



# REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

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## Federal And District Of Columbia Employees Need To Be In Separate Pay And Benefit Systems

Most District of Columbia employees participate in Federal civil service pay and fringe benefit systems which are designed for Federal employees and administered outside the District's control. With the passage of the Home Rule Act, GAO believes all District of Columbia employees should be covered by District compensation systems that are tailored to local government and employee needs and financial resources.

Conversely, certain Federal law enforcement personnel participate in pay and retirement systems which are designed for District police and firemen and administered by the District. These Federal employees receive higher pay for the same levels of work and have much better retirement benefits than their counterparts covered by the Federal civil service system. They should be covered by Federal pay and retirement systems like other Federal law enforcement personnel.

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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To the President of the Senate and the  
Speaker of the House of Representatives

This report discusses the need to end the longstanding pay and fringe benefit interrelationships of the Federal and District of Columbia governments. Because of the passage of "home rule," the District should not be bound by Federal compensation policies and practices. Instead, all District employees' compensation should be administered and controlled by the District so that it is consistent with local personnel management objectives and affordable for District residents. Similarly, the Federal Government should administer and control the compensation of certain Federal law enforcement personnel now covered by District pay and retirement systems so that it is consistent with that of their Federal civil service counterparts.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to selected committees of the Congress and to the Acting Director, Office of Management and Budget; the Chairman, Civil Service Commission; the Secretary of the Treasury; the Secretary of the Interior; and the Mayor and City Council, District of Columbia.

A handwritten signature in cursive script, reading "Luther B. Stearns".

Comptroller General  
of the United States

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

FEDERAL AND DISTRICT OF COLUMBIA  
EMPLOYEES NEED TO BE IN SEPARATE  
PAY AND BENEFIT SYSTEMS

D I G E S T

The Congress should end the longstanding pay and fringe benefit interrelationships of Federal and District of Columbia employees so that each government controls the nature, level, and costs of its employees' compensation.

About 1,500 Federal law enforcement personnel of the Executive Protective Service, Park Police, and Secret Service participate in pay and/or retirement systems designed for municipal police and firemen and administered by the District. They receive higher pay for the same levels of work and have much better retirement benefits than their Federal civil service counterparts. The District's retirement system is considerably more costly than the Federal civil service system, but participating employees' contributions are less. The Federal Government should administer and control these Federal protective services employees' compensation so that it is equitable, affordable, and consistent with that provided to other Federal law enforcement personnel.

Most District employees are covered by Federal general salary and wage schedules and civil service retirement and other benefit programs. Before home rule began in 1975, District employees were considered Federal employees, and, properly, their pay and fringe benefits were the same as those of other similarly employed Federal personnel. But the Home Rule Act established for the District a form of municipal government somewhat like that of other U.S. cities--responsible and accountable to local residents. The act requires the District to establish an employee merit system by 1980 and gives it the option of creating its own employee compensation systems or continuing to participate in all or part of the Federal civil service systems.

GAO believes the District should control and administer the pay and fringe benefits of all District employees so that their compensation is consistent with its local personnel management objectives and affordable for District residents.

To achieve the proper separation of Federal and District of Columbia compensation systems, GAO is recommending that the Congress enact legislation:

- Making all new Federal protective services employees of the Executive Protective Service, Park Police, and Secret Service subject to Federal civil service pay and retirement systems. (See p. 20.)
- Excluding existing Executive Protective Service employees from the District's police and firemen's annual pay adjustment process and providing them annual pay adjustments equal to the average percentage increase in Federal General Schedule salaries. (See p. 20.)
- Requiring the Civil Service Commission, with the assistance of the Office of Management and Budget, Department of the Treasury, and Department of the Interior, because of the potential impact on affected employees, to study and report to the Congress on the desirability and feasibility of transferring existing Federal employees now covered by the District's police and firemen's retirement system to the Federal civil service retirement system. (See p. 20.)
- Providing that the District government (1) establish its own pay and benefit policies and systems for District employees now subject to Federal pay and retirement systems and (2) make, if it chooses to administratively adopt Federal pay systems, independent decisions about granting any future

Federal pay raises to existing District employees. (See p. 30.)

--Requiring the Civil Service Commission, Office of Management and Budget, and District government to study and report on the desirability of (1) transferring existing District employees covered by the Federal civil service retirement system to a District administered and controlled system or (2) retaining them in the Federal system. (See p. 31.)

GAO is also recommending that (1) the Civil Service Commission expeditiously complete its ongoing study of Federal protective services employees' pay systems and propose any appropriate legislative changes to the Congress (see p. 20), (2) the District government establish its own pay and benefit systems for District employees now subject to Federal compensation systems (see p. 30), and (3) the Congress require all Federal retirement systems to be fully funded and the costs charged to participating agencies and instrumentalities (see p. 31.)

The Civil Service Commission, Office of Management and Budget, and Departments of Treasury and Interior agreed that Federal employees should no longer be covered by District pay and retirement systems. The District government is considering new independent pay and benefit systems for District employees but believes that its existing employees should be permitted to retain their vested Federal benefits. (See apps. I through VI.)

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ABBREVIATIONS

|     |                           |
|-----|---------------------------|
| CPI | Consumer Price Index      |
| CSC | Civil Service Commission  |
| GAO | General Accounting Office |
| GS  | General Schedule          |

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## CHAPTER 1

### INTRODUCTION

The pay and fringe benefits of Federal and District of Columbia employees are interrelated. Most District employees are covered by Federal pay and retirement systems, and conversely some Federal law enforcement personnel participate in the District's pay and retirement systems for its police and firemen.

### DISTRICT OF COLUMBIA HOME RULE

Before 1967 the District operated under a commission form of government composed of three Presidentially appointed commissioners. In 1967 this government was replaced by a Presidentially appointed mayor and a nine-member Presidentially appointed city council. All appointments were subject to the advice and consent of the U.S. Senate. The District, however, was still considered a Federal agency, and all of its employees were considered Federal.

In 1973 the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93-198, called the Home Rule Act) established in the District, effective January 2, 1975, a form of municipal government similar to that of other U.S. cities--responsible and accountable to local voters. It relieved the Congress of the burden of legislating on essentially local matters and at the same time provided a means of preserving and protecting the Federal Government's interests in the Nation's Capital.

Although the District has home rule, the Congress retains the prerogative of enacting laws for the District, whether or not such laws fall within the scope of legislative power delegated to the District Council.

The Congress still approves the District's budget and enacts it into law in the form of an appropriations act. Also, the Federal Government continues to finance a portion of the District's operations. By law, these annual Federal payments are to reimburse the District for

--revenues unobtainable because of the relative lack of taxable commercial and industrial property;

--revenues unobtainable because of the relative lack of taxable business income;

- potential revenues that would be realized if exemptions from District taxes were eliminated;
- net costs, if any, after considering other compensation for tax base deficiencies and direct/indirect taxes paid of providing services to tax-exempt nonprofit organizations and corporate offices doing business only with the Federal Government;
- recurring and nonrecurring costs of unreimbursed services provided to the Federal Government; and
- other unique expenditure requirements placed on the District by the Federal Government.

The authorized Federal payment to the District was \$230 million in fiscal year 1977, and annual payments of \$300 million are authorized for 1978 and each year thereafter. The President's proposed budget for 1978 recommends increases in fiscal years 1978 and 1979.

RELATIONSHIP BETWEEN FEDERAL AND DISTRICT EMPLOYEE COMPENSATION SYSTEMS

According to the District of Columbia, it has about 47,000 employees. They are covered by various pay and retirement systems, some administered by the District Government and others by the Federal Government. About 27,000 District employees are covered by Federal pay and retirement systems; another 6,000 are covered by other pay systems, most of which the Federal Government controls, and yet are under social security; another 1,000 are paid under a District pay system but covered by a privately administered retirement plan; and about 13,000 District police and firemen, teachers, and judges are in separate pay and retirement systems authorized by various Federal laws and administered by the District.

By law, certain Federal law enforcement personnel--Executive Protective Service <sup>1/</sup> and Park Police personnel--are covered by the District's police and firemen's pay and retirement systems. But a 1976 law, Public Law 94-533, provides that effective October 1976 the Park Police's annual pay adjustments will be equal to the average percentage pay increase under the General Schedule (GS). This law also

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<sup>1/</sup>Subsequent to the preparation of this report, Public Law 95-179, approved Nov. 15, 1977, changed the name of the Executive Protective Service to the United States Secret Service Uniformed Division.

requires the Secretary of the Interior to report to the Congress on the feasibility and desirability of moving all provisions of law dealing with the Park Police from the District of Columbia Code to the United States Code. While all Secret Service personnel are paid under the Federal General Schedule pay system, some are covered by the District's police and firemen's retirement system.

Public Law 93-198 requires that a District of Columbia personnel merit system be established by 1980. It also authorizes the District to establish its own personnel compensation systems or to continue participating in all or part of Federal civil service systems. It further requires that any new District personnel compensation system for existing employees be at least equal to that in effect at the time of conversion.

#### SCOPE OF REVIEW

We examined and evaluated the interrelationships between the Federal and District of Columbia pay and retirement systems, especially comparative levels of pay and benefits and the costs involved. However, no attempt was made to determine the adequacy of District pay and benefit levels and their associated costs. We reviewed applicable legislation, reports, correspondence, and pay and retirement records. We interviewed District of Columbia officials responsible for its pay and retirement systems, and Federal officials of the Civil Service Commission (CSC) and agencies with employees covered by District compensation systems.

## CHAPTER 2

### FEDERAL EMPLOYEES SHOULD BE IN

#### FEDERALLY CONTROLLED COMPENSATION SYSTEMS

Certain Federal protective services personnel are covered by pay and retirement systems designed for District of Columbia police and firemen; these personnel receive much higher pay and have much better retirement benefits than their Federal civil service counterparts.

The congressional bodies with legislative jurisdiction over Federal civil service pay and retirement benefits--the House Committee on Post Office and Civil Service and the Subcommittee on Civil Service and General Service, Senate Committee on Governmental Affairs--have no jurisdiction over the District systems and thus no control over the levels and costs of the participating Federal employees' compensation. In addition, other Federal protective services personnel are scattered among various Federal pay systems under the jurisdiction of other congressional committees. We believe that Federal protective services employees should come under Federal pay and benefit systems designed to support Federal personnel management systems and achieve more internal equity and better alignment of jobs.

#### HISTORY OF FEDERAL EMPLOYEES' INCLUSION IN DISTRICT COMPENSATION SYSTEMS

The Executive Protective Service, the Park Police, and some members of the Secret Service were long ago extended coverage under the District's pay and retirement systems primarily because they transferred from the District police force or assumed duties formerly done by the District police.

#### Executive Protective Service

The Executive Protective Service, called White House Police until 1970, was established in 1922 by Public Law 300, 67th Congress. Before that date its duties were performed by the District police. The 1922 law established a Federal police force, under the control of the President and under the direct supervision of an officer designated by him, to guard the White House and grounds.

The law specified that the Protective Service be staffed, and its vacancies filled, by the President from lists provided by the District police and Park Police. To avoid transfer inequities, Protective Service personnel were allowed to remain in District pay and retirement systems.

This restrictive appointment procedure was repealed in 1970 (Public Law 91-217). Since then the Service has recruited nationwide. The Protective Service, now an arm of the Treasury Department, currently has about 850 employees covered by District pay and retirement systems.

### Park Police

The U.S. Park Police dates back to about 1800. Until 1919, Park Police were known as park watchmen and were stationed in public squares and reservations in the District of Columbia. A 1919 law (Public Law 94, 66th Congress), designated them as the Park Police. Park Police were covered by the Federal civil service retirement system at its inception in 1920. However, a 1924 law (Public Law 148, 68th Congress) removed them from the civil service system and placed them in the District's police and firemen's system. This seems to have been done to avoid inequities to personnel transferring from the District police force to the Park Police.

There are currently about 540 Park Police covered by District pay and retirement systems. Most are located in the Washington, D.C., area, but about 90 are stationed at field locations, mainly New York and San Francisco. The Park Police is presently concentrating its recruiting efforts in the New York area.

### Secret Service

Secret Service personnel are paid under the Federal General Schedule pay system, and before 1940 were covered by the Federal civil service retirement system. In that year a law (Public Law 847, 76th Congress) was passed permitting nonclerical Secret Service employees with 10 years' service directly related to protecting the President to elect coverage under the District police and firemen's retirement system. A 1964 amendment (Public Law 88-16) allows Secret Service employees credit toward the required 10 years' service for periods of prior service with the District police, Park Police, or the Executive Protective Service.

The 1964 amendment's legislative history indicates that the Secret Service was having difficulty recruiting personnel. Secret Service agents assigned to protect the President were generally recruited from the Executive Protective Service and the District police force. Protective Service and District police not meeting the 10-year service requirement were reluctant to transfer to the Secret Service because of the less liberal civil service retirement benefits.

The Secret Service now recruits nationwide. Secret Service agents not covered by the District retirement system are covered by the special early retirement provisions of civil service.

MORE CONSISTENCY IN  
FEDERAL PROTECTIVE  
SERVICES PAY IS NEEDED

Various laws (1) provide that Federal pay should be comparable with private enterprise pay for the same level of work, (2) contain the internal equity pay principles of equal pay for substantially equal work and pay distinctions in keeping with work and performance distinctions, and (3) provide an annual administrative pay assessment and adjustment process. To help insure that the Government gives equal pay for jobs requiring substantially equally difficult duties, responsibilities, and qualifications, Federal jobs are valued or classified into classes sufficiently similar as to (1) kind or subject matter of work, (2) level of difficulty or responsibility, and (3) qualification requirements, and then related to an associated Federal pay structure. This process is designed to establish the relative value of each Federal job. However, not all Federal employees' pay is governed by these principles.

District government determines  
pay for certain Federal employees

About 1,400 Federal employees--850 Executive Protective Service employees and 540 Park Police--are paid under the District's police and firemen's salary system. Since 1974, pay increases for District police and firemen have been negotiated between the Mayor of the District and District police and firemen, with the approval of the City Council.

Before 1974, salary increases for District police and firemen were granted by the Congress and, pursuant to section 501 of the District of Columbia Police and Firemen's Salary Act of 1958 (Public Law 85-584), such increases also applied to Federal Executive Protective Service and Park Police personnel. (In addition, 3 U.S.C. 204(b) requires that members of the Protective Service be paid at the rates for District police.) Two subsequent laws, however, changed these procedures so that the Congress no longer legislates salary increases for District police and firemen. First, the Home Rule Act granted general legislative powers to the elected Council of the District of Columbia, subject to congressional modification for up to 30 legislative days after Council approval. Second, a 1974 amendment (Public Law 93-407)



increased District police and firemen's and Federal Executive Protective Service and Park Police salaries by 16 percent and provided that future salary increases were to be negotiated between the District police and fire unions and the Mayor, subject to the approval of the City Council.

District police and firemen's salaries were increased 6 percent effective October 12, 1975; and effective October 1, 1976, and October 1, 1977, they were increased another 4.83 and 7.05 percent, respectively, which equaled the average percentage increase granted Federal General Schedule employees. These increases did not result from labor-management negotiations, but were instead imposed by the District Council as an alternative to the settlement agreed upon by the Mayor and the unions. The Council also approved legislation that continued the tie to the General Schedule for the October 1977 increase. The 1974 amendment did not specifically mention Federal employees covered by the District's salary schedule. However, an April 1976 decision by the Comptroller General of the United States stated that the Executive Protective Service and Park Police were entitled to the same pay increases as the District police until such time as the Congress enacted legislation to the contrary. 1/ Subsequently, the Congress enacted Public Law 94-533 which excepted the Park Police from any future salary increases provided to District of Columbia police and firemen.

District protective services  
salaries are higher than  
those in the General Schedule

The salary rates of the Federal employees covered by the District's police and firemen's salary schedule are considerably higher than those of their Federal civil service counterparts. This also results in greater and more costly benefits, since benefits are often based upon salary.

At our request, the Civil Service Commission classified certain Park Police positions under the General Schedule. Based on the knowledge, skills, and abilities required to perform the job, CSC said that a Park Police private position under the District salary system was equivalent to a GS-5 position and that a Park Police detective position was equivalent to a GS-7 position. The salary differences for step 1 of these positions follow.

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1/55 Comp. Gen. 965 (1976).

| <u>Park Police position</u> | <u>Salary under D.C. system</u> | <u>Equivalent GS position salary</u> | <u>Difference</u> |                |
|-----------------------------|---------------------------------|--------------------------------------|-------------------|----------------|
|                             |                                 |                                      | <u>Amount</u>     | <u>Percent</u> |
| Private                     | \$13,799                        | \$ 9,959                             | \$3,840           | 39             |
| Detective                   | 17,248                          | 12,336                               | 4,912             | 40             |

The private can receive within-grade increases of 44 percent, in contrast to the GS-5 range of 30 percent.

In addition to within-grade longevity increases, protective services employees covered by the District's salary system receive special longevity bonuses which their General Schedule counterparts do not receive. These bonuses, designed to reward employees for long and faithful service, are as follows:

| <u>Years of continuous service</u> | <u>Annual bonus (percent of step 1 of employee's pay rate)</u> |
|------------------------------------|--|
| 15                                 | 5  |
| 20                                 | 10   |
| 25                                 | 15   |
| 30                                 | 20   |

The pay rates of Federal Executive Protective Service and Park Police employees are higher than those of their Federal General Schedule counterparts primarily because pay increases in the District's police and firemen's salary schedule since 1958 have exceeded those of the General Schedule. The starting salary for a private covered by the District's salary schedule was less than that of a GS-7 in 1958, but today it is more than that of a GS-8. The cumulative percentage increases in salary since 1958 for comparable District and GS positions are shown in the following table.

| <u>Period</u> | <u>District police private step 1</u> | <u>Federal GS-5 step 1</u> |
|---------------|---------------------------------------|----------------------------|
| (percent)     |                                       |                            |
| 1958 to 1977  | 187                                   | 147                        |
| 1962 to 1977  | 144                                   | 118                        |
| 1966 to 1977  | 106                                   | 87                         |
| 1970 to 1977  | 62                                    | 52                         |
| 1974 to 1977  | 19                                    | 17                         |

### Other Federal protective services personnel

Federal police and guards are also scattered among Federal pay systems other than the General Schedule. For example, the Congress established separate pay systems for the U.S. Capitol Police, National Zoological Police, and Library of Congress Guards. Also, the Congress has reclassified certain General Schedule protective services jobs to higher grades. Consequently, there are major differences in salary rates among police and guard forces resulting from this special legislation. This frustrates attempts to apply uniform compensation policies and produces inequities among employees doing the same kinds and levels of work.

Over the years, we and others have reported that more rational Federal pay systems are needed. In an August 6, 1976, letter commenting on our report on salary variances between the various Federal police and guard service personnel, <sup>1/</sup> the Chairman of CSC said:

"Your report aptly points out the differences in the salary rates among the police and guard forces. Much of this variation has resulted from special legislation applicable to certain agencies employing police and guards. This is also of concern to us. As you may know, the Commission is now drafting legislation to implement the recommendations of the President's Panel on Federal Compensation. One Panel recommendation called for the Executive Branch to be given the authority to establish special compensation schedules and personnel systems for specific occupations for which management is significantly handicapped in recruiting and managing a well-qualified workforce. Among the criteria for determining the need for establishing such special systems was the following: the generally applicable classification and pay plan does not permit adequate job evaluation, career progression and/or pay.

"The proposed legislation being drafted by the Commission is limited to amending title 5, U.S. Code, and would allow the Commission to establish special occupational services as needed.

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<sup>1/</sup>Letter report on salary and training variances among Federal protective forces, GGD-76-82, May 5, 1976.

Questions relating to the feasibility and desirability of establishing such a special service for the protective occupations are currently being examined by the Commission.

"Included within the scope of this study are not only police and guards, but also other occupations such as Deputy U.S. Marshals, Border Patrol Agents, Correctional Officers, Firefighters, and Criminal Investigators, some of which are not subject to title 5, U.S. Code, pay provisions. If this study should conclude that some or all protective service occupations not now covered by title 5, U.S. Code, should be incorporated into a single special occupational service, separate legislation to accomplish that change would be required.

"It is our present plan to submit the legislative proposal that would carry out the Pay Panel's recommendations to the Congress early in 1977. This legislation would provide the general authority needed to establish special pay plans for title 5 employees. It would be effective 18 months after enactment. Thus, assuming passage by the end of 1977, it would be about July 1979 before we could decide upon and begin implementing a special pay plan for protective occupations under title 5, U.S. Code.

"Assuming an affirmative decision on the need therefor, separate legislation would be needed to afford similar pay treatment for non-title 5 employees. Depending upon the circumstances involved, it is possible that such legislation could be enacted in time to permit simultaneous application to both categories of employees."

We understand that CSC's views have not changed. We encourage CSC to propose legislation to replace the General Schedule with more appropriate schedules and to obtain authority to establish special occupational pay systems. Also, CSC should expeditiously complete its study of protective services occupations with a view toward making their compensation more consistent and equitable, and more commensurate with personnel management needs.

FEDERAL PROTECTIVE SERVICES EMPLOYEES' RETIREMENT BENEFITS AND COSTS NEED MORE CONSISTENCY

Covered by the District's retirement system are about 1,500 Federal law enforcement personnel--850 Executive

Protective Service employees, 540 Park Police, and 130 Secret Service personnel. Those Federal law enforcement personnel covered by the Federal civil service retirement system whose primary duties are investigating, apprehending, or detaining persons suspected or convicted of Federal crimes are eligible for special early retirement; all others are eligible for regular civil service retirement.

Compared with the Federal civil service system, the District's police and firemen's retirement system offers earlier and more generous retirement and death benefits, has more liberal provisions for reemployed annuitants, and therefore is considerably more costly.

District system offers earlier  
and more generous retirement  
benefits than Federal system

The primary benefit of the Federal and District of Columbia retirement systems is an earned pension for life, but they also provide benefits in the event of disability or death. Before 1970, the retirement benefits of the District system were similar to the special benefits for certain protective services employees covered by the civil service retirement system. Amendments to the District retirement system since 1970, however, have made it one of the most liberal systems in the country. A recent study by the Metropolitan Studies Program of the Maxwell School of Citizenship and Public Affairs, Syracuse University, concluded that of the retirement benefit packages furnished to public employees in nine major U.S. cities, the benefits provided to District police and firemen were in most respects the best.

Optional retirement benefits

The District's police and firemen's retirement system permits covered employees to retire at younger ages and at higher retirement annuities than under the Federal civil service retirement system. Under the District's system, protective services employees can retire after 20 years' service, regardless of age, with an annuity of 50 percent of their "high 12 months'" average salary. Additionally, they receive 3 percent of average salary for each year of service beyond 20. In contrast, Federal protective services employees who have worked 20 years and are covered by the civil service system cannot retire earlier than at age 50. They are eligible for a 50-percent annuity for the first 20 years' service and 2 percent for each year of service thereafter. But the annuity is based on the

average salary earned over the 3 consecutive highest paid years of service, instead of the highest 12 months' average salary. Regular civil service employees can retire no earlier than at age 55 after 30 years' service, and their annuities are calculated under a less liberal formula--36.25 percent of high 3 years' average salary for the first 20 years of service and 2 percent for each year of service beyond 20.

Using position description, CSC at our request made the following retirement eligibility determinations, assuming the Federal employees covered by the District's retirement system were covered by the civil service retirement system:

- Secret Service agents would be eligible for special early retirement.
- Executive Protective Service personnel would be ineligible for special early retirement and therefore would be covered by the regular civil service retirement provisions.
- Park Police personnel, with the possible exception of investigators in its criminal investigations branch, would be ineligible for special early retirement and therefore would be covered by the regular civil service retirement provisions.

The inequities resulting from the different retirement formulas can best be illustrated by comparing the retirement benefits payable to a retiring 55-year-old Federal employee with an annual salary of \$15,000, 30 years of covered service, and a history of 5-percent annual salary increases.

| <u>Annuity payable</u> | <u>Federal employee covered by</u> |                              |                              |
|------------------------|------------------------------------|------------------------------|------------------------------|
|                        | <u>District system</u>             | <u>Special civil service</u> | <u>Regular civil service</u> |
| Annually               | \$12,000                           | \$10,007                     | \$8,041                      |
| Monthly                | 1,000                              | 834                          | 670                          |

The above comparisons do not consider the higher pay rates of Federal employees covered by the District's salary system which would make the difference in annuities even greater than shown.

Another consideration is that an employee's retirement contribution rate under the District system is less than that of employees under Federal civil service protective services benefits and the same as regular civil service employees.

Executive Protective Service, Park Police, and Secret Service personnel covered by the District's retirement system are required to contribute 7 percent of basic pay toward their retirement benefits--the same rate as regular civil service employees. But Federal protective services employees under the special early retirement provisions of the Federal civil service system--for example, FBI agents, Treasury agents, prison guards--are required to contribute 7.5 percent of basic pay towards retirement.

In comparison with their civil service counterparts, Federal law enforcement personnel participating in the District's retirement system contribute at a lower rate and generally for fewer years, but receive more liberal retirement benefits. We believe that Federal employees, particularly those with similar duties and responsibilities, should have comparable retirement benefits and be required to make comparable retirement contributions.

District controls participating Federal employees' disability retirements

The District's police and firemen's retirement system disability benefits and disability retirement rates are higher than those of the Federal civil service retirement system. The District controls and administers the disability retirements of Federal personnel who participate in the District's system.

The civil service retirement program permits an employee to retire on disability after 5 years of Federal service if he or she is unable to perform useful and efficient service in the grade or class of position last occupied because of illness, disease, or injury. Disabled employees are entitled to an annuity equal to the larger of the amounts derived from the general retirement formula, which considers high 3 years' average salary and length of service or a guaranteed minimum--the lesser of (1) 40 percent of high 3 years' average salary or (2) the percentage of salary that would be obtained after increasing the years of service from the date of separation to age 60. Employees who have job-related disabilities are eligible for Federal workers' compensation benefits administered by the Department of Labor. This program provides total disability payments of two-thirds of monthly pay and partial disability payments of two-thirds of the difference between actual pay and the computed wage-earning capacity. Payments are based on three-fourths of monthly pay if there is one dependent or more.

Like civil service, the District system permits an employee to retire on disability after 5 years of service, but the annuity computation formula is more liberal. Employees whose disability is non-service-connected receive an annuity equal to 2 percent of high 12 months' salary for each year of creditable service not to exceed 70 percent of high 12 months' salary, but are guaranteed an annuity of not less than 40 percent of high 12 months' salary. Employees with service-connected or service-aggravated disabilities receive annuities equal to 2.5 percent of high 12 months' salary for each year of creditable service not to exceed 70 percent of high 12 months' salary, but are guaranteed an annuity of not less than two-thirds of high 12 months' salary.

Although the optional retirement benefits provided Federal and municipal employees under the District's police and firemen's system are among the best in the United States, few employees retired under those provisions. Most of the system's retirees--about 31 percent--retired under the disability provisions. Most were approved under the system's aggravation clause, which permits disability retirement if performance of duty aggravates a previous injury or disease.

The following chart compares the disability and nondisability retirement rolls of the District police and firemen's and Federal civil service retirement systems as of December 31, 1976.

| Organization                        | Disability annuitants |         | Nondisability annuitants |         | Total annuitants |         |
|-------------------------------------|-----------------------|---------|--------------------------|---------|------------------|---------|
|                                     | Number                | Percent | Number                   | Percent | Number           | Percent |
| District police & firemen's system: |                       |         |                          |         |                  |         |
| District police                     | 1,799                 | 82      | 405                      | 18      | 2,204            | 100     |
| District firemen                    | 841                   | 83      | 170                      | 17      | 1,011            | 100     |
| U.S. Park Police                    | 147                   | 81      | 34                       | 19      | 181              | 100     |
| Executive Protective Service        | 127                   | 59      | 56                       | 31      | 183              | 100     |
| Secret Service                      | 54                    | 54      | 46                       | 46      | 100              | 100     |
| Civil service system (note a)       | b/279,326             | 27      | 759,011                  | 73      | 1,038,337        | 100     |

a/Data for the civil service system is as of June 30, 1976.

b/This represents non-job-related disabilities. Data on job-related disabilities is not readily available.



The percentage of the District's disability retirements has decreased in recent years, and the civil service disability retirement rate is rising. The rate of new civil service disability retirements was 39 percent in fiscal year 1976, compared with 32 percent in 1975 and 23 percent in 1974. Despite the rising civil service rate, the District system's disability rate remains much higher.

All disability retirements under the District's system require approval by the Police and Firemen's Retirement and Relief Board. The Board is composed of members and alternates of the personnel office, Corporation Counsel, Department of Human Resources, Metropolitan Police Department, Fire Department, and two private citizens, one of whom must be a physician. A representative of the Executive Protective Service or Secret Service is authorized to sit as a member of the Board in cases involving its employees, but the Park Police has no representation.

We believe that disability retirement applications of Federal employees should be administered by the Federal Government, not the District of Columbia.

#### Death benefits

Benefits provided to survivors of deceased employees and retirees under the District's police and firemen's retirement system are, for the most part, more generous than those of the Federal civil service retirement system. However, the benefits provided by the Federal Employees Compensation Act (workers' compensation) to survivors of Federal civil service employees killed in the line of duty are, under certain conditions, comparable with the job-related death benefits of the District system. Surviving spouses' benefits, however, differ substantially. For example, the District system provides a surviving spouse an annuity equal to 40 percent of the member's high 12 months' average salary, whereas the civil service provides a surviving spouse an annuity equal to 55 percent of the former Federal employee's earned annuity, which is based on years of service and high 3 years' average salary, with a guaranteed minimum. If an employee is killed in the line of duty, the District's system provides the surviving spouse an additional nontaxable, lump sum death benefit of \$50,000. A surviving spouse of a civil service employee whose death is job related receives nontaxable benefits equal to 45 percent of the current pay of the deceased employee's position, but no lump sum benefits. Also, death benefits are provided under the District's system, regardless of the deceased's length of service. Civil service death benefits, however, are payable to survivors only if the deceased had 18 or more months' service.

### Annuity adjustments

The retirement annuity adjustment processes of the District's police and firemen's retirement system and the Federal civil service retirement system are inherently different. Retirees under the District's system receive annuity adjustments equal to the same percentage increases in active employees' pay. Civil service retirees, on the other hand, receive semiannual annuity adjustments equal to the actual percentage increase in the Consumer Price Index (CPI). Survivors of deceased employees and retirees under both the District and Federal systems receive annuity adjustments which are based on the CPI, but survivors under the District's system receive an extra 1-percent increase each time their annuities are adjusted.

The 1-percent add-on feature results in annuity increases in excess of the amount needed to protect annuitants' purchasing power. Public Law 94-440, approved October 1, 1976, eliminated the extra 1-percent increases in annuity cost-of-living adjustments under the Federal civil service, uniformed services, and foreign service retirement systems. It also provided for semiannual annuity cost-of-living adjustments equal to the actual percentage change in the CPI. The District of Columbia's police and firemen's survivorship and teachers' retirement systems are the only remaining systems with a 1-percent add-on feature, and legislation is pending in the Congress (see p. 28) which would exclude from the add-on provision all but survivors of Federal employees and retirees covered by the District's police and firemen's system.

Retirees' annuity adjustments under the District's police and firemen's retirement system since 1965 have exceeded those under the Federal civil service retirement system. Since 1965, annuity increases under the District's system have totaled about 136 percent for former police and fire sergeants, compared with 123 percent for all civil service annuitants. The CPI increased about 98 percent during that same period and the extra 1-percent annuity increases civil service annuitants received from November 1969 through March 1976 have now been eliminated; thus, future differences between District and Federal annuity adjustments may be even greater.

### District annuitants reemployed under civil service are entitled to full pay and retirement benefits

Federal and District retirees under the Federal civil service retirement system who are reemployed by the

Federal or District government in positions covered by civil service systems have their salary reduced by the amount of their civil service retirement annuity. But Federal and District employees who retire under the District's police and firemen's retirement system and are subsequently employed in a Federal or District position covered by civil service are permitted to receive both their full retirement annuity and the position's full salary. Permitting such employees to receive dual payments is inequitable and costly for Federal taxpayers.

There are, reportedly, a number of District annuitants who are holding Federal positions and receiving their full annuity and full salary. Although we have no information as to the number of Federal Executive Protective Service, Park Police, and Secret Service retirees of the District system who have been reemployed in a Federal civil service capacity, we know that such situations exist. For example, a retired Secret Service agent with an annual District annuity of about \$18,000 was recently reemployed in a Federal civil service position paying about \$47,000 annually--compensation totaling about \$65,000. Under civil service, this individual would continue to receive his \$18,000 retirement annuity and the employing Federal agency would pay him \$27,000 annually--the difference between the salary of his position and the annuity. The employing Federal agency would be required to reimburse the civil service retirement fund for the balance of the unpaid salary representing his retirement annuity--\$18,000.

District system is more costly than civil service

Federal retirement costs are rising dramatically. These increases are due largely to general pay increases for active employees, subsequently reflected in higher starting retirement annuities, and annuity cost-of-living adjustments for retirees. But the more liberal retirement benefits applicable to Federal employees covered by the District's system also add to the high costs of Federal retirement.

The financing provisions of the Federal civil service and the District's police and firemen's retirement systems are different. The Federal system is partially funded as benefits accrue, whereas the District's system is financed on a "pay as you go" basis. Under the Federal civil service retirement system, participating Federal and District employees, Federal and District employing agencies, and the District make matching contributions to the retirement fund. In addition, the Federal Government makes annual contributions to the civil service retirement fund for interest on

the unfunded liability, the cost of allowing retirement credit for military service, and liabilities created by employee pay increases, liberalization of retirement benefits, and extension of retirement coverage to new groups of employees. The District, using participating protective services employees' contributions and District revenues, makes required benefit payments to its own annuitants and the participating Federal annuitants. Employing Federal agencies--the Executive Protective Service, Park Police, and Secret Service--are required to reimburse the District each month for the difference between Federal employee contributions toward retirement and the amount the District actually paid to Federal annuitants.

The "normal cost" of a retirement system is the present value of all benefit rights earned annually and is generally expressed as a percentage of total payroll. The composite normal cost of the civil service retirement system, including the special early retirement provisions, is currently estimated by CSC at about 13.6 percent of pay. However, increased benefits payable because of future pay raises and annuity adjustments are not considered in CSC's actuarial determination of normal cost, resulting in a significant understatement of the true cost of providing retirement benefits. The latest report of the board of actuaries of the retirement system indicated that normal cost would actually be about 28.7 percent of pay if the conservative assumptions of annual general pay increases of 3 percent and CPI increases of 4 percent were considered in the cost calculations. <sup>1/</sup> The normal cost of the special early civil service retirement benefits, without considering pay and annuity increases, is estimated by CSC to be 19.7 percent of pay. On a dynamic basis--assuming 3-percent pay and 4-percent annuity increases--the estimated cost of the special civil service retirement benefits is 43.6 percent of pay.

In comparison, the normal cost of District police and firemen's retirement benefits, without considering pay and annuity increases, is estimated by the Department of the Treasury to be about 33 percent of pay. The true normal cost of the District's system--assuming 3-percent pay and 4-percent cost-of-living increases--is estimated to be about 66 percent of pay. In terms of "pay as you go," the

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<sup>1/</sup>The Office of Management and Budget had estimated the dynamic normal cost of the civil service retirement system to be 31.7 percent of pay; however, on November 21, 1977, they sent out for agency comments a revised cost estimate of 27.4 percent. We used the CSC Board of Actuaries estimate of 28.7 percent of pay for consistency purposes.

costs of the District's system are estimated to be about 50 percent of pay for fiscal year 1977 and, under present financing arrangements, will exceed payroll costs for active District police and firemen by the year 2000.

#### AGENCY COMMENTS

Federal agencies and the District of Columbia government agreed that Federal employees should no longer be covered by District compensation systems. The Department of the Interior believed, however, that the compensation levels for prospective and current Park Police should not be significantly altered or decreased because it considered such levels necessary to attract and retain high quality personnel. It took the position that Park Police have no Federal counterparts and that their compensation should be comparable with that of urban police departments. The Department of the Treasury said that Executive Protective Service employees who are transferred to Federal systems should be permitted to retain their present pay levels and to participate in the special early civil service retirement benefits. It also believes that Secret Service employees now covered by the District's retirement system should be permitted to retain their vested benefits.

The more liberal pay and retirement benefits available to Federal employees covered by the District's systems undoubtedly aid in recruitment and retention. But are they really needed to attract and retain competent law enforcement personnel? In that regard, CSC recently reported that, nationwide, there are about 24 applicants for every Federal job opening--about 30 applicants for every job in the Washington, D.C., area. A recent study by the District government revealed that its police and firemen's salaries were higher than those of most other major U.S. cities. But a recent CSC study comparing the duties and responsibilities of Federal Park Police and Federal Protective Officers with those of State and local police officers concluded that non-Federal police work is more difficult and diverse. The study revealed that Federal officers work in a more controlled environment, have a much lighter workload, and do not encounter as much stress as municipal police officers.

The more liberal District compensation levels which apply to a select group of Federal employees are inequitable to other Federal law enforcement personnel who are covered by Federal pay and retirement systems. According to CSC, the knowledge, skills, and abilities required to perform the same level of work in the various Federal law enforcement positions, including the Park Police, are similar.

Consequently, we believe that their compensation levels should be more consistent and more equitable.

RECOMMENDATION TO THE CHAIRMAN, CIVIL SERVICE COMMISSION

The Chairman, Civil Service Commission, should expeditiously complete the ongoing studies of the various Federal pay systems, including whether there should be special occupational schedules for protective services employees, and propose the necessary legislative changes to the Congress.

RECOMMENDATIONS TO THE CONGRESS

The Congress should enact legislation making the pay and retirement benefits of Federal protective services employees of the Executive Protective Service, the Park Police, and in certain instances the Secret Service, more equitable, affordable, and consistent with those of their Federal civil service counterparts by

- making all new Federal employees in those positions subject to Federal pay and retirement systems and the Federal Employees' Compensation Act; and
- excluding, until such time as CSC completes its comprehensive study of Federal protective services employees' pay systems and proposes appropriate legislative changes, Executive Protective Service employees from the District's police and firemen's annual pay adjustment process and providing them annual pay adjustments, like U.S. Park Police, equal to the average percentage increase in the Federal General Schedule.

Because of the great differences in benefit levels between the District's police and firemen's retirement system and the Federal civil service retirement system and the potential impact on Federal employees now covered by the District system, the Congress should require CSC, with the assistance of the Office of Management and Budget, the Department of the Treasury, and the Department of the Interior, to

- study and report on the desirability and feasibility of transferring such Federal employees to the Federal civil service retirement system and making them subject to the Federal Employees' Compensation Act (workers' compensation) and

--in the interim, develop and propose legislation making the annuity cost-of-living adjustment process for survivors of deceased Federal employees and retirees covered by the District's police and firemen's retirement system consistent with that of Federal retirement systems by eliminating the 1-percent add-on and providing for semiannual annuity adjustments equal to the actual percentage increase in the cost of living.

### CHAPTER 3

#### DISTRICT EMPLOYEES SHOULD BE IN

#### DISTRICT-CONTROLLED COMPENSATION SYSTEMS

Most District of Columbia employees--about 27,000--are under Federal pay and retirement systems. Thus, the District and these employees are bound by Federal compensation policies, principles, and practices designed for the diverse Federal work force. As discussed in chapter 2, the District has separate pay and retirement systems for District police and firemen and for judges and schoolteachers.

The home rule concept, which is designed in part to make the District government similar to that of other cities, raises serious questions about the District's continued participation in Federal pay and retirement systems. The District should not be bound by Federal compensation policies and practices that it may not want or need or that it may not be able to afford. The District should have the flexibility to establish and administer its employees' pay rates and retirement benefits so that such compensation is consistent with its established personnel management objectives and affordable for District taxpayers. The District government should be responsible and accountable to District taxpayers for its public employee compensation costs.

Moreover, District service, like other State and local public service, should not be creditable towards Federal retirement and other Federal benefit programs. In that regard, the District, as well as all other employing organizations participating in the civil service retirement system, is not being charged the full costs of the currently accruing retirement benefits of its employees. Such understatement of true retirement costs distorts District government operating costs and shifts a large portion of the District's share of civil service retirement costs to Federal taxpayers.

#### DISTRICT SHOULD ESTABLISH ITS EMPLOYEES' COMPENSATION

The Home Rule Act requires that the District government establish an independent, autonomous personnel merit system within 5 years (by 1980) and authorizes the District to establish its own compensation systems or to continue participating in all or part of the civil service systems. The act also requires that any new compensation system be at least as generous as that in effect for District employees at the time of conversion.



In 1972 the Commission on the Organization of the Government of the District of Columbia (Nelsen Commission) recommended, among other things, that the Congress establish an independent personnel system for District employees. The Senate Committee on the District of Columbia, in recommending District home rule in 1973, said that the District should at the earliest practical date establish a separate personnel system, distinct and apart from and not tied to the Federal system. The Committee said, however, that the personnel benefits of that separate system should be at least equal to those District employees are already receiving. The Committee believed that it was essential to preserve all present employee benefits and rights in full under any new District personnel system.

The House Committee on the District of Columbia, in recommending District home rule in 1973, said that the District's personnel management system lacked unity and firm central direction, because at least 15 classification and pay systems and 6 retirement systems were in effect. In view of such fragmentation, the Committee believed that an entirely new personnel system, independent of the Federal Government, could correct existing deficiencies in the District's personnel practices. Like the Senate Committee, the House Committee apparently believed that any new District systems should be at least as generous as the existing systems. The minority views expressed by seven House Committee Members, however, were different. They said that continuing to permit the District government to operate under the Federal civil service system appeared to be thoroughly inconsistent with the thrust of home rule. They apparently believed that the District should assume complete responsibility for its personnel management systems, including the management and funding of its own retirement system or systems.

It is our view that, if the spirit and intent of the District Home Rule Act is to be realized, the District must have the flexibility to establish and maintain its own personnel management systems, independent of the Federal Government.

District must assume greater responsibility  
for its employees' compensation costs

All public entities should establish and maintain sound, fiscally responsible compensation programs. Responsible public officials must strive for compensation levels which are equitable for employees but at the same time equitable and affordable for the taxpaying public. The District of Columbia is no exception. But about 27,000 District employees are

covered by Federal pay and benefit systems. Thus, a large part of the District's compensation is not controlled by its government or taxpayers.

Pay and benefit systems for the Federal work force are designed to serve diverse management and employee objectives. Such compensation levels and systems may not be appropriate for the District.

#### Pay systems under Federal control

Most District employees are covered by Federal blue-collar, white-collar, and executive pay schedules which apply to thousands of Federal positions all over the United States and overseas. In general, Federal pay is governed by the principle of comparability with pay in the private sector and is established by administrative action. Federal blue-collar pay rates are fixed and adjusted from time to time in accordance with local prevailing rates. Federal white-collar pay rates are Government-wide and are based on national private enterprise average rates. Federal executive pay rates are Government-wide and are adjusted annually, based on the average percentage increase in white-collar pay, and every fourth year the rates are reviewed for adequacy by a Presidentially appointed commission. However, Public Law 95-66 suspended the annual adjustment in Federal executive pay scheduled for October 1977.

Federal pay policies and pay-setting processes are designed to enable the Government to compete in the labor market for capable people to manage and staff its programs. To obtain and retain competent people, reasonable and equitable pay levels must be achieved and maintained. But the District's pay raises are, in effect, controlled by decisions made for Federal employees. If the District wants to follow Federal pay rates, we believe that the periodic pay raises should be specifically authorized by the District. But if the District wants to administratively follow the Federal systems, it should not adopt the many inequitable features of the Federal systems.

Many of our studies (and those of others) over the years have recognized that many changes are needed in Federal pay systems to obtain comparability. For example:

- Fringe benefits, a growing and increasingly important part of employees' compensation, should be considered in Federal pay comparability policies and processes. ("Need For a Comparability Policy For Both Pay and Benefits of Federal Civilian Employees," FPCD-75-62, July 1, 1975.)

--The Federal General Schedule should be subdivided into major occupational groupings which are more consistent with labor market characteristics and non-Federal employers' pay practices; geographic pay rates should be established, where appropriate, to reflect non-Federal pay patterns of the competing labor market; within-grade pay increases should be based on employee proficiency and performance, not longevity. ("Federal White-Collar Pay Systems Need Fundamental Changes," PPCD-76-9, Oct. 30, 1975.)

--The average local prevailing rates should become the average Federal blue-collar wage rate rather than the predetermined step 2; blue-collar wage rates should not be based on private sector rates paid in other localities (Monroney amendment); night wage differentials should be based on prevailing private sector practices, not a percentage of an employee's scheduled wage rate; wage surveys should include State and local governments and more private sector establishments. ("Improving the Pay Determination Process For Federal Blue-Collar Employees," PPCD-75-122, June 3, 1975.)

District should establish a separate retirement system for its employees

A staff retirement system should be an integral part of the larger personnel management system within which it operates. It should help the institution maintain a sufficient work force and facilitate adjustment of work forces to changing manpower needs, resources, and policies. In other words, the system should be structured to help maintain an effective work force.

The civil service retirement system provides optional, deferred, involuntary, and disability retirement benefits to Federal and District retirees, and death benefits to survivors of former employees and retirees. It covers about 27,000 District employees. But the age and service requirements and benefit provisions of the civil service retirement system may not be supportive of the District's personnel management system. The retirement system for District employees should be consistent with and serve its established personnel management objectives.

In addition; the costs of civil service retirement benefits are greatly understated. We believe, and have recommended to the Congress, that the full costs of retirement be

recognized, funded, and charged to employing agency operations. <sup>1/</sup>

Considering the full costs of civil service retirement, the Federal treasury is providing unrecognized subsidies to agencies whose operations are intended to be self-supporting. In the case of the District, the combined employer-employee retirement fund contribution rate of 14 percent of pay for regular District employees and 15 percent of pay for correctional facilities employees falls far short of covering the full costs of accruing retirement benefits. We estimate that the Federal treasury subsidized the District's participation in civil service retirement by more than \$72 million in 1976. If the Federal Government is to continue subsidizing the District's participation, that subsidy should be clearly visible, not hidden in the retirement system. This, of course, should also be the case for Federal agencies and other organizations receiving a subsidy from the Treasury for their retirement costs.

A separate District retirement system, properly integrated with the District's mission, manpower needs, and resources, would be more consistent with the intent of home rule and should better assist the District in fulfilling its responsibilities to District residents and to District employees.

DISTRICT COMPENSATION LEVELS SHOULD  
BE AFFORDABLE FOR ITS TAXPAYERS

Under the home rule concept, the District government should be responsible and accountable to District taxpayers for its public employee compensation costs. Its employees' pay rates and benefits should serve the District's overall personnel management system, but at the same time be affordable for District residents. The District's financial resources must be considered in its compensation policies and its pay and retirement benefit levels and adjustment processes.

In that regard, the provision of the Home Rule Act (section 422) which requires that any new compensation systems for District employees be at least equal to those in effect for District employees at the time of conversion may be too restrictive. The District government should not be bound by Federal compensation policies and practices and systems that it does not want or need, or that its residents may not be able to afford.

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<sup>1/</sup>"Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits" (FPCD-77-48, Aug. 3, 1977).

BENEFIT LEVELS AND FINANCING  
OF DISTRICT RETIREMENT SYSTEMS

The District's three retirement systems--for police and firemen, teachers, and judges--are operated on a "pay as you go" basis. That is, annuitants' benefits are financed from current revenues and active employees' contributions, but employees' accruing benefits are not funded. Police, firemen, and teachers each contribute 7 percent of pay towards retirement. Judges contribute 3.5 percent of pay, and an additional 3 percent if they elect to participate in the survivor annuity plan. The District pays the remaining retirement annuity costs. As of June 1977, these systems had unfunded liabilities exceeding \$2 billion.

As discussed in chapter 2, the District's police and firemen's retirement system is generous and costly. The question of what to do about the huge unfunded liabilities has been the subject of much controversy in recent years. Currently, two identical bills--H.R. 6536 and S. 1813--are pending in the Congress which are designed to (1) establish a sound means of funding District retirement systems, (2) provide Federal funds to assist the District in meeting the costs of its retirement programs, and (3) change certain benefit features to less costly ones. H.R. 6536 has passed the House. It and S. 1813 are pending before the Subcommittee on Governmental Efficiency and the District of Columbia, Senate Committee on Governmental Affairs.

Both bills would establish a level percentage funding approach for the three District retirement systems. Level percentage funding is the constant percentage of total active employees' pay that must be paid into a fund annually, in perpetuity, which with interest will accumulate sufficient funds to pay accruing benefits and amortize previously earned retirement benefits over the life of the fund. The level percentage costs, less employees' contributions, are expected to be 72.5 percent of pay for police and firemen, 25.3 percent for teachers, and 51.6 percent for judges.

The bills propose that the Federal Government pay the difference between the amount the District now pays under the "pay as you go" method, including the 7-percent employee deduction, and the level percentage amount. Federal payments would continue until the District's share of "pay as you go" costs equaled the level percentage costs. The District would then begin paying the level percentage cost in perpetuity. The estimated Federal payments under these proposals would run through the year 2003 and total about \$769 million.

The District government contends that the Federal Government is responsible for the unfunded liabilities because the Congress legislated the systems' retirement benefits before home rule but did not provide for adequate funding of those benefits. This theme has been often repeated by District officials, because Federal actions were taken outside of District government control. The Office of Management and Budget believes that the District should continue to pay the systems' "pay as you go" costs and that the difference between those costs and the systems' "level percentage costs" should be shared equally by the Federal and District governments.

The bills also propose major benefit changes for District police and firemen. The proposed changes for existing personnel include

- vesting after 5 years with the right to a deferred annuity at age 55, instead of the existing policy of no vesting;
- semiannual annuity cost-of-living adjustments, as in the civil service retirement system, instead of the existing policy of annual increases equal to the pay increases granted to active members; and
- eliminating the disability aggravation clause for non-job-related injuries and more strict accounting for job-related aggravation claims.

In addition, the following major benefit changes would also apply to future hires:

- Substituting high 3 years' average pay, in lieu of high 12 months' pay, for annuity computation purposes.
- Changing eligibility for normal retirement from 20 years' service, regardless of age, to age 50 after 25 years' service.
- Providing for (1) partial disability depending upon the nature and extent of the injury or illness in lieu of the current definition of disability which assumes that the employee is totally disabled and therefore entitled to the maximum disability benefit and (2) reducing disability benefits for excessive outside earnings.

The bills would also make the annuity adjustment processes of the District's teachers' and judges' retirement systems

identical to the civil service retirement system. Considering the proposed benefit changes, the District's police and firemen's retirement system would still remain a generous system for which employees contribute only 7 percent of pay. 1/

#### AGENCY COMMENTS

The Office of Management and Budget agreed that the District of Columbia government should now control the nature, level, and costs of its employees' compensation. It said that the issues of transferring existing District employees now covered by the civil service retirement system to a District system or requiring the District to pay the full accruing costs of its employees' retirement benefits would be considered in the Administration's ongoing review of the Federal retirement policy.

The District of Columbia government is considering new, independent pay and benefit systems for its employees. It does not believe, however, that it should be required to make those new systems applicable to existing District employees now covered by Federal systems or pay the full costs of its employees' continued participation in the civil service retirement system. The District believes that such requirements would be insensitive to its moral and legal commitments to current employees and annuitants on the one hand and its taxpayers on the other. The District said that such changes would require it to reduce current employees' retirement benefits or raise city taxes to finance the existing benefit levels until they meet a civil service retirement funding standard which Federal agencies are not now required to meet. The District believes that it should be permitted to establish its own merit system without severing its longstanding ties to Federal personnel policies and practices.

Unless the District government has the authority to establish and administer its employees' pay rates and retirement benefits as it sees fit, District home rule can never become a reality. The vested benefits of current District employees are important, but taxpayers who

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1/Subsequent to the preparation of this report, Senator Eagleton introduced S. 2316. Its basic purpose is the same as that of H.R. 6536 and S. 1813. Unlike these bills, however, S. 2316 would make no legislated changes in basic retirement benefit levels. Instead, it proposes to correct certain problems by improved enforcement and/or technical improvements. Also, S. 2316 would require greater Federal payments toward the District's retirement liabilities.

finance the District government's operations should have some say about employee personnel policies and costs. The issue of whether employee compensation levels would have to be reduced or city taxes increased to finance existing levels is, and under home rule should be, up to the District. That is what home rule is all about.

If it chooses, the District government could pattern its pay and retirement systems after those of the Federal Government. However, as long as District employees remain in the civil service retirement system, we believe that the District government's contributions to the retirement fund should cover the full dynamic costs of accruing benefits. In a recent report entitled, "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits" (FPCD-77-48, August 3, 1977), we recommended that the Congress enact legislation requiring all employing agencies to make retirement contributions equal to the difference between employee contributions and the dynamic normal cost of the accruing benefits.

#### RECOMMENDATION TO THE MAYOR AND CITY COUNCIL, DISTRICT OF COLUMBIA

The Mayor and City Council should establish new pay and fringe benefit systems for District employees now subject to Federal civil service systems. Such systems, administered and controlled by the District government, should provide the District with the needed flexibility to establish compensation levels that are consistent with local personnel management objectives and affordable for District residents.

#### RECOMMENDATIONS TO THE CONGRESS

The Congress should enact legislation to help further implement the home rule concept and provide the District government with the needed flexibility to establish public employees' compensation levels that are consistent with its local personnel management objectives and affordable for District residents. It should:

- Amend the District of Columbia Home Rule Act to provide that the District government (1) establish its own pay and benefit policies and systems for District employees now subject to Federal systems and (2) make independent decisions about granting any future Federal pay raises to existing District employees if the District chooses to administratively adopt Federal pay systems.



--Require the Civil Service Commission, Office of Management and Budget, and District of Columbia government, collectively, to study and report on the desirability of (1) transferring existing District employees now covered by the Federal civil service retirement system to a District administered and controlled retirement system or (2) retaining them in the Federal system.

Because of its relevancy to the issue of continued District participation in the civil service retirement system, we are again recommending that the Congress enact legislation requiring all Federal retirement systems to be funded on a dynamic normal cost basis and that the difference between dynamic normal cost and employee contributions be charged to participating agencies and instrumentalities. (See note on p. 26.)

APPENDIX I

APPENDIX I



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

IN REPLY PLEASE REFER TO

YOUR REFERENCE

Mr. H.L. Krieger  
Director, Federal Personnel and  
Compensation Division  
United States General Accounting Office  
Washington, D.C. 20548

OCT 1977

Dear Mr. Krieger:

We have completed the review of the draft report prepared by your office: Federal and District of Columbia Employees Need to Be In Separate Pay and Benefit Systems.

The report specifically mentions that approximately 1,500 Federal law enforcement personnel of the Executive Protective Service (formerly White House Police), U.S. Park Police, and Secret Service participate in the District of Columbia's municipal police and firemen pay and/or retirement systems. We agree with the draft report's recommendation that Federal employees should be removed from the coverage of District of Columbia personnel laws. In our view, it is inconsistent with both Federal sovereignty and the D.C. home rule concept, for the Executive Protective Service, the U.S. Park Police and the Secret Service to receive the D.C. government's municipal police and firemen pay and/or retirement benefits. Just how the changeover can be accomplished with the least impact to Federal protective employees is of direct concern to the Commission in that our goal is to achieve uniformity and equity in the pay and benefits for all Federal employees in protective occupations. We specifically endorse the report's recommendation that pay raises for the Executive Protective Service should be tied to the General Schedule until such time as the Civil Service Commission completes its study of Federal protective service employees' pay systems.

While we do agree with the principal pay recommendations, there are technical problems in a changeover of this nature particularly in the area of retirement benefits for these particular Federal employees. The report recommends that Congress should require the Civil Service Commission to (1) study and report on the desirability and feasibility of transferring such Federal employees to the Federal Civil Service Retirement System and to subject them to the Federal Employees Compensation Act and (2) in the interim, develop and propose legislation to make the cost-of-living adjustment for Federal retirees and survivors of deceased Federal employees receiving the District's Police and Firemen's Retirement annuity consistent with that of Federal retirement systems by eliminating

the one percent add-on and by providing for semi-annual annuity adjustments equal to the actual percentage increase in the cost-of-living.

Our staff has been actively discussing these problems with representatives from the Office of Management and Budget, Secret Service, U.S. Park Police and the Executive Protective Service. Since D.C. now has home rule, the status of these agencies generally indicates a prospective need for legislation to bring Federal employees under the D.C. Police and Firemen's Retirement System into the Civil Service Retirement System. A major obstacle is that the Federal employees now under the D.C. system enjoy earlier and more generous retirement benefits than they would receive under the Civil Service Retirement System. Therefore, employees who now have such coverage under the D.C. Police and Firemen's System are reluctant to accept such a changeover unless their present level of benefits can be guaranteed by legislation.

Another major obstacle, as the report correctly notes, is that the D.C. Police and Firemen's Retirement System is not as adequately funded as is the Civil Service Retirement System. Any transfer of employees from that system to the Civil Service Retirement System would have to be properly and adequately financed. Since a proposed bill may eventually flow from discussions with the agencies on the overall problem, we see no strong need for Congress to require the Commission to make a study as the report suggests.

(See GAO note 1, p. 58.)

I want to thank you for the opportunity to review this report. If you have any questions concerning our comments, my staff will be available.

Sincerely,

*Alan K. Campbell*  
V. Chm. for  
Alan K. Campbell  
Chairman

(See GAO note 1, p. 58.)



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 25 1977

Mr. Victor L. Lowe  
Director  
General Government Division  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Lowe:

This is in response to your request for our comments on the General Accounting Office's report entitled "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems."

The Office of Management and Budget agrees with the proposed report's primary recommendation: that both the Federal Government and the District of Columbia government should control "the nature, level, and costs of employees' compensation." However, as Civil Service Commission Chairman Campbell indicates in his comments on the proposed report, there are technical problems involved in converting current employees from one pay and retirement system to another. With respect to these problems, we concur with the comments contained in Chairman Campbell's letter.

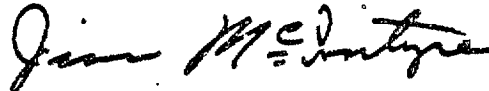
The recommendation to transfer existing District employees covered by the Federal Civil Service system to a District system or require the District to pay the full cost of retirement benefits, raises several issues that require further review. Consideration must be given to the conflicting interests of these employees, District taxpayers, and Federal taxpayers. These issues will be considered as part of the Administration's overall review of the Federal retirement policy that is now underway.

APPENDIX II

APPENDIX II

Thank you for the opportunity to review and comment on this report. I hope this information is helpful to you.

Sincerely,

A handwritten signature in cursive script that reads "James T. McIntyre, Jr." The signature is written in dark ink and is positioned above the typed name.

James T. McIntyre, Jr.  
Acting Director



## DEPARTMENT OF THE TREASURY

WASHINGTON, D C 20220

SEP 23 1977

Dear Mr. Lowe:

I appreciate the opportunity to comment on the draft of a proposed report prepared by your office and titled "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems". This report is of importance to Treasury since Chapter 2 addresses participation in the District of Columbia's compensation system by employees of the Executive Protective Service and certain other employees of the Secret Service involved in the protection of the President.

Many of the facts and observations presented in the Draft report have been acknowledged previously by the Department. The fiscal and personnel management disadvantages of continued participation by certain Treasury employees in the District's compensation system for police were accepted upon passage of O. C. Home Rule. In December 1974, Treasury advised the Office of Management and Budget that there were merits to each of several alternatives outlined for pay and retirement benefits, but, that continuation of the long standing pay relationship is the one believed to best meet or strike a balance of the management and pay administration considerations.

Through your draft report, I have become more aware of the inequities, costliness, and disadvantages of having Treasury employees participate in the D. C. compensation system. Given those findings, there does not seem to be any overriding management consideration to support continuing the liberal pay and retirement benefits for a select group of Treasury employees.

The recommendations provided in Chapter 2 of the draft report are appropriate. The Civil Service Commission should expeditiously complete its study of the various Federal pay

APPENDIX III

APPENDIX III

systems for protective services employees to determine whether legislative changes should be proposed, including special occupational pay schedules for this group. In addition, Congress, at this point, should enact legislation to make the pay and retirement benefits of employees of the Executive Protective Service and certain Secret Service employees more equitable, affordable, and consistent with that of their Federal civil service counterparts.

Your draft report is an informative compilation of data. I hope these comments on its contents are helpful.

Sincerely,



Morris A. Simms  
Director of Personnel

Mr. Victor L. Lowe  
Director  
General Government Division  
U. S. General Accounting Office  
Washington, D. C. 20548

APPENDIX IV

APPENDIX IV



THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220

NOV 30 1977

Dear Mr. Lowe:

This is in response to your letter to the Secretary dated August 22, 1977, requesting our comments on the GAO draft report entitled, "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems."

The report basically is aimed at transferring all Federal protective service employees from the D.C. Police and Firemen pay and retirement systems to the Federal system. It points out that continuation of the current practice of having certain Federal protective employees on the D.C. payroll, and others on the Federal payroll is unjustified, expensive and inequitable. Executive Protective Service employees currently participate in the D.C. pay and retirement systems, and certain eligible Secret Service personnel are enrolled in the retirement program.

The report specifically recommends that Congress enact legislation placing all newly hired Federal protective service employees under the Federal Civil Service pay and retirement system. It also suggests that pending completion of an on-going Civil Service Commission study of the Federal protective services pay system that a statute be enacted excluding Executive Protective Service (EPS) personnel from further participation in the District's annual D.C. pay adjustments. EPS personnel, instead, would receive pay adjustments equal to the average percentage increase received by Federal employees under the General Schedule.

Our basic concern with the report is its overriding implication that the duties and responsibilities of all Federal protective service employees are similar, and therefore, the pay differentials and increased benefits received by EPS employees are unjustified. In this regard, it must be noted that the EPS mission to protect the President,



his family, high U.S. Government officials, foreign diplomats and embassies of foreign governments is far greater in importance and scope than the mission of any other Federal protective service. Likewise, the responsibilities and critical duties of EPS employees in performing these missions are far more diverse and complex than those of other protective personnel.

Unlike other Federal protective employees, all EPS personnel must possess Top Secret security clearances because of their access to conversations between the President and other high officials, both U.S. and foreign, which frequently involve critically sensitive information relating to national security and foreign affairs. This clearance also is necessary because of their critically important responsibility of maintaining the security of the Executive Residence. Frequently, this protective responsibility involves access to sensitive documents and sophisticated communications equipment designed to provide the President with instant communications with the national defense establishment, other departments and agencies of Government and foreign countries.

To assure the effective performance of the EPS in maintaining the security of the Executive Residence, all employees are trained in modern methods of security and police procedures. They also are skilled in crowd control, handling the mentally disturbed, firefighting and public speaking.

Since 1970, EPS also has had the responsibility for assuring the safety of foreign diplomats and foreign embassies within the Washington, D.C. area. To accomplish this police and protective mission, EPS employees have been trained in up-to-date crime fighting techniques designed to prevent criminal acts against the diplomatic community and, where necessary, apprehend perpetrators. This often entails their assignment to fixed posts within the community, as well as foot, scooter and cruiser patrols, and a specialized crime strike force.

At the present time, only one applicant out of twenty-five is selected for appointment in the EPS because of the high standards required to perform the necessary duties and rigorous training. Those selected must be of the highest caliber, mentally and physically. Since there is a market for such individuals in any police department in the country, high pay and good retirement benefits are essential management tools for recruiting and retaining high quality personnel.

It is our position that if the EPS were to be transferred from the D.C. to the Federal system, the basic pay schedule received by its members should be retained, and future annual adjustments to their pay should be made pursuant to the pay comparability system of the Federal Government. This would require legislation similar to that enacted for the U.S. Park Police in Public Law 94-533, dated October 17, 1976.

We also believe that if EPS employees are transferred to the Federal pay schedule, they should receive the early retirement benefits authorized for law enforcement officers and firefighters by Public Law 93-350, dated July 14, 1974. In this regard, the legislative history of Public Law 93-350 shows Congress designed these retirement benefits to serve as recruitment and management tools for these hazardous professions. These benefits also were designed to serve as recompense for those whose law enforcement positions involved the following:

- (a) Working long hours under arduous and environmental adverse conditions;
- (b) Working under physical and mental stress;
- (c) Constantly exposed to hazards during the performance of their duties;
- (d) Required to maintain irregular eating and resting habits because of being on constant call; and
- (e) Frequently absent from home and family for extended periods in order to respond to emergencies.

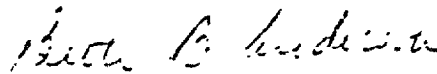
APPENDIX IV

APPENDIX IV

Since all EPS employees are required to work under the foregoing conditions, we believe that they should qualify for the early retirement benefits now accorded other Federal law enforcement officers and firefighters.

Although elimination of eligibility for non-EPS Secret Service employees under the D.C. retirement system would not seriously affect their future recruitment, it would affect employees now covered by this system. Therefore, we strongly recommend that non-EPS employees of the Secret Service presently covered by the D.C. Police and Firemen's retirement system be allowed to retain these vested benefits.

Sincerely,



Bette B. Anderson

Mr. Victor Lowe, Director  
General Government Division  
U.S. General Accounting Office  
Washington, D.C. 20548

APPENDIX V

APPENDIX V



## United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

OCT 12 1977

Mr. Henry Eschwege  
Director, Community and Economic  
Development Division  
United States General Accounting Office  
Washington, D.C.

Dear Mr. Eschwege:

We have reviewed your draft report to the Congress on the need of Federal and District of Columbia employees to be in separate pay and benefit systems. Our comments are enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard P. H. H.", written in dark ink.

Deputy Assistant Secretary  
Policy, Budget and Administration

Enclosure

APPENDIX V

APPENDIX V

Department of the Interior Comments on GAO Draft Report to the  
Congress on Federal and District of Columbia Employees  
Need to be in Separate Pay and Benefit Systems

From the outset, we would like to state that since the advent of the "D.C. Home Rule Bill" (Public Law 93-198), we have been supportive of proposals and legislative initiatives which would provide for administration of existing pay, retirement and other benefits applicable to the U.S. Park Police to be under the sole control of officials of the Federal Government.

On the other hand, we have consistently, with what we believe to be sound reasoning, opposed any proposals or recommendations which would significantly alter or decrease those benefits which have been granted by Congress through legislation dating back to 1861.

It cannot be refuted that some of the current benefits applicable to U.S. Park Police are different and, in some cases, higher than those granted other Federal employees. But, a mere comparison of those benefits without exploring the reasons why any of the benefits, whether for U.S. Park Police or other Federal employees, are appropriate is not based on a thorough analysis.

A knowledge of the history of the U.S. Park Police, a highly professional police organization, is essential in order to understand its current status in the law enforcement community. Known as Park Watchmen prior to 1919, the U.S. Park Police has been continuously on duty in the older Federal parks in the Nation's Capital since approximately 1791. Initially, the law enforcement duties of the Park Watch were restricted to Federal property; however, the Act of August 5, 1882 (22 Stat. 243), provided "That hereafter all watchmen provided for by the U.S. Government for service in any of the public squares and reservations in the District of Columbia shall have and perform the same powers and duties as the Metropolitan Police of said District." Since that time, the duties of the U.S. Park Police have been those of an urban police department as evidenced by a statement in the 1917 "Report of Chief of Engineers, U.S. Army," which stated, "The work performed by the U.S. Park Police is that of any city police force..."

In 1919, the official designation of the Force was changed to "United States Park Police" (41 Stat. 364), to adequately reflect the duties assigned to it. Since 1929, Congress has increased the police authority of the U.S. Park Police to encompass areas of the National Park Service and other Federal property within the environs of the District of Columbia, as well as National Parks throughout the country. The U.S. Park Police, as the urban law enforcement arm of the National Park Service, also provides police services in the highly urban national recreation areas in New York and San Francisco.

Park Police officers are designated law enforcement officers by the Secretary of the Interior pursuant to authority contained in Public Law 94-458 (90 Stat. 1939). They are authorized to carry firearms,

make arrests, conduct investigations; and are charged with the responsibility of protecting persons and property in areas of the entire National Park System. At the request of the Secretary of the Interior or his designee, Park Police officers respond to any area of the Park System to assist in law enforcement emergencies when the local park staff is incapable of handling the situation. Every Region in the National Park System is provided with a Park Police official who acts as an advisor to the Regional Director in matters relating to law enforcement.

The Park Police provide resident instructors to the Federal Law Enforcement Training Center in Glynn County, Georgia. Its in-house training staff provides specialized training in law enforcement subjects to National Park Rangers and other employees of Federal Agencies, as well as to State and local police agencies when requested. The Force provides specialized training in horsemanship to representatives of police agencies throughout the nation. Its motorcycle patrolmen and supervisors provide extensive training in the operation of police motorcycles to other police agencies in the Washington, D.C., area.

The Force maintains a highly-trained Special Equipment and Tactic Team within its Special Operations Force which can be deployed to any area of the National Park System in the event of a hostage situation, a barricaded person, or sniper activities. Certain Force members in the Special Operations Force are trained to detect potential or actual explosive devices through the use of detection equipment and service dogs.

Sections of the report refer to Federal employee covered by the D.C. Police and Firemen's Salary Schedule who are being paid considerably higher than their Federal Civil Service counterparts. This is misleading because the U.S. Park Police has no counterpart in the Federal Civil Service.

The Park Police consist of uniformed police officers who perform the same level of work and the same diverse duties that any other urban police department performs. The crime statistics for the areas patrolled by the Park Police indicate the level and severity of crime. These statistics reflect, of course, only a small portion of their duties. The Park Police patrols on foot, on bicycles, scooters, motorcycles, horses and in cruisers, helicopters and boats. The work

environment includes urban park areas in the Nation's Capital, New York, and California; and the park areas in the environs of the District of Columbia, including three major commuter arteries: The Baltimore-Washington Parkway (D.C. to Maryland Rt. 175), the Suitland Parkway (Maryland), and the George Washington Memorial Parkway (Maryland and Virginia).

Public Law 447, 80th Congress, authorized the United States Park Police to make arrests within Federal Reservations in the environs of the District of Columbia where no other police jurisdiction applies. This legislation was enacted so that it would not "... be necessary to establish additional separate police forces in the metropolitan area of the District of Columbia to police each of the several Federal Reservations where State and county officers of Virginia and Maryland have no jurisdiction." Pursuant to this public law, with the approval or concurrence of the head of the agency, police services are routinely provided to the Agricultural Research Center in Beltsville, Maryland, the District of Columbia Children's Center in Laurel, Maryland, and Arlington National Cemetery, as well as on other Federal lands. The Park Police may be called to any Federal land within the environs of the District of Columbia.

Public Laws 762, 81st Congress, and 726, 85th Congress, extend to the U.S. Park Police law enforcement authority at Washington National and Dulles International Airports. The Park Police routinely respond to Washington National Airport for bomb threats and will respond to emergency requests from police officials at either airport.

In 1971, in a report entitled Evaluation System for Positions in the Protective Occupations, the Civil Service Commission identified the type of work performed by the Force when it said, "In terms of job requirements, difficulty of work, responsibility, personal relationships, and working environment, the U.S. Park Police is that Federal Police Force (in the Executive Branch) which is the most nearly comparable, in organization and scope of assignments, to a metropolitan police force."

The GAO report states that the separate pay systems established by Congress for the U.S. Capitol Police, the National Zoological Police, the Library of Congress Guards, and other Federal protection forces result in unequal pay for employees "doing the same kinds and levels of work." The report implies that the Park Police is to be

considered along with these and other Federal police and guard forces scattered among the Federal pay system. The duties and responsibilities of these organizations cannot realistically be equated to those of the Park Police. As previously stated, there are no Federal Civil Service organizations which could be construed as counterparts of the Park Police.

Regarding the criteria for establishing Federal pay, the report states that pay should (1) be equal for equal work; (2) be comparable with private enterprise; (3) be equal for jobs requiring substantially equally difficult duties; and (4) be designed to enable the Federal Government to compete in the labor market for capable people and to be able to employ and retain competent people. We agree with these broad principles governing Federal pay setting, but disagree with the report's recommendation "that the pay and retirement benefits of the Park Police be more consistent with its Federal Civil Service counterparts by making the U.S. Park Police subject to existing Federal Civil Service pay and retirement systems." Such a recommendation is not in keeping with the Federal pay criteria alluded to in the report. Since there are no police forces in the private sector (all police forces are a part of either the State or local government), that basis for comparison is not valid. Furthermore, we must take exception to the Civil Service Commission classification of Private, U.S. Park Police, relating to a GS-083-5.

The basic element of the U.S. Park Police, and the key one for evaluation purposes, is the function of the Park Police Private. It is in observing the duties and responsibilities of the Private that the full breadth and scope of the Force can be measured. An essential task of the Private is the obvious one — the policing of Federal park areas and grounds, the protection of visitors to those areas, and the enforcement of Federal laws and regulations pertaining to the use of these park grounds and facilities. This aspect of the job can be said to be comparable to the descriptive criteria for the GS-5 level in the Civil Service Commission's GS-083 series standard. What is not comparable to this criteria, however, is the performance of such duties in an environment as varied as National Capital Region and the other National Park Service areas in which the Park Police operate, such as New York and San Francisco; the performance of such duties in an urban environment; and, the performance of such duties in the unique environment of the District of Columbia jurisdiction and other major cities.



The effects of these three factors are:

1. Creation of a variety of law enforcement assignments, including cruiser patrols, foot patrols, scooter patrols, bicycle patrols, motorcycle patrols, horse-mounted patrols, beach patrols, and helicopter patrols.
2. Creation of a need for in-depth knowledge of legal processes related to exclusive, proprietary, and concurrent jurisdiction, and the necessary interpretation of, not only the Code of Federal Regulations, but also of appropriate penal and vehicle codes for the State of Maryland, State of Virginia, District of Columbia, and local jurisdictions, including those of other geographic areas where the Force operates, i.e., Gateway National Recreation Area and local laws for Arlington County, Fairfax County, and the City of Alexandria.
3. Creation of a need for operation in a social environment typical of any large city, which includes the usual crime and social problems.
4. Creation of a need for acute political sensitivity due to the nature of operating in the Nation's Capital.

The above circumstances far exceed those illustrated in the GS-083 series standard, which envisions preventive security in a Federal installation, such as a military base, or international airport. The duties and responsibilities, then, are considered more comparable to the next higher level, or GS-7. (The determination that GS-7 is the next higher level is based on the assumption that between the GS-5 and GS-11 levels, Park Police should be considered as being in a two-grade interval series, as is the case with the GS-082, U.S. Marshal series, GS-1816, Immigration Inspection series, and GS-1890, Customs Inspection series, all considered organizationally comparable lines of work.) The appropriateness of the GS-7 level for the rank of Private is further reinforced by reference to criteria in the standards for the three above series. The Park Police Private's nature of assignment and level of responsibility is considered to be comparable to the illustrated GS-7 level for Deputy United States Marshal, Border Patrol Agent, and Customs Inspector.

Regarding benefits, the report was quick to compare them with those of nine major cities' police forces, citing a recent study by the

Metropolitan Studies Program of the Maxwell School of Citizenship and Public Affairs, Syracuse University.

(See GAO note 1, p. 58.)

For many years, the same laws have governed the pay, retirement, and benefits of the U.S. Park Police and the District of Columbia Metropolitan Police Department. It was logical to deal with both Forces in a single piece of legislation because Congress had direct responsibility for providing them with compensation and benefits. Again, we elaborate that we agree with the advent of "Home Rule" (Public Law 93-198), this arrangement is no longer practical.

The report states that inclusion of the Park Police in the District Police and Firemen's Retirement System was done generally because members of the Park Police were either former members of the District Police Force or because the Park Police were performing jobs formerly done by District Police. The Park Police have seldom performed duties formerly done by the District Police. Rather, it has and does perform similar duties in areas of its primary responsibility within the District of Columbia.

The report implies that the only reason for inclusion of the Park Police in that system was to avoid inequities to personnel transferred from the District Police Force. The report states that the legislative history of the public law which brought about this change did not give a reason for the change. We believe that this implication is inaccurate, based on the following excerpt from the 1917 "Report of the Engineers, U.S. Army":

"4. It is recommended that a pension fund similar to that now authorized for the Metropolitan Police be established for the Park Police. It is provided by act of Congress that money accruing from fines and forfeited collateral is appropriated to the Metropolitan Police Force as a pension fund. The fines resulting from the arrests made by the Park Police should be segregated and carried into a separate fund for temporary assistance for policemen who may be temporarily disabled on duty or who may be sick, administered in the same manner as the present Metropolitan Police fund. The duties of the United States Park Police are practically identical with those of the

Metropolitan Police and yet the fines resulting from the work of the Park Police (\$4,949 this year) are paid over to benefit another police force which had nothing whatever to do with the making of the arrests which resulted in the collection of this money, and which is a force with which the Park Police is not in any way connected. The continuance of this condition is most disheartening and it is hoped that Congress may see fit to remedy the matter."

This recommendation is also contained in other reports.

Senate Report No. 280, 66th Congress, 1st Session, on H.R. 9821, from the Committee on the District of Columbia, dated October 22, 1919, recommended that the compensation of the members of the Park Police be increased to place them on an equal footing with the Metropolitan Police. Since it was the intent of Congress to equate the duties of the Park Police to those of the Metropolitan Police and to compensate the Park Police accordingly in 1919, the same rationale could logically be applied to affording the Park Police the same retirement benefits as the Metropolitan Police in 1924.

Prior to 1885, there was no authorized police pension fund in the District, other than a fund from voluntary contributions. In 1896, Congress passed an act authorizing that revenues be turned in to that pension fund from the sale of dog licenses in the District of Columbia. In 1901, a similar act was passed to further supplement this fund by diverting revenues that came from the fines imposed in police court. This early legislative history indicates Congress' desire to provide a sound and equitable pension system for the police officers of the District of Columbia. This has continued to be the intent of the legislators to the present time. Nothing in the Congressional Record, committee reports, or hearings on the subject of police retirement has served to vehemently object to the benefits accrued by virtue of the passage of the various retirement acts.

The Record indicates that the rationale for enacting retirement laws for police of the District was based on a variety of reasons, some of which were:

1. The recognition that the police job is physically demanding and requires optimum physical condition.
2. The realization that peak efficiency declines as years of service increase and that 20 years of service is considered adequate to qualify for retirement.

3. That police officers of the District should have retirement benefits closely aligned with those enjoyed by police officers in cities of comparable size.
4. That police officers of the District should be accorded benefits comparable to those of other law enforcement officers under the Civil Service Retirement Act.
5. That liberal retirement benefits are incentives that enhance the recruiting of competent and acceptable prospective employees.
6. That the hazards of the employment outweigh those of regular Civil Service employment.
7. That good people will be retained in the police establishment through realistic retirement benefits.

Current medical benefits extended to officers and members of the United States Park Police are derived from legislation which grants the United States Park Police the same right to free attendance as that received by the Metropolitan Police (Public Law 83, approved April 26, 1902, 32 Stat. 152). In substance, these benefits include treatment by the Board of Police and Fire Surgeons, without charge, for any injury received or disease contracted whether or not received or contracted in the performance of duty. Conditions existing for the enactment of laws granting such benefits may be found in the House of Representatives Report #2174 of August 10, 1962, which accompanied H.R. 12727, a bill amending the Act of February 28, 1901, to ensure that policemen and firemen in the District of Columbia received medical care for all injuries and diseases. The report stated:

"It is important to note that some measure of concern and protection should be provided for the health and well-being of the city's policemen and firemen, because of the advantages accruing in the matter of improved services as well as the speedy return to their jobs in cases of disabilities or illnesses received or contracted other than in the performance of duty is of no less importance to the attainment of a sound health care program than the treatment of these members for injuries or illnesses incurred in the performance of duty. This program can best be achieved by continuing the present medical care services not provided by the Board of Police and Fire Surgeons.

Medical care for policemen and firemen and their treatment for injuries and illnesses incurred both on and off duty has been in existence in the District for 100 years without interruption. It has served extremely well to maintain members of these departments in the outstanding physical condition required in the proper performance of their jobs. In addition, this benefit has been widely used (and with great success) as an inducement for the recruitment of candidates for these jobs."

In summary, since 1947, Congress has provided preferential benefits and retirement rights to certain persons engaged in law enforcement within the Federal sector based on the nature of the work involved and the determination that these occupations should be filled by physically capable young men and women. In 1958, Congress granted police and firemen covered by the D.C. Police and Firemen's Relief Fund those benefits provided to persons in similar occupations under the Civil Service Retirement Act amendments of 1956 for persons engaged in hazardous employment, and also gave police and firemen benefits provided to Federal employees under the Federal Employees' Compensation Act (Report No. 699, 85th Congress). Since 1958, Congress has increased these benefits to their present level to enhance the recruitment and retention of policemen to coincide with the concentrated, nationwide effort to upgrade the quality of police personnel, and in recognition of the hazards and stress connected with police work.

In further support of the report's recommendation that pay and benefits for Federal employees be controlled by Federal officials, we would like to offer the following additional information.

While presently our basic salary is determined at the Federal level pursuant to the Park Police Pay Comparability Act (Public Law 94-533), automatic step adjustments, additional compensation, and retirement and medical benefits are controlled by the Council of the District of Columbia. Under existing law, the U.S. Park Police is excluded from the labor-management negotiation procedures which determine any changes to these benefits. This arrangement is no longer appropriate for the following reason: The purpose of "Home Rule" was to separate the District of Columbia from the Federal Government. The District Government should not be able to continue to determine pay, retirement, and medical benefits for Federal employees who have no input into any proposed changes.

Additionally, the U.S. Park Police is no longer a "local" police force. The majority of the legislation covering the U.S. Park Police was enacted when U.S. Park Police jurisdiction was primarily limited to the environs of the Washington, D.C., metropolitan area. We have law enforcement advisors in each Region of the National Park Service, as well as field offices in New York City and San Francisco. In addition, we have law enforcement responsibilities in various national parks under emergency conditions. This expanded role has created some inequities in uniform application of employee benefits. It is illogical that a municipality which has no vested interests outside its borders should continue to make determinations for Federal employees assigned to other Regions of the country, and who are under the exclusive charge and control of the Secretary of the Interior.

While we realize that many of our comments are rather direct, they are nonetheless extremely important in order to offset inferences, allusions, and comments found in the report which are misleading and, in some cases, inaccurate. As we said at the beginning of this letter, we support the conclusion that the pay and retirement systems of Federal employees should be administered by the Federal Government. However, we cannot support any recommendation which would lower existing pay or retirement benefits for either new or current U.S. Park Police officers. To do so would surely detract from the high quality, professional and efficient police services provided by the U.S. Park Police to the visitors of the parks it patrols.



THE DISTRICT OF COLUMBIA

WALTER E. WASHINGTON  
MAYOR

WASHINGTON, D. C. 20004

OCT 11 1977

Mr. Victor L. Lowe, Director  
General Government Division  
United States General Accounting Office  
Washington, D. C. 20548

Dear Mr. Lowe:

This is in response to your letter of August 22, 1977, with which you furnished for review and comment three copies of your proposed report to the Congress entitled "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems." We have reviewed the proposed report and attached herewith for your consideration is a two-part report setting forth our views and comments. Part I deals with the impact and effect of your report in the event that it serves as the basis for enacted legislation. Part II relates to technical points primarily involving the language of the proposed report.

The thrust of our comments is directed toward the matters discussed in Chapter 3 of the proposed report. The recommendations of that chapter propose actions which would remove District employees from Federal Civil Service pay and benefit systems or, as a minimum, require the District to pay the full cost of its employees' Federal retirement benefits.

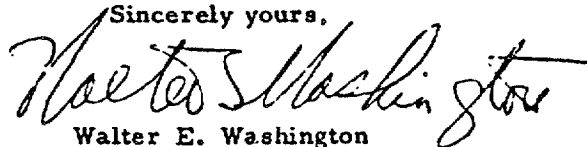
We oppose the recommendations in Chapter 3 of the proposed report. On the surface, these recommendations might appear not only sound and reasonable, but as the report argues, consistent with the concept of home rule as well. In reality, however, they are superficial and fail to recognize important legal safeguards

that have been established to protect employees from arbitrary actions such as those recommended. Moreover, the recommendations indicate an insensitivity for the City's moral and legal commitments to its current employees and annuitants on the one hand, and the serious financial implications for the City of assuming substantial additional retirement costs on the other. Our attached comments expand on these points and fully explain the basis for our position.

The District's new Independent Merit Personnel system is currently under consideration by the City Council. This system is being developed in accordance with the requirements of the Home Rule Act. In the near future the District will adopt a responsible and equitable system consistent with the requirements of existing legislation and recognizing its commitments to current city employees and annuitants. The intent of existing legislation affecting the pay and benefits of our current employees is clear. Further legislative or policy changes which would reduce such pay or benefits are unjustified and must be rejected.

We appreciate this opportunity to submit our views and comments on your proposed report and trust that they will be considered in the preparation of your final report.

Sincerely yours,



Walter E. Washington  
Mayor

Attachments

GAO note: Some of the comments in this appendix may no longer be applicable as they relate to matters present in the draft report which have been modified in this final report.



Views and Comments of Walter E. Washington, Mayor of Washington, D.C., on the Proposed General Accounting Office Report entitled "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems."

PART I Impact and Effect

The proposed report essentially raises two basic issues (1) should Federal employees who participate in the City's police and fire pay and retirement systems be removed and covered under Federal compensation and pension systems (Chapter 2), and (2) should District employees whose compensation and retirement benefits are currently tied to the Federal Civil Service System be removed and covered under a City-operated personnel program (Chapter 3).

The conclusions of the proposed GAO report are affirmative on both issues. The first three recommendations (pages 26 and 27) are intended to bring about necessary action to implement an affirmative response to the first issue.

In regard to the first issue, we agree that the District of Columbia Government should not be setting pay and retirement benefits for any employees of the Federal Government. Such practices prior to enactment of "Home Rule" requiring the District to negotiate police and fire pay with employee organizations, were appropriate since the Congress legislated all of these benefits.

It is ultimately the responsibility of the Congress to decide what pay and retirement benefits these Federal employee groups should receive upon their removal from the District systems. Therefore, we have no comments concerning the merger of these employees into the Pay Comparability system or the U.S. Civil Service Retirement system, except that it is very unlikely that such a merger would be enacted by the Congress unless existing employee benefits were preserved on the date of the consolidation.

H.R. Bill 6536, pending in Congress, does propose major changes in the District administered retirement systems, including some changes for existing personnel and would provide for joint Federal and District participation in the funding of these systems. Much of the criticism of the District's retirement systems in this report would be resolved in the event that H.R. 6536 or a version thereof were enacted. We support H.R. 6536 and believe that it should be enacted by the Congress. It should be pointed out that the police and fire unions are also in support of H.R. 6536 even though there are proposed changes that would affect current employees.

In regard to the second issue, the recommendations (pages 39 & 40) are directed toward removal of District employees from participation in the Federal pay and retirement benefit systems

(See GAO note 1, p. 58.)

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On the surface, these recommendations might appear not only sound and reasonable, but as the report argues, consistent with the concept of home rule as well. In reality, however, they are superficial and fail to recognize important legal safeguards that have been established to protect employees from arbitrary actions such as those recommended. Several factors contribute to this assessment.

First, the problem involving Federal Civil Service pension cost is more pervasive than the District Government alone. No Federal agency pays the full normal cost recommended in the report. As reported in an earlier GAO study, at least ten Federal agencies that are intended to be fully or partially self-sustaining currently receive indirect subsidies from the Federal Government for Civil Service pension benefits, ranging from \$800,000 for the Farm Credit Administration to \$1.6 billion for the Postal Service. Since existing statutes unequivocally support Federal subsidies in practice, a question should be raised as to whether a Federal interest justifies this as a matter of policy -- not just in the District's case, but across the board. Isolating the District from the rest of the Federal section, as this report does, leaves the mistaken impression that the problem stems from home rule when in fact it is a basic policy of the Civil Service System.

Second, regular retirement payments made by the District do cover the cost of all pension benefits with only two major exceptions: the impact of pay raises for active employees and cost-of-living adjustments for annuitants. In the past, the policy of funding these items from the Federal treasury has been defended on grounds that (1) Congress authorizes pay raises for Civil Service personnel that Federal agencies, as well as the District, must by law provide; and (2) Congress adopted the Civil Service benefit package which awards higher pensions as a result of pay and cost-of-living increases.

To counter these arguments, the report recommends that responsibility for deciding pay raises and pension benefits should be shifted to the District as envisioned under home rule. While this proposal is not without merit for new employees hired after the city's independent personnel system (IPS) is put in place, it fails to address the fact that for many years to come, annual salary and retirement costs will be composed almost entirely of employees already on the payroll before the new IPS is implemented. In our view, it would be grossly unfair to make District taxpayers alone shoulder the cost of pension benefits that were approved by Congress and made compulsory for current city employees.

(See GAO note 1, p. 58.)

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This proposal simply shifts a fundamental inequity from the District taxpayer to the city employee. As such, it is unsound not only from a public policy standpoint but from a strict legal interpretation as well. Most current employees, for example, have already earned pension rights since the Civil Service System permits vesting after five years of service. To suggest that benefit commitments made in good faith at the time an employee was hired need not be honored, in my judgment, constitutes an outright abrogation of an employer's contractual responsibility. For this reason, many state constitutions specifically prohibit public agencies from reducing retirement benefits except in the case of new hires. Moreover, that is exactly the kind of abuse the pension reform legislation which Congress enacted for private retirement plans in 1974 was intended to curb (i.e., Employee Retirement Income Security Act). This legislation provides effective safeguards against arbitrary reductions in the pension benefits promised to employees. It explicitly prohibits retroactive benefit reductions and only allows prospective benefit reductions under the most severe circumstances.

In addition, Congress has consistently upheld the rights of current employees under reorganization plans such as home rule brought about. As the proposed report notes, the legislative history of home rule is not at all ambiguous on this subject; the record clearly suggests Congress intended that retirement promises made to current employees should be kept. Earlier in the decade, the U.S. Postal system underwent a major reorganization with a similar objective of making it more independent of the Federal Government. Again, Congress chose to maintain Civil Service benefits for current employees and to continue providing large Federal subsidies to finance certain pension benefits not included in the actuarial determination of normal cost.

In summary, these recommendations would put the District in a position of raising city tax burdens to meet a pension funding standard which Federal agencies are not required to achieve, or to take action to reduce benefits for current employees which Congress has repeatedly considered unfair and improper. In our opinion, these recommendations need to be reconsidered and alternative proposals developed which will permit the establishment of a flexible merit system without severing the District's longstanding relationship to personnel policies and practices of the Federal Government.

It has consistently been my position that reform of the financial structure of our District systems should not occur at the expense of commitments made to current city employees or present annuitants. The progress of bringing about meaningful change must not force us to renege on promises made in good faith and accepted as part of the terms of employment. Further changes affecting new employees should originate at the local level.

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The "District Government Independent Merit Personnel Act of 1978" is currently before the Council's Committee on Government Operations. This Committee is presently holding hearings on this bill and it is the intent of the Committee that the proposed merit personnel system will be effective on January 2, 1979.

This bill recognizes all of the options granted by the Congress in the Home-Rule Act. It is not envisioned by the Council or the Executive Branch that the District's independent merit personnel system will be a blanket adoption of all Federal pay and benefit systems. The District will, in my opinion, exercise as much independence as is practicable and yet preserve our current employees benefits as required by Sec. 422(3) of the Home-Rule Act. The District would have a moral obligation to preserve our current employees existing benefits even if there were no statutory requirements to do so. Employees who are hired and serve many years of their careers under our current pay and benefits systems have a justified right to the benefits accrued under such systems. To provide otherwise would create many difficult situations impacting on employee productivity and morale.

Withdrawal or removal from the U.S. Civil Service retirement system is one of the most important concerns of our employees. There are many current District employees who, in the past, have worked for a Federal agency and therefore have both Federal and District service creditable under the Civil Service retirement system. To sever the District from this system would also sever the creditable service and make the individual subject to two retirement systems for different periods of service. Also portability of employment opportunities between the Federal and District governments is a very important issue. The District has the ability to recruit highly qualified and experienced personnel from the Federal government because the benefit systems, especially health, life and retirement are the same.

For the above reasons it is our opinion that the recommendations concerning the District of Columbia being removed from all Federal benefit programs are unjustified, ill-advised and must be rejected.

(See GAO note 1 below.)

- GAO notes:
1. The deleted comments relate to matters discussed in the draft report but revised in this final report.
  2. Page references in these appendixes refer to the draft report and may not correspond to this final report.