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

MAY 20 1981

B-135003

The Honorable William V. Roth, Jr.
Chairman, Committee on Governmental
Affairs
United States Senate

Dear Mr. Chairman:

Views on

Your letter of February 9, 1981, requested our opinion on S. 84, a bill which would liberalize the retirement benefits for employees who have had service as a Federal law enforcement officer or firefighter, but who are not eligible to retire under the special provisions pertaining to such personnel. We expressed our views on an identical bill (S. 99, introduced in the last Congress) in a letter dated June 27, 1979, to the former Chairman of your Committee.

Under the civil service retirement system, there are special provisions applicable to Federal employees whose primary duties involve (1) investigating, apprehending, or detaining persons suspected or convicted of Federal crimes or (2) controlling and extinguishing fires or maintaining and using firefighting apparatus and equipment. These employees may voluntarily retire at age 50 after completing 20 years of such service. Their annuities are based on average annual pay earned during the 3 consecutive highest paid years ("high-3") and length of service. Specifically, their annuities are computed at the rate of 2.5 percent of high-3 for each of the first 20 years of service and 2 percent for each year of service in excess of 20 years. An employee must complete at least 20 years of qualifying service to be eligible for these special benefits.

In contrast to these special provisions, most Federal employees are generally eligible for voluntary retirement at age 55 after 30 years of service, at age 60 after 20 years, or at age 62 after 5 years. Their annuities are computed at the rate of 1.5 percent of high-3 for each of the first 5 years, 1.75 percent for each of the next 5 years, and 2 percent for each year of service over 10 years.

S. 84 would liberalize the benefits of those employees who are not eligible to retire under the special provisions, but who have, at some time during their Government careers, completed at

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least 5 but less than 20 years of qualifying service as a Federal law enforcement officer and/or firefighter. The bill would modify the general annuity formula for such employees to provide them 2.5 percent of high-3 for each year of qualifying service. —

The legislative objective in providing earlier retirement to law enforcement and firefighter personnel was to improve the quality of these services by helping to maintain a young, vigorous work force. The more generous annuity computation formula was designed to make it economically feasible to retire after 20 years of service. The special benefits are to induce retirement after 20 years and were not intended to reward these employees for performing hazardous or demanding services.

We believe that S. 84 is inconsistent with the legislative purpose of inducing earlier retirement of Federal law enforcement and firefighter personnel after 20 years, since it would, in essence, provide the special benefits only as a reward for previous performance of that particular type of Federal service. Since S. 84 would not contribute to a younger, more vigorous law enforcement or firefighter work force, it would not result in improvements in the quality of those services.

In February 1977, we issued a report (FPCD-76-97) evaluating the adequacy, effectiveness, reasonableness, and costs of the Government's policy of providing early and more generous retirement benefits to Federal law enforcement and firefighter personnel. A copy of that report is enclosed. We recommended that the Congress reevaluate the ongoing need for these special benefits and suggested legislative revisions if the special retirement policy continues.

After holding extensive oversight hearings on our report, the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, (1) recommended the establishment of a multiagency task force to reevaluate the existing special retirement policy for law enforcement and firefighter personnel and (2) urged the Executive Branch to study the feasibility of abolishing these special benefits and extending those benefits available to air traffic controllers (optional retirement at age 50 after 20 years' service, with no special benefit formula but rather a guaranteed minimum benefit of 50 percent of high-3) to all Federal occupations needing young, vigorous incumbents. The Subcommittee shared our belief that the existing provisions for controllers, by only providing an economic incentive to those who retire early, would be more consistent with the intent of the special retirement law.

The task force, comprised of representatives from the Office of Personnel Management and other interested Federal

agencies, convened for the first time in July 1979. It expects to send a comprehensive report on suggested legislative revisions to the Subcommittee in September 1981.

In view of our earlier report, the findings and recommendations of the Subcommittee on Compensation and Employee Benefits and the fact that S. 84 would not result in a younger, more vigorous work force, we recommend that S. 84 not be enacted.

However, in the event that S. 84 is given favorable consideration, we would like to point out a technical error in the bill as drafted. The bill provides for amending section 8339(d) of title 5, United States Code, by inserting a "(1)" after "(d)" and adding a new paragraph "(2)." In view of the fact there are existing paragraphs (1) and (2), we suggest the wording be changed to provide for inserting the new paragraph "(2)" immediately after existing paragraph (1) and for renumbering existing paragraph (2) and the subsequent paragraphs accordingly.

Sincerely yours,

~~707~~ Comptroller General

Acting Comptroller General
of the United States

Enclosure