.



Rep. James Oberstar, D-Minn., addresses controllers at an organizational meeting in Virginia.

## Controllers

From Page 1

balloting that night. The union must receive a majority vote to become certified.

The controllers forfeited their union five years ago when the Professional Air Traffic Controllers Organization staged an illegal strike and was decertified. More than 11,000 controllers lost their jobs when they walked out.

While all early indications are favorable to winning the election, NATCA organizers are holding hundreds of meetings across the country, from Los Angeles to Kansas City to Leesburg, Va.

"I'm here for the same reason you're here — to get FAA's attention," Rep. James Oberstar, D-Minn., told a group of 40 controllers from the air traffic control center in Leesburg, and National Airport and Andrews AFB, Md., near Washington,

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"We'r main th the crow

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## Lumped

stepped down from his job Aug. 2, 1986.

"When I retired, the three-

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# Another Retiree Gets 'Lumped'

## Local IRS Office Gives Bad Advice on Lump-Sum Liability

Another federal annuitant claims to have been victimized financially because of erroneous tax advice received in writing from his local Internal Revenue Service office.

Ernest E. Bennett, of Bossier City, La., says he never would have exercised his option to take a lump-sum annuity payment had the office not advised, wrongly, that he could use "forward averaging" to ease his tax bite.

"I made the decision based on their information. If I'd known I couldn't use averaging, I never would have done it," he told *Federal Times*.

Bennett, a former GS-12 wage and hour specialist at the Labor Department's nearby Shreveport branch, is the second annuitant known thus far to have received in writing incorrect advice on lump-sum taxation from the tax agency's New Orleans office.

Irwin Clair, of Shreveport, La., earlier contacted *Federal Times* after receiving conflicting information about the benefit.

The two are friends, they said, and Bennett learned he

could not use forward averaging only after speaking to Clair, whose account was reported in last week's issue.

Unfortunately, Bennett said, he had returned his annuity papers to the Office of Personnel Management a few days earlier.

"So it looks like it's still too late for me. Now my annuity will be penalized \$154 a month, and I can't use the tax advantage... If I could, I'd change [the decision to take a lump-sum payment and reduced annuity]," he said.

He cannot, according to OPM officials.

"The decision is irrevocable. It says there in the papers that it's irrevocable," one official noted.

Nor can Bennett win easy relief from IRS, whose misinformation is likely to cost him thousands.

"In general, in a situation where a taxpayer gets a letter back from IRS telling him he can do something, and he does it, and can produce the letter, then there's no penalty or interest charged," said Wilson Fadely, a spokesman at IRS headquarters in Washington, D.C.

"But we can't change the law. The basic tax [liability] is still there."

IRS sources in Washington speculated workers in the New Orleans office made the mistake because, like many local offices, they do not deal with a lot of federal retirees.

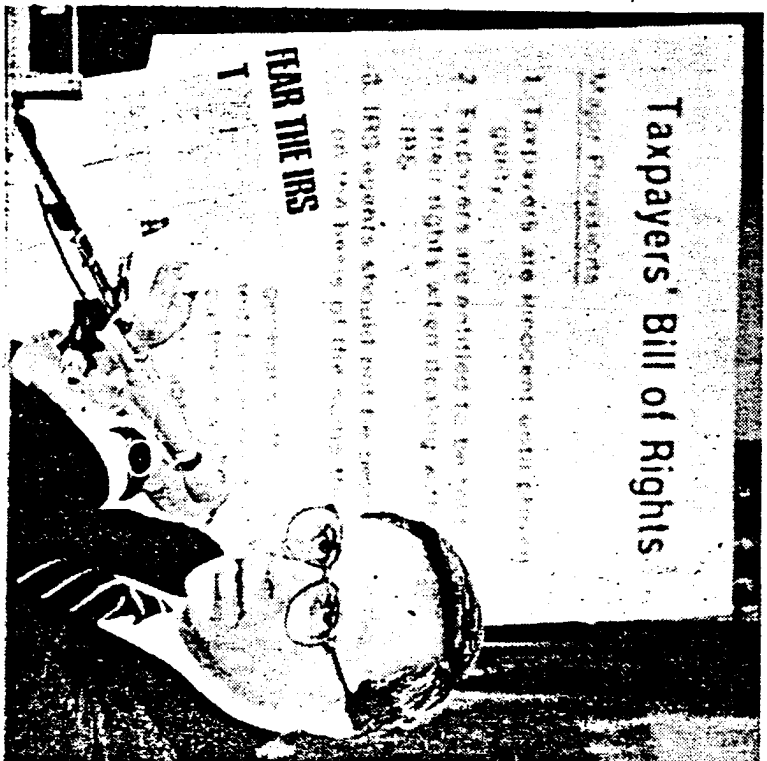
"They hear 'lump sum,' and they think 'forward averaging,'" for which many private sector annuitants qualify, one source said.

The New Orleans tax specialist handling the case said his office would seek further guidance from Washington but would not comment on Bennett's case.

Bennett may have one chance. The office of Sen. David Pryor, D-Ark., who is known to most federal employees as head of the Senate's civil service panel, but who also chairs a Finance subcommittee overseeing IRS, is looking at the case, an aide said.

Pryor introduced and has been pushing hard for legislation that would provide U.S. citizens with a "Taxpayers Bill of Rights." One of the provisions of his legislation would bind IRS

### Taxpayers' Bill of Rights



Sen. David Pryor, showing off his taxpayers' bill of rights, displays an article critical of the IRS at a congressional hearing.

to advise it gives in writing.

"IRS Commissioner Lawrence Gibbs testified in earlier hearings that reports of miscommunications between the agency and public were exaggerated. That certainly appears

# New NARFE Chief Trades Dangers for 500,000-Member Flock

By Susan Kellam

I.T. "Steve" Morrissey retired in 1979 from a 25-year federal career that included chasing moonshiners in western Kentucky and infiltrating motorcycle gangs.

Now he's tackling the government as the president of the 500,000-member National Association of Re-

● Counteract unfair portrayal of the Civil Service Retirement System as a "welfare" program.

● Oppose initiating a voucher system of premium provision under the Federal Employees Health Benefits Program. Also, seek

to strengthen the scope of health coverage, including more comprehensive

better dues collection and billing system.

The new president is scoping out his members for those who have talents, such as lawyers and doctors, which can be tapped to benefit the organization.

Morrissey is looking to build up membership. He said the organization loses between 20,000 to 30,000 members a year, with total membership hovering at the half-million point. He believes they have the po-



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## Lumped

From Page 2

ment package to request what he thought would be an automatic, 30-day extension on the one-month period OPM allows retirees to choose annuity coverage.

His request was denied.

OPM officials explained that the automatic extension was intended only for people who received annuity election papers before IRS approved the lump-sum tax exclusion formula, which it did in mid-March.

Since then, OPM has been including an IRS tax statement in each retirement package mailed out, an official said. Thus, retirees whose packets include the tax statement are not eligible for the extension.

Bennett didn't dispute the denial, "but when you've done everything humanly possible, and still can't get the information you need, it really puts you between a rock and a hard place," he said.

And Bennett had never even heard of lump sum when he

stepped down from his job Aug. 2, 1986.

"When I retired, the three-year rule was still there!"

But the 26-year civil service veteran became one of thousands of federal workers whose retirement plans went up in smoke last year when Congress took a match to the three-year tax exclusion rule — retroactively.

## Nichols

From Page 11

"tug of war" with management, he said.

Askey said he has been outspoken on the agency's hiring practices, which he said didn't include recruiting from such black institutions as Howard University in Washington, D.C.

He views the demotion as a way to "reduce me down to nothing so I wouldn't be a threat."

An ITA spokeswoman had no knowledge of the Nichols or Askey cases, but noted, "As far as I know, everyone works hard to

Though the law killing the rule was not passed until September, it voided the three-year rule as of July 1, "making me a loser again," Bennett lamented.

"You know, right is right, and wrong is wrong," he added. "But the way this whole thing has been handled — what they're putting us through — it's just unfair."

prevent discrimination."

Commerce's 1987 affirmative action program plan for ITA calls for "more hires of black males in the administrative and professional occupations, especially at senior levels."

According to Nichols', 16 whites out of 46 in ITA recently received "outstanding" performance ratings while only two blacks out of 14 got the same rating.

"This is all to create a mental situation where our esteem becomes denigrated," Askey said.

Nichols said he will stay and pursue his charges.

"Why should I leave? I'm an American citizen and pay taxes," he said.

# Controlle

From Page 1

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Oberstar said it take talk" to communicate FAA. "They don't like y don't like NATCA," he s

The member of Cong the group he needed from a unified body of lers. "For Congress t jobs more effectively. to hear from you," he s

A controller from said there was no eq for altitude readouts a proach tower. "We c what we need beca complain about mo said.

Oberstar assured th ler he would check into ter and would work so gets all the money it ne money they will not said.

There was some di on who might replac Engen, the current hea who recently announc resign from the positio

"For all of his shor Engen is committed t Oberstar said. Althoug no idea who might re