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# 1988 FEDERAL PERSONNEL GUIDE

## AN ANNUAL PUBLICATION

The **FEDERAL PERSONNEL GUIDE** is a useful, accurate, time-saving source of valuable information on government organization, compensation, promotion, retirement, insurance, benefits, and other important and interesting subjects for Civil Service, Postal Service and all other employees of the federal government.

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## FOREWORD

This 1988 edition of the FEDERAL PERSONNEL GUIDE has more valuable and useful information for the federal employee than ever before. This expanded edition has several pages of new material and many sections have been extensively revised and updated to provide current data resulting from legislative or administrative actions. The 1st session of the 100th Congress passed a number of bills which will have major and lasting significance to government employees. However, a number of bills passed are not entirely to the best interest of all federal employees and retirees. Many of these are contained in appropriate sections of this tenth annual edition of the FEDERAL PERSONNEL GUIDE, once again making it the most complete, accurate and interesting book of its kind.

We are, of course, more than happy with the exceptional growing response to our publication each year. We have again added additional pages to include even more information for our readers, however, we have kept our prices still less than any other government employee publication.

The detailed pay tables reflect not only deductions for federal income taxes and retirement contributions, but also the deduction for Medicare hospital coverage, and the FERS deductions which now are required of each segment of federal workers. These tables also reflect the pay cap for senior officials, SES and GM supervisors and managers. We have provided information as well as new rates for health insurance and have again revised the Retirement chapter which continues to be the most detailed explanation of this vital subject, including the new FERS integrated retirement system for hires since December 1983 and transferees from CSRS. A review of the edge index on the back cover or the table of contents will show the major subject matter covered.

The professional staff of FEDERAL PERSONNEL PUBLICATIONS has had extensive experience in Federal employment and consulting. Sol Gordon the Managing Editor, has had over twenty years of executive experience in Personnel and Administrative positions with the Federal Government and is the editor of several reference books. Our Associate Editor, Al Ungerleider, has also had extensive government service in administrative capacity for over 30 years. Their efforts in researching and editing the material for this publication has again been exceptional and I wish to express my sincere gratitude and appreciation to them and to our editorial assistant, Ken Skala.

In addition to having over twenty-five years experience with the Federal Government, which included a tour of service in the Navy, and a variety of positions with the Treasury Department, Internal Revenue Service, Civil Aeronautics Board and Social Security, I was the *founder* and managing editor of a very successful civil service weekly newsletter, and for over 17 years *published and edited* an earlier version of a reference volume for government employees. Having been involved for the past twenty-six years with publishing a series of annual reference books for military personnel, I am needless to say gratified to be involved in an endeavor which brings me into contact with many Government agencies and offices and the many friends I have made throughout the years.

Although the FEDERAL PERSONNEL GUIDE is not an official publication of the United States Government, the information contained herein has been obtained, for the most part, from official sources and is as accurate as possible as of this writing. Many provisions, however, involve changes during this past year by the 1st session of the 100th Congress and new OPM regulations.

We gratefully acknowledge the valuable assistance and cooperation of the many individuals and agencies which have contributed their time and knowledge and suggestions to the development and preparation of this book. In particular, we wish to thank many of the offices within the Office of Personnel Management; the Media Relations Office of the U.S. Postal Service; the Veterans Administration Information Division; the Social Security Administration Press Office; the Department of Labor, the Internal Revenue Service and the many other government agencies and offices which have been so helpful.

We sincerely believe that the FEDERAL PERSONNEL GUIDE is the most interesting, informative and useful reference book available for all Federal employees. We welcome comments and criticisms from our readers so that we can further improve this publication. Our continuing objective is to provide the finest possible product at the lowest possible cost to our audience. Your support will enable us to reach this objective.



Lee E. Sharff  
Executive Editor

# PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM FOR SUPERVISORS AND MANAGERS

P.L. 98-615 of November 8, 1984 established a new pay for performance system for managers and supervisors in grades GS-13 through GS-15 called the Performance Management and Recognition System (PMRS). This law became effective on October 1, 1984 and terminates after September 30, 1989. The new law also requires agencies to establish one or more performance appraisal systems for PMRS employees, which must include five levels of performance—Fully Successful, two levels above Fully Successful and two levels below Fully Successful, as well as making several other modifications to the existing performance appraisal statute for application to this group of employees.

Under the PMRS, employees rated at Fully Successful and above receive the full comparability increase. Employees rated at one level below Fully Successful, e.g., Minimally Successful, receive one-half of comparability, while employees who receive ratings at two levels below Fully Successful, e.g., Unacceptable, get no comparability increase.

The PMRS also provides for increases to base pay in the form of equivalents to Within-grade Increases, called Merit Increases, which are based on the level of performance of the employee. Employees whose base pay is in the first third of the rate range for their grade and whose rating is Fully Successful or above receive the dollar equivalent of a full Within-Grade Increase (WGI). Employees whose base pay is in the top two-thirds of the rate range for their grade (i.e., at step 4 or above in the General Schedule) receive all or a part of a Within-Grade Increase based on their level of performance as follows:

- An employee with a rating of Fully Successful receives the dollar equivalent of one-third of a WGI.
- An employee with a rating two levels above Fully Successful (e.g., Outstanding) gets the dollar equivalent of a full WGI;

- An employee with a rating one level above Fully Successful (e.g., Exceeds Fully Successful) gets the dollar equivalent of one-half of a WGI;

An Employee whose performance is rated at either of the two levels below Fully Successful and, therefore, receives no merit increase may be paid at a rate less than the minimum of the grade of the employee's position.

In addition to Merit Increases, employees rated Fully Successful and above are also eligible to receive lump sum performance awards. Employees rated two levels above Fully Successful must receive an award of not more than 10 percent of base pay and not less than 2 percent. However, for these employees the head of the agency can make a determination to give a performance award of up to 20 percent of base pay for "unusually outstanding performance". Performance awards are not required, but rather, are optional with the agency for employees rated at Fully Successful or one level above Fully Successful. Such awards may not be more than 10 percent of base pay with no specified minimum.

The PMRS requires that agencies spend a minimum of .75 percent of payroll for covered employees in FY 85, such amount increasing incrementally to 1.15 percent of payroll in FY 89. Agencies may spend up to a maximum of 1.5 percent of payroll for covered employees in any fiscal year. With OPM approval agencies with 20 or fewer covered employees can spend up to 10 percent of payroll in order to provide appropriately sized performance awards for its PMRS employees.

The Performance Management and Recognition System also provides for a cash award program, in addition to the performance awards, that agencies may use to recognize superior performance, suggestions, inventions, and special acts or services.

## PAY

There are various pay systems used by the Federal Government covering over 3.0 million employees in the Executive Branch, approximately 40 thousand employees in the Legislative Branch, 16 thousand in the Judicial Branch, and additional part time employees not categorized here.

The following pay systems are the most commonly used by the Government:

1. *General Schedule (GS)* Salaries are based on equal pay for equal work, with differences in pay based on differences in work and performance, and comparability to the salaries that private employers pay for work at the same level of difficulty and responsibility. The levels of pay range from \$9,811 to \$72,500 per annum and apply to 1,478,000 employees. Further details and computerized pay tables are provided following this chapter.

2. *Postal workers* are classified in a number of categories by function, with different pay schedules in each group. These are covered in considerable detail in the Postal Service section, including pay tables of the major classifications. The U.S. Postal Service is an independent establishment within the Executive Branch of Government and has over 750,000 employees.

3. *Prevailing Rate Employees*, commonly referred to as "blue collar" workers, have their pay based on the prevailing rates on an area basis. This pay system covers trade, labor, and other blue collar jobs. There are about 135 areas considered. These are hourly rate employees who receive annual wage raises based on a review of comparability pay by area. Each area pay scale is divided into three classes: WG (employee); WL (lead employee); WS (supervisor). The WG and WL classes of pay rates each have 15 grades with 5 steps. The class and grade level require the approval of OPM. There are almost 423,094 workers in this category and most are employed by the Department of Defense.

4. *Nonappropriated Fund Instrumentalities (NAFI)* employees are, for the most part, employed by the Department of Defense in exchanges, clubs, commissaries, recreation activities and other patron or technical services. Although structured along GS and WG lines, these employees

are paid from funds derived from sales and services performed rather than from appropriated tax dollars. There are approximately 140,000 NAFI employees. Those in the crafts and trade specialties have salaries established by area comparability reviews as do blue collar employees, administrative support and patron service employees while those in the Universal Annual (UA) or professional/managerial fields parallel General Schedule employees in grades GS-6 through GS-18.

5. *Executive Schedule, Level I thru Level V*, includes payable salaries from \$72,500 thru \$99,500—which are currently in effect. These salaries are assigned to members of the Cabinet, Deputy Secretaries, Under Secretaries, various officials of the Commissions and Regulatory Boards, and many others in the Administrator and Director classifications. See listing of top salaries in this chapter.

6. *Department of Medicine and Surgery of the Veterans Administration (DM&S)* is a special pay schedule for physicians, dentists, and nurses which, in many classifications, parallels the GS ratings but at the higher levels is above those ratings. The DM&S salary schedule includes a total of more than 13,000 doctors and dentists and some 35,000 nurses. Pay schedule for this classification is included in this pay chapter.

7. *Foreign Service Schedule* pertains to approximately 13,000 members of the above classifications as a separate pay schedule for these State Department employees. These pay tables are also shown in this chapter.

## GARNISHMENT

### GARNISHMENT—COMPLIANCE WITH COURT ORDERS

Section 659 of title 42, U.S. Code (Public Law 93-647, January 4, 1975), authorized the garnishment of federal and postal employee salaries and retirees' annuities and Social Security benefits, to enforce obligations of alimony and child support. While it should be noted that PL 93-647 did not preempt State or local law regarding the bringing of civil actions to enforce support and maintenance obligations, Congress did amend the

law on May 23, 1977 (PL 95-30), to set maximum limitations on the percentage of the payment which would be subject to garnishment. The limits are based on the individual's aggregate disposable earnings which would include all pay, pensions, disability compensation, etc., received from any agency of the Federal government. The limits allow garnishment of government earnings of no more than: (1) Fifty percent of disposable earnings if the individual is supporting a second family; (2) Sixty percent of disposable earnings if the individual is not supporting a second family; or (3) an additional five percent of each of the above if the individual is in arrears for more than 12 weeks.

The garnishment order or similar legal process should name the agency as the garnishee and state on its face that it is to enforce an obligation to provide child support or to make alimony payments. In the case of retired civil service employees, the garnishment order should be sent by certified or registered mail, return receipt requested, to the Office of Personnel Management's Allotments Section, Box 17, Washington, DC 20044. Court costs and attorney's fees can also be deducted if the court order directs such action. An individual attempting to have such a court order reversed must assume any costs involved in such an action.

Legal process involving military personnel, either active, or retired, should be similarly delivered to the finance center of the particular military branch or department.

Section 8345(j) of title 5, U.S. Code (PL 95-366, September 15, 1978), authorized OPM to comply with the terms of a court decree, order or property settlement in connection with the divorce or legal separation of an individual who is eligible for benefits under the civil service retirement system. Civil service retirement benefits must be specifically divided by divorce decree or court order to qualify for payment under this law.

## GENERAL SCHEDULE (GS) SALARIES

The salary rates included in these tables are those established by the President under Section 5305 of Title 5, US Code, and Executive Order for rates effective with the first pay period after January 1, 1985.

To compute the biweekly pay, the annual rate has been divided by 2,087 (hours per year) and the result adjusted to the nearest cent, counting one-half cent and over as a whole cent, to derive an hourly rate. The hourly rate has been multiplied by 80 to derive at the biweekly pay. If a daily rate is required, it is derived by multiplying the hourly rate by the number of daily hours of service. Effective since 1984 a *rounding down* adjustment is made in all retirement computations.

**NOTE:** Since October 1, 1985, the 2080 hours per year have been used. However, legislation is in process to make the 2087 hours per year permanent and is expected to be passed by Congress in early 1986.)

### STEP INCREASES

Chapter 53, Title 5, U.S. Code authorizes within-grade step increases after certain waiting periods at various grades. Employees who have not reached the highest step for his/her position are generally advanced to the next step following completion of the required period of satisfactory service provided no equivalent increase was received during the period. The required waiting periods are as follows:

FROM STEP	TO STEP	WEEKS
1	2	52
2	3	52
3	4	52
4	5	104
5	6	104
6	7	104
7	8	156
8	9	156
9	10	156

These waiting periods apply to all GS employees except supervisors and managers in grades GS-13 through GS-15 of the General Schedule who do not receive step increases, but are considered under the Performance Management and Recognition System discussed in a separate chapter.

## PROMOTION PAY

When an employee not covered by the Performance Management and Recognition System is promoted or transferred from a position in one grade of the General Schedule to a position in a higher grade of the General Schedule, he or she is entitled to basic pay at a rate not less than two step-increases (within-grades) above the employee's basic rate of pay. In other words, a GS-4, step 5 must receive, as a minimum, the pay of a GS-4, step 7 upon promotion to GS-5. Using the January 1, 1988 pay tables, for example, the rate of pay for a GS-4, step 5 is \$15,313. The pay for a GS-4, step 7 is \$16,213. Since the GS-4, step 7 pay falls between the pay for a GS-5, step 3 (\$16,126) and GS-5, step 4 (\$16,630), the promoted individual should receive the higher of the two amounts or \$16,630.

When a General Schedule employee not covered by the Performance Management and Recognition System is promoted to a position in which he or she will be covered, the employee's pay will be adjusted as if he or she were a General Schedule employee not covered by the Performance Management and Recognition System. When a promotion occurs within the Performance Management and Recognition System, the employee's rate of basic pay will be increased by six percent (or to the minimum rate of the grade, if that is higher). When an employee covered by the Performance Management and Recognition System is promoted to a General Schedule position in which he or she will not be covered, the employee's rate of basic pay will be increased by six percent and then fixed at the rate for the lowest step of the grade that equals or exceeds that rate.

## PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM (PRMS) (Formerly MERIT PAY)

A detailed discussion of PRMS is given in a separate chapter.

## PREMIUM PAY

**Overtime** is paid in accordance with 5 USC 5542 at the hourly rate of 1½ times the regular hourly rate of basic pay where the basic annual salary is \$25,226 or less. Where basic annual rate exceeds \$25,226 (GS-10, step 1), the overtime hourly rate shall be \$18.13. No overtime pay entitlement exists for those employees with the total additional pay (night differential pay, overtime pay, premium pay on an annual basis, and pay for Sunday and holiday work) for any period that it exceeds the maximum payable rate for GS-15 (currently, \$71,337 per year or \$2,736 per bi-weekly pay period). No premium payments or compensatory time off may be granted to employees whose rates of basic pay for any pay period are more than the maximum rate for GS-15.

**Administrative Uncontrolled Overtime (AUO)** pertains to law enforcement, protective, and certain others. AUO earnings are not considered in retirement computations, or are COLAs for Alaska and overseas types of assignments.

**Sunday Work** is paid an additional 25 percent of the basic pay rate to full time employees when a regularly scheduled work week includes Sunday.

**Holiday Pay** is for duty on designated Federal Holidays if they fall within the designated workweek, and shall be paid at twice the employee's rate of basic pay.

**Night Differential** of 10 percent is paid to employees for work between 6 p.m. and 6 a.m. if the regular tour of duty, or any part of it, falls between those hours.

**Compensatory Time**—See Leave chapter.

## SPECIAL SALARY RATES—An Overview

Special salary rates for General Schedule positions have been authorized since 1955. The statutory authority for special salary rates (higher minimum rates) is found in 5 USC 5303. Executive order 11721 delegates to OPM the President's authority to establish special salary rates.

Special salary rates may be authorized when significant staffing (i.e., recruitment and/or retention) problems are caused by substantially higher non-Federal pay for comparable levels of work. Once established, each special schedule is reviewed at least annually and adjustments made as warranted by the existing labor market conditions and agency staffing needs. As of October 1987, there were 94 total special rate

authorizations covering some 16,000 General Schedule positions. The largest single category of coverage is for special engineers, accounting for 55% of the special rate authorizations.

Also included in substantial numbers under special pay are certain medical personnel as well as secretaries, clerk typists, and a number of other clerical positions in grades 2 to 5 in many metropolitan centers where the help shortage exists. Within-grade increases are also adjusted for these categories.

**DEDUCTIONS**

*Retirement, Medicare and Social Security.* Section 8334 of Title 5, USC, provides for withholding of 7 percent of the basic salary of employees under the Civil Service Retirement System (CSRS). This applies to all employees hired prior to January 1, 1984, except for those that switched to the new Federal Employees Retirement System (FERS). Basic salary does not include bonuses, allowances or overtime pay, except for premium and standby pay of law enforcement officers for administratively uncontrollable overtime (AUO). An additional deduction of 1.45 percent is taken for medicare coverage, which in total are a deduction of 8.45 percent for CSRS and FERS.

Public Law 98-21 provided that all employees hired on or after January 1, 1984 would be subject to Social Security withholding. The Federal Employees Retirement System (FERS) established by P.L. 99-335 also required withholding for a portion of the *basic annuity component* of FERS with a rate for 1988 of .94 percent.

The 1.45 percent medicare deduction for CSRS employees and the 7.51 percent Social Security withholding for FERS employees is applied only to the first \$45,000 of salary for 1988.

*Federal Employees Group Life Insurance deduction* is covered in detail in a later chapter in this book. However, the minimum Basic insurance coverage is \$10,000, and the maximum is \$80,000, the insurance amount payable for Level II under the Executive Schedule. Insurance deductions for any optional insurances are not taken into account in the pay tables presented herein. The cost to the individual is 18.5 cents per thousand dollars of Basic insurance coverage per biweekly pay period.

*Federal Income Taxes* are withheld in accordance with current withholding requirements by the Internal Revenue Service. Withholding of tax on lump sum payments is prescribed to be a flat 20 percent rate. A tax computation of the withholding method used by the government is illustrated in the Income Tax section.

*Medicare Tax Deduction* of 1.45% is effective on all wages paid to CSRS covered employees. FERS covered employees are subject to the full Social Security deduction of 7.51 percent, which includes Medicare. The deduction for 1988 apply to only the first \$45,000 of salary. (This deduction has been provided for in Section 278 of PL 97-248, September 3, 1982, The Tax Equity and Fiscal Responsibility Act of 1982.)

*State, Territorial, City and District of Columbia Income Tax Withholding* is treated under Sections 5516, 5517 and 5520 of Title 5, USC and P.L. 95-365 of 1978, for those tax jurisdictions which have entered into special agreements with the Treasury. These sections also spell out the application of withholding for those who live and work in a taxing jurisdiction, those who commute from another taxing jurisdiction, and also to be considered as mandatory are reciprocity between taxing jurisdiction where employees commute.

See the Chapters on **Retirement** and **Social Security** for additional details regarding these deductions.

**LEGAL HOLIDAYS**

The Federal government has established the following legal public holidays:

1988 SCHEDULE		
New Year's Day	Friday	January 1
Martin Luther King, Jr.'s Day 3rd Monday in January	Monday	January 18
President's Day 3rd Monday in February	Monday	February 15
Memorial Day 1st Monday in May	Monday	May 30
Independence Day	Monday	July 4
Labor Day 1st Monday in September	Monday	September 5
Columbus Day 2nd Monday in October	Monday	October 10
Veterans Day	Friday	November 11
Thanksgiving Day 4th Thursday in November	Thursday	November 24
Christmas Day	Sunday	December 25

For a federal employee whose work week is Monday through Friday, when a legal holiday occurs on Saturday, the Friday before is the employee's day off in lieu of the holiday.

For a federal employee who is not scheduled to work on Sunday and the legal holiday falls on Sunday, the next workday is the employee's day off in lieu of the holiday.

For employees whose workweek is other than Monday through Friday, when the holiday occurs on a nonworkday which is not a day that has been designated as the employee's day off in lieu of the Sunday, the workday immediately before that day is the day off in lieu of the holiday.

Employees whose work schedule is not in the above categories should consult with their supervisor or the personnel office to clarify their holiday schedule.

**The Executive Branch**

*Senior Officials*

The President .....	Ronald W. Reagan
The Vice President .....	George Bush
Secretary of State .....	George P. Shultz
Secretary of Treasury .....	James A. Baker III
Secretary of Defense .....	Frank Carlucci
Attorney General .....	Edwin Meese III
Secretary of Interior .....	Donald P. Hodel
Secretary of Agriculture .....	Richard Lyng
Secretary of Commerce .....	C. William Verity
Secretary of Labor .....	Ann McLaughlin
Secretary of Health & Human Services .....	Otis Bowen
Secretary of Housing .....	Samuel R. Pierce, Jr.
Secretary of Transportation .....	James H. Burnley
Secretary of Energy .....	John S. Herrington
Secretary of Education .....	William J. Bennett
Chief of Staff to the President .....	Howard H. Baker, Jr.
Director of Office of Management & Budget .....	James C. Miller III

**EXECUTIVE, LEGISLATIVE AND JUDICIAL SALARIES**

January 1988

Position	Current Salary
President of the United States	\$200,000 <sup>1</sup>
Vice President of the United States	115,000
Members of the Senate	89,500
Members of House of Representatives, including the Resident Commissioner from Puerto Rico and the Delegates from the District of Columbia, Guam, and the Virgin Islands	89,500
Speaker of the House of Representatives	115,000
President pro tempore of the Senate	99,500
Majority and minority leaders of the Senate and the House of Representatives	99,500
<i>Other offices in the legislative branch:</i>	
Comptroller General of the United States	89,500
Deputy Comptroller General of the United States	82,500
General Counsel of the United States General Accounting Office	77,500
Librarian of Congress	82,500
Public Printer	77,500
Architect of the Capitol	82,500
Chief Justice of the United States	115,000
Associate Justices of the Supreme Court	110,000
Judges, Circuit, U.S. Court of Appeals	95,000
Judges, Court of Military Appeals	95,000
Judges, District Courts	89,500
Judges, Court of International Trade	89,500
Judges, Bankruptcy Court	72,500
<i>Other offices in the judicial branch:</i>	
Director, Administrative Office of the United States Courts	89,500
Deputy Director, Administrative Office of the United States Courts	72,500
Judges, United States Claims Court	82,500
<i>Offices and positions under the Federal executive salary schedule in subch. 11 of ch. 53 of title 5 of the United States Code:</i>	
Level I	99,500
Level II	89,500
Level III	82,500
Level IV	77,500
Level V	72,500
Governors, Board of Governors, U.S. Postal Service	10,000 <sup>2</sup>

<sup>1</sup>Plus \$50,000 official expense and up to \$100,000 travel allowance, effective Nov. 2, 1978<sup>2</sup>Plus \$300 per day plus travel allowance for each meeting up to 30 per year**PAY SCHEDULES FOR THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERANS ADMINISTRATION**

January 1988

Position	Minimum	Maximum
Chief Medical Director	Single rate	\$97,206 <sup>1</sup>
Deputy Chief Medical Director	Single rate	93,248 <sup>1</sup>
Associate Deputy Chief Medical Director	Single rate	89,314 <sup>1</sup>
Assistant Chief Medical Director	Single rate	86,782 <sup>1</sup>
Medical Director	\$73,958 <sup>1</sup>	83,818 <sup>1</sup>
Director of Nursing Service	73,958 <sup>1</sup>	83,818 <sup>1</sup>
Director of Podiatric Service	64,397	79,975 <sup>1</sup>
Director of Chaplain Service	64,397	79,975 <sup>1</sup>
Director of Pharmacy Service	64,397	79,975 <sup>1</sup>
Director of Dietetic Service	64,397	79,975 <sup>1</sup>
Director of Optometric Service	64,397	79,975 <sup>1</sup>

**PHYSICIAN AND DENTIST SCHEDULE\*\***

Director Grade	64,387	79,975 <sup>1</sup>
Executive Grade	59,462	77,300 <sup>1</sup>
Chief Grade	54,907 <sup>3</sup>	71,377 <sup>3</sup>
Senior Grade	46,679 <sup>3</sup>	60,683 <sup>3</sup>
Intermediate Grade	39,501 <sup>3</sup>	51,354 <sup>3</sup>
Full Grade	33,218 <sup>3</sup>	36,032 <sup>3</sup>
Associate Grade	27,718	36,032

**NURSE SCHEDULE**

Director Grade	54,907	71,377
Assistant Director Grade	46,679	60,683
Chief Grade	39,501	51,354
Senior Grade	32,218	43,181
Intermediate Grade	27,716	36,032
Full Grade	22,907	29,783
Associate Grade	19,713	25,626
Junior Grade	16,851	21,409

<sup>1</sup>Basic Pay is limited by section 5308 of title 5 of US Code to the rate of level V of the Executive Schedule, with rate payable of \$72,500.<sup>2</sup>Physicians are eligible in certain locations for "special pay" which is over and above basic pay, in amounts up to \$22,500 per annum. A "special" pay of up to \$10,000 also pertains to dentists under similar shortage conditions. Nurse salary rates may be higher in certain geographical areas because of local market conditions.<sup>3</sup>Basic Pay is limited by section 5308 of title 5 of US Code to the rate of level III of the Executive Schedule, with rate payable of \$82,500.<sup>4</sup>Basic Pay is limited by section 5308 of title 5 of US Code to the rate of level IV of the Executive Schedule, with rate payable of \$77,500.<sup>5</sup>These rates also pertain to podiatrist and optometrist; Chief, Senior, Intermediate, Full Grade and Associate—the upper five grades, the same as Nurse Schedule.

## CURRENT ANNUAL SALARY RATES General Schedule\* — January 1988

Longevity Steps	1	2	3	4	5	6	7	8	9	10
Grade GS 1	\$ 9,811	\$10,139	\$10,465	\$10,791	\$11,117	\$11,309	\$11,631	\$11,955	\$11,970	\$12,275
2	11,032	11,294	11,659	11,970	12,103	12,459	12,815	13,171	13,527	13,883
3	12,038	12,439	12,840	13,241	13,642	14,043	14,444	14,845	15,246	15,647
4	13,513	13,963	14,413	14,863	15,313	15,763	16,213	16,663	17,113	17,563
5	15,118	15,622	16,126	16,630	17,134	17,638	18,142	18,646	19,150	19,654
6	16,851	17,413	17,975	18,537	19,099	19,661	20,223	20,785	21,347	21,909
7	18,726	19,350	19,974	20,598	21,222	21,846	22,470	23,094	23,718	24,342
8	20,739	21,430	22,121	22,812	23,503	24,194	24,885	25,576	26,267	26,958
9	22,907	23,671	24,435	25,199	25,963	26,727	27,491	28,255	29,019	29,783
10	25,226	26,067	26,908	27,749	28,590	29,431	30,272	31,113	31,954	32,795
11	27,716	28,640	29,564	30,488	31,412	32,336	33,260	34,184	35,108	36,032
12	33,218	34,325	35,432	36,539	37,646	38,753	39,860	40,967	42,074	43,181
13**	39,501	40,818	42,135	43,452	44,769	46,086	47,403	48,720	50,037	51,354
14**	46,679	48,235	49,791	51,347	52,903	54,459	56,015	57,571	59,127	60,683
15**	54,907	56,737	58,567	60,397	62,227	64,057	65,887	67,717	69,547	71,377
16	64,397	66,544	68,691	70,838	72,985*	73,660*	75,765*	77,870*	79,975*	
17	73,968*	78,423*	78,888*	81,353*	83,818*					
18	86,682*									

\* Basic pay is limited by section 5308 of title 5 of the United States Code to the rate for level V of the Executive Schedule. Limited to \$72,500.

\*\* Merit pay for GS 13/15 **managers** and **supervisors** will get a GM rather than GS designation. For Merit Pay see chapter under heading of Performance Management and Recognition System (PMRS) which was established by P.L. 98-615, dated November 11, 1984.

In accordance with Executive Order No. 12622 of December 31, 1987, GS pay from Grade 16 step 6 thru Grade 18 were not subject to the 2 percent increase and remained at prior amounts as shown. However, they are still capped at \$72,500. This is *not* reflected in our detailed take-home pay tables which follow.

## FOREIGN SERVICE PAY SCHEDULE Annual Salaries — January 1988

Class	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14
1	\$54,907	\$56,554	\$58,251	\$59,998	\$61,798	\$63,652	\$65,562	\$67,529	\$69,555	\$71,377	\$71,377	\$71,377	\$71,377	\$71,377
2	44,491	45,826	47,201	48,617	50,075	51,577	53,125	54,718	56,360	58,051	59,792	61,586	63,434	65,337
3	36,051	37,133	38,247	39,394	40,576	41,793	43,047	44,338	45,668	47,038	48,450	49,903	51,400	52,942
4	29,213	30,089	30,992	31,922	32,879	33,866	34,882	35,928	37,006	38,116	39,260	40,438	41,651	42,900
5	23,671	24,381	25,113	25,866	26,642	27,441	28,264	29,112	29,986	30,885	31,812	32,766	33,749	34,762
6	21,161	21,796	22,450	23,123	23,817	24,531	25,267	26,025	26,806	27,610	28,439	29,292	30,171	31,076
7	18,917	19,485	20,069	20,671	21,291	21,930	22,588	23,266	23,963	24,682	25,423	26,186	26,971	27,780
8	16,911	17,418	17,941	18,479	19,033	19,604	20,193	20,798	21,422	22,065	22,727	23,409	24,111	24,834
9	15,118	15,572	16,039	16,520	17,015	17,526	18,052	18,593	19,151	19,726	20,317	20,927	21,555	22,201

Under the modified benefit formula, the first level of earnings is not multiplied by 90 percent. It will eventually be multiplied by only 40 percent. Following is the schedule of first level percentage changes.

Year You Reach Age 62 of Become Disabled	First Level Percentage
1986	80%
1987	70%
1988	60%
1989	50%
1990 or later	40%

The Windfall Elimination Provision affects an employee's benefit more if he or she has 25 years or less of substantial Social Security coverage. The reduction in the Social Security benefit because of the Windfall Elimination Provision will in no case be greater than one-half of the portion of the pension from employment not subject to Social Security taxes.

For additional information on the Windfall Elimination Provision, see the Chapter on **Social Security**.

**Cost-of-living adjustments** equal the annual percent change in the CPI (determined the same as under CSRS) minus 1 percent. However, if the CPI change is less than 3 percent, the COLA will be the lesser of the CPI change or 2 percent.

Increase in CPI	Annual COLA Percentage
Up to 2%	Same as CPI increase
2% to 3%	2%
3% or more	CPI increase minus 1%

The Special Retirement Supplement for retirees is not increased by COLAs; the Supplement for survivors is increased by COLAs.

COLA's are payable to all those retiring under special provisions for law enforcement officers, firefighters, air traffic controllers, military reserve technicians who are disabled after reaching age 50 and completing 25 years of service, special CIA personnel and Foreign Service members, as well as to all disability and survivor annuitants, except children. **COLA's are payable to other retirees only if they are at least age 62.**

An annuitant's first COLA is *prorated*, as under CSRS.

**Payout Options.** FERS Basic Annuity Plan benefits are generally paid in the form of an annuity. An immediate or deferred annuity, with or without survivor benefits, is payable at retirement or disability. Non-disabled retirees may withdraw their own contributions in a lump sum and receive a reduced annuity. Married retirees must have the consent of their spouse to obtain the lump sum payment. Individuals taking the lump sum option will receive an amount equivalent to their total contributions to the retirement fund. Their annuity will then be reduced according to an actuarial table used by OPM. If an employee is separating from federal service and is eligible for a deferred annuity, an employee may elect a fixed term annuity or transfer the funds to an IRA account. If the employee is separating and is not eligible for a deferred annuity, the funds may be transferred to an IRA account, but a lump sum withdrawal is not authorized. In the event of an employee's death, all funds are paid to eligible survivors or beneficiaries.

#### LUMP SUM WITHDRAWAL

Under the provisions of the legislation establishing the new Federal Employees Retirement System (FERS), a "lump-sum" withdrawal option was enacted. Retirees electing this option at retirement would receive a lump-sum amount based on their own contributions to the retirement fund and a reduced monthly annuity. The annuity would be reduced by 8 to 10 percent to account for the value of the lump-sum payment of career contributions at retirement.

**NOTE:** A temporary change to the lump-sum pension payment provisions was effective January 1, 1988. Under this rule, any employee planning to retire prior to October 1989 who wants to take the lump-sum option, will

receive only 60 percent of the lump-sum payment in 1988 and the remaining 40 percent, plus interest, in 1989.

The Office of Personnel Management has established a formula for computing the amount of the reduced annuity for those electing the lump-sum withdrawal.

To calculate the reduction in the annuity, you must know:

1. the amount you have contributed to your retirement account,
2. the amount of your monthly annuity, and
3. the "present value factor" for your age.

#### PRESENT VALUE FACTORS AS OF OCT. 1, 1987

Age	Factor	Age	Factor
50	251.3	58	204.9
51	245.1	59	199.0
52	239.9	60	194.1
53	234.2	61	189.5
54	228.5	62	182.3
55	222.2	63	176.4
56	216.2	64	169.9
57	210.5	65	163.6

In order to determine the amount of reduction in your annuity, divide your total retirement contribution by the "present value factor" above for the age you retire; subtract the result from your monthly annuity and the answer is the reduced annuity amount after withdrawing your lump-sum amount.

For example, a retiree, age 62 with retirement contributions of \$24,000 and a monthly annuity of \$1,100 would divide \$24,000 by 182.3 (present value factor for age 62) and get 132. Subtracting 132 from \$1,100 equals \$968, the reduced annuity amount.

Under current tax rules, the lump-sum contribution, if taken, will be subject to federal income tax (and possibly state tax) on a prorated basis. This taxation of a previously tax-free option, makes the lump-sum option less attractive. The lump-sum withdrawal provision also applies to employees retiring under FERS.

The OPM regulations on "lump-sum" withdrawals include the following additional conditions:

- Workers who are married at the time of retirement must obtain written, notarized consent from their spouses in order to make "lump-sum" withdrawals.
- Workers are barred from taking the "lump-sum" option if an existing divorce decree stipulates that a former spouse is entitled to a full survivor annuity.
- Workers who take disability retirements cannot use a "lump-sum" withdrawal option.

#### THRIFT SAVINGS PLAN COMPONENT

One of the more significant features of FERS is the opportunity for employees to participate in the Thrift Savings Plan. This voluntary, optional, defined benefit plan permits employees to contribute up to 10 percent of salary (limited to \$7,000 annually) to a tax-deferred savings plan. The government matches the employee contribution up to a maximum of 5 percent of salary. CSRS covered employees may also participate in the Thrift Savings Plan, however their participation is *limited to only 5 percent of salary and with no matching government contribution.*

#### Contributions:

Employees may contribute up to 10 percent of basic pay each year. The Executive Director of the Thrift Board is required to provide an "open season" every 6 months at which time employees may start or change contributions. Contributions may be terminated at any time. *A new employee cannot elect to participate until the second "open season" following his coverage under FERS. An employee who stops his contributions cannot start again until the second "open season" after he stopped.* Individuals covered by CSRS who elect to transfer to FERS may elect to contribute to the Thrift Plan during an election period beginning on the effective date of their election to become subject to FERS.

Agencies contribute 1 percent of pay for each employee who is eligible to participate in the Thrift Plan, regardless of whether or not that



employee elects to contribute. 1 percent employer contribution, and earnings attributable to it, are forfeited if the employee leaves Government service within 3 years, or 2 years in the case of noncareer SES members, employees under the Executive Schedule, excepted appointees in confidential or policy-making positions, Members of Congress, or Congressional employees.

In addition to the 1 percent contribution, for contributing employees, agencies match the full employee contribution up to 3 percent of pay, and half of the employee contribution exceeding 3 percent but not exceeding 5 percent of pay.

Employee Contribution	Government Contribution
First 3% of pay	\$1.00 for \$1.00
Next 2% of pay	\$ .50 for \$1.00
Next 5% of pay	-0-

**CSRS Participants.** Employees covered by the CSRS who elect to participate in the Savings Plan, may contribute up to 5% of pay. These funds may only be invested in the Government Securities Fund. This money will not be matched by the government.

**Tax Status of Contributions.** Funds contributed by employees and by the government (including investment income from those contributions) are "sheltered" from federal taxes as are funds invested under section 401(k) plans. Such funds are not subject to taxes until withdrawn at retirement or death or if the employee becomes disabled or leaves federal service after being vested in the basic annuity component of FERS.

An employee earning \$30,000, for example, may contribute \$3,000 (10%), and the government would match 5 percent or \$1,500. The employee would be taxed on only \$27,000 (\$30,000 salary less \$3,000 in contributions) and only that amount would be reported for federal tax purposes. The \$4,500 in contributions plus accumulated interest or dividends would not be taxed until withdrawn.

Employees leaving federal service before being vested, can only withdraw from the Thrift Savings Plan by rolling the amount over into an IRA or similar plan.

**Vesting.** Employees have immediate rights to contributions made to the Thrift Savings Plan except for the automatic 1 percent government contribution. The automatic 1 percent government contribution becomes vested after three years of service for career employees and after two years of service for non-career SES members, political appointees, Members of Congress and Congressional staff members.

**Investing in the Thrift Savings Plan.** Employees may elect to invest in one or all of three investment funds. The funds differ in the rate of return and amount of risk involved. The amount and type of investment can be changed up to twice a year during "open seasons". Following are the three types of funds established:

- **Government Securities Investment Fund**

This fund consists of special-issue securities guaranteed by the United States Government. During the first five years of FERS, all government contributions and a portion of the employee's contributions must be held in government securities. CSRS employees who participate in the Thrift Savings Plan will have all of their contributions invested in government securities.

Any money for which a fund is not designated will be invested in the Government Securities Fund.

- **Fixed Income Investment Fund**

This fund is designed to emphasize protection of your savings while providing an attractive rate of return. Your money will be invested in Guaranteed Investment Contracts (GICs), bank certificates of deposit or other private sector securities. These investments provide a fixed rate of return for a specified period of time.

- **Common Stock Index Investment Fund**

This fund consists of equity investments made in proportion to a diversified common stock index. It is designed for long-term growth. Since it is a stock fund, the rate of return will vary from time to time.

**Phase-In Period.** During the first 10 years of the Savings Plan, private

sector investment options will be phased into the plan. This means the amounts of money restricted to investments in government securities will vary according to the following schedule:

#### PERCENTAGE REQUIRED TO BE INVESTED IN GOVERNMENT SECURITIES

Year	Employee Contributions	Government Contributions
1987	100%	100%
1988	80%	100%
1989	60%	100%
1990	40%	100%
1991	20%	100%

After 1991, all employee contributions may be invested in private sector securities, at the employees' option.

1992	0	100%
1993	0	80%
1994	0	60%
1995	0	40%
1996	0	20%

After 1996, all funds may be invested in private sector and/or government securities at the employees' option.

**Loan Program.** A loan program is scheduled for implementation on January 1, 1988. At that time, employees will be able to borrow from their savings plan account for financial needs such as:

- Medical expenses not covered by health insurance;
- Purchase of an employee's primary residence;
- Educational expenses for employees or dependents;
- Financial hardship.

Employees will be able to borrow up to the full amount of their contributions, excluding the government's contribution.

**Administration.** The Thrift Plan is administered by an Executive Director, who is appointed by the Thrift Investment Board and is paid at the rate for level III of the Executive Schedule. The administrative expenses of the Thrift Plan are to be paid out of the Thrift Savings Fund.

The Federal Retirement Thrift Investment Board establishes policies governing the investment of the Thrift Fund and administration of the Thrift Plan. It is composed of 5 members appointed by the President.

Except with respect to money required to be held in Government securities, the Board is prohibited from directing the Executive Director to invest in or dispose of any specific investment.

#### 4. SURVIVOR BENEFITS

"Widow," "widower," "child," and "former spouse" are defined the same as under CSRS, except that a former spouse must have been married to an employee with at least 18 months of creditable (not necessarily covered) service under FERS.

##### Survivor benefits under the Basic Annuity Plan

**Death of retiree:** The widow or widower automatically receives 50 percent of the retiree's un-reduced annuity, unless a joint waiver of survivor benefits was filed at the time of retirement, or no survivor benefit was elected in the case of a post-retirement marriage. A partial survivor benefit cannot be elected.

**Death of employee:** If the employee had at least 18 months of creditable civilian service and was (a) married to the surviving spouse for at least 9 months, (b) the parent of a child of the marriage, or (c) the death was accidental, the widow or widower receives:

(a) a lump sum equal to 50 percent of the employee's final pay (or average pay, if higher), plus \$15,000, (to be increased by annual COLAs) and;

(b) if the employee had at least 10 years of creditable service, an annuity equal to 50 percent of the basic annuity that would have been payable to the employee without any reduction for age.

The survivor may elect to receive the amount in clause (a) as a lump sum, in monthly payments over 3 years, or over any other period permitted by OPM regulations.

**Death of former employee with title to deferred annuity:** If married to the employee on the date of separation, the widow or widower is entitled to:

(a) an annuity equal to 50 percent of the annuity that would have been payable to the decedent, assuming he had attained the minimum retirement age, provided that the employee had performed at least 10 years of service, or

(b) a refund of the former employee's retirement contributions, with interest, if no one else is entitled to the refund.

The annuity payable under (a) commences on the day after the decedent's sixty-second birthday or, if the survivor so elects, on the day after the former employee's death. An annuity beginning on the day after the former employee's death must be actuarially equivalent to the annuity that would have begun on the day after the former employee's sixty-second birthday.

**Death of a disability retiree before age 62:** The widow or widower receives 50 percent of the benefit the retiree would have been entitled to if the retiree were age 62 when he died. For purposes of computing the decedent's redetermined annuity, creditable service would be increased by the period between the date of death and the decedent's sixty-second birthday, and average pay would be adjusted by COLAs payable through the date of death.)

A widow's or widower's benefit is reduced by the amount of any survivor benefits payable to any former spouse or former spouses of the decedent.

**Supplementary annuity:** A widow or widower of a deceased retiree is also entitled to a supplementary annuity payable until age 60, equal to the lesser of —

(a) the excess of the CSRS survivor benefit that would be payable to the survivor if he or she were entitled to a CSRS survivor annuity, over the basic survivor benefit payable under FERS, or

(b) the Social Security survivor benefit that would have been payable as of the date the decedent died, assuming the survivor was then age 60.

The supplementary annuity is payable only if the widow or widower would be entitled to a Social Security survivor benefit at age 60.

The supplementary annuity is not payable if the widow or widower is entitled to Social Security survivor benefits before age 60 because he or she is disabled or is caring for a child of the deceased employee or retiree.

The supplementary annuity is increased by annual COLAs, just as the basic survivor annuity is.

**Former spouse benefits under the basic plan** A former spouse may receive survivor benefits to the extent provided in an election by the retired employee or qualified court order.

Court orders will be honored in the case of a former employee with title to a deferred annuity who dies before applying for an annuity. A court order will not be honored if it conflicts with an earlier joint waiver with respect to the former spouse.

A former spouse's survivor benefit cannot exceed the difference between the sum of 50 percent of the decedent's annuity and any survivor supplement payable, and the survivor benefit payable to any other former spouse of the decedent.

The lump sum payable to a deceased employee's widow or widower will instead be paid to a former spouse if expressly provided in a court order.

**Termination:** Survivor annuities under the Basic Annuity Plan paid to widows, widowers, and former spouses terminate upon remarriage before age 55.

**Children's annuities:** A child of a deceased retiree or a deceased employee with 18 months of civilian service receives the excess of the annuity the child would receive under CSRS, if so entitled, over the child's Social Security benefit. The assumed CSRS benefit is increased by COLAs and the child's Social Security benefit includes COLAs payable under the Social Security Act.

**An insurable interest annuity** under the basic plan equals 55 percent of the retiree's reduced annuity and is payable to the person designated by the retiree.

**Rights of spouses and former spouses under the Thrift Savings Plan.** A survivor annuity equal to 50 percent of a married employee's benefit is

provided automatically unless jointly waived by the employee and his spouse.

Divorce decrees are honored to the extent that they expressly relate to an employee's thrift account unless a joint waiver was executed earlier by the employee and the former spouse.

The total amount of survivor annuities payable based on the employee's account cannot exceed the survivor annuity option provided by the Board most closely approximating 50 percent of the employee's annuity.

A married employee cannot withdraw or transfer funds from his thrift account unless a survivor annuity has been jointly waived.

Any current and former spouses must be notified if thrift funds are transferred to a qualified plan.

An employee cannot borrow from his thrift plan contributions without his spouse's consent or if the loan would violate the terms of a court order.

## 5. DISABILITY BENEFITS

### Eligibility

- Employees must have 18 months of civilian service;
- Employees must have become disabled for useful and efficient service in the last position occupied; and
- Employee must not have declined a reasonable offer of a vacant position in the same agency and commuting area, at the same grade or pay level as the most recent position.
- *Military reserve technicians* who lose military status due to a disabling condition that is not considered a disability under FERS are deemed to be entitled to by the Government and do not decline an offer of an equivalent position in the same commuting area. However, disabled military reserve technicians who are at least age 50 with at least 25 years of service must retire under section 8414(c).

### Computation

- *For first year:* 60 percent of average pay minus any Social Security disability benefit the annuitant is entitled to receive.

(NOTE: If the annuitant becomes entitled to Social Security disability benefits after becoming entitled to FERS disability benefits, the FERS disability annuity is offset by either 100 percent or 60 percent of the Social Security disability benefit that would have been payable to the individual if such Social Security benefit had begun on the commencing date of the FERS annuity, increased by any COLAs paid to FERS annuitants between the commencing date of the FERS disability annuity and the actual commencing date of the Social Security disability benefit.)

- *After first year:* 40 percent of average pay, minus 60 percent of any Social Security disability benefit the annuitant is entitled to receive (See Note above.)
- The disability annuity after it has been offset by any Social Security disability benefit cannot be less than the annuity computed under the Basic Annuity Plan with respect to the employee.
- No COLAs are payable during the first year.
- At age 62 the annuity is recomputed as a nondisability annuity, including credit for the period of disability. Average pay is increased by COLAs payable to FERS annuitants during the period when the disability benefit was being paid. This redetermined annuity is payable only if it is less than the disability annuity reduced by the individual's Social Security disability benefit. For the purpose of this comparison, the individual is assumed to be entitled to Social Security disability benefits even if he actually is not. The annuity payable after age 62 continues to be subject to the floor described in (c) above.
- If the employee becomes disabled after reaching the age and service requirements for normal retirement (except the minimum retirement age/10 years of service option) or after reaching age 62, the annuity is computed as a nondisability annuity.

Provisions regarding applications, medical examinations, and recovery or restoration of earning capacity are essentially the same as under CSRS.

## 6. GENERAL PROVISIONS REGARDING BENEFITS UNDER FERS

**Court orders** Payments under FERS that would otherwise be made to an annuitant will be paid to a former spouse of the annuitant under the

terms of a court order of divorce, annulment, or legal separation.

#### Reemployment annuities

Basic annuities and disability benefits terminate on reemployment by the Government. The period of reemployment is covered by FERS unless the annuitant is serving as a Federal justice or judge or is subject to another retirement system for Government employees. When reemployment ends, the annuity is redetermined to include the reemployment. The redetermined annuity cannot be less than the terminated annuity plus any COLA's that would have been payable during the period of reemployment.

#### Commencement and termination of annuities

- Annuities begin the day after separation for military reserve technicians, disability retirees, those involuntarily separated, and those who are entitled to immediate annuities upon expiration of a term to which appointed or elected.
- Otherwise, retirement benefits under the basic plan begin the first day of the first month after separation.
- Basic annuity and disability benefits terminate on the day of death or other terminating event.

Provisions regarding waiver, allotment and assignment of benefits, retirement applications, withholding of State income taxes, exemption of payments from legal process, and recovery of payments are the same as under CSRS.

**Forms of Payment.** FERS Basic Benefits are generally paid in the form of an annuity. Non-disabled retirees may withdraw their own contributions in a lump sum and receive a reduced annuity.

## 7. TRANSFER OF CSRS EMPLOYEES TO FERS

Employees currently employed and covered by the Civil Service Retirement System (CSRS) may make an *irrevocable* election to transfer to FERS between July 1 and December 31, 1987. Employees separated from service who are reemployed on or after July 1, 1987 may elect to transfer to FERS within the six month period following reemployment.

Employees who transfer will have three separate computations for nondisability retirement:

- **CSRS benefit.** Based on the CSRS formula of 1.5 percent, 1.75 percent and 2 percent of creditable service up to the date of transfer. Sick leave is creditable, but only the lesser of the amount on the date of transfer or retirement. Credit for CSRS service is frozen, but the combined CSRS and FERS annuity will be based on the average of the highest three consecutive years of pay.
- **FERS benefit.** Based on the FERS formula of 1 percent (1.1 percent if retiring at age 62 or later with at least 20 years of service) using creditable service on and after the date of transfer. *No sick leave accumulation is used in the computation.*
- **Social Security Supplement.** A Social Security Supplement which approximates the Social Security benefit earned while employed

by the federal government if retired after the MRA with 30 years of service or at age 60 with 20 years of service, or upon involuntary retirement.

An employee who transfers receives disability and survivor benefits *only from FERS.*

Transferring employees will receive a full CSRS COLA on the CSRS portion of their annuity. All service (CSRS or FERS) counts toward years needed to be eligible for retirement, disability, survivor and Thrift Savings Plan benefits under FERS.

#### Retirement Computation—CSRS and FERS

##### Example:

John Jones, employed for 15 years under CSRS and another 15 years after transferring to FERS for a total of 30 years service, retires at age 63. His high three salary is \$30,000. The computation would be as follows, using estimated figures for his social security and thrift plan amounts:

CSRS:		
26.25% x \$30,000	.....	\$ 7,875
FERS:		
16.5% x \$30,000	.....	\$4,950
Social Security	.....	2,500*
Thrift Plan	.....	3,000*
		<u>10,450</u>
*Estimated figures		
Total annual retirement		\$18,325

## 8. REHIRES

If you leave government service and return *within* one year and you were previously covered under CSRS (without Social Security), then you will be covered by CSRS upon re-employment. However, you may elect to transfer to FERS, in which case you will be covered by Social Security.

If you leave government service and return *after* more than one year and you were previously covered under CSRS, then you are covered by Social Security and:

- If you have less than five years under CSRS, you are covered by FERS. You will receive credit for your CSRS service if you make any payments for your past service that may be required.
- If you have five or more years under CSRS, you are covered by CSRS. Your CSRS contributions are reduced by 100% of your Social Security, OASDI taxes. Your CSRS benefit will be offset by any Social Security benefit attributable to your Federal service. You may transfer to FERS.

If you are rehired under CSRS, you may elect to transfer to FERS within six months of re-employment or during the six-month period beginning July 1, 1987, whichever comes first.

# SOCIAL SECURITY

## COVERAGE OF FEDERAL CIVILIAN EMPLOYMENT

Prior to 1984 the law excluded from coverage Federal civilian employment that was covered under a staff retirement system (such as the civil service retirement system) established by a law of the United States. The Act also excluded from coverage services performed by Members of the Congress and legislative employees, who had an option to be covered under the civil service retirement system. Many were therefore excluded from social security coverage because they were covered under a Federal staff-retirement system. More than a quarter million employees *not covered under staff-retirement systems* were covered by social security.

The Social Security Amendments of 1977 directed the Secretary of Health and Human Services to undertake a study and report on mandatory coverage of employees of Federal, State, and local governments and of nonprofit organizations in consultation with the Office of Management and Budget, the Office of Personnel Management, and the Department

of the Treasury. The study was designed to examine the feasibility and desirability of coverage of these employees and include alternative methods of coverage, alternatives to coverage, and an analysis, under each alternative, of the structural changes which would be required in retirement systems and the impact on retirement system benefits and contributions for affected individuals. The report was released to the President and the Congress on March 25, 1980.

## NEW FEDERAL EMPLOYEES COVERED

Following the report by Treasury, OPM, and OMB to the President and Congress in 1980, Congress passed P.L. 98-21 which provided that Federal employees hired after December 31, 1983 would be covered by Social Security. However, a second law P.L. 98-168, furnished authority for a transition period from January 1, 1984 through December 31, 1985 for these new hires, and was further extended by P.L. 99-335 to Decem-

ber 31, 1986. Included in this last Public Law was the creation of the new Federal Employees Retirement System (FERS), and included the details for optional transfers of the pre-1984 CSRS employees into FERS, so that they too could be brought under Social Security coverage. (See also Part II of Retirement chapter.)

**Federal employees newly hired after December 31, 1983, covered by Social Security, pay 7.51 (effective 1/1/88) percent Social Security taxes. This also includes employees with previous Federal service (other than rehired annuitants) if their break in service was a year or longer, certain current Federal employees are to be covered under Social Security since December 1983, including:**

- Legislative branch employees who are not covered by the Civil Service retirement system on December 31, 1983.
- All members of Congress, the President, and the Vice-President
- Sitting Federal judges.
- Most political appointees, including non-career members of the senior executive service.

<b>Changes in Social Security and Medicare Effective January 1, 1988</b>	
<b>Wage Base:</b> (The maximum amount of annual earnings on which Social Security taxes and benefits are paid.)	<b>1988 \$45,000</b>
<b>Tax Rate:</b> (Percentage of wage base deducted)	
Employees	7.51%
Employers	7.51%
Self-employed*	13.02%
<b>Earnings Test:</b> (The amount people can earn annually without having any Social Security benefits withheld. For every \$2 earned over the exempt amount, \$1 in Social Security benefits is withheld.)	
Age 65-70	<b>\$8,400</b>
Under age 65	<b>\$6,120</b>
Age at which earnings test does not apply	<b>70</b>
<b>Social Security Credits:</b> (The amount a worker must earn to receive one quarter of coverage. A maximum of 4 quarters of coverage can be earned in a year.)	<b>\$470</b>
<b>Medicare Hospital Insurance:</b> Hospital insurance deductible and co-insurance: Your cost of covered services for up to the first 60 days in the hospital:	<b>\$540</b>
Your cost for the 61st through 90th days in the hospital:	<b>\$135</b>
Your cost for the 60 reserve days:	<b>\$270</b>
<b>Skilled Nursing Facility:</b> Your cost for the 21st through 100th day	<b>\$67.50</b>
Basic medical insurance monthly premium	<b>\$24.80</b>

#### ELIGIBILITY

Though excluded as a group from social security coverage, many Federal employees under the civil service retirement system may qualify for benefits under both the civil service retirement system and the social security program which includes Medicare. As of Dec. 31, 1975, about 40 percent of all Civil Service Annuitants were also entitled to social security benefits based on their own earning records. It is therefore important for career Federal employees to know the conditions of their eligibility for social security benefits and how the program works.

A federal employee not covered may earn social security credits:

1. Through employment under social security prior to entering the civil service retirement system.
2. While employed as a temporary federal employee, with deductions from pay for social security.
3. Through parttime employment under social security while full-time career federal employee.

4. By operating a business after hours of full-time federal employment.
5. Through employment or self-employment under social security after retirement or separation from a civil service position.

Many women career federal employees have protection for themselves and their children based on their husband's work under social security, in addition to that earned by their own work under the civil service retirement system. When a Supreme Court ruling in March 1977 liberalized the requirements for entitlement to husbands and widowers benefits Congress enacted an **offset provision**. This requires that the spouses social security benefit be reduced by the amount of public (e.g., civil service) employee pension for which the spouse is eligible. For example, if the spouse gets a public employee pension of \$200 a month, that pension would completely offset any social security spouse's benefit of up to \$200 a month. But if the social security spouse's benefit was \$250, the spouse could get the \$200 public employee pension and \$50 of the social security spouse's benefit, for a total monthly benefit of \$250. The change in law took effect for people applying for spouses' benefits beginning with Dec. 1, 1977. However, husband and widowers who were receiving half support from their wives, divorced women whose marriages lasted at least 20 years, married women and widows, were exempted from the offset if they became eligible for the public service pension before Dec. 1, 1982. As a result these people *will not have a social security spouse's benefit offset*.

**Public Pension Offset.** The Public Pension Offset is a provision of the Social Security Law that reduces the Social Security benefit received by a spouse or surviving spouse if that person is also entitled to a government pension not covered by Social Security, including federal employees under the Civil Service Retirement Systems (CSRS).

Any person who becomes eligible for a CSRS, CIA or Foreign Service retirement benefit after June 1983, is subject to this reduction and will have any Social Security spouse or survivor benefit reduced or possibly eliminated. For every three dollars received from a federal pension plan, the Social Security Benefit is reduced by two dollars.

**NOTE:** A new change to the Public Pension Offset law requires that employees under FERS remain under that system for five years before they are relieved from the Social Security offset.

For example, if you were receiving an annuity of \$600 a month and were also eligible for a Social Security spousal benefit of \$200 a month, the Public Pension Offset would be two-thirds of the monthly \$600 CSRS or FERS annuity, or \$400. Since the offset amount is larger than the \$200 Social Security benefit, the Social Security benefit would be eliminated.

#### CREDITABLE EMPLOYMENT

Before any benefits can be paid to a worker or his or her dependents or survivors, the worker must have enough credit for work covered under social security. A quarter of coverage is the measure used by social security to determine the amount of work a person needs.

Beginning in 1988, employees and self-employed people will earn one quarter of coverage for each \$470 of covered earnings in a year, up to a total of four quarters for the year. The \$470 measure is the result of a current annual increased amount starting in 1984, 1985, 1986, 1987, and 1988, and will be increased each year automatically under a formula to take account of increases in average wage levels nationally.

Under the old law and through 1977, most employees earned a quarter of coverage for each calendar quarter in which they were paid \$50 or more in wages covered by social security. Agricultural workers earned one quarter of coverage for each \$100 of covered annual earnings up to four quarters of coverage in a year. Self-employed people earned four quarters of coverage if they had \$400 or more in net earnings from self-employment for the year. Now, at least \$470 in net income is required to qualify for social security self-employment coverage. But quarters of coverage are based on \$470 in 1988; thus the \$460 minimum for self employment income tax reporting **will not** yield one quarter of coverage.

The change in the quarter of coverage measurement was accompanied in the 1977 legislation by a conversion to annual reporting of wages by most employers. Prior to 1978, employers were required to report employee wages quarterly to the Internal Revenue Service. Now most employers report wages annually to the Social Security Administration as well.

Employment covered by the law can be computed for credit from January 1, 1937, and self-employment from January 1, 1951.

Almost all part-time employment or self-employment of a Federal employee and employment or self-employment by a civil service annuitant is now covered by the social security law. *Generally, Federal employees in temporary positions are under social security as long as they hold temporary positions.*

Since January 1, 1957, members of the Uniformed Services are covered under social security for service performed by such members while on active duty or active duty for training. (See Section 3 of chapter on Retirement for further discussion on credit for military service of a Federal employee under the Civil Service retirement system as compared with the Social Security system and their respective benefits. Part II of the current edition of Uniformed Services Almanac, available from Uniformed Services Almanac, Post Office Box 76, Washington, D.C. 20044, provides a detailed discussion on the subject of social security for members of the Uniformed services.

## CREDITS NEEDED

Social Security credit for purposes of insured status is given in terms of calendar quarters in which work covered by social security is performed. These need not be consecutive quarters. A calendar quarter is a 3-month period beginning either January 1, April 1, July 1, and October 1 each year.

The exact amount of work credit depends on your age. Table 1 shows the number of credits (i.e., quarters) needed for a *fully insured* status, and Table 2 reflects Contribution Rate Schedule for Employees and Employers (each).

**TABLE 1. CREDITS (QUARTERS OF COVERAGE) NEEDED TO BE FULLY INSURED BEFORE 1986**

Year in which a worker reaches age 62 or dies	Will need credit for work during this number of calendar quarters	Which is equivalent to this period of work under Social Security
1982	31	7¾ years
1983	32	8 years
1984	33	8¼ years
1985	34	8½ years
1986	35	8¾ years
1987	36	9 years
1988	37	9¼ years
1989	38	9½ years
1990	39	9¾ years
1991 & later	40	10 years

**TABLE 2. CONTRIBUTION RATE SCHEDULE FOR EMPLOYEES AND EMPLOYER (EACH)**

Years	Percent of Covered Earnings Retirement Survivors RSDI	For Hospital Insurance	Total Percent
1985 .....	5.7	1.35	7.05
1986-1987 .....	5.7	1.45	7.15
1988-1989 .....	6.06	1.45	7.51
1990 & After .....	6.2	1.45	7.65

Section 102 of P.L. 98-21 (the Social Security Amendments of 1983) provides that employees of nonprofit organizations who are extended Social Security coverage as a result of the mandatory coverage provisions in the 1983 amendments and who meet certain requirements, are deemed to be fully insured for all purposes under title II of the Social Security Act. This provision was designed to protect some older workers who would otherwise not work long enough in covered employment before they retired to qualify for Social Security benefits even though they are required to pay Social Security taxes under the amendment.

Specifically, an individual can be deemed fully insured if on January 1, 1984 the person was at least 55 and employed by a nonprofit organization whose employees received coverage solely as a result of the 1983 amendments. In addition, the employees described above, must acquire, after December 31, 1983, the number of quarters covered (QC's) as follows:

## Work Credit for Non-Profit Organization Employment

Age on January 1, 1984	Number of Required QC's
Age 60 or older	6
Age 59 or over but less than 60	8
Age 58 or over but less than 59	12
Age 57 or over but less than 58	16
Age 55 or over but less than 57	20

## DISABILITY

To obtain *disability* insurance benefits, a worker, age 31 or over, needs credit under social security for at least 5 years of work out of the 10 years ending when disability occurred. If disabled before age 24, credit for 1½ years of work in the 3 years period ending when the disability began and if between 24 and 31, credit is needed for half the time between the 21st birthday and the time the person became disabled. Special rules apply to disability caused by blindness.

By law, to be eligible for disability benefits, a person must have a disability that is so severe it makes him unable to "engage in any substantial gainful activity." It must be a physical or mental condition that will show up in medical tests and examinations and one that is expected to continue for at least 12 consecutive months or to result in death. The disability must have begun at least 5 months before the month in which the person reaches 65. A waiting period of 5 months after the disability began is required before benefits begin. However, a disability claim may be filed as soon as the disability occurs.

Civil Service employees should bear in mind that disability has a specific meaning under the social security law. Thus, the fact that an employee is entitled to payments for "total disability" from another Government agency does not mean that, in every case, the person will also be eligible for disability benefits under social security. These benefits, however, may be received by eligible persons in addition to civil service disability payments.

Under a recent change in the law, however, a person's Social Security disability benefits can be reduced if he or she receives certain Federal, State, or local disability payments. It is effective for those workers whose onset of disability was March 1, 1981, or later and whose first month of entitlement was September 1981 or later. As a result, not all eligible persons will receive their full Social Security disability benefit in addition to their *full* civil service disability payment.

## BENEFITS

**Types of Benefits That Can Be Paid.** When a person has earned the Social Security credits needed for a fully or currently insured status, the following types of benefits can be received.

- (1) Old-age insurance benefits for the person and dependents.
- (2) Survivor insurance benefits for dependents upon death, plus a lump-sum death payment.
- (3) Disability insurance benefits for the person and dependents regardless of age when disability occurs at least 6 months before age 65. Benefits for persons who became entitled to DIB in September 1981 and later may be reduced if the federal annuity is also based on disability.
- (4) Old-age insurance benefits at 70 regardless of whether the person is retired or not.

**Beneficiaries.** Table 3A shows the beneficiaries and the insured status (*fully or currently insured*) needed to receive social security benefits.

Social Security *retirement benefits* are payable to both men and women as early as age 62 based on their earned credits. Benefits paid before age 65 are permanently reduced because of the longer period of time that benefits will be received. Payment amounts are also reduced if a spouse, widow or widower starts getting payments before age 65.

**Disability benefits** are payable to workers who become disabled before age 65 (See discussion above on Disability.) A severely disabled person may obtain benefits even though he or she can do some work. Social security benefits may be paid to a child under age 18 and continue to any age if the child was disabled before he or she reached age 22. Details on disability benefits under Social Security are available in a free pam-

phlet entitled, "If You Become Disabled," from the Social Security Administration, Baltimore, Maryland 21235.

If a worker dies, payments can go to certain survivors of the worker's family (See Table 3B above). A lump sum payment also can be made when a worker dies. The lump-sum payment is made to widow or widower if residing with the deceased at the time of death, or if no such widow(er) exists, to a spouse or child who was eligible for monthly benefits for the month of death. The lump-sum payment is \$255.

Benefits also can go to a divorced spouse at age 62 or over, or a surviving divorced spouse at age 60, or to a disabled surviving divorced spouse age 50 or older, if the marriage lasted 10 years or more. Children may be eligible for social security benefits based on a grandparents earnings under certain conditions.

**TABLE 3A. SOCIAL SECURITY BENEFITS AND "INSURED STATUS" NEEDED**

RETIREMENT PAYMENTS	
<i>Monthly payments to—</i>	<i>If you are—</i>
You as a retired worker . . . . .	Fully insured
<i>And monthly payments to you—</i>	
Spouse (or divorced spouse, if married for at least 10 years) 62 or over . . . . .	
Dependent child (under 18 or any age if disabled before age 22) . . . . .	
Student child 18 or 19 if full time high school student . . . . .	
Spouse (regardless of age) if caring for entitled child under age 16 or disabled . . . . .	
SURVIVOR PAYMENTS	
<i>Monthly payments to you—</i>	<i>If at death you were—</i>
Widow or widower 60 or over . . . . .	Fully insured
Widow or widower or divorced spouse (regardless of age) if caring for child . . . . .	Either fully or currently insured.
Dependent parent (mother or father 62) . . . . .	Fully insured.
Divorced spouse 60 or older, or spouse 50-59 and disabled (if married for at least 10 years) . . . . .	Fully insured.
<i>Lump-sum payment to you—</i>	
Widow or widower, if living with you in the household; otherwise can go to spouse or child who was eligible for monthly benefits for the month of death . . . . .	Either fully or currently insured.
DISABILITY PAYMENTS	
<i>Monthly payments to—</i>	<i>If you are—</i>
You and your dependents* if you are totally disabled for work . . . . .	Fully insured and have 20 quarters** of credit in the 40 calendar quarters ending with the one in which you became disabled.

\*Children under 18, children under 18 if still in school, disabled child 18 or older (who became disabled before 22nd birthday), spouse at any age if caring for child or children under 16 or disabled and entitled to benefits, husband of wife at age 62 whether or not a child entitled to benefits is in care.  
 \*\*If you are less than 31, you need fewer than 20 quarters of credit, depending on when your disability began.

Generally a marriage must have lasted at least one year before dependents of a retired or disabled worker can get monthly benefits; survivors can get benefits in most cases if the marriage lasted at least 9 months. More information is available in pamphlet, "Your Social Security" available from the Social Security Administration, Baltimore, Maryland 21235.

Women earn social security credits and benefits for themselves and their families based on their own work under social security regardless of whether their husbands work is covered. A woman can obtain disability insurance benefits based on her own social security credits, and as a disabled widow at age 50 through 59 based on her husbands social security credits.

A person who qualifies for benefits on the record of more than one worker (for example, on one's own and spouse's record), will receive an amount equal to the larger of the two amounts.

If, in addition to social security as a spouse, widow or widower, benefits are paid based on recipient's work in public employment (e.g., civil service) not covered by social security, benefits as a dependent or survivor will be reduced by the amount of the public service pension. An

exception to the law, provides that the government pension will not affect a wife's or widow's social security benefits if eligible for the public service pension before December 1, 1982 or husband or widowers social security benefit if the husband or widower received half support from his wife and becomes eligible for the public service pension before Dec. 1, 1982. (See discussion in section on ELIGIBILITY).

**Amounts of Social Security Benefits.** Up through 1978 social security payments have usually been based on average earnings under social security over a period of years, using the actual dollar value of past earnings.

Currently, Social Security benefits are computed by determining an individual's yearly earnings up to a maximum of 35 years, averaging them into a monthly amount called the Average Indexed Monthly Earnings

**TABLE 3B. PERCENTAGES FOR DEPENDENTS AND SURVIVOR PAYMENTS**

When you retire, become disabled or die, monthly benefits can be paid to you—	This % times your monthly amount (before any reduction for age)
Spouse of divorced spouse 62 or older or spouse at any age with your entitled child (under 16 or disabled) in care . . . . .	50%
Child under 19 who qualifies as a student or who is over 18 and is disabled before age 22 . . . . .	50% (if you are alive) 75% (if you are deceased)
Widow(er) or surviving divorced spouse who is at least age 60 or disabled and age 50-59 . . . . .	100% <sup>1 2</sup>
Child(ren)'s mother or father or surviving divorced mother or father . . . . .	75%
First dependent parent . . . . .	82½%
Second dependent parent (if two parents are entitled at the same time, each would receive 75% . . . . .	75%

<sup>1</sup>A divorced spouse must be 62 even with a child in care . . . . .  
<sup>2</sup>A divorced spouse must have been married to the worker for at least 10 years . . . . .

<sup>1</sup>Reduced for months of entitlement before age 65.  
<sup>2</sup>Not reduced below 75% if the widow(er) or surviving divorced spouse have your entitled child in care

(AIME) and then applying the Social Security formula to the amount. This computation results in the Primary Insurance Amount (PIA). The Social Security formula has three levels. Each level of earnings is multiplied by a specified percentage. The first level of earnings is multiplied by 90 percent; the second level by 32 percent; and the final level by 15 percent.

For a worker retiring at age 62 in 1987 the benefit formula was:

- 90% of the first \$310 of the AIME plus
- 32% of the AIME between \$310 and \$1866 plus
- 15% of the AIME over \$1866

The percentage amounts are established by law, but the dollar amounts are indexed and will usually change each year.

The new method is intended to insure that benefits will reflect changes in wage levels over a working lifetime and will have a relatively constant relationship to pre-retirement earnings.

**ELIMINATION OF WINDFALL SOCIAL SECURITY BENEFITS**

**Basic Provision.** The Social Security Amendments of 1983 (PL 98-21) provide for the elimination of windfall Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. The provision provides for a different, less heavily weighted, Social Security benefit formula to be used for such persons.

Specifically, the 90 percent factor applied to a worker's average earnings in the first band of the benefit formula is replaced by a factor of 40 percent for workers who are receiving a pension based on noncovered employment.

**Phase-In Period.** The lower factor will be phased in gradually for work-

ers who reach age 62 or become disabled in 1986 through 1989 and will be fully effective for workers who reach age 62 or become disabled in 1990 or later. The following table illustrates this phase-in:

Year of Age 62 or Disablement	First Factor in Formula
1986	80 percent
1987	70 percent
1988	60 percent
1989	50 percent
1990 and after	40 percent

**Rationale.** The purpose of the windfall provision is to remove an unintended advantage that the heavy weighting in the benefit formula provided for persons who have large pensions from noncovered employment. The weighting is intended to help career low-wage workers by providing them with a benefit that is higher in relation to their prior earnings than the benefit provided for workers with high career earnings. However, the formula also helped people who spent only part of their careers in covered employment at relatively high wages whose Social Security benefits were computed as if they were long-term, low wage workers.

**Requirements for Windfall to Apply.** The new benefit formula applies to workers who are first eligible after 1985 for both

1. a pension based on noncovered employment; and
2. a Social Security retirement or disability benefit.

A person is considered "eligible" to receive a pension if he or she meets the requirements of the pension plan before January 1986, even if still working.

#### Exceptions to Windfall.

1. **Exception based on age**—The new benefit formula will be phased-in gradually for workers who reach age 62 or become disabled in the years 1986 through 1989, becoming fully effective in 1990 and later.

2. **Exception based on years of coverage**—Workers receiving pensions based on noncovered employment who also have a substantial number of years of covered employment can qualify for a more heavily weighted benefit formula.

Workers with 30 years of coverage are fully exempt. Workers with 26 through 29 years of coverage are partially exempt; the lower weighting will be applied based on a declining scale.

For years prior to 1951, a year of coverage is credited for each \$900 in aggregate earnings. For the years 1951-1978, a year of coverage is credited when a worker has earned at least one quarter of the maximum amount of annual earnings in covered employment used for benefit purposes; beginning in 1979, a worker must earn at least one quarter of the 1978 earnings base adjusted each year to reflect changes in the economy.

#### 3. Additional Exceptions

- Federal workers who are newly covered on January 1, 1984 under the mandatory coverage provisions of the 1983 amendments;
- Persons employed by a nonprofit organization on January 1, 1984 that is covered under the compulsory coverage provision in the 1983 amendments;
- Persons entitled to a pension based on railroad employment; and
- Persons entitled to a pension based entirely on noncovered employment prior to 1957.

**Windfall Guarantee.** There is a guarantee in the windfall provision designed to protect workers with relatively low pensions based on noncovered employment. The guarantee provides that the reduction in the Social Security benefit cannot exceed one-half of that part of the pension based on post-1956 noncovered earnings. **For further information contact your personnel office or local Social Security office.**

Social security benefits for people on the rolls will increase automatically in future years as the cost of living rises. Each year, living costs will be compared with those of the year before. If living costs have increased

3 percent or more, benefits will be increased by the same amount and will be included in payments issued the following July unless Congress has already acted to raise benefits.

**Individuals reaching age 62 in 1984 and later will have their benefits figured under a complex formula which involves "indexing". You should consult your local Social Security office for information on the amount of money you can expect to receive. However, due to the complexity in estimating one's retirement benefits, it is suggested that you get a copy of "Estimating Your Social Security Retirement Check" which is available from all Social Security Offices.**

The following table, although it does not reflect the specific amount you will receive, it will give you some idea of amounts of maximum and average payments as of January 1988.

#### EXAMPLES OF MONTHLY PAYMENTS

Benefit Category	January 1988 Payment
I. <b>Maximum Social Security benefit</b> Maximum benefit, worker retiring in 1987 at age 65	\$ 822
II. <b>Average Social Security benefits</b> All retired workers	513
Aged couple, both receiving benefits	876
Widowed mother and two children	1077
Aged widow alone	468
Disabled worker, wife, and children	919
All disabled workers	508
III. <b>Maximum Federal SSI payments*</b> Individual	354
Couple	532

\* Most States provide payments supplementing the Federal SSI payment levels for some or all categories of recipients.

If a person is eligible for both a worker's benefit and a spouse's benefit, the check actually payable is limited to the larger of the two. Also the maximum amount payable to a family is generally reached when a worker and two family members are eligible.

There is an exception to the application of the windfall provision for persons who, though eligible for a pension from noncovered employment (i.e. Civil Service Requirement), worked for many years under Social Security.

The new benefit formula for those affected by the windfall provision will be phased in gradually for workers who reach age 62 or become disabled in the years 1986 through 1989, becoming fully effective in 1990 and later.

A retired worker and spouse can get full monthly checks if they wait until 65 to start getting benefits. This is true even though the method used to figure payments is based on when a worker reaches age 62.

**Special minimum benefit.** There is a special minimum benefit at retirement for some people who worked under social security over 20 years. This helps people who had low earnings (but still above a specified level) in their working years. The amount of the special minimum depends on the number of years of coverage. Effective December 1987, the special minimum for a worker with 30 or more years of coverage is \$402. Most people who have worked 20 years or more under social security already receive benefits higher than the special minimum.

Years of coverage from 1937 to 1950 are determined by dividing the total wages for those years by \$900, with a maximum of 14 years of coverage counted for that period. After 1950 and through 1978, a year of coverage is any year a person has earnings of at least 25% of the maximum covered by social security for that year. Beginning with 1979, a year of coverage is credited if a worker has the following amount of earnings in the year:

1979 — \$4725	1983 — \$6675	1987 — \$8175
1980 — 5100	1984 — 7050	1988 — 8400
1981 — 5550	1985 — 7425	
1982 — 6075	1986 — 7875	

The automatic cost-of-living benefit increases also apply to the special minimum benefit amounts starting in 1979.

The following information is limited to retirement checks for people who reach 62 in 1979 through 1983.

Individuals reaching age 62 and later, benefits will be figured only under the new method. The adjusted method covers average earnings indexed from 1951 and on. Your benefit rate will be increased automatically to keep pace with changes in the cost of living. However, due to the complexities involved by indexing, it is again suggested you contact your local Social Security office for information on the amount of money you are to receive.

#### WHEN TO RETIRE

For consideration of those eligible for Social Security Benefits.

- **Early Retirement**—Benefits can be paid as early as 62. Such benefits are reduced for each month of retirement before age 65, up to 20 percent for a worker who starts receiving benefits at age 62. A widow or widower may apply for Social Security survivors benefits on the earnings record of a deceased spouse as early as age 60.
- **Delayed Retirement**—People who delay retirement past 65 receive a 3 percent retirement credit for each year after age 65 up to 70. Starting in 1990, the delayed retirement credit will increase gradually until it reaches 8 percent by the year 2008.
- **Effects of Earnings**—There is a limit to how much a person can earn and still receive Social Security benefits. The amount of the annual earnings limit depends on one's age and changes each year with increases in general wage levels. A monthly test is applied the first year of retirement, which makes it possible for a person to retire at any time of the year without having earnings in the months before retirement reduce benefits. For people who plan to continue to work after retirement, it's important to let Social Security know how much they expect to earn.
- **Medicare**—People don't have to retire to get Medicare. A person who plans to keep working after age 65 can still get Medicare coverage by applying at any Social Security office. Medicare provides help with hospital and doctor bills for people age 65 and over.
- **Income Tax**—Under a recent change in the law, the Social Security benefits of people in the higher income levels may be taxable. While only about 10 percent of beneficiaries are affected by this change, people should determine how this may affect their benefits if their income is high.
- **Effects of Other Types of Income**—To encourage people to plan for their retirement using Social Security as a base, the law provides that in general, only income from wages and self-employment count against Social Security benefits. This means that income from savings, private insurance, and other income may not affect benefits.

However, the public pension offset may affect a spouse's Social Security benefits if he or she also receives a pension from Federal, State or local government employment not covered by Social Security. Also, starting in 1986, people who become eligible for both a Social Security benefit as a retired or disabled worker and a pension from work not covered under Social Security will have their Social Security benefit reduced.

#### EARNED INCOME AFTER SOCIAL SECURITY STARTS

If you go back to work and are under age 70, your earnings may affect your social security benefits. You don't have to stop working completely, though, to get social security benefits. You can receive all benefits if your earnings do not exceed the annual exempt amount.

If your earnings go over the annual exempt amount, \$1 in benefits for each \$2 of earnings above the limit will be withheld. Starting in January 1978, a person may use the monthly test only in the first year he or she has a month in which earnings do not exceed 1/12 of the annual exempt amount or does not perform substantial services in self-employment. For example in 1981, if such a month occurs, a benefit can be paid for any month in which you had earned \$458 or less (if age 65 or older) or \$340 (if under 65) and you didn't perform substantial services in self-employment even though your total yearly earnings exceeds the annual amount. For people 65 and over, the calendar year exempt amount was \$5,500 in 1981; \$6,000 in 1982; to \$6,600 in 1983, \$6,960 in 1984, \$7,320 in 1985, \$7,800 in 1986, \$8,160 in 1987, and to \$8,400 in 1988. After that, the limit will increase automatically as the level of average wages rises. The

limit for people under 65, \$6,120 in 1988, will also continue to increase.

(Note: Different rules apply to work performed by people getting benefits because they are disabled. For more information, ask for a copy of the leaflet, "If You Become Disabled," at any social security office.)

If you are getting retirement checks, your earnings may affect your dependent's checks as well as your own. If you get checks as a dependent or survivor, your earnings can affect only your own check.

#### FINANCING

During working years under social security, employees, their employers, and self-employed people pay social security contributions. Part of the contributions made goes for hospital insurance under Medicare. You and your employer each pay an equal share of social security contributions. If you are self-employed, you pay contributions for retirement, survivors, and disability insurance at a rate about equal to 2 times the employee rate. The hospital insurance contribution rate is the same for the employer, the employee, and the self-employed person. As long as you have earnings that are covered by the law, you continue to pay contributions regardless of your age and even if you are receiving social security benefits. Table 4 shows the social security financing available for the calendar years 1957-1988.

The total tax rate for both employer and employee will increase to reach 7.65 percent in 1990. The maximum amount of taxable income also will rise automatically as earnings levels rise. This will mean higher benefits later because a greater portion of a worker's earnings will be counted towards social security. Every year the increase in average covered wages will be determined, and if wage levels have increased since the base was set last the base will be raised—but only if there is an automatic benefit increase the same year.

TABLE 4. SOCIAL SECURITY FINANCING SCHEDULE  
CALENDAR YEARS 1957-1987<sup>3</sup>

Calendar years	Maximum annual taxable earnings	Tax Rate: Employer and Employee, Each			Maximum Employee Tax
		OASDI <sup>1</sup>	HI <sup>2</sup>	Total	
1957-58	\$ 4,200	2.25%	—	2.25%	\$ 94.50
1959	4,800	2.5	—	2.5	120.00
1960-61	4,800	3.0	—	3.0	144.00
1962	4,800	3.125	—	3.125	150.00
1963-65	4,800	3.625	—	3.625	174.50
1966	6,600	3.85	.35%	4.2	277.20
1967	6,600	3.9	.5	4.4	290.40
1968	7,800	3.8	.6	4.4	343.20
1969-70	7,800	4.2	.6	4.8	374.40
1971	7,800	4.6	.6	5.2	405.60
1972	9,000	4.6	.6	5.2	468
1973	10,800	4.85	1.0	5.85	631.80
1974	13,200	4.95	.9	5.85	772.20
1975	14,100	4.95	.9	5.85	824.85
1976	15,300	4.95	.9	5.95	895.05
1977	16,500	4.95	.9	5.85	965.25
1978	17,700	5.05	1.0	6.05	1,070.85
1979	22,900	5.08	1.05	6.13	1,403.77
1980	25,900	5.08	1.05	6.13	1,587.67
1981	29,700	5.35	1.30	6.65	1,975.05
1982	32,400	5.40	1.30	6.70	2,170.80
1983	35,700	5.40	1.30	6.70	2,391.90
1984	37,800	5.70	1.30	7.00	2,646.00
1985	39,600	5.70	1.35	7.05	2,791.80
1986	42,000	5.70	1.45	7.15	3,003.60
1987	43,800	5.70	1.45	7.15	3,131.70
1988	45,000	6.06	1.45	7.51	3,379.50

<sup>1</sup>Old-Age Survivors and Disability Insurance.

<sup>2</sup>Hospital Insurance.

<sup>3</sup>After 1983 the base will continue to increase per average wage levels.

The maximum tax to be paid by employees under social security will be \$3,379.50 for 1988.

#### MEDICARE

Medicare benefits for government workers. P.L. 97-248 of September 8, 1982 provides Medicare hospital benefits for those qualifying government workers who retire in 1983 or later. Under the provisions of law,



any Federal employee working before January 1, 1983, and was employed before January 1, 1983, will receive deemed (awarded) quarters of coverage for purposes of Medicare for his or her Federal service prior to January 1983. Quarters of coverage are the same as are needed by any wage earner for full Social Security benefits. The Federal or Postal employee can therefore use the pre-1983 deemed coverage combined with quarters coverage earned in government after January 1, 1983 or other FICA coverage earned at any time outside of Government.

Public Law 99-335, the Federal Employee Retirement Systems Act (FERS), brought all new employees after 1983 under Social Security coverage including Medicare. This also made it optional for the pre-1984 employees to transfer into FERS and get full social security coverage.

Beginning in January 1983, the Medicare hospital insurance portion of Social Security Tax was deducted from paychecks of all federal and postal employees. The deduction was made even though the employee was fully insured—based on a maximum of 40 quarters coverage or less depending on age of the employee. New employees starting January 1983 were subject to the payroll deduction. Currently the deduction is 1.45% for 1988, see Table 4 for details. These employees will also accumulate quarters coverage accordingly.

The Medicare benefits will only be available when you have proper coverage and have reached age 65, or are disabled for 24 months, or if suffering kidney failure and dialysis is needed. There are also certain benefits for other family members based on the qualifying *employee eligibility* for benefits. Employees will not be eligible for other Social Security benefits other than Medicare hospital insurance unless the full Social Security (FICA) deduction has been made—either while employed in or outside of government.

Medicare is a Federal health insurance program that protects people age 65 and over against the high cost of health care. For those who continue as Government employees over age 65, and are "fully insured" are eligible for Medicare hospitalization at that time. Many Federal civil service workers and annuitants, will now be covered under social security for Medicare hospital insurance. Also eligible are disabled people under 65 who have been entitled to social security disability benefits for 24 or more consecutive months (including adults who are receiving benefits because they have been disabled since childhood). Insured workers and their dependents who need dialysis treatment or a kidney transplant because of permanent kidney failure also have Medicare protection.

The hospital insurance part of Medicare helps pay the cost of inpatient hospital care and certain kinds of followup care, also the medical insurance part of Medicare helps pay the costs of physicians' services, outpatient hospital services, and for certain other medical items and services not covered by hospital insurance. People who have medical insurance pay a monthly premium. The basic premium is \$17.90 per month. (Civil service annuitants may have premiums deducted from their annuity checks.)

**Employed medicare beneficiaries age 65 through 69 are subject to having their Government Employees Health Plan as the primary insurance and Medicare as the secondary payer of medical treatment costs. At age 70 Medicare becomes your primary insurance.**

**Information for civil service annuitants about Medicare.** Most civil service employees and annuitants are covered by prepayment plans of the Federal Employees Health Benefits Program which make health services available to members in a special way, some without additional charges and others with small charges for certain services. The program is administered by the Office of Personnel Management and includes a service benefit plan administered by Blue Cross-Blue Shield, an indemnity benefit plan administered by the Aetna Life and Casualty Company, various employee organization plans as well as group- and individual-practice prepayment plans in various parts of the country. Each of these plans has specific contracts with the Office of Personnel Management governing benefits to be paid under the Federal Employees Health Benefits Program.

**Duplicate Coverage.** An annuitant who is enrolled in a plan under the Federal Employees Health Benefits Program can keep his Federal employee plan, low option, along with his hospital insurance under Medicare. However, he can have Medicare's Hospital Insurance at no cost only if he is (or becomes) entitled to monthly social security or railroad retirement benefits, or is qualified under Federal employment per P.L. 97-248.

Otherwise he must enroll for Hospital Insurance and pay the premium. Canceling his Federal Employee Health Benefits plan will not make him eligible for non-premium Hospital Insurance.

No plans in this Program will stop coverage because of Medicare. However, all Federal employee plans will adjust any benefits payable so they supplement, rather than duplicate Medicare benefits. Benefits will be paid in full or in a reduced amount which, when added to the Medicare benefit, will not exceed 100 percent of allowable expenses.

**Should Annuitants Keep or Cancel Their FEHB Plan?** An annuitant should compare the Medicare benefits with those described in the brochure of the particular plan he happens to be in. Usually the plans under the Federal Employee Health Benefits Program give protection against the same expenses as Medicare but most of the plans pay benefits for expenses beyond and in addition to those which Medicare covers.

An annuitant enrolled in the high option of a plan which has two options, may change to the low option of his plan at any time if he is eligible for Medicare by writing to the Office of Personnel Management. Since most low options will adequately supplement Medicare, an annuitant who has full Medicare coverage (Hospital and Medical Insurance) for himself and his wife should consider changing to the less expensive low option of his plan.

More details for the civil service annuitants are provided in the pamphlet, "Medicare and Federal Employees Health Benefits," (BRI-49-290B) published by the Office of Personnel Management, Washington, D.C. 20415, and in the pamphlet, "Your Medicare Handbook," published by the Social Security Administration, Baltimore, Maryland 21315.

## SOCIAL SECURITY OFFICES

There are more than 1,300 social security offices located throughout the 50 States, and in Puerto Rico and the District of Columbia. Any one of these offices will give you accurate information on social security matters any time you go in or call by telephone. You can get the street address and telephone number of your nearest social security office from the postmaster of any U.S. post office. Much time can be saved by calling the Social Security Office before visiting. You may be able to transact your business completely by phone.

**When to Contact a Social Security Office.** Before you or your family can get any social security benefits, you must apply for them. Do not delay in filing a claim if you are retiring or you are a spouse or surviving spouse. Benefits cannot be paid retroactively in most cases, and, if so, for not more than 12 months. Get in touch with any social security office if:

- (1) You're unable to work because of an illness or injury that is expected to last a year or longer.
- (2) You're 62 or older and plan to retire.
- (3) You're within 2 or 3 months of 65 even if you don't plan to retire. A delay in applying for monthly benefits can cause loss of some benefits.
- (4) Someone in your family dies.
- (5) If you or a dependent needs dialysis treatments or a kidney transplant because of a permanent kidney failure.

Make sure that your spouse or another member of your family is aware of these important times to contact the social security office.

**Social Security Number.** Your social security number is required in order to credit your account with earnings under social security. It is also used for Federal income tax purposes. Show your card to your employer when you start work. Upon request, show it to anyone who pays you income that has to be reported. You can apply for a social security card at any social security office.

**Records.** Your employer is required to give you a statement of the social security contributions deducted from your pay. This is done at the end of each year or when you stop working for that employer. These records, such as Form W-2, will help you check on your social security record.

Self-employed persons are responsible for reporting their own earnings—and the earnings of their employees—for social security purposes. Self-employed earnings must be reported as a part of filing an annual income tax return and taxes are paid through this return. Federal employees who net as much as \$400 per year from self-employment must be reporting their earnings and paying income taxes on these earnings and also earn social security quarter(s) credits in 1988 if the annual earnings are \$470 or more.

## FLEXIBLE (FLEXTIME) AND COMPRESSED WORK SCHEDULES

The Federal Employees Flexible and Compressed Work Schedules were first introduced in P.L. 95-390 in 1979 as an experimental program of three years in the use of flexible and compressed work schedules for employees of agencies of the Executive branch of the United States Government. The Office of Personnel Management (OPM) was charged with the management of the program. As a result of the findings from the experimentation, OPM recommended to the President and the Congress that legislation be enacted authorizing the continued use of flexible and compressed work schedules (collectively referred to as alternate work schedules or AWS) in the Federal Government. This resulted in the passage of P.L. 97-221 on July 23, 1982 which authorized the program in Government. However, the legislation included a "sunset" provision to ensure timely evaluation of the AWS program.

The original three year experiment eventually included more than 1,500 organization units involving some 325,000 employees. It covered the entire spectrum of Federal agencies and activities, and for the most part was very well received. Nevertheless, 93 of the experiments were terminated due to declines in productivity, efficiency, and work scheduling difficulties. Since then the total number of AWS programs in effect has expanded to more than 2,000 units.

In the OPM study in 1985 they reported that, based on six years of experience, AWS appears to be generally successful and to have relatively few drawbacks in productivity, service, or cost. In some circumstances, alternative work schedules can have beneficial effects by increasing hours of service or productivity. Also, these schedules can afford benefits to employees in meeting non-work needs and in enhancing employee satisfaction. For example, working mothers can use the flexibility available to schedule work so as to better meet both home and office responsibilities. Generally, alternative schedules can allow Federal employees to spend more time with their families, and the schedules are very well-liked by employees.

The experience in the last three years indicates that problems are relatively few, and in many cases can be resolved by modifying or limiting the alternative schedule rather than terminating it. With diligent attention, most problems can be prevented, or if they do arise, and are resolved through the cooperation of the parties concerned, the alternative schedules can be not only beneficial to employees but responsive to the taxpayers.

The latest 1985 OPM recommendation was in support of making permanent the authority which was to expire December 31, 1985, for Federal agencies to utilize flexible and compressed work schedules.

Legislation in 1985 was finally passed by Congress, P.L. 99-196 signed by the President on December 23, 1985, making the AWS program permanent.

The type of schedules under the program, the same as permitted during the experimentation, are varied. In addition to 4-day, 10-hour-a-day workweeks which give employees three-day weekends there are alternate 4 and 5 day workweeks in which employees work about 8

hours, and 50 minutes a day so that the workweeks over a two-week period average out to 40 hours a week. This gives employees alternate three-day weekends. Also, the schedule options include staggered work hours during the day. For example, an employee can work 10 hours one day, 7 hours the next, etc. Under this type of schedule, the 8-hour day can be ignored. Likewise a full-time employee must account for the 80-hour basic work requirement. The 40-hour week is no longer necessary.

### FLEXIBLE WORK SCHEDULES

Flexible work schedules, commonly called flextime, refer to a variety of arrangements in which fixed times of arrival and departure are replaced by a working day composed of two different types of time—core time and flexible time. Core time is the designated period during which all employees must be present. Flexible time is designated as part of the schedule of working hours within which employees may choose their time of arrival and departure from the work site within limits consistent with the duties and requirements of their position. The only other requirement of a flexible work schedule is that employees must account for the *basic work requirement*. The basic work requirement is the number of hours, excluding overtime hours, which an employee is required to work or to otherwise account for by an appropriate form of leave.

### COMPRESSED SCHEDULES

Like flexible schedules, compressed work schedules may also take a variety of forms. The most common compressed schedule is the 4-day week, referred to as the 4/40 schedule. However, a compressed schedule is a fixed schedule which enables the full-time employee to complete the basic work requirements of 80 hours in less than ten full work days in each biweekly pay period. There are no flexible times in a compressed schedule. Employees' time of arrival and departure from the work site are set as are the days on which they are to complete the basic work requirement. For employees working under compressed schedules, overtime pay will continue to be paid for work outside the compressed schedule.

This system permits a variety of flexible and compressed work schedules without requiring the Government to pay prohibitively expensive overtime payments. The Act also modified premium pay and scheduling provisions of title 5, United States Code and the Fair Labor Standards Act. However, the provisions of law are suspended only for purposes of permitting flexible and compressed schedules and are not intended to deprive employees of presently existing benefits.

1. Protection of premium pay and holiday benefits
2. Protection of employees against coercion
3. Preservation of the collective bargaining process
4. Protection of the public interest and efficiency of government operations.

## OTHER THAN FULL-TIME EMPLOYMENT

Federal agencies employ people on a variety of work schedules. While most Federal employees work on an 8 hour per day/5 day per week basis, there are also provisions for employing workers on a *part-time* schedule (usually 16 to 32 hours per week), or on an *intermittent* basis in which the employee has no fixed schedule, but works as needed. There are also provisions for employing *seasonal* employees and *on-call* workers. These types of employees usually work only a portion of each year.

To provide agencies and employees with guidance on these forms of employment, OPM issued Federal Personnel Manual Chapter 340 on Other Than Full Time Employment.

### PART-TIME EMPLOYMENT

**General Provisions.** Federal agencies have set up over 20,000 part-time

jobs within the last few years to provide opportunities for people unable to work full-time, for example, parents with family responsibilities, handicapped and older individuals, and students. In 1978, the Federal Employees Part-time Career Employment Act, established a continuing program for the promotion and expansion of part-time employment and made the following significant changes in Federal personnel management practices:

- Narrowed definition of part-time career employment from scheduled work of less than 40 hours per week to scheduled work *between 16 and 32 hours per week*, for employees who become part-time on or after April 8, 1979.

- Required agencies to establish programs to expand part-time career employment opportunities in competitive and excepted positions at grade levels through GS-15 or equivalent.

- Required agencies to report to the Office of Personnel Management (OPM) on progress in meeting part-time career employment goals.
- Changed the method for counting part-time employees against agency personnel ceilings by requiring the counting of part-time employees on the basis of the fractional part of the 40-hour week actually worked. (See **FTE System** below).

- Prorated the Government contribution for the health insurance of eligible employees who become part-time on or after April 8, 1979, on the basis of the fraction of a full-time schedule worked.

The legislation also prohibits an agency from abolishing an occupied full-time position in order to create part-time jobs unless the employee has requested conversion to part-time.

An employee on a permanent part-time schedule before April 8, 1979, may work any schedule of less than 40 hours per week so long as the employee remains in that or any other permanent part-time position without a break in part-time service. A detail or temporary promotion to a full-time position does *not* count as a break in part-time service.

**Benefits and Rights.** A part-time employee:

- Can, in most agencies, arrange for temporary variations in the work schedule.
- Can request a switch to full-time schedule and vice-versa.
- Will have pay computed by hourly rate.
- Is entitled to receive overtime pay for work over 8 hours a day, or over 40 hours a week; compensatory time may be granted in such situations.
- Earns annual leave according to the number of hours worked per pay period.
- Is paid for a holiday if it falls on a scheduled work day.

Additionally, a permanent part-time employee:

- Receives a full year of service credit for each calendar year worked for computing retirement, date of career tenure, within-grade pay increases, leave category, and time-in-grade; however, work time is prorated to determine experience for qualification requirements.

- Is eligible for retirement, life insurance and health benefits. By a new law, part-time service *after April 6, 1986* is pro-rated in determining retirement annuities. Thus the law *does not* apply to part-time service before April 17, 1986.

- Is, in general, entitled to the same overall appeal rights and protection in adverse action and reductions in force proceedings as full timers. Part-timers are in separate competitive levels for reduction-in-force purposes and can compete only for other part-time positions.

**Personnel Ceiling System Changes (FTE System).** An important change has been made in the personnel system which controls the size of the work force in Federal agencies.

- Beginning October 1, 1981, executive branch agencies (excluding the Department of Defense and the U.S. Postal Service) shifted to a *full-time equivalent/work year (FTE)* system of ceiling allocation and control for all employment subject to ceiling.

The FTE system replaced the numerical end-of-year personnel ceilings which were used to control the size of the Federal work force for many years.

## ON-CALL EMPLOYMENT

**General.** Federal agencies have a hiring option available to help respond rapidly to unpredictable fluctuations in workload. Under the **on-call employment** program, a limited portion of an agency's workforce can be hired on a work-as-needed basis for heavy workload periods. The program provides management with a trained cadre of permanent employees, available on short notice to supplement the full-time workforce during above average workload periods. It reduces excessive use of overtime, and protects the full-time work force from reductions in force when workloads temporarily fall off.

On-call employment is distinguished from the career-seasonal form of employment used in many agencies by the nature of work performed and the prospect of eventual conversion to full-time employment. On-call employment is designed for dealing with a fluctuating, largely unpredictable workload rather than an annually recurring or "seasonal" one.

**Conditions of Employment.** "On-call employees" are permanent career or career-conditional employees who are hired on a work-as-needed basis, for service during periods of heavy workload with a mini-

mum service period expected to be at least 6 months each year. They are subject to expedited release and recall procedures and are eligible for full fringe benefits and eventual noncompetitive conversion to full-time employment.

**Crediting On-Call Service.** On-call employees receive the same service credit as full-time permanent employees for the time they spend in a pay status. In addition they receive varying amounts of credit for time in non-pay status.

**Probationary Period.** The employee's 1 year probationary period is computed by the amount of time the employee spends in pay status. In addition, up to 22 days of the employee's time in a non-pay status is also creditable towards completion of the probationary period.

**Service Credit.** Employees receive service credit for retirement and leave accrual rate purposes for up to 6 months of non-pay status in each calendar year.

**Career Tenure.** Only the first 30 calendar days of each period of non-pay status is creditable toward career tenure.

**Within-Grade Increases.** Employees serving in Federal Wage System positions receive credit for within-grade increases for up to 1 week in non-pay status for step 2, up to 3 weeks for step 3, etc. On-call employees serving in positions under the General Schedule receive credit for within-grade increases for up to 2 weeks in non-pay status for steps 2 through 4, 4 weeks for steps 5 through 7, etc.

**Benefits.** On-call employees are entitled to the same pay rates and fringe benefits as full-time employees. Additionally, life insurance and health benefits coverage for on-call employees is continued for up to 365 days of non-pay status. They can be converted to full time without further competition, are entitled to participate in agency merit promotion programs and may be reassigned, detailed or non-competitively promoted under applicable procedures.

**Reduction in Force.** Reduction-in-force procedures do not apply to the temporary release of on-call employees to non-pay status or to their recall to pay status. In the event it becomes necessary to conduct a reduction in force, on-call employees will be placed in a separate competitive level from full-time employees and will have assignment rights only to other on-call positions.

## SEASONAL EMPLOYMENT

For purposes of this discussion, seasonal employment means recurring periods of work lasting less than 12 months each year, performed by employees serving under permanent appointments.

Seasonal employment is intended to enable agencies to develop an experienced cadre of career employees to perform work which recurs during an identified portion of the year. For example, seasonal employees work in parks and forests, Internal Revenue Service and passport offices, and other organizations where the work is characterized by seasonal fluctuations.

A seasonal employee is released to nonpay status at the end of the season and recalled to duty for the next season. A seasonal layoff in accordance with preestablished condition of employment is not considered a furlough as defined in 5 U.S.C. 7511, and is not subject to procedures for furlough prescribed in either 5 CFR 351 (Reduction in Force) or 5 CFR 752 (Adverse Action). Seasonal release and recall pro-

### Statistics for Savers . . .

Want to figure out how quickly your money will double? Just divide the interest rate you are earning into 72. The answer is the number of years it will take your original savings to double. Example: Your savings are earning 8%. Dividing 8 into 72 gives you an answer of 9, which means that it will take 9 years for your money to double.

Looking further ahead, you may want to know how long it will take your money to triple. Here, divide the interest rate into 115 to determine how many years until your nest egg triples. For example, if your money is earning 8%, it will triple in a little over 14 years (115 divided by 8 equals 14.38).

cedures however, must be established in advance and uniformly applied. These may be based on performance, seniority, veterans preference, other appropriate indices, or a combination of factors.

Consistent with the career-conditional or career appointment, a seasonal employee receives the full range of benefits provided to attract and retain a stable work force.

### INTERMITTENT EMPLOYMENT

By definition, intermittent employment is employment without a regularly scheduled tour of duty. This means that intermittent employment is appropriate for a position in which the nature of work is sporadic so that a tour of duty cannot be regularly scheduled in advance.

Because intermittent employees do not have a regular schedule, they do not earn leave, and are not eligible for health benefits or life insurance coverage unless the intermittent employment follows, without a break in service in excess of three days, employment in a covered position.

When an agency decides to use an intermittent employee for regularly scheduled work, and schedules an intermittent employee, in advance of the pay period, to work at some time during each administrative week for more than two consecutive pay periods, the agency is required to change the employee's work schedule from intermittent to part time (or full time in the case of a 40 hour per week schedule) and to issue an SF 50, Notification of Personnel Action, documenting the change. The employee would then be entitled to the benefits appropriate to the work schedule and appointment, i.e., leave and service credit.

## TRAVEL ALLOWANCES

The following is a summary of the travel allowances contained in Chapter 1 of the Federal Travel Regulations (FTR), FPMR 101-7.

### GENERAL RULES

The Travel Expense Amendments Act of 1975 (Public Law 94-22, effective May 19, 1975) authorized the Administrator of General Services to promulgate regulations regarding official travel by civilian employees of Government agencies, including civilian employees of the Department of Defense, but excluding employees of the judicial branch of the Government. General rules which apply to official travel are: (1) the employee is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business, (2) traveling expenses which will be reimbursed are confined to those expenses essential to the transaction of the official business, and (3) all travel shall be authorized or approved by the head of the agency or by an official to whom such authority has been delegated.

Public law 99-234 effective January 2, 1986, removed the statutory ceilings on per diem allowances and actual subsistence expense reimbursements for Federal civilian employees on official travel within the conterminous U.S. and authorized GSA's Administrator to establish appropriate maximum rates administratively (effective July 1, 1986). The Administrator established lodging-plus per diem as the predominant reimbursement system for travel within the conterminous United States (CONUS). Thus, reimbursement is based as the amount the traveler pays for lodging, plus a fixed allowance for meals and incidental expenses, the total not to exceed a maximum daily rate set by locality.

Additionally, Public Law 99-234 expanded eligibility for relocation allowances to U.S. Postal Service employees transferring to other Federal agencies. It also required GSA to collect data from agencies spending over \$5 million a year on travel and relocation payments. It expands eligibility for travel reimbursements to include employees on official travel who experience illness, injury, or personal emergencies and authorizes payment of subsistence and transportation expenses for threatened law enforcement investigative employees.

### TRANSPORTATION ALLOWABLE

Transportation expenses which the government may pay either directly or by reimbursement include fares, rental fees, mileage payments and any expenses incident to transportation such as baggage transfer, official telephone, telegraph, radio, and other messages in connection with items classed as transportation; and other expenses discussed in the following paragraphs. Travel must be by the method of transportation which will be most advantageous to the government. Methods of transportation authorized for official travel include railroads, airlines, helicopter service, ships, buses, streetcars, subways, and taxicabs; Government-furnished and contract rental automobiles and airplanes, and privately owned airplanes, automobiles and motorcycles. Employees should use courtesy transportation service when provided by hotels/motels between the place of lodging at the temporary duty point and common carrier terminal.

### COMMERCIAL TRANSPORTATION

It is the general policy of the Government that less-than-first-class accommodations shall be used for all modes of passenger transportation. When air or rail transportation are required it is mandatory with certain limited exceptions to use the contract carriers between the city/airport pairs are published in a GSA monthly publication entitled "Federal Travel Directory." In addition to the city-pair listing, the directory contains contract fares, discount lodging accommodations, ground transportation information and transportation guidelines applicable to Federal travelers. The directory is available from your appropriate Government travel or administrative office or may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

### REIMBURSEMENT FOR USE OF PRIVATELY OWNED CONVEYANCES

When the use of a privately owned conveyance is authorized, reimbursement is on a mileage basis generally as follows:

- (1) For use of a privately owned motorcycle: 20 cents per mile
- (2) For use of a privately owned automobile: 20.5 cents per mile.
- (3) For use of a privately owned airplane: 45 cents per mile

In lieu of the use of taxicab to and from carrier terminal or between residence and office on day of travel, payment on a mileage basis is allowable for use of privately owned automobile not to exceed the one way taxi fare. Parking fees and road and bridge tolls are generally reimbursable.

### PER DIEM TRAVEL WITHIN CONUS

A lodgings-plus per diem system was effected on July 1, 1986, as the predominant reimbursement system for travel within CONUS. Under the lodging-plus system, employees are reimbursed for the actual cost of lodging (supported by receipts) plus a flat daily allowance for meals and incidental expenses (M&IE)—the total of these amounts may not exceed the applicable maximum locality per diem rate. The M&IE rate, currently \$25 or \$33 depending on the locality involved, is payable without itemization of expenses or receipts. It is prorated on the first and last day of travel by dividing the calendar day into quarters and allowing one-fourth of the M&IE rate for each quarter in travel status. The applicable locality per diem rate is determined by the location of the temporary duty assignment. No per diem is allowed for travel of 10 hours or less.

An agency may determine that the lodgings-plus method as prescribed above is not appropriate in circumstances such as when quarters or meals, or both, are provided at no cost or at a nominal cost by the Government or when for some other reason the subsistence costs to be incurred by the employee can be determined in advance. In such instances a specific per diem rate may be established and reductions made, but the adjustments must be made in advance of the travel.

**Per Diem Rates:** Maximum per diem rates are prescribed for 523 defined localities within CONUS. A standard CONUS rate is prescribed for any location within CONUS that is not included in one of the defined localities for which a specific rate is prescribed.

**PER DIEM TRAVEL OUTSIDE CONUS**

A flat-rate per diem system (with quarter day computations) applies for travel outside CONUS. Per diem shall not be allowed for travel of 10 hours or less during the same calendar day unless the travel period is 6 hours or more and begins before 6 a.m. or ends after 8 p.m.

**Per Diem Rates:** Per diem allowances may be authorized within the following maximums:

(1) For travel in nonforeign areas; i.e., Alaska, Hawaii, Puerto Rico, and possessions of the United States, at a rate not in excess of the rates prescribed by the Secretary of Defense and published in the Federal Register under per diem rate changes.

(2) For travel in any foreign area situated outside CONUS and the nonforeign areas described above, at a rate not in excess of the rates prescribed by the Secretary of State and published in the Standardized Regulations (Government Civilians, Foreign Areas).

For computing per diem allowances, official travel begins and ends at the time the traveler leaves and returns to his home, office, or other point of departure or return.

**PRESCRIBED MAXIMUM PER DIEM RATES FOR CONUS**

The maximum locality per diem rates listed below are found in Chapter 1, appendix 1-A, of the FTR. GSA will make periodic changes to the per diem rates; therefore, employees should consult with their employing agencies for current rates at the time travel is performed. Employees should also check their agency regulations for locality definitions to determine per diem rates for cities not listed below. The rates below are effective for travel performed on or after August 1, 1987. (Note that the amount shown is the combined figure for lodgings and meals and incidental expenses.)

**REIMBURSEMENT OF ACTUAL SUBSISTENCE EXPENSES**

An agency may authorize necessary actual subsistence expense reimbursement not to exceed 150 percent of the applicable per diem rate for travel within CONUS (150 percent of the per diem rate or the per diem rate plus \$50, whichever is greater, for travel outside CONUS) when special or unusual circumstances exist and the applicable per diem locality rate would clearly be insufficient to cover the necessary subsistence expenses. Approval should be obtained by the employee before travel begins, but when justified, it may also be approved after completion of the travel. The FTR details the requirements for itemization, receipts, etc.

**Partial Listing of Cities and Rates**

Los Angeles .....	\$110
San Diego .....	100
San Francisco .....	95
Aspen .....	105
Denver .....	96
Vail .....	110
Washington, D.C. ....	117
Atlanta .....	102
Chicago .....	113
Boston .....	108
Las Vegas .....	102
Atlantic City .....	136
Newark .....	108
New York City .....	136
Philadelphia .....	107
Newport .....	113
Hilton Head .....	117
Dallas .....	107

**Other City Rates—continued**

Birmingham .....	\$ 75	Bismarck .....	\$ 69
Huntsville .....	73	Akron .....	77
Little Rock .....	73	Cincinnati .....	75
Death Valley .....	118	Cleveland .....	90
San Mateo .....	99	Columbus .....	79
Colorado Springs .....	68	Lima .....	67
Pueblo .....	62	Sandusky .....	80
Wilmington .....	86	Toledo .....	75
Fort Myers .....	81	Oklahoma City .....	72
Orlando .....	79	Tulsa .....	68
Pensacola .....	69	Portland .....	75
Savannah .....	66	Erie .....	66
Peoria .....	78	Harrisburg .....	85
South Bend .....	73	Mechanicsburg .....	61
Sioux City .....	64	State College .....	69
Kansas City .....	85	Warminster .....	78
Wichita .....	78	Providence .....	96
Covington .....	71	Charleston .....	74
Louisville .....	71	Greenville .....	67
New Orleans .....	85	Rapid City .....	74
Bath .....	87	Chattanooga .....	65
Annapolis .....	95	Knoxville .....	74
Baltimore .....	83	Nashville .....	77
Worcester .....	80	Amarillo .....	71
Battle Creek .....	65	Austin .....	80
Detroit .....	86	Brownsville .....	65
Lansing .....	71	Corpus Christi .....	78
Warren .....	68	Galveston .....	76
Duluth .....	67	Houston .....	93
Minneapolis .....	77	Lubbock .....	71
Jackson .....	75	San Antonio .....	75
Natchez .....	70	Wichita Falls .....	66
St. Louis .....	82	Ogden .....	68
Kansas City .....	85	Salt Lake City .....	85
Great Falls .....	64	Vernal .....	64
Omaha .....	75	Charlottesville .....	76
Reno .....	69	Manassas .....	75
Portsmouth .....	81	Norfolk .....	80
Dover .....	87	Petersburg .....	67
Albuquerque .....	84	Richmond .....	79
Los Alamos .....	69	Wallops Island .....	76
Santa Fe .....	95	Seattle .....	91
Buffalo .....	75	Spokane .....	72
Rochester .....	88	Charleston .....	73
Schenectady .....	79	Wheeling .....	66
Syracuse .....	82	Green Bay .....	69
Durham .....	61	Milwaukee .....	80
Morehead City .....	78	Wausau .....	71
Wilmington .....	70	Cheyenne .....	68

**MISCELLANEOUS EXPENSES ALLOWANCE**

Charges are allowable for necessary stenographic or typing services or rental of typewriters in connection with the preparation of reports or correspondence, clerical assistance, services of guides, interpreters, a room at a hotel or other place to transact official business. For travel outside the contiguous U.S., expenses incurred for conversion of currency, trip insurance and travel documents are allowable. Reimbursement is allowable for travelers checks, money orders, and certified checks. Other miscellaneous expenditures may be allowed when necessarily incurred by the traveler while performing official business.

**FEDERAL EMPLOYEE CREDIT CARD**

As a result of a contract between the General Services Administration (GSA) and Citicorp's Diners Club, an increasing number of federal employees are using credit cards to pay for their official government

travel. More than 60 federal departments and agencies have converted their travel systems to the card. Using the Citicorp Diners Card, federal employees pay for routine travel expenses such as airplane tickets, hotels and meals and then are billed for those expenses at their home addresses. Employees are reimbursed by their agencies for the allowable amounts of the charged expenses. The program was developed to eliminate, or at least reduce, cash accounts maintained by agencies for travel advances.

#### ADVANCE FUNDS

Employees traveling on official business shall provide themselves with funds for all current expenses. However, Government contractor charge cards, and transportation request forms and travel advances may be used to reduce the need for travelers to use their own money. An advance may be made through proper disbursing officers to any person entitled to per

diem, mileage advances, or subsistence expenses, or for the procurement of transportation by group or charter for any sums as may be deemed advisable considering the character and probable duration of the travel to be performed or the cost of the transportation to be paid for by the employee. As a general rule, advances shall be held to a minimum and allowed only when it is indicated that an advance is warranted.

#### RECORDS OF TRAVEL AND EXPENSES

All persons authorized to travel on business for the Government should keep a record of expenditures properly chargeable to the Government, noting each item at the time the expense is incurred and the date. The information thus accumulated will be available for the proper preparation of travel vouchers when itemization is required to satisfy reimbursements.

## RELOCATION ALLOWANCES

The following is a summary of the relocation allowances contained in Chapter 2 of the Federal Travel Regulations (FTR), FPMR 101-7.

#### APPLICABILITY

Persons eligible for all or part of the allowances contained in Chapter 2 include civilian employees upon transfer from one station to another, or upon assignment to or return (or separation) from posts of duty outside the conterminous United States; civilian officers and employees transferred from the United States Postal Service to an agency; Department of Defense overseas dependents school system teachers; new appointees (including student trainees assigned upon completion of college work) to positions within the 50 States and the District of Columbia for which the Office of Personnel Management determines a manpower shortage exists; and new appointees to Senior Executive Service (SES) positions and certain Presidential appointees to their first official duty station. Eligible new appointees (i.e., manpower shortage, SES, and Presidential appointees) are limited to reimbursement for only certain relocation expenses.

#### GENERAL

Travel, transportation, moving and/or storage of household goods and other allowances are authorized provided that the transfer is in the interest of the Government and the employee agrees to remain in Government service for 1 year following the date of transfer, unless separation occurs for reasons beyond employee's control that are acceptable to the agency concerned.

Entitlement to allowances contained in Chapter 2 is based on the allowances in effect on the date the employee or new appointee reports to his/her new or first official duty station. Agencies shall give employee a reasonable advance notice of transfer—30 days notice is prescribed, with allowance for exceptions in special circumstances. Additionally, the agency shall issue a written travel authorization. All authorized travel, including that for immediate family, and transportation, including household goods, must be accomplished as soon as possible, but not later than 2 years after the effective date of transfer. However, the 2-year period shall be extended for an additional period of time not to exceed 1 year when the 2-year time limitation for completion of residence transaction is extended.

**En Route Travel Expenses.** Per diem is generally allowed for those expenses incurred by the employee and immediate family when en route between employee's old and new official station. Expenses are allowable for common carrier transportation or use of a privately owned automobile for permanent change of station travel. Allowable mileage rates are based on the number of occupants in the automobile, as follows; employee only 15¢ per mile; employee and one family member 17¢ per mile; employee and two family members 19¢ per mile and employee plus three or more family members, 20¢ per mile.

**Miscellaneous expense** allowance is generally authorized if used for the purpose of defraying various contingent costs associated with dis-

continuing residence at one location and establishing residence at a new location in connection with a permanent change of station. Allowances in the following amounts will be paid without support or other documentation of expenses:

- (1) \$350 or the equivalent of 1 week's basic pay, whichever is the lesser amount, for an employee without immediate family; and
- (2) \$700 or the equivalent of 2 week's basic pay, whichever is the lesser amount, for an employee with immediate family.

Allowances in excess of those provided above may be authorized or approved, if supported by acceptable evidence justifying the amounts claimed; provided that the aggregate amount does not exceed the employee's basic pay at the time the employee reported for duty, for 1 week if the employee is without an immediate family or for 2 weeks if the employee has an immediate family. In no instance will the amount exceed the maximum rate of grade GS-13 at the time the employee reported for duty.

**Travel to seek residence quarters.** When circumstances warrant, the travel and transportation expenses of one round trip not to exceed 10 calendar days, including travel time, may be allowed for the employee and spouse between the old and new duty stations for the purpose of seeking residence quarters prior to relocating the family to the new official station. Both the old and new duty stations must be located in the conterminous United States. Separate roundtrips by the employee and the spouse may be allowed provided the overall cost to the Government is limited to the cost of one round trip for the employee and spouse traveling together.

**Temporary quarters.** The employee (and immediate family, if applicable) may be authorized subsistence expenses for a period of up to 60 days while occupying temporary quarters when the new station is located in the 50 States, the District of Columbia, U.S. territories and possessions, the Commonwealth of Puerto Rico, and the former Canal Zone area (e.g., areas and installations in the Republic of Panama made available to the United States under the Panama Canal Treaty of 1977 and related agreements as described in section 3(a) of the Panama Canal Act of 1979). An additional period not to exceed 60 consecutive days may be authorized for compelling reasons. (NOTE: When the new official station is located in a foreign area, the employee may be eligible for a temporary lodging allowance under State Department regulations "Standardized Regulations (Government Civilians, Foreign Areas)" ) Reimbursement for temporary quarters expenses is based on the itemized actual subsistence expenses incurred, not to exceed prescribed maximum amounts for the employee and each family member. These amounts are based on the maximum per diem rate prescribed for the locality in which the temporary quarters are located. The statutory \$60 standard CONUS rate is the applicable maximum per diem rate for temporary quarters located in the conterminous United States.

**Residence and lease transactions.** The employee's old and new official station must both be located within the 50 States, the District of Colum-

bia, United States territories and possessions, the Commonwealth of Puerto Rico, or the former Canal Zone area. To the extent allowable, the Government will reimburse an employee for expenses required to be paid by him in connection with the sale of one residence at his old official station, for purchase (including construction) of one dwelling at his new official station, or for the settlement of an unexpired lease. Reimbursable expenses include broker's fees and real estate commissions and other expenses such as advertising, selling, appraisal and certain legal and miscellaneous costs. The aggregate amount of expenses which may be reimbursed shall not exceed 10 percent of the actual sale price or \$17,177, whichever is less and 5 percent of the purchase price or \$8,589, whichever is less. Expenses incurred for settling an unexpired lease involving an employee's residence or a lot on which a mobile home used as the employee's residence was located at the old official station are generally reimbursable, if properly documented.

**Transportation and temporary storage of household goods.** The maximum weight of household goods that may be transported or stored is limited to 18,000 pounds net weight for employees with or without immediate family. There may be instances in which the weight of the professional books, papers, and equipment would cause an employee's household goods shipment to be in excess of the maximum weight allowance. In such instances, the personally owned professional books, papers, and equipment may be transported to the new permanent duty station as an administrative expense of an agency.

As a general policy, *the commuted rate system* shall be used for transportation of the employee's household goods, except that the actual expense method may be used when the actual expense method will result in a savings to the Government of \$100 or more. Under the centralized household goods program, agencies are required to obtain household goods cost comparisons from GSA. Special rules apply to the transportation of household goods at Government expense to, from, and between points outside the conterminous U.S.

Under the commuted rate system employees make their own arrangements for transporting household goods between points in the conterminous U.S. The employee selects and pays the carrier or transports his goods by non-commercial means and is reimbursed by the Government in accordance with schedules of commuted rates published by GSA. The commuted rate includes costs of line haul transportation, packing, crating, drayage incident to transportation, and other accessorial charges. When the actual expense method is used, the Government is responsible for selecting and dealing with carriers and providing all the administrative services.

Temporary storage for household goods is allowed for up to 90 days. This time period also applies when an employee returns to his/her place of actual residence for leave before serving a new tour of duty outside the conterminous United States either at a different post of duty or at the same post of duty if the storage is provided instead of furnished quarters or a quarters allowance. Upon the employee's written request, the initial 90-day period may be extended for an additional 90-day period by the agency under certain conditions. *Nontemporary storage* of household goods belonging to an employee transferred or a new appointee assigned to an official station at an isolated location in the contiguous United States shall be allowed only when it is clearly justified. Nontemporary storage also is allowed for an employee stationed at an official station located outside the conterminous United States or an employee or new appointee transferred or appointed to such a station. Department of Defense overseas teachers are provided storage allowances during the recess period between two consecutive school years.

**Advances for Relocation Allowances.** If eligible, an advance of funds may be allowed for the following relocation allowances: per diem, mileage and common carrier costs incident to change of station travel, house hunting trip, temporary quarters subsistence allowance, transportation and temporary storage (commuted rate) of household goods, transportation of mobile home, and transportation and storage of privately owned vehicle. Advance of funds is not allowed for miscellaneous expenses, residence transactions, or nontemporary storage.

**Allowances for transportation and emergency storage of privately owned vehicles** may be authorized in connection with a transfer or assignment to or return from an official station outside the contiguous United States, including the transfer between stations, if it is in the interest of the

Government for the employee to have the use of the vehicle at the station outside the contiguous United States.

**Mobile Homes.** An employee who is entitled to transportation of his household goods, in lieu of such transportation, is entitled to an allowance for the transportation of a mobile home within the contiguous United States and Alaska for use as a residence. Allowances for transporting a mobile home are in addition to payments of per diem, mileage, and transportation expenses for the employee and immediate family. Allowances are authorized for transportation by common carrier, private means (e.g., towed by employee), or a combination of these means. Instead of the allowance to the employee, the agency may assume direct responsibility for transportation of the mobile home. Excluded from reimbursements are costs of preparing mobile home for movement, repairs, storage, insurance, etc.

**Reemployment after separation.** A former employee separated by reason of reduction in force or transfer of function who within 1 year of the date of separation is re-employed by an agency for a nontemporary appointment, at a different permanent duty station from that where the separation occurred, may be paid the relocation expenses and other allowances discussed above.

**Relocation Services.** Within the guidelines contained in Part 12, Chapter 2 of the FTR, agencies may enter into contracts with private firms to provide relocation services to their agency and transferred employees. Transferring employees should consult with appropriate officials of their agencies to determine whether, and to what extent, these services are offered.

#### RELOCATION INCOME TAX (RIT) ALLOWANCE

Payment of a relocation income tax (RIT) allowance is authorized to reimburse eligible transferred employees for substantially all of the additional Federal, State, and local income taxes incurred by the employee, or the employee and spouse if a joint tax return is filed, as a result of certain travel and transportation expenses and relocation allowances which are furnished in kind, or for which reimbursement or an allowance is provided by the Government. Payment of a RIT allowance is authorized for employees transferred on or after November 14, 1983, in the interest of the Government, from one official station to another for permanent duty. Employees should contact appropriate officials of their agencies for further information.

#### ALLOWABLE EXPENSES CONNECTED WITH DEATH OF EMPLOYEES

(Provisions contained in FTR, Chapter 3)

The General Services Administration has established provisions for payment of allowable expenses connected with the death, whether or not work-related, of certain employees while on (1) official travel and temporary duty, (2) absent from duty at temporary duty stations, and (3) at official duty stations outside the contiguous United States.

It is the responsibility of the head of an agency or his designated repre-

### Washington's Top 10 Snowstorms SINCE 1887

DATE OF STORM	INCHES OF SNOW IN STORM	TOTAL WINTER SNOWFALL IN INCHES	MEAN WINTER TEMPERATURE (FAHRENHEIT)
Feb. 13, 1899	12.0	54.4	35.9°
Jan. 27-28, 1922	25.0	44.5	36.2°
Jan. 30, 1930	11.5	18.1	38.6°
Dec. 17-18, 1932	12.0	23.8	40.2°
Feb. 6-7, 1936	14.4	33.0	30.8°
Mar. 28-29, 1942	11.5	13.6	36.8°
Feb. 15-16, 1958	14.4	40.5	35.7°
Jan. 29-30, 1966	13.8	28.4	36.7°
Feb. 18-19, 1979	18.7	34.9	35.5°
Feb. 11-12, 1983	16.6	21.3	40.8°

sentative to (1) inform decedents next of kin or legal representative of the provisions for allowances for the preparation and transportation of the remains and for the transportation of the immediate family and household goods of the deceased employee, (2) arrange for preparation and transportation of the remains of the decedent when death occurs during a travel status or at the official station outside the United States, and (3) provide assistance for the return of the decedent's immediate family and household goods to the official residence when the decedent's official station was outside the contiguous United States.

When an employee's death results from injuries sustained while actually performing official duty, the expenses for preparation and transportation of the remains are properly payable under provisions of 5 USC 8134. The authorized allowances may not be denied because of the deceased

employee's entitlement to burial benefits as a veteran of the Armed Forces of the United States.

The provisions are applicable when an employee dies while temporarily on leave from his temporary duty station or official station outside the United States (during a period of travel within or outside the United States or while stationed outside the United States) if the temporary absence is for the purpose of taking leave or occurs during nonworkdays the allowable cost for the transportation of remains shall not exceed the amount which would have been allowed if death had occurred at the temporary duty station or at the official station outside the United States.

Payment of allowable expenses may be made direct to the person performing the service or by reimbursement to any person making the original payment.

## INJURY COMPENSATION

The Federal Employees' Compensation Act (FECA) provides monetary compensation, medical care and assistance, vocational rehabilitation, and reemployment rights to Federal employees who sustain disabling injuries as a result of their employment with the Federal Government. (The term injury also includes diseases or illness.) The Act provides also for the payment of funeral expenses and for compensation benefits to qualified survivors of the decedent in cases of employment-related death. FECA is administered by the Office of Workers' Compensation Programs (OWCP).

Generally, government employees injured while commuting to and from work do not qualify for injury compensation benefits. However, in some very special situations FECA benefits apply.

To qualify for benefits, the employee or his survivors must establish that the injury or employee's death was causally related to his or her employment, or that a preexisting injury or illness was accelerated or aggravated as a result of employment. In addition, the employee or survivor must file a claim within the time limits established by the Act. Claims for illness or deaths must be filed within 3 years of occurrence, unless the immediate supervisor was aware of an employment-related injury within 30 days.

If an employee's disability claim is judged valid in accordance with FECA, no time or monetary limitations will be imposed on medical care for the employee, as long as there is a substantiated need for treatment of a job-related disability. Medical bills must be submitted within one year after the calendar year in which the expense was incurred or the claim was accepted, whichever is later.

Certain penalties for falsification of reports and failure to comply with instructions are provided. Employees filing fraudulent claims can be punished by a fine of not more than \$10,000, or by imprisonment up to 5 years, or both.

An officer or employee of the U.S. Government responsible for making reports as "official superior" who fails, neglects, or refuses to make a report of injury or files a false report shall be fined not more than \$500 or imprisoned not more than 1 year, or both.

A partially disabled employee who refuses to seek or accept suitable work is not entitled to further monetary compensation.

### COVERAGE

In general, the Federal Employees' Compensation Act covers any civilian officer or employee of any branch of the Government of the United States. The Act also extends coverage to certain classes of individuals who render a personal service to the United States.

There are several exceptions to this rule; for example, commissioned officers of the Regular Corps of the Public Health Service and Reserve Corps Officers who are on active duty status with the Public Health Service are excluded from coverage under the Act. Commissioned officers of the Environmental Science Service Administration are likewise excluded.

### BENEFITS

Federal employees are eligible for four basic types of benefits under

the provisions of the FECA program: medical benefits, disability compensation, vocational rehabilitation, and death benefits, which include funeral expenses and survivor compensation. The program applies to any disability (temporary or permanent, partial or total) incurred as a result of an employment-related disease or condition, as well as an on-the-job injury.

Compensation for wage loss is computed as a percentage of the employee's salary. Compensation may not exceed a dollar amount equal to 75 percent of the highest wage step of grade GS-15 (currently limited to \$71,377). The minimum compensation for total disability may not be less than 75 percent of the lowest wage step of grade GS-2 (currently \$10,816), except in cases where an employee earns less than 75 percent of the lowest wage step of grade GS-2. In such cases, the employee is compensated at a rate equal to his or her salary. In cases where an employee suffers death as a result of employment, monthly payments for all beneficiaries cannot exceed 75 percent of the highest salary permissible—highest step of a GS-15. The minimum rate of pay used to compute death compensation is the lowest wage step of GS-2.

**Medical Benefits.** The FECA provides payment for any medical services needed to provide treatment to counteract or minimize the effects of any condition, disease, or injury judged to be causally related to employment with the Federal Government.

Compensation will be paid for first aid, medical treatment, hospitalization, and physician's fees, as well as for any drugs, appliances, or other supplies directed for use by a qualified physician. Payments to physicians and others for medical services are subject to a schedule of maximum allowable charges. The employee has an initial choice of physicians. However, once this choice is exercised, any change must be approved by the Office of Worker's Compensation Programs.

**Disability Benefits.** Federal employees who suffer disabilities which are causally related to employment are eligible for one or more of several types of monetary compensation. Disability benefits for wage loss are paid either for total or partial disability for gainful employment. Each of these categories will be discussed in turn.

**Total Disability.** If an employee suffers disability for work due to a job-related traumatic injury, he or she is entitled to continuation of regular pay (COP) for a period not to exceed 45 calendar days. COP is paid by the employer. If the disability incurred extends beyond 45 days, the employee is entitled to compensation equal to 66 2/3 percent of his or her regular pay after a 3-day waiting period following the 45 days. If the employee has one or more dependents, compensation will be paid at a rate equal to 75 percent of his or her regular pay. Compensation is payable for the duration of the disability. In cases where disability extends more than 14 days beyond the termination of the 45 day continuation of pay, or there is permanent disability, the 3-day waiting period is waived.

If an employee is unable to work as a result of an employment-related non-traumatic disease or condition, he or she is eligible for compensation, as described above, but not entitled to COP.

Compensation payments for total disability for all gainful employment may continue as long as the disability continues. As with medical care, there is neither a total dollar maximum, nor a time limitation on



# MERIT STAFFING AND PLACEMENT

This section of the Guide deals primarily with *internal* merit employment, i.e., the placement of people who are already in the competitive service.

## MERIT PROMOTION

If you are a career or career-conditional employee in the competitive civil service, you are covered by the Federal Merit Promotion Policy. This does not guarantee you a promotion. It does not require that any job be filled by promotion. But it does provide that promotions will be made fairly, and that promotion practices will support the agency's efforts to select the best qualified persons to do its work.

## AGENCY PROMOTION PROGRAMS

Since an agency can have different plans for different kinds of jobs and locations, you should find out which plan covers the kind of jobs you want. For example, engineering and scientific jobs may be under one plan, clerical jobs under another, and trade and labor jobs under a third.

Responsibility for the operation of merit promotion programs rests with individual agencies and is subject to OPM requirements. Specific procedures that apply to promotions and internal placement are described in FPM chapter 335 and in merit promotion plans established by the agency or negotiated with unions.

## QUALIFICATION AND EVALUATION

Standards for in-service placement actions (e.g., merit promotion) are the same as those for initial competitive appointments. Agencies, however, are encouraged to waive written and performance tests for in-service placement actions. This recognizes that for employees already in the service there are preferred alternatives to measure qualifications other than by tests. Agencies may make exceptions to a standard under certain conditions, (e.g. RIF, reassignment, demotion, or return from military service).

Qualification standards used for promotion state the minimum requirements for successful job performance. All candidates who meet these standards and other pertinent requirements (for example, time-in-grade) are eligible for promotion.

It is not enough, however, merely to meet minimum job requirements. Selection must be from among the *best qualified*. As a result, your agency must evaluate the eligible candidates to determine to what extent their qualifications exceed the minimum. Then it ranks the candidates according to their relative merit.

Evaluation must consider supervisory appraisals of performance, incentive awards, and training. It may also include review of experience, tests, and interviews. These methods must be reasonable, reliable, and related to the job; and they must be applied fairly to all candidates.

Your experience is an important factor that your agency will consider in evaluating you. What it will be looking at is the *kind* and *quality* of the experience you've had, to see how well it prepares you for the job being filled. Length of experience may be used to evaluate candidates only when it can be shown to be a valid job-related factor for the position to be filled. There is no assurance that an employee with more experience or service has greater potential for more responsible work.

- For General Schedule (GS) positions the standards in "Handbook X-118," or in examination specifications, by occupational area, or job, by grade will apply.

- For trades and labor jobs the approved job elements, in some cases examination specifications, in "Handbook X-118C" will apply. These handbooks, as well as others, are available for review in the servicing personnel office.

## CONSIDERATION

Each promotion plan describes which employees must be considered when a vacancy occurs. Depending on the grade and type of job, the area of consideration may be the entire agency, a bureau, a field office, or any other part of the agency broad enough to ensure the availability of high quality

candidates. If the area used does not produce enough qualified candidates, the agency may expand it.

If your agency uses vacancy announcements, you must submit an application to be considered. Vacancies need not be announced, however. Your agency also can automatically consider all eligible employees in the area of consideration by using a "skills file" that contains information about their qualifications. Since any method requires full and current information about employee qualifications, you should keep your records up to date.

## SELECTION

After candidates are evaluated and ranked, the names of the highest ranking people — usually 3 to 5 — are given to the selecting official. He or she may choose any of these candidates, or may select someone from outside the agency. The choice is based on the official's judgment of how well each would perform in the job and, if applicable, his or her potential for future advancement.

The selecting official must make the choice without favoritism or discrimination for any nonmerit reason (such as race, color, religion, sex, national origin, politics, or age).

If you are selected for a first-level supervisory job, you will have to serve the probationary period required for new supervisors.

## CAREER PROMOTIONS AND EXCEPTIONS

Although all promotions must follow merit procedures, they don't all require competition among employees. Some jobs are filled by "career promotion." For example, if you have been selected competitively for a trainee or understudy position or other position with known promotional potential and you perform satisfactorily, you may be promoted without additional competition until you reach the full performance level of the position.

You may also be given a noncompetitive promotion when your job is upgraded because of the addition of new duties and responsibilities.

Meeting the minimum time-in-grade requirement will not automatically entitle you to a career promotion. You will be promoted when you demonstrate ability to work at a higher level if the agency needs to assign you higher level duties and if the promotion is in line with the agency's ceiling and staffing policies.

Agencies may also make certain promotions as "exceptions" to competitive promotion procedures. For example, if you have been demoted without personal cause in your agency, such as a reduction in force, you must receive special consideration for higher level jobs and you may be promoted without competition to a position at a grade or level you formerly held. For practical reasons, temporary positions of 120 days or less also may be made without competition.

## HIRING FROM THE OUTSIDE

An agency may choose this method of filling a vacant position as long as civil service merit procedures are followed. Besides promotion, it may reassign, transfer from another agency, reinstate a former Federal employee, or appoint from a civil service list of eligibles. The agency will often consider qualified outside candidates in addition to its own employees when there aren't enough highly qualified candidates available within its work force, or when a key job demands fresh viewpoints and new ideas. This flexibility is an essential feature of merit staffing and is aimed at promotion of the best qualified candidates.

In many cases jobs will be filled by employees in the office where a vacancy occurs. They are frequently among the best qualified. They are familiar with the work and their abilities are known to the selecting official.

Competitive procedures are not intended to ensure promotion but only to ensure that all employees have a fair chance for advancement by opening up more career opportunities.

## CHECKING UP

Your agency should review its promotion program periodically to see if it is

meeting the needs of management and is giving full and fair consideration to employees. Further, the Office of Personnel Management may periodically check the program for effectiveness and compliance with merit promotion principles.

When an improper promotion is found, the rights of all employees involved, as well as the interest of the Government itself, are considered in determining what corrective action should be taken.

#### OTHER MATTERS PERTAINING TO MERIT STAFFING AND PLACEMENT

**Detailing.** This is a temporary assignment of an employee to a different position for a specified time period with the employee returning to his or her regular duties at the end of the time period.

The following pertains only to details within the same agency.

There are two types of details:

- **Emergency.** To meet emergencies caused by abnormal workload, change in mission or organization or unanticipated absences.
- **Other.** Pending an official assignment, pending description and classification of a new position, pending security clearance and for training purposes.

Details beyond 30 days will be maintained as a permanent record in an employee's Official Personnel Folder. Details to the same or lower classified positions may be made in 120 day increments for up to 1 year without prior approval of OPM. Details to higher grade positions are limited to 60 days.

Details and temporary promotions of more than 120 days must be made under competitive procedures.

**Transfer.** A career or career conditional employee can change, without a break in service of one full workday, from a position in one agency. This can be at the same grade (lateral), a demotion or a promotion. Competitive procedures must be used for certain transfers.

A voluntary transfer is one which the employee has sought out or for which he or she has been recruited.

An involuntary transfer involves a transfer of function from one entity of an agency to another in the same agency or to another agency. In either case an employee has the option to move with the function being transferred or not. If the decision is not to transfer with the function then the employee, at the appointed time of the transfer of the function, is out of a job. In this instance the employee is entitled to severance pay and certain other benefits.

**Reinstatement.** A former career or career-conditional employee may be given a new competitive service appointment without competition.

For a former career employee or a former career-conditional employee

with veteran preference, there is no time limit on the reinstatement eligibility. For a former career-conditional employee without preference, the eligibility is limited to 3 years following the date of separation. That time limit, however, may be extended if the employee has certain intervening service, e.g., active military service, legislative branch employment, or an appointment in the excepted service of the executive branch.

Reinstatement may be at the same or different grade level and occupational classification as that the employee previously held. The individual must meet qualification requirements. If the position is at a higher grade than the previously held he or she must rank among the best qualified under the agency's merit promotion plan.

**Reassignment.** The change of an employee, serving continuously within the same agency, from one position to another at the same grade level and pay in the same agency or entity.

**Employment of Annuitants.** A retiree receiving a Federal Civil Service annuity may be rehired. Such employment will require termination or suspension of annuity or deduction of the annuity from pay. A reemployed annuitant may be separated at any time at the discretion of the appointing officer. If this occurs, the individual, if another job as a reemployed annuitant is not found, reverts back to "retired" status with an appropriate increase in retirement pay, if any, provided by the then current regulations.

**Movement of Persons Between Competitive Civil Service and Other Merit Systems.** The Office of Personnel Management and any Federal agency with an independent Merit System (e.g., Tennessee Valley Authority, Department of State) may enter into an agreement for movement of employees between the competitive service and the independent merit system. *The independent agency initiates the proposal for such an agreement and the Office of Personnel Management has criteria (e.g., merit competition, fair treatment, classification, EEO) against which it weighs the proposal.* Without such an agreement an employee from the independent merit system, for example, who desires to enter the competitive civil service must go through the process of applying, taking tests if any, being rated, getting on a register, going through the career conditional stage, etc. Movement between Postal Service and Civil Service is governed by statutory authority (39 USC 1006) rather than by agency agreement.

**Affirmative Action.** All employment actions, from recruitment outside the Civil Service to internal employment such as promotions, must meet EEO/Affirmative Action plans and requirements. In this connection, see "Equal Employment Opportunity" in this Guide.

**NOTE:** For an outline of employment matters pertaining to the Senior Executive Service, see the section so entitled in this Guide.

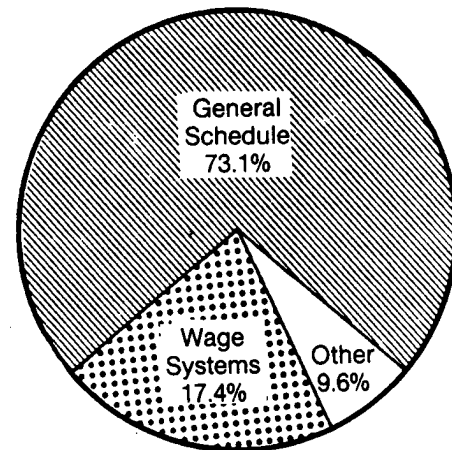
### General Schedule Salary Distribution Employees By Grade March 31, 1987

GRADE	NUMBER	PERCENT	AVERAGE SALARY*
GS-1	1,370	0.09	\$ 9,980
GS-2	11,813	0.81	11,112
GS-3	64,203	4.41	12,691
GS-4	154,711	10.62	14,727
GS-5	195,571	13.42	16,783
GS-6	95,238	6.53	18,980
GS-7	140,510	9.64	20,817
GS-8	29,931	2.05	23,618
GS-9	154,550	10.60	25,289
GS-10	29,788	2.04	28,680
GS-11	180,713	12.40	30,811
GS-12	184,365	12.65	37,243
GS-13	121,417	8.33	44,797
GS-14	62,294	4.27	53,309
GS-15	30,083	2.06	63,725
GS-16	702	0.04	71,194
GS-17	136	0.01	72,500
GS-18	68	0.00	72,500

\*Includes Merit Pay Employees. Basic Pay is limited to the rate for Level V of the Executive Schedule, which is, as of January 1, 1987, \$72,500.

### Distribution of Pay By Category March 1987

\$54,616,534.900



\*Excludes U.S. Postal Service Data

# TRAINING AND DEVELOPMENT

The Government Employees Training Act, which became law on July 7, 1958, is the Government-wide authority for the training of Federal employees.<sup>1</sup> Before the Training Act was passed, only about 10 percent of the Federal work force could be trained through legislation which applied to individual agencies. The Government Employees Training Act extended this authority to the bulk of the Federal service.<sup>2</sup>

The Act recognized the importance of self-developmental efforts of Federal employees but, for the first time, declared it to be "necessary and desirable in the public interest that self-education, self-improvement, and self-training by such employees be supplemented and extended by Government-sponsored programs" and that these programs should provide training "in the performance of official duties and for the development of skills, knowledge, and abilities which will best qualify them for the performance of official duties."

This basic authority was reinforced by Executive Order 11348 which declared it to be the policy of the Government "to develop its employees through the establishment and operation of progressive and efficient training programs, thereby improving public service, increasing efficiency and economy, building and retaining a force of skilled and efficient employees, and installing and using the best modern practices and techniques in the conduct of the Government's business." This authority was further strengthened by Executive Order 11478, which directs that the Government "provide the maximum feasible opportunity to employees to enhance their skills so that they may perform at their highest possible potential and advance in accordance with their abilities."

Executive Order 11491 added the requirement to train personnel and management officials in labor management relations. The Equal Employment Opportunity Act (1972) required the establishment of training and education programs to provide maximum opportunity for employees to advance so as to perform at their highest potential.

Another provision of the law (5 U.S.C. 3396) deals with the development of candidates for the Senior Executive Service and the continuing development of senior executives. Under that law, the Office of Personnel Management shall establish programs for such development or require agencies to establish such programs which meet criteria prescribed by OPM. See "Senior Executive Service" in this Guide.

Those legal and regulatory bases are implemented and guidelines provided by the Office of Personnel Management in the Federal Personnel Manual (FPM) Chapter 410, Training and Chapter 412, Executive, Management, and Supervisory Development. The responsibility for training is shared by the employee, his/her supervisor, agency management, the training and development office, and the Office of Personnel Management (OPM).

Wise utilization of training resources is an effective way to better enable the Federal work force to perform the complex tasks that are required in the operation of the Government.

## TRAINING POLICY

It is the policy of the U.S. Government to develop employees through establishing and operating progressive, efficient training programs to improve service, increase efficiency and economy, to build and maintain a force of skilled and efficient employees and install and use the best modern practices and techniques to conduct government business.

Training and development programs are administered to insure that all eligible employees receive opportunity for consideration in selection for training and that no discrimination in selection will be made because of race, creed, color, national origin, sex or age.

In general, employee training and development programs may be authorized to:

- Provide knowledge and skills that relate directly to job requirements.
- Develop skills needed to cope with reorganizations, changing missions requirements, technology or equipment.
- Train scientists, engineers and other professionals to preclude knowledge or skill obsolescence.
- Prepare employees with demonstrated potential for increased responsibility in meeting future staffing requirements.
- Provide initial training when there is lack of qualified manpower.
- Implement Administration initiatives.

## MEETING TRAINING NEEDS

Employee training and development needs are met by:

- Planned work experience.
- Self-development.
- Training and education provided through agency facilities, other government facilities and non-government facilities.

Emphasis is placed on use of the most economical programs available which would satisfy agency needs. Interagency training is to be used in preference to training within the agency when this would result in better training, improved service, or savings to the Government. If training is not reasonably available within the Government (all factors considered, including costs), agencies are to use non-Government training facilities.

## DETERMINING TRAINING NEEDS AND PROGRAM ADMINISTRATION/MANAGEMENT

Each agency, following the charter specified in FPM Chapter 410, has established a system for determining training needs and administering/managing the overall program. A typical process might include the following:

- Supervisor and employee through a performance appraisal process determine the need for building competence because of new organizational missions; receipt of new equipment; the perfection of an Individual Development Plan (IDP) or similar reasons—they may arrive at a need for training.
- The training need is approved at a higher management level based upon priority needs of the organization, work schedules, the availability of funds and other considerations.
- These consolidated needs are sent to the local Training and Development Office responsible for administering the overall Training and Development program. The people in this office develop an overall written training plan, financial plan and budget to cover the investment in training according to priorities established and approved by management.
- The approved IDP's provide the basis for implementing the local procedure to determine, document, budget and schedule employee training.

## TYPES OF TRAINING PROGRAMS

Typically, an agency's overall training program might, depending on the occupational areas in the agency, include the following:

- Orientation training for new employees.
- Technical skills training appropriate to the employee's occupational area (e.g., computer programmer, supply, procurement, plumber, electrician, clerical)
- Professional training, education, development (e.g., scientists, engineers, lawyers, doctors, registered nurses)
- Supervisory training (e.g., personnel administration/management; communications, motivation, EEO, Labor Management Relations)
- Executive and Management training (e.g., concepts and theories of such subjects as public policy formulation and implementation, management practices, management planning, organizing and controlling).

## ADDITIONAL INFORMATION ON TRAINING AND DEVELOPMENT

The following Questions and Answers (Q & A) are designed to further describe and explain the program.

**Q: How can I learn about training opportunities?**

A: Training needs and opportunities should be regular topics of discussion between supervisors and employees, especially in the period shortly after the annual performance review. Course announcements are usually circulated to supervisors and posted on bulletin boards by the training office which also maintains catalogs and course information. You should periodically talk with your supervisor or training officer about training opportunities available to you.

**Q: My agency does not have a training officer. Who is responsible for training?**

A: Since training is basically a supervisory responsibility, your supervisor should be able to provide you with necessary guidance on training matters or be able to refer you to appropriate sources.

**Q: What are some training programs generally made available by employing agencies to their employees?**

A: There are a wide variety of basic education, skills development, and upward mobility programs tailored to agency needs and resources. Some of these are the Adult Basic Education Program; the Veterans Readjustment Appointments Program; apprenticeship programs; and administrative, technical, and professional career ladder programs. Your training office is the best source of information on any of these programs.

**Q: Can I receive training leading to promotion?**

A: Yes, but only if the selection for training is made under your agency's merit promotion program.

**Q: Will the Government train me to take written or performance tests so that I can make better scores?**

A: No. The primary purpose of training is to improve an employee's performance on the job.

**Q: Is it required that training be applicable only to my present job?**

A: No. You may be given training relevant to your projected future assignments.

**Q: Can I take courses in basic skills such as typing, stenography, or English?**

A: Yes. Agencies may provide training in basic job-related skills. They can also sponsor training courses in local schools under the HHS Adult Basic Education Program. These courses may be given at Government expense either during or after working hours.

**Q: Can I take college courses leading to an academic degree at Government expense?**

A: You cannot be given training through non-Government facilities in order to qualify you for appointment to a particular position for which a degree is a basic requirement. Nor can you be given non-Government training for the sole purpose of earning a degree. However, your agency may finance job-related courses in non-Government facilities for the purpose of improving performance. If you receive an academic degree as a consequence of such training, it is considered as an incidental by-product.

**Q: Can my normal working hours be readjusted so that I can take courses at my own expense?**

A: Yes. An agency may reschedule your customary workweek to allow you to take courses not sponsored by the agency if: additional costs to your agency will not be incurred; completion of the course will better equip you for work in the agency; and there will not be appreciable interruption of work.

**Q: As a newly hired employee can I be given training through non-Government facilities?**

A: Yes, in certain instances.

**Q: Can I use my agency's grievance procedure if I feel I am unjustly denied permission to attend training?**

A: Yes, if the matter cannot be resolved at the supervisory level and your agency has not set up a separate system for this purpose.

**Q: I am an employee union representative. Can I train myself and other representatives in labor-management relations on agency time?**

A: Generally no. The law provides that internal business of a labor organization shall be conducted during the non-duty hours of the employees concerned. However, situations sometimes arise in the interpretation and administration of such agreements in which management may decide that training on agency time in areas of mutual concern to labor and management representatives is helpful and permissible, such as clarification of personnel policies and practices. The Comptroller General has ruled that such training would normally be limited to eight hours per year per employee.

## FINANCIAL CONSIDERATIONS

**Q: What training expenses can my agency pay?**

A: Agencies are authorized to pay all or a part of the necessary expenses of training.

**Q: I have heard of the "no gain, no loss" policy in regard to training expenses; what does it mean to me?**

A: Your agency should have a policy to assure that just and equitable financial assistance is provided. The law leaves it up to your agency to determine what portion of the expenses it can pay.

**Q: Can my agency pay for correspondence courses?**

A: Yes. This type of training can be utilized the same as any other type of training that your agency feels would be beneficial.

**Q: Do annual and sick leave regulations apply to me during training assignments?**

A: Yes, if salary payments continue during the training period, the annual and sick leave regulations apply. Normal workdays falling within academic recess periods should be charged to leave unless you devote such periods to study or research or unless you are returned to a work status.

**Q: What is my pay status while in training?**

A: You are in full pay status while participating in agency or inter-agency training programs. However, your agency may find it necessary, as a condition for authorizing training in non-Government facilities, to require that you be in a less than full pay status.

**Q: May I get mileage allowance and parking fees for attending training at other than my normal work location or at my normal work location outside of regular commuting hours?**

A: Yes. Your agency could pay or reimburse you for such expenses although it is not required to do so by law.

## PERSONAL OBLIGATIONS

**Q: Is the training which I receive recorded in official files?**

A: Yes. Agency procedures provide that formal training sponsored by the agency is recorded in an employee's official personnel file and the employee receives a copy of the confirmation. You should assure yourself, however, that significant training, whether sponsored by your agency or taken on your own, is recorded in your personnel file. These records assist in such activities as developing training plans and goals, determining further training needs, training followup, placement actions, promotions, and reassignments.

**Q: What is a continued service agreement?**

A: When you are assigned to training in non-Government facilities which exceeds 80 hours within a single program, you must sign an agreement to continue in your agency's employment. This is generally for at least three times the length of the training.

<sup>1</sup>The Act has been incorporated into chapter 41 of title 5, United States Code.

<sup>2</sup>Included are civilian employees of the executive branch and also those employees of three organizations in the legislative branch: the General Accounting Office, the Government Printing Office, and the Library of Congress. A listing of those employees and organizations to which the law does not apply may be found in chapter 41 of title 5, United States Code.

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## PRESIDENTS OF THE U.S.A.

1 George Washington 1789-1797	21 Chester A. Arthur... 1881-1885
2 John Adams . . . . . 1797-1801	22 Grover Cleveland . . . 1885-1889
3 Thomas Jefferson . . . 1801-1809	23 Benjamin Harrison . . . 1889-1893
4 James Madison . . . . 1809-1817	24 Grover Cleveland . . . 1893-1897
5 James Monroe . . . . . 1817-1825	25 William McKinley . . . . 1897-1901
6 John Quincy Adams 1825-1829	26 Theodore Roosevelt . . 1901-1909
7 Andrew Jackson . . . . 1829-1837	27 William H. Taft . . . . . 1909-1913
8 Martin Van Buren . . . 1837-1841	28 Woodrow Wilson . . . . 1913-1921
9 William H. Harrison . . . 1841	29 Warren G. Harding . . . 1921-1923
10 John Tyler . . . . . 1841-1845	30 Calvin Coolidge . . . . . 1923-1929
11 James Knox Polk . . . . 1845-1849	31 Herbert C. Hoover . . . . 1929-1933
12 Zachary Taylor . . . . . 1849-1850	32 F.D. Roosevelt . . . . . 1933-1945
13 Millard Fillmore . . . . 1850-1853	33 Harry S. Truman . . . . . 1945-1953
14 Franklin Pierce . . . . . 1853-1857	34 D.D. Eisenhower . . . . 1953-1961
15 James Buchanan . . . . 1857-1861	35 John F. Kennedy . . . . . 1961-1963
16 Abraham Lincoln . . . . 1861-1865	36 Lyndon B. Johnson . . . . 1963-1969
17 Andrew Johnson . . . . 1865-1869	37 Richard M. Nixon . . . . 1969-1974
18 Ulysses S. Grant . . . . 1869-1877	38 Gerald R. Ford . . . . . 1974-1976
19 Rutherford B. Hayes 1877-1881	39 Jimmy Carter . . . . . 1977-1981
20 James A. Garfield . . . . 1881	40 Ronald W. Reagan . 1981-

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## INCENTIVE AWARDS

A federal agency may pay up to \$25,000 in cash to an employee who has a suggestion or invention or who makes a contribution that significantly reduces costs or improves Government operations or services. You can also earn honorary recognition—from a certificate of appreciation to a medal or personal letter from the President.

The Incentive Awards Program was established because the Government believes that employees whose performance is above or beyond job standards and performance requirements deserve special recognition. As an employee, you may benefit through earning extra cash, being recognized by co-workers and supervisors, and having the satisfaction of knowing that your ideas and efforts are welcome and useful. Also, you have a better chance of getting ahead because awards are part of promotion consideration.

### HOW TO EARN AN AWARD

You may earn an award for your high level performance, a suggestion, an invention, or a special act or service, as long as it benefits the Government and is outside your normal job responsibilities, or, if it is within your job responsibilities, it is so superior that an award is warranted. These awards may be made to an individual employee or shared by a group.

### SUGGESTION AWARDS

Federal organizations are interested in employee ideas for improving operations and services to the public, and in rewarding those whose constructive suggestions are implemented. Employees within the organization are in the best position to know where the problems are and how to solve them, but must be encouraged by their supervisor to do so.

Employees who have had the most suggestions adopted say that the way to succeed is to be sure that your suggestion promises solid improvements such as saving time, materials, or paperwork; simplifying procedures or processes; or improving services. They recommend the following systematic approach:

- Concentrate on what you know best within your organization and work area
- Pick a situation that needs improvement
- Write it down
- Include all the facts (what, where, when, who, how)
- Analyze these facts
- Think up a variety of possible improvements
- Choose the best
- Persuade others it is an improvement by explaining the benefits.

### PERFORMANCE RECOGNITION

Special achievement awards that recognize exceptional accomplishments are an important part of the program, and high level performance or a significant achievement can earn you this recognition. Performance contributions are eligible if they are outside of your job responsibilities or if they are part of your job responsibilities but so exceptional that they deserve the extra reward. Examples of the kind of performance that can earn a special achievement award are: exemplary performance of assigned tasks, overcoming unusual difficulties, exemplary or courageous handling of an emergency connected with official employment, or creative efforts that make important contributions to scientific research. Performance recognition includes:

- **Honorary Awards.** These include awards such as the President's Award for Distinguished Federal Civilian Service and Agency medals, plaques or certificates.
- **Special Achievement Awards.** Special achievement awards are cash awards based on superior performance or for a one-time special act or service:
- **Quality Step Increase.** This recognition, in the form of a one step increase in an employee's rate of basic pay, is available to GS employees based on sustained high quality performance that is expected to continue in the future.

### HOW CASH AWARDS ARE CALCULATED

When benefits to the Government can be measured in dollars—such as reduction in production time, staff-hours, supplies, equipment, and or space—awards based on money saved during the first year the suggested improvement is in effect, or the period of performance being recognized.

### THESE ARE THE BENEFITS

The Incentive Awards Program benefits everyone—employees, taxpayers, and the Government. In addition to the above benefits to employees, taxpayers benefit through better Government at less cost. And the Government benefits through increased efficiency, lower costs, and a better motivated and more productive work force.

More than one out of every four suggestions processed is adopted. The average suggestion award is \$175 and the average measurable benefit per adopted suggestion is \$4,000. In recent years, total measurable benefits from suggestions have averaged \$165 million annually. The highest award for a suggestion was \$35,000 and for an invention, \$25,000.

The highest award for performance, \$35,000 was granted in October 1979 when, for the first time in the history of the awards program, the President granted a cash award, in addition to the award granted by the agency, to 42 Forest Service employees for saving the Government over \$120 million.

Each year over 200,000 employees receive a special achievement award. The average cash award for a special achievement is about \$650, and, in recent years, total measurable benefits from special achievement contributions has averaged approximately \$1 billion annually.

### A POSITIVE APPROACH TO INCENTIVE AWARDS

OPM regulations on incentive awards, published in the Federal Register October 12, 1979, make it easier for supervisors to reward employees who have done "more than the job requires."

The purpose of the awards program is as follows: "The Government Employee's Incentive Awards Program is designed to improve Government operations and services. Its purpose is to motivate employees to increase productivity and creativity by rewarding those whose job performance and adopted ideas benefit the Government and are substantially above normal job requirements and performance standards.

If awards are to be used effectively to improve individual and organizational productivity, they must be granted in a timely manner and not be viewed as an overwhelming documentation burden by nominating officials. Also, if the awards program is to become a motivating force, each recommending official must exercise integrity, granting awards openly when they are fully deserved, so that the program has credibility.

### OTHER AWARDS AND RECOGNITION

Listed below are a few additional awards and recognition that may be granted to civilian employees of the federal government.

- **Letter of Appreciation.** A letter of appreciation is granted for work performed better than normally expected, for doing a special assignment or performing in an unusual work situation. This is the only award given directly to the employee and is not filed in his or her personnel folder.
- **Letter of Commendation.** This letter is granted for unusual work performance or for an act or service that clearly exceeds that normally expected. A copy of the letter is presented to the employee and a copy is filed in the personnel folder.
- **Career Service Recognition.** This recognition is given in recognition of from 10 to 50 years of federal service, and upon retirement.

seas, their wages may be set in a similar way or they may be based on local rates.

**Quarters Allowance.** In foreign areas, employees are sometimes housed in Government quarters. If Government housing is not provided, a quarters allowance is paid which covers in large part the cost of rent and utilities. In most United States areas, Government quarters are not provided and no quarters allowance is paid.

**Federal Employment Benefits.** In general, Federal employees are entitled to such liberal benefits as paid vacations, sick leave with pay, and retirement coverage. They are eligible for life insurance and health benefits partially financed by the Government. Employees serving overseas also normally receive special benefits such as free travel for themselves and their dependents, free transportation or storage for their household goods, and additional paid vacations with free travel to their homes in the United States between tours of duty. Also, the United States Government operates dependents' schools in many areas and provides educational opportunities for children which are comparable to those offered in the better schools in the United States.

**Veteran Preference.** Veterans must be given consideration by appointing officers in the filling of overseas positions in accordance with the provisions of the Veterans' Preference Act.

**Reemployment Rights.** An employee who accepts a federal appointment in an overseas area, leaving a position in the U.S. Federal establishments in the United States, is entitled upon termination of the overseas appointment (for any reason other than his/her own misconduct or delinquency) to be reinstated in his/her former position, or in one of like seniority, status, and pay in the same agency he/she left. If the function(s) with which the employee's position were identified have been transferred to another agency, the employee's right to reinstatement is in the gaining agency.

The person designated to fill the vacated stateside position, does so with the understanding that he/she will be transferred back to his/her former position, if previously employed by the federal government. If a new employee hired to fill the position finds that no position can be found, normal RIF procedures go into effect. (See Chapter 352 FPM)

## EMPLOYMENT OF RETIRED MILITARY PERSONNEL

The Dual Compensation Act (P.L. 88-448) overhauled antiquated dual-pay, dual-employment laws governing the employment of retired military personnel in Federal civilian jobs and the employment of Government workers in more than one Federal job.

Specifically, the law contains these major provisions:

1. All retired military officers are allowed to take Federal civilian jobs.
2. All retired military personnel who take Government civilian jobs receive their full civilian salary. However, most retired **regular officers and warrant officers** are subject to a reduction in their military retirement pay.
3. Retired regular officers and warrant officers subject to this reduction receive only a portion of their military retired pay plus 50 percent of any remainder.

- The 1964 Act now limits retired pay to the first \$7,402.41 for all retirees effective December 1, 1987.
- The reduction under the 1964 Act applies against retired pay before the annual rate is combined with civilian salary. The 1978 Act reduces retired pay by the amount (if any) the combined rates of federal civilian salary and retired pay now exceed \$72,500 (as of January 1, 1988).

4. Retired reserve officers, all retired enlisted personnel (reserve and regular), and regular officers retired for combat disability keep all their retired pay when they work in Federal civilian jobs, as was the case under prior laws, unless they retired after January 11, 1979 and their combined retired pay and civilian salary exceed the \$72,500 cap.

5. With certain exceptions, military retirees are not entitled to placement in the veteran preference subgroup of their tenure group for reduction-in-force purposes, and they get credit only for length of military service performed during a war or in any campaign or expedition for which a campaign badge has been issued. Excepted from this provision are military personnel retired on the basis of combat disability, those whose retirement is based on less than 20 years of active service, and those employed on November 30, 1964 in positions in the Federal civilian service to which the laws on veteran preference apply and who have not had a break in service of more than 30 days since then. Generally, military retirees get veteran preference in examinations and appointments even though they do not get preference in reductions in force.

6. Credit for military service of military retirees for annual leave purposes is limited to service during a war, or in a campaign or expedition for which a campaign badge has been issued, unless the member was retired for combat disability or was employed on November 30, 1964 in a Federal civilian position to which the annual and sick leave laws apply, and has not had a break in service of more than 30 days since that date.

7. Retirees from the armed forces must wait at least 180 days after their retirement before taking a civilian job in any branch of the Defense Department unless prior approval is received from the service Secretary. This restriction does not apply to shortage-category jobs or in a national emergency.

Necessary regulations have been issued under the laws which pertain to the benefits, rights, and credits of those employed in Government

who are subject to the dual compensation laws.

The Civil Service Reform Act of 1978, P.L. 95-454, modified some of these provisions. Specifically, the Law establishes a limitation on the combined military retired pay and Federal civil service salary received by military retirees of an amount not exceeding the pay for Executive Level V, (\$72,500 effective 1 January 1988). Officers and enlisted personnel who first receive retired or retainer pay after 11 January 1979 and who become federal employees can not be paid more than the basic pay of Level V. This limit will be increased whenever the pay for Level V is increased.

When the combined pay (military retired pay and federal wages) exceed the limit, the retired or retainer pay will be reduced accordingly.

The Omnibus Budget Reconciliation Act of 1982, P.L. 97-253, limited the retired pay of non-disabled members under age 62 to 50% of the projected CPI increase for FY 1983, 1984 and 1985. Therefore, two dual compensation ceilings were required—one for over 62 or on military disability and another for non-disability retirees under age 62. The Act also provided that all military retirees with civil service jobs would have the amounts of any cost-of-living increase in retired pay deducted from their civil service salary (unless retired for disability incurred in the line of duty during a period of war or armed conflict)

P.L. 98-270, the Omnibus Budget Reconciliation Act of 1983, provided that future COLAs will be effective December 1 of each year and payable in the January check; the COLA will be based on the change in the CPI between the third quarter average of the calendar year in which it is to take effect and the third quarter average of the preceding calendar year; and, the COLAs which were to be effective in May of 1984 and June of 1985 were eliminated.

The Deficit Reduction Act of 1984, P.L. 98-369, repealed the provision which reduced the civil service pay of military retirees by the amount of any COLA increase and the Second Supplemental Appropriations Act of 1984, P.L. 98-396, did away with the "half COLA" provisions which limited cost of living increases for retirees under age 62.

P.L. 99-509, the Omnibus Budget Reconciliation Act of 1986, insured a COLA for retirees for 1987, 1988 and 1989 by exempting such increases from mandatory budget cuts resulting from the Gramm-Rudman-Hollings deficit reduction amendment. The COLA, effective December 1, 1986 was 1.3 percent and was included in the January paycheck for retirees and survivors annuitants.

### CREDITING OF MILITARY SERVICE ("Catch 62")

Generally, military service is creditable for Civil Service retirement, however, since it is also creditable for Social Security benefits (after 31 December 1956), the law requires that those retirees who combine military service with civil service for a single annuity, have their civil service retirement annuity recomputed at age 62 when they become eligible for Social Security. This has often resulted in a significant reduction of retirement benefits.

The Budget Reconciliation Act of 1982 (P.L. 97-253, 8 September 1982), provided some relief for the majority of those subject to the "Catch 62" provisions.

#### SERVICE CREDIT DEPOSIT FOR POST-1956 MILITARY SERVICE

**Employed Before October 1, 1982.** Individuals who first became employed in a position under the CSRS System before October 1, 1982, have the option of either (1) making the deposit for post-1956 military service or (2) receiving credit as in the past (without making the deposit) and having their annuity recomputed at age 62 to eliminate post-1956 military service if they are eligible for Social Security old-age or survivor benefits. Included are individuals who were, previous to October 1, 1982, covered under the CSRS System and again employed under the CSRS System on or after October 1, 1982.

**Employed on or After October 1, 1982.** Individuals who first became employed under the CSRS System on or after October 1, 1982, will receive credit for their post-1956 military service only if a deposit for the military service is made.

Individuals hired on or after January 1, 1984 who are subject to the new retirement system (FERS) will receive credit for their post-1956 military service only if a deposit is made under FERS.

**Amount of Deposit.** The deposit under and CSR offset will be 7 percent of basic military pay received, plus interest. The interest-free grace period ended **September 30, 1986.**

For individuals mandatorily subject to FERS, the deposit will be 3% of basic military pay. The interest-free grace period will extend until either January 1, 1989 or 2 years after first coverage under FERS, whichever is later.

**Payment Procedures.** Employees who wish to make service credit deposits for their post-1956 service may elect, at their option to make such deposits in either a lump-sum payment, installment payments, or through payroll deductions.

Employees who wish to make a service credit deposit should evaluate their own individual situation to determine whether such deposits would prove advantageous.

Employees interested in making such a deposit should contact their personnel office for additional instructions.

Individuals who are mandatorily covered by FERS and wish to make post-1985 military deposit should contact their personnel office for instructions.

**NOTE:** Once an employee has made a service credit deposit, only the Office of Personnel Management has the authority to refund service credit deposits.

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Detailed information regarding the Army, Navy, Air Force, Marine Corps and Coast Guard Reserves may be found in the RESERVE FORCES ALMANAC, available from Uniformed Services Almanac, P.O. Box 76, Dept. G, Washington, D.C. 20044. 1987 Edition \$4.25.

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## VETERANS PREFERENCE IN GOVERNMENT EMPLOYMENT

The principle of veterans preference was written into law over a century ago when, in 1865, Congress gave preference to veterans with service-incurred disabilities. Since then the national policy has been broadened and strengthened by law, executive order and regulation. In 1944, the various statutes, White House directives and Civil Service Commission regulations were unified into a single law, known as the Veterans Preference Act, covering the rights of veterans (including certain spouses, widows or widowers, and mothers of veterans).

#### STATUTORY CHANGES

Under the Veterans Education and Employment Assistance Act of 1976 (PL 94-502), individuals entering the military services after 14 October 1976 will not receive veterans preference unless they serve in a campaign or war or become disabled during or as a result of military service. Further, a 2 year minimum active duty service condition for those entering military service after September 7, 1980 must be met. The minimum active duty service condition does not apply to disabled veterans.

The Civil Service Reform Act of 1978 (PL 95-454) contains additional provisions regarding Veterans' Preference in Government employment. As of January 1979, a disabled veteran with a compensable service-connected disability of 30 percent or more, who meets the appropriate qualifications standard, may be given a noncompetitive appointment which may lead to conversion to career or career-conditional employment. Ten point veterans with disability ratings of 30 percent or higher and whose performance has been rated acceptable **are entitled to preference in retention** over other competing veterans and nonveterans.

Veterans with disabilities of 30% or more also have the right to be notified in advance and respond to any decision in which they are considered ineligible for a position due to physical requirements of the position; they would be passed over by an agency in the course of filling a position from civil service certificates; or they are deemed ineligible for retention in a position during a reduction-in-force due to the physical requirements of the position.

Effective 1 October 1980, veterans' preference was *eliminated* except in certain adverse action appeals, for non-disabled military retirees who retire from the service at or above the rank of Major or Lt. Commander.

#### PREFERENCE IN LAYOFFS

In Government reduction-in-force programs brought about by economy or other factors, Congress has given veterans (except for certain

retired military personnel—see "Employment of Retired Military Personnel") in the Federal service job priority rights over certain non-veterans.

Veterans with career civil service status have job retention rights over all other Federal workers in the same competitive level and area.

Veterans with career-conditional or indefinite status do not have job retention rights over non-veterans who have career civil service status. However, they do have retention rights over non-veteran workers with the same status. Veterans with TAPER appointments do not have job status, but they do have retention rights over nonveteran TAPERS.

Thus, between two persons who are doing similar work in the same pay grade and serving under similar conditions, the veteran is retained over the non-veteran if one must go.

No job retention rights are given to employees—veterans or non-veterans—who have temporary appointments with definite time limitations.

Veterans have appeal rights on adverse agency actions. A veteran in the competitive service who has completed a probationary period, and a veteran in the excepted service who has completed one year of current continuous service, are entitled to appeal to the Merit Systems Protection Board the following actions taken by his Agency: removal, suspension for more than 30 days, furlough without pay or demotion. If the Board rules in favor of the veteran, its decision is binding on the agency.

#### PREFERENCE IN HIRING

In civil service examinations, 5 points are added to the **earned** rating of an applicant who makes a passing grade and who **was** honorably separated from the Armed Forces of the United States. (a) after active duty any time between April 6, 1917, and July 2, 1921, or any time between December 7, 1941, and July 1, 1955; (b) after more than 180 consecutive days of active duty since January 31, 1955, but not after October 14, 1976 (but not counting service during an initial period of active duty for training under the "six-month" Reserve or National Guard programs); or (c) after active duty in any campaign or expedition for which a campaign badge has been authorized. **However,** a 2 year minimum active duty service condition for those entering military service after September 7, 1980 must be met. The minimum active duty service condition does not apply for disabled veterans.

Ten points are added to the earned rating of an applicant who makes a passing grade and who was honorably separated as a **disabled** veteran (regardless of the time active duty was performed), or as a veteran awarded the Purple Heart. Ten points are also added in **some** cases to