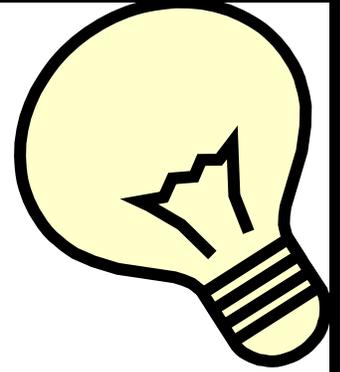


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Shedding Light on the HR World

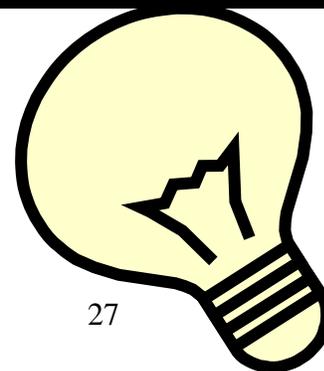
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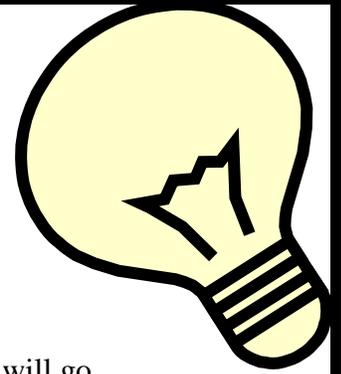
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This publication is issued to ensure the Fort Benning commanders, managers, supervisors, and employees are kept informed of employment and staffing issues. Monthly issuances will contain updated information on specific employment topics (i.e., compensation,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

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.

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Social Security Recipients Can Opt for Debit . The Social Security check will go plastic this year — if that’s what you’d like. Beginning this spring, a prepaid debit card for Social Security benefits will be introduced in Texas, Oklahoma, Arkansas and Louisiana. Later in 2008, the prepaid card will be rolled out nationwide. It’s designed to help the Treasury Department cut down on the costs of mailing paper checks. “The real value to the cardholder is access to things you can’t get with cash,” said Nora Arpin, director of government electronic solutions for Comerica Bank in Detroit, which will participate in the new program.

For some consumers, plastic could be better than paper. No watching the mailbox and waiting for the Social Security or Supplemental Security Income check. No paying a check cashing service \$5 or even \$25 to cash the check. No walking around with lots of cash. No lost checks.

In Michigan, checks are issued for about 17 percent of the total payments for Social Security and Supplemental Security Income recipients. In Kentucky and West Virginia, the percentage of payments issued by check reaches more than 30 percent. The rest of the recipients receive their monthly benefits via direct deposit to a bank or credit union account.

Some who use paper checks have bank accounts but don’t like direct deposit. But about 4 million people nationwide who receive Social Security checks and checks for Supplemental Security Income do not have bank accounts.

“Our primary audience for the debit card is the un-banked,” said Alvina McHale, public affairs director for the Treasury’s Financial Management Services.

The Treasury could save \$44 million a year if all of those who receive benefits but don’t have bank accounts signed up for the cards, McHale said.

Those who sign up for the prepaid debit card for Social Security benefits will see their payments automatically loaded onto the card each month. The card could then be used online to buy items, at the grocery store or other stores or to get cash through ATMs.

The first withdrawal at an ATM would be free. Other withdrawals would be 90 cents. Users could face extra ATM surcharges.

If someone with the card wanted to use Comerica’s optional online bill payment service, there would be a charge of 50 cents for each online payment. However, consumers aren’t required to use the Comerica service; they can go directly to their utility or whomever

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and set up their own online payments. They would pay whatever fees those organizations charge.

A recipient using the new debit card also could get the entire cash amount withdrawn by a bank teller. But the idea is to offer a more secure solution, instead of carrying around large amounts of cash, Arpin said.

Comerica Bank was one of about a dozen financial institutions to compete for the business to issue the cards. Comerica has had experience since 2004 with issuing prepaid cards for state-government debit card programs, such as those offered in some states for child support payments. The bank is involved with 25 debit card programs in 13 states and its government card business has about 2 million cardholders.

Comerica makes money on some fees connected to the card, the float of the unused money in the accounts and interchange fees when the card is used at retailers. (But consumers would not pay extra to use the new debit cards to buy goods at retailers.) The debit card would be reloadable. The consumer wouldn't have to pay anything if the card is lost just once in a year. But the second time the card is lost in the same year, a replacement would cost \$4.

McHale said the debit card would be safer than carrying cash and could prevent forged checks. About 58,000 Social Security paper checks were forged last year. The consumer with a debit card would have a personal identification number and the money would be accessed only if you knew the PIN.

Pentagon Lacks Civilian Recruitment, Retention Goals, GAO Says. The Pentagon's strategic plan for managing its civilian work force lacks crucial information, the Government Accountability Office said in a report released in February.

The human capital plan doesn't assess what the Defense Department's current mission-critical skills are and what skills it will need in the future, and it doesn't set specific recruitment and retention goals, GAO said.

The plan does say what vital jobs Defense needs to fill now, such as engineers, nurses, police officers, language specialists and intelligence experts, but GAO said that isn't enough to meet requirements Congress set.

GAO wants Defense to prepare another report that includes all the information Congress asked for. The Pentagon disagreed, and said its response "reflected a centralized enterprise-wide strategic perspective."

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The plan was submitted in November 2007, which the GAO noted was 10 months after its congressionally mandated deadline.

Hiring Military Spouses May Ease Staffing Woes. A new hiring preference for military spouses could be a boon for a federal work force confronting mass retirements, experts say.

President Bush called for the creation of the hiring preference in his State of the Union address last week. Military spouses today only receive hiring preferences for Defense Department jobs, said Kathleen Ott, an official in Defense's Office of Civilian Personnel Policy.

"What we are looking to see is if we can extend the preference to all the federal agencies — not just limit it to the Department of Defense — and to also facilitate their entry into the federal service for the first time," Ott said.

Ott said the application process for federal jobs can be daunting. And since military spouses are often on the move and without jobs that can move with them, they could use help finding employment, Ott said.

Federal employees and hiring experts cautiously welcomed Bush's proposal.

Hatsie Charbonneau, human resources director for the Federal Maritime Commission, said adding another preference alongside those already in place for veterans and people with disabilities, among others, shouldn't present much trouble for hiring managers. But Charbonneau said the Office of Personnel Management's guidelines would have to clearly spell out how the preference would work.

"With clear regulations, it should only add to our ability to enhance employment opportunities for those who deserve to be employed," Charbonneau said.

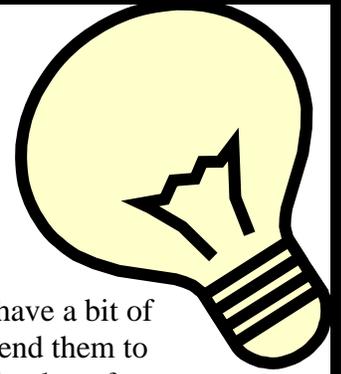
Jim Mahlmann, national vice president for the Federal Managers Association, said the hiring preference could help the government deal with the large number of retiring baby boomers.

"We're looking at a brain drain," Mahlmann said. "If it can entice more and better qualified people to put in for government jobs, this could be a good thing."

Military spouses would be able to stay at federal agencies for only a handful of years before being transferred again. But John Palguta, vice president for policy at the Partnership for Public Service, doesn't see that as much of a problem.

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“If you know going in that you’ve only got them for two or three years, you have a bit of an advantage because you can plan accordingly,” Palguta said. “You won’t send them to a six-month leadership development program because you know they won’t be there for long.”

And many current employees — especially those in their 20s and 30s — already shift jobs frequently, Palguta said.

“They’re more mobile than the boomers, and if [managers] can get them to stay in a job for three years, they’re feeling pretty good about it,” Palguta said. “It goes with the territory.”

The executive branch employs about 2.6 million employees and hires about 30,000 new employees each month. Given the worldwide locations of those jobs, Ott said, “it makes a prime opportunity for job placement for our spouses.”

The program would cover only General Schedule jobs, and would probably require Congress to pass a law extending the hiring preference, Ott said.

Sens. Daniel Akaka, D-Hawaii, and George Voinovich, R-Ohio, said they would review the proposal.

Ott said the program is a priority for the Pentagon but could not predict how long it might take to implement.

Charbonneau of the Federal Maritime Commission said she and other federal managers would like to help service members and their families.

“We do a lot already in the federal government, but you can always do more,” Charbonneau said.

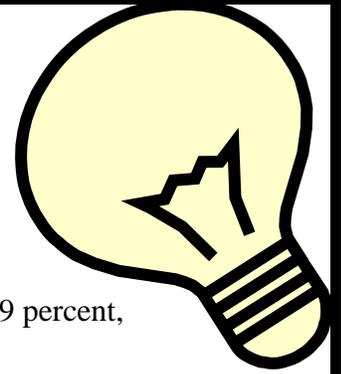
DoD’s Troubling Civilian Attrition. With thousands of wounded soldiers coming back from war each year, the Defense Department needs its doctors, nurses and other medical personnel more than ever.

But holding on to them is a challenge. Not only are many medical employees retiring along with the rest of the federal work force, the Pentagon has to deal with stiff competition from the private sector when trying to hire their replacements.

And it’s not just medical staffers. Some of Defense’s most crucial civilian employees — such as security and intelligence officials and human resources specialists — are also quickly leaving the department. Attrition rates for employees in all those categories range

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from 8.5 percent to 11.7 percent — well above the departmentwide rate of 7.9 percent, according to a recent Pentagon report.

“We need to pay attention to these mission-critical occupations,” said Patricia Bradshaw, deputy undersecretary of Defense for civilian personnel policy.

To stave off a serious staffing shortage in coming years, Bradshaw said the department is turning to a series of new hiring and work force flexibilities and improved internship and recruitment drives.

Medical understaffing

Bradshaw is most concerned about how future understaffing could cause Defense to fall short in meeting the medical needs of returning veterans.

But Defense received two powerful tools in this year’s authorization to help solve that problem: expanded powers to hire employees more quickly and to pay employees higher salaries.

Since the 1990s, Defense has been boosting the salaries of nurses, dentists and physicians to stay competitive with higher-paying private sector jobs. The new authorization allows Defense to pay them more, although the size of the increases will vary by location.

And Defense is now able to hire psychologists, respiratory therapists, physical therapists, occupational therapists, licensed practical nurses and pharmacists without going through formal assessments, shaving up to five months from the hiring process — longer than most prospective employees are willing to wait.

Defense was already able to hire dentists, nurses, podiatrists, optometrists, physician assistants and dental assistants without formal assessments.

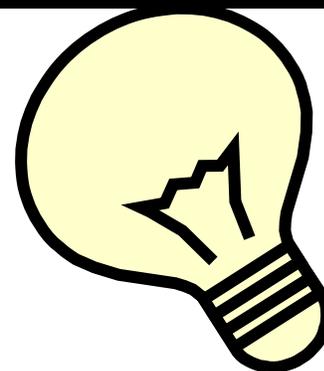
“We are competing for people with skill sets that are in demand far beyond DoD, and we don’t produce a lot of those in this country,” Bradshaw said.

The Pentagon is trying to recruit more aggressively by placing job advertisements in various medical journals.

“We’ve never been good recruiters,” Bradshaw said. “We wait for people to knock on the door, and as a result, people don’t appreciate the jobs we have to offer.”

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Security, other needs

The Pentagon is just starting to take a look at where its security forces need bolstering, and how to address those problems. Bradshaw said the department only realized that its police staffing was problematic when it started working on its human capital strategic plan in 2007.

But understanding the specifics of that community is proving tougher than expected, she said. Her office has reached out to the Pentagon Force Protection Agency, which oversees Pentagon police officers. But elsewhere, security is handled by local bases, and that makes it hard to assemble a broader picture of Defense's security needs and possible solutions.

"That's an area where we have more work to do," Bradshaw said. "But the challenge is finding a single spokesperson for the community."

Art Gordon, president of the Federal Law Enforcement Officers Association, said that higher salaries and better career tracks would help keep Defense's police from looking elsewhere for jobs.

"A lot of uniformed officers in agencies leave because they want higher grades and more money, so they become criminal investigators," Gordon said. "If you want to recruit new, younger people, they'll look at the pay and benefits and career track. You've got to give them positions they'll be able to move up into."

In the intelligence field, joint-duty programs being enacted at Defense and other intelligence agencies could do a lot to retain young employees needed to replace retirees, said Tim Sample, president of the Intelligence and National Security Alliance. Temporarily detailing those employees to other agencies will help keep them interested in federal service, Sample said. As a result, he said, they'll be more likely to stay instead of going to higher-paying jobs in the private sector.

As for human resources professionals, Bradshaw said that Defense agencies might beef up internship programs.

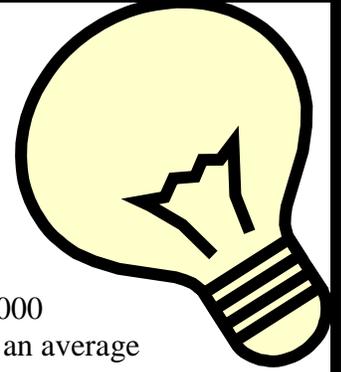
"It seems they're successful at getting the number of students they need now, so I don't think we'll have to do a huge ramp-up," Bradshaw said. Human resources officials have annual attrition rates of 8.5 percent, the strategic plan said.

Retention efforts

Defense expects it will lose about 20,000 employees to retirement annually in the coming years, but Bradshaw said that's about average and believes the department can maintain

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staffing. Over the last five years, the department lost an average of about 80,000 employees to retirements, other jobs or other separations annually, and hired an average of 79,000.

“We can cope,” Bradshaw said. “But we have to be more thoughtful about career planning, and we have to encourage people to stay.”

Defense is working with the Office of Personnel Management to find ways to expand flexibilities that will make employees more likely to delay retirement. Employees now tend to work two or three years after they become eligible to retire, Bradshaw said.

The Pentagon could increase teleworking opportunities, allow more employees to work part time as they get older, allow flexible work hours, or explore other ways to retain employees.

“How do we work with you if you live in West Virginia?” Bradshaw said. “Do you have to come into the office every day? All those things come into play.”

She said the department can learn from its engineering and acquisition communities, which have done a particularly good job of providing training and career advancement opportunities.

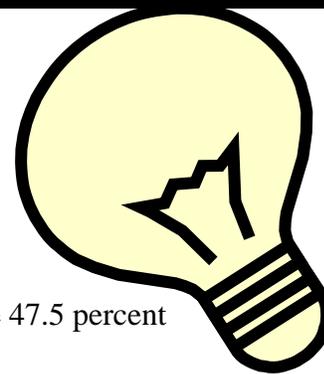
And Bradshaw expects a new retention incentive established by OPM in December will help it hold on to employees as the department closes offices and bases over the next two years. The incentive lets agencies pay bonuses of up to 50 percent of base pay when an office is being closed or relocated and a vital employee is likely to go to another federal agency in the meantime.

“That was our initiative,” Bradshaw said. “We went to OPM and said, we’re going to have a problem” with people leaving because of base closures.

Minority Representation in Workforce Rises. The percentages of ethnic minority group members in the federal workforce continues to rise, and each group except for Hispanics has a greater representation in the workforce than in the overall American labor force, OPM has said. In 2007, blacks represented 17.8 percent of the federal workforce, compared with 17.6 percent in 2006 and 10.1 percent in the overall labor pool; Hispanics represented 7.8 percent, compared with 7.6 and 13.3 percent, respectively; Asian/Pacific Islanders represented 5.3 percent, compared with 5.2 and 4.3 percent, respectively; Native Americans represented 2.0 percent, compared with 1.9 and 0.7 percent, respectively.

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Women represented 43.9 percent, the same as in 2006, but slightly below the 47.5 percent overall workforce share.

The data also show that ethnic minorities and women remain under-represented at top levels. Blacks fill just 12.2 percent of GS 13-15 positions and just 6.1 percent of senior pay positions; for Hispanics it was 5.0 and 4.0 percent; for Asian/Pacific Islanders it was 6.0 and 5.7 percent; for Native Americans it was 1.1 and 0.9 percent; for women it was 36.2 and 28.2 percent.

Study Derides Federal Telework Efforts: 13.9 Billion Dollar Deficit. If all the government's eligible teleworkers worked from home, the Federal government could save \$13.9 billion in commuting costs annually and eliminate 21.5 billion pounds of pollutants from the environment each year.

The "[Telework Eligibility Profile: Feds Fit the Bill](#)" study is based on a survey of 664 Federal employees found that of those respondents, 96% of them should be teleworking, yet only 20% do. In fact, the Federal government telework deficit is equivalent to the gross domestic product of Jamaica, the study said.

To offset the amount of CO2 emissions Feds disperse in the environment by commuting, we would need to plant 32 million trees a year said Stephen W.T. O'Keeffe, executive director of the [Telework Exchange](#), a public-private think-tank focused on telework in the federal government that did the study.

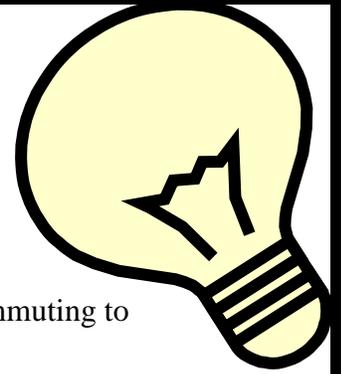
Complicating the problem: 42% of respondents were not aware if they are eligible to telework or not. If just those folks who are unaware of their telework status could telework full time, they would collectively save \$5 billion in commuting costs and spare the environment 7.7 billion pounds of pollutants annually, the study found.

What's more, little has changed in the Federal telework arena since a similar Telework Exchange [study last January](#). Then the researchers said that despite legislative efforts to spur increased telework, Federal worker awareness remains low. Among 214 federal managers surveyed, 47% think their agencies don't support telework, and 18% are unsure. In addition, resistance from managers is keeping federal agencies from embracing telework as a standard operating procedure. Respondents who don't manage teleworkers ranked fear of not having control over employees' activities (77%) and productivity concerns (63%) as the top telework inhibitors.

A recent [Network World article](#) noted that by law, all executive agencies should be enabling eligible employees to telecommute. Public Law 106-346, which went into effect Oct. 23, 2000, called for agencies to increase telework participation by 25% of the federal

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workforce annually, until 100% of eligible employees “participate in telecommuting to the maximum extent possible without diminished employee performance.”

But more than seven years later, [federal telework adoption is still painfully lagging](#). Only 9.5% of the more than 1.2 million federal employees who were eligible in 2005 to work from an alternative site did so at least once a month, according to survey data released last year by the Office of Personnel Management.

Legislators have made continued efforts to speed up adoption (and penalize those that don’t comply), including the proposed Telework Enhancement Act, which was approved by the U.S. Senate Homeland Security and Governmental Affairs Committee in November.

DHS Abandons Proposed Labor Relations System. The Homeland Security Department recently told the U.S. District Court for the District of Columbia that it will not implement labor relations rules related to its new personnel system before the department's authority to do so expires in January 2009.

DHS and the Office of Personnel Management "will not revise the permanently enjoined regulations...at any time prior to the expiration of the agencies' authority to revise those regulations," the department wrote in its court filing. "DHS will proceed with labor relations pursuant to applicable law."

Federal labor union leaders applauded the move. "This is a monumental victory," said National Treasury Employees Union President Colleen Kelley. "It puts to rest DHS efforts to gut employees' collective bargaining rights and give management unfettered discretion to alter fundamental conditions of employment without giving employees any say."

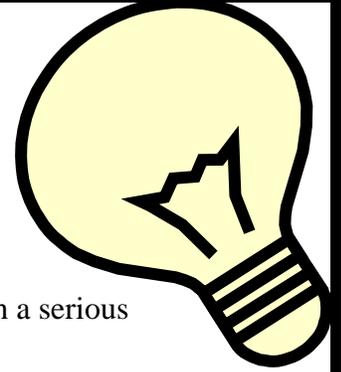
The department filed a [status report](#) with the court in January saying that it had not made a decision yet on whether to proceed with revising the labor relations rules. In June 2006, the court extended the deadline to make its decision.

A number of factors forced Homeland Security's hand. The fiscal 2008 omnibus spending package allocated no funds for the personnel system, effectively blocking the department from implementing the new rules. And in June 2006, the U.S. Court of Appeals for the District of Columbia declared that the proposed labor relations program violated DHS employees' legal rights to collective bargaining.

"From the beginning, it was clear that DHS intended to trample on [bargaining] rights," NTEU's Kelley said. "Under any circumstances, and in particular in an agency where the

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morale has been so low for so long, imposing such a system would have been a serious mistake."

Kelley said the union planned to fight to prevent any other elements of the personnel system from being put in place.

Facilitator Roles to Guarantee Success. This article is from Baldwin H. Tom at www.tbgroupconsultants.com. A facilitator can benefit most any group deliberation. One of the most challenging assignments for a facilitator is to form a coalition with groups not necessarily friendly with each other. This is the framework in recommending four facilitator roles that guarantee session success.

Defining the Coalition

A coalition is a group of independent entities, sometimes with virtually nothing in common (e.g., between historic enemies), joined together to accomplish a shared goal. To illustrate, we want to form a coalition that needs to agree on who and how to manage new community grant funds. With a deadline looming for accepting funds, the four different groups defining the coalition (community association, professional group, concerned activists, and a funds management group) must come to agreement or lose the funding. Importantly, the groups have tried, unsuccessfully, to make progress.

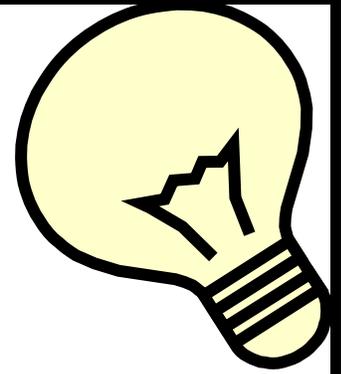
Defining the Need

A neutral facilitator has the potential to return the discussions onto a positive track, as long as all parties agree to work together. Urgency of the situation must be overtly delineated. It will require pointing out the implications of further delay – likely different for each party. Leading the participants to articulate their common goals and constraints will be critical to get everyone working from the same page.

The negative dynamics in such circumstances foster suspect communications, hidden agendas, lost focus on the tasks, poor morale, and disruptive participants that, taken together, sustain negative energy. The facilitator can gain a semblance of order by grouping these types of situations into three categories of process, content, and psychic satisfactions that, when addressed, predict success for group processes. Therefore if the process is satisfactory, the content relevant, and the atmosphere in the session positive, the meeting will be successful. Less successful meetings have one, or more of the satisfaction factors missing.

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Setting the Stage for Facilitator Success

The facilitator needs to:

1. Focus on the seriousness of the situation. Mimic the demeanor of the group to start.
2. Be formal. Ground rules are provided up front and endorsed by all participants. Agreements to abide by the rules are overtly sought and the roles and responsibilities for participants and for the facilitator are accepted. In other words, use the negotiations approach to lead the group to agree to simple decisions ('getting to yes') before the tough questions are asked.
3. Articulate the facilitator's role to keep the group on task. Remind them that if anyone steps out of line that it is the facilitator's responsibility to make corrections. One approach is to use a "time out" sign when you suspect a breach of the process and behavior guidelines and then ask the erring party if they had originally agreed to abide by the group's guidelines. [Note: When participants agree to abide by guidelines, they will not say, in front of their peers, that their word is not to be trusted and that they now wish to take back their original agreement.]
4. Show no favoritism and don't publicly embarrass any group. Behind the scene deliberations and decisions must avoid setting up one group over another that becomes apparent during the session.
5. Communications transparency. It is important to remind oneself to ask: "Am I sending a fair and open message?"
6. Be aware of the meeting satisfaction factors and work to optimize them.

Four Facilitator Roles Guarantee Success

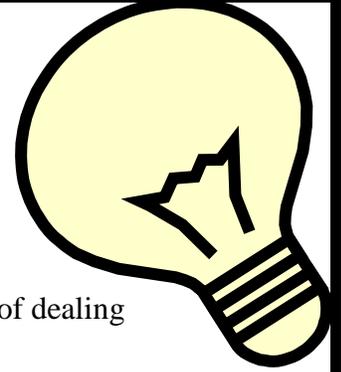
The goal, therefore, is to create satisfaction within a work session. Here are four distinct roles for a facilitator in this context:

Meeting manager (emphasizes process and psychic satisfactions)
Process consultant (emphasizes process)
Collaboration specialist (emphasizes process)
Strategic thinker. (emphasizes content and process)

Meeting Manager. Understands the nature of meetings and uses appropriate skills (active listening, directing, eliciting, involving, cheer leading) and behaviors (supportive,

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protective, complimenting, corrective) to manage the process. Fully capable of dealing with the range of personality types in meeting settings.

Process Consultant. Can bring into play, group techniques such as brainstorming, problem solving, negotiating, conflict management, creative thinking, and consensus building. Can suggest individual methods such as mindmapping. Uses deadlock-breaking tools to help the group get past fixed positions.

Collaboration Specialist. Understands the dynamics of collaborating & building coalitions. Has discipline to build multiple small agreements of process, procedures, and obvious agreements before moving on to the more controversial topics. Accepts diverse personalities and the uniqueness of people. Patient and flexible.

Strategic Thinker. Sees the whole as a generalist – a systems thinker. Implications mapping is a tool in this area. Is versed in strategic exploration. Able to position the group's work to achieve optimal results that fully support organizational goals. Helps the group answer the question, "Is what we are doing helping to drive our vision or mission?" If a 'yes' answer does not jump right out, then the task under consideration is probably not a priority and the facilitator needs to get the group back on track.

Play the Roles

It would be good to suggest a sequence to use the roles. There is one. Just like the basketball player dribbling to the basket against a defender, the precise path is uncharted. What the dribbler will do next is fully dependent on that moment in time. I trust you get the point. The key to facilitation success is to learn the tools so one is prepared to react with the right tool at the right moment.

Final Thought

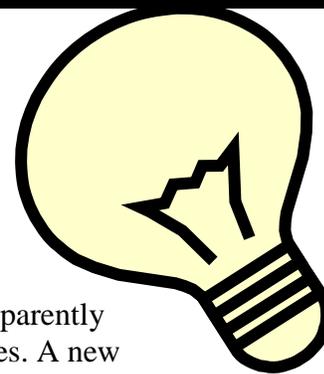
The funds management facilitation was to get the parties deliberating together and that was accomplished after three sessions. During the second session, it was necessary to require all 35 participants to sign a behaviors document as a physical reinforcement of their agreement. It was simpler to refer to their signature to remind them of their 'pledge.'

Protecting Your Retirement Income By Paying Lower Taxes. This copyrighted article was written by Ralph Smith and posted in FedSmith. Permission was sought granted to reprint in it's entirety in this publication.

When planning your retirement, high taxes may be an incentive to move. People living in areas with high taxes often want to make their retirement money go further by handing over fewer dollars to state and local governments.

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Do Americans really pay attention to taxes when choosing where to live? Apparently they do. And it isn't just retirees that choose to move to states with lower taxes. A new survey by United Van Lines, as reported in the *Wall Street Journal*, finds that the states without an income tax are finding more people moving within their borders. These American emigrants often come from states with high tax rates which are generally losing many of their most productive citizens.

The top five states seeing their citizens leave:

Michigan
North Dakota
New Jersey
New York
Illinois

The states in the following list do not have an income tax (although Tennessee and New Hampshire do tax income from interest and dividends)

Florida
Alaska
Nevada
New Hampshire
South Dakota
Tennessee
Texas
Washington
Wyoming

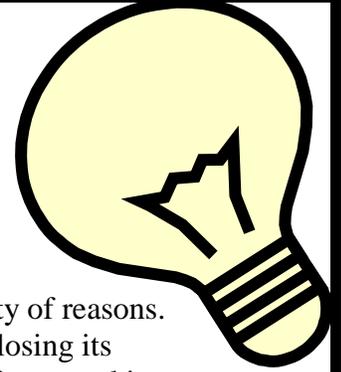
Of course, income taxes are only one part of the overall tax burden. High city taxes, property taxes and other assorted taxes all come into play. And states without an income tax are not always the ones with the lowest tax burden. Alabama, for example, has a state income tax but the overall tax burden is among the lowest in the country.

Here are the top five most popular destinations for Americans on the move and their overall tax burden (the national average is 11%):

North Carolina (11%)
Nevada (11.9%)
Alabama (8.8%)
Oregon (10%)
South Carolina (10.7%)

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Some astute readers will comment that a person may leave a state for a variety of reasons. North Dakota, for example, has a cold climate as do the other top five states losing its citizens. On the other hand, the climate in South Dakota is not that much different and it was one of the top 10 destination states. South Dakota does not have an income tax and North Dakota does have one. The other top states losing their citizenry are also states with high tax burdens.

California used to be the premier destination for Americans on the move. That problem has been solved. It now has the highest state income tax in the country. It is now the only state on the Pacific Coast to lose migrant population in 2007. Nevada, one of the no-income tax states, is one of the biggest beneficiaries of those fleeing California's taxes (and, perhaps, the traffic and congestion in the larger cities there).

Not surprisingly, the people who are the most mobile are often those with the most to lose. In other words, people with more money, more education and higher paying jobs pay the most in taxes. They also are inclined to go to locations where they are wanted--or at least where they don't have to pay as much for state and local government services they may not need or want.

If you are retiring, your most important factors may be much different than someone in mid-career. A warm climate, recreational facilities, or an abundance of restaurants and entertainment (not to mention children and grandchildren) may play a major role in your decision.

For the sake of clarification, several readers commented that they are still paying federal income taxes despite living in a state that does not tax federal retirement. Their observation is correct. The article stated that ten states exempt all federal, state and local pension income from taxes and listed those states. Their conclusion that they must be erroneously paying *federal* taxes is not correct. While a state can exempt your retirement pension from state taxes, you will pay taxes to the federal government (or face unpleasant alternatives) regardless of which state you choose to live in.

I also received email and comments from several people who were miffed that Washington, DC was not mentioned--presumably as a good place to retire--and because many of our readers live in Washington and may retire there.

Washington, DC was not mentioned in the article because, as far as taxes are concerned, it is not a good alternative for retirees. Its total tax burden is about 12.5%--one of the highest in the country. (The national average is 11%). It isn't as high as Vermont, Maine, New York or Rhode Island but it still is among the top ten in taxing its citizens. (Even higher in its overall tax burden than California.)

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In short, there may be strong personal reasons for a person to retire in Washington, DC but favorable tax treatment is not one of these reasons. You can check out [this list](#) of the overall tax burden by state as you consider all of the factors that are important to you in deciding where to live when you retire.

And, as noted in the earlier article, please check with your tax adviser before you sell your house and move to your dream home and make sure you have the latest information on taxes and how your personal situation may be impacted by the wide variety in state and local tax laws.

Readers Favor Retaining Time-in-Grade Restrictions for Promotions. This article was taken from FEDSmith. It is copyrighted; however, permission was granted to reprint in it's entirety in this publication.

In a recent article, FEDSmith highlighted the proposal from the Office of Personnel Management (OPM) to change the time in grade requirements for federal promotions. Since this change could have an impact on most of our readers who are still active federal employees, we asked readers for their opinion on the proposal.

At first glance, one might think that most federal employees would prefer to have time-in-grade restrictions removed. Taking away these restrictions could mean faster promotions for the best qualified people. In other words, to put it bluntly, some readers could get promoted faster and make more money than they are currently making.

What would be the downside of that from the viewpoint of a federal employee?

But, apparently, there is more to it than a first glance reaction.

The federal government has rules and regulations that cover most aspects of the federal personnel system. There are safeguards and appeals in place that assure decisions that are made and enacted can be appealed for years and at considerable expense. With all of the emphasis on merit and procedures, one would think that employees would consider the system to be fair and reasonable.

But, while many do consider it to be fair and reasonable, the cynicism and lack of trust in the system is palpable. In response to this survey question, several hundred people took the time to send in written comments in addition to voting in the survey.

Because of this inherent lack of trust in the system, or a desire to protect the employees who have been working in government for the longest time, 50% of those responding are against removing the time-in-grade restrictions. 45% were in favor of removing the restrictions and 6% were undecided.

The reason for the rejection of the proposal is found in the answer to the second question. 53% of those responding do not think that the change would result in rewarding the most

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productive employees. 12% were not sure if the best would be rewarded and only 36% think the result of rewarding the most productive people would be achieved.

Here are the results:

1. Should time-in-grade restrictions for competitive promotions in federal service be removed?	Total Responses	Percentage	Grand Total
yes	548	45%	1226
no	610	50%	1226
undecided	68	6%	1226

2. Will removing time-in-grade restrictions result in rewarding the most productive federal employees?	Total Responses	Percentage	Grand Total
yes	436	36%	1226
no	645	53%	1226
undecided	145	12%	1226

Many readers had strong opinions on the proposal--their personal experience and their belief they would benefit or be harmed by the change obviously influenced their opinion on whether the change is a good idea.

Here is a representative sample of the comments from readers. The vast majority of those commenting were opposed to the change.

A contract specialist with NAVAIR in Lakehurst, New Jersey wrote: "They already promote their favorites at a fast rate long before they are qualified. Why give them more opportunity to promote unqualified persons?"

A long-time federal employee with DOT in Washington, DC aired his gripes in a lengthy comment. Here is a small portion: "The Good Old Boy's Network has worked for the "Good Old Boys" for as long as I have been in the Government (i.e., 42 years). Why would getting rid of time-in-grade restrictions be seen as affecting a change in the way most of the government does business.?"

A consumer safety inspector with FSIS in Florence, AL is opposed to the change: "The time in grade is necessary for training a new employee."

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A human resources specialist with the Park Service in San Francisco commented: "I believe that it would be abused."

A classification specialist with NASA in Huntsville, Alabama also is distrustful of the federal HR system: "This tactic as well as merit pay causes frustration, resentment, and discontent, etc. and lower productivity among the base level workers. ALL workers were rated the best among all applicants when they were appointed. Quality increases, etc. are the answer to these situations."

An IT specialist with the VA in Washington, DC wrote: "The time-in-grade requirement is a valuable measure in our public work force to ensure fairness in the employment process. IF an individual is 'so qualified' to be promoted before the time-in-grade requirement is met, there are always management vehicles available to 'meritoriously promote' and individual."

An employee with DCMA in Madawaska, Maine sees a "shake and bake" on government: "TIG restrictions are necessary to give employees time to develop experience and seasoning. The government already is suffering the effects of too many "shake & bake" specialists who don't have the knowledge that can only come from situations faced on the job."

A human resources specialist with the USDA in Washington, DC is not optimistic: "Removing the time in grade will most likely result in the "favorites" being promoted." An analyst with the Postal Service in San Juan, Puerto Rico says productivity is relative: "Removing time in grade restrictions should result in rewarding the person with the most potential but not necessarily the most productive. Productivity is all relative. Are you being used to your potential?"

A grants management specialist from the CDC in Atlanta opined: "Many of this agency's managers are not properly trained to fairly rate employee's based strictly on performance. It is still the same "Good Ole Boy" system."

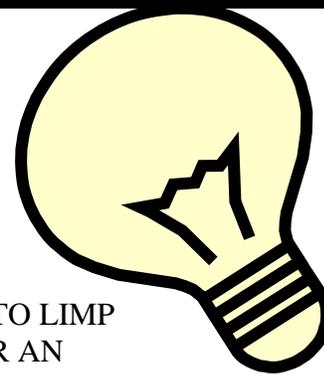
But not everyone is opposed to the change. Here are samples of comments from readers who think the restrictions have not been good for Uncle Sam's civilian army.

A product assurance specialist with an aviation detachment in Ohio has this perspective: "I came to the government from the private sector with 30 years of top level management experience. Time-in-grade requirements degrade this experience, and take away valuable experience that can truly help the government achieve its goals faster and more efficiently."

An accounting technician with the Forest Service in Albuquerque, New Mexico shouted out: "I AM A LATE STATE FED WORKER. I AM OVER 70 YRS. OLD. MY

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PRIVATE SECTOR EXPERIENCE WILL NEVER BE USED IF I HAVE TO LIMP ALONG WAITING FOR A YEAR TO GO BY EACH TIME I APPLY FOR AN UPGRADE. WHAT A WASTE."

A PPT specialist with the Department of State in Houston thinks the time-in-grade requirement is onerous: "Coming from an employee who came from the private sector, and took a huge payout to come to the public sector, I do not understand the current 52-week time in grade. A company, whether public or private, should put the best person for the job in the position. If this person is 30 and only been with the agency 2 years should not penalize that person."

An auditor with Health and Human Services in Atlanta thinks removing the restrictions is a good idea: "New to the government process, I believe my overall experience and abilities should not be hampered in moving up the chain by imposed waiting periods of 52 weeks at every level."

A human resources specialist with the Air Force in San Antonio also likes the proposal: "Hired as a GS 5 with a masters degree. Wish this would have happened years ago!"

To Improve Retention, Officials Study Why Acquisition Employees Leave. More than 80 percent of the 3,400 acquisition employees who quit in fiscal 2006 were not yet eligible to retire, and officials want to know why they left.

The Federal Acquisition Institute will begin tracking where such employees go when they leave the acquisition work force.

And it will conduct interviews with former acquisition officers who left government or changed jobs within government to determine why they left and to help target retention efforts, said Karen Pica, FAI director.

The results will be included in FAI's annual report on the acquisition work force, which comes out in the spring, she said.

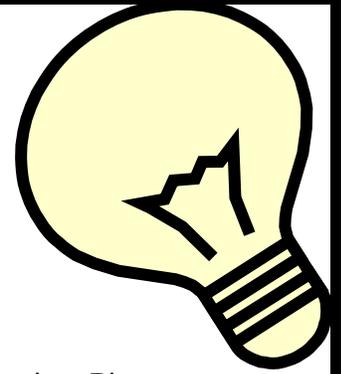
The early departures of acquisition employees "is a growing trend," said Sen. Daniel Akaka, D-Hawaii, chairman of the Senate Homeland Security and Governmental Affairs subcommittee on government management and the work force.

"What is the government doing to hold on to these people?" he asked at a hearing last week.

Recognition for those who do well in their field, extra training for those who need help and career-long mentoring to guide advancement are key to retaining acquisition professionals, Pica said.

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“People need care and feeding,” she said.

The subject of government contracting frequently attracts negative media attention, Pica said, which can affect employees’ decisions to enter or leave the work force. Yet agencies were able to recruit 4,000 people into the work force at all levels, outpacing the losses, she said.

The challenge is in maintaining that level of recruitment, said Frank Anderson, president of the Defense Acquisition University, FAI’s sister training school.

DAU has created more than 50 partnerships with colleges to create programs that cover the core competencies required to be a government contracting officer, Anderson said. When students in those programs enter federal service, their previous training will count toward their certifications, Anderson said.

Akaka and Sen. George Voinovich, R-Ohio, also expressed concern that the government’s 60,000-person acquisition work force is not growing at the same pace as the government’s \$400 billion in contract spending.

“Americans need to know if there are enough people to provide oversight of contracts so that taxpayer dollars are wisely spent,” Akaka said.

It’s not as simple as hiring twice as many procurement personnel because spending has doubled since the start of the Bush administration, said Paul Denett, procurement policy administrator for the Office of Management and Budget.

OMB and the Office of Personnel Management are working together to analyze skill gaps and determine the right number of people agencies must hire to meet their acquisition oversight needs, Denett said.

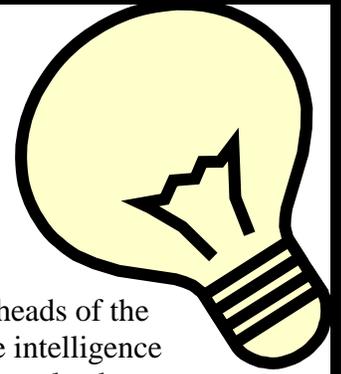
“The acquisition work force is overworked and does not have the appropriate training to do the job they have been asked to do,” Voinovich said. “We in Congress must ... provide them with the resources they need to do their jobs.”

The Push for ‘Portable’ Security Clearances. Every year, thousands of employees move from one federal agency to another. But when that move involves the transfer of a security clearance, the system breaks down.

Hiring agencies often do not recognize the security clearances of other agencies. And that causes long delays — and sometimes considerable expense — in getting new employees into their new jobs. Agencies often request new background investigations on employees even though they’ve been cleared in previous investigations.

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Now the Bush administration is trying to fix that. The president directed the heads of the Office of Personnel Management, the Office of Management and Budget, the intelligence community, and the White House's national security adviser to come up with a plan by April 30.

OMB requires that agencies accept each other's security clearances, but that doesn't happen. Last year, agencies asked OPM to conduct 25,000 new background investigations on people who already had security clearances. OPM denied those.

When hiring a new employee who comes with a clearance from another agency, the hiring agency typically reviews that employee's background file and other materials to decide what level clearance to give. That process is called adjudication.

And because agencies are re-adjudicating new employees who already have clearances from other agencies, there's a big backlog. The problem is especially big at the Defense, Energy and Justice departments, which have accumulated a combined adjudication backlog of more than 80,000 cases.

The problem is particularly bad at the still-fractured Homeland Security Department, said Ben Romero, chairman of the Information Technology Association of America's intelligence subcommittee.

"They have too many different departments that don't even recognize their own reciprocity, much less reciprocity from those in industry who are coming in," Romero said. "Whether we [contractor employees] hold Justice [Department] clearances, or DoD clearances, they still have to vet, yet again, that we are trustworthy enough."

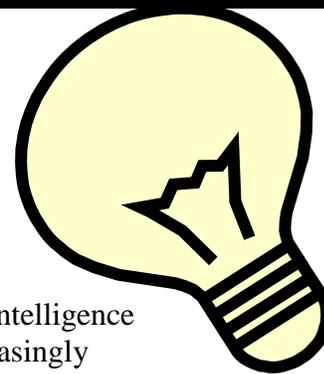
Kathy Dillaman, associate director for OPM's Federal Investigative Services Division, says there is some progress in fixing the problem. OPM in 2005 took over Defense's security clearance investigations, and that has produced more uniformity and willingness among agencies to accept existing clearances.

"What fed into that [lack of trust] was years of different standards, where DoD would do an investigation one way and may or may not include some types of coverage, and OPM would do it another way," Dillaman said at a hearing last week. "It's something that's being fixed with time."

OPM has taken steps to increase the transparency of the process and build trust among agencies, Dillaman said. For example, its Clearance Verification System database is tied to Defense records and can be accessed by security clearance officials governmentwide. So officials from other agencies can use the database to review what steps were taken by an agency when it gave an employee a security clearance.

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Romero of the ITAA said he is seeing signs of improving reciprocity in the intelligence community. The 16 different agencies that make up the community are increasingly accepting one another's badges and clearances, he said.

A sluggish clearance process has hampered the government for years. Increased staff and improved automation have helped eliminate the backlog of initial security clearance investigations, and shortened the time it takes to do an initial investigation, Dillaman said. Initial investigations now take an average of 67 days to complete, down from 121 days in fiscal 2006, she said.

Questions and Answers:

TSP withdrawal eligibility

Question: I understand that if I retire/separate from federal service after age 55 but before 59½ years of age, I may withdrawal from my Thrift Savings Plan account without the 10 percent additional tax as long I keep the monies in the TSP account and do not roll it over into an IRA until after age 59½. If I retire at age 57 under the MRA-plus10 retirement option and start taking TSP monthly withdrawals and then a few weeks later, hire on with another federal agency as a temporary employee — may I continue to receive monthly TSP withdrawals?

Answer: First, you have to have a break in service of at least 31 days to begin the monthly withdrawals. Then, if you later again become eligible to participate in the TSP, your payments will stop. As long as you don't become an eligible TSP participant, your payments will continue.

Stocks vs. bonds

Question: I am 57 years old with five years until retirement. In the past three months, I lost \$7,000 in my Thrift Savings Plan, which is in the C and I funds. I am considering taking money out of the C Fund (stocks) and putting the money in F Fund (bonds). But I am confused because I read that "the F Fund offers the opportunity to earn rates of return that exceed money market fund rates over the long term particularly during periods of declining interest rates," which is now, right? But then I read that in the F Fund, there is "prepayment risk — during periods of declining interest rates, homeowners may refinance their high-rate mortgages and prepay the principal. The F Fund must reinvest the cash from these prepayments in current bonds with lower interest rates which lowers the return of the fund." In the past year, from what I see in this TSP, the F Fund has done

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better than the C Fund. I was going to move the money from the C Fund to the F Fund, but now, with people refinancing, do I have to worry about the prepayment risk, and would it be better to leave the money in the C Fund?

Answer: This kind of speculation is a loser's game — one that you're more likely to lose than win. Like the lottery, it's exciting to imagine winning, but in the end, not a good bet. The odds indicate that you should select an appropriate asset allocation and rebalance your account to it once per year.

Flexible spending

Question: I have a Flexible Spending Account benefit for the amount of \$1,000 for 2008. If I retire effective July 1, 2008, file claims to the amount of \$700 by this date but payroll deductions total \$500, am I still responsible to pay an additional \$200 or \$500? How is this amount collected at retirement? Can you cite the regulation that supports your response?

Answer: To get an answer to your question, get in touch with the FSAFEDS contact in your agency. If you don't know who that is, go to www.fsafeds.com/fsafeds/bo/index.asp. Under FSAFEDS Agency Contact List, click on "Click here."

Roll over

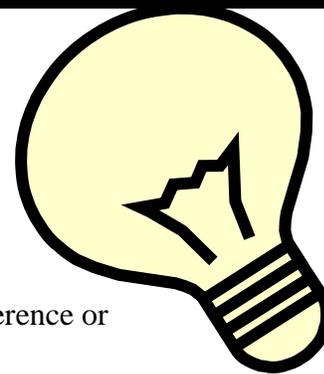
Question: I worked for the federal government from 1987 to 2004. I contributed to Thrift Savings Plan, which I rolled over to my IRA. I also contributed 1 percent to Federal Employees Retirement System. Is there a way I can get what I contributed to FERS and roll it over to an IRA? If so, how do I go about doing that?

Answer: Request a refund of your contributions and roll it over to an IRA. You should consult a certified public accountant for guidance, however.

Regulations Would Formalize Earlier Guidance. OPM noted that it issued guidance to the Federal Chief Human Capital Officers last June to help agencies achieve a consistent and effective policy for safeguarding the Social Security numbers of federal employees. The proposed regulations are intended to update OPM's regulations governing personnel records so they are consistent with that guidance.

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That guidance called on agencies to maintain security policies that either reference or contain a number of regulations, including the following:

-Agencies may not require individuals to disclose their SSN unless required by federal statute or specifically authorized to be used to cross check with a database operating prior to 1975.

-Agencies must also establish administrative, technical, and physical controls to protect information in personnel records.

-Managers of automated personnel records shall establish administrative, technical, physical, and security safeguards for data about individuals in automated records, including input and output documents, reports, punched cards, magnetic tapes, disks, and on-line computer storage.

-Supervisory approval should be required before an authorized individual can access, transport, or transmit information or equipment containing SSNs outside agency facilities.

-Written procedures describing the proper labeling, storage, and disposal of printed material containing Social Security Numbers and other personally identifiable data must be established and communicated to employees.

The NAF Corner:

NAF Military Spouse Preference (MSP). Military Spouse Preference (MSP) derives from Public Law 99-145, “DoD Authorization Act of 1986”, Section 806, “Employment Opportunities for Military Spouses”. This section implemented measures to increase employment opportunities for spouses of members of the Armed Forces, the intent of which was to lessen the employment and career interruptions of spouses who relocated with their military spouses. Military spouse preference provides worldwide employment preference for spouses of active duty military members of the U.S. Armed Forces who are relocating to accompany their military sponsor on a Permanent Change of Station (PCS) move to an active duty assignment. The Military Spouse Preference Program applies

- To eligible spouses, defined as the wife or husband, of active duty military members of the U.S. Armed Forces, including the U.S. Coast Guard and full-time National Guard, who are applying and referred for certain positions at DoD activities in the U.S., its territories and possessions, and in overseas areas;
- Only within the commuting area of the permanent duty station of the sponsor;

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- Only if the spouse entered into the marriage with the military sponsor prior to the reporting date to the new duty assignment
- Does not apply when the sponsor is separating or retiring.

The preference applies to all pay band positions NF-3 and below, all Federal Wage Schedule (FWS) and child-care (CC) positions for which the eligible spouse applies and is determined qualified. Spouse employment preference eligibility begins 30 days prior to the military sponsors' reporting date to the new duty location and continues during the entire tour, until acceptance or declination of a continuing (regular full-time or part-time) appropriated (APF) or NAF position, or a temporary position expected to continue for at least one (1) year, whichever occurs first.

An eligible spouse must request consideration for the Spouse Employment Preference (SEP) at the time of employment application submission. Spouses should ensure that they have the documents listed below with them to register for preference. The preference will be verified by the sponsor's PCS orders and marriage certificate or spouses' military ID card.

- Optional Application for NAF Employment, DA form 3433
- Supplemental Employment Application, DA form 3433-1;
- PCS orders documenting sponsor's assignment; and
- Marriage certificate or spouse's military ID card

For additional information regarding spouse employment preference, please contact your servicing NAF Human Resources Office at 545- 1610.

Creditable Service for Annual Leave for Army NAF Employees. Annual leave is a significant and important benefit for regular employees at all levels and through our NAF Benefits Program, employees may gain additional benefits for creditable service. To be eligible for creditable service under this program, one or more of the conditions for service performed by current employees must be/have been met:

- Service in a regular position with a Department of Defense (DOD) NAF Instrumentality (NAFI).
- Service in a flexible position that is converted to a regular appointment.
- Service in an appropriated fund (APF) position, providing the employee was hired after January 1, 1987 and moved from a DOD APF position to a NAF position without a break in service greater than three days.
- Service performed in a regular part-time off-duty military capacity after May 1, 1975.

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- Service gained through active military service and concluded by honorable discharge under honorable conditions, or by transfer to inactive reserves under honorable conditions.
- Service performed through active military service during wartime or in any campaign or expedition for which a campaign badge has been authorized.

To ensure your prior services have been credited, please stop by your servicing NAF Human Resources Office to review your Official Personnel Folder (OPF).

Free Employee Counseling Available. Counseling for Department of the Army employees, both non-appropriated fund (NAF) and appropriated (APF), is available through the Pastoral Institute. Employees may be granted up to five, individual sessions at no cost. These sessions may be scheduled for any reason, to include, but not limited to stress, grief, or relationship issues.

In order to secure an appointment during normal duty hours, contact Ms. Yvonne Wilbanks at 706 545-1138; otherwise, appointments may be made by contacting the Pastoral Institute directly at (706)-649-6500. For additional information, please contact Ms. Wilbanks.

Refinancing Returns. Stock prices aren't all that have plummeted lately. Mortgage rates have come down faster than they have in decades, so this may be a good time to buy a home or refinance a mortgage.

In late 2007, the average rate for a conforming 30-year fixed-rate mortgage was 6.31 percent, according to Bankrate.com. (Conforming loans are those for amounts up to \$417,000.) By early 2008, that rate had come down well below 6 percent--the largest one-month decline in nearly 20 years.

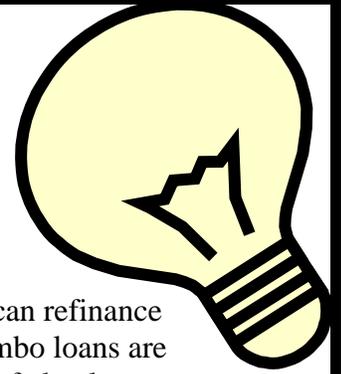
Since last July, the 30-year rate has fallen about one full percentage point, from 6.75 percent. At current rates, borrowers are paying much less than they would have paid for the same loan, seven months ago.

The steep slide is a response to bad economic news. In tough times, many investors seek safe havens, such as U.S. Treasury bonds. The increased demand for Treasuries drives up prices, and the higher prices mean lower yields. Mortgage rates are closely tied to rates on 10-year Treasuries, so lower yields on Treasuries also have reduced mortgage rates.

At today's lower rates, refinancing a mortgage might make sense. It would be a good move, for example, if you have an adjustable-rate mortgage due to be re-set in 2008 or 2009. You can refinance now to a fixed-rate mortgage and lock in the lowest rates since mid-2005.

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Holders of high-rate jumbo mortgages also stand to gain a great deal if they can refinance to a conforming mortgage. (Jumbo loans are those larger than \$417,000.) Jumbo loans are not bought by government-sponsored enterprises that can provide an implicit federal guarantee, such as Fannie Mae and Freddie Mac.

Today, investors want mortgage-backed securities with those guarantees so lenders are charging higher rates for jumbo loans. The higher the rates paid by borrowers, the higher the yields that can be passed through to investors in jumbo-mortgage-backed securities.

Suppose you have an outstanding jumbo loan with a loan balance of \$425,000. If you have \$8,000, you can refinance your \$425,000 loan down to \$417,000, by putting in your cash. That will knock your mortgage rate down considerably.

If you have a conforming fixed-rate loan now, it may make sense to refinance if your current mortgage rate is 6.5 percent or higher. The longer you plan to stay in your home, the greater the chance that the savings on loan interest will offset the refinancing costs.

When you refinance today, choose a fixed-rate loan. With an adjustable-rate loan, you'll save little or nothing in initial interest rates yet you'll be exposed to future rate hikes.

Going For Ginnie. Last year, investors backed off from some types of mortgage-backed securities. Those hardest hit were securities backed by mortgages made to borrowers with relatively low credit scores and to borrowers who were not required to thoroughly document their income. Investors also avoided complicated derivatives backed by mortgages.

Some mortgage-backed securities performed well for investors, though. Ginnie Mae mutual funds generally had total returns of 6-7 percent in 2007. That was better than investors earned in cash and compared well to the 6.35 percent average return for domestic stock funds.

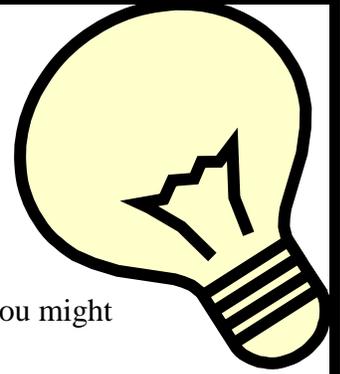
Why did Ginnie Maes perform so well? The Government National Mortgage Association (GNMA, or Ginnie Mae) guarantees investors the timely payment of principal and interest on securities backed by loans that are insured or guaranteed by federal agencies. In the market turmoil of 2007, investors flocked to the safety and liquidity of Treasury bonds. Right behind Treasuries were Ginnie Maes, which have a full federal guarantee.

Among the mutual fund families with Ginnie Mae funds are Fidelity, Franklin, and Vanguard.

Rate Retreat. Federal student and parent loans obtained before July 2006 are variable-rate. The interest rates are reset each July 1. Rates are trending lower now so borrowers

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holding variable-rate federal loans will likely see rate decreases as of July. You might consider consolidating such loans after June, to lock in the new lower rates.

Based on current rates, variable-rate Stafford and PLUS loans might reset in July to a range from 4 percent to 5.5 percent while rates on consolidation loans would be slightly higher. Such rates would be much lower than current rates, which are in the 6.62 percent-8.125 percent range.

In addition to those federal education loans, private loan rates also might be coming down. Generally, refinancing a private student loan is worthwhile if the borrower's credit score has increased by more than 75 points.

Refinancing to release a parent-cosigner from a private education loan might make sense after a student-borrower has been employed for several years and has earned a higher credit score.

Yours, Mine, Ours. According to a PayPal survey, half of all U.S. couples keep separate checking accounts. Of the half with separate accounts, half of those also maintain a joint account to pay household bills. If you have both joint and separate accounts, how can you decide who pays for what?

Agree on what's a household expense. If you both read *The Wall Street Journal*, for example, a subscription might be a household expense. Otherwise, the partner who reads that newspaper could pay that bill.

Determine how much to budget. Count your household expenses for the past month and add an extra amount for occasional items such as party gifts, trips, and so on.

Decide how much each partner should contribute to the joint household account. That might be based on your salaries.

Say a hypothetical Bill Jones earns \$60,000 and his wife Amy earns \$80,000.

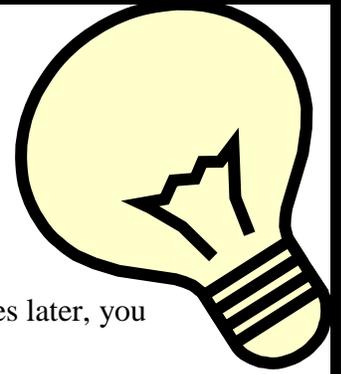
If Bill puts \$3,000 a month into the household spending account, Amy might put in one-third more: \$4,000 a month.

The balance of their earnings can go into separate accounts, where they can make their own decisions on spending and investing.

Penalty-Free. Usually, IRA withdrawals before age 59 1/2 are subject to a 10 percent penalty tax in addition to regular income tax. However, the tax code contains a specific exemption for "substantially equal periodic payments." If you take your money out on a

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regular schedule for at least five years or until you're 59 1/2, whichever comes later, you won't owe the 10 percent penalty.

Once you start on this program you can't stop, except in cases of death or disability. Moreover, you may have to file an extra form to let the IRS know why no penalty tax is due.

If you're interested, contact your IRA custodian and ask about your options.

There are three ways to take money out, involving different ways of calculating life expectancy. Generally, these tables can be manipulated to take out just about any amount you wish, without the 10 percent penalty.

Venture Carefully. If you're asked to back a startup business, don't invest unless the people responsible for the company have put together a business plan with projected results, based on assumptions that seem reasonable. Check with an accountant or an investment advisor to see if the projections make sense.

Other points to consider:

The management team. Look for an experienced business person to run the company. Even with a great concept, a company can still fail if there's no one who knows how to operate a business.

Financial strength. Without enough capital, the business will cease to exist. If the business runs short of capital you may be asked for more, putting you in the position of throwing bad money after bad.

Type of investment. If you're offered a choice between making an equity investment or making a loan, choose equity. Either way, your money is at-risk, so you should have the upside potential of owning part of the company.

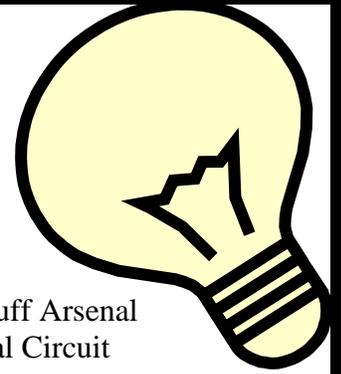
Payback. The agreement should be formal rather than a handshake deal, specifying whether you'll be repaid with regular interest payments, dividends from any future profits, or compensation for services rendered.

Finally, an exit strategy should be in place from the beginning. Do the founders intend to stay around and repay you from operating income? If not, do they hope for a public offering or a buyout by a larger entity?

If you're going to risk your money you should know how you might be rewarded.

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"Zero Tolerance" for Workplace Violence--and Enforcing It. A Pine Bluff Arsenal security guard, fired for assaulting a co-worker, failed to convince the Federal Circuit Court of Appeals that the Army's penalty was too harsh. ([Cosen v. Department of the Army](#), C.A.F.C. No. 2007-3299 (nonprecedential), 2/15/08)

Mr. Cosen had a satisfactory work record until he was charged with assaulting a fellow security guard. According to witnesses, the incident lasted about a minute, the female co-worker was not injured, and Cosen later apologized for his actions. However, citing its "zero tolerance" policy for violence in the workforce, the Army fired Cosen.

On appeal to the Merit Systems Protection Board, Cosen blamed his co-worker for his behavior. He claimed that she had tried to cause problems in his marriage, he got mad, and this is why he assaulted her. He argued that charging him with violence was "overstated" because the incident did not last long, he only grabbed her collar, she did not react as if she felt threatened, and eyewitnesses did not believe his actions to be "serious misconduct." (Opinion, p. 3)

Cosen also argued that the agency table of penalties called for reprimand up to a 30-day suspension for the first incident of hitting, pushing or the like without causing injury. He tried unsuccessfully to convince the MSPB that his penalty should therefore be mitigated to a 60-day suspension at most. (p. 3)

The Army responded at the MSPB that Cosen was aware of the zero tolerance policy and that all employees had received a written warning that a first offense for violence could result in removal. Further, the agency pointed out that he was the instigator, there was no provocation for his actions, and that MSPB precedent gives an agency discretion to exceed its table of penalties. The Pine Bluff Arsenal Director of Law Enforcement Security testified at the Board hearing that Cosen was a security guard and that his violent action, even though of brief duration and not causing actual injury, had "permanently undermined the agency's confidence in his ability to exercise sound judgment and control in emergency situations." (p. 5)

The MSPB, recognizing that Cosen's removal exceeded the table of penalties, nevertheless sustained the agency's exercise of discretion to remove him. His separation was warranted "in light particularly of the agency's zero-tolerance policy and the special responsibilities of security guards in emergency situations." (p. 4)

The appeals court has now affirmed the MSPB. The court states that it will not interfere with an agency's determination on penalty: "Penalty decisions are judgment calls best left to the discretion of the employing agency. The presumption is that government officials have acted in good faith." (p. 5, citations omitted)

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While acknowledging that the agency has the burden to support penalties that exceed its normally permissible range, the court holds that in this case Army met that burden. Mr. Cosen's removal is upheld. (p. 5)

Scholarships Offered. Two associations are offering separate scholarships, geared to military spouses and dependent children respectively. The National Military Family Association's Joanne Holbrook Patton Military Spouse Scholarships can provide as much as \$1,000 for spouses, which can be used to pay for earning professional certification or college degrees. Applications must be submitted online at www.nmfa.org/scholarship no later than March 15. Homefront America, a California-based support organization, is offering \$1,000 scholarships to 25 military children who submit the best 500-word essays in one of four categories: Why I love my country; challenges in my life and how I overcame them; reasons I want to thank my parents; and my number one American hero. Applications must be submitted by April 25. Details are available on the Web at www.homefrontamerica.org.

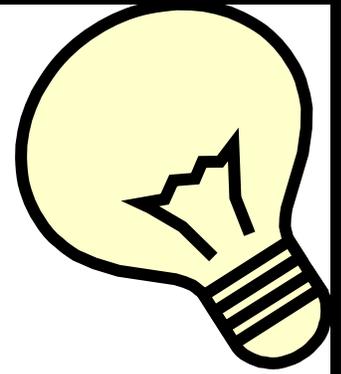
Human Resources (HR) for Supervisors Course Offerings. The HR for Supervisors Course is highly recommended for all Department of Army civilian (DAC) and military supervisors of appropriated fund (APF) civilian employees who supervise at least 3 appropriated fund DAC employees. The course is 40 hours 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
 - 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.

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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 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.

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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:

Federal Jobs and the Partisan Divide. How should the work of government be done most effectively and efficiently? The answer seems to depend on which side of the partisan divide you are on. Democrats protect unions that contribute heavily to their campaigns. Outsourcing is generally favored by the business community which often leans Republican

As a rule, the debate over giving federal jobs to private contractors tends to split along party lines, with Republicans – particularly the Bush administration – insisting it's efficient and cost-effective, and Democrats arguing it's not.

And as is typical in these debates, there is a political reality behind all the jawing about saving time and money.

Democrats are protective of the unions that represent government workers who can be replaced by so-called “outsourcing,” “competitive sourcing,” “privatization” or whatever the bureaucratic term of the day happens to be. Those same unions contribute heavily to Democratic campaigns.

“Outsourcing” appeals to the business community, which, generally speaking, tends to be a good friend to the GOP come election time.

So it comes as little surprise that Sen. Dianne Feinstein, being a good Democrat, tells us that she wants to continue a three-year ban on “outsourcing” at the U.S. Forest Service.

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A little more interesting is that her arsenal of arguments now includes “protecting public safety.” More specifically, protecting life and property should there be any more wildfires like the ones Southern California endured last year.

FUZZY FOREST SERVICE MATH

Feinstein's new emotional twist on an old debate relies on a report released last Thursday from the Government Accountability Office, one that looked primarily at the cost savings of outsourcing Forest Service jobs but also toyed with the question of how it might affect firefighting.

The GAO found that the Forest Service did not track significant costs, excluded others and lacked data to support its cost-savings claims. For instance, it reported \$35.2 million in savings for the competitive sourcing of information technology. The figure failed to include costs of more than \$40 million.

The “outsourcing (of) substantial numbers of Forest Service jobs to the private sector could” reduce the “agency's ability to fight fires in the wilderness and to respond to emergencies such as Hurricane Katrina,” the report said.

In short, the conclusions were perfect ammunition for a Democrat hoping to keep Forest Service jobs in the government realm.

“The report shows that the Forest Service spent millions of dollars to push forward a program of outsourcing thousands of federal jobs – all without being able to verify that it was saving the money it claimed, complying with the law or making sure that its outsourcing didn't interfere with its vital firefighting functions,” Feinstein said. “The Forest Service must not be allowed to jeopardize its core firefighting mission in a rush to try to outsource vital government jobs.”

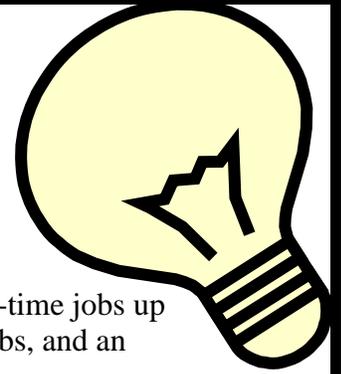
CAN THEY DO THE WORK?

President Bush long has tried to put large numbers of federal jobs up for competition with the private sector. Although Congress shut down the Forest Service's competitive sourcing program in fiscal 2004, the administration wants to reinstate it for 2009.

Up in arms, naturally, are the American Federation of Government Employees and the National Federation of Federal Employees, a civilian union representing 20,000 Forest Service workers. Also weighing in was the International Association of Machinists and Aerospace Workers, which is affiliated with the federation.

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The Forest Service is considering putting almost two-thirds of its 37,000 full-time jobs up against private competition. About 10,000 of those are firefighting-related jobs, and an additional 20,000 are for those certified to fight fires and respond to national emergencies.

The GAO had plenty to say about sending so many jobs to the private business world. For one thing, the GAO argued, the Forest Service can't expect a private company to provide emergency services unrelated to the work it bid on. It can't, for instance, hold a competition for fleet maintenance and expect the winning private fleet-maintenance firm to also provide other needs as they arise at a fire scene.

Forest Service employees, on the other hand, know they may be asked to volunteer one to three weeks each year on a fire line – doing whatever is asked of them.

“This is a massive undertaking whose long-term success will depend on a realistic strategic plan, clear guidance to identify the key work activities that should be excluded from competition, and a strategy to assess the cumulative effect that outsourcing a large number of federal jobs could have on its firefighting capability,” the GAO wrote. “Unfortunately, the Forest Service has none of these in place.”

A Positive Drug Test? What Should We Do Now? This article is written by Susan Smith and posted in the 27 edition of FedSmith. The article is copyrighted; however, permission was granted to reprint in its entirety in this publication.

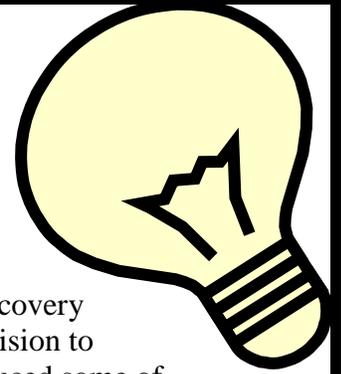
The Federal Circuit has given a reprieve to a nursing assistant removed by the Army's Fort Leonard Wood Army Hospital in Missouri for failing a random drug test. The court has ordered the Merit Systems Protection Board to go back to the drawing board. ([Baird v. Department of the Army](#), C.A.F.C. No. 2007-3046, 2/26/08) The facts are taken from the court's decision.

Baird's position was designated for random drug testing under the Army's Drug-Free Federal Workforce Program. She was given notice as to just what this entailed, including the warning that failing a random test could lead to her separation. When she failed a random drug test this apparently was a first for this Army facility, which had no stated policy on penalty for the eventuality. (Opinion pp. 1-3)

While the agency figured out how to handle the situation, emails were exchanged among different levels of personnel officials, Baird's supervisors, hospital managers, and MEDCOM, the hospital's headquarters command. Eventually the hospital commander decided that Baird's removal should be initiated. (pp. 3-5)

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Baird appealed to the Merit Systems Protection Board. Her attorney filed discovery requests seeking, among other things, copies of the emails relating to the decision to remove Baird. Following two motions to compel discovery, the agency produced some of the emails just four days before the Board hearing. At the hearing Baird asked for and was given additional emails. Because they contained names of other officials involved in the pre-termination email exchange, the hearing was delayed while Baird's counsel had the opportunity to interview these new potential witnesses. The arm wrestling over emails continued into the actual hearing itself when Baird's counsel made yet another motion to produce certain emails. Army counsel refused to produce and objected. The Administrative Judge sustained the agency's objection and the hearing was held. The AJ sustained Baird's removal. (pp. 5-6)

Baird bypassed review by the full Board and when the AJ's decision became final Baird took her case to the Federal Circuit. (p. 7)

Baird did not dispute the fact that she failed the random drug test. Instead she argued that the officials who proposed and decided her removal were basically "puppets" of the hospital manager. She also argued that the manager had in effect imposed a "zero tolerance" policy for drug test failures after the fact by insisting that Baird be removed. And she argued that the Board erred by not compelling the agency to produce all the relevant emails. (p. 8)

The court majority (the case was decided in a 2 to 1 decision) is obviously troubled by the lack of full disclosure of all emails pertinent to the decision to fire Baird. The majority calls the agency's brief on this issue "lame," and further states, "The need for full discovery of all relevant email related to Baird's case is beyond question." (pp. 8-9)

In the majority's view the AJ should have rejected the agency's objection to producing further emails since the evidence was central to Baird's theory of her case: "We express no view as to whether Baird's theory has any merit; we only hold that she is entitled to" the discovery from the agency. (p. 11)

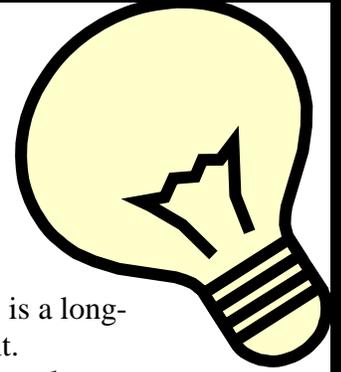
Therefore the court orders the case back to the Board and orders it "to enforce full compliance with Baird's discovery request" and, if the newly produced evidence warrants, to give Baird a new hearing. (pp. 12-13)

It is interesting to note that the dissenting judge concluded that the Board was well within its discretion to cut off the discovery: "Every trial or hearing requires a deciding official to draw lines and make evidentiary judgments. Otherwise every case could stretch on indefinitely." (p. 14)

Since the majority of the court did not agree, this case certainly will be stretching on.

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TSP Interfund Transfers Soar in January. The Thrift Savings Plan (TSP) is a long-term investment plan to fund your future retirement from federal employment.

To make it easier to invest without worrying about the ups and downs of the stock market, TSP participants can select a lifecycle plan that automatically diversifies TSP investments across the several TSP funds. Those that will be retiring later can select a more aggressive fund--which translates into more money going into stock funds and less into bond funds.

Those close to or in retirement can select more conservative funds such as the L Income fund.

In theory at least, a TSP participant puts money into the lifecycle funds, or spreads out investments among the TSP funds themselves, and keeps investing throughout a federal career.

The reality is that many TSP participants watch the stock market returns and then react to these returns by buying or trading their funds as they try to time the market. This led to many federal employees buying into stock funds close to a market peak in the 1990's and selling their TSP stock funds near the bottom of the market. In other words, some folks lost a great deal of money. They bought stock funds when prices were high and, when the market went down again, sold their fund shares at a loss just as the next bull market was starting.

The markets have been volatile for some time now and, in November, December and January, the TSP stock funds have gone down. The worst month was January in which the C fund went down almost 6% and the S and I funds went down even more. All of the lifecycle funds lost money in January.

That market downdraft begs the question: How did TSP investors react this time around? The TSP monitors activity and follows monthly trends. Here are the results as noted by the TSP's Chief Investment Officer, Tracey Ray: "Net interfund transfer activity soared in January. Participants liquidated \$1.8 billion from the C Fund, \$1.2 billion from the S Fund, \$2.3 billion from the I Fund and \$399 million from the L Funds. The money went to the G Fund (\$4.4 billion) and the F Fund (\$1.3 billion)."

In fact, over \$1.4 billion was traded in the F fund in January, the second highest amount of record for this fund.

Also in January, the number of participants with balances in the 2010, 2020 and 2040 funds declined for the first time since the funds were launched.

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Perhaps bailing out of the stock funds in January is a smart move. On the other hand, after 2-3 months of a declining market, it may also be that the fund transfers are an indicator that the market has bottomed and that these investors sold their stock funds to lock in their losses only to watch the shares that they sold start going up in value. In short, there are nervous tremors among some TSP investors. The overall percentage of FERS employees in the G fund jumped from 32% to 35% in January and the number of C fund participants dropped from 33% to 31% in the month. The percentage of CSRS employee money in the G fund went from 39% to 42% and the percentage in the C fund dropped from 32% to 30%. So, while records were being set for interfund transfer activity, most of the TSP investment money has not moved that much. Whether those that fled to the safety of the bond funds turns out to have been a smart move or a costly financial move will not be known right away. Based on historical precedence, and the predilection of our human nature to preserve our assets and panic when these assets are disappearing, those that panic and sell stocks during a down market often lose out in the long run.

As of the close of business on February 27, all of the TSP stock funds were up so far in February with two trading days still left in the month.

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