Febuary 2003 Supplemental

Alert!

NTEU

Chapter 52

More on the Pay Raise

Complied from stories in FedWeek February 12, 2003

NO VETO THREAT ON 4.1 PERCENT RAISE

Congress hopes to conclude work this week on the budget for the fiscal year that is now almost five months old, including getting a final resolution on the federal employee pay raise for this year. Still under negotiation is a measure that would set the raise at 4.1 percent retroactive to the beginning of calendar year 2003, overriding the 3.1 percent increase that took effect in January in lieu of a legislated figure. In what could be a significant development, the White House has issued its policy statement on the measure and did not threaten to veto the bill over the size of the raise; in fact, the document did not even mention the raise. The statement threatened vetoes over numerous policy provisions under discussion but on spending matters it reiterated the position the administration has taken lately that its primary interest is in staying within certain overall spending limits. The pending measure would require most agencies to absorb the full cost of the raise.

MORE WAITING AHEAD

If the 2003 raise is set at 4.1 percent retroactive, it likely would be several weeks afterward until agency payroll systems could be revised to make retroactive payments and to set new pay rates for the remainder of the year. The extra percentage point of salary likely would be divided up as locality pay, meaning that raises would vary by locality from 4.87 percent in the San Francisco-Oakland-San Jose locality to 4.02 percent in the "rest of the U.S." locality, the catchall locality for areas outside the designated metropolitan zones.

DEATH KNELL FOR 1990 PAY LAW?

In what could sound the death knell for the 1990 Federal Employees Pay omparability Act—the law that was supposed to have virtually closed the indicated pay gap with private industry by now—the Bush administration's proposed January 2004 federal pay raise is linked to general inflation, not to the employment cost index measure specified under the act. The administration's request for 2 percent in its fiscal 2004 budget proposal, while no surprise, effectively constitutes an abandonment of the portion of the 1990 law that had been followed, at least in a general way, since that law was passed. That law crafted a two-part raise formula: ECI-linked raises to generally keep federal salaries apace with private sector wage growth plus locality pay designed to close the indicated pay gap.

LOCALITY PAY FELL FIRST

The locality part of the 1990 federal pay law quickly fell by the wayside when the Clinton administration raised concerns about the methods used to measure the pay gap. Congress did not take issue with that assessment, in part because it shared those concerns and in part because of the money to be saved by not funding locality pay. In most years, including the last several with President Bush in the White House, the ECI-indicated raise has been sweetened somewhat—typically in the name of pulling the federal raise up to what uniformed military personnel stand to get—and the additional money has been designated as locality pay, in amounts well below what the 1990 law called for. However, up to he new budgetary proposal, administrations had been keeping to the ECI as the indicator for the across-the-board raise component.

RAISE, PERFORMANCE FUND IN FOR SCRUTINY

The Bush administration's 2 percent pay raise proposal is just one of two major pay initiatives in the fiscal 2004 budget plan; the other is creation of a $500 million fund to be used to reward high-performing employees. Efforts already are under way in Congress to continue pay parity between federal employees and uniformed military personnel, who under the budget stand to get raises averaging 4.1 percent—although under the applicable law, the "parity" target figure likely will be 3.7 percent. The pay-for-performance provision likely will be equally controversial, although the administration has not yet submitted a detailed legislative proposal.

TEST UPCOMING FOR PAY PROVISIONS

The first test of both likely will come in several months as Congress begins to write a "budget resolution" that will serve as the outline for actual spending decisions to be made later in the year. That resolution has served many times in the past as the vehicle for language advocating continued pay parity between civilian and military personnel. And if the performance pay fund is to be created for next year, for procedural reasons it might have to be authorized in the budget resolution. The resolution is written by the House and Senate Budget committees, with input from other committees with jurisdiction over the programs—the Government Reform Committee in the House and the Governmental Affairs Committee in the Senate.

MOVEMENT POSSIBLE SOON ON SPECIAL RATE CASE

A judge's order approving the settlement in the special rate back pay suit is due to become final February 18, which would set in motion to process for actually paying amounts due to more than 129,000 current and federal employees under the two decade-old class action suit. Barring further legal complications—and this case has experienced a long series of them—once the judge's order becomes final the government will have 60 days to pay the agreed-on $173 million into a settlement fund. Several weeks after that event, the settlement administrator will mail to class members claims forms that will include the amounts they are due—in most cases, between $1,000 and $3,000, but in a few cases, much more--and that will describe procedures for challenging their amounts.

HOLD THOSE HORSES A LITTLE LONGER

The special rate back pay case involves employees receiving that form of bonus pay during the years 1982-1988 who had their raises denied or capped under a policy in effect at that time. Many potentially affected individuals have been champing at the bit for years waiting for a resolution of the suit. However, the National Treasury Employees Union, which sponsored the suit, says that for the meantime, those who are in the class—or who think they should be—need do nothing. Payments potentially could go out in the autumn, although a challenge to the amount calculated for an individual could delay the payment for that person for many more months.

MIKE CAUSEY ON THE DANGERS OF PRIVATIZATION

It’s bad enough when the government decides to privatize functions that--for reasons of national security and continuity--probably should be done in-house by feds, according to our senior editor, Mike Causey. “It’s another to employ citizens of another country with no emotional ties to this country, who are not above taking a petty bribe, for a position of importance” he writes. You'll find his column at http://www.fedweek.com/mcausey/default.asp.

CONTRACTING OUT RULE CHANGES COMING

The Office of Management and Budget is expected to issue within several weeks the final version of its proposed changes in the way federal jobs are considered for possible conversion to contractor performance. OMB currently is considering comments received during a public comment period, including responses from several agencies criticizing the planned changes as imposing overly strict deadlines on consideration of jobs for contracting-out. A group of senators recently sent OMB a letter to the same effect. The proposal seeks to speed up and simplify the process of formal cost comparisons, with a goal of 12 months start to finish, compared with three or four years commonly needed under current policy. It also would encourage conversions without formal cost studies in certain situations involving small functions, among numerous other changes to OMB Circular A-76.

EARLY RETIREMENT, BUYOUT AUTHORITY DETAILED

The Office of Personnel Management on Feb. 4 issued in the Federal Register rules to carry out the new government-wide buyout authority contained in last year’s law creating the Department of Homeland Security. A separate set of rules is expected to implement a separate provision of that law establishing government-wide early retirement authority. However, contrary to what many employees seem to have come to believe, the early out and buyout authorities would not create opportunities for anyone interested to apply; instead, offers of either type would be subject to several limitations. For a breakdown of how these programs would work, go to http://www.fedweek.com/HotFreeNews/default.asp in the hot free info section of our website.

Chapter 52 *Alert!,* all the news that is fit to be copied!

This **Chapter 52 *Alert!*** and all ***Alerts!*** since January 2001, can be found on our

Chapter Web Page at http://www.nteu52.org/

You can e-mail any Chapter officer, staff member or steward from the site.

Chapter 52 Board:
President, Tom Jones
Executive Vice President, Patricia Kelley
VP Area A & Chief Steward, Bill Grace
VP Area B & Asst. Chief Steward, Mick Eskew
VP of Finance & Recordation, Fran Dunagin

Send comments and/or articles to 1700SANW or fax 210-706-5376, attention Alert! Mick Eskew