

House unanimously approves FERS sick leave bill

By ELISE CASTELLI

June 25, 2009

The House unanimously approved a bill that could increase the pensions for hundreds of thousands of federal employees covered by the Federal Employees Retirement System (FERS). The measure credits the unused sick leave of retiring FERS employees toward their time-in-service when calculating their pensions. There are roughly 1.4 million employees in the FERS. Employees under the older Civil Service Retirement System (CSRS) have always had this benefit.

The House approved the measure, called the Disabled Military Retiree Relief Act of 2009, by a 404-0 vote. It now moves to the Senate, which stripped similar provisions from a bill giving the Food and Drug Administration the authority to regulate tobacco. The bill also allows FERS employees who leave and then return to federal service to get credit for their previous service and to redeposit their retirement annuities so they can receive a pension for their entire federal service. CSRS employees already have this benefit.

But CSRS employees also would benefit from the bill if it gets passed. It would let CSRS employees who choose to work part-time at the end of their careers collect their full annuities. The bill also extends locality pay to Alaska, Hawaii and U.S. territories, which currently only get cost of living adjustments (COLAs). The region would begin transitioning to the locality pay system starting in January 2010, when employees would receive one-third of the locality pay percentage for the rest of the U.S. In 2011, those employees would receive two-thirds of the locality pay percentage. And in 2012, they would receive full locality pay. COLAs are based on higher cost of goods and services in regions while locality pay aims to close the pay gap between public and private-sector employees. Employees who are paid COLAs get smaller annuities when they retire because locality pay boosts base salary, which can be counted toward their annuity calculations.

Sick Leave Slowdown

by Brittany R. Ballenstedt bballenstedt@govexec.com October 30, 2008 Legislation that would have allowed federal employees hired since 1984 to cash out their unused sick leave at retirement appears to have stalled this year in Congress. But those eligible for the benefit would be wise to hoard that sick leave a little longer since the measure's supporters are gunning for success in 2009.

The House in July passed a measure that would have allowed workers covered by the Federal Employees Retirement System (generally those hired in 1984 and after) to apply their leftover sick leave toward their retirement annuity. The measure seeks to correct a disparity between FERS and the older Civil Service Retirement System, under which employees receive credit for unused sick leave.

The sick leave provision, sponsored by Rep. James Moran, D-Va., was included in a larger bill ([H.R. 1108](#)) called the Family Smoking Prevention and Tobacco Control Act. While the legislation received overwhelming support in the House, a threat from Sen. Richard Burr, R-N.C., to block it and a veto threat from the White House -- unrelated to the sick leave provision -- helped stall the measure in the Senate.

"We're going to push hard for it [in 2009]," Austin Durrer, a Moran spokesman, said on Tuesday. "We should have a lot of opportunities to get it through the House again, and hopefully, with a robust majority in the Senate, we'll get to see some action."

Durrer said Moran would pursue all opportunities to enact the sick leave legislation through a stand-alone bill or language attached to an appropriations bill or other legislation next year.

The question is what shape the sick leave benefit would take. The provision that passed the House as part of the tobacco bill was more generous than the stand-alone bill Moran originally proposed. That measure ([H.R. 5573](#)), introduced in March, would have granted FERS retirees a one-time payment of up to \$10,000 for any sick leave balance of more than 500 hours. Many federal employees argued that the original benefit did not go far enough.

The House-passed legislation, however, would have provided FERS employees retiring during the first three years credit for 75 percent of their sick leave, while those retiring later would have been able to count all their unused leave. The cost of this enhanced benefit -- estimated at \$70 million for five years and \$337 million for 10 years -- would have been offset by another provision of the tobacco bill that would have added a Roth 401(k) option for participants in the Thrift Savings Plan.

Jessica Klement, legislative director of the Federal Managers Association, said on Tuesday that granting FERS employees credit for unused sick leave would be the top priority for FMA and the Government Managers Coalition in the next Congress. "We'll have to figure out where we want to go ... but any sort of credit is better than none," she said.

Klement said it may be possible to grant FERS employees full credit for unused sick leave in a stand-alone bill, but noted that first it would require a discussion with Moran's staff.

"We're really encouraged by the action of the 110th Congress, but we believe we can go even further in the 111th," Klement said.

FERS Sick Leave Credit Legislation Update (September Update)

From the [National Association of Postmasters of the United States \(NAPUS\) Legislative and Political Bulletin](#)

Earlier this week, Sen. Cornyn, the Senate sponsor of the Senate companion to HR 1108, legislation to give the Food and Drug Administration regulatory authority of the tobacco products, indicated that the Senate is unlikely to take up the measure this year. HR 1108 includes a provision, authored by House Oversight and Government Reform Committee Chair Henry Waxman (D-CA) that provides FERS retirement credit for unused sick leave. The House passed its version of the bill on July 30 by a 326-102 margin. The September 10 issue of CQ Today reported that when Sen. Cornyn was asked about whether the Senate would take up H.R. 1108, he answered, "Realistically, I don't think so." According to Senate leadership staff, the crowded end-session legislative calendar renders consideration highly doubtful.

Pay and Benefits Watch: A Sick Leave Remedy

By Brittany R. Ballenstedt August 7, 2008

Federal employees hired since 1984 could be just months away from being able to cash out their unused sick leave at retirement.

Last week, the House passed a measure that would allow workers covered by the Federal Employees Retirement System (generally those hired in 1984 or later) to apply their leftover sick leave toward

their retirement annuity. The measure seeks to correct a disparity between FERS and the older Civil Service Retirement System, under which employees receive credit for unused sick leave.

The good news is the provision -- introduced by Rep. Henry Waxman, D-Calif., as part of a larger bill ([H.R. 1108](#)) called the Family Smoking Prevention and Tobacco Control Act -- is more generous than a similar benefit proposed by Rep. James Moran, D-Va., in March. Waxman's measure would give FERS employees retiring during the next three years credit for 75 percent of their accrued sick leave. Those retiring later would be able to count all their unused leave.

Moran's legislation would offer a one-time payment of up to \$10,000 for any sick leave remaining at retirement. Some employees criticized the offer, noting that it still would not put them on equal footing with their colleagues in CSRS.

"We are truly encouraged that this bill goes even further than [Moran's] originally proposed legislation," said Darryl Perkinson, president of the Federal Managers Association. Moran spokesman Austin Durrer said on Tuesday that the changes were necessary to comply with pay-go rules, which require offsets for spending over prescribed limits. The measure passed by the House "spreads out the payments," Durrer said. "The budget scoring is only for a 10-year window. Payments in the out years are not counted in the legislation for pay-go purposes."

Granting FERS employees the proposed sick leave benefit is estimated to cost \$70 million over five years and \$337 million over 10 years. Offsetting those costs would rely on another provision of the tobacco bill that would add a Roth 401(k) option for participants in the Thrift Savings Plan, a congressional aide said last week.

The Congressional Budget Office said in a report in July that a Roth offering in the TSP would increase revenues by an estimated \$157 million over five years and \$1.3 billion over 10 years.

"Establishing a Roth contribution program would result in some TSP participants electing to contribute after-tax income to their retirement plan rather than contributing pre-tax amounts, thereby boosting income tax revenues," CBO said.

The Senate must pass the bill, and then the chambers will have to work out differences in the two versions. After the conference committee reaches agreement, each chamber must pass the final version and President Bush will have to sign it.

The Senate plans to consider its version of the tobacco bill in September. That version does not address FERS sick leave, but Durrer said he is still optimistic.

"The fact that our provision is in the House version makes it so that when it goes to conference, we're in a good position to retain it," Durrer said.

There is one other potential hang-up: A statement issued by the White House last week indicated that President Bush's advisers would recommend he veto the bill, noting that it would create new taxes and mandate additional responsibilities for the Food and Drug Administration.

FERS employees might not want to start hoarding their sick leave just yet.

Source: govexec.com