THE TRUMP ADMINISTRATION, THROUGH its Office of Management and Budget, recently proposed pay-for-performance incentives for federal employees—floating the idea of starting with distributions in the neighborhood of $1 billion a year to higher-performing feds. OMB indicated that the incentive pay would be budget-neutral, and specifically could be paid for by equally reducing routine General Schedule step increases in pay totaling $10 billion over the next decade. To many, doling out incentives to higher-performing employees makes sense—as is common in many parts of the private sector. But for public-sector employees, who work for organizations that don’t—and can’t—make higher profits each year, and instead produce for the common good, efforts at such incentive systems run into problems. Indeed, two such large-scale federal efforts in the first decade of the millennium failed and ultimately shut down. This week, Nathan Abse talks to James L. Perry, a professor emeritus of public administration at the University of Indiana and recognized expert on government and civil service reform.

**Q&A WITH JAMES L. PERRY**

What do you think about the White House proposal to pursue pay-for-performance in the federal government? Is this a wise aim, given recent-past failures, in your opinion?

**Perry:** If the $1 billion per year that OMB officials proposed [in news stories in March] to use for such a program were distributed for performance pay—if that money then becomes a substitute for the usual step increases in pay—then I suspect that, if implemented, that will be

---

**What’s Inside**

- Insight .................................................. 1
- Informed Investor ................................. 4
- Thrift Savings Plan Prices ..................... 7
- Federal Benefits Q&A ............................ 9
- AFGE: Orlando Airport Security to Stay TSA ....................................... 10
- News briefs ............................... 10

---

When rounding up the ‘usual suspects’ includes you

IF YOUR SON, DAUGHTER, NIECE OR nephew isn’t a fan of watching the same B-list horror flick over, and over, and over, again, you might want to steer them away from a career as a federal civil servant. There are plenty of great things about a career with the U.S. Government.

Generally, the pay is good (depending on who’s doing the measuring), especially in the lower and middle grade levels. The benefits—retirement, vacation, sick leave and the TSP (401k)—are excellent compared to most places large or small. A growing number of companies have eliminated retirement plans shifting the burden of retirement to Social Security and the 401k plan—if they have one. Few will match the 5 percent contribution that feds under the FERS program can get.

(Spoiler alert: My former employer of many years dropped its retirement plan several years ago even though the owner of the company is one of the richest, most successful people on earth. Good deeds are one thing. Business is business is usually the bottom line. Fortunately for those of who had left before the new owner took over, the former publisher assumed the plans assets and burdens and continued the ‘old’ pension plan. But he didn’t have too.)
received, and perceived, by employees as picking their pockets. It won’t be received well. Step increases may be seen by many people as automatic, and “unmerited,” but, think about it, usually if it takes an employee 20 years to go through 10 or 20 step increases, or what have you, then actually they are a becoming a better employee and more capable and knowledgeable as an employee. They are becoming, over time, a bigger asset for the federal government. In this way, there is pay-for-performance already there. It’s just not meted out in the way that contingent pay is meted out in the private sector. In short, I think that if a billion dollars per year becomes not added to, but a substitute for, step increases, this would end up being de-motivating and reducing morale overall in the federal workforce.

In recent times, under the George W. Bush administration’s abortive efforts with pay-for-performance at Defense and Homeland Security, were soon seen by unions and many employees as unfair. Why, and why do so many such plans go wrong, in the end? Opponents—especially unions—say they lead to spoils and favoritism, rather real top flight work?

Perry: I’m not sure I buy the union critique, wholesale, but elements of it are true. I think that’s sometimes a broadside unions throw at all pay-for-performance ideas. Having said that, I think the public sector is different in some very real, very important ways than the private sector. A key one is that in the public sector, compensation is far more transparent than in the private sector. In some ways, the private sector’s [performance pay] depends on a lack of transparency. People can’t unpeel the onion, to see what their colleagues are being paid. Now, when you try to add a lack of transparency to a public system, this is not how it normally works, and that has two effects. First, it puts those who develop pay-for-performance systems on the spot—they’re being watched as soon as they create and oversee these systems that are soon providing more money to some people. Second, it makes it much more obvious that what they’ve created [a significant incentive pay scheme] must be justified, in a far more rigorous way than are needed in the private sector—because in the private sector, you don’t know what’s going on with others, among other big differences.

Can you tell our readers some of the other public-sector differences you have in mind?

Perry: Well, two of the other major differences in the public sector include, first, budget constraints. By this I mean there are no “profits,” and so with the kind of pay-for-performance proposed here, managers are just saying, “Hey, we are taking a billion dollars away from the usual step increase budget, which employees understand, and instead putting that same billion dollars into pay-for-performance for people who we decide are better achievers.” Right there, this change assumes, and broadcasts to everyone, that existing step increases are just not valid, are not appropriate. And it says to everyone that, to date, employees are just getting their step increases based on seniority only—nothing to do with actual competence within the organization. Not a great idea. And you know, that message may not even be true, in many cases. The point is, if the government makes this move it will be seen as a broadside against step increases—it will say that they are a bad idea. That won’t help employee morale, and step increases probably aren’t baseless, as this move would communicate.

You are alluding to the idea that existing step increases, while imperfect, already accomplish much of what pay-for-performance aims to—could you discuss?

Perry: Yes, so there already is some logic here. There was a study by some World Bank researchers that compared pay-for-performance to so-called pay-for-knowledge compensation systems. Step increases are, in fact, a kind of pay-for-knowledge system—a kind of classic bureaucratic pay system. What that study found, basically, is that people who come with pro-social motives to public sector jobs are probably just as motivated by pay-for-knowledge dynamics in their pay systems as they are for pay-for-performance systems. So, there may be no need here. And, additionally, the pay-for-knowledge systems are cheaper to manage.

That’s an interesting line of reasoning—and to your mind, it offers pretty good evidence against pay-for-performance?

Perry: So, what I am saying is that we have various, sometimes contrary evidence here, but for the most part all of what I see is pointed in this one direction. We have the fact that civil service pay-for-performance systems, as we have seen over the years, usually fail. On the positive side, also have evidence that the current, classic structure of the general schedule is not all that bad for the purposes we have in the public sector. So, from my point of view, the system may need to be tweaked, perhaps—yes, but, from the evidence I see, maybe not in the direction of the logic of pay-for-performance.

Well, the fact is the AP reported, in March, that OMB wants to redistribute $10 billion of step increase pay as new, performance-based bonuses. That’s this...
In honor of Public Service Recognition Week 2018, we’d like to say how grateful we are for everything federal employees do to support our country. That’s why we’ve been here to support your health since 1960, providing the worldwide coverage, innovative health tools and rewarding incentives you need to live life to the fullest.

fepblue.org/PSRW
THE PASSAGE OF THE TAX CUTS AND JOBS
Act of 2017 (TCJA) has resulted in lower individual tax rates for the period 2018 through 2025. But under TCJA individual tax rates in 2026 will revert back to 2017 higher tax rates, adjusted for inflation. The TCJA therefore affects several tax-based strategies related to retirement planning. In the first of two columns discussing how the TCJA affects retirement planning for Federal employees, this column discusses the implications of the TCJA regarding a Federal employee's choice of contributing to the (before-taxed) traditional TSP or contributing to the (after-taxed) Roth TSP. The discussion focuses on which TSP account – traditional or Roth - benefits employees most starting in 2018 and through 2025 in order to take advantage of the temporary lower tax rates.

During 2018, employees can contribute a maximum of $18,500 ($24,500 if over age 49) to the traditional TSP and/or the Roth TSP. Employees can contribute to both TSP accounts provided their total contributions during 2018 do not exceed $18,500/$24,500. Note that FERS-covered employees, who receive agency matching contributions and an automatic one percent of gross pay contributions to their TSP accounts, will always have their agency TSP contributions deposited into their traditional TSP accounts, no matter which TSP account – traditional or Roth – a FERS-covered employee contributes to.

The key comparison that determines whether a Federal employee should contribute to the traditional TSP or to the Roth TSP during 2018 is the relative size of the marginal tax rate this year when an employee contributes and the expected marginal tax rate in retirement when the employee withdraws his or her TSP account. If an employee's marginal tax rate during 2018 is greater than the expected marginal tax rate when the funds are withdrawn in retirement, then contributing to the traditional TSP is the preferred choice. If the opposite is true; that is, the marginal tax rate in 2018 is less than the expected marginal tax rate when the TSP funds are withdrawn, then the Roth TSP is the preferred choice. The above example illustrates:

Tom is a Federal employee and does not know whether to invest $12,000 of his salary during 2018 in the traditional TSP or $12,000 of his salary in the Roth TSP.

Assume the following: (1) Tom is in a 24 percent marginal tax bracket during 2018; (2) in retirement, Tom will be either in a 24 percent, 15 percent or a 28 percent marginal tax bracket; and (3) Tom's $12,000 traditional TSP contribution (or $9,120 Roth TSP contribution) will double by the time he withdraws it. The results are summarized in the following table:

The results are summarized: If Tom's marginal tax bracket in retirement will be less than his marginal tax bracket when he contributes, then the traditional TSP will result in greater retirement savings. Finally, if Tom's marginal bracket when he withdraws his TSP is larger than when he contributes to the TSP, then the Roth TSP will result in greater retirement savings.

Keep in mind that the marginal tax rate for most Federal annuitants will be higher than their tax bracket. This is due to the taxation of Social Security benefits. Most middle-income Federal annuitants will receive Social Security and will pay a marginal tax that is either 150 or 185 percent of their tax bracket. This means that the Roth TSP will be a better choice for contributing to during 2018-2025 even if the employee's marginal tax bracket in 2018-2025 will be the same as the expected tax bracket in retirement.

Edward A. Zumdorfer is a Certified Financial Planner, Chartered Life Underwriter, Chartered Financial Consultant and IRS Enrolled Agent in Silver Spring, MD.
administration's direction, right?

Perry: Well, it sounds like a proposed fix of a dollar-for-dollar “budget-neutral” solution. And, I would say, all budget-neutral solutions in the form of merit pay or pay-for-performance ultimately fail. Why? Because if you are a leader, if you are management, you’re saying, “We want to motivate people, with these incentives.” And yet you’re also saying we’re only going to motivate people 10 percent or x percent more than we do now. But are you actually adding incentive? That’s another reason why it will fail, because as a budget-neutral solution, it’s ultimately the same amount of money overall, over time. There’s no real pay-for-performance there, really. Somebody loses. And your people catch on to this, very quickly. It’s a zero sum.

But officials at OMB have been clear in saying that the current GS-system is outmoded—you are instead saying that and the step increases are not outmoded?

Perry: Look, I agree with some at OMB who think some aspects of step increases, with no other system in play, might be outmoded. But I think pay-for-performance, the kind they seem to be talking about, is just going all over again in the wrong direction. Couldn’t you spend that $1 billion better? I think you could. One possible way would be to pay people at the top—maybe the top three layers of the civil service—more money. I think you might recruit better managers, and get better people to come early in their career to stay for a while. There is some research that suggests this. And I understood this from feedback, studying merit pay systems decades ago. Another option that’s key is promotion. The fact is, basically a promotion is—and provides—an employee with a needed pay increase. So, do you want to fiddle with people’s pay every year, in a pay-for-performance thing? Or do you want to look into whether a person has advanced the mission of their organization in a broad and effective way, as a result of their work, say, every few years? And promote them? You could do that better. You could promote them significantly, from a GS-level to a higher GS-level. This way, I think, you might retain the best and the brightest, who would be enhanced by doing things this way, instead.

Are people in government just motivated differently than people in the private sector?

Perry: We know that people who are motivated mostly by money, generally,
The 2018 Almanac includes comprehensive coverage on Federal employee:
- Retirement programs and benefits
- Pay, including 2018 schedules, adjustments & computation procedures
- Thrift Savings Plan investments
- Hiring, transfer, and furlough processes
- Health, dental, and vision programs
- Financial planning, including college, divorce, estate planning and taxes
- Important benefits contacts & resources, and more!

ORDER TODAY!
FederalSoup.com/FedStore • 800-989-3363
Almanacs sell fast - order today!
Current Federal Soup subscribers save 10% on print copies
are not going to go into the public sector. Why not? Because if they are mostly motivated by money, then if they are good managers they can make much more money in the private sector. Instead of a hundred or couple hundred thousand dollars at the high end in government, if they really strive in the private sector they can make several times that amount. So, why if you are driven by money would you go into the federal civil service? It's just not the way things work, in practice.

Fine, but this idea you just advocated—that government should pay top managers much more, possibly I think at the expense of line employees—that would be unfair, and upset the unions, and it would lead to a sense of not being properly compensated and lower morale, right?

Perry: Possibly, yes. But there may be ways of managing around some of that, so you could do this. First, you must realize that, in terms of compensation, the U.S. has a much flatter compensation system than many countries. Maybe because of our more egalitarian culture, at least in parts of our economy or in the public sector, truncating the distance between the bottom and top of the pay scale is something we do. But there are other countries, with different cultures, that have strikingly different civil service pay scales. Some examples I point to include Singapore and Hong Kong. In their civil services, you find as much as a 50-to-one ratio, from the top pay to the bottom. Some of this is a longstanding result of the former colonial system—these were British colonies, where you needed to incentivize your colonial managers, and some of it has endured. In the U.S., yes, it is very different. But in our private sector, we have like a 500-to-one ratio between the top executives and lower-level workers. In our federal government, we’ve never deviated much from, say, in the neighborhood of a 10-to-one ratio. I think we could stand some adjustment, possibly.

If our system is so “flat” in the public system, are there ways federal employers work around that to get and keep some top performers?

Perry: Yes. I think we need to think more carefully about the [existing] structure of public-sector salaries. New York University’s Paul Light has written about how the pay in our federal government is so bad that in order to keep good people managers often have to move people up through the steps very quickly. That way they reach a higher pay ceiling fast, and at least consider staying. Later still, the only way to get people more money is to keep promoting them. So, you see, we have a number of dysfunctional aspects to our federal pay system. But I would say we need to think hard before leaping into “reforms” based on old, and very flawed, thinking. Rather we should be looking at what research tells us what would be some positive design features that might really work to correct these problems.

You carve a middle road here: You clearly do not endorse OMB’s current ideas on pay-for-performance, but you also do not support total resistance to change in the GS-system, right?

Perry: That’s right. Another point I made in some work I co-authored is that it is much harder to come up with a workable pay-for-performance system for people at the top of the hierarchy than for people at the bottom. You do run into problems at the bottom too, of course. But—

### Thrift Savings Plan Share Prices

<table>
<thead>
<tr>
<th>Funds</th>
<th>May 3</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>G Fund</td>
<td>15.6815</td>
<td>15.6460</td>
<td>15.3090</td>
</tr>
<tr>
<td>F Fund</td>
<td>17.7040</td>
<td>17.8206</td>
<td>17.7463</td>
</tr>
<tr>
<td>C Fund</td>
<td>37.2065</td>
<td>36.9471</td>
<td>33.1449</td>
</tr>
<tr>
<td>S Fund</td>
<td>48.6542</td>
<td>47.9386</td>
<td>43.1276</td>
</tr>
<tr>
<td>I Fund</td>
<td>30.8985</td>
<td>30.2094</td>
<td>27.2688</td>
</tr>
</tbody>
</table>

**Lifecycle Funds**

<table>
<thead>
<tr>
<th>Lifecycle Funds</th>
<th>May 3</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>L Income</td>
<td>19.6505</td>
<td>19.5730</td>
<td>18.8321</td>
</tr>
<tr>
<td>L 2020</td>
<td>26.9709</td>
<td>26.8259</td>
<td>25.4039</td>
</tr>
<tr>
<td>L 2030</td>
<td>30.7244</td>
<td>30.4694</td>
<td>28.2782</td>
</tr>
<tr>
<td>L 2040</td>
<td>33.4098</td>
<td>33.0920</td>
<td>30.4350</td>
</tr>
<tr>
<td>L 2050</td>
<td>19.3325</td>
<td>19.1263</td>
<td>17.4452</td>
</tr>
</tbody>
</table>

Make the most of your Thrift Savings Plan!

The 2017 Your Thrift Savings Plan includes 192 pages of TSP retirement information, including an extensive overview of how the TSP has changed. You’ll find everything you need to know about maximizing your retirement income including information on:

• Understanding TSP Funds and developing an investment strategy
• Updated IRS contribution limitation tables
• Life event impacts on TSP
• And more!

Get the guidance you need to manage your TSP account. This authoritative, easy-to-read guide is for: new and rehired employees, employees in their mid-career and those close to retirement. Be sure to get yours today!

DOWNLOAD YOUR FREE 2017 EDITION TODAY!

**Federal Benefits Q&A**

**QUESTION:** I have two questions re: Employee Death in Service w/less than 10 years of service (has five years). A spouse is covered under employee’s self/family FEHB and eligible for BEDB. 1) Spouse can elect to continue FEHB even though not eligible for monthly annuity - Correct? 2) Spouse receives BEDB, but not a refund of retirement contributions (doesn’t receive both) - Correct?

**ANSWER:** If a married FERS employee with less than 10 years dies while in federal service, then: (1) Surviving spouse (not a federal employee) cannot keep FEHB coverage because spouse cannot receive a FERS survivor annuity (due to the fact that deceased spouse has less than 10 years of service at time of death; and (2) Surviving spouse is eligible to receive both the BEDB (because the deceased employee had at least 18 months of FERS service) and a refund of the deceased employee’s FERS contributions.

Readers are encouraged to ask questions related to general employee benefits—such as CSRS, FERS, the Thrift Savings Plan, tax and estate planning, insurance, Social Security and Medicare—at the “Federal Benefits Q&A” at www.FederalSoup.com.

---

and this is important—what I think went wrong with [a decade ago] at NSPS—the National Security Personnel System—at Defense and MaxHR at DHS was that these pay-for-performance plans were rolled out with inadequate thought and planning as to the details. These systems rightly got pushback from the unions right away. They said, “Hey, look, you can’t make pay systems perfect, overnight—and we have had previous bad experience with pay-for-performance systems in the federal government, and you ought to know better!” The unions attacked these efforts, I think legitimately. And, it’s important to remember that the biggest problems with these kinds of systems were not about their implementation, but were design-related, theory-related. These systems just were not necessarily going to motivate people better. Still, here we are once again, and politicians are saying let’s do what looks like the same kind of pay-for-performance. But in the end we will see they don’t know what they are talking about.

Historically, NSPS—the National Security Personnel System—was the last giant effort at pay-for-performance, right? Hated by unions, it didn’t seem to work and got scrubbed by Congress.

**Perry:** I think there were multiple reasons for the failure of NSPS and MaxHR. Part of it was lack of consultation with the affected parties. Another was a really lacking design. But don’t leave this out: When you look at these kinds of systems, they take five or more years, even by design, to start to work. So, you have to ask, how many agencies have high quality performance appraisal systems, right now? I’m referring to any kind of way to objectively measure individual employee, or unit, performance—any such system people believe in? The answer is: very few. In the end, government agencies can’t rely on a system of pay that relies—often, practically overnight—on some kind of measurement of performance, when they don’t really have one that their employees, or anyone, can really believe in!

**Can you comment on some of the worst cases, of agencies in real turmoil, where performance evaluation, if imposed now, could be especially a problem?**

**Perry:** Well, we have some agencies, like EPA, where there are now maybe at least three layers of mistrust. I’m speaking figuratively, but think about it. You have an administrator whose motives are mistrusted by the employees. Then you have concerns all around about whether the managers intend to follow normal, customary policies and aims. And then you might have even deeper concerns about the administrator’s overall objectives—there’s a suspicion that there’s a wish there to take apart all of the normal rules. All of these factors, plus I think you already have people jumping ship, at this point, which is unfortunate. I think these factors have more impact on performance than any performance pay scheme is going to have.

**Given the current difficult environment in parts of our civil service—as you note, as at the EPA—is there anything government can do, apart from restructuring pay, to improve morale and productivity?**

**Perry:** We know that one of the most effective motivators is for management to engage in a real conversation about what the work is at an agency, with the people who are doing it—with the employees. For instance, if mission is important—which is the case in the minds of most federal employees—then the core question to them is, “What is the mission of this agency and how does that translate through the work
that I do?” Having management get into this discussion, with a focus on the mission and helping them to achieve their part of the mission, is going to be far more influential in keeping employees engaged and motivating them, and getting them to do the right thing, than tinkering with bonuses every year through an elaborate administrative structure to try to make, supposedly “objective,” decisions about rewards or incentive pay, which is very hard to accomplish in the public sector, as I explained a moment ago.

Incentive pay schemes failed in recent administrations. So, who benefits from their false starts? Private consultants paid to design them? Politicians in an ideological or political theater?

Perry: Who benefits from all this? I am not quite sure. One side of it, remember, are those with a genuine belief in these kinds of reward systems, you know? But, we had a Booz Allen report last year, one that offered just general statements about how the civil service needs to be reformed, needs different rewards and the like. There was another document, let’s see, by NAPA—the National Academy of Public Administration, of which I am a fellow. The organization has come up with another panel, to which I am a fellow. The organization was actually created to deal with the problems that existed with privatization.

“We have had 16 years with no major incidents, you know?” Thomas told FEND. “As far as protecting the life and property of the passengers here, we are doing an excellent job—so, this really made you think, Why would the [airport leadership] change what they are doing? And in the end, they voted not to.”

“The real issue—the effort to privatize screening—in Orlando, that was stopped,” Thomas said. “And I want your readers to know we at AFGE are also beating this in Puerto Rico, where there also has been an effort to privatize airport security.”

AFGE: Orlando airport security to stay TSA

Ununionized federal government workers claimed a win in Florida last week, rallying to defeat a move to privatize airport passengers in Orlando.

Armed with complaints on wait times and the overall passenger experience at the massive Orlando International Airport, the Greater Orlando Aviation Authority voted in February to begin the process of privatizing airport security.

But the American Federation of Government Employees—which represents more than 1100 Transportation Security Administration screeners who work at the facility—disputed privatizing arguments, fighting these past months against the move. The union organized rallies and ultimately garnered support from several lawmakers.

The GOAA agreed to a 60-day extension before moving ahead with the process of moving toward a for-profit firm to take over screening, to discuss efforts to fix management.

AFGE represents more than 45,000 TSA officers nationwide. The union and its leaders at various levels saw the victory as the result of rank-and-file members and their influence on allied lawmakers, as well as on the GOAA Board and at TSA.

“We are happy GOAA decided to put the safety of travelers over profit-driven private contractors by rescinding its original vote to replace federally trained TSA officers with private screeners,” AFGE TSA Council President Hydrick Thomas said in a statement.

**TSA SCREENERS “DOING AN EXCELLENT JOB”**

“I think it was the input of our union members, for sure, that really helped with this victory,” Thomas told FEND in an interview. “And, remember, those who led the meeting on this said that the TSA screeners were doing an excellent job, and had ‘just gotten caught up in the politics’ over privatization.”

“I think also the screeners’ presence at the meeting, and their voices, all of this helped—we had so many of our members there, and they spoke and told the board how important it was to keep their jobs, and reminded the board they owned homes in Florida and paid taxes there.

All of this was very important.”

Thomas told FEND there were, he believed, about “150 people there to attend the meeting” with the GOAA.

“There were so many, we were spilling out into the lobby,” Thomas said. “They had to let in the airport board in the room, and I’d say over 70 of our employees were also there. There were people outside. It was standing room only.”

“We have 827 paying members of AFGE there, representing more than 1100 employees working at the Orlando International Airport,” Thomas said. “You have to remember, TSA, the government agency, was actually created to deal with the problems that existed with privatization.”

In Brief

**HIGH-SALARIED CDC LEADER REQUESTS PAY CUT AFTER CONTROVERSY**

Dr. Robert Redfield Jr., the director of the Atlanta-based Centers for Disease Control and Prevention, has asked for a reduction in his pay, just one week after questions were raised about why he was earning so much, the Associated Press reports.

According to the article, Redfield had been set to earn $375,000 a year, which

---

Visit us on the Internet at www.FederalSoup.com
Plan your retirement now for a healthy financial future

Updated with the most current information, The Federal Employees Retirement Guide addresses your retirement concerns — whether you are still planning your retirement or retiring this year. Topics covered include:

- The retirement process for the major federal retirement systems
- Preparations that employees need to make early in their careers, mid-career and the year immediately preceding retirement
- Deposits, re-deposits and the effect of military service years and pensions on civilian retirement
- Insurance issues and Medicare
- Easy checklists, resource lists and estimation tools to prepare yourself for the choices you face

ORDER THE NEWEST EDITION TODAY - HURRY, COPIES SELL FAST!

is $150,000 more than any previous CDC director has received, and well above the salary of other top federal health officials — including his own boss, Secretary Alex Azar of the U.S. Department of Health and Human Services.

On April 26, Sen. Patty Murray (D-Wash.) wrote a letter to Azar questioning how the decision was made to pay Redfield the higher salary, and by April 30, Redfield requested a cut to his pay, stating that the issue has become a distraction, the report notes, adding that although a top HIV researcher, Redfield has no experience working in public health or managing a public health agency.

MORE PLAN OPTIONS COMING TO FEHB

THE OFFICE OF PERSONNEL MANAGEMENT has announced that the Federal Employee Health Benefits Plan can now offer more insurance plan options.

The agency said in a Federal Register notice that it is correcting an “asymmetry in the insurance market for federal employees and annuitants…” by allowing FEHB carriers to offer the same number and type of insurance plan options.

Before the change, OPM’s minimum standards for health benefits plans allowed certain plans to have two options and a high deductible health plan, while other plans could have three options of any type or two options and a high deductible health plan.

The new rule will allow all FEHB carriers to offer the same number and type of plans.

“This final rule will give FEHB enrollees more choices in selecting a health plan that best meets their family’s health care needs,” the notice states.

The rule became effective April 28.

VA LAWMAKER FIGHTS TO PROTECT TELEWORK

REP. GERRY CONNOLLY (D-VA.), WHO

crafted the 2010 Telework Enhancement Act and has a large number of federal employees in his D.C.-area district, is pledging to fight against reductions and barriers to agency telework programs, Government Executive reports.

According to the report, in recent months, some agencies have significantly curbed telework by reducing the amount of days allowed, others have prohibited its use altogether, and there also has been a problem with agencies not following through on union agreements regarding access to telework.

Connolly — who attributes the lack of support for telework, in large part, to managers’ lack of trust with the program — said he is working on a new bill to codify existing telework policies that he plans to introduce within the coming weeks, the report notes.

VA NOMINEE WITHDRAWS

PRESIDENT TRUMP’S PICK TO LEAD THE Department of Veterans Affairs has withdrawn his nomination amid concerns of ethical misconduct.

Trump nominated Rear Adm. Ronny Jackson, the White House physician for the last three administrations, to replace former Secretary David Shulkin.

Issues were raised immediately after his nomination that he lacked experience with public policy or veterans issues to assume the role, and in recent weeks prior to his confirmation hearings, allegations of professional misconduct arose.

In a newly released statement Jackson said, “Going into this process, I expected tough questions about how to best care for our veterans, but I did not expect to have to dignify baseless and anonymous attacks on my character and integrity.”

Reports have alleged that Jackson fostered a hostile work environment and behaved improperly while serving in the White House medical unit.

Jackson vehemently denies those allegations.

“The allegations against me are completely false and fabricated,” he said in his statement. “If they had any merit, I would not have been selected, promoted and entrusted to serve in such a sensitive and important role as physician to three presidents over the past 12 years.”

The statement concluded, “While I will forever be grateful for the trust and confidence President Trump has placed in me by giving me this opportunity, I am regretfully withdrawing my nomination to be Secretary for the Department of Veterans Affairs.”

Read the full statement here.

FEDS IN SIX REGIONS TO GET HIGHER LOCALITY PAY

FEDERAL EMPLOYEES IN SIX METROPOLITAN areas will likely begin receiving higher locality pay in 2019 to account for large pay gaps with non-federal employers.

The Federal Salary Council last week voted to add six new special pay rate localities to the President’s Pay Agent: Birmingham, Ala.; San Antonio, Texas; Burlington, Vt.; and Virginia Beach, Va., Omaha, Neb.; and Corpus Christi, Texas.

According to the American Federation of Government Employees, all of these areas have pay gaps that are more than 10 percentage points above the pay gap for the “Rest of U.S.” locality area, which is the current criteria for establishing new pay localities.

“The council heard from federal employers in three locations – Charleston, S.C.; Nashville, Tenn.; and Imperial County, Calif. – who are finding it almost impossible to recruit and retain the workers they need because federal wages are not competitive,” an AFGE statement notes, adding, “Yet none of the areas qualify for their own pay locality, which is the current criteria for establishing new pay localities.

“The council heard from federal employers in three locations – Charleston, S.C.; Nashville, Tenn.; and Imperial County, Calif. – who are finding it almost impossible to recruit and retain the workers they need because federal wages are not competitive,” an AFGE statement notes, adding, “Yet none of the areas qualify for their own pay locality, which is the current criteria for establishing new pay localities.

It plans to review the current methods used for determining when areas outside of existing pay localities should be added to nearby localities or turned into their own pay locality.

Read the AFGE statement here.
You can earn and keep lots of vacation time in government, compared to most places in the private sector. Accumulate sick leave and cash it out in the form of a higher annuity. And its 401k plan—with lots of choices, low-low fees and the 5 percent employer match is to die for. A rapidly growing number of workers have been Thrift Savings Plan millionaires not because of their pay, but because of their persistence. And that 5 percent match which is the equivalent of a 5 percent tax deferred pay raise. Thousands of feds have hit the seven-figure TSP level by long time (average 28 years) investing in the TSP’s higher risk/higher reward C and S stock index funds.

Layoffs in government are rare. Most years (but probably not next January) workers get an across-the-board raise in January. And in addition—thanks to the within grade (WIG) system most employees get a 3 percent sweeter every one — two or three years depending which of the 10-steps they are in or in their grade.

So all good, right? You picked the sweet spot to work, move up and retire from. Or did you?

Being a federal worker in recent years—under Democratic or Republican control—means rounding up the usual suspects: Proposals to cut pay raises. Reduce starting pensions. Eliminate the within grade system. Investment of workers, managers, executive, and retirees in government are paid to be realistic. They want to keep members’ interest without shouting fire in a crowded theater. It’s a fine balance between sounding a bona fide alarm—to alert members—to make them cynical. Or numb.

In private, many of them will tell you that for the last couple of decades they’ve been fighting a rear guard action; a holding operation. It is unlikely—under hostile Republicans or friendly but useless Democrats—that things are going to get better for feds. Or retirees. The time for improvements in work conditions and benefits seems to be gone with the wind.

In this new climate—whether the boss is named Obama or Trump, Bush or Clinton—maintaining the status quo as long as possible is the ultimate goal. Every year that FERS employees continue to get a COLA is a victory. Inflation is likely to raise its ugly head as oil prices continue to rise. But as long as retirees have inflation-protection they are okay. Once it is gone there will be trouble.