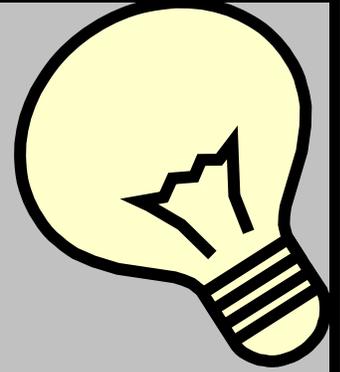


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Shedding Light on the HR World

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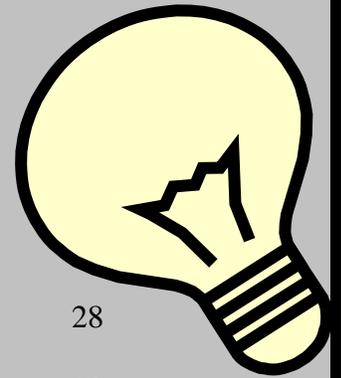
In this Issue:

	Page
Older Workers Are Turning to Government for Secure Jobs with Good Benefits	4
Future Retirees: Do You Know Your MRA?	8
DoD Global War on Terrorism (GWOT) Medal for Civilian Employees	10
Pilot Program Will Target Corporate Workers for Federal Jobs	10
GAO: Better Management Could Help Address Social Security Disability Backlog	13
Defenders, Attackers of Women's Contracting Regulations Square Off	13
FEGLI and Premium Pay Benefits Administration Letter (BAL) 07-205	15
OMB Seeks Crackdown on Premium Travel	15
New NSPS Fact Sheets	16
Estimated BRAC Cost Rise, Savings Fall	17
Feds Will Soon Get to Retire Online	18
Bonuses, A New Weapon in Competition for Talent	18
Sick Leave Plan Falls Short, Manager Groups Say	20
EEOC Faults Efforts to Hire People with Disabilities	22
Taxpayer Advocate Renews Concerns About Private Debt Collection	23
Panelists Debate Public Service Academy Proposal	25
Assured Annuities	27

Home Run

The Illuminator

2-2008

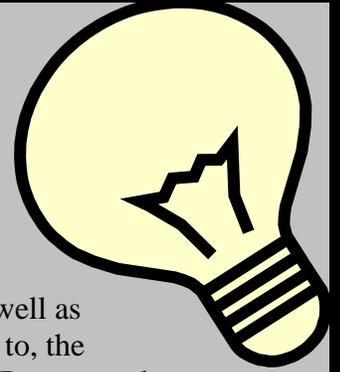


Union Asks High Court to Hear Case Against DoD Personnel System	28
Hispanic Representation Rises Slightly	28
Percentage of ‘Targeted’ Disabled Falls Slightly	29
TSP Takes Action on Frequent Traders	29
‘Erased’ Personnel Data on Agency Tapes Can Be Retrieved	29
How Much Comp Time Should Federal Employees Get	30
Investing for the Long Term	32
The NAF Corner	
Managing Your Health Care thru the Aetna Navigator	33
NAF Retirement Benefits	34
Human Resources (HR) for Supervisors Course Offerings	34
RPA and ART Workshop	35
Job Aids Available on the Web	35
Emergency Contact (Next of Kin) Database	36
Fort Benning CPAC Homepage	36
Just Before Press	
Down with Debt	36
Best Cities for Defense Jobs	37
Immediate Success	37
Deal Reached on Compensate Feds for Unused Sick Leave	38

This publication is issued to ensure the Fort Benning commanders, managers, supervisors, and employees are kept informed of employment and staffing issues. Monthly issuances will contain updated information on specific employment topics (i.e., compensation, recruiting procedures, travel entitlements, classification issues, NSPS implementation information, etc.).

The Illuminator

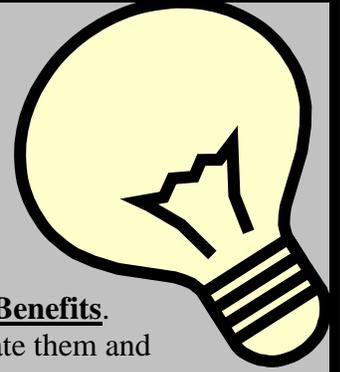
2-2008



This newsletter is an apercu of articles written by CPAC staff [members] as well as information excerpted from various sources which include, but is not limited to, the Government Executive Newsletter, FedWEEK, the Federal Manager's Daily Report, and the ABC-C Newsletter.

The Illuminator

2-2008



Older Workers are Turning to Government for Secure Jobs with Good Benefits.

Boomers are turning to the government for second careers; agencies appreciate them and hope to thwart retirement wave.

Laid off in her late 50s from a telecommunications company, Diana Byrd felt the frustrations familiar to older workers hunting for jobs. A federal senior employment program helped Diana Byrd find a job at the Environmental Protection Agency.

"It was hard even to get an interview. I had never had difficulty before, but this time was different," she said. "No one actually said it was because of my age, but I felt it."

Then Ms. Byrd discovered a federally funded senior employment program that places people older than 55 in assignments at the Environmental Protection Agency.

"It's been a perfect match," she said.

For two years, Ms. Byrd has been a data coordinator tracking the progress of environmental cleanup projects for the EPA's regional office in Dallas. The job has rekindled the passion she had for environmental causes when she worked for the Sierra Club years ago.

Like Ms. Byrd, older workers who have been downsized or disenchanted with corporate America are turning to governments for secure jobs with good benefits and a sense of mission.

Their new employers are grateful for their experience and maturity.

"Everyone stands to benefit from this," said Max Stier, president of the Partnership for Public Service, a national initiative that's recruiting aging boomers for the federal government.

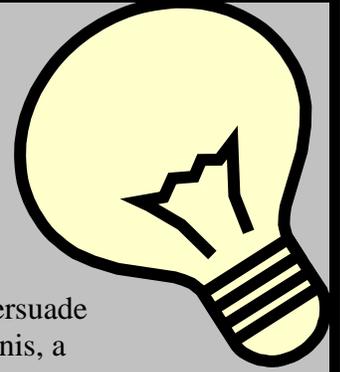
"The boomers get a second career where they can earn a living and do something meaningful, and our government gets the talented people it needs to fill looming labor shortages," he said.

The federal government expects to lose 550,000 employees, or about a third of its full-time permanent workforce, due to retirements and resignations over the next five years. The oldest boomers are turning 62 this year, and many are retiring. The federal workforce is older than the private sector's, so it will feel the "age wave" earlier and with greater force than other employers.

Government personnel analysts say some agencies may be hit especially hard. Forty percent of the Social Security Administration's workers and 47 percent of the Federal Aviation Administration's employees will become eligible for retirement by the end of this decade.

The Illuminator

2-2008



Besides encouraging older employees to stay, the government will need to persuade experienced workers from the private sector to join its ranks, said Helen Dennis, a consultant on older-worker issues.

"This matter of an aging workforce cuts across the entire economy," she said. "The government should lead by example and serve as a role model for how employers engage and keep older workers."

The federally funded Senior Environmental Employment Program has 1,500 full- and part-time participants.

The National Older Worker Career Center, a nonprofit group that helps run the program, has recruited clerical staff, data administrators, engineers and inspectors, all 55 and older.

Reconnecting

Some have lost their jobs or spouses and need the paycheck, while others have grown tired of retirement and just want to reconnect, said Michael Durkin, a field coordinator in Dallas.

"Our people often end up as mentors for the EPA's younger staff members," he said. "They're valued for their experience, even temperament, sound judgment and strong work ethic."

The National Older Worker Career Center manages a similar program for the Agriculture Department and has discussed helping other federal departments and agencies find older workers.

Ms. Dennis said many older workers still aren't aware of the job opportunities in government.

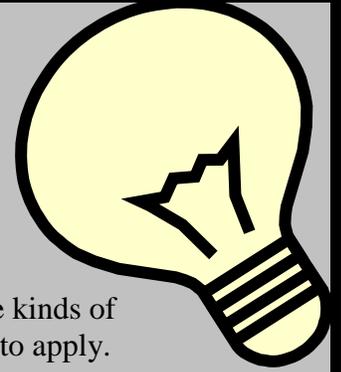
"The public sector needs to spread the word that it has good jobs with good benefits," she said.

The Internal Revenue Service and the Small Business Administration's Office of Disaster Assistance have begun working with AARP to raise their profile with older adults as members of its National Employer Team.

"We pick employers for our team who are committed to recruiting, hiring and retaining older adults, and then we connect our members with them," said Deborah Russell, AARP's director of workforce issues.

The Illuminator

2-2008



Job seekers can visit the team's Web site – www.aarp.org – to learn about the kinds of positions available at the IRS and the Office of Disaster Assistance and how to apply.

Looking Beyond

Older workers are also looking beyond federal departments and agencies to state and local governments, where retirements will create many vacancies in social services and health care.

Thirty-one percent of Texas' state government workforce is now older than 50, according to the state auditor.

"We're approaching the edge of a cliff with so many baby boomers on the verge of retirement," said Diane Rath, chairwoman of the Texas Workforce Commission. At the Dallas County district clerk's office, four generations work side by side, including a number of middle-age and older employees who have launched second careers after leaving corporate jobs or the military.

Customer Service

District Clerk Gary Fitzsimmons said he has found that his older workers are experts at customer service.

"When things get busy, they don't get rattled," he said. "In fact, customers treat them with more respect."

Marsha Bills went to work as an executive assistant in the clerk's office in her late 50s, after the corporate communications business she owned couldn't support her and her health care costs anymore.

She now pays \$22 a month for group health coverage, 90 percent less than her previous policy's cost.

"At 59, I can't overemphasize the importance of a full-time job with health benefits," she said. "I'm the happiest I've been in years."

Dennis Damp, author of *The Book of U.S. Government Jobs*, said the advantages of government work far outweigh the drawbacks.

"There's more job security than in corporate America, and the benefits are often more generous," he said.

The Illuminator

2-2008



"Federal workers, for example, can keep their health insurance when they retire," he added.

Working for the federal government seldom requires retraining, Mr. Damp said. "People looking to change jobs in their 50s and 60s don't necessarily want to change professions," he said.

"With 1.9 million civilian jobs, the government has something for almost every occupation."

Likewise, five of six federal jobs are outside the Washington area, so newly hired workers usually don't need to relocate, Mr. Damp said.

North Texas has 44,000 federal employees.

Patience, Perseverance

Still, applying for a government job demands patience and perseverance.

"The drawn-out application process scares away people," said Renae Perry, director of the Senior Source's employment program, which helps adults older than 50 find jobs in the Dallas area.

Unlike the succinct résumés that private employers prefer, the federal résumé may be six or seven pages long because it expects detailed information from applicants, career counselor Sandra Marling said.

The partnership has been working with agencies to streamline their hiring process so they don't miss out on talented candidates. It's also encouraged more flexible work schedules, which are a priority with boomers.

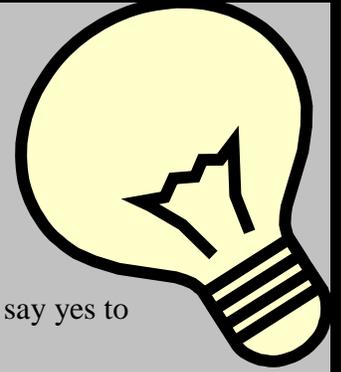
At the EPA, Ms. Byrd has been able to arrange her workweek into four 10-hour days, sliding into her cubicle about 6:30 a.m. most days.

"That flexibility has given me the will to keep working for a long time," she said. Mr. Stier hopes other older workers will reach the same conclusion and help government head off a brain drain.

"Assuming we remove the obstacles, we'll be able to attract boomers who may have considered public service earlier in their careers but had to say no because of family responsibilities," he said.

The Illuminator

2-2008



"Now that they're empty nesters and looking to leave a legacy, maybe they'll say yes to that call to service."

Future Retirees: Do You Know Your MRA? This article is written by John Grobe, a retired federal employee with over 25 years of experience in federal human resources and President of Federal Career Experts, a training and consulting firm that specializes in federal employee retirement and career transition issues. The article was posted in the 22 Jan 08 edition of FedSmith.

The FERS 5% penalty for those who choose to retire under the provision for MRA+10 retirement is often the source of confusion. This penalty reduces the FERS annuity of a retiree who elects to retire under the MRA+10 provision by 5/12 of 1% per month (5% per year) for each full month the retiree is younger than age 62.

For those who are not familiar with the term MRA – you are probably CSRS. MRA is a concept that was introduced with the advent of the FERS system and does not apply to CSRS employees. Your MRA, or Minimum Retirement Age, is based on the year in which you were born. A FERS retiree who was born before 1948 would have a MRA of 55. However, if born in 1970 or later, the MRA would be 57.

Here is a chart that demonstrates how this works:

Minimum Retirement Age +10	
Year of Birth	MRA
Before 1948	55
1948	55 and 2 months
1949	55 and 4
1950	55 and 6
1951	55 and 8
1952	55 and 10
1953-1964	56
1965	56 and 2

1966	56 and 4
1967	56 and 6
1968	56 and 8
1969	56 and 10
1970 and later	57

First and foremost, the 5% penalty only applies to FERS retirees who leave under the MRA+10 provision. FERS employees who are under age 62 and retire under other provisions face no reduction at all. Examples of the other provisions being:

MRA plus 30 years of service

Age 60 plus 20 years of service

Special category retirement (e.g., law enforcement, firefighter, etc.)

Disability retirement

Certain deferred retirements (this will be the subject of another article in the future)

The first three bullets above are sometimes referred to as "voluntary retirement".

There is a way that some individuals who leave under the MRA+10 provision are able to avoid the penalty. This method, however, is not for everybody, as it requires that you postpone the receipt of your annuity and give up some other retiree perks for a period of time. Here's how it would work.

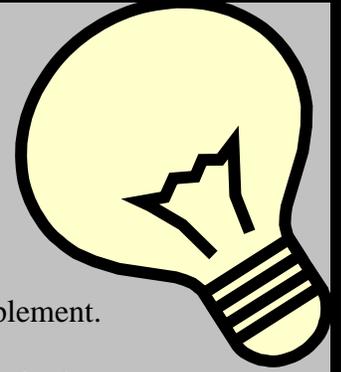
Let's say you are age 60, neither disabled nor a special category employee, and have 15 years of service, but you really want to leave government service. As you need a full 20 years of service to qualify for voluntary retirement, 15 years won't get you out the door unless you apply for MRA+10 retirement. When your MRA+10 retirement is approved, you tell the Office of Personnel Management (OPM) that you wish to postpone receiving your annuity. Upon reaching age 62, you contact OPM again and ask them to start your annuity. Because you are age 62 when the annuity begins, there will be no reduction in your annuity amount.

But wait, there's more! Well, actually, there's really less. Here are some reasons that the MRA+10 option is not more popular than it is (other than the fact you'll not be receiving an annuity for two years).

- The high-three salary used to compute your annuity remains what it was when you left – it is not adjusted for inflation.
- You will be ineligible for health insurance through FEHB during the time your annuity is postponed. It will be reinstated when you begin collecting your annuity.

The Illuminator

2-2008



- You will not be eligible to receive the FERS Special Retirement Supplement.

CSRS employees do not have anything like MRA+10 available. If the person in the example used above were a CSRS employee, they would have to wait until age 62 to be eligible for retirement.

DoD Global War on Terrorism (GWOT) Medal for Civilian Employees.

The Department of Defense (DoD) is in the process of finalizing the GWOT medal for civilian employees who, while abroad, directly support the Armed Forces in operations to combat terrorism. The DoD will announce the medal, and Army policy, along with delegation of approval authority, will follow. A description of the medal is below.

On the front [of the medal], the statue of freedom represents the ultimate goal of operations in support of the GWOT. Laurel branches symbolize honor and achievement. Five stars allude to the military services, and the triangle, a traditional symbol of civilian service, denotes support. Spears enclose and defend "Freedom" and allude to support for military service.

On the back, the disc represents a globe, with arrowheads suggesting danger and terrorism may develop anywhere. The polestar, an ancient symbol of navigation, denotes direction, preparation, and planning.

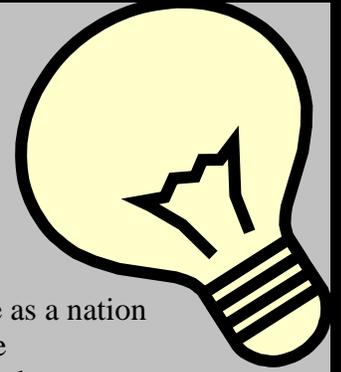
Ribbon: Medium blue - color associated with the DoD. Gold - excellence and achievement. Black and red symbolize the threat and danger of terrorism. Red, white, and blue are for patriotism and the love of freedom.

As proposed, the medal is intended for DoD employees who, on or after September 11, 2001, to a date to be decided, serve abroad in direct support of a U.S. military GWOT operation in a location designated as a combat zone. Direct support must have been 30 consecutive days (or the full period when an operation is less than 30 days), for 60 non-consecutive days, or involved the employee being killed or medically evacuated, regardless of total time served in the operation. Eligible operations are proposed to be any military operation approved for award of the GWOT Expeditionary Medal for military personnel.

Pilot Program Will Target Corporate Workers for Federal Jobs. The Partnership for Public Service recently launched a pilot program to help IBM employees looking for second careers transition to mission-critical positions at the Treasury Department. The program, FedExperience, could expand to other companies and government agencies in the next several years.

The Illuminator

2-2008



"If you look at the news of the day, you see the enormous challenges we face as a nation and how many of them involve government," said Max Stier, president of the Partnership. "Across the board, from globalization to global warming, we need a government that's functioning at its very best to be able to address [those challenges], and it comes down to people."

The program is the second step in what Stier said was a three-phase process. The first was a [report](#) which detailed the opportunities and challenges the government faced in recruiting and retaining mature workers. The Partnership report was funded by a \$250,000 grant from The Atlantic Philanthropies, a foundation based in Bermuda that focuses in part on issues of aging.

The pilot program, which will be run at no cost to the Treasury Department, is the second step. Stier and Rick Hastings, deputy chief human capital officer at Treasury, hesitated to set specific benchmarks, saying they wanted to create a successful model that could be expanded to other agencies in the program's third phase.

Hastings said the Partnership's efforts to help Treasury rebrand itself, to benefit from targeting older workers with the experience and skills, and to reform its hiring process would improve the department's human capital resources.

"Obviously, we want to support the President's Management Agenda. We're currently green in status and green in progress," Hastings said. "We look at this partnership as a way to supplement efforts that are already under way."

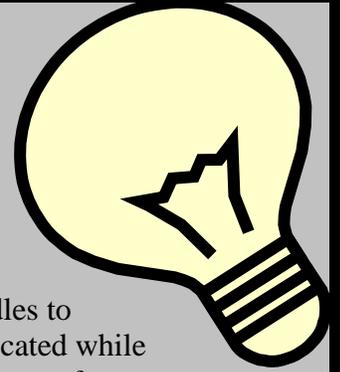
Office of Personnel Management Director Linda Springer said she was enthusiastic about the possibility of expanding the relationship to other agencies and corporate employers to bring experienced workers into government for the first time.

"As an older American, I'm pleased to be here. I can personally attest to the fact that older Americans can be dynamic," she said. "We are fully behind the notion that we need to reach out to the corporate sector and the people who are ending their careers there and particularly value public service."

Colleen Kelley, president of the National Treasury Employees Union, said she hoped the initiative would encourage the Office of Personnel Management and agencies to step up recruitment of older workers. "We recognize that older workers bring valuable experience to the federal workplace," she said. "To the extent that hiring older workers who meet position requirements is part of any program to deal with staffing issues, these individuals should compete for positions like any other applicant."

The Illuminator

2-2008



The Partnership's report found that the government has some significant hurdles to overcome. The report cited a March 2007 Pew Research Center [poll](#) that indicated while only 42 percent of people under 30 viewed government as inefficient, 70 percent of people in the FedExperience target age range of 50 to 64 saw government that way. The report also found that 57 percent of older Americans thought or had an experience that led them to believe that the federal job application process was more difficult than for private sector or nonprofit employers.

But the report also found that older workers who wanted to transition to second careers said that being challenged in their job was important to them, which could make them a good match for government. It also cited a 2007 survey by the Merit Systems Protection Board that showed recent senior federal hires [rated government more highly](#) than their previous employers in other sectors.

Springer said government had many attributes that would make it an attractive option for transitioning workers.

"We have attractors, and at the more experienced end, that includes things like having an established infrastructure. It's there waiting for you," Springer said. "If you're interested in benefits, you name it, we've got it. There's the opportunity to work on a project basis as a longer-term career individual. This is not about sitting in Washington at a cold, gray metal desk from 9 to 5, doing a boring job."

Stanley Litow, vice president for corporate citizenship and corporate affairs at IBM, compared the initiative with a program the company started two years ago that retrains employees to become math and science teachers. The program has a zero attrition rate and has involved more than 100 IBM employees. Litow said he would like to see similar results through FedExperience.

"There are a lot of people who will be interested in public service, but to get from point A to point B, you need a little help in the transition," he said.

He added that the program makes sense for IBM because it contributes to the company's branding.

"It builds a more effective workforce when the company helps employees think through the transitions in their lives," Litow said. "People who spent their careers in IBM will think better of the company. It improves the company's brand. It's corporate citizenship, but it's good business to operate this way."

The Illuminator

2-2008



GAO: Better Management Could Help Address Social Security Disability Backlog.

Better planning, management and evaluation could help address the Social Security disability benefit backlog, GAO has said.

At the end of fiscal year 2006, some 1.5 million disability claims were awaiting a decision – about 576,000 of them backlogged due to compounding processing delays, according to GAO-08-40.

It said backlogged claims in the Social Security Administration's processing system doubled from 1997 to 2006, with blockages at most stages of the claims process, mostly at the hearing level which has slowed.

Substantial growth in the numbers of disability claims, staff losses and turnover, as well as management weaknesses have contributed to the backlog problem, GAO said.

It said that from 1997 to 2006 initial applications for benefits grew by over 20 percent while the agency lost claims examiners in the state determination offices and administrative law judges and support staff in the hearings offices.

Further, management initiatives to address the backlogs have failed and have sometimes added to the problem, the report said.

It said that in 2006, SSA introduced a disability service improvement initiative but suspended a national rollout in order to concentrate on the hearings backlog and full implementation of its electronic case processing system.

While the DSI is still underway in the Boston region, it is hampered by rushed implementation, poor communication, and a lack of financial planning, and has shown mixed results, GAO said.

Defenders, Attackers of Women's Contracting Regulations Square Off. Justice Department and Small Business Administration officials told lawmakers that a recently proposed rule requiring agencies to prove under-representation before setting aside contracts for women-owned businesses was necessary to ensure the program's constitutionality. Legal advocates for women, however, accused the government of setting an unreasonable precedent.

The [proposed rule](#) is a regulatory step in developing a women's procurement program that had been mandated by Congress in 2000. The regulation would allow contracting officers to award sole-source contracts of \$3 million or less (\$5 million in the manufacturing sector) to women-owned small businesses in only four industries in which women were determined to be underrepresented by a RAND Corp. study. The rule also would require

agencies to do an individual determination of under-representation before awarding a contract under the set-aside program.

Elizabeth Papez, deputy assistant attorney general in the Justice Department's Office of Legal Counsel, told the House Small Business Committee Wednesday that agencies must determine their own levels of under-representation because "courts require evidence of discrimination in the particular field where the program operates" in order for gender-based preference programs to be legally valid.

Legal precedents require government preference programs to satisfy varying levels of scrutiny, Papez explained. For preferences that do not depend on a recipient's race or gender, such as veterans' preferences, the government must only show that there is a rational basis for the program. Race-based preferences must satisfy "strict scrutiny," which means the government must prove that the preference is "narrowly tailored to serve a compelling government interest."

Gender-based preferences must satisfy what the Supreme Court has called "intermediate" or "heightened" scrutiny, which is more demanding than the rational-basis standard but not as severe as strict scrutiny.

Papez said that in order for a gender-based program to be upheld under intermediate scrutiny, the government would have to provide "exceedingly persuasive" justification through "genuine, non-hypothetical evidence of discrimination" in the program's economic sphere.

"It is both legally appropriate and legally prudent to require evidence of discrimination before implementing the program," Papez said.

Other experts challenged that interpretation. Jennifer Brown, vice president and legal director for Legal Momentum, a New York-based advocacy group dedicated to women's rights, called the SBA's proposed rule "preposterous" and said it goes "far beyond constitutional requirements into unrecognizable territory." Brown also said a requirement that agencies disclose their own history of discrimination was unrealistic.

"What agency would voluntarily announce to the world that it had documented its on history of sex discrimination in awarding contracts?" Brown asked. "I can only imagine the rush to the courthouse the next day by disappointed contract bidders."

Denise Farris, founder of the Kansas-based Farris Law Firm, who spoke on behalf of the group Women Impacting Public Policy, cited an internal Justice Department memo which said that the proof of discrimination required even for strict scrutiny was "not that level of evidence that rises to paradise."

"The SBA has basically suggested a rule that goes beyond paradise and lands at the foot of God," Farris said.

The Illuminator

2-2008



She also argued that the SBA's logic was circular -- officials are demanding their program be able to withstand a legal challenge but "missing the fact that there never will be a legal challenge because there's no darn program in place to challenge and never will be."

Both Farris and Rep. Nydia Velázquez, D-N.Y., chairwoman of the committee, expressed concern that the exceptionally high burden on the government to prove the constitutional validity of preferences could threaten a wide range of programs affecting minority groups. "What this is basically doing is creating a 'strict scrutiny plus' standard applying to gender-based programs," said Farris, "and it's only a matter of time that it will trickle down not only to every program at the federal but also the state, country and local levels."

SBA Administrator Steven Preston said his agency is committed to implementing the program and "intends to do so in a constitutionally valid manner."

FEGLI and Premium Pay Benefits Administration Letter (BAL) 07-205. Federal Employees' Group Life Insurance (FEGLI) and Premium Pay Benefits Administration Letter (BAL) 07-205, recently issued, provides information for ensuring that the appropriate pay amount is used when determining FEGLI coverage for employees who earn premium pay.

In situations where the combination of salary and premium pay reaches the employee's annual salary cap, the amount of FEGLI coverage is based on the capped amount (i.e., the actual amount of earnings received by the employee). The calculation should be done on an annual basis rather than each pay period.

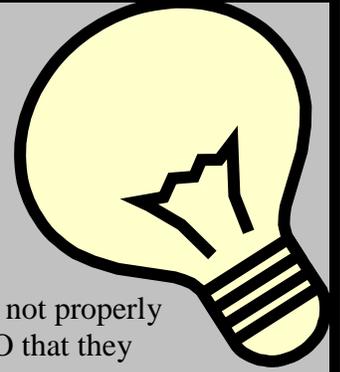
For more detailed information about this BAL and how to calculate the pay, click on this link: <https://www.opm.gov/retire/asd/pdf/2007/07-205.pdf> or contact the Army Benefits Center-Civilian at 1-877-276-9287 or <https://www.abc.army.mil>

OMB Seeks Crackdown on Premium Travel. Reacting to a recent GAO report that criticized the government in general—and the Departments of State and Defense in particular—for having weak controls over premium class travel by employees, OMB has sent out a memo to agencies reminding them of the restrictions on such travel and stressing "the importance of having clearly defined internal controls in place regarding when the use of premium class accommodations is appropriate."

The GAO report estimated that the government improperly spent at least \$146 million on improper first class and business class travel during the 12-month period ending in July 2006 – out of a total spending for such travel of some \$230 million for some 53,000 tickets. GAO estimated that 28 percent of government-wide premium class travel was not

The Illuminator

2-2008



properly authorized, and that another 38 percent of premium class travel was not properly justified, for a combined total of 67 percent. Further many agencies told GAO that they did not track the extent of business class travel.

In its memo, OMB noted that the Federal Travel Regulations detail conditions that must be met in order to use premium class accommodations and that agency approving officials have the responsibility to ensure that the conditions surrounding the request are "reasonable and necessary given the circumstances of the travel and/or the cost of the travel."

It said GSA is in the process of revising the FTR in consideration of some of the GAO findings and that in addition, agencies should as a matter of their own policies:

- * require that premium class travel requests for all agency personnel, including senior-level executives be approved by an individual at least at the same level as the traveler, or by an office designated to approve premium class travel;
- * develop and issue internal guidance that explains when mission criteria and intent call for premium class accommodations;
- * define what constitutes a rest period;
- * require annual certifications of a disability, unless such disability is lifelong;
- * restrict premium class travel for both temporary duty and permanent change of station travel (relocations) when the employee is not required to report to duty the following day; and,
- * prohibit blanket travel authorizations for premium class travel, unless the traveler has a certification of disability.

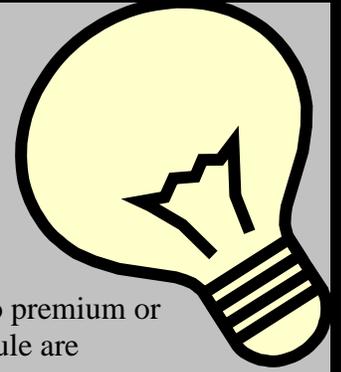
The memo said that both GSA and OMB further are preparing guidance to require better record-keeping and oversight. The memo is at <http://www.whitehouse.gov/omb/memoranda/fy2008/m08-07.pdf>.

New NSPS Fact Sheets. The DoD national security personnel system program office has posted two new fact sheets, one covering compensatory time off and holiday pay, and another offering covering the limitations that govern the amount of premium pay that employees receive under NSPS.

Upon supervisory approval, employees may work additional hours, either before of after a religious observance to cover the time they take off for it, according to DoD.

The Illuminator

2-2008



It said religious comp time hours that are worked do not create entitlement to premium or overtime pay. It also said employees traveling outside of regular work schedule are eligible for comp time off.

DoD said the NSPS bi-weekly cap on premium pay is the same as the general schedule in that both are the bi-weekly salary for GS-15, step 10, including locality pay.

Authorized managers may waive the bi-weekly limitation by applying the annual premium limitation if the employee is performing work in connection with an emergency or work that is otherwise critical to the agency's mission, DoD said.

It said there is also a limit on the total compensation an employee may receive in a calendar year, which is equal to the executive level I salary, currently \$191,300.

DoD also recently released an interactive tutorial to walk employees through the performance management and pay pool process.

The online course is designed to teach employees how the performance management and pay pool processes interact, covers activities occurring in the evaluation phases, and describes the roles that employees, rating officials and pay pool managers play.

Estimated BRAC Costs Rise, Savings Fall. DoD plans to spend about 50 percent more and save less than it originally estimated for the 2005 round of base realignment and closures, GAO has said.

The department's fiscal 2008 BRAC budget submission now estimates the costs to implement the 2005 recommendations to be \$31 billion -- up from \$21 billion for the six-year implementation period, according to GAO-08-341T.

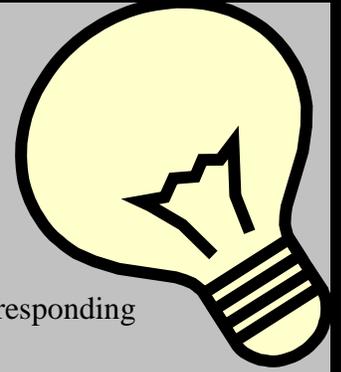
It said that almost two-thirds of the expected cost increase is due to increased military construction costs -- for example, the expected cost to close Fort Monmouth in New Jersey has gone up by more than \$550 million because of a decision to build new facilities rather than renovate older ones at one location and share existing ones at another.

Costs could continue to rise because of uncertainty in whether the Army's new initiative designed to reduce construction costs will succeed as planned, and while projected costs have increased, net annual recurring savings have in turn decreased about 5 percent, from \$4.2 billion to \$4 billion annually.

DoD said savings projections have dropped because of changes in the initial assumptions, but according to the report, savings may be overstated by \$1.85 billion because the

The Illuminator

2-2008



estimates include savings from military personnel entitlements without a corresponding reduction in end strength.

Feds Will Soon Get to Retire Online. Federal employees can soon start retiring online. The Office of Personnel Management recently outlined new rules that will enable feds to apply for retirement benefits and insurance online, bypassing much of the paperwork that is typical of the retirement process. And according to OPM, less paperwork means less processing time, especially with the impending wave of baby boomer retirees.

OPM is also creating a set of Web-based tools that provide a breakdown of individual benefits. This will include a detailed, paycheck-by-paycheck accounting of retirement contributions, instead of simple annual totals.

“The new electronic retirement and insurance processing system will provide employees, annuitants and survivors with access to their retirement and insurance information in a manner that was not previously available to them,” the agency said.

The move, outlined in a recent *Federal Register*, is part of the agency’s Retirement Systems Modernization program.

OPM noted that paper-based retirement procedures will continue “for some time” so that less tech-savvy employees won’t be forced to use the Web.

For those using the Web to process their retirements, there will be security measures: OPM will verify the online identities of retirees through an “electronic signature.” The agency has identified at least six possible signatures, ranging from PIN numbers to biometrics, but it hasn’t formally approved one.

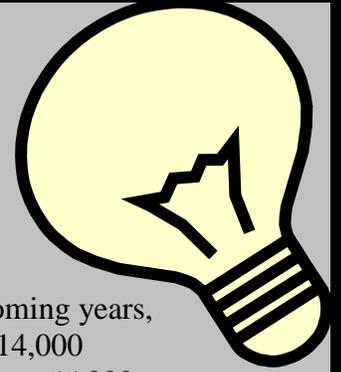
The agency hopes to start phasing in the online retirement program in 2008. Employees at the General Services Administration can use the program in February, followed by postal employees in May. Employees government-wide can start using the online program by early 2009

Bonuses, a New Weapon in Competition for Talent. Agencies now have a new tool to help them hold onto their most indispensable workers. As of 17 Dec 07, agencies can offer bonuses of up to 25 percent — and up to 50 percent in rare cases — to essential employees at facilities slated for relocation or closure.

The bonus is intended to help agencies dissuade employees from taking jobs elsewhere before their offices close or relocate.

The Illuminator

2-2008



Defense and Homeland Security departments, which face upheavals in the coming years, are most likely to use the new incentives. Homeland Security plans to move 14,000 employees to a new headquarters starting 2012; and Defense will relocate about 66,000 civilian jobs as part of its base realignment and closure program. Spokesmen for the two departments said senior officials have not yet studied the new bonus and they could not say how it might be used.

One expert said the bonuses are sure to help managers at those and other agencies.

“Anytime there’s a major reorganization or downsizing, there are key folks that you absolutely must hold on to,” said John Palguta, vice president for policy at the Partnership for Public Service. “These are typically your most marketable people who other agencies would like to have.”

Sen. George Voinovich, R-Ohio, created the bonus as part of the 2004 Federal Workforce Flexibility Act, which he sponsored.

“I am pleased [the Office of Personnel Management] finally published the final implementing regulations for the use of retention bonuses,” Voinovich said. “Agencies need clear guidance from OPM to effectively use all of the available tools to build and maintain the talented and skilled work force needed to meet America’s needs.”

Under the new rule, an employee receiving a bonus would have to stay until his organization closes or relocates. If the closure or relocation is canceled, the bonus would be rescinded.

An individual employee can get a retention bonus of up to 25 percent of his basic pay. An employee retained as part of a vital group can get 10 percent of his basic pay. However, OPM can authorize bonuses of up to 50 percent of someone’s basic pay in special circumstances.

Members of the Senior Executive Service, those in the Executive Schedule, and other senior officials are ineligible.

“I wouldn’t anticipate agencies will start throwing money at people,” Palguta said. “This is something that will be used strategically.”

Relmond Van Daniker, executive director of the Association of Government Accountants, said the Defense Finance and Accounting Service (DFAS) is one of many agencies that could take advantage of the new incentive.

The Illuminator

2-2008



DFAS has closed 11 of its 26 sites as part of BRAC, and will close or greatly downsize nine more sites in the next two years. About 6,300 jobs will move under the DFAS closures.

Van Daniker said he's heard concerns from officials at DFAS and other agencies about how they will hold on to their accountants during closures or relocations.

"If someone wants to leave, it would be far better to give him more money than to try to hire someone to replace him," Van Daniker said.

Palguta said that even with the bonus, some employees won't want to give up or delay a new job they have lined up.

But others may decide that since they are good enough to qualify for an exclusive retention bonus, they shouldn't have much trouble finding another federal job, he said.

"Every employee has to weigh the pros and cons," Palguta said. "If they get a great offer, they'll take it. But if they have an incentive to postpone [their departure], that's very useful."

The government can already offer similar retention incentives to people who would otherwise go to the private sector.

Sick Leave Plan Falls Short, Manager Groups Say. How much money is enough to persuade a federal employee not to abuse his sick leave benefit? Five thousand dollars? Ten thousand?

That's the question in play now as federal manager groups, congressional staffs and the administration try to fashion a bill aimed at preventing feds who are approaching retirement from taking unused sick leave when they are not sick.

After two months of wrangling, Rep. Jim Moran, D-Va., floated a draft bill that would pay up to \$5,000 to feds for their unused sick leave. The benefit would help only those in the Federal Employees Retirement System (FERS), who currently get no compensation for their unused sick leave when they retire. Employees under the older Civil Service Retirement System (CSRS) are compensated for unused sick leave, and as a result, have far more unused sick leave accumulated when they retire.

But several management groups have criticized the draft bill, saying it doesn't compensate FERS-covered employees enough. They called on Moran to raise the cap to \$10,000 and to pay a higher rate of compensation — 15 percent of hourly pay instead of the current 10 percent — for unused sick leave that exceeds 1,000 hours.

The Illuminator

2-2008



“Does \$5,000 present enough of an incentive for employees to conserve their sick leave? I’m not sure it does,” said Jessica Klement, government affairs director at the Federal Managers Association, speaking on behalf of a coalition of government managers groups.

The legislation Moran proposed would compensate FERS employees 10 percent of the hourly rate of their high-three salary — the average of the employee’s highest salaries over three consecutive years — for accumulated sick leave in excess of 500 hours, with a \$5,000 pay cap. As drafted, the benefit would not be retroactive.

“This is a good government management issue — your employee is not there and they are not getting their work done and, without an incentive, they have no reason to stay,” Klement said.

Sick leave abuse cost the government an estimated \$68 million in lost productivity in the year ended March 30, 2006, an August Congressional Research Service report says.

The management groups — the Senior Executives Associations, Federal Managers Association, Federal Aviation Administration Managers Association, National Council of Social Security Management Associations and Professional Managers Association — say raising the cap to allow for payouts as high as \$10,000 or instituting a sliding scale would cost the government less than the loss in productivity caused by thousands of feds taking sick leave. There is no estimate of how much less.

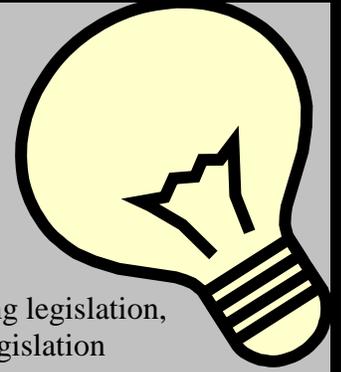
Moran is banking on that calculation. The success of the legislation on the Hill will likely depend on the benefit’s final price tag and how it compares with the estimated costs of sick leave abuse, said Heath Bumgardner, a staff member for Moran. Bumgardner plans to meet with the Office of Personnel Management this week to discuss the legislation and what it would take to get the administration on board.

“I think Mr. Moran is going to weigh how much he believes it’s costing the government right now without this tool,” Bumgardner said. “Ultimately that’s a political question he’ll have to answer.”

Among the details he hopes to iron out with OPM are options for paying for the benefit. Bumgardner has said ideally the payout would be funded with the same salaries and benefits money that currently supports sick leave and leave abuse. But convincing OPM and other members of Congress that such a scheme will work may be tricky, he said. Until a cost for the program is projected, he said, all funding possibilities are no more than speculation.

The Illuminator

2-2008



The Congressional Budget Office, which calculates cost estimates for pending legislation, will not study the bill before it is introduced. Moran plans to introduce the legislation early next year.

OPM officials said they are working on the legislation with Moran's office, but declined to comment further.

FERS employees get no benefit for saved sick leave, while CSRS applies an employee's unused sick leave to his length of service, and that translates into higher retirement pensions. Both CSRS and FERS employees earn 13 sick days a year.

Rep. Frank Wolf, R-Va., plans to co-sponsor the bill, his staff said. Bumgardner said he expects others to sign on later, including Rep. Danny Davis, chairman of the House Oversight and Government Affairs subcommittee on the federal workforce, Postal Service and District of Columbia, and Rep. Chris Van Hollen, D-Md. After the bill is introduced in the House, Moran's staff will also contact members of the Senate for support, starting with Sen. Daniel Akaka, D-Hawaii, chairman of the Homeland Security and Governmental Affairs subcommittee on oversight of government management, the federal workforce and the District of Columbia.

EEOC Faults Efforts to Hire People With Disabilities. The federal government is becoming an increasingly unwelcome place for people with disabilities to work, the Equal Employment Opportunity Commission said Jan. 15.

Employment of people with disabilities hit its lowest point in 22 years in fiscal 2006, the EEOC said. Data for 2007 is not yet available. The federal government employed 23,490 disabled people in fiscal 2006, which is about 0.97 percent of the federal work force. At the peak in 1994, 1.24 percent of the federal work force was disabled. At the lowest point in 1984, about 0.96 percent of the federal work force was disabled.

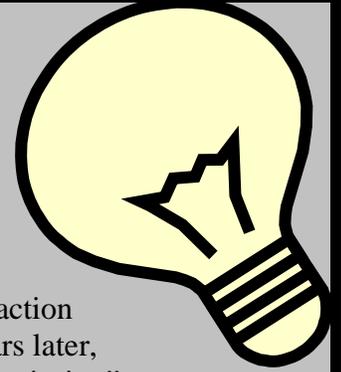
At the same time, harassment complaints have steadily increased since 2003. Disabled employees filed 1,393 harassment complaints in fiscal 2003 and filed 1,602 complaints in 2006.

What's more, most managers don't seem to understand how to accommodate disabled people. Many agencies haven't made hiring them a priority, and an obtuse hiring process may discourage applicants, the EEOC said in its report.

The government is not living up to its obligations, EEOC Commissioner Christine Griffin said.

The Illuminator

2-2008



“Under the Rehabilitation Act of 1973, federal agencies have an affirmative action requirement to hire and advance individuals with disabilities, yet 35 long years later, there is little progress,” Griffin said. “Agency leaders must make this issue a priority.”

EEOC studied the hiring of people who are blind, deaf, partially or completely paralyzed, are missing extremities, have convulsive disorders, have distorted limbs or spines, or suffer from mental illness or mental retardation. It also found that the proportion of disabled people receiving promotions is falling. The EEOC said that 0.9 percent of the nearly 290,000 promotions went to disabled people in 2002. But by 2006, disabled employees received 0.7 percent of the 277,000 promotions handed out in the government. EEOC said that 43 percent of federal agencies have not set goals for increasing the employment of disabled people.

“This may account for why little progress is actually being realized,” EEOC said. The commission said agencies should set firm hiring goals as part of their strategic plans, offer assistance to disabled people seeking jobs, and train managers on how to use underutilized hiring authorities that were designed to ease hiring of the disabled.

Taxpayer Advocate Renews Concerns About Private Debt Collection. The Internal Revenue Service's national taxpayer advocate is once again calling for the end of the agency's private tax debt collection program, citing concerns over its financial viability as well as potential risks to taxpayers.

National Taxpayer Advocate Nina Olson has repeatedly voiced opposition to the privatization of what she considers an inherently governmental function. In a new report <<http://www.irs.gov/advocate/article/0,,id=177301,00.html>> to Congress, she takes issue with what she calls the program's "dismal return on investment."

According to the report, the IRS plans to spend \$7.5 million on the program in fiscal 2008 and projects that it will bring in approximately \$30 million in revenue. Olson said if the IRS instead invested that \$7.5 million in its automated collection system, it would collect more than \$146 million. "The IRS would come out at least \$116 million ahead by applying the actual costs of program maintenance and supervision to [the automated collection system] instead of the [private debt collection] program," she said.

Colleen Kelley, president of the National Treasury Employees Union and a fervent advocate for repeal of private debt collection, said the report was "the most damning evidence yet of the incredible failure of this misguided program."

According to the IRS, while revenue has been less than originally projected, the \$32.1 million collected through fiscal 2007 is still a sizable amount that otherwise would not have been collected at all.

The Illuminator

2-2008



"In evaluating the PDC program, it is important to remember why it was created," the IRS wrote in its response to the advocate. "It was never designed to compete with IRS collection activity. . . . the issue is not whether the [private collection agencies] or IRS could do a better job collecting this revenue. The issue is whether the revenue collected by PCAs goes uncollected."

Jeff Trinca, vice president of Van Scoyoc Associates, a Washington law firm representing the collection agencies, said Olson is "using the numbers available as a good advocate should, not as an independent overseer of the program."

In her report, Olson criticized both the collection agencies and the IRS for not providing timely information about how the companies perform debt collection. She said the companies were classifying documents such as call scripts, the text of written communications and certain training materials for employees working on accounts as proprietary when they are necessary for oversight and to ensure that taxpayers' rights are not being violated.

"The IRS has an obligation to make the bulk of its policies and procedures available to the taxpaying public, and it substantially complies with this obligation," Olson wrote. "However, the IRS has failed to ensure that the operations of the PCAs are equally transparent. . . . the PCAs have designated almost all of their operational plans as proprietary information."

Dan Drummond, spokesman for the Tax Fairness Coalition, which represents the private debt collectors, said the companies have made the information available when necessary, including for congressional hearings.

"The companies participating have been very transparent," he said. "We have worked with the IRS to comply with [the] letter and spirit of all the laws and regulations."

Olson said while she has been told that the information could be detrimental to companies' competitive advantage, the agencies' willingness to disclose call scripts at a May 2007 hearing before the House Ways and Means Committee shows that "agencies believe the benefits of obtaining or retaining the IRS contract outweighed any harm caused by disclosure of this information."

She recommended that the IRS include a provision in all renewals or future contracts that prevents private debt-collection agencies from treating information relevant to taxpayers' rights as proprietary.

Proponents insisted the program has been extremely successful. The Treasury Department's inspector general for tax administration said it was being effectively

The Illuminator

2-2008



implemented in its most recent audit and, according to the IRS, taxpayer satisfaction with the program is high, averaging 96 percent from April to October 2007. The taxpayer advocate commended the IRS for informing taxpayers of their ability to opt out of the private program, and the IRS says only 0.5 percent of taxpayers placed with private agencies have chosen to have their case returned to the IRS.

"When you get As and A-plusses from the people you're serving, something is going right," Drummond said.

Opponents, including Kelley and Olson, continue to call on Congress to repeal the program. Legislation to that effect (H.R. 3056 <<http://thomas.loc.gov/cgi-bin/bdquery/z?d110:h.r.03056:>>) passed the House in October and has been referred to the Senate Finance Committee, which many say is likely the end of the road.

"There's not a lot of interest in this in the Senate, and Sen. [Chuck] Grassley is a major supporter of the program," Trinca said. The Iowa Republican is very influential as the ranking member of the Finance Committee.

Panelists Debate Public Service Academy Proposal. A panel of public policy experts recently debated whether establishing a bricks-and-mortar undergraduate academy would be the solution to the federal government's looming workforce challenges.

At a forum sponsored by the American Enterprise Institute for Public Policy Research, panelists expressed support for or suggested alternatives to creating a U.S. Public Service Academy, on par with the nation's military academies, to inject prestige into federal service and highlight the importance of government work.

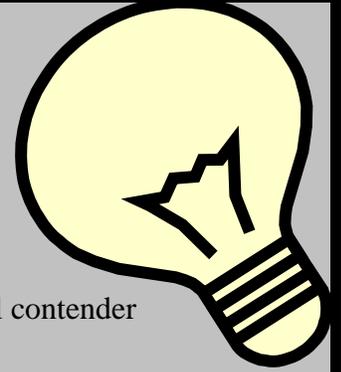
Panelists noted that the government faces myriad personnel challenges over the next decade as 60 percent of the federal workforce and 90 percent of senior executives become eligible to retire. Chris Myers Asch, one of the architects of the academy proposal, noted that establishing a national academy would create a cadre of talented individuals to help fill the void and make federal service a more noble career path.

"George Washington expected a national university to be a useful instrument in the shaping of patriotic citizens and of able civil servants," Asch said. "The academy will help reinvigorate our sense of public service and help revitalize the work of our public sector."

Legislation that would establish a national public service academy was introduced in both chambers of Congress in March by Sens. Hillary Rodham Clinton, D-N.Y., and Arlen Specter, R-Pa., and Reps. Jim Moran, D-Va., and Chris Shays, R-Va.. It has since

The Illuminator

2-2008



acquired 16 Senate co-sponsors and 87 in the House. Republican presidential contender Mike Huckabee also has expressed support for the effort.

The proposal would establish a 5,000-member undergraduate academy that would be free to students in exchange for a five-year service commitment to the government at local, state or federal levels. Students would be nominated by members of Congress in a process much like that at the military service academies, and would be required to study abroad and complete internships with nonprofit and military organizations.

A major subject of concern among panelists, however, was the proposal's estimated price tag of \$205 million. "We see big challenges, and we rise to them," Asch said. "It's expensive, but it's going to change this country."

Still, some panelists noted that simply creating such an institution would not begin to address the government's challenges, which do not necessarily stem from a lack of interest in public service among young people. Philip Levy, who studies international trade and development at AEI, said the problem lies more within the government itself, where the hiring process is lengthy and difficult, and the system is based heavily on seniority. Ultimately, the academy proposal would be expanding a government that is not an attractive place to work, he said.

Levy and Stephen Joel Trachtenberg, president emeritus and a professor of public service at The George Washington University, noted that offering scholarships to students in a format much like the military's Reserve Officers' Training Corps would be a more cost-effective solution to the challenges of attracting top talent to public service.

"The academy is an answer in search of a problem," Trachtenberg said. "There really is an issue, but I think this is the wrong solution."

Robert Tobias, director of public sector executive programs at American University, noted that the creation of an ROTC-like program would not be nearly as effective as the academy proposal in preparing a cadre of talent to enter the federal workforce. "The idea that people would be together for four years creating a culture that will support them from there on is what distinguishes this from other universities," Tobias said. "It's created by people working together on the same kinds of projects with the same goal in mind, and that is public service."

John Bridgeland, CEO of Civic Enterprises, a public policy firm in Washington, said he is working with government and nonprofit organizations to create national public service legislation with the goal of getting such a bill passed and signed into law by September 2009. The public service academy proposal would be a part of the legislation, he said.

The Illuminator

2-2008



"I think [the academy] is one of the most transformative and boldest ideas from the perspective of igniting a culture of service in a generation," Bridgeland said. "[It] would give civilian service an equal standing to military service and might even infuse in the broader culture a stronger sense of giving back."

Assured Annuities. Buying a lifetime annuity can reduce your risk if living a long time but it increases your risk if dying soon. Say you pay \$200,000 and receive about \$1,300 a month for ten months, then die.

* With a basic single-life annuity, your heirs won't get a thing from the insurer. You'll have paid \$200,000, received \$13,000, and deprived your heirs of that \$200,000.

* This risk can be reduced by buying a "cash refund" annuity. Say you put \$200,000 into an annuity and receive only \$13,000 in payments before you die. Your beneficiary would get \$187,000 back.

Your monthly payments will be lower if you specify a cash refund option, though.

* Another option, available to married couples, is to buy a joint annuity. Such an annuity will keep paying as long as either spouse is alive. However, the monthly income might be around \$1,100 a month, not \$1,300, on a \$200,000 investment.

* Another option is to buy a "term certain" annuity, which will pay for at least a minimum time period, to you or a beneficiary.

If you buy this type of annuity with a 10-year minimum and you die after three years, the same amount will be paid to your beneficiary for another seven years.

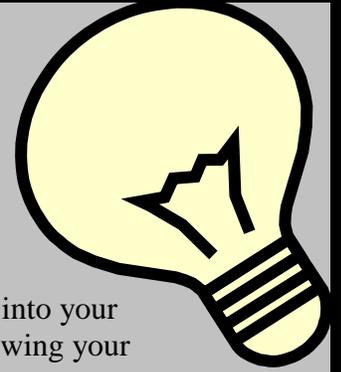
For questions, contact your personal financial advisor, an attorney, or an investment counselor. While we strive to provide the latest in information, the expertise of the HR staff does not extend to financial planning.

Home Run. When you sell your home, you can avoid tax on gains up to \$500,000 (\$250,000 if you're a single taxpayer). If you follow the rules, you can use this tax break repeatedly, with no limit.

To qualify for this tax break, you must have owned the home and used it as your principal residence for at least two years (730 days) out of the five years before the sale. Proving the dates of ownership generally will not be hard to do, if you have records of buying and selling the house. Showing how long you lived there might be difficult, though, if you are challenged.

The Illuminator

2-2008



Thus, you should keep a moving-company receipt to show when you moved into your home. Keep copies of some phone or utility bills and payroll check stubs showing your address to prove how long you lived there.

Even if you owned and lived in the house for less than two years before a sale, you can get a partial exclusion if unforeseen circumstances dictated the move.

Say you lived in a house for one year before the birth of twins forced you to move. Because one year is 50 percent of two years, you'd get 50 percent of the maximum tax break: up to \$250,000 on any gain on the house sale, or up to \$125,000 if you're a single filer.

For questions, contact your personal financial advisor, an attorney, or an investment counselor. While we strive to provide the latest information, the expertise of the HR staff does not extend to financial planning.

Union Asks High Court to Hear Case Against DoD Personnel System. The American Federation of Government Employees is asking the Supreme Court to consider its arguments against the Pentagon's new personnel system.

The writ of certiorari filed Jan. 7 argues that a federal appeals court ignored precedent last year when it overturned a 2006 U.S. District Court decision. The district court had found the Defense Department overstepped its authority when it established the National Security Personnel System. AFGE attorneys said that while the courts had previously found the Homeland Security Department's similar personnel system improperly restricted collective bargaining rights, the appeals court improperly rejected AFGE's "virtually identical" arguments when considering the Defense case.

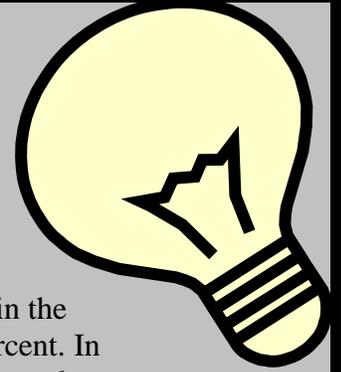
NSPS allows Defense to discipline poor performers without offering them time to improve and to pay employees based on their performance rather than through the General Schedule.

Unions also object to NSPS provisions that allow Defense to assign employees new responsibilities without first bargaining with their unions. But the Defense authorization bill, still under consideration by Congress, would restore unions' rights to collectively bargain on NSPS.

Hispanic Representation Rises Slightly. The percentage of Hispanics in the federal workforce continues to rise, increasing from 7.5 to 7.7 percent over 2006-2007, and Hispanics represented 8.6 percent of federal hires in the 12-month period ending last June, an OPM report has said. Hispanic representation has increased from 6.2 percent a decade ago due to numerous factors, including recruitment initiatives, OPM said.

The Illuminator

2-2008



Hispanics remain under-represented compared with their overall percentage in the American workforce, however, which a report issued last year put at 12.6 percent. In addition, representation at higher levels is even lower, with Hispanics making up between 2 and 4 percent of employees in GS-13-15, the SES and senior level positions.

Percentage of 'Targeted' Disabled Falls Slightly. Meanwhile, EEOC has issued a report showing that the percentage of the federal workforce with "targeted" disabilities has fallen despite a series of presidential directives and other initiatives designed to make the government a model employer of persons with certain disabilities. "Targeted" disabilities include conditions such as blindness, deafness, partial paralysis and certain other disorders. Such individuals now make up just under 1 percent of the workforce, compared to about 1.2 percent at the peak in 1993-94. The report cited a lack of coordination in hiring efforts, lack of strategic plans, failure to use special hiring authorities that are available, and other factors.

TSP Takes Action on Frequent Traders. The TSP published an interim rule, effective January 7, under which its executive director has been granted the authority to contact participants deemed to be driving up overall plan costs through excessive trading and request that they cease their practices. The TSP says that about 3,000 participants in the program fit the category of excessively active traders and that it intends to publish formal rules that would generally allow only two interfund transfers per month, starting as early as the spring. The TSP earlier announced an intent to take that action, on grounds that the costs from those frequent trades are driving down returns for all participants.

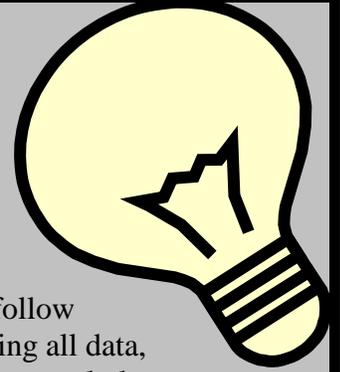
'Erased' Personnel Data on Agency Tapes Can be Retrieved, Company Says.

Personal and sensitive government data -- including employees' personal data -- on magnetic tapes that federal agencies erase and later sell can be retrieved using simple technology, according to an investigation conducted by a storage tape manufacturer. The findings contradict a report released by the Government Accountability Office last year that concluded such data was irretrievable.

From March through August 2007, GAO investigated if data could be retrieved from used magnetic tapes that federal agencies sell to commercial tape companies in the United States. Magnetic tapes are widely used by federal agencies, particularly for backing up data stored on large systems in the event of a disaster or system failure. The sample of tapes that GAO obtained came from such agencies as the Federal Reserve Bank, the Air Force and the National Oceanic and Atmospheric Administration. According to its September 2007 report ([GAO-07-1233R](#)), GAO concluded it could not find "any comprehensible data on any of the tapes using standard commercially available equipment and data recovery techniques, specialized diagnostic equipment, custom programming or forensic analysis."

The Illuminator

2-2008



Selling used magnetic tapes is not illegal, GAO pointed out, and if agencies follow guidelines set by the National Institute of Standards and Technology for erasing all data, the risk of theft is low. "Based on the limited scope of work we performed, we conclude that the selling of used magnetic tapes by the government represents a low security risk, especially if government agencies comply with NIST guidelines in sanitizing their tapes," GAO concluded. "Even if some data were recoverable from some tape formats that had been overwritten to preserve their servo tracks, the data may not be complete or even decipherable."

But representatives from Imation, a magnetic data storage tape manufacturer in Oakdale, Minn., reviewed the used tapes examined by GAO. Using a tape drive, a standard personal computer and standard programming language, Imation reported being able to access bank account numbers, employee information, travel expense reports, audit procedures and results, employee savings plan balances and international tax benefits documents.

The results prompted Congress to ask GAO to reopen its investigation into agencies selling used magnetic tapes.

"If federal agencies are selling used magnetic storage tapes on the open market with this level of recoverable sensitive data available to anyone with minimum technical skills or equipment, we should all be alarmed and demanding greater accountability from federal agencies engaged in such sales," wrote Rep. Betty McCollum, D-Minn., in a letter to GAO in which she asked that the investigation be reopened. "The result of the work conducted by Imation clearly challenges the earlier GAO conclusion that used tapes represent a low security risk... The fact remains that substantial amounts of highly sensitive government and personal data of citizens may be circulating in the open market on 'recertified' used tapes."

McCollum has called for GAO to identify which federal agencies resell tapes and confirm that all sensitive information is properly erased. She also has asked GAO to find out the processes used to ensure that sensitive data is fully erased, the standards for certifying that tapes are erased and the systems in place to monitor the dispositions of tapes by agencies or contractors. She asked for recommendations on how to improve oversight of such dispositions.

GAO could not be reached for comment.

How Much Comp Time Should Federal Employees Get? This article was written by Susan Smith. It was posted in the 23 Jan edition of FedSmith.

The Illuminator

2-2008



The Federal Circuit has ruled against un-named employees of the Social Security Administration in their challenge against the agency's practice of granting compensatory (comp) time and credit hours in lieu of overtime pay to nonexempt employees.

In [*Jane Doe 1, Jane Doe 2, and Jane Doe 3 v. United States*](#), C.A.F.C. No. 2007-5107, 1/22/08, the anonymous plaintiffs unsuccessfully argue that the SSA practice violates the Fair Labor Standards Act and also breaches the national union agreement between SSA and the American Federation of Government Employees, AFL-CIO.

SSA and most other agencies use the practice of granting credit hours on a one-for-one basis for hours worked in excess of the basic required workweek as part of the flexible work schedule program (flexitime). And in other circumstances, the SSA permits employees to accrue compensatory time off in lieu of overtime pay, also on a one-for-one basis.

Plaintiffs in this case presumably opted to participate in flexitime or to accrue comp time in lieu of overtime pay. Now they try to persuade the courts that the FLSA requires that credit hours and/or comp time must be calculated by crediting an employee with one and a half hours for each extra hour worked. Not so, says the appeals court.

First, with regard to credit hours, the court rules that the plaintiffs' contention is "directly contrary to the Federal Employees Flexible and Compressed Work Schedules Act of 1982. The court points out that by statutory definition credit hours are not overtime hours. (Opinion, pp. 16-17)

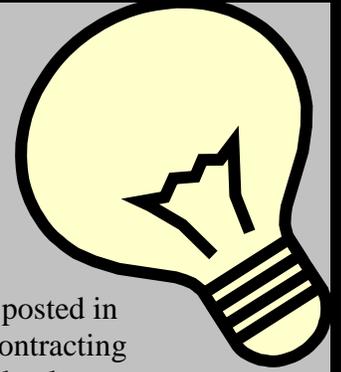
Further, citing regulations issued by the Office of Personnel Management that permit granting comp time one a one-for-one hour basis, the court has this to say: "Those provisions...unambiguously show that OPM intended the amount of compensatory time granted...to equal the amount of overtime work the employee performed, rather than the amount of overtime pay that the employee would otherwise be entitled to receive." (p. 18)

Finally, the court is not impressed by the argument that the agency's policy violates its national union agreement: "We reject that argument because...federal employee benefits and pay are government by statute, not by contract." (p. 18; citations omitted)

Notably in its decision, the court points out that these employees were not deprived of their FLSA benefits. They "were and are free to elect to receive monetary compensation for their overtime at a rate of one and one-half times their regular rate of pay instead of using the compensatory time for time off from work." (p. 20)

The Illuminator

2-2008



Investing for the Long Term. This article was written by Ralph Smith and posted in FedSmith. Ralph Smith has been a federal employee and CEO of a federal contracting company and is the author of numerous books, articles and newsletters on federal employment issues.

Are you feeling the financial pain yet?

With falling stock prices and, of course, the decline in the value of stock funds in the Thrift Savings Plan, some readers are wondering how much further the market will fall. From comments sent in by readers, some TSP plan participants have seen their gains from last year wiped out in the past few days and probably see retirement as being further into the future than they did a few months ago.

A bear market (a market that is going down) is often defined as a decline of 20% or more in the market index. The C fund is based on the S&P 500 stock market index. It is now down about 16% from its high point last Fall. If this decline is typical, the market may hit a bottom soon--possible after declining several percentage points from its current position.

Of course, this may not be a typical market decline. The S&P 500 went down almost 50% between March 2000 and October 2002. A losing streak that goes on for more than a year is rare. According to the *Wall Street Journal*, "Since year-end 1925, we have only had four such losing streaks, 1929-32, 1939-41, 1973-74 and 2000-02."

Here is something to keep in mind when you look at the balance in your portfolio. So far in 2008, the C fund is down about 10%. The G and F funds are up so if you have a classic split in stocks and bonds in your TSP, many readers have probably lost about 6% or less in 2008. That doesn't make anyone happy but put the loss into perspective.

Since the market tanked late in 2002, the S&P 500 index is up about 69%--even with the recent decline in the stock market.

No one knows if the decline will continue for days, weeks or months. If you are investing for retirement, you have hopefully spread your money between stocks and bonds or put your money into the appropriate lifecycle fund so that the current decline (which always happens in stock investment) does not hit you with its full force.

The market has been volatile for the past few months. It was common knowledge that the volatility in stock prices made stock investments more of a risk. But, of course, knowing when--not if--the market would fall is always a matter of rank speculation. Now that the market has gone down dramatically, there is a tendency for people to panic and

The Illuminator

2-2008



some will, or already have, sold or transferred their stock funds into the welcoming environment of the G or F funds.

Perhaps that is a wise move. But also ask yourself if investing in stocks today is more or less risky than it was six months ago? Even with a dramatic decline, prices could continue to fall. On the other hand, now that stock values are down 10% for the year, and stock prices are down about 16% from their high point last Fall, are stocks a better value today than they were in October?

Many investors try to rebalance their investment allocations several times during the year so they have a set percentage of their money in stock funds and a set percentage in bonds without regard to whether the market is going up or down. If you do this, you now have a larger percentage in bond funds and a smaller percentage in stocks (even though your dollar amount is down, look at the percentage of your total investments--not just the dollar amount.) When it is time to rebalance your portfolio, you will reverse what you have been doing for the past several years by increasing the amount in stock funds. No one can tell you how to invest your retirement money. No doubt, those that have put 100% of their investments in the G and F funds are sleeping well at night because they are not losing money. Keep in mind though that those who have had all their money in these investments also missed out on the large increase in the value of stocks over the past five years.

Before you decide what action, if any, to take with your TSP investments, take a deep breath and consider how your investments have done over the past 5 or 10 years to get a better perspective of your retirement future. If you do this before you make investment decisions, rather than reacting to the latest blip in the stock charts, you are more likely to choose a wiser course of action necessary to meet your particular financial goals.

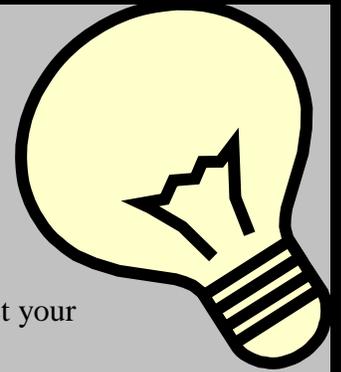
The NAF Corner:

Managing Your Health Care thru the Aetna Navigator. NAF employees may manage their health care thru the easy to use, web-based Aetna Navigator. The site, secure and private, permits employees to log on to access information relating to the benefit plan; family members covered under the plan; request additional member ID cards; health history information; and much more.

To access the website, click on www.aetna.com and select "Manage Your Care On-line, Anytime". Thereafter, at the prompt, first time users should complete the simple registration process and select a password in order to gain further access. Other/returning, users should input their user name and password to proceed.

The Illuminator

2-2008



To receive further assistance in accessing the Aetna Navigator, please contact your servicing NAF Human Resources Office.

NAF Retirement Benefits. Both normal and early annuities are available to vested NAF employees. Vested employees are those who have contributed to the retirement plan for at least 5 years.

Under a normal annuity, employees who are age 62 or older and have completed at least five (5) years credited service in the retirement plan are eligible for an annuity with no reduced benefits.

For employees contemplating retirement before age 60, for which benefits are reduced by 4% for each year the employee is under the age of 62, the chart below illustrates the age and years of [credited] service requirements. These employees are also eligible to receive a supplemental early retirement benefit (SERB) until age 62.

<u>Age</u>	<u>Years of Credited Service</u>
50	20
52	5

Eligibility to retire without penalty/reduced benefit applies to employees 60 years of age with 20 years of [credited] service as well as employees age 55 with 30 years of service.

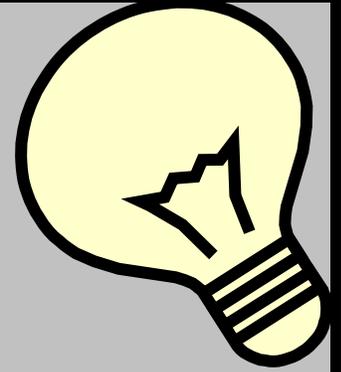
To request an estimated normal or early annuity, please contact your servicing NAF Human Resources Office.

Human Resources (HR) for Supervisors Course Offerings. The HR for Supervisors Course is highly recommended for all Department of Army civilian (DAC) and military supervisors of appropriated fund (APF) civilian employees who supervise at least 3 appropriated fund DAC employees. The course is 40 hours long and is intended to help the supervisor in performing his/her HR management duties. In addition to teaching the participants about HR regulations and processes, the course introduces them to the automated HR tools. Completion of this course can enhance the supervisor's confidence and performance. The course includes the following modules:

- Overview of army CHR (includes coverage of Merit System Principles and Prohibited Personnel Practices)
 - Staffing
 - Position Classification (includes an introduction to CHR automated tools such as CPOL, ART, Gatekeeper and FASCLASS)
 - Human Resource Development
 - Management Employee Relations

The Illuminator

2-2008



- Labor Relations
- Equal Employment Opportunity

The course includes lectures, class discussion and exercises. Additionally, there is a pre and post test administered at the beginning and end of the course. The course does not address supervision of non-appropriated fund (NAF) or contract employees. The course dates for FY 08 are highlighted below. Course registration information will be disseminated not less than 3 weeks from course start date.

DATE

3 – 7 March 2008

2 – 6 June 2008

15 – 19 September 2008

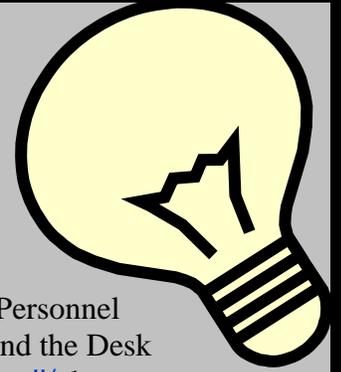
RPA and ART Workshop. The Fort Benning CPAC HR specialists are available to conduct RPA and ART desk-side walkthroughs and/or workshops to assist managers/supervisors and new DCPDS account holders with accessing and using DCPDS, ART, initiating RPAs, creating Gatekeeper Checklists, forwarding and tracking RPAs, generating reports and printing SF 50s. Training can be accomplished via individualized sessions or activity specific workshops upon request. If you desire training of this nature, please contact your servicing HR specialist to arrange for scheduling.

Job Aids Available on the Web. Lotus ScreenCams (how-to-movies) are available to assist DCPDS users with DCPDS, Army Regional Tools (ART), Oracle 11i and other automation tools. ScreenCam movies ART Logon, Ghostview, Gatekeeper, Inbox Default, Initiating an RPA, Logging On, Navigator, RPA Overview and RPA Routing are available on the web at: <http://www.chra.army.mil/>. Click on HR Toolkit and then click on the name of the movie to download or play it. Managers/supervisors and administrative personnel responsible for initiating RPAs are encouraged to review this site and check out these new tools. ART Users Guide has been updated and provides descriptions of and instructions for using tools available in ART, including such tools as Employee Data, Inbox Statistics (timeliness and status information about personnel actions), Organization Structure (information about positions in various organizational elements), and many more tools. It is intended for use by managers, resource management officials, administrative officers, and commanders as well as CPAC and CPOC staff members. There is both an on-line and downloadable Word version (suitable for printing).

In addition, to the ART Users Guide, there is a Defense Civilian Personnel Data System (DCPDS) Desk Guide which provides how-to information about tasks and functions that

The Illuminator

2-2008



end users might need to perform in DCPDS, such as initiating a Request for Personnel Action (RPA) and creating a Gatekeeper Checklist. The ART Users Guide and the Desk Guide can be accessed from the CHRA web page at: <http://www.chra.army.mil/>, by clicking on HR Toolkit. In addition to these tools the Fort Benning CPAC staff is available to assist you in accessing DCPDS, ART, initiating RPAs, creating a Gatekeeper Checklist, forwarding and tracking RPAs, generating reports and printing an SF 50. If you have any questions or need assistance, please contact your servicing HR specialist to arrange a time so we can come to your office to help you.

Emergency Contact (Next of Kin) Database. Information on the Emergency Contact Database is located on the Civilian Personnel on Line (CPOL) website <http://www.cpol.army.mil/>. It can be accessed from the CPOL homepage by clicking on the link for “Emergency Guidance and Resources,” and then clicking on “Emergency Contact Database” Managers need to keep reminding their civilian employees of the need to have their current emergency contact information on file in the Emergency Contact Data Base. In addition, supervisors and managers are required to conduct periodic validations with employees to ensure the accuracy of their data. If assistance is needed, please contact project e-mail account at echelp@asamra.hoffman.army.mil.

Fort Benning CPAC Homepage. Please log on to our website at <https://www.benning.army.mil/Cpac/Index.htm>. If you have suggestions on ways to improve or recommendations for information to add, please contact the undersigned.

Just Before Press:

Down With Debt

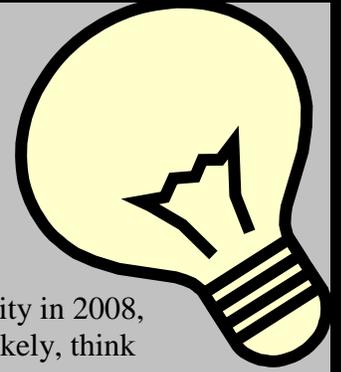
If you have outstanding balances on your credit cards, there are two reasons for paying down the debt before making any investments:

- a. Interest rates. Credit cards charge around 12 percent, on average, and some cards charge even higher rates.
- b. Tax treatment. The interest you pay on credit card debt is not tax-deductible.

When you pay down a balance on a credit card where the interest rate is 12 percent, you earn 12 percent, after-tax, with no risk. You're reducing the interest you'd have to pay in the future. It is unlikely that you will find an investment that will pay you 12 percent, after-tax, risk-free.

The Illuminator

2-2008



Therefore, paying down high-rate credit card debt should be a financial priority in 2008, before you think about making investments. If paying down such debt is unlikely, think about refinancing the debt with a home equity line of credit, if you are a homeowner. With the latter type of debt, you'll probably have a much lower interest rate and be able to deduct the interest payments.

For questions, contact your personal financial advisor, an attorney, or an investment counselor. While we strive to provide the latest information, the expertise of the HR staff does not extend to financial planning.

Best Cities for Defense Jobs

The East coast, particularly the metro Washington, D.C. area, is currently the number #1 spot in the nation for jobs in the defense industry.

According to Virginia Commonwealth statistics, about 35% of the gross national product for this region comes from the defense contract industry. The job market for security cleared candidates continues to flourish, with 75% of the area's growth in the last five years based on defense contracts.

See the complete report with statistics by visiting

<http://fedweek.sparklist.com/t/295583977/1870129/1091/0/?u=aHR0cDovL3d3dy5jbGVhcmFuY2Vqb2JzLmNvbS9uZXdzLnBocD9hcnRpY2xlSUQ9MzI%3d&x=f468bfl e>

Immediate Success

As a source for retirement income, consider immediate annuities.

They may be called by other names, such as payout annuities and income annuities. By any name, you give a sum of money to an insurance company and begin to collect a stream of payments, which might continue for your lifetime, no matter how long you live.

Today, a 65-year-old male might buy an immediate annuity from a top-rated insurance company for \$250,000. Say he signs a contract to receive payments for his lifetime, with no survivor benefits.

He might lock in a payout of over \$20,000 a year.

If the annuity is purchased inside an IRA, the money will be fully taxed as it comes out. However, if the annuity is bought with after-tax money, some of the payments will be treated as a tax-free return of principal.

The Illuminator

2-2008



A 65-year-old man receiving \$20,000 a year, for example, might owe tax on only \$8,000 worth of income. After paying around \$2,500 in income tax, this man might get \$17,500 a year, after tax, on his \$250,000 outlay.

For questions, contact your personal financial advisor, an attorney, or an investment counselor. While we strive to provide the latest information, the expertise of the HR staff does not extend to financial planning.

Deal reached on bill to compensate feds for unused sick leave. This article/information complements “Sick Leave Plan Falls Short, Manager Groups Say” on page 20.

A draft bill that would compensate some retiring federal employees for unused sick leave is getting sweetened.

Retiring employees under the Federal Employees Retirement System would get up to \$10,000 in compensation under the latest version of a bill drafted by Rep. Jim Moran, D-Va., the Federal Managers Association said Monday. Moran’s previous draft bill had capped that at \$5,000.

Moran spokesman Austin Durrer confirmed that the latest draft of the bill contained the \$10,000 provision, and said that it likely will be introduced in February or March.

Employees under the Federal Employees Retirement System currently receive no compensation for their unused sick leave when they retire. The bill is meant to discourage them from abusing their sick leave benefits as they near the end of their careers. The Congressional Research Service has said sick leave abuse costs the federal government about \$68 million a year.

Employees under the older Civil Service Retirement System are compensated for unused sick leave, and as a result have far more unused sick leave when they retire.

FMA and other management organizations urged Moran to raise the compensation limit, saying \$5,000 would not be enough to discourage sick leave abuse. The groups also wanted employees to receive 15 percent of the hourly rate of their three highest salaries — more than the 10 percent Moran’s bill would provide — but that rate will remain unchanged.

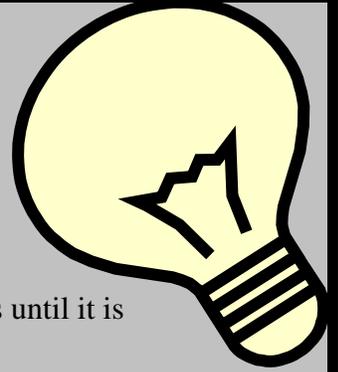
FMA government affairs director Jessica Klement said her organization is happy with the compromise.

“This should provide employees enough incentive to conserve their sick leave,” Klement said. “But we hope the cost of the payout doesn’t exceed the cost of the problem.”

The Illuminator

2-2008

Klement said the Congressional Budget Office cannot analyze the bill's costs until it is formally introduced.



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