

Nashville District Human Resources Newsletter "News You Can Use"

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The purpose of this newsletter is to keep Nashville District employees informed about personnel issues, concerns, and topics. You are encouraged to review the information and disseminate to your organization. If there are particular areas of interest that you would like to see addressed in future issues, an article of general interest, or general comments, please contact John Restey at 615-736-5538 or John.G.Restey@lrn02.usace.army.mil.

Coming Events:

TSP OPEN SEASON: April 15-June 30 2004

General News:

Republican Backs Off Pay Parity

A key GOP lawmaker says the federal government can no longer afford to give the same pay raises to civilian employees and the military, a tradition known as pay parity. Rep. Ernest J. Istook Jr., chairman of the House Appropriations subcommittee that handles the federal pay raise, is urging Congress to back President Bush's proposed 3.5 percent raise for the military and 1.5 percent for civilians. Over the past eight years, Congress routinely has awarded civilian workers base pay raises that exceed both inflation and Social Security cost-of-living increases, the Oklahoma Republican argued. That adds up to a cumulative 30.8 percent pay increase over the period, or 12.5 percentage points above inflation, he wrote. The cost: an extra \$12.5 billion, according to Istook. Micah Swafford, Istook's spokeswoman, said recent fighting in Afghanistan and Iraq shows that the military deserves a higher raise. "They are away from their families. They are putting their lives on the line," Swafford said. "There is an argument to be made that their salaries do need to be increased to reflect the sacrifice that they are being called to make for their country right now." Advocates of pay parity, who include lawmakers from both parties, say Congress has approved equivalent raises for civilians and the military in 19 of the past 21 years. Failing to do so would send a message that civilian employees' work is not valued, and make it harder to recruit and retain talented employees, they say,

adding that many civilian employees are important to national security. House Democratic Whip Steny H. Hoyer (D-Md.) said in a statement that pay parity "represents a tiny fraction of the \$2.4 trillion the president proposes spending in 2005, but pays big dividends in retaining quality employees. . . . Without competitive salaries, the government will be helpless in recruiting an effective workforce capable of meeting the challenges of the 21st century."

22 Days of Additional Military Leave for Contingency Operations

Federal employees who are members of the Guard and Reserve and who are ordered to active military duty for certain contingency operations are authorized 22 days of additional military leave (effective November 24, 2003). Here are some of the key difference between the military leave newly authorized for certain contingency operations and the 15 days of military leave with which most of us are familiar.

The members receive the greater of their military pay or their Federal civilian pay. They will not receive their full civilian pay and their full military pay as they do during the 15 days of military leave covered by 5 USC 6323(a). The Reservists or members of the Guard who have been activated for one of the specified contingency operations, such as the one in Iraq, will receive the higher of the two salaries, military or Federal civilian, for the 22 work days. Of course, they can take annual leave or compensatory time instead of military leave and receive both their civilian salary and their military pay.

This 22 days of military leave newly authorized for contingency operations is available on an annual year basis, not a fiscal year basis like the 15 days of military leave covered under 5 USC 6323(a). Employees became eligible for this military leave on November 24, 2003. So, in calendar year 2003, they had 22 days of this type of military leave available to them. On January 1, 2004, they have another 22 days of this type military leave (under 5 USC 6323(b)) available for use during the 2004 calendar year. There is no balance to carry over from one calendar year to the next.

The OPM has updated their Military Leave Facts Sheet

<<http://www.opm.gov/oca/leave/html/military.asp>> to include a paragraph on the 22 days of military leave newly authorized for contingency operations. However, to obtain a clearer understanding of the newly authorized leave, you must go to their revised "Frequently Asked Questions on Military Leave,"

<<http://www.opm.gov/oca/LEAVE/HTML/MILQA.asp>>. See, in particular, the answers to questions 1, 3, 4, and 6.

The Defense Finance and Accounting Service (DFAS) has waited until employees returned from active military duty to civilian employment to settle pay matters related to this general type (under 5 USC 6323(b)) of military leave in the past. When different, more current or more specific information on this subject is received from DFAS, it will be provided.

Health and Benefits:

Changes to the Thrift Savings Plan(TSP Loan Program)

Effective July 1, 2004, the TSP will make three changes to the Loan Program:

- A \$50 fee will be deducted from the amount of each new loan.
- You will no longer be able to have two general-purpose loans at the same time. Instead, you will only be allowed one general-purpose loan and one residential loan.
- When you pay off one loan, you will not be eligible to apply for another loan for 60 days.

These changes to the Loan Program will reinforce the importance of borrowing from your TSP account only as a last resort. For participants who need a TSP loan, the \$50 fee will cover the cost of processing and servicing the loan and will ensure that these costs are paid by the 500,000 participants who use the program and not by the other 2.7 million participants who do not use the program. **TAKEN FROM THE DA CIVILIAN PERSONNEL BULLETIN FEB 04 EDITION.**

The Federal Flexible Spending Account (FSA) Program: 2004 Administrative Fees

After carefully considering feedback from agency CHCOs as well as other stakeholders, Director James made the final determination to:

- increase the amount that participants could elect for a health care flexible spending account (HCFSA) from \$3,000 to \$4,000, and
- to extend the FSAFEDS Open Season an additional week, to allow Federal workers more time to consider whether and how much to elect of their hard-earned dollars.

In addition, agency CHCOs agreed that an increase in fees is warranted, since coverage for over-the-counter (OTC) medicines and products began January 1, 2004. For the 2004 Plan Year, the fee for a HCFSA will be \$7.50 per participant per month. The Dependent Care Flexible Spending Account fee remains the same, at one and a half percent (1.5%) of the elected amount. The \$3.50 HCFSA increase is an estimate that accounts for the additional administrative costs and risk of overpayments associated with coverage of OTC medicines and products. This additional amount will be set aside in a reserve fund, and accounted for separately. It may be used only with approval from the Office of Personnel Management, and will be adjusted - up or down - in future years based on actual experience and review by the Director of OPM.

The National Defense Authorization Act for Fiscal Year 2004, Public Law 108-136, signed on November 24, 2003, requires all Executive Branch agencies, as well as other employing entities of the Government which provide the FSAFEDS program to its employees, to cover the administrative fee(s) on behalf of their employees. Our Actuaries Group performed an analysis that shows agencies will continue to accrue more in savings than they spend in fees. If you'd like more information on that analysis, or how many of your employees have enrolled in FSAFEDS for 2004, please send an email to FSA@opm.gov <<mailto:FSA@opm.gov>>.

Food For Thought:

"The man who does not read good books has no advantage over the man who cannot read them."

- Mark Twain (1835-1910)