



# CPMS Express

Get on the fast track



## A Holiday Message from the CPMS Director

Deputy Director Sharon Stewart and I send you cordial Season's Greetings! We extend our appreciation to you as a valued CPMS customer and colleague in the Defense Human Resources (HR) community. Our community made great strides in the year now drawing to a close. Consider:

◆ NSPS—the National Security Personnel System—is no longer a vision; it has become a reality! Spiral 1.1 launched in April with 11,000 employees. In October, participation more than doubled when another 12,000 joined in. The Department encountered hurdles that now keep us from implementing certain provisions. Even so, with the NSPS rollout, the Department of Defense (DoD) has unquestionably become a leader in transforming the way Federal employees are recruited, retained, and rewarded.

- ◆ In June, the Department's Computer/Electronic Accommodations Program (CAP) was honored by the Equal Employment Opportunity Commission with one of its annual "Freedom to Compete" awards. The Department was the first Federal agency ever to receive this award. Since CAP began in 1990, the Department has made more than 50,000 accommodations for persons with disabilities.
- ◆ Approval of the DoD Civilian Human Capital Strategic Plan was another milestone. The plan established a set of Department-wide goals and objectives for 2006 through 2010. In September, senior Department leaders approved the new DoD Civilian Human Capital Accountability System. This system is an enterprise-wide approach to evaluating human capital management and assessing progress toward strategic plan goals.

## NSPS Payouts & Rollouts

### NSPS Program Executive Office

Organizations in Spiral 1.1 of NSPS completed the first performance appraisal period on October 31<sup>st</sup>. These employees will receive performance-based payouts in January.

The Department will grant all eligible Spiral 1.1 employees the equivalent of the across-the-board base pay increase and locality pay increase that will be received by General Schedule (GS) employees in January 2007. Eligible employees with performance ratings above unacceptable (Level 2 rating or above) will receive their payouts in the form of rate range and/or local market supplement adjustments.

October 1<sup>st</sup> marked the launch of Spiral 1.2 of NSPS, with more than 66,000 civilians scheduled to convert to the performance-based system by the end of January 2007. More than 12,000 Spiral 1.2 employees

*(Continued on page 2)*

While we have made tremendous strides, many challenges still confront us. The Federal workforce is aging, with more and more employees retiring. Competition for talent with industry and other agencies is already keen; it will only become more so as the labor market tightens.

Additionally, public service work itself is evolving in response to societal trends. There is a growing demand for knowledge workers—individuals who can deal with complex issues and achieve multiple objectives in an increasingly fast-paced environment.

In 2007, let's continue to work together, building on the solid foundation established to date while also developing new strategies to address the complexities of the Department's 21<sup>st</sup>-century workplace. We look forward to tackling the challenges and opportunities that lie ahead, knowing we have support from the dedicated staff of CPMS and from you, our customer.

Number 2006-8  
December 2006

### Inside this issue:

Policy & Strategy Support <i>Defense Language Initiative</i>	<a href="#">2</a>
Civilian Assistance and Re-Employment <i>VSIP and VERA</i>	<a href="#">2</a>
CPMS Offers Courses	<a href="#">3</a>
Benefits & Entitlements <i>Survivors' Benefits Increase</i>	<a href="#">3</a>
<i>TSP Limits Rise in 2007</i>	<a href="#">4</a>
<i>Retirees' COLA Takes Effect</i>	<a href="#">4</a>
<i>2007 Social Security, Medicare Benefits and Premiums</i>	<a href="#">5</a>
HR-BITS <i>Self-Service for NAF and LN</i>	<a href="#">6</a>
CPMS Personnel-ity Profile	<a href="#">6</a>
CPMS Employment	<a href="#">6</a>

### About CPMS Express

Click [here](#) to be notified when issues are published. You may also use this link to un-register. We welcome your [feedback](#) and invite you to reprint or excerpt articles, with attribution as follows: Reprinted (or excerpted) from the Civilian Personnel Management Service newsletter, *CPMS Express*.



Kathy Kraft of HR-BITS is retiring with 30 years of Federal service, including more than a decade with CPMS (article, page 6).



## The Defense Language Initiative: Moving Forward

Policy & Strategy Support [E-mail us](#)

The Department needs your help, as a member of the DoD HR community, to move the Defense Language Transformation Roadmap forward by aggressively marketing *My Biz* and in particular, its functionality to identify foreign language skills.

As of this writing, approximately 665,000 self-service accounts have been created in *My Biz*. Civilian employees may update their language skills by accessing their *My Biz* account, clicking on the "Update My Information" screen, and selecting the "U.S. [United States] Federal Language" link.

A previous [article](#) gave a brief overview of the Defense language initiative, which is designed to meet

### NSPS Spirals 1.2 and 1.3

(Continued from page 1)  
converted to NSPS in October, and the remaining 54,000 will transition over the next few months. Spiral 1.2 employees will automatically receive the equivalent of the January 2007 GS pay increase.

DoD is expected to announce Spiral 1.3 organizations in the near future.

For more information about NSPS, visit the Web site at <http://www.cpms.osd.mil/nsps>.

the Department's needs for capabilities in critical foreign language and regional expertise. The language initiative is mission critical, because it supports the Department's ability to operate as a strategic global partner at home and abroad.

The Roadmap provides a long-range plan for transforming how the Department obtains and maintains needed language and regional expertise skills.

The Department has made significant progress since the Roadmap was established in 2005. The Roadmap specifically identified 43 tasks, and to date, about half of these have been completed.

One of the major Roadmap tasks is the self-reported screening of military and civilian personnel for foreign language skills, which will provide the Department with information on its foreign language capabilities. *My Biz* is the self-service functionality for DoD civilian employees to voluntarily update their language capabilities.

Civilian employees who identify foreign language skills may be eligible for incentives aimed at maintaining and improving their language proficiency and understanding of foreign cultures. One such incentive is foreign language proficiency pay.

Guidance on foreign language proficiency pay for

civilians may be found in the following issuances:

- ◆ The November 3, 2006, Under Secretary of Defense (Personnel and Readiness) (USD (P&R)) [policy](#) memorandum, "Foreign Language Proficiency Pay for DoD Civilian Employees Performing Non-Intelligence Duties";
- ◆ The July 26, 2005, USD (P&R) [policy](#) memorandum, "Revision of Foreign Language Proficiency Pay for DoD Civilian Employees Performing Intelligence Duties"; and
- ◆ For NSPS employees, Subchapter (SC) 1930 of the Civilian Personnel Manual, DoD 1400.25-M (see paragraph [SC1930.27](#), "Foreign Language Proficiency Pay for Civilian Employees").

Accounting for military and civilian personnel's foreign language skills is only one aspect of the Defense language initiative. The Defense Language Transformation Roadmap actually complements the national effort to improve America's language capability.

More information on the Defense language initiative will be furnished in future *CPMS Express* articles.

## VSIP and VERA

Civilian Assistance and Re-Employment [E-mail us](#)

Voluntary separation incentive pay (VSIP) and voluntary early retirement authority (VERA) are two tools used within the Department for reducing involuntary separations during downsizing and base closure, or for restructuring the workforce. Although often used jointly, VSIP and VERA can also be effective when offered separately.

Section 9902(i) of title 5, U.S. Code (U.S.C.), as enacted by Section 1101 of the National Defense Authorization Act for Fiscal Year (FY) 2004, Public Law 108-136 (November 24, 2003) authorized the Secretary of Defense to establish a permanent downsizing and restructuring VSIP and VERA program within the Department. Annual usage of both downsizing and restructuring VSIPs is limited to 25,000, but the legislation does not limit actions resulting from Base Realignment and Closure (BRAC) activities or for nonappropriated fund (NAF) employees.

The 25,000 allocations are distributed among the Military Departments and the Fourth Estate based on the prior FY end strength. The memorandum distributing FY07 allocations was signed on September 15<sup>th</sup> and is posted on the CPMS Web [site](#).

Employees approved to receive a VSIP have three payment options: a lump

(Continued on page 3)



## VSIP and VERA Are Effective Management Tools

(Continued from page 2)

sum payment or one of two installment plans, as follows:

- ◆ The first installment plan involves bi-weekly payments in equal amounts. The employee selects the amount, but the payments must be completed within one year of the date of separation.
- ◆ Under the second installment plan, half the buyout is paid six months after separation, and the remainder is paid six months thereafter.

If a VSIP recipient elects one of the installment plans but dies before the full amount has been paid, the balance of the buyout will be distributed in accordance with the beneficiary order of preference as outlined in 5 U.S.C. 5582 and Volume 8, Chapter 7, paragraph 070501 of the DoD Financial Management Regulation.

Accepting a VSIP entails certain restrictions on re-employment within the Federal Government. A DoD employee receiving a VSIP on or after March 30, 1994, who accepts employment with the Federal Government (including employment in NAF or through a personal service contract) within five years after receiving VSIP, is required to repay the entire amount. Further, a DoD employee may not be re-employed

within the Department for a 12-month period immediately after receiving a buyout.

The above-mentioned memorandum reminded the Military Departments and the Fourth Estate of their obligation to inform employees receiving a VSIP about the prohibition and to institute policies and procedures to identify former DoD employees rehired during the restricted period. Payroll Advisory Letter [2006-1](#), dated June 30<sup>th</sup>, provides guidance to HR Offices about the notification process to the Defense Finance and Accounting Service (DFAS) when re-employing a former buyout recipient who has a repayment obligation.

VERA, commonly referred to as "early out," permits employees to retire earlier than otherwise eligible. Appropriated fund employees must meet the applicable requirements of the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees taking VERA under FERS are not subject to a reduction in their annuity, while those under CSRS face a reduction of two percent for each year under age 55.

The Personnel Policy Manual for Nonappropriated Fund Instrumentalities, DoD 1401.1-M, establishes the overall framework for NAF HR policy. Within that framework, individual DoD

Components are responsible to develop and administer a retirement plan for their eligible NAF employees. The plan may include an early retirement provision for workforce reduction and BRAC situations.

VSIP and VERA have proven to be successful tools for management during periods of reorganization. For FY04 and FY05, a total of 13,899 VSIPs and 5,433 VERAs were approved. These programs have allowed DoD to reorganize while mitigating adverse impact on employees.

Complete information on the VSIP and VERA program is available on the CPMS Web [site](#).

## CPMS Offers Courses

Early in 2007, CPMS will offer these [courses](#) in Arlington, VA (dates exclude travel time):

**RETIREMENT SYSTEMS AND BENEFITS PROGRAMS.** This comprehensive, four-day presentation is for personnelists who are new to the retirement and insurance programs and those with experience who may need a review. Participants will receive a desk reference guide with more than 20 subjects tabbed for quick access (January 23-26, May 7-11, and September 17-21).

**PAY-SETTING COURSE.** This two-day seminar covers the essentials of pay setting for GS and Federal Wage System employees. It is appropriate for personnelists and generalists with at least six months of pay-setting experience (February 7-8,

(Continued on page 4)

## Death Benefits for Survivors Increase in December

Benefits & Entitlements [E-mail us](#)

Children's benefits payable for deaths occurring on or after December 1<sup>st</sup> are \$434 (single orphan) and \$520 (double orphan). If a benefit is payable to more than three children, the rates payable to be divided by the number of eligible children are \$1,302 (single orphan) and \$1,562 (double orphan).

Under FERS, a basic employee death benefit is payable to the surviving spouse (or former spouse) of a deceased employee with at

least 18 months of creditable service. The law provides that this lump-sum benefit is an amount equal to half the employee's final annual pay (or average pay, if higher) plus \$15,000 adjusted for cost of living allowances (COLAs) under CSRS rules.

The CSRS COLA, which took effect on December 1<sup>st</sup>, increased the basic employee death benefit for deaths occurring on or after that date to half of the employee's final annual pay (or average pay, if higher) plus \$27,461.91.



## TSP Contribution Limits Will Rise in 2007

Benefits and Entitlements [E-mail us](#)

During calendar year 2007, employees may contribute up to \$15,500 to their Thrift Savings Plan (TSP) account, with taxes on earnings deferred. This is \$500 higher than in 2006.

Those age 50 or older who are contributing the maximum under their regular TSP may make an additional "catch-up" TSP contribution of up to \$5,000; this limit is unchanged from 2006.

If you do not increase your regular TSP contribution, the payroll office will continue to make payroll deductions for you at the level you previously established. However, if you are now making catch-up contributions, you must submit a new form to continue doing so during 2007, or your catch-up contributions will cease.

To adjust your TSP contributions for 2007, access your Component's employee benefits system and follow the instructions.

While you may adjust your regular TSP contribution at any time, doing so in December allows you to spread your TSP payroll deductions evenly throughout the year. If you are a FERS employee, you should not reach the dollar limit before the end of the year in order to maximize agency matching contribu-

tions. If you are a CSRS employee, however, you might choose a higher deduction amount in order to complete TSP contributions by the end of the third quarter of 2007. This approach would give you a bit more take-home pay during the 2007 holiday shopping season. Once you select the number of pay periods during which contributions will be made, you can use the [calculator](#) on the TSP web

site to determine the amount of regular contributions to make each pay period. The site does not include a similar calculator for catch-up contributions.

The earliest effective date for employees paid by the Charleston, SC, or Denver, CO, payroll offices is December 10<sup>th</sup>. For those paid by the Pensacola, FL, payroll office, the earliest effective date is December 24<sup>th</sup>.

## CPMS Offers Courses

(Continued from page 3)  
May 16-17, August 15-16, and November 7-8).

RETIREMENT COVERAGE DETERMINATION AND FEDERAL EMPLOYEES RETIREMENT COVERAGE CORRECTION. This two-and-a-half-day course will help HR specialists understand how to make correct retirement coverage determinations and how to fix prior, erroneous enrollments (February 13-15 and June 12-14).

## COLA for Federal Retirees Takes Effect in December

Benefits and Entitlements [E-mail us](#)

The COLA for CSRS and FERS retirees took effect on December 1<sup>st</sup>. The COLA will first be reflected in annuity payments dated January 2, 2007.

The CSRS full COLA is 3.3 percent, and the FERS full COLA is 2.3 percent.

The amount of a retiree's first COLA is prorated, based on the number of months from the annuity commencement date to the effective date of the first COLA after the commencement date. Retirees receive one-twelfth of the applicable COLA for each month, not to exceed 12 months, in which they are in receipt of an annuity before December 1<sup>st</sup>.

To receive the full December 1<sup>st</sup> COLA, a retiree's commencing date for retire-

ment can be no later than December 31<sup>st</sup> of the previous year—in this case, 2005.

The chart below shows the prorated percentages that apply to annuitants who have not been retired for 12 months. The prorated per-

centages vary for CSRS versus FERS employees.

For instance, a CSRS employee who retired in May receives a 1.9 percent COLA, while a FERS employee who retired that month receives 1.3 percent.

Monthly Annuity Commenced in—	Proportion of Full COLA	Prorated Percentage (CSRS)	Prorated Percentage (FERS)
December 2005	12/12	3.3%	2.3%
January 2006	11/12	3.0%	2.1%
February 2006	10/12	2.8%	1.9%
March 2006	9/12	2.5%	1.7%
April 2006	8/12	2.2%	1.5%
May 2006	7/12	1.9%	1.3%
June 2006	6/12	1.7%	1.2%
July 2006	5/12	1.4%	1.0%
August 2006	4/12	1.1%	0.8%
September 2006	3/12	0.8%	0.6%
October 2006	2/12	0.6%	0.4%
November 2006	1/12	0.3%	0.2%



## Social Security Benefits Will Rise 3.3 Percent in 2007; Medicare Benefits and Premiums Will Also Increase

### Benefits and Entitlements

[E-mail us](#)

Social Security benefits increase automatically each year, based on the rise in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the prior year to the corresponding period of the current year. This year's increase in the CPI-W was 3.3 percent. Accordingly, the monthly Social Security benefits for more than 53 million Americans will increase 3.3 percent in 2007. Other changes

take effect in January of each year based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (i.e., the "taxable maximum") will increase in 2007 to \$97,500 from \$94,200. The amount of earnings required for a credit or "quarter of coverage" will increase to \$1,000 from \$970. Beginning on January 1<sup>st</sup>, 2007, the basic monthly premium for Medicare Part B will be based on the beneficiary's income. These and other Social Security and Medicare benefits changes can be found on the accompanying charts.

### Medicare Changes for 2007

Item	2007	2006
<i>Part A—Hospital Insurance</i>		
Deductible (Per benefit period <sup>1</sup> )	\$992	\$952
Coinsurance (Per day)		
• 61 <sup>st</sup> to 90 <sup>th</sup> day	\$248	\$238
• 91 <sup>st</sup> to 150 <sup>th</sup> day	\$496	\$476
<i>Part B—Medical Insurance</i>		
Premium (Per month per person)	See chart below	\$88.50

<sup>1</sup> Benefit period—The way Medicare measures your use of hospital services. A benefit period begins the day you go into a hospital and ends when you have not received hospital care for 60 consecutive days. If you go into a hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you can have.

### 2007 Income Parameters for Determining Part B Premiums

Premium (Per month)	Individual Income	Combined Income (Married)
\$ 93.50	\$80,000.00 or less	\$160,000.00 or less
\$105.80	\$80,000.01—100,000.00	\$160,000.01—200,000.00
\$124.40	\$100,000.01—150,000.00	\$200,000.01—300,000.00
\$142.90	\$150,000.01—200,000.00	\$300,000.01—400,000.00
\$161.40	\$200,000.01 or more	\$400,000.01 or more

### Social Security Changes for 2007

Item	2007	2006
Social Security Maximum Taxable Earnings	\$97,500	\$94,200
Earnings Required for a Credit	\$1,000	\$970
Requirement Earnings Test		
• Under age 65	\$12,960	\$12,480
• Age 65 + __ months	\$34,400 10 months	\$33,240 8 months
COLA for Social Security Recipients	3.3%	4.1%
Minimum Social Security Earnings Needed for Substantial Earnings	\$18,150	\$17,475
Primary Insurance Amount Formula:		
• 90% of first \$__ of average indexed monthly earnings +	\$680	\$656
• 32% of average indexed monthly earnings over \$__ and through \$__ +	\$680 \$4,100	\$656 \$3,995
• 15% of average indexed monthly earnings over \$-__	\$4,100	\$3,995
Maximum Monthly Social Security Benefit, Worker Retiring at Age 65 in January	\$2,116	\$2,053



## CPMS Personnel-ity Profile

# End of an Era: HR-BITS' Kathy Kraft Retires in December

**K**athy Kraft of the HR Business, Information, and Technology Solutions (HR-BITS) Division is retiring from Federal service after 30 years, including more than 10 with CPMS. Known for her offbeat sense of humor and steadfast devotion to duty, Kathy values one experience above all others in her career: having worked with some of the most talented and devoted employees in Government.

In the '70s, she began as a Clerk-Typist with the Department of Housing and Urban Development, where she quickly made her mark with her winsome personality and hard work. Although she had a business degree, she took the Office of Personnel Management test to qualify for her position by typing 40 words a minute.

With husband Danny in the Army, Kathy made numer-

ous moves. She took all sorts of private industry jobs, such as working for a German real estate developer and for various financial institutions. Once Danny left military service, Kathy was in a position to pursue her Federal career, working as a staffing supervisor for the Army in Alaska and for the Navy in Oakland, CA.

Soon, she transferred to the Naval Weapons Center at China Lake, CA, as the head of Staffing, Equal Employment Opportunity (EEO), and Classification for the first DoD civilian personnel demonstration project. One of her most rewarding assignments was serving as EEO Officer for the Naval Reserves in New Orleans, where she was recognized for her efforts to hire minorities and persons with disabilities.

Kathy applied for a CPMS position to develop what was then known as the "modern" Defense Civilian Personnel Data System (DCPDS). More than 300 candidates applied for the job! With typical modesty, Kathy says she was probably selected because, "If I could design a system, then *anyone* could use it." Since 1995, she has focused on DCPDS and developing user-friendly applications.

She rarely mentions that she holds a Master's degree in

Business Administration, has been an adjunct faculty member at the University of Alaska, and has received numerous awards, including two Meritorious Civilian Service Awards and the Superior Civilian Service Award.

Kathy takes satisfaction not only in the work her staff has accomplished, but also in the friendships she has made. She refers to her staff as her family. "Sometimes we are a dysfunctional family," she quips, "but we get things done, and we always value each other."

Family is everything to Kathy. "Danny and our son, Danny II, have helped me to excel—to focus on the important things in life and understand that without family and compassion, we would have very little."

She looks at retirement as another opportunity to excel and plans to write humorous articles. No doubt, she will excel at that as well—in between traveling with Danny and enjoying her favorite sport of "extreme shopping."

## Self-Service Expands to NAF and Local Nationals

HR-BITS [E-mail us](#)

**S**elf-service HR functionality for NAF personnel is now available through *My Biz (NAF)* and *My Workplace (NAF)*. For local national (LN) personnel, *My Biz (LN)* and *My Workplace (LN)* were launched in November.

These new modules give NAF and LN employees and managers secure, real-time, online access to personnel information from their workstations at any time of the day.

*My Biz (NAF)* lets NAF employees view the following information from their official personnel records: appointment, position, personal, salary, benefits, awards and bonuses, and performance. NAF employees may also update their telephone number, e-mail

address, disability codes, ethnicity and race identification, and foreign language proficiency online with *My Biz (NAF)*.

*My Workplace (NAF)* brings together in one place the key information managers and supervisors need about their employees, thus streamlining the HR decision-making process and making it easier to balance managerial tasks with day-to-day demands.

*My Workplace (NAF)* keeps managers and supervisors informed about their employees' personnel actions. With quick and easy access to NAF employee personnel information, managers are able to make budget decisions, project staffing needs, answer questions quickly, and provide current statistical information as needed.

## CPMS Employment

**C**PMS vacancies are posted on USAJOBS. To access employment opportunities for status candidate, click [here](#). For other CPMS vacancies, click [here](#).