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United States General Accounting Office

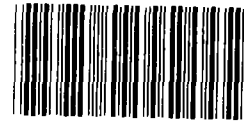
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Fact Sheet for the Chairman, Committee
on Post Office and Civil Service, House of
Representatives

October 1987

FEDERAL COMPENSATION

Estimated Cost of Proposed Change in Federal Firefighters' Work Week



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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-229022

October 16, 1987

The Honorable William D. Ford
Chairman, Committee on Post
Office and Civil Service
House of Representatives

Dear Mr. Chairman:

This fact sheet is in response to your letter dated April 7, 1987, requesting that we review a Department of Defense (DOD) estimate of the costs associated with implementing H.R. 1174, a bill to establish a separate pay system and change the work week for certain federal civilian firefighters.

The bill would affect approximately 8,500 civilian firefighters in DOD by reducing their normal tour of duty from 72 to 60 hours a week. They would receive an increase in hourly pay of about 12 percent under the bill, but because of the reduced work week about 95 percent of these firefighters would receive less total pay. Another approximately 1,700 DOD civilian firefighters, who generally work a 40-hour week, would not have their schedules or salaries changed by the bill.

In March 1987, DOD provided your committee with an informal estimate of the bill's cost. DOD amended the informal estimate in June 1987 and, as of September 30, 1987, was working on an official estimate. The June preliminary estimate indicated the work week reduction would require the employment of 1,684 additional civilian firefighters and increase salary costs by \$27.2 million a year to maintain the same level of fire protection now provided. Our analysis indicates the salary cost estimate is essentially correct. We estimate the salary amount to be \$26.8 million, assuming as did DOD, that current staffing patterns would be maintained. In addition, other costs, primarily for employee benefits of at least \$10.7 million, would result from the bill's enactment. Also, DOD officials told us that additional military firefighters would probably be required. We did not attempt to estimate the number of additional military firefighters that might be needed, or their cost.

DOD employs over 90 percent of all federal civilian firefighters who would be affected by the bill. We did not attempt to estimate the cost to other agencies of a work week reduction.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to evaluate the DOD estimate of the cost to implement H.R. 1174. To evaluate the accuracy of DOD's estimate, we reviewed (1) DOD regulations governing its fire protection program, (2) DOD's calculations of additional staffing and salary costs based on the current General Schedule and the new Federal Fire Service Personnel pay schedule proposed by H.R. 1174, and (3) other personnel-related and fire protection costs associated with firefighting.

To obtain information on staffing, salary cost estimates, the current and proposed method of calculating firefighters' pay, and other costs affecting firefighters, we interviewed fire protection officials in each military service and DOD personnel officials. We also discussed these matters with officials of the International Association of Fire Fighters and the Federal Firefighters Association.

We calculated firefighters' annual salaries under the current and proposed pay system for comparison with DOD's estimate. We did not attempt to assess DOD's staffing levels for adequacy of fire protection. Our work was done from May through September 1987 in accordance with generally accepted government auditing standards.

ADDITIONAL FIREFIGHTERS

Firefighter staffing at DOD fire departments is based on the number of vehicles and apparatus that are authorized at each location. DOD's estimate of staffing needs and salary costs associated with H.R. 1174 was based on DOD maintaining the same level of fire protection that currently exists.

In September 1986, DOD had 10,211 civilian firefighters, of whom it estimated 8,474 were generally working 72 hours a week in 24-hour shifts. (The rest hold positions such as fire inspectors, alarm room attendants, or administrators and usually work 40 hours a week.) If the work week was reduced from 72 to 60 hours, a commensurate increase in the

number of firefighters required would be 1,695, or an increase of 20 percent (the ratio of the 12 fewer hours in the work week to the new work week of 60 hours), to maintain the same level of fire protection. However, DOD estimated that 1,684 additional firefighters would be sufficient because it did not consider an increase in certain supervisory positions to be necessary. Thus, under the bill, DOD estimated it would need 10,158 civilian firefighters working a 60-hour week.

SALARY COST

Although the proposed legislation would increase hourly salary rates by about 12 percent, most firefighters converted to 60-hour work weeks would receive lower annual salaries because of the decrease in their work hours. For example, the average federal civilian firefighter is a GS-5, step 5, earning \$23,768 a year, including premium pay and overtime, for a 72-hour work week. Under the proposed legislation, this individual's annual earnings would be \$22,223 for a 60-hour work week.

However, overall salary costs would increase because of the additional firefighters needed to continue the same level of protection. We estimated DOD's current salary expense for 8,474 firefighters working a 72-hour work week under the General Schedule to be \$209.1 million. We also estimated DOD's salary expense for 10,158 firefighters working a 60-hour work week under the proposed pay system would be \$235.9 million for a difference of \$26.8 million in total salary expenses. (See the appendix to this report for more details on our estimates.) We could not reconcile this amount with DOD's estimated difference of \$27.2 million because Defense's supporting calculations were unavailable. However, a DOD official agreed with the methodology and results of our calculations.

OTHER COSTS

DOD's estimate did not mention any effect the reduction in work hours might have on the approximately 5,500 military personnel who also work as DOD firefighters. DOD officials said that a reduction in the work week for civilians would probably require a reduction in the work week of military firefighters and result in a need for an increase in military personnel. Military firefighters work on teams with the civilians and have the same tours of duty.

DOD's estimate was limited to salaries and did not include costs for protective clothing, training, and employee benefits that would also be incurred. Each new federal firefighter must be provided with protective clothing such as slickers, boots, and helmets. Fire protection officials estimated that protective clothing costs about \$600 for each firefighter.

Each new firefighter must be trained. Depending on the service, the initial training may be at a fire protection school or on the job. Fire protection officials estimated that fire protection school training would cost approximately \$1,000 to \$5,000 for each new firefighter, depending upon the individual's experience and training needs.

Benefits are an important component of an employee's compensation package. The Office of Personnel Management estimates the retirement costs for firefighters under the Federal Employees Retirement System to be 25.4 percent of pay for the basic pension with another 5.7 percent of pay for social security retirement benefits. In addition, the government's contribution to new employees' thrift savings plans will range from 1 to 5 percent of pay, depending upon how much the employees contribute. The government's share of employee Medicare and health and life insurance premiums and other benefits amounts to another 7.95 percent of pay, according to the Office of Management and Budget. The estimated government cost of employee benefits would increase the total compensation amount by about 40 percent, or about \$10.7 million.

ADMINISTRATIVE IMPROVEMENTS

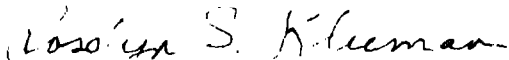
The bill would simplify much of the administration of firefighter pay. Presently, a firefighter's biweekly pay is a three-tiered amount, consisting of base pay from the General Schedule; premium pay amounting to 25 percent of the base; and overtime (at half the base and premium rate) for hours in excess of 53 per week. The complexity of the pay calculation would be reduced by the bill because biweekly pay would be based on a single amount from the pay schedule without any premium or overtime pay. Fire protection and union officials told us that this simplification would eliminate many of the questions that firefighters raise about how their pay is calculated and would also save time needed to prepare payrolls. These officials could not estimate the amount of time that would

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be saved but believed it probably would not be enough at any one installation that any payroll clerk positions would be eliminated.

As arranged with your office, copies of this fact sheet are being sent to the Secretary of Defense and to other interested parties upon request. If you or your staff have any questions concerning the material in this fact sheet, please contact me on 275-6204.

Sincerely yours,


Rosslyn S. Kleeman
Senior Associate Director

Comparison of Total Salary Cost for Firefighters Under
the General Schedule with Proposed 60-hour Pay Schedule

<u>GS/FSP^a</u>	<u>Number of affected fire- fighters</u>	<u>Current annual salary^b</u>	<u>Total current salaries</u>	<u>Number of proposed fire- fighters^c</u>	<u>Proposed annual salary^d</u>	<u>Total proposed salaries</u>
3/1	214	\$18,923	\$4,049,522	256	\$17,694	\$4,529,664
4/2	1,600	21,247	33,995,200	1,920	19,864	38,138,880
5/3	3,869	23,768	91,958,392	4,643	22,223	103,181,389
6/4	1,633	26,495	43,266,335	1,960	24,773	48,555,080
7/5	594	29,439	17,486,766	713	27,525	19,625,325
8/6	179	32,607	5,836,653	215	30,484	6,554,060
9/7	329	31,818	10,468,122	395	33,440	13,208,800
10/8	23	34,211	786,853	23	36,014	828,322
11/9	33	36,979	1,220,307	33	38,781	1,279,773
Totals	<u>8,474</u>		<u>\$209,068,150</u>	<u>10,158</u>		<u>\$235,901,293</u>

^aCorresponding grades of the current General Schedule and the Proposed Federal Fire Service Personnel Schedule.

^bGAO calculation using step 5 of each General Schedule grade, premium pay, and, through grade 3/6, overtime. The drop in salary at grade 9/7 is because supervisory personnel generally do not receive overtime.

^cDOD estimates of number of firefighters needed by grade.

^dProposed Federal Fire Service Personnel Schedule, step 5.

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