www.few.org

455 Massachusetts Ave. NW, P.O. Box 306
Washington, DC 20001
Phone: 202/898-0994
Fax: 202/898-1535

This information may be provided to FEW membership via government email

FEW Washington Update
August 15-31, 2020

Congress is in Recess

In Congress

With Congressional Coronavirus emergency aid talks stalled, the Senate departed August 13 for the traditional August recess; the House departed the week of August 10 and will not return for scheduled votes until September 14. Both bodies could return early subject to the call of their respective leadership if behind the scenes negotiations bear any result. A key area of disagreement is aid to state and local governments which range from the $150 billion offer by the Administration to the roughly $1 trillion proposal by the House Majority. Liability protection for employers is another area of debate as reflected by a comprehensive proposal included in the Senate Majority Health Care, Economic, Assistance, Liability, and School Act (HEALS) and no language in the House passed Health and Economic Recovery Omnibus Emergency Solutions (HEROES) bill. Absent movement on negotiations it looks like agreement on an emergency relief package will happen sometime in September when Congress must also finalize the fiscal year 2021 spending bills before October 1.

In a rare action, the House returned briefly from its recess on August 22 to pass HR-8015, to prohibit the Postal Service from making changes to operations or levels of service from those that were in effect as of the start of this year until the Coronavirus pandemic is declared to be over. The bill further would require the postal agency to reverse any changes already made that have the effect of delaying processing of the mail and would give the USPS $25 billion in operating money. The daylong session came as an uproar over mail disruptions put the Postal Service at the center of discussion ahead of the upcoming election. Millions of people including the military are expected to use mail-in ballots to avoid polling places during the coronavirus pandemic.

FEW Washington Update – August 15-31, 2020
Tier I

<u>FECA vs. Disability Retirement:</u>

The government should do more to help federal employees choose between Federal Employees Compensation Act (FECA) injury compensation benefits and disability retirement when they are eligible for both but must elect one, the Government Accounting Office (GAO) has said.

That situation can arise when a disabling injury or illness that would qualify someone for disability retirement was work-related, making the employee also eligible under FECA.

GAO said the decision is a complex one since the two are structured differently—for example, while FECA compensation is based on a percentage of pay adjusted for inflation, retirement benefits build with additional years of service and salary growth. The result is that the comparative value can vary according to factors such as how long the employee has worked—with FECA generally more generous for those who have had relatively short careers up to the point of disability, but retirement benefits potentially superior for those with longer careers.

The Department of Labor, which operates the FECA program, “does not routinely remind recipients to compare benefits, so they may be unaware of their options or how to consider them,” a report said. “In addition, DOL and the Social Security Administration use a manual and highly complex process to calculate one key component of a FECA recipient’s compensation in retirement related to Social Security benefits.

“As a result, estimates of FECA benefits in retirement that include this component are not readily available prior to retirement. These challenges hinder recipients’ ability to accurately compare their options and may result in some recipients not choosing their best option at retirement.”

It said the two agencies agreed with its recommendation to educate employees on comparing the two and to improve the information they provide to better enable them to make that comparison.

Sourced from FedWeek.

FEW In Action – August 27, 2020

Thank you for your outstanding support of the recent FEW webinar commemorating the Women's Right to Vote. President Karen Rainey, Congressional Relations VP, Shabiki Clarke; Kaya Lewis-Baltimore, Training VP; Tonya Saunders, Legislative Representative; and Special Guest Speaker Pat Wirth, CEO/Founder of the Turning Point participated. Over 300 participants RSVP'd and signed on to hear the presentation. See slides here.

Ms. Wirth painted a vivid picture of the history of the suffrage and ended with the message for everyone to exercise their right to vote. (As a reminder FEW is a nonpartisan, nonpolitical organization). See Flyer here.

FEW Washington Update – August 15-31, 2020
Tier II

Federal Pay:

Payroll providers are preparing to implement the president's payroll tax deferral policy for federal employees, though many questions remain about the plan and its potential impact on the workforce.

The changes stem from an executive order President Donald Trump signed back on August 8, which allows employers to defer withholding and payment of a portion of their employees' Social Security taxes if wages are under a certain threshold.

"The federal government will implement an across-the-board payroll tax deferral by all federal payroll providers, so all federal employees who meet the income threshold will see savings," a senior administration official told Federal News Network Monday in an email. "We want all payroll providers to implement the deferral on the same schedule, so the deferral should be implemented starting with the second paycheck in September."

For most federal employees, the second paycheck of the month falls somewhere between September 18 and 24, depending on the payroll provider.

Most employers didn't have instructions on how to implement this order until late last Friday, when the IRS issued guidance on the topic.

But the Agriculture Department's National Finance Center first informed customers of its plans to implement the president's EO on August 21.

The payroll provider said it planned to eliminate the Old Age, Survivors and Disability Insurance (OASDI) deductions for employees whose gross Social Security wages are less than $3,999.99.

“We will continue to calculate and remit the employer portion of OASDI,” the notice said. “With that being said, the elimination of the withholding will vary by employee by [payroll period], based upon any changes in their gross social security wages.”

Though federal employees would see savings next month and through December of this year, the payroll tax break is temporary. Federal employees have from January through April 2021 to pay deferred payroll taxes back before interest or other penalties accrue next May, the IRS said.

The National Finance Center’s (NFC) August 21 memo hinted at the obligation to pay the deferred taxes back, though it suggested Congress could eliminate the requirement through separate legislation, a prospect many believe is unlikely.

Employees in the Civil Service Retirement System (CSRS) will not be impacted, because they don’t usually withhold Social Security taxes.

Federal employees who, for example, earn salaries that would usually come in under the $4,000 threshold but are working more hours during the coronavirus pandemic and temporarily exceed the gross income limit would have payroll tax deductions withheld from their salaries, NFC said.

The National Treasury Employees Union, which as of Friday August 21 was still collecting information on the administration’s plans to defer payroll taxes. Federal workers should have the opportunity to opt out of the president’s temporary payroll tax holiday.

“As we await guidance from the administration about how the payroll tax suspension may be implemented for federal employees, we urge Treasury officials to give employees ample time and clear instructions about how this will affect their paychecks and — even more importantly — next year’s tax bill,” Tony Reardon, NTEU’s national president, said Friday August 21 in a statement. “If the government does not provide a clear and complete explanation that the tax withholding is only temporarily paused and must, ultimately, be fully paid, we fear that too many employees will be unprepared for the higher tax obligation in 2021.”

The Office of Management and Budget, which was handling media requests on the president’s payroll tax deferral for the federal workforce, didn’t respond to a question about whether employees would be able to opt out.

Timing of the payroll tax deferral is another question.

With a planned implementation for mid-to-late September, launching a temporary payroll tax break in less than two months — Trump signed the executive order to defer Social Security deductions on August 8 — is a quick timeline, especially considering how long the federal providers have taken to carry out other complex changes.

For example, it took payroll providers several months last year to implement the 2019 retroactive pay raises for federal employees. And some agencies had difficulty making emergency paid sick leave available to their employees during the coronavirus pandemic, because providers had to code and program the changes into their timekeeping and payroll systems.

According to the first NFC memo, the payroll provider was making system modifications to prepare for implementation on the first pay period in September, on or around September 8.

But by late last Friday August 28, the NFC pulled back on those plans, stating it would await final guidance from the Treasury Department and Office of Personnel Management.

Employee unions and at least one member of Congress ~~are~~is skeptical of the payroll tax deferral plans for the federal workforce.

“The administration’s plan to initiate payroll tax deferrals for civil servants treats the federal workforce as a guinea pig for a bad policy that businesses already rejected as ‘unworkable,’” Rep. Don Beyer (D-Va.) said in a statement Friday August 28. “This payroll tax deferral does not really put money in workers’ pockets, it simply sets up the members of the federal workforce who least can afford it for a big tax bill that many will not expect.”

The National Federation of Federal Employees said the policy would have long-term impacts on workers.

“Either way, the employee loses,” Randy Erwin, NFFE national president, said recently in a statement. “If the tax deferment becomes permanent, and provided it is legal, the employee could get a lower payout in retirement. If the deferment is temporary, the employee risks getting a huge tax bill plus interest and penalties early next year.”

The American Federation of Government Employees took its criticism a step further, describing the president’s payroll tax deferral as a way to undermine and bankrupt Social Security.

Rather than deferring Social Security payroll taxes, Erwin said the administration should instead give federal employees a larger pay raise. The president is planning on a 1 percent federal pay raise for civilian employees in 2021, though some members of Congress and unions have advocated for a 3 percent bump instead.

Military members are on track to receive a 3 percent pay raise next year.

Sourced from: Federal News

FEW Washington Update – August 15-31, 2020
Tier III

<u>Health Benefits:</u>

The FEHB program is open to nearly all federal and postal employees. Your first opportunity to enroll is within 60 days from either the date on which you are hired or the date on which you first become eligible. You also can enroll during the annual open season as described below; this year it will run November 9-December 14.

Are there any special conditions that need to be met?

No. Coverage is provided without your having to get a physical examination. And there aren't any waiting periods before you can receive benefits.

How much does it cost?

The premium cost is split between you and the government, with the government providing the lion's share—on average, about 70 percent. Premiums are lower for Postal Service employees because of union agreements that have them shouldering even less of the cost. However, that subsidy ends when they retire. Then they pay the same amount as other employees and retirees.

Range of plan choices

Because there are nearly 250 organizations providing benefits, you can pick a plan or level of coverage that meets your needs and your pocketbook. While most plans are offered by health maintenance organizations (HMOs), others are fee-for-service plans, many of which are open to anyone. Others are proved by employee organizations, which usually require that you be a member of that organization.

Enrollment options

When you enroll in the FEHB program, you have three choices: Self-Only, which provides benefits for you alone; Self Plus One, which provides benefits for you and one eligible family member; and Self and Family, which provides benefits to you and all eligible family members.

The term "eligible family member" means your spouse, including a common law marriage spouse recognized in the state where you live, and children under age 26. In the latter case, an exception is made if the child is incapable of self-support because of a mental or physical disability that began before age 26.

Open Season

Anyone enrolled in the FEHB program can change plans or options during the annual Open Season. And anyone who hasn't enrolled can enroll at the same time.

Under certain circumstances, you can also enroll or change plans or options when a "qualified life event" occurs, for example a change in family status such as marriage or the birth of a child.

Sourced from FedWeek.

FEW receives information from the following sources and contacts: Federal News Network, CNN, National Law Review, and FedWeek.