

STATEMENT OF  
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before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE, POSTAL SERVICE,  
AND THE DISTRICT OF COLUMBIA  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
U.S. HOUSE OF REPRESENTATIVES

on

A CALL TO ARMS: A REVIEW OF BENEFITS  
FOR DEPLOYED FEDERAL EMPLOYEES

September 16, 2009

Chairman Lynch, Ranking Member Chaffetz, and Members of the Subcommittee:

On behalf of our Director, John Berry, I want to thank you for inviting the U.S. Office of Personnel Management (OPM) to appear at this hearing today and for your interest in the benefits the Federal Government provides to its civilian employees who are deployed to Afghanistan, Iraq, and other areas of armed conflict.

All Americans should be deeply grateful for the service of the Federal civilian employees who are deployed to areas of armed conflict, such as Iraq and Afghanistan, where they may be faced with extraordinary challenges to their personal safety as well as to their ability to get the job done. Deployed civilian employees are essential to the Government's mission, and the pay and benefits they receive must reflect the vital services they provide. We at OPM are committed to ensuring the Government has the human resources tools it needs to attract and retain an effective civilian workforce. This commitment includes doing all we can to help ensure that deployed civilians receive fair and accurate compensation and benefits in an efficient and timely manner.

Let me begin by briefly reviewing the principal pay and benefits provisions that apply to Federal civilian employees deployed to combat zones. There are, of course, special authorities that apply specifically to Foreign Service employees or Defense Department employees, and the Departments of State and Defense are in a better position to discuss those. I will conclude by describing how OPM is working with State, Defense, and other agencies to see where we need to do more for our deployed civilian employees.

## CONTEXT FOR PAY AND BENEFITS OVERSEAS

Federal civilian employees deployed to work overseas, including in the Iraq and Afghanistan war zones, are entitled to a wide array of pay and benefits, but their pay and benefits may be influenced by three factors.

First, they generally continue to serve under their normal pay system and continue to receive pay and benefits that are granted across-the-board as entitlements or on an individual basis as human resources (HR) flexibilities. Examples of entitlements are annual pay adjustments, advancement in the pay range (e.g., step increases), overtime pay and other premium pay, accrual and use of annual and sick leave, creditable service for retirement system coverage, participation in thrift savings, and health and life insurance. Some of the standard entitlements are enhanced to recognize service overseas. For example, the ceiling on the amount of annual leave that may be carried over from one leave year to another is 360 hours overseas versus 240 hours Stateside. Also, deployment to a war zone is considered “a life event” that allows employees an opportunity to elect different health insurance coverage or enhanced life insurance coverage. The HR flexibilities I referred to that agencies may use include recruitment, retention, and relocation incentives (3Rs) based on staffing needs for particular occupations or grade levels of work, special requirements of the mission, and unusually high or unique skills of individual employees. Quality step increases, performance awards, and cash awards are other examples of HR flexibilities that can be used to reward good performance for those deployed in combat zones, just as they are for other employees.

Second, as in the United States, multiple pay systems exist side-by-side overseas, and employees working side-by-side overseas may be graded and paid under different pay structures, in addition to having somewhat different benefits. These differences are often based on different mission and workforce requirements and are the result of separate laws that have been authorized by Congress over many years. While the primary pay systems under title 5, United States Code, are the General Schedule, Federal Wage System, and Senior Executive Service, many employees overseas are covered by the Foreign Service, the intelligence agencies’ pay systems, or agency-specific authorities. I should note that for several years, various Defense Authorization Acts have provided temporary authority to allow agencies not otherwise covered by the Foreign Service Act to pay certain Foreign Service benefits, including a death gratuity, to other Federal civilian employees serving in Iraq and Afghanistan. This has helped considerably to provide a more comprehensive and consistent approach to benefits for Federal civilians in combat zones.

Third, civilian employees working overseas receive additional compensation as authorized by title 5 of the United States Code and the Department of State Standardized Regulations. The Standardized Regulations, established by the Secretary of State, provide a common framework for payment of allowances and differentials to civilian employees overseas. Such payments include danger pay, post hardship differential, quarters allowance, cost-of-living allowances, and payments during evacuations, as applicable. In Iraq and Afghanistan, the hardship differential is equal to 35 percent of an employee’s basic pay, and danger pay is also equal to 35 percent of basic pay. Together,

these two payments alone provide for well-deserved additional payments of 70 percent of basic pay to recognize the extraordinary commitment and service of deployed civilians under very dangerous and trying conditions.

## **EXISTING POLICIES AND RANGE OF BENEFITS**

OPM administers certain pay and benefits affecting most civilian employees in Iraq and Afghanistan, as outlined below. The Departments of Defense, Labor, and State administer other special provisions, and OPM believes they are in the best position to describe the unique features of the programs they administer.

As I mentioned earlier, Federal civilian employees generally continue to serve under their normal pay system and continue to receive pay and benefits that may be granted across-the-board as entitlements or on an individual basis as an HR flexibility. I also mentioned certain enhancements that apply overseas and in combat zones, such as higher annual leave ceilings and special health insurance and life insurance elections.

Under temporary law, OPM administers and provides guidance to agencies and employees in combat zones for two special provisions. The first is a waiver for a higher premium pay cap ceiling on the amount of basic pay plus premium pay (overtime pay, Sunday pay, holiday pay, and night differential). In the United States, the premium pay ceiling is the maximum locality adjusted rate for GS-15 (not to exceed level IV of the Executive Schedule). Level IV of the Executive Schedule is \$153,200 in 2009. However, for Federal civilians deployed to Iraq and Afghanistan, the premium pay ceiling is the Vice President's salary, or \$227,300 in 2009. Thus, eligible employees could earn up to \$74,100 more in premium pay in Iraq and Afghanistan than they could in the United States.

The second special provision is the higher aggregate pay limitation, which is a ceiling on the total amount of compensation under title 5 that a civilian employee can be paid during a calendar year. Normally, employees may not receive more for certain title 5 payments, when added to basic pay, than the rate for level I of the Executive Schedule (\$196,700 in 2009). This ceiling is removed for any employee who is granted a waiver of premium pay in Iraq and Afghanistan under temporary legislation.

## **RECENT INITIATIVES**

Recently, OPM has placed a special emphasis on where we can do more for our civilian employees deployed to Iraq, Afghanistan, and other armed conflict areas. In June 2008, OPM issued a memorandum to agency Chief Human Capital Officers describing the existing pay and benefits available to civilian employees working in combat zones and strongly urging Federal agencies to become informed of and take full advantage of these authorities.

OPM also continues to support legislation to enhance the benefits of employees in zones of armed conflict. In September 2008, OPM wrote to the Committees on Armed Services

in the U.S. House of Representatives and the U.S. Senate providing its position on certain provisions of the National Defense Authorization Act for Fiscal Year 2009. OPM supported providing appropriate benefits to employees in combat zones and the extension of existing temporary authorities.

Our most important initiative, however, is our collaborative work with State, DOD, and other agencies on studying where we can provide better and more consistent pay and benefits for employees serving in zones of armed conflict. In 2008 and continuing in 2009, OPM met many times with the Departments of Defense and State and other agencies to share information on the compensation and benefits available to civilian employees deployed to combat zones and other overseas locations with similar conditions, to identify problems, and to discuss possible solutions under a common, Governmentwide approach. This initiative is ongoing.

### **CONCLUSION**

The interagency working group has made considerable progress. We have discussed the common problem areas and are examining the compensation available to deployed civilians to ensure it meets our needs for recruiting and retention. If changes are needed, the Administration will put forth a comprehensive proposal to address the issues identified. We believe the outcome of this process will also help ensure greater consistency in these employees' compensation and benefits to the extent such consistency is desirable and feasible.

In closing, I want to again assure you that OPM continues to work on this issue as a priority, because we believe it is vital to do all that we can to ensure that civilian employees who put their lives on the line for the American people are appropriately rewarded and supported by the Federal Government as their employer.

Thank you again for the opportunity to discuss this important issue with you. I would be happy to respond to any questions you may have.