



**2021**

# Benefits, Wage, & NAF Policy (LOB) End of Year Report



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## Introduction

Greetings Friends and Colleagues,

On behalf of the Benefits, Wage and NAF Policy Directorate, I would like to thank each of you for another tremendous year! We transitioned from being reactive to the COVID-19 Pandemic to proactive in developing meaningful processes and procedures that will endure as we redefine our future workplaces and spaces.

Speaking of future workplaces, during the past year, much of the Department of Defense (DoD) workforce continued to perform some level of telework or remote work. The Work Life Team has been busy updating the DoD Instruction to include new information on both remote work and the Domestic Employees Teleworking Overseas programs. We believe that this guidance will align with our goal to become the employer of choice and outline additional workforce flexibilities that support work life balance.

The Benefits Branch established the Central Enrollment Clearing House System, Age of Separations, and the Retirement Errors working groups, all designed to conduct deliberate examinations of the barriers that impact our ability to meet the Office of Personnel Management's (OPM) goals and objectives. These working groups include our DoD Component partners and have achieved very high levels of synergy and information sharing. Each of these working groups continue to review our processes and identify best practices in these areas. The Team also established a Dashboard working group to determine the best way to relay the accomplishments of our DoD Benefits Community using data and metrics. I would like to personally thank all who are participating in these vital working groups.

On January 30, 2021, the Secretary of Defense directed a Zero-Based Review for all DoD Advisory Committees. As a result of this direction, the DoD Wage Committee (DoDWC) meetings were immediately halted until completion of the review. Since DoD is the lead agency for all federal prevailing rate wage surveys and pay schedules that cover approximately 240,000 appropriated fund and nonappropriated fund (NAF) employees, this review prevented our ability to publish pay tables. The Wage Team worked very hard to successfully meet all of the many requirements of the Zero-Based Review and due to their efforts, the DoDWC resumed both their meetings and the release of pay schedules. This was a massive undertaking and I would like to thank everyone who made this possible.

In case you have not heard, congratulations are also in order for the NAF Policy Team. They obtained the Deputy Secretary of Defense's approval to implement a fully insured group Medicare Advantage with Prescription Drug Plan as an option within the current NAF Health Benefits Program. Their efforts will potentially save the Department millions of dollars and be a great benefit for NAF retirees! Thanks to all who worked to make this happen.

The Training and Credentialing Team has continued to host a variety of new training events. In addition to the numerous training sessions already scheduled, they implemented monthly study group sessions to help individuals prepare for their credentialing exams. The Team also updated many of the training materials and manuals making it easier for class participants to understand and study the materials. We could not have accomplished this major effort without your feedback and support.

## Introduction (cont.)

The Unemployment Compensation Team has worked with State unemployment offices to implement the use of the DoD Secure Access File Exchange tool. This allows the Team to provide faster responses to requests for information from the States, as well as ensuring the protection of former employees' personal identifiable information. It also allows Components to manage costs for the unemployment compensation program.

The Injury Compensation Team worked with the Training and Credentialing Team to launch and pilot credentialing tests for both Levels I and II of the Injury Compensation Program Administrator (ICPA) credentialing training. The Team is also in the final stages of implementing their Program Review initiative. This will nicely complement and integrate with the ICPA Level III training that is under development for Component Injury Compensation Program managers.

As for this year, we will be hosting a 2022 Benefits Symposium. This will be a weeklong event designed to provide information, training, and assistance to Component Benefits Advisors and Officers. The Symposium will include Keynote Speakers from OPM, Department of Labor, Department of Health and Human Services, and the Thrift Savings Plan. We will provide more information as the time nears and we hope you are able to participate.

Finally, as always, we thank you for another year's journey and eagerly anticipate all that we will accomplish together in the coming year.

***Taiwana R. Smith, DoD EBA  
Director, Benefits, Wage & NAF Policy  
Line of Business (LOB3)***

# Benefits, Wage & NAF Policy (LOB3) Synopsis and Mission

## Introduction

We are a diverse, experienced team with the functional expertise designated to oversee a variety of benefits and work-life programs, provide training, set pay for all Federal Wage System (FWS) employees, and develop and administer Department of Defense (DoD)-wide appropriated and nonappropriated fund (NAF) policy covering a worldwide civilian workforce.

## Benefits

We are DoD Employee Benefits Credentialed HR Specialists who oversee an expansive portfolio that includes benefits such as health, life and long term care insurance, retirement, workers' compensation, unemployment compensation, and work-life programs. The Team works closely with the Office of Personnel Management (OPM) and other Federal Agencies to ensure the Department complies with all laws and regulations. Additionally, the Benefits team provides advisory services and training, and leads several communities of practice working groups. The Benefits Team also developed and administers a comprehensive Benefits Credentialing Program which focuses on functional competencies and more importantly, accurate interpretations and applications of Federal laws, regulations and policies.

## Wage

We are an operational team hyper-focused on compensation for appropriated and nonappropriated fund personnel in accordance with section 5343 of title 5, United States Code and part 532 of title 5, Code of Federal Regulations. We conduct local prevailing rate wage surveys to set the pay for all Federal blue-collar employees as well as DoD educators, civilian mariners, power generation employees, health care professionals, foreign national pay programs, and special rates programs. Additionally, we provide technical support to OPM, Federal Prevailing Rate Advisory Committee (FPRAC), Foreign National Programs, DoD Components, DCPAS Leadership, and civilian Federal agencies.

## NAF Personnel Policy

We are the only DoD-level office that develops and administers DoD-wide NAF HR personnel policies and programs. We provide advisory services to officials within and outside of DoD. We administer the DoD NAF portability of benefits policy for employee moves between NAF and APF positions or between APF and NAF positions. Additionally, we administer the NAF Health Benefits Program, which includes a self-insured medical benefits plan, a self-insured dental plan, and a stand-alone dental plan managed by a third party administrator - for more than 80,000 employees, retirees and dependents. The Secretary of Defense has broad administrative authority over most NAF personnel policy, in contrast with the APF benefits programs which are administered by OPM.

**NOTE:** "DoD Totals" appropriated fund population numbers throughout this report reflect data as of the date the data was pulled from the Corporate Management Information System (CMIS). Nonappropriated fund population numbers reflect data as of the date the data was pulled from the Defense Manpower Data Center's Reporting System (DMDCRS).



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# Benefits and Work-Life Programs

## Benefits and Work-Life Programs

The goal of the Benefits and Work-Life Programs Division (BWLPD) is to educate both DoD Human Resources Practitioners and the DoD workforce on the vast assortment of complex benefits and work-life programs that are available. These benefits and work-life programs can assist employees with important decisions that will ultimately affect pre- and post-retirement work-life balance. BWLPD continues to spearhead a comprehensive effort to educate, provide guidance, and encourage the use of benefits and workplace flexibilities and programs that will empower the DoD workforce to effectively accomplish the mission while meeting family needs and responsibilities at home.

BWLPD is comprised of a team of credentialed benefits advisors who are prepared to provide guidance and strategic solutions to support the benefits programs outlined below (not all inclusive):

- Federal Employees Health Benefits (FEHB)
- Federal Employees' Group Life Insurance (FEGLI)
- Federal Employees Dental and Vision Insurance Program (FEDVIP)
- Federal Flexible Spending Account Program (FSAFEDS)
- Federal Long-term Care Insurance (FLTCIP)
- Appropriated Fund Retirement Programs, Systems, and Actions
- Phased Retirement
- Reemployed Annuitants
- Age of Separation
- Thrift Savings Plan (TSP)
- Financial Fitness
- Telework
- Work-Life
- Wellness
- DoD HR Employee Benefits Training and Credentialing
- Injury Compensation Program
- Unemployment Compensation



## Federal Employees Health Benefits (FEHB) Program

The Federal Employees Health Benefits (FEHB) Program provides health care benefits for 8.2 million Federal civilian employees, annuitants and their families, and certain Tribal employees and their families. It is the most diverse employer sponsored health benefits program in the country, offering the widest selection of health plan choices.

In 2021, there were 276 plan options, although the actual number of options available to each employee is dependent upon their geographical location. Employees are encouraged to use the OPM Plan Comparison Tool at <https://www.opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans/> for the list of plans available by location. As of 2016, there are three enrollment types available with each plan option: Self Only, Self Plus One, and Self and Family.

As of December 2021, there are 778,377 DoD employees eligible for FEHB. Sixty-three percent of the eligible population are enrolled. Of the enrolled population, 36 percent are enrolled in Self Only; 15 percent in Self Plus One; and 49 percent in Self and Family.

OPM administers the FEHB Program government-wide and sets the premium rates each year. While total premiums may differ from year to year, the government contribution is always the lesser of: (1) 72 percent of the program-wide weighted average of premiums in effect each year as determined by OPM, or (2) 75 percent of the total premium for the particular plan an enrollee selects.<sup>1</sup>

### Participation and Employer Contribution Rates - FEHB vs Nonfederal plans

For most employees, the government contribution to plan premiums is competitive. The chart on the next page shows a comparison of employer contribution, access, participation, and take-up rates in the private industry, and state and local government versus the Federal Government.<sup>2</sup>

Ninety-nine percent of our employees have access to Federal employer sponsored FEHB, compared to private sector, and state and local government health benefits, where employees with access to employer sponsored health benefits is 70 percent and 89 percent respectively.

Although more DoD employees have access to employer sponsored health benefits, we have a lower take-up rate. The percentage of eligible DoD employees who enrolled in FEHB (63 percent) is lower than the percentage of eligible private sector, and state and local government employees who enrolled in their employer sponsored plan(s), 67 percent and 76 percent respectively.<sup>3</sup> This difference could be attributable to access to non-FEHB health benefits, such as TRICARE or coverage under a spouse's private insurance.

<sup>1</sup>U.S. Office of Personnel Management, Healthcare & Insurance, *Cost of Insurance*, <https://www.opm.gov/healthcare-insurance/healthcare/reference-materials/reference/cost-of-insurance/>, (accessed December 2021).

<sup>2</sup>U.S. Bureau of Labor Statistics, News Release USDL-21-1690, *Employee Benefits in the United States - March 2021*, <https://www.bls.gov/news.release/pdf/ebs2.pdf>, (accessed January 2022).

<sup>3</sup>Take-up rate—calculated from the unrounded percentage of workers with access to a plan and who participate in the plan.

**NOTE:** *The Private Industry and State & Local Government data is from the BLS report. DoD data is from CMIS and the FEHB contribution split published by OPM.*

## FEHB (cont.)

	Private Industry	State & Local Government	DoD Civilian Employees
Access to Medical Benefits	70%	89%	99%
Participation	47%	67%	63%
Take-up Rate	67%	76%	63%
Share of Premiums Paid by Employer	78%	86%	72%
Share of Premiums Paid by Employee	22%	14%	28%

*\* Premium share is based on single (Self Only) coverage.*

### Major Events and Program Changes

#### *FEHB's Response to COVID-19:*

The Coronavirus (COVID-19) Pandemic continues to affect the healthcare system globally with emerging variants. Cost-sharing and prior authorization requirements for COVID-19 diagnostic and antibody testing remain waived. In addition, all FEHB Carriers cover vaccinations and boosters authorized or approved by the U.S. Food and Drug Administration at no cost to the employee.

#### *Premium Rates:*

OPM reported a 3.6 percent average premium rate increase for non-Postal employees and annuitants in 2021. This is down .4 percent compared to 2020. It is also lower than the 4-10 percent range projected for or reported by other large private and public sector employers.

#### *Significant Plan Changes:*

Each year OPM publishes a Benefits Administration Letter (BAL) announcing significant plan changes in effect the following plan year. BAL 20-403, dated November 2, 2020, announced the changes for 2021. Among these changes are new plan options, plans that terminated options or enrollment codes, and plans that left the FEHB Program<sup>4</sup>. Employees enrolled in a terminating plan or enrollment code, and who failed to elect a new plan, were administratively enrolled in the lowest-cost nationwide plan option for 2021 - GEHA Indemnity Benefit Plan Elevate.

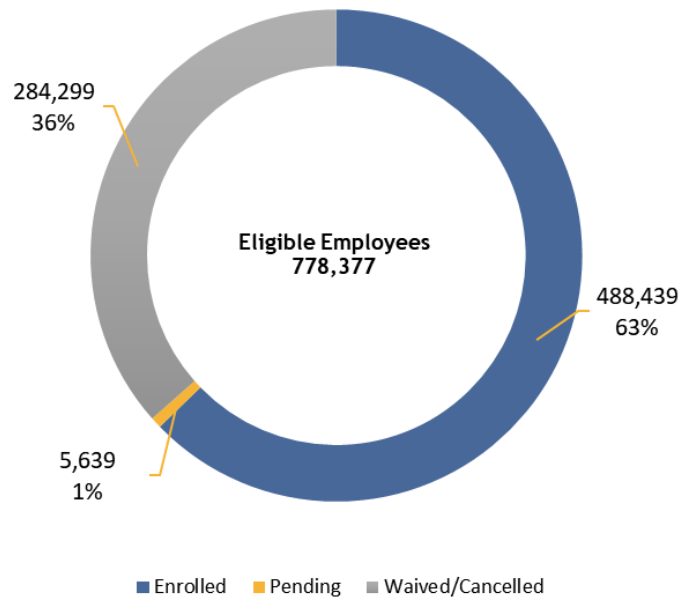
Enrollees in plans leaving the FEHB Program, or terminating enrollment codes effective plan year 2022, must make a positive election during the 2021 open season. Failure to do so will result in administrative enrollment in GEHA Indemnity Benefit Plan Elevate, which is also the lowest-cost nationwide plan option for 2022. As of December 2021, there are 58 DoD civilian employees enrolled in a plan that is either leaving the FEHB Program or reducing service areas and terminating enrollment codes. This represents .01 percent of total DoD enrollments.

<sup>4</sup>U.S. Office of Personnel Management, Attachment 2: FEHB Significant Plan Changes, <https://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2020/20-403a2.pdf>, (accessed December 2021).

# FEHB Enrollment Data Analysis

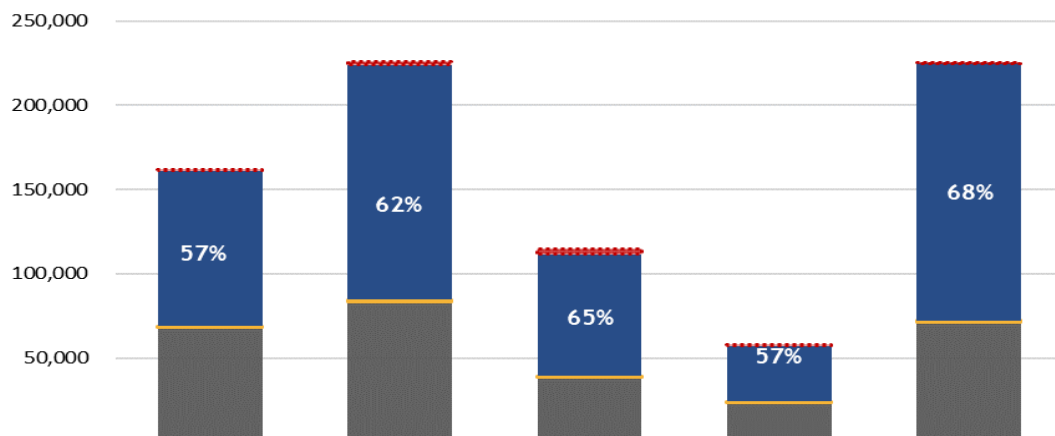
The following data represents a point-in-time snapshot of DoD FEHB enrollments<sup>5</sup> as of December 31, 2021.

## 2021 FEHB Enrolled vs Waived



<sup>5</sup>Source: Corporate Management Information System (CMIS)

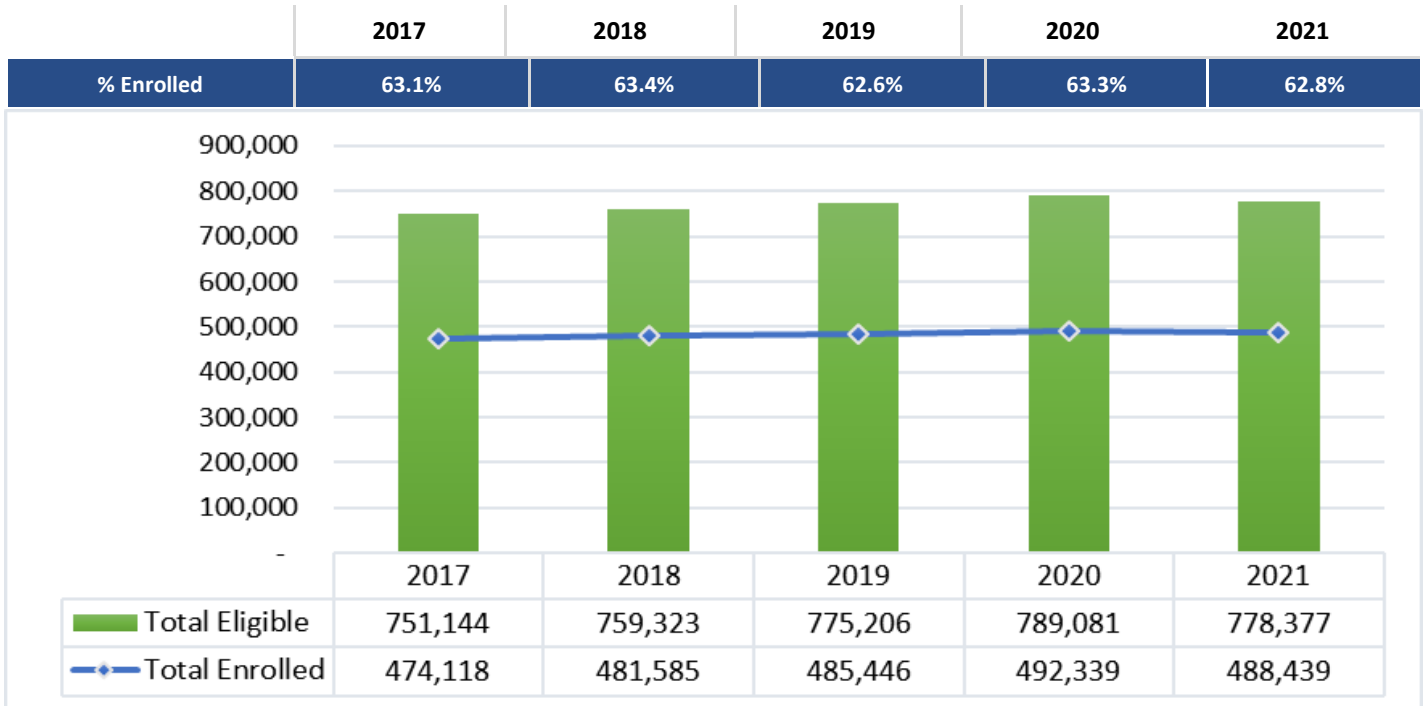
## Enrollments by Component



	Air Force	Army	DOD Agencies	National Guard	Navy
Ineligible	234	1,859	3,271	571	240
Enrolled	92,094	139,007	72,151	32,721	152,466
Pending	1,171	1,550	834	895	1,189
Waived/Cancelled	67,895	83,248	38,582	23,470	71,104

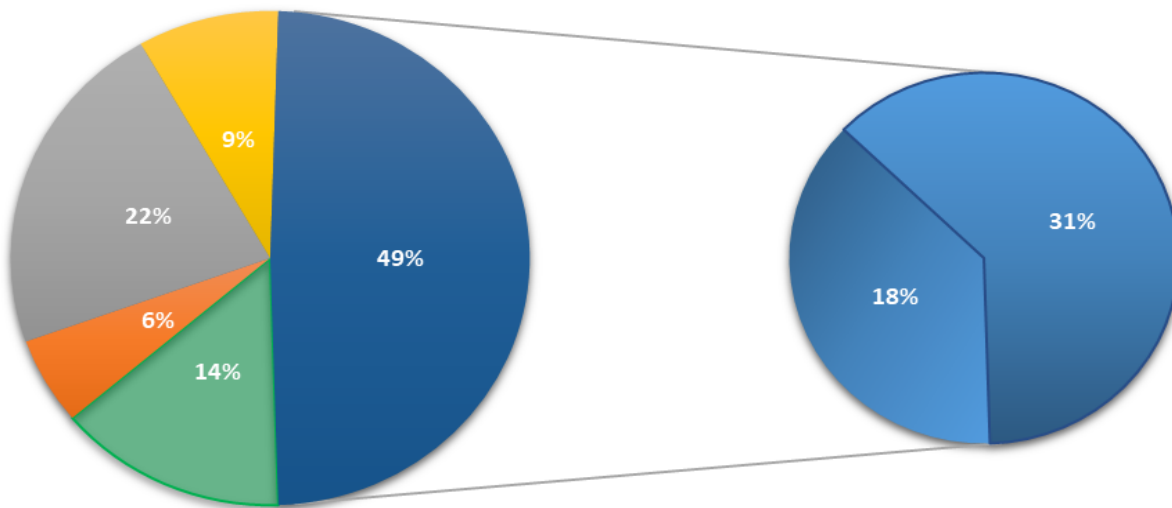
## FEHB Enrollment Data Analysis (cont.)

As reflected below, there are only nominal changes in Total Eligible vs Total Enrolled year over year.



Self and Family is the most elected enrollment type, accounting for 49 percent of enrollments. Self Only elections make up 36 percent of total enrollments and Self Plus One is 15 percent.

### Enrollment Types



- Low Option Self Only (4)
  - Self Only High Option, Or Self Only (1)
  - Low Option Self & Family (5)
- Low Option Self Plus One (6)
  - Self Plus One High Option, Or Self Plus One (3)
  - Self & Family High Option, Or Self & Family (2)

## FEHB Enrollment Data Analysis (cont.)

### 2021 Top Five Plans Agency-wide

The following chart reflects the top five plans by total enrolled.

<b>Blue Cross Blue Shield Service Benefit Plan</b>	203,196
<b>Blue Cross And Blue Shield</b>	111,403
<b>GEHA Benefit Plan</b>	36,210
<b>Blue Cross Blue Shield Service Benefit Plan FEP Blue Focus</b>	17,995
<b>Kaiser Permanente - Southern California</b>	11,727
<b>Total</b>	<b>380,531</b>
<b>Percent Of Total Enrollments</b>	<b>78%</b>

## Federal Employees' Group Life Insurance (FEGLI)

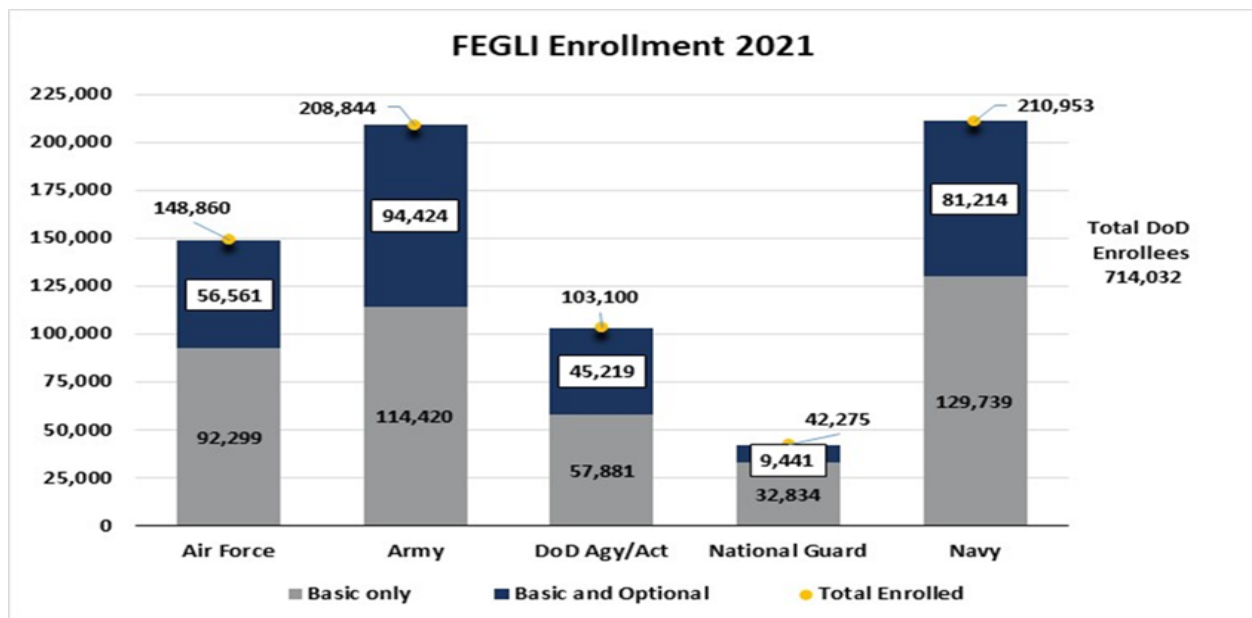
Federal Employees' Group Life Insurance (FEGLI) is the largest group life insurance program in the world with over 4 million enrollees. OPM administers the program, while Metropolitan Life Insurance Company (MetLife) provides the life insurance. The program offers term life insurance to eligible Federal Government employees. Elections to enroll are limited to the first 60 days of employment. Otherwise, employees have other options to enroll such as: Qualifying Life Events (QLE), a Request for Insurance (SF-2822) submitted a year after the effective date of a signed waiver, or during a rare FEGLI Open Season.

FEGLI consists of Basic and Optional tiers of insurance that allow employees to acquire additional insurance for themselves and their dependents. The Basic insurance cost is shared by the Federal Government; employees pay two-thirds of the premium total cost. Age does not affect the cost of the Basic insurance. However, optional and dependent insurance premiums are based on the employee's current age. Employee age category increases occur every five years, raising FEGLI premiums. Employees can reduce or cancel FEGLI coverage anytime.

Employees must be enrolled five years prior to retirement in order to continue their elected coverage into retirement. They can elect to have full coverage or various reductions in Basic and Optional coverage effective in retirement.

Over 714,000 DoD employees are enrolled in FEGLI. The data outlined on the next few pages provide a snapshot of the Department's overall enrollment status as of December 2021. The various choices for optional insurance available to employees are combined into one column. The total number of employees enrolled and/or waiving life insurance coverage are provided for 2020-2021 comparison purposes.

OPM issued BAL 21-204: Announcing New FEGLI Premiums. Starting October 1, 2021, premium rates increased for employee Basic Insurance, annuitants with Basic Insurance at 50 percent Reduction and No Reduction, and for Options B and C older age bands. Most premium rates decreased for Option A, B, and C. Agencies can review BAL 21-203: FEGLI Forms Processing During Disruption of Agency Operations to assist in processing FEGLI actions during the current disruption to normal agency operations.



## FEGLI (cont.)

2020 FEGLI DATA				
Component	Total Employees	Employees not Eligible		Employees Eligible to Enroll
		Coverage not Offered	12 Months in LWOP	
Air Force	161,240	659	193	160,388
Army	232,673	3,532	1,288	227,853
DoD Agencies	114,255	5,264	100	108,891
National Guard	59,684	5,470	2,308	51,906
Navy	228,346	652	579	227,115
<b>Total</b>	<b>796,198</b>	<b>15,577</b>	<b>4,468</b>	<b>776,153*</b>

\* The total number of employees eligible to enroll in FEGLI is represented by subtracting employees ineligible by law or regulation (listed as “Coverage not Offered”) and the number of employees excluded by being in a non-pay status for 12 months. The remaining result is 776,153 employees. *Data is reflected as of December 31, 2020.*

2020 FEGLI DATA						
Component Employees	Total of Employees Eligible to Enroll	Enrolled Basic Only	Optional Insurance	Percent Enrolled	Percent Waived	Percent Waived
Air Force	160,388	90,120	58,284	92.5%	11,983	7.5%
Army	227,853	114,979	99,923	94.3%	12,949	5.7%
DoD Agencies	108,891	56,041	45,513	93.3%	7,333	6.7%
National Guard	51,906	33,051	10,320	83.6%	8,535	16.4%
Navy	227,115	128,822	85,065	94.2%	13,229	5.8%
<b>Total</b>	<b>776,153</b>	<b>423,013</b>	<b>299,105</b>	<b>93%</b>	<b>54,029</b>	<b>7%</b>

*Note: In 2020, 93 percent of the eligible DoD population were enrolled in the FEGLI program, with seven percent waiving coverage. Data is reflected as of December 31, 2020.*

## FEGLI (cont.)

2021 FEGLI DATA				
Component	Total Employees	Employees not Eligible		Employees Eligible to Enroll
		Coverage not Offered	12 Months in LWOP	
Air Force	161,394	528	131	160,735
Army	225,664	3,147	1,193	221,324
DoD Agencies	114,838	4,384	156	110,298
National Guard	57,657	4,051	3,306	50,300
Navy	224,999	420	690	223,889
<b>Total</b>	<b>784,552</b>	<b>12,530</b>	<b>5,476</b>	<b>766,546*</b>

\* The total number of employees eligible to enroll in FEGLI is represented by subtracting employees ineligible by law or regulation (listed as “Coverage not Offered”) and the number of employees excluded by being in a non-pay status for 12 months. The remaining result is 766,546 employees eligible to enroll in FEGLI coverage. *Data is reflected as of December 31, 2021.*

2021 FEGLI DATA						
Component	Total number of Employees Eligible to Enroll	Enrolled Basic Only	Optional Insurance	Percent of Eligible Enrolled	Waived	Percent Waived
Air Force	160,735	92,299	56,561	92.6%	11,872	7.4%
Army	221,324	114,420	94,424	94.4%	12,477	5.6%
DoD Agencies	110,298	57,881	45,219	93.5%	7,198	6.5%
National Guard	50,300	32,834	9,441	84%	8,024	16%
Navy	223,889	129,739	81,214	94.2%	12,935	5.8%
<b>Total</b>	<b>766,546</b>	<b>427,173</b>	<b>286,859</b>	<b>93.1%</b>	<b>52,506</b>	<b>6.8%</b>

**Note:** In 2021, 93.1 percent of the eligible DoD population were enrolled in the FEGLI program, with 6.8 percent waiving coverage. *Data is reflected as of December 31, 2021.*



## FEGLI End of Year Summary

	Employees Eligible to Enroll	Enrolled in Basic Only	Employees enrolled in Optional Insurance	Percent Enrolled	Waived	Percent Waived
<b>Total as of 12/31/2020</b>	776,153	423,013	299,105	93%	54,029	7%
<b>Total as of 12/31/2021</b>	766,546	427,173	286,859	93.1%	52,506	6.8%
<b>Change</b>	(9,607)	4,160	(12,246)	0.1%	(1,523)	(0.2%)

The comparison of 2020 to 2021 FEGLI data shows that the percent of employees enrolled in Optional Insurance decreased by 12.2 percent and the number of employees waiving coverage decreased by 1,523.

*Note: The review and analysis presented in this report captures data as of December 2021.*

## 2021 Appropriated Fund Retirement System Status

This section discusses the number of DoD employees<sup>6</sup> who are covered under the major Title 5 retirement systems (that is, CSRS and FERS), those who are covered under other retirement systems (FSPS and FSRDS), and finally, those employees who lack retirement coverage entirely (FICA, “none,” “other,” and “(blank)”) as of the end of 2020.

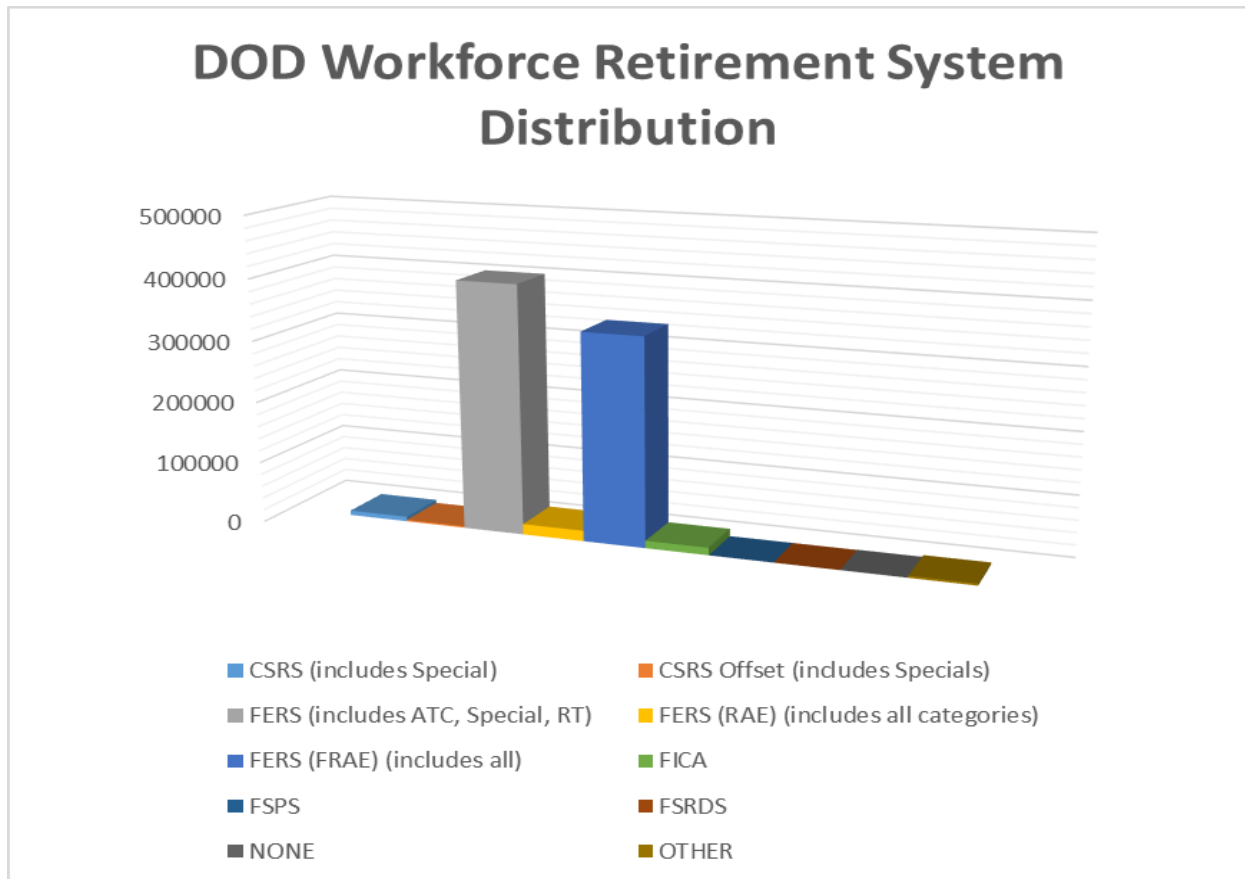
The Civil Service Retirement System (CSRS) is a “closed” retirement system (that is, it is not open to new employees hired on or after January 1, 1984). Even with retirement system coverage errors, the number of CSRS employees is steadily decreasing; as of the end of 2021, the number of CSRS employees remaining in DoD totaled 7,600 (an approximate 35 percent decrease from last year’s employee census), which is consistent with federal workforce retirement predictions (the youngest CSRS employees can legally be, are 53 years old, while the oldest CSRS employee is aged around 95 years old). CSRS-Offset is an offshoot of CSRS; while CSRS employees do not pay into Social Security (i.e. FICA taxes), CSRS-Offset employees pay both into the CSRS retirement fund, and also into Social Security. Like CSRS, CSRS-Offset is a “closed” system (it is not open to new employees hired on or after January 1, 1987, who have less than five years of CSRS service). Even with retirement system coverage errors, the number of CSRS-Offset employees is steadily decreasing; as of the end of 2021, the number of CSRS-Offset employees totaled 2,385 (an approximately 26.7 percent decrease from 2020), which is consistent with federal workforce retirement predictions (the youngest CSRS-Offset employee can legally be, are 58 years old, while the oldest CSRS-Offset employee is 88 years old).

The Federal Employees Retirement System (FERS), like CSRS and CSRS-Offset, is a “closed” retirement system; it is not open to new employees hired on or after January 1, 2013. Even with retirement system contribution errors (that is, where an employee should properly be placed in a FERS offshoot, rather than FERS), the number of FERS employees remains steadily consistent. As of the end of fourth quarter 2021, the number of FERS employees within DoD decreased by eight percent to 403,907 (the youngest a FERS employee can legally be, is 24 years old; the oldest FERS employee is 92 years old). As such, FERS employees continue to make up the bulk of the DoD workforce under the appropriated fund systems. FERS-Revised Annuity Employee (FERS-RAE) and FERS-Further Revised Annuity Employee (FERS-FRAE) are both offshoots of the FERS retirement fund. FERS-RAE coverage applies to employees who either were first hired between January 1, 2013, and December 31, 2013, or had less than five years of FERS service upon returning to federal service between January 1, 2013, and December 31, 2013. FERS-FRAE coverage applies to employees who first hired on or after January 1, 2014, or had less than five years of FERS service upon returning to federal service on or after January 1, 2014. The key difference between FERS and FERS-RAE and FERS-FRAE is that annuity computations changed for some classes of employees (such as Congressional Members and legislative branch staff), and that retirement fund contributions significantly increased for all employees. (It should be noted that these are the contributions made to the Retirement Fund, not the TSP.) While FERS-RAE is a “closed” system (no new employees can be placed into FERS-RAE) and is not growing, FERS-FRAE is an “open” retirement system and is steadily expanding. Within the FERS portfolio, FERS employees number 403,907, FERS-RAE employees number 17,284 (a seven percent decrease from last year’s employee census), and FERS-FRAE employees number 336,654 (an 8.8 percent increase from last year’s employee census). Given present hiring and separation rates, it can be projected that FERS-FRAE employees will meet and exceed the number of FERS employees by 2025.

<sup>6</sup> The data from which this information was derived only covers “regular” DoD employees. That is, Senior Executive Service (SES) and political appointees/Schedule C employees are not included in the data. In addition, employees who were hired on or after the first of the calendar year, but separated prior to the end of the calendar year are also not captured.

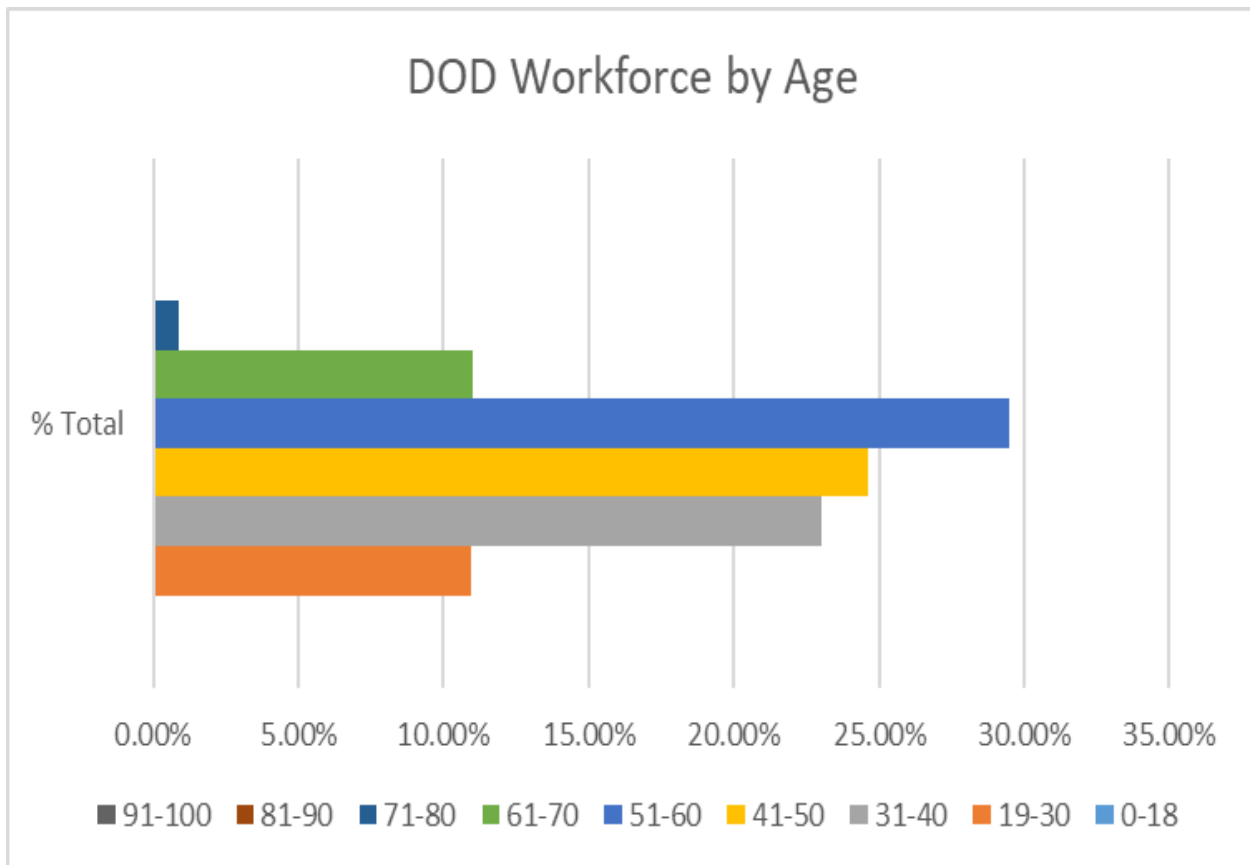
## 2021 Appropriated Fund Retirement System Status (cont.)

While the total number of employees assigned to a Title 5 appropriated retirement system from 2020 to 2021 fell by 1.6 percent, the total number of employees not assigned to a Title 5 appropriated retirement system (those hired under temporary appointments not subject to retirement coverage), also decreased by approximately 17.5 percent.



## Workforce Age Groups by Retirement System Across DoD

As the chart below shows, nearly a third of DoD's workforce is retirement eligible as of the end of 2021, with nearly another 25 percent becoming eligible within the next five years.



## Workforce Age Groups by Retirement System Across DoD (cont.)

The table below displays the distribution of employees by age, across retirement system coverages. (It should be noted that FICA is not a retirement system; it only denotes paying into Social Security. Likewise, the Foreign Service Pension System (FSPS) and Foreign Service Retirement and Disability System (FSRDS)<sup>7</sup> are not Title 5 retirement systems, but they continue coverage to provide employees with career mobility and flexibility while maintaining retirement benefits.)

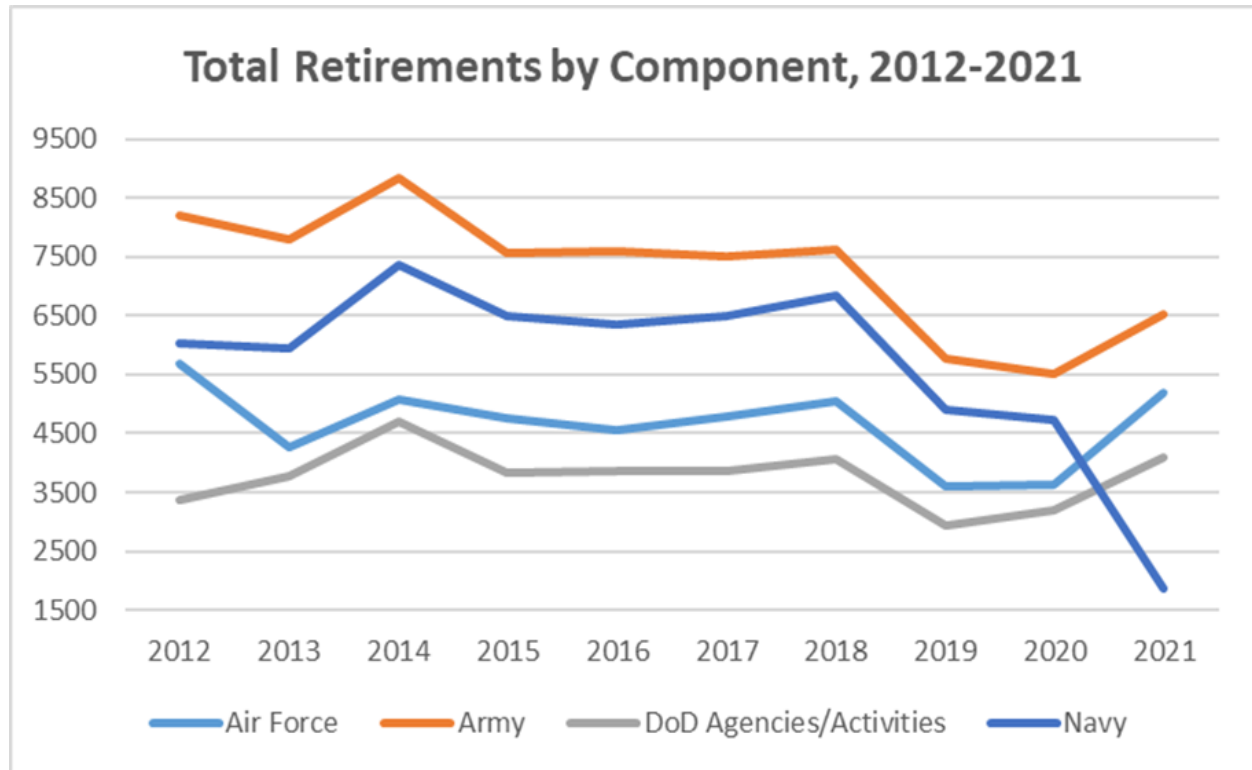
As the table shows, CSRS and CSRS-Offset coverages continue to decline (with the exception of retirement system coverage errors<sup>8</sup>, as noted in the preceding sections), while the FERS and FERS offshoots (FERS-RAE and FERS-FRAE) continue to grow.

Age Range	CSRS	CSRS Offset	FERS	FERS RAE	FERS FRAE	FICA	FSPS	FSRDS	NONE	OTHER
0-18	0	0	0	0	111	50	0	0	0	0
19-30	1	0	1,354	718	79,311	4,262	0	0	9	134
31-40	2	0	62,607	6,188	108,364	2,424	2	1	27	802
41-50	2	2	104,874	4,819	80,738	1,546	0	2	64	980
51-60	1,342	628	166,464	4,422	55,865	1,248	0	0	110	977
61-70	5,059	1,518	64,455	1,083	11,751	1,906	0	0	108	355
71-80	1,114	225	4,014	52	500	700	0	0	73	41
81-90	78	12	138	2	14	42	0	0	4	3
91-100	2	0	1	0	0	0	0	0	2	0

<sup>7</sup>FSPS and FSRDS are peripheral to our investigation of DoD workforce age group and retirement system distribution inquiries. FSPS and FSRDS are administered and maintained by the Department of State; any queries concerning these systems should be directed to the Department of State.

<sup>8</sup>A retirement system coverage error is deemed to have occurred when the age range does not match the (implicit) permissible age ranges. Under CSRS, the youngest employees are 54 years of age; CSRS-Offset: 59 years of age; FERS: 24 years of age; and FERS (RAE): 23 years of age, as of 2021. Thus, any employees whose ages are less than these stated cut-offs are presumed to be in the wrong retirement system and are subject to the wrong deduction rates. They are potentially owed relief and may be subject to an overpayment(s).

## Retirement Actions



As can be discerned from examining the chart above, retirements actually increased across the majority of DoD Components in 2021<sup>9</sup>. The Department of the Navy was the sole outlier; its total retirements actually decreased by approximately 61 percent from the year prior. Again, it is still too early to determine what the cause in the decreased retirements is, but it is worth noting that the overall retirement trend within DoD is trending upward by an average of 22.6 percent, if the Department of Navy's data is excluded. If the Department of Navy's data is included, the upward trend continues, but at a reduced 3.45 percent instead.

DoD is able to boast the widest variety of employees by retirement type within the federal government, as the tables above and on the next page demonstrate. Mandatory retirements (also known as Discontinued Service Retirements, or DSRs) are for certain types of employees, such as Air Traffic Controllers (ATCs), Law Enforcement Officers (LEOs), and Firefighters (FF). Because of the demanding nature of these particular vocations, certain retirement considerations (not otherwise available) exist for these employees, namely: the ability to retire at age 50, with 20 years of service, or at any age, with 25 years of service. These employees cannot work past age 56 (for ATCs) or age 57 (for LEOs and FFs) because of the strenuous physical nature of their jobs. The table below shows that while the number of mandatory retirements may have peaked in 2012, and again in 2016, mandatory retirements continue at a steady rate. In order to maintain warfighter readiness, the DoD will have to continually recruit for these physically vigorous and stressful positions to make up for losses projected due to retirement and/or separation.

<sup>9</sup>The National Guard's figures were excluded from this chart because its data is not statistically significant; total National Guard retirements comprised less than two percent of all DoD retirements.

## Retirement Actions (cont.)

The wide variety of DoD occupations can also expose its civilian workforce to disabling medical conditions. Apart from 2016 and 2017, the rate of disability retirements has remained generally steady; 2016 and 2017 are statistically significant outliers and do not reflect any lessening of physical and mental safety standards in the DoD's workplace.<sup>10</sup>

Voluntary (that is, immediate optional) retirements as well as voluntary retirements in lieu of involuntary action (also known as ILIA) remain at statistically consistent rates.

Retirement Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Mandatory Ret./DSRs</b>	84	60	55	54	70	57	47	42	60	84
<b>Disability Retirements</b>	1,187	1,101	1,254	1,319	810	611	1,127	956	923	781
<b>Voluntary Retirements</b>	20,692	19,717	23,721	20,863	21,204	21,726	22,337	16,196	16,134	16,869
<b>Early Outs</b>	1,737	1,101	1,084	517	464	333	280	229	194	192
<b>Vol. Ret. In lieu of/DSR</b>	479	410	431	444	364	524	277	216	199	184
<b>Phased Retirements</b>	0	0	0	0	0	0	0	0	0	4
<b>Totals</b>	<b>24,179</b>	<b>22,389</b>	<b>26,545</b>	<b>23,197</b>	<b>22,912</b>	<b>23,251</b>	<b>24,068</b>	<b>17,639</b>	<b>17,510</b>	<b>18,114</b>

### Percentage Breakdown of Retirement Types by Year

Retirement Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Mandatory Ret./ DSRs</b>	0.35%	0.27%	0.21%	0.23%	0.31%	0.25%	0.20%	0.24%	0.34%	0.46%
<b>Disability Retirements</b>	4.91%	4.92%	4.72%	5.69%	3.54%	2.63%	4.68%	5.42%	5.27%	4.31%
<b>Voluntary Retirements</b>	85.58%	88.07%	89.36%	89.94%	92.55%	93.44%	92.81%	91.82%	92.14%	93.13%
<b>Early Outs</b>	7.18%	4.92%	4.08%	2.23%	2.03%	1.43%	1.16%	1.30%	1.11%	1.06%
<b>Vol. Ret. In lieu of/ DSR</b>	1.98%	1.83%	1.62%	1.91%	1.59%	2.25%	1.15%	1.22%	1.14%	1.02%
<b>Phased Retirements</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.02%

<sup>10</sup>The numbers are solely attributable to OPM's Disability Approval section staffing issues in 2016 and 2017. OPM's staffing issues have since been resolved and should no longer negatively impact the DoD workforce.

## Thrift Savings Plan (TSP)

The TSP is a 403(a) retirement plan for Federal employees and members of the Uniformed Services, which was established by Congress in the Federal Employees' Retirement System Act of 1986 and offers the same types of savings and tax benefits such as tax deferments that many private companies offer their employees under 401(k) plans.

The purpose of the TSP is to give Federal employees and members of the Uniformed Services the ability to participate in a long-term savings and investment plan for their retirement.

The TSP is administrated by The Federal Retirement Thrift Investment Board (FRTIB). Per FRTIB, as of February 2021, TSP has approximately 6.2 million participants and average account balance of \$115,965; it is the largest defined contribution plan in the world.

### TSP Changes In 2021

**2022 TSP Contribution Limits (December 9, 2021)** - The Internal Revenue Service (IRS) announced the contribution limits for 2022. These limits define the contributions that can be made to individual TSP accounts for the calendar year.

Limit Name	IRC	2022 Limit	2021 Limit
Elective Deferral Limit	§ 402(G)	\$20,500	\$19,500
Catch-up Contribution Limit	§ 414(V)	\$6,500	\$6,500
Annual Additions Limit	§ 415(C)	\$61,000	\$58,000

**Agency/Service Pre-Transition Requirements (December 7, 2021)** - This bulletin series reinforced critical actions required to send data to the new location at the time of cutover to the new record keeper "Converge Program", as well as share new information regarding transition activities. Agencies or services with a secure, direct connection to the TSP recordkeeping system were required to sign and submit their Interconnection Security Agreement (ISA) by January 31, 2022.

**Agency/Service Pre-Transition Requirements (September 10, 2021)** - Critical actions required to send data to the new location include:

- Sign and submit Memorandum of Understanding (MOU) no later than October 1, 2021.
- If applicable, sign and submit Interconnection Security Agreement (ISA) no later than November 15, 2021.
- Participate in testing between September 2021 - March 2022 to ensure files can be sent to the new system.
- Participate in training, processes, and systems readiness reviews between January - May 2022.



## 2021 TSP Contribution Rates by Age Group

### 2021 Contribution Rates by Age Group

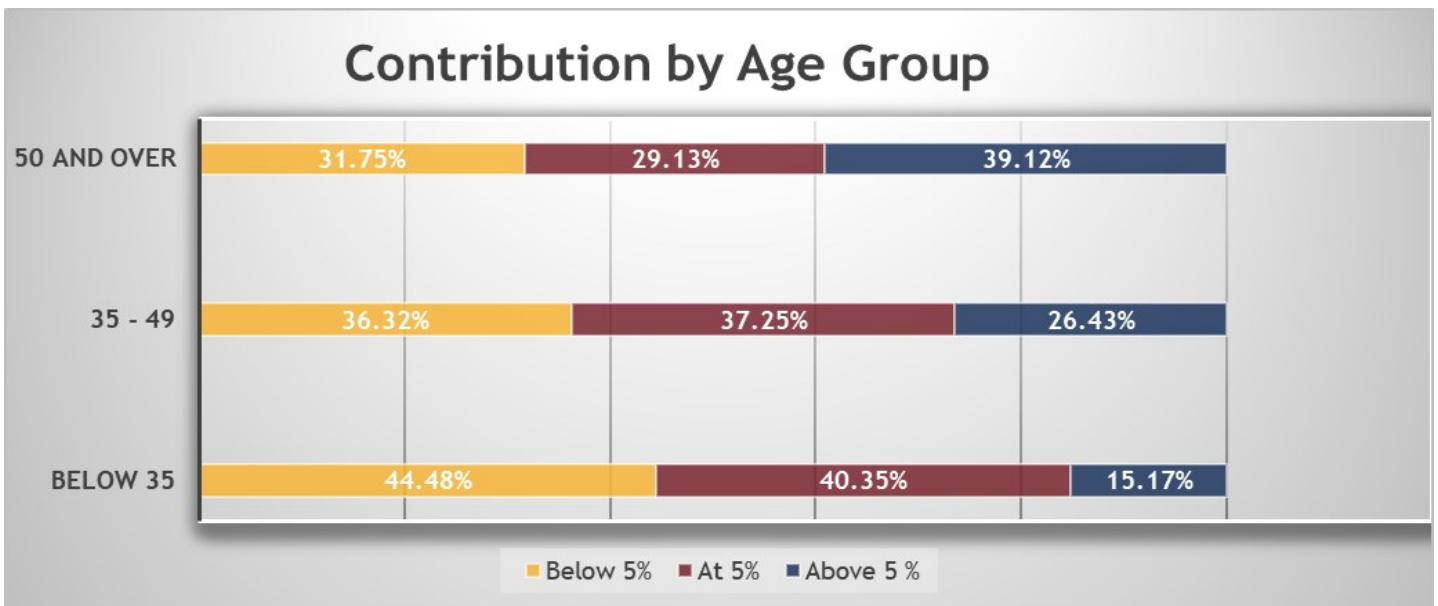
FERS covered employees received a match up to five percent of basic pay on all contributions up to the annual TSP elective deferral limit of \$19,500 (2021). TSP participants age 50 and over, who met the annual deferral limit, may have elected to contribute an additional \$6,500 (catch-up contribution). Effective January 2021, there is no need to submit the separate form to contribute catch-up contributions under the spillover method.

The chart below shows a contribution comparison between the age groups of “Below age 35”, “Age 35-49” and “Age 50 and older”, that contributed to TSP in 2021.

DoD Civilian TSP Contribution Level by Age Group: 2021			
Age Group	Below 35	35 - 49	50 and Over
Contribution			
Below 5%	44.48%	36.32%	31.75%
At 5%	40.35%	37.25%	29.13%
Above 5 %	15.17%	26.43%	39.12%

\* Each column represents the percentage that DoD civilians contributed to TSP, but does not include civilians who contributed a dollar amount. Approximately 87 percent of DoD TSP participants contributed to TSP a percentage of their salary as opposed to a specific dollar amount.

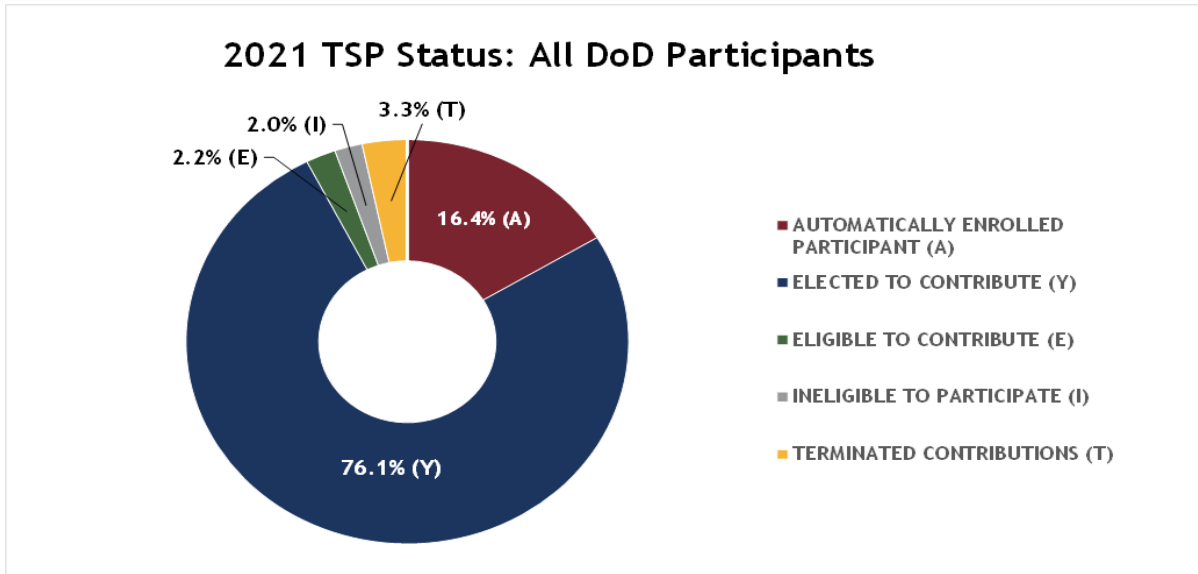
\*\* **Red** denotes the TSP contribution level that had the highest percentage by age group for 2021.



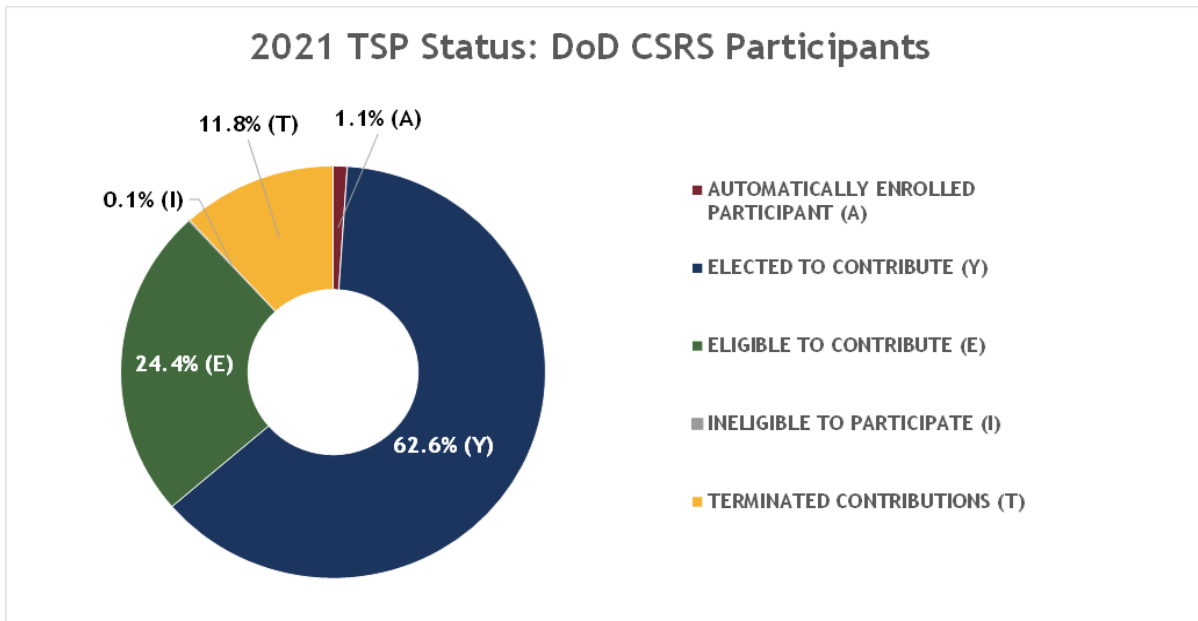
In 2021, the group of employees below 35 age contributed the most in “Below 5%”. The highest percentage of contribution level for group of employees between age 35 and 49 in 2021 was “At 5%”. Civilians aged 50 and over represented the largest population group of employees who contributed more than five percent of their salaries in 2021.

## 2021 TSP Contribution Status for DoD Civilians

As of December 31, 2021, 784,232 DoD civilian employees participated in TSP. Each civilian employee that participated in TSP has a TSP Status that details the person's contribution status (level of participation) within the program.

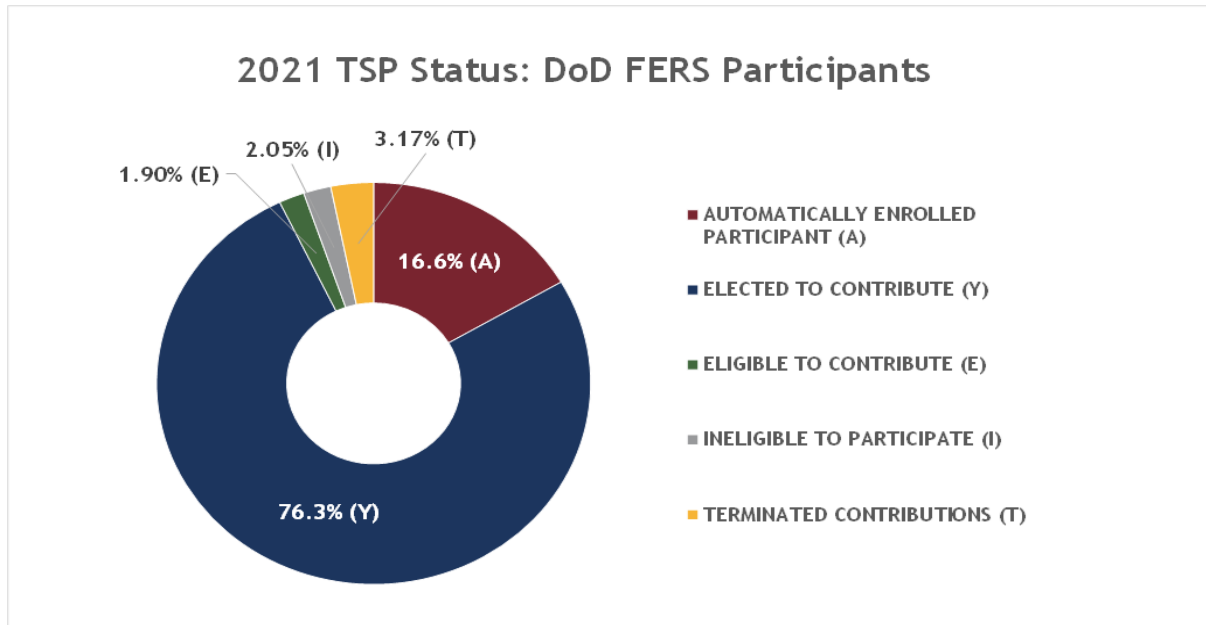


The above chart illustrates 92.5 percent of the DoD TSP population who were either automatically enrolled or elected to contribute. This represents a percentage point increase of 1.2 percent compared to the previous year 2020.

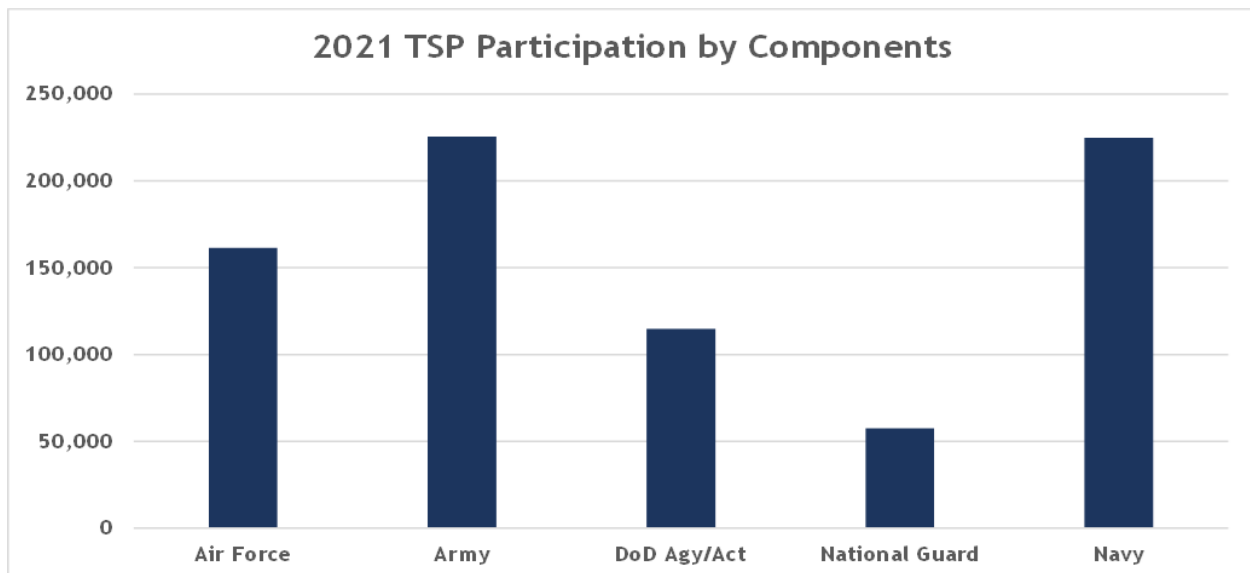


The above chart illustrates 87 percent of DoD CSRS employees who were eligible to contribute, but only 62.6 percent of CSRS employees elected to participate, which was very similar to 2020.

## 2021 TSP Contribution Status for DoD Civilians (cont.)



The above chart illustrates 92.9 percent of DoD FERS employees who were actively contributing to their TSP accounts via automatic enrollment or election. This represents a percentage decrease of 1.1 percent compared to 2020, which is unusual since there had been a steady percentage increase in the number of FERS employees who elected to contribute to TSP in the last few years. Under the TSP Enhancement Act of 2009, the increase of automatic contribution percentages from three percent to five percent for new or newly hired employees has helped a steady percentage increase of contributions. FERS-RAE and FERS-FRAE represents about 45 percent of the FERS TSP population.



The above chart illustrates the number of employees who participated in TSP by Component in 2021. Army and Navy civilian employees remained the top two contributors amongst all.

## Financial Fitness

Post COVID-19 continues to change consumers' behaviors, creating new expectations and a new normal. More consumers prefer to use mobile apps to interact with retirement systems or financial systems if available. There is no need to go to the bank to deposit checks or withdraw money. All can be done in a few clicks on a mobile device. The new expectations for customers' interactions with the systems are to be managed without a human's touch. Some are willing to use virtual reality if it could help them better manage their retirement savings.

The Federal Retirement Thrift Investment Board (FRTIB) acknowledged this trend and awarded a new recordkeeping contract to Accenture Federal Services in November 2020. The work under this contract is branded Converge. With Converge, TSP participants and beneficiaries will have more control over how they prepare for retirement through a modernized and digital experience. Converge provides more self-service options to align with increasingly digital-savvy participants and beneficiaries. New functions include live chat, secure messaging, interactive voice response, website, mobile app, and more.

OPM also provides a listing of financial literacy resources that provide external links as financial planning tools for new, mid-career, pre and post retirement phases of Federal employees.

(<https://www.opm.gov/retirement-services/benefits-officers-center/#url=Financial-Literacy>)

DoD Components and Agency Benefit Officers have vital roles to provide relevant and useful financial information, resources, and tools to their employees whenever readily accessible, especially in the times of post pandemic.

Best practices that help in developing a retirement financial literacy education plan are:

- \* Provide a robust budget guidance to reflect constantly changing income and expenses.
- \* Provide up-to-date temporary updates or changes.
- \* Offer information and promote awareness on various benefits programs to include TSP, Social Security, Medicare, FEHB, FEGLI, FLTCIP, and Survivor Benefits.
- \* Provide retirement readiness information to employees at a minimum of the three career points: new employee, mid-career, and pre-retirement.
- \* Provide at least annual reminders to employees to review personnel records and retirement plan.
- \* Utilize a mixed use of media and resources to disseminate information to employees.
- \* Provide a self-service benefits platform such as a Government Retirement and Benefits (GRB) platform training information to employees.
- \* Ensure financial education activities are informational and educational and do not provide specific financial investment advice.

Defense Civilian Personnel Advisory Service (DCPAS) will continue to work with DoD Components to establish the expected procedures and guidelines. In accordance with OPM's guidelines, DCPAS will develop or distribute relevant and useful retirement financial literacy education materials periodically and ensure consistency across DoD Components and agencies.

Employees also play a critical role to become financially fit along with the best retirement financial literacy program. Employees are encouraged to attend available financial education workshops, webinars, or digital classes that their agencies offer. Employee participation using the tools and resources that an Agency provides determines the success of the plan. Employees must stay tuned with available information regarding their benefits and take responsibility to make sound decisions that affect their retirement.

## 2021 HR Significant Benefits Updates

OPM has Government-wide responsibility and oversight for Federal benefits administration. The Benefits Administration Letters (BALs) and important benefits information that are captured below provide guidance to the Human Resources community.

DATE	EVENT
January 12, 2021	<p><b>BAL 21-801 New Third-Party Administrator and Billing Requirements for the Flexible Spending Account Program (FSAFEDS) Effective January 1, 2021</b></p> <p>The purpose of this notice is to inform agencies that OPM has selected Health Equity to administer the Federal Flexible Spending Account Program (FSAFEDS). The effective of the contract was July 1, 2021.</p>
January 13, 2021	<p><b>BAL 21-104 Additional Guidance Regarding Certification of Service Performed as Law Enforcement Officer, Firefighter, Nuclear Materials Courier, Customs and Border Protection Officer (535 Service), or Air Traffic Controller</b></p> <p>The purpose of this notification is to inform agencies that form RI 20-124 is required to certify employee's service in one of the special categories: LEO, FF, Nuclear Courier (NMC), Customs and Border Protection Officer (535 Service)(CBPO) and ATC.</p>
February 2021	<p><b>BAL 21-103 2021 Annual Changes</b></p> <p>This BAL contains the updated information that contains the annual changes, such as interest rate and cost-of-living adjustments for 2021.</p>
April 29, 2021	<p><b>BAL 21-102 The American Rescue Plan Act of 2021 – Emergency Paid Leave Effect on Retirement</b></p> <p>The American Rescue Plan Act of 2021 (ARP), Public Law 117-2, was signed into law on March 11, 2021. Sections 4001, 7103, 7104, and 8008 of the Act establish a new category of paid leave for certain Federal employees based on COVID-19 related qualifying conditions.</p>

## 2021 HR Significant Benefits Updates (cont.)

DATE	EVENT
April 2021	<p><b>BAL 21-305 Instructions for Agencies' Payments to the Civil Service Retirement and Disability Fund for Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments</b></p> <p>Notice advises that processing cost payments of the Civil Service Retirement and Disability Fund (CSRDF) for Voluntary Early Retirement Authority (VERA) retirement and retirements with a Voluntary Separation Incentive Payment (VSIP) are to continue under the Consolidated Appropriations Act, 2020.</p>
April 2021	<p><b>BAL 21-303 COVID-19 Emergency Paid Leave Reimbursement</b></p> <p>This letter informs agencies how they may seek reimbursements for emergency leave payments as described in Section 4001 of the American Rescue Plan Act of 2021 (Public Law 117-2), which was enacted on March 11, 2021.</p>
May 20, 2021	<p><b>BAL 21-802 Flexibilities Allowed for the Federal Flexible Spending Account Program (FSAFEDS) During Plan Year 2020 and 2021</b></p> <p>Notice was issued to provide guidance on the OPM's implementation of flexibilities offered under the Consolidated Appropriations Act (CAA), 2021, Internal Revenue Services (IRS) Notices 2021-15 and 2021-26 and the American Rescue Plan Act (ARP or Act) of 2021.</p>
May 25, 2021	<p><b>BAL 21-203 Federal Employee's Group Life Insurance Program (FEGLI) – Forms Processing During Disruption of Agency Operations</b></p> <p>This notice provides guidance to agencies on alternative methods to certify and process FEGLI forms during the current disruption to normal agency operations.</p>
August 2021	<p><b>BAL 21-304 Changes to Agency Contributions for the Federal Employees Retirement System</b></p> <p>This notice provides the revised normal agency contribution rates for FERS, FERS-RAE and FERS-FRAE commencing October 1, 2021.</p>
September 2021	<p><b>BAL 21-307 Announcing New Federal Employee's Group Life Insurance Premium</b></p> <p>This announcement is to notify agencies of the FEGLI rate changes.</p>

## 2021 HR Significant Benefits Updates (cont.)

DATE	EVENT
September 2, 2021	<p><b>BAL 21-401 2021 Federal Benefits Open Season: FSAFEDS, FEDVIP and FEHB Programs</b></p> <p>This is the first in the series of 2021 Federal Benefits Open Season BALs. It provides general information about this year's Federal Benefits Open Season, which will run Monday, November 8, 2021, through Monday, December 13, 2021.</p>
September 2, 2021	<p><b>BAL 21-701 FEHB Open Season for Tribal Employees: Announcement</b></p> <p>This is the first in series of the 2021 Open Season Tribal Benefits Administration Letters (TBALs). This TBAL provides general information about this year's FEHB Open Season for Tribal Employees; it also states the dates of Open Season. Monday, November 8, through Monday, December 3, 2021.</p>
September 7, 2021	<p><b>BAL 21-701 FEHB Open Season for Tribal Employees: Ordering and Distributing Material and Conducting the Open Season</b></p> <p>This is the second series of the 2021 FEHB Open Season for Tribal Employees. This BAL provides instructions for ordering and distributing FEHB Open Season materials as well as conducting the Open Season.</p>
September 9, 2021	<p><b>BAL 21-204 Announcing New FEGLI Premiums</b></p> <p>This BAL notifies agencies of the new FEGLI premiums rate changes. New rates were effective October 1, 2021. Payroll offices must apply the new premiums the first pay period beginning on or after that date.</p>
October 7, 2021	<p><b>TBAL 21-702 2021 FEHB Open Season for Tribal Employees: Ordering and Distributing Materials and Conducting the Open Season</b></p> <p>This is the second in series of the 2021 FEHB Open Season for Tribal Employees. This TBAL provides information on significant plan changes for the FEHB Program for 2022, and states the dates of this year's Open Season Monday, November 8, through Monday, December 13, 2021.</p>

## 2021 HR Significant Benefits Updates (cont.)

DATE	EVENT
October 8, 2021	<p><b>BAL 21-403 Federal Benefits Open Season: Significant Plan Changes</b></p> <p>This is the third and final in series of 2021 Federal Benefits Open Season BALs for the Federal Flexible Spending Account Programs (FSAFEDS), the Federal Employees Dental and Vision Insurance Program (FEDVIP), and the FEHB Program. This BAL provides information on significant FEHB plan changes for 2020.</p>
October 8, 2021	<p><b>TBAL 21-703 2021 FEHB Open Season for Tribal Employees: FEHB Program Significant Plan Changes</b></p> <p>This is the third and final in series of the 2021 FEHB Open Season for Tribal Employees. This TBAL provides information on significant plan changes for the FEHB Program for 2022, and states the dates of this year's Open Season Monday, November 8, through Monday, December 13, 2021.</p>
October 8, 2021	<p><b>BAL 21-403 Federal Benefits Open Season: Significant Plan Changes</b></p> <p>This is the third and final in series of 2021 Federal Benefits Open Season BALs for FSAFEDS, FEDVIP, and the FEHB Program. This BAL provides information on significant FEHB plan changes for 2020.</p>



## DoD Work-Life Programs

The foundation of the DoD Mission is personnel readiness and resiliency. To achieve and succeed in this mission, every DoD employee must be able to perform at peak effectiveness. Work-Life Programs promote an enduring and healthy approach to improving readiness and resilience in individuals and work units. DoD is committed to recruiting, supporting, and retaining a talented and productive workforce.

Work-Life Programs encourage the use of workplace flexibilities and programs to empower employees to deliver exceptional and efficient service while meeting family responsibilities and their needs at home through the issuance of policy, program management and promotion of workplace flexibilities.



## DoD Wellness Programs

On June 23, 2014, Executive Memorandum “Enhancing Workplace Flexibilities and Work-Life Programs” was signed directing Federal Agencies to further promote a culture in which managers and employees understand the available workplace flexibilities and work-life programs.

Component and Agency heads are encouraged to take steps to increase the availability of Worksite Health and Wellness Programs, Employee Assistance Programs, and Community Support Programs to the maximum extent practicable, create opportunities to market, and utilize those resources.

In response to the Coronavirus Disease 2019 (COVID-19), on March 8, 2020, the Office of the Under Secretary of Defense for Personnel and Readiness Memorandum “Civilian Personnel Guidance for DoD Components in Responding to Coronavirus Disease 2019” was signed directing DoD Components and Agencies to fully maximize the utilization of work schedule flexibilities such as telework and alternative work schedules. As a result of the national pandemic, an increase in participation in Work-Life Programs throughout the DoD is evident in this year’s EOY Report.

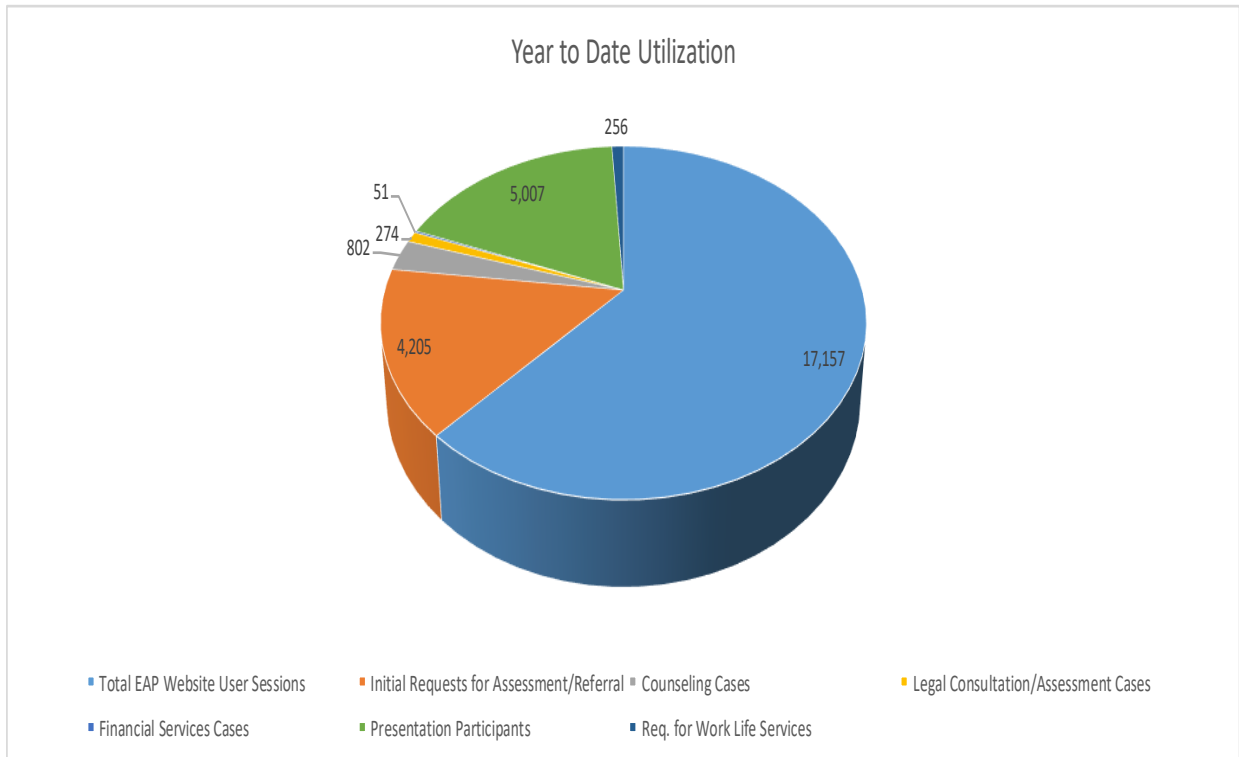
## Employee Assistance Program (EAP)

On September 1, 2019, the Department of Health and Human Services (HHS), Federal Occupational Health (FOH) Division, unexpectedly suspended DoD's Wellness/Health Promotion, Occupational Health, and Employee Assistance Programs (EAP) services. DCPAS worked with Washington Headquarters Services (WHS), DoD EAP/Work-Life coordinators, and Contracting Specialists to establish a 12-month bridge of services for each of the current contracts, with a start date of November 10, 2019. Upon completion of the Bridge contracts, WHS established DoD Enterprise contracts for EAP, Wellness/Health Promotion and Occupational Health. The WHS EAP/Work-Life contract is currently supported by Magellan Federal. The Vendor provides support to DoD in the areas of:

- Encouraging employees, supervisors and managers to call the EAP and Work-Life Program representatives to discuss personal concerns that are a cause of stress (e.g. depression, anxiety, trauma, stressors related to COVID-19 etc.).
- Empowering employees in their efforts to resolve personal issues that may adversely impact or cause deficiencies in work performance or conduct.
- Assisting employees in balancing their professional and personal lives by linking them with programs and services that can help them attain and maintain this equilibrium.
- Equipping employees with information and referral resources that assist in the caring for dependent family members.
- Supporting supervisors, managers, and other workplace leaders in managing the diverse, complex demands of the workplace.
- Providing support in response to Critical Incidents.
- Substance abuse counseling for alcohol and drugs.
- Counseling services for Sexual Harassment and Sexual Assault.

## EAP (cont.)

Listed below is the Year-to-Date utilization report provided by Magellan Federal. The report lists Total EAP Website User Sessions, Initial Requests for Assessment/Referral, Counseling Cases, Legal Consultation/Assessment Cases, Financial Services Cases, Presentation Participants, and Requests for Work-Life Services.



Magellan Federal also provides statistics on the overall usage of all aspects of the current EAP contract. To quantify this data, Magellan Federal utilizes an Activity Use Rate (AUR). The AUR tracks initial requests for assessment referrals, counseling cases, legal & financial requests, participation in health and wellness presentations, grief groups, Critical Incident Stress Management (CISM) activity, health fairs and orientations. Members may have more than one service during the reporting period. The DoD's annual AUR as of quarter 4 was 20.73 percent.

WHS and DCPAS Leadership agree that a focused effort on promoting the program, specifically Work-Life services, should lead to higher utilization rates in 2021-2022. Services such as: assistance with Child Care, Adult Care and Aging, Academics and Financial Aid, Services for Children with Special Needs and Legal/Financial services would be utilized by a much broader audience. Unfortunately, studies find that many employees have a negative connotation associated with EAP services. The stigma around EAP services is that they are only for Drug and Alcohol counseling, or people having mental difficulties coping with the rigors of daily life. A concentrated effort on promoting the more positive aspects of the EAP/Work-Life program should lead to higher utilization rates in 2021.

## Workplace Flexibilities

Workplace flexibilities are work schedule programs and policies that support an employee’s work-life responsibilities, including telework, alternative work schedules (AWS), flexible hours, part-time schedules and job-sharing.

### Alternative Work Schedules

The most widely used workplace flexibility used within DoD is flexible work schedules. The chart below illustrates the usage of flexible work schedules.

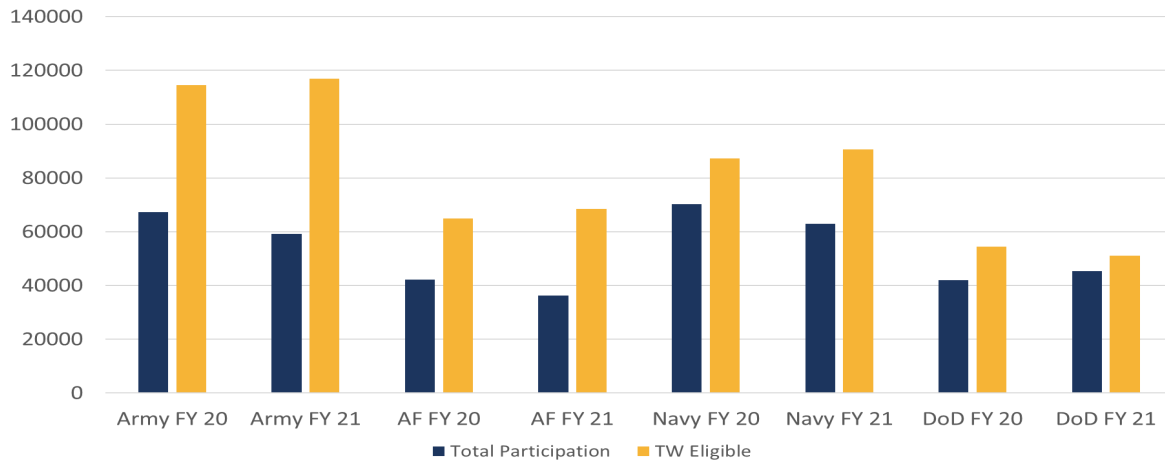
	Not on AWS	Flexi-tour	Gliding	Variable Day	Variable Week 80 Hrs	Maxi-flex 80 Hrs	Compressed 80 Hrs BIWK	First Forty	Compressed 40 Hr/Wk	Variable 40 Hr/Wk	Maxiflex 40 Hr/Wk	Grand Total
<b>Air Force</b>	56,986	34,902	12,612	448	1,528	18,630	52,682	168	7,157	1,034	796	186,943
<b>Army</b>	100,334	20,815	18,630	1,324	2,873	13,546	74,662	303	25,054	692	1,217	259,156
<b>DoD</b>	46,194	5,723	13,271	3,148	257	25,792	16,067	104	3,200	59	453	114,268
<b>Navy</b>	82,087	16,022	20,018	1,738	3,540	35,279	59,854	519	3,990	411	1,304	224,762
<b>Grand Total</b>	285,602	77,462	64,236	6,658	8,198	93,247	203,265	1,094	39,401	2,196	3,770	785,129

# Telework

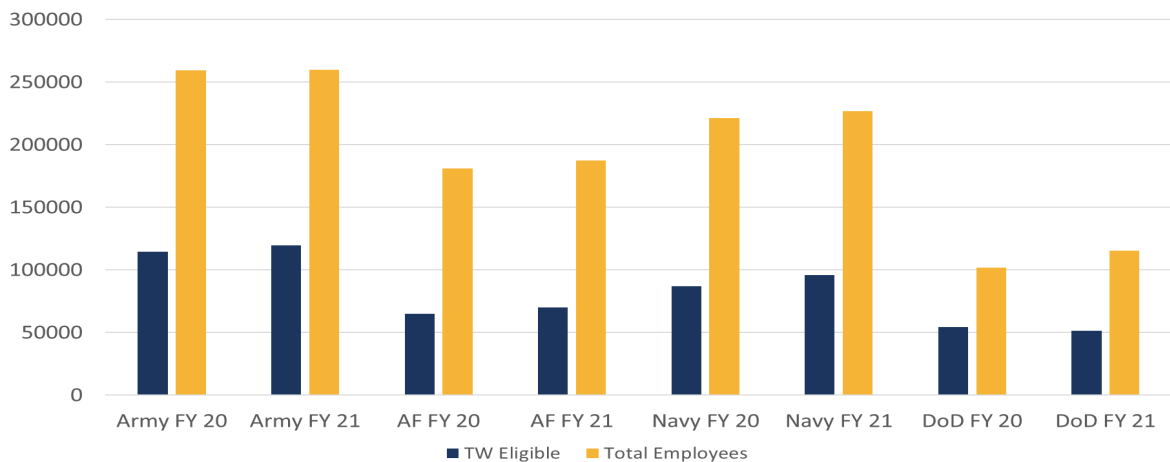
As a result of the ‘Telework Enhancement Act of 2010’, Federal telework programs are established to meet Agency mission and operational needs. Telework reduces real estate and energy costs; promotes management efficiencies; ensures Continuity of Operations due to severe weather and other emergencies; improves the quality of employee Work-Life; and increases employment opportunities for persons with disabilities. In 2020, telework participation rates spiked to an all time high due to COVID-19. In 2021, DoD still meets its strategic telework goal with close to 96 percent participation relative to eligible employees.

The DoD Telework Working Group, chaired by the DCPAS Benefits and Work-Life Programs Division, and comprised of Component and Agency telework program coordinators, convenes periodically to discuss program management, issues, new guidance, and collaborate on program promotion. As a result of the working group, we have made great strides in updating the DoD policy and developing a new resource tool, a telework and remote work handbook. The DoD Telework Working Group continues to be impactful in disseminating information and sharing ideas throughout the pandemic response. Collaboration of the telework program coordinators has helped ensure consistency in applying new guidance from OPM, GSA, and OMB in released in 2021.

## FY 2020-2021 Telework Eligible Positions



## FY 2020-2021 Telework Eligible Employees



## Telework Participation FY 2021

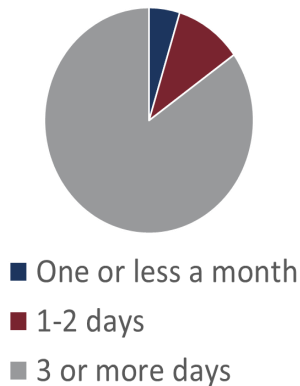
	<u>FY2020</u>	<u>FY2021</u>
Total DoD Population	807,296	789,365
Telework Eligible Positions:	388,729	337,050
Total Teleworkers	351,259	323,365
 Participation (% of telework eligible):		 96%
Telework Participation Rates:		
3+ days per pay period:		253,945
1-2 days per pay period:		31,012
Once per month or less:		14,245
Situational:		180,197

\*This report reflects fiscal year rather than annual.

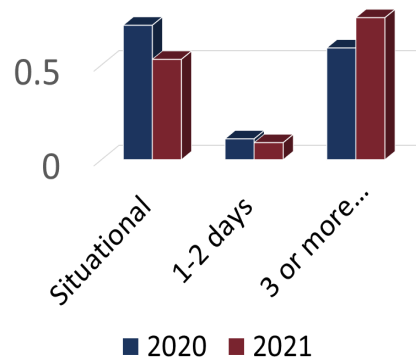
### Telework Goal for Percentage of Eligible Employees Telework

<u>2021 Results</u>		<u>2022 Goals</u>
Current Participation:	96%	40%
Current Situational:	53%	31%
Current 1-2 days per PP:	9%	16%
Current 3+days per PP:	75%	21%

**Eligible Teleworkers**



**Goals**

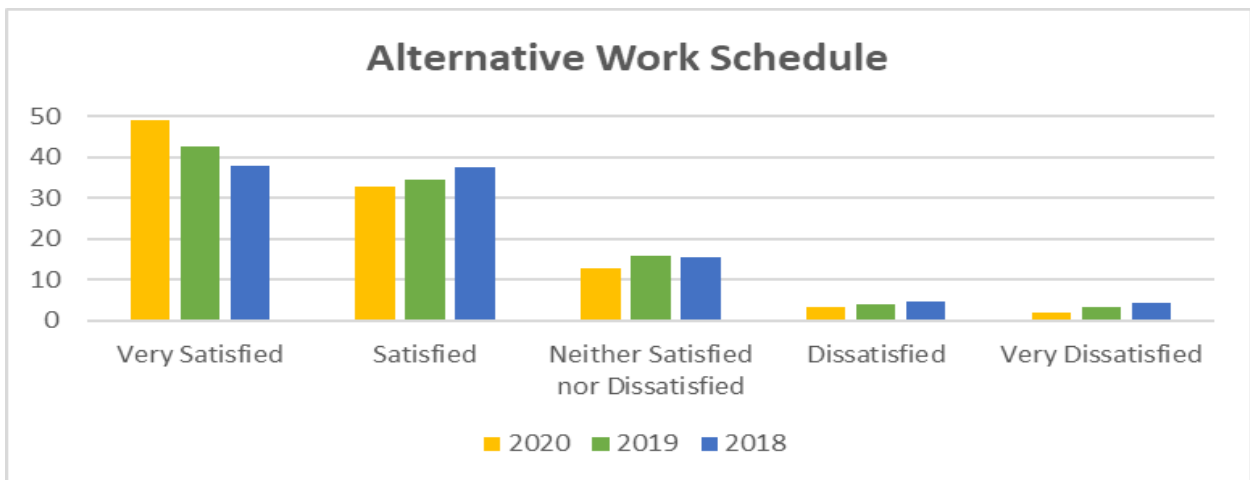
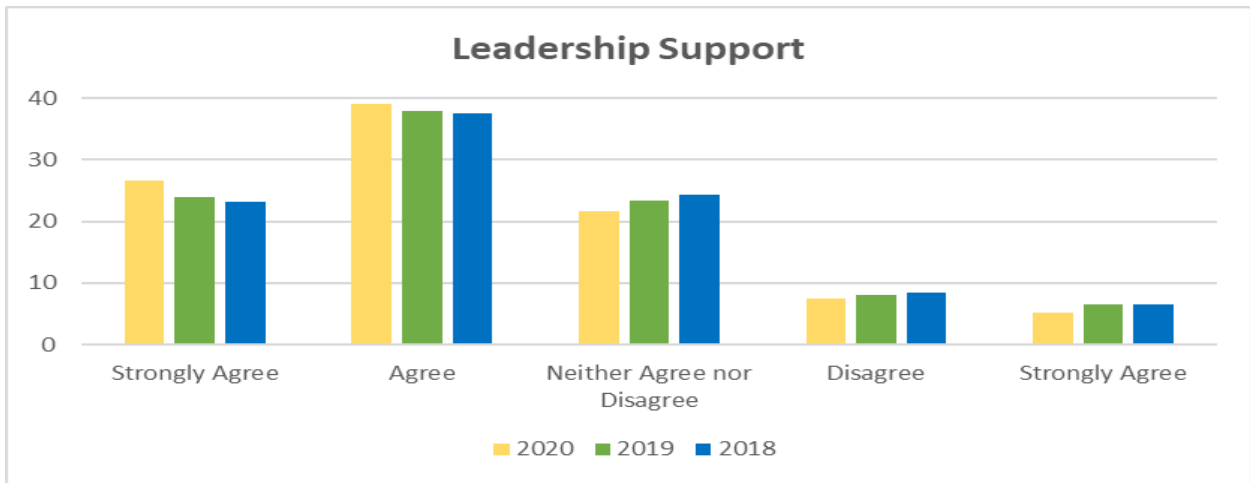


# The 2020 Federal Viewpoint Survey (FEVS)

OPM’s Federal Employee Viewpoint Survey (OPM FEVS) measures employees’ perceptions of whether, and to what extent, conditions characteristic of successful organizations are present in their Agencies. The OPM FEVS serves as a tool for employees to share their perceptions in many critical areas including their work experiences, their Agency, and their leadership. The results provide Agency leaders insight into areas where improvements have been made, as well as areas where improvements are needed. The 2020 results show a significant increase in Alternative Work Schedules used from 2019, and higher rate of “Very Satisfied” and “Satisfied” with the Telework program from 2020 results than previous years. The 2020 FEVS results are the latest data provided from OPM; 2021 data will be released in 2022.

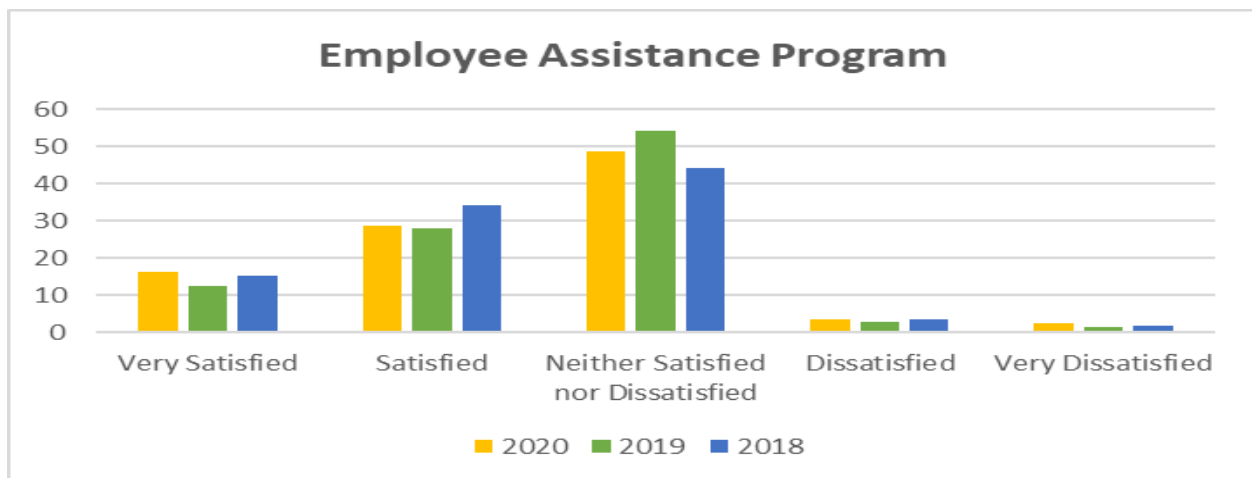
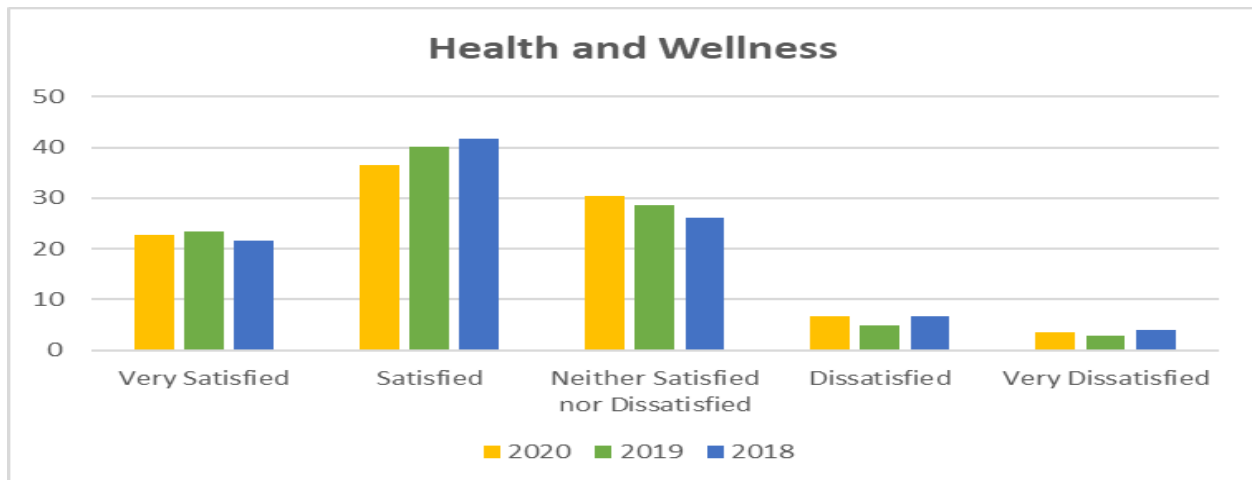
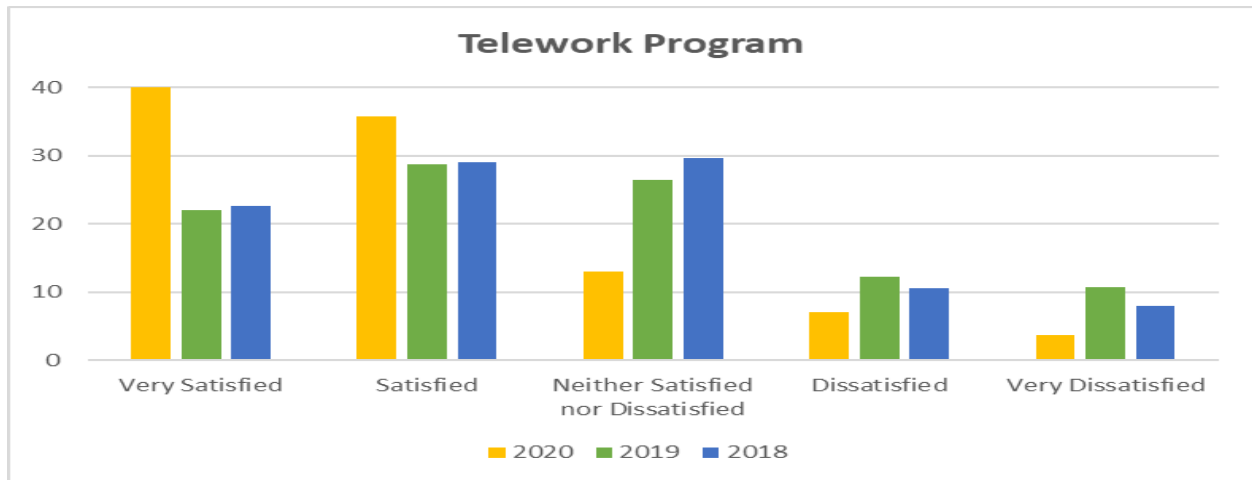
## Programs Used at Your Agency

- Alternative Work Schedules: 49%
- Health and Wellness Programs: 19%
- Employee Assistance Program: 6%
- Child Care Programs: 3%
- Elder Care Programs: 1%





## The 2020 FEVS (cont.)



## Benefits Credentialing Programs

DCPAS has established Credentialing Programs for both the Employee Benefits Advisors (EBA) and Injury Compensation Program Administrators (ICPAs). These programs are designed to develop the technical competency in both functional areas, respectively. Through these Credentialing Programs, it is our plan to reinforce knowledge of HR concepts, principles, and practices related to retirement, insurance, injury compensation, and other employee benefits programs as prescribed in OPM's HRM Competency Model.

### DoD EBA Credentialing Program

There were 145 credentialing testing attempts this year, a 230 percent increase from the 2020 testing attempts. The increase in participation in the Credentialing Program is a direct result of exam candidates taking advantage of our remote proctoring option. In March 2020, all on-site testing came to a halt as maximum telework was implemented due to COVID-19 precautions. In July 2020, the Credentialing Program moved to virtual testing with the use of Microsoft Teams via remote proctoring, re-opening testing opportunities. These measures proved invaluable for keeping the Credentialing Program efficient and effective for our exam candidates.

Last year, there were ten EBAs who earned their DoD EBA Credentials. This year, we had an over 29 percent increase in the number of EBAs who passed the Level III exam. We are happy to announce the following 14 EBAs who earned their DoD EBA Credentials: five EBAs from Navy, three EBAs from DLA, two from DCPAS, one from DFAS, Air Force, GAO, and CDC respectively. Congratulations to all who passed their credentialing exams at Levels I, II, & III!

Even amid the continued pandemic, we persist in making positive strides in the Credentialing Program and are always re-evaluating how to better prepare EBAs for taking the exams. As a result, we are excited to present a handbook-study guide combination. The new layout of our training handbook is designed to help EBAs to better prepare for testing by providing knowledge check questions at the end of every module for all three training and credentialing levels. Additionally, we offer EBA Prep Sessions to discuss the most frequently missed questions and topics on the Level I, II, and III credentialing exam.



## Benefits Credentialing Programs (cont.)

### DoD Injury Compensation Program Administrator (ICPA) Credentialing Program

Beginning February 2021, DCPAS launched our Basic Level I exam as part of the ICPA Credentialing Program! The ICPA Credentialing Program is intended for Federal Employees in the Injury Compensation Specialty. The program focuses on interpreting and applying statutes, regulations, and policies governing Injury Compensation for Federal employees. As an ICPA, you can complete exam Levels I and II, and earn your credentials as a DoD Injury Compensation Technical Advisor (DoD ICTA). If you serve as an Injury Compensation (IC) Program Manager, or aspire to become a Program Manager, you can complete exam Levels I through III and become credentialed as a DoD Senior IC Program Manager (DoD S-ICPM).

Since the launch of the Level I exam, there have been 58 testing attempts, with 19 ICPAs passing the Level I credentialing exam. In addition, in October 2021, we conducted pilot testing for the Level II ICPA exam. Pilot testing consisted of 12 participants: four from the Army, two from Navy, three from Air Force, and three from DLA. Participants' feedback will be reviewed and considered for program adjustments in preparation for the ICPA Credentialing Program's debut, which is tentatively scheduled for January 2022. Thank you to all who participated in the ICPA Credentialing Program Pilot.



## Benefits Training Programs

Our Basic, Intermediate and Advanced Level courses continue to promote proficiency and measure the competency levels of the Federal HR Benefits community. Collectively, in 2021, the BWNP Benefits and ICUC Branches delivered training to a total of 584 HR Professionals. Benefits trained 392 personnel and ICUC trained 192 personnel.

Due to the continued effects of pandemic, the Benefits Training Team is still offering virtual training by utilizing the DoD 365 Microsoft Teams environment. The training team conducted twelve Virtual Basic Benefits Courses, training 234 personnel; nine Virtual Intermediate Benefits Training Courses, training 107 personnel; and five Virtual Advanced Benefits Training Courses, training 51 personnel. Participants represented a wide range of Federal Agencies to include Army, Navy, Air Force, Marine Corps, National Guard, DHRA, WHS, DLA, DAI, HHS, DOJ, USPS, GSA, Peace Corp, CDC, and USAID.

For the Basic Benefits Virtual Course, 78 percent of participants passed the course Post-Test with an average score of 87 percent; this is a two percent increase from 2020's 85 percent average score. For the Virtual Intermediate Benefits Course, 88 percent of participants passed the course Post-Test with an average score of 91 percent; this is a two percent increase from 2020's 89 percent average score. For the Virtual Advanced Benefits Course, 84 percent of participants passed the course Post-Test with an average score of 89 percent; this is a two percent decrease from 2020's 91 percent average score.

The ICUC Branch also conducted Virtual ICPA training courses utilizing the Defense Collaboration Service (DCS) and DoD 365 Microsoft Teams environments. The ICUC training team conducted six ICPA Level I courses, training 178 personnel; the team also conducted two ICPA Level II courses, training 14 personnel.

For the ICPA Level I course, participants passed the Post-Test with an average score of 92 percent; for the ICPA Level II course, participants passed the Post-Test with an average score of 93 percent.

In total, 96 percent of participants passed the Post-Test of both exams.



## Injury and Unemployment Compensation (ICUC) Branch Mission

The ICUC Branch is staffed by expert advisors with extensive Federal Employees' Compensation Act (FECA) experience who provide technical advice, both online and in-person training, comprehensive program support, and solutions development to help reduce compensation costs and meet regulatory and HR requirements.

The Branch provides DoD policy guidance, systems support, and oversees program initiatives in such areas as Pipeline Return-to-Work, Unemployment Compensation, and functional requirements for DoD's enterprise web based application for FECA claim management.

The ICUC Branch also assists DoD Components and Agencies with advice and guidance regarding retention and disclosure of FECA information to ensure the requirements of the Privacy Act, DOL GOVT-1, and DoD are followed.

The following slides reflect Overall Department Performance. Data sources include the Department of Labor (DOL), the Employees' Compensation & Operations Management Portal (ECOMP) and the Defense Injury and Unemployment Compensation System (DIUCS).

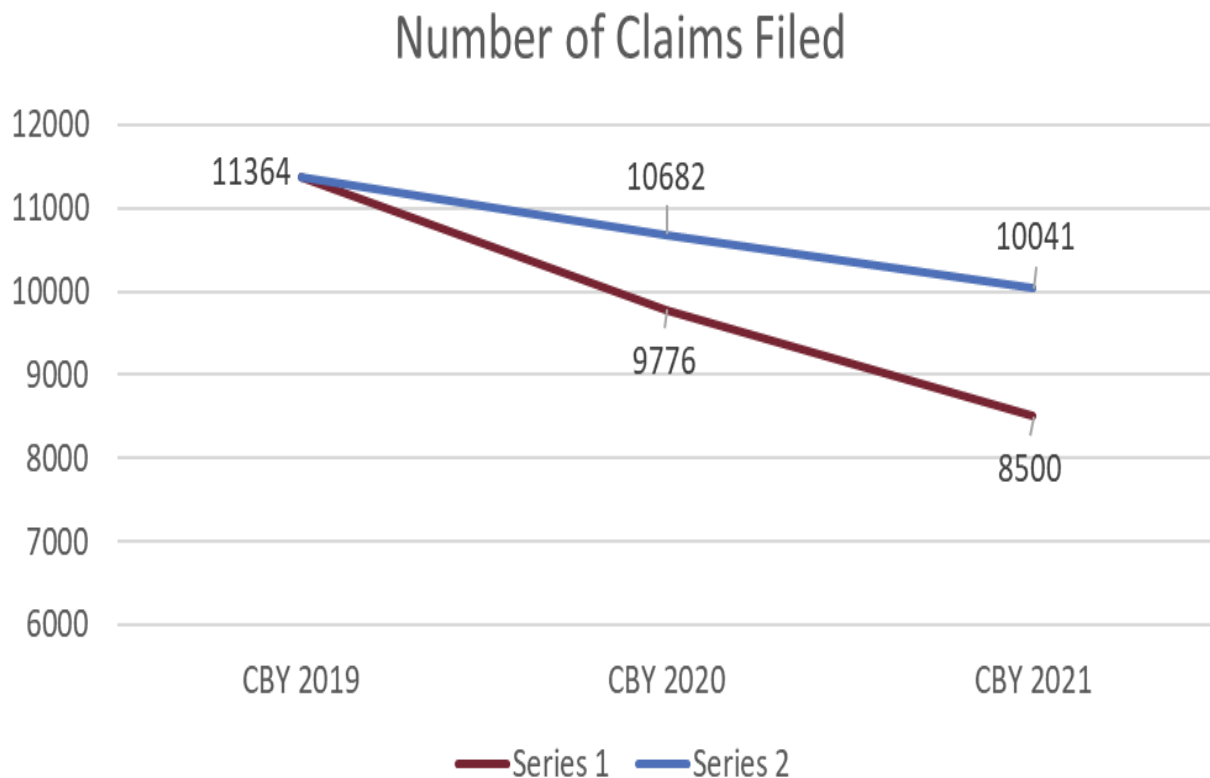
## ICUC Terms

There are a number of terms used throughout this section that are specific to the analysis performed on the Department's FECA costs. Those terms are explained below:

- **FERS Offset:** The reduction in FECA wage loss compensation payable to claimants due to receipt of Social Security Old Age Benefits paid as a result of Federal service where deductions for Social Security were made.
- **Projected Lifetime Cost Avoidance:** An estimate of the amount of FECA wage loss compensation that would be paid out over the lifetime of the claim. This amount takes into account a consistent Consumer Price Index (CPI) increase in wage loss compensation and is calculated to the age of 75.
- **One Time Cost Savings:** An amount determined by DOL to be paid back by the claimant. One Time Savings are generally compensation overpayments to the claimant.
- **Cost Savings for the Year:** An amount of compensation that will not be paid by the Agency from a compensation termination or reduction as a result of a Return-to-Work (RTW) or other case action that occurred during that year. Cost savings reflect actual dollar amounts that were saved for a past period of time. In this case, the period is from the effective date of the compensation termination or reduction to the end of the calendar year.
- **12 Month Cost Savings:** An amount of compensation that will not be paid by the Agency from a compensation termination or reduction as a result of a RTW or other case action. Cost savings reflect actual dollar amounts that were saved for a past period of time. In this case, the period is from the effective date of the compensation termination or reduction to the effective date + one year. This figure is used to compare 12 month labor costs with 12 month savings.

## COVID-19 Impact

The overriding issue impacting workload and accomplishment of goals was the COVID-19 pandemic. Series 1 in the chart below shows the actual drop in claims filed from CBY 2019 (not affected by COVID), CBY 2020 (last quarter affected by COVID), and CBY 2021 (entire year affected by COVID). Series 2 shows the projected drop in claims using historical data from the last eight years. The chart demonstrates the effect COVID had on the number of claims filed. This decrease is much more pronounced than the historical decrease in claims and therefore unsustainable over the long term. Claims are likely to increase in CBY 2022.



## PEER Initiative

The PEER Initiative established seven (7) metrics and targets for an Agency's workers' compensation program. These metrics are:

1. Reducing total injury and illness case rates (Safety metric);
2. Reducing lost-time injury and illness case rates (Safety metric);
3. Increasing the timely filing rate for workers' compensation claims (forms CA-1/CA-2);
4. Increasing the timely filing rate for wage-loss claims (form CA-7);
5. Increasing the rate of return-to-work outcomes during the initial 45-day post-injury period for traumatic injury cases (Continuation of Pay - COP);
6. Improving the rate at which employees return-to-work in cases of moderate to severe injury or illness; and
7. Implementing and fully using DOL's electronic filing system, ECOMP, by September 30, 2020.



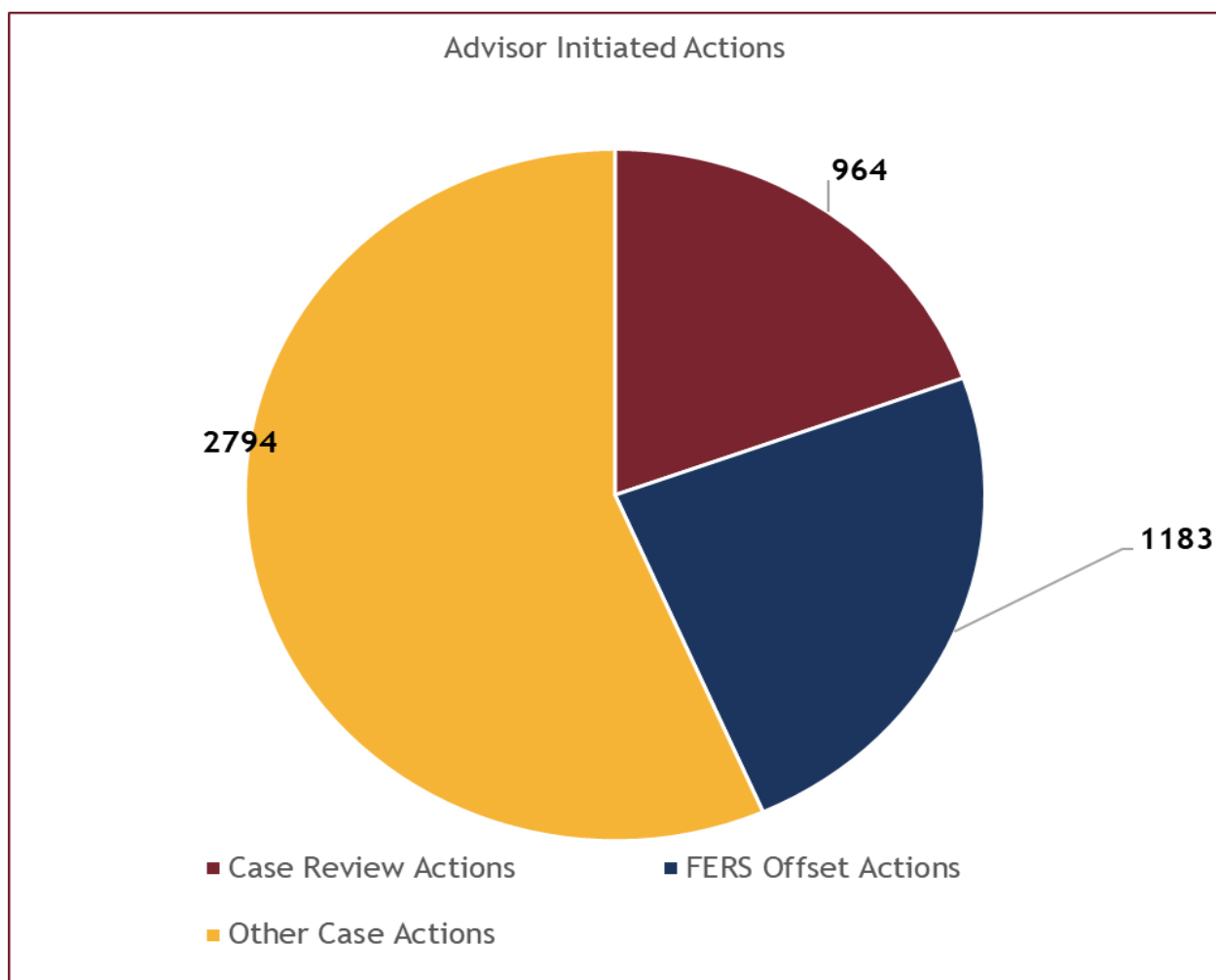
## PEER Initiative - ICUC Actions

The ICUC staff continues to support the PEER Initiative through assistance provided to ICPAs and case management actions.

1. Disseminated quarterly DOL generated reports for PEER Goals 5 and 6 to the appropriate Component/Agency level FECA Program Manager.
2. ICUC Management Advisors (MAs) reviewed claims listed on the quarterly DOL reports for Goals 5 and 6 that counted against an Component/Agency meeting their respective goal and worked with Component/Agency ICPAs to resolve issues with those cases.
3. ICUC MAs reviewed case files listed in the DOL generated reports for PEER Goals 5 and 6 to resolve any issues with claims and to work with Components/Agencies to improve their case management processes, which would also improve performance as measured by PEER metrics.

## Added Emphasis to PEER Goals and Targets in Advisor Initiated Actions

The ICUC Branch took a number of steps to continue support the identification of FERS Offset and to support PEER goals and targets. Management Advisors reviewed 3,998 FECA case files in 2021 (a 32.4 percent increase from 2020). Of the cases reviewed by Advisors, 1,712 were reviewed to support actions related to PEER targets (a 47.7 percent increase from 2020). The breakdown in the actions initiated by the Advisors is illustrated below.



## FY 2021 Department PEER Performance

PEER Goal	Target	DoD Performance*
<b>GOAL 3:</b> Increasing the timely filing rate for workers' compensation claims (forms CA-1/CA-2).	98%	98%
<b>GOAL 4:</b> Increasing the timely filing rate for wage-loss claims (form CA-7).	97%	98%
<b>GOAL 5:</b> Increasing the rate of return-to-work outcomes during the initial 45-day post-injury period for traumatic injury cases (Continuation of Pay - COP).	82%	79%
<b>GOAL 6:</b> Improving the rate at which employees return-to-work in cases of moderate to severe injury or illness.	Metric provided for each Component	
<b>GOAL 7:</b> Implementing and fully using the U.S. Department of Labor's (DOL) electronic filing system.	100%	100%

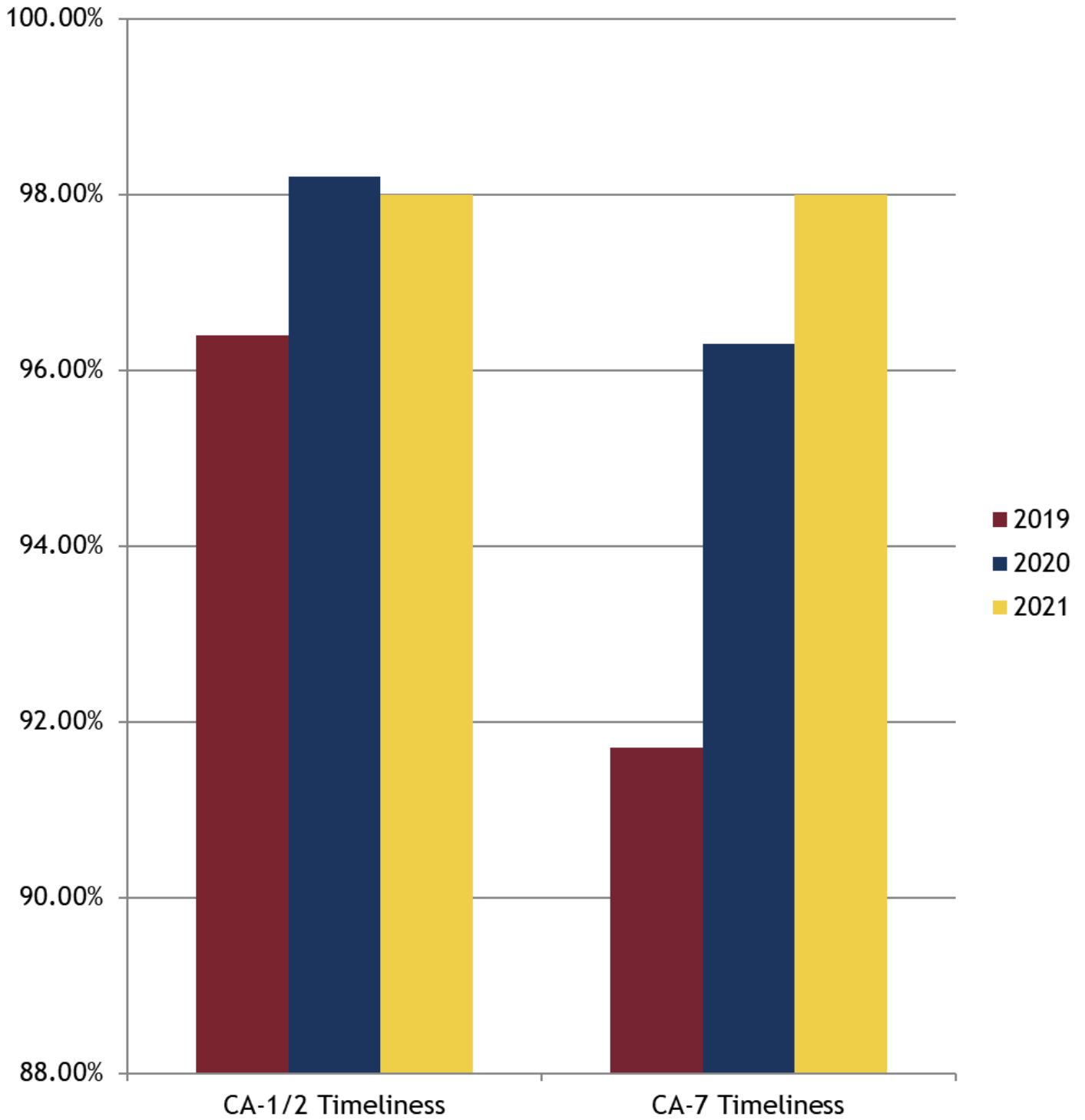
\* PEER metrics are measured on a Fiscal Year timeframe. Metrics above are for the period ending 9/30/2021.

## FY 2021 Department PEER Performance Goal 6 by Component

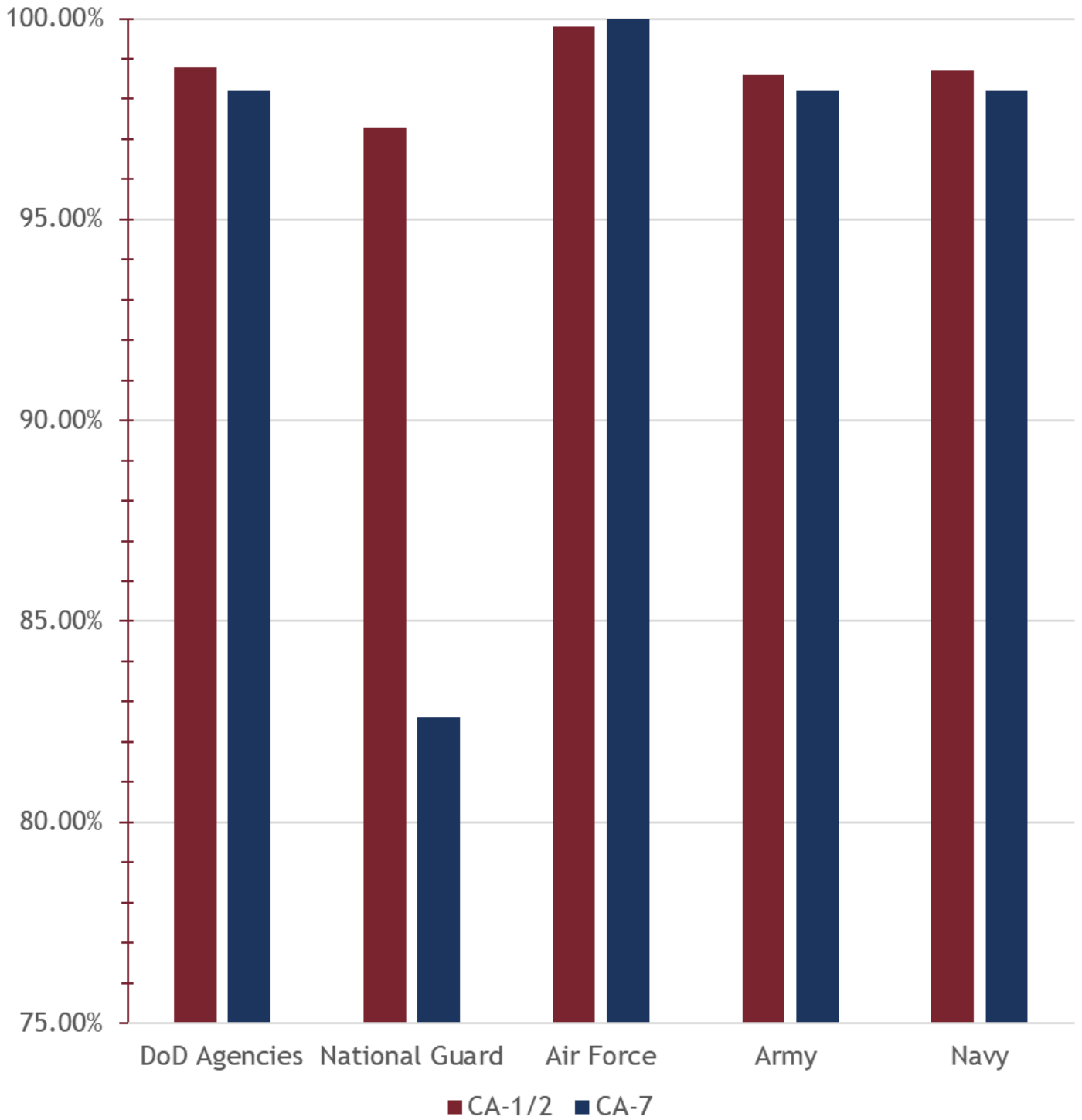
PEER Goal	Target	DoD Performance*
<b>GOAL 6:</b> Improving the rate at which employees return-to-work in cases of moderate to severe injury or illness.		
<b>Air Force</b>	91%	92%
<b>Army</b>	92%	94%
<b>DoD Agencies</b>	89%	94%
<b>Navy</b>	94%	92%

\* PEER metrics are measured on a Fiscal Year timeframe. Metrics above are for the period ending 9/30/2021.

## 2021 Claim Timeliness All DoD



## 2021 Timeliness by Component



## ICPA Credentialing and Training Program

ICPA Level I and Level II training and testing programs were fully implemented in 2021.

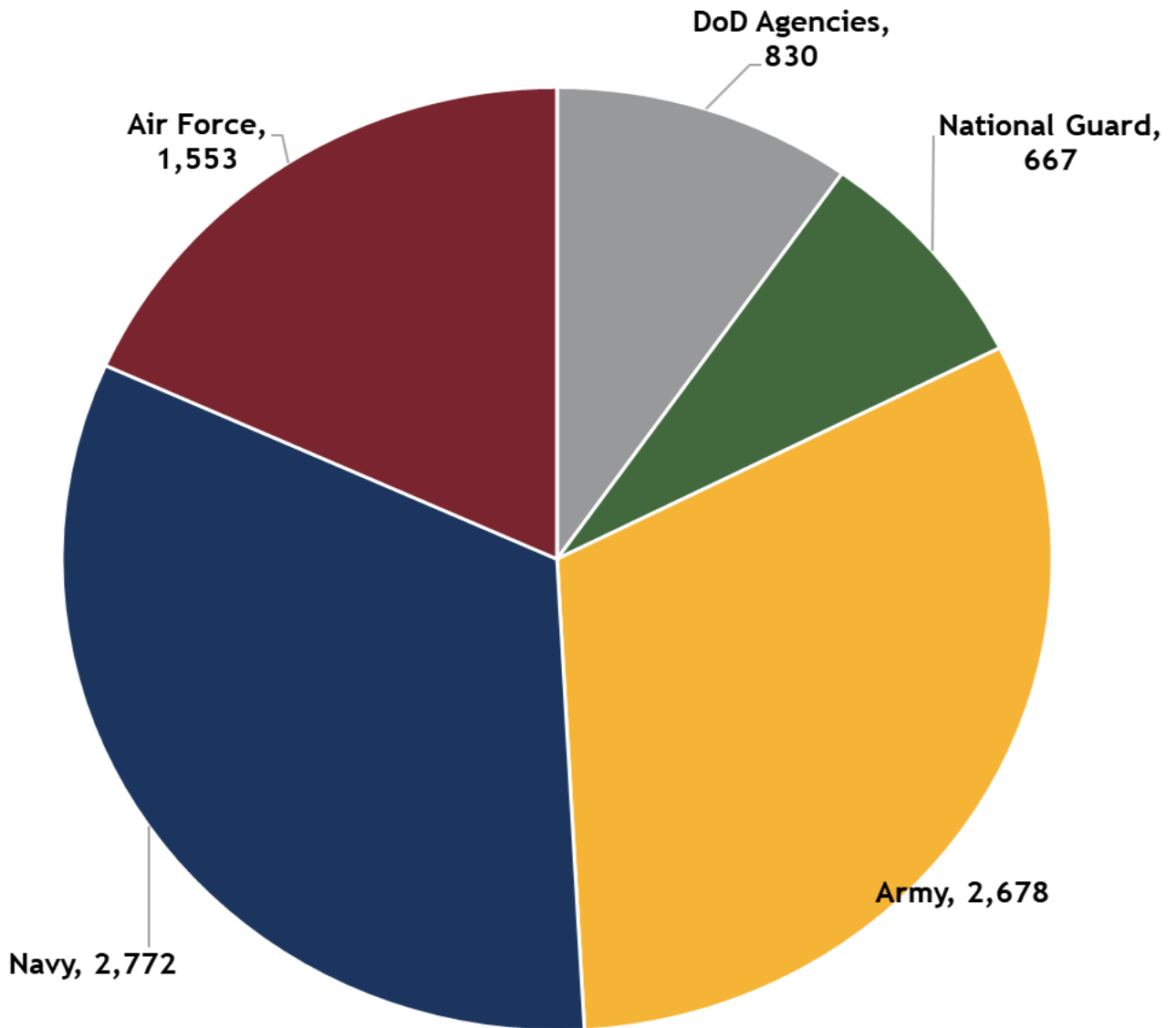
For ICPA Level I:

- ◆ 186 ICPAs attended the Level I training.
- ◆ 178 ICPAs passed the Level I Post Test and were eligible to take Level I Credentialing Test.
- ◆ 69 ICPAs took the ICPA Level I Credentialing Test.
- ◆ 28 ICPAs passed the test and are Credentialed at Level I.

For ICPA Level II:

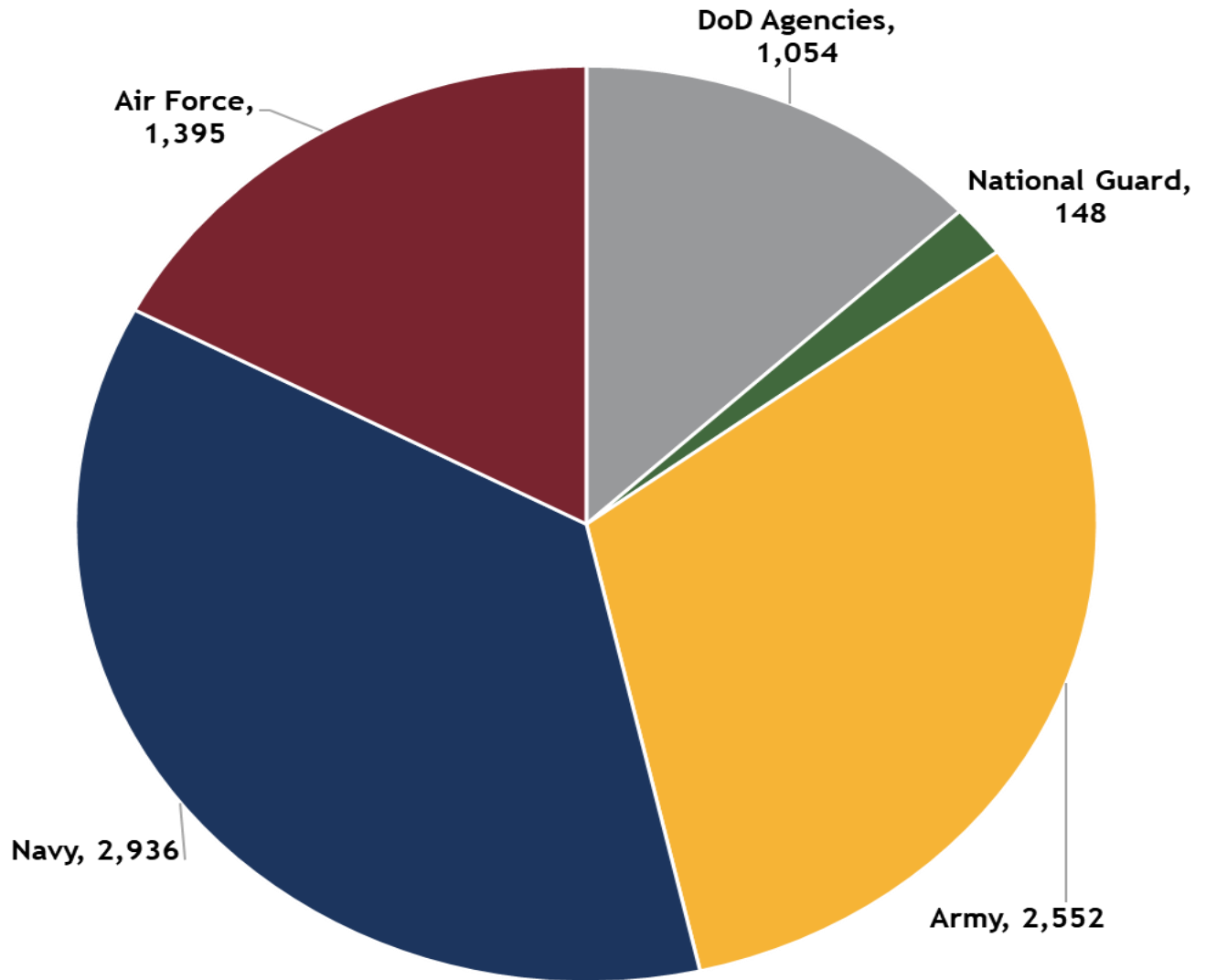
- ◆ 14 ICPAs attended Level II training.
- ◆ 13 ICPAs passed the Level II Post Test and were eligible to take the Level II Credentialing Test.
- ◆ 12 ICPAs took the ICPA Level II Credentialing Test.
- ◆ 6 ICPAs passed the test and are Credentialed at Level II.

## 2021 Total CA-1/CA-2 Claims Submitted by Component





## 2021 Total CA-7 Claims Submitted by Component

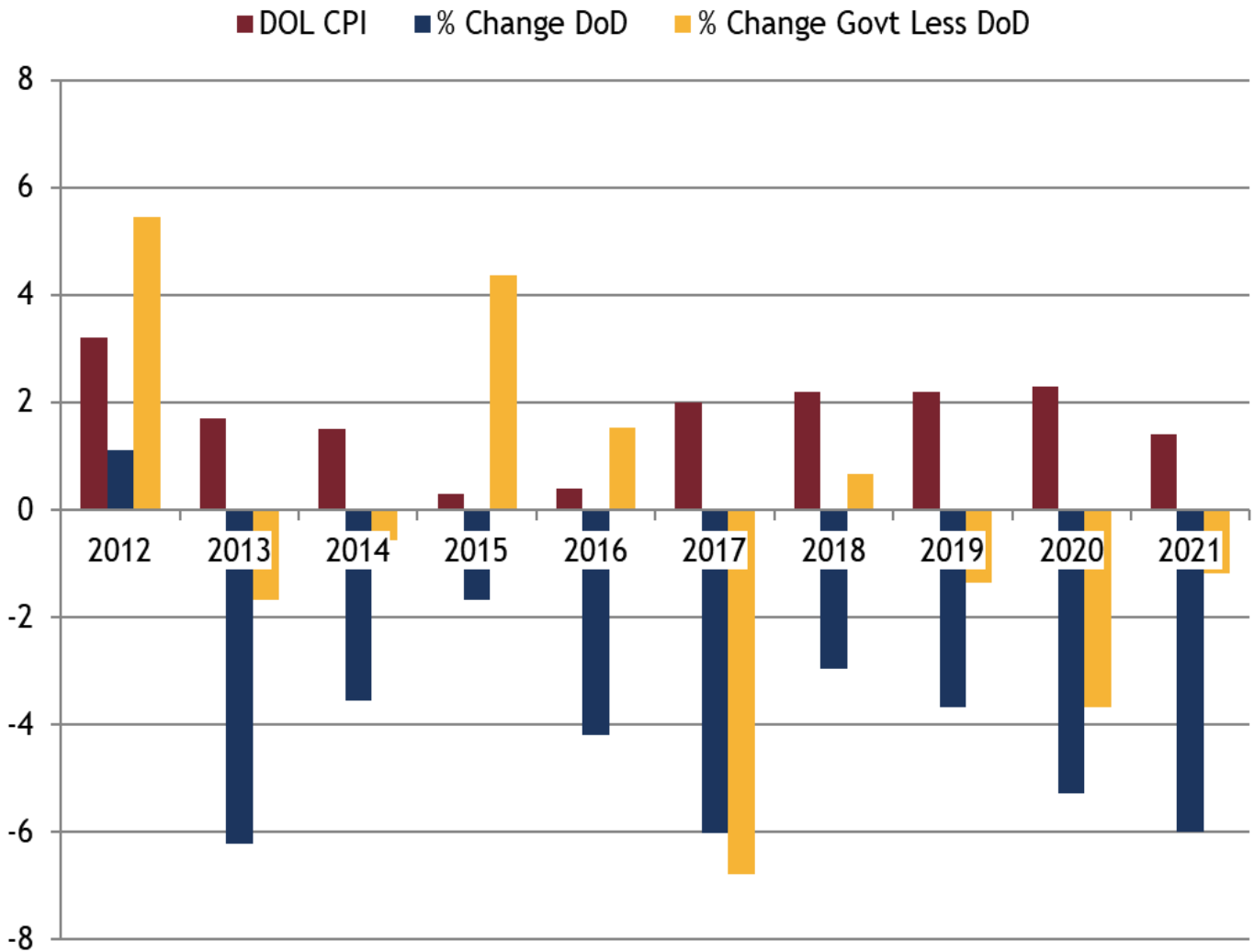


## Department FECA Costs Over Last 10 Years

The chart below shows the change in DoD costs, All Government less DoD and the FECA Consumer Price Index (CPI) increase over the last 10 years. Any increase lower than the FECA CPI indicates a slower rate of growth.

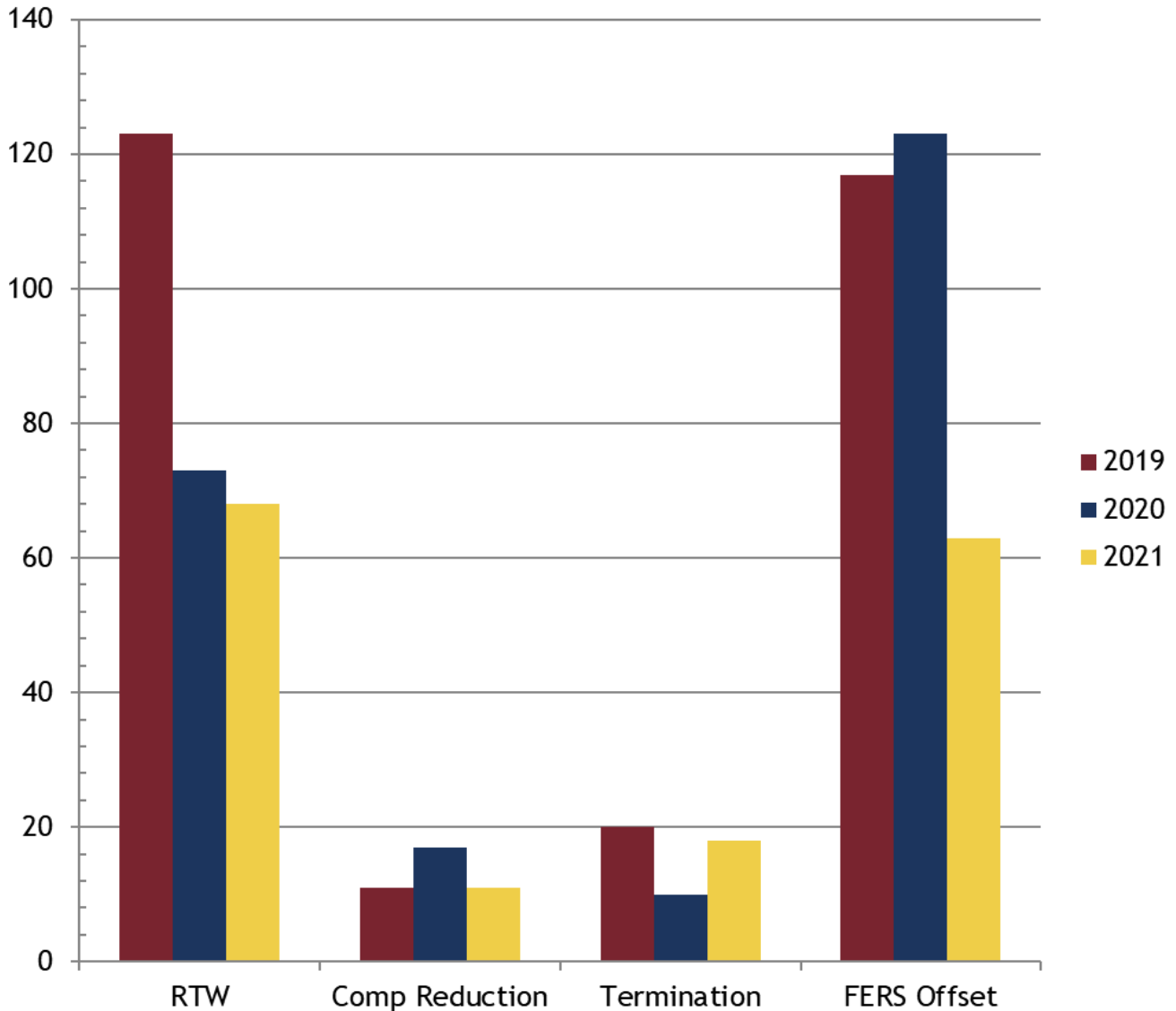
It is interesting to note that DoD FECA costs have decreased for **9 of the last 10 years** with costs decreasing each of the last nine years, whereas the All Government Less DoD increased for six of the last ten years. COVID 19 played a large role in reduction in costs for latter part of 2020 and all of 2021.

As a result, DoD's overall share of the total Government FECA cost has decreased over the last 10 years.



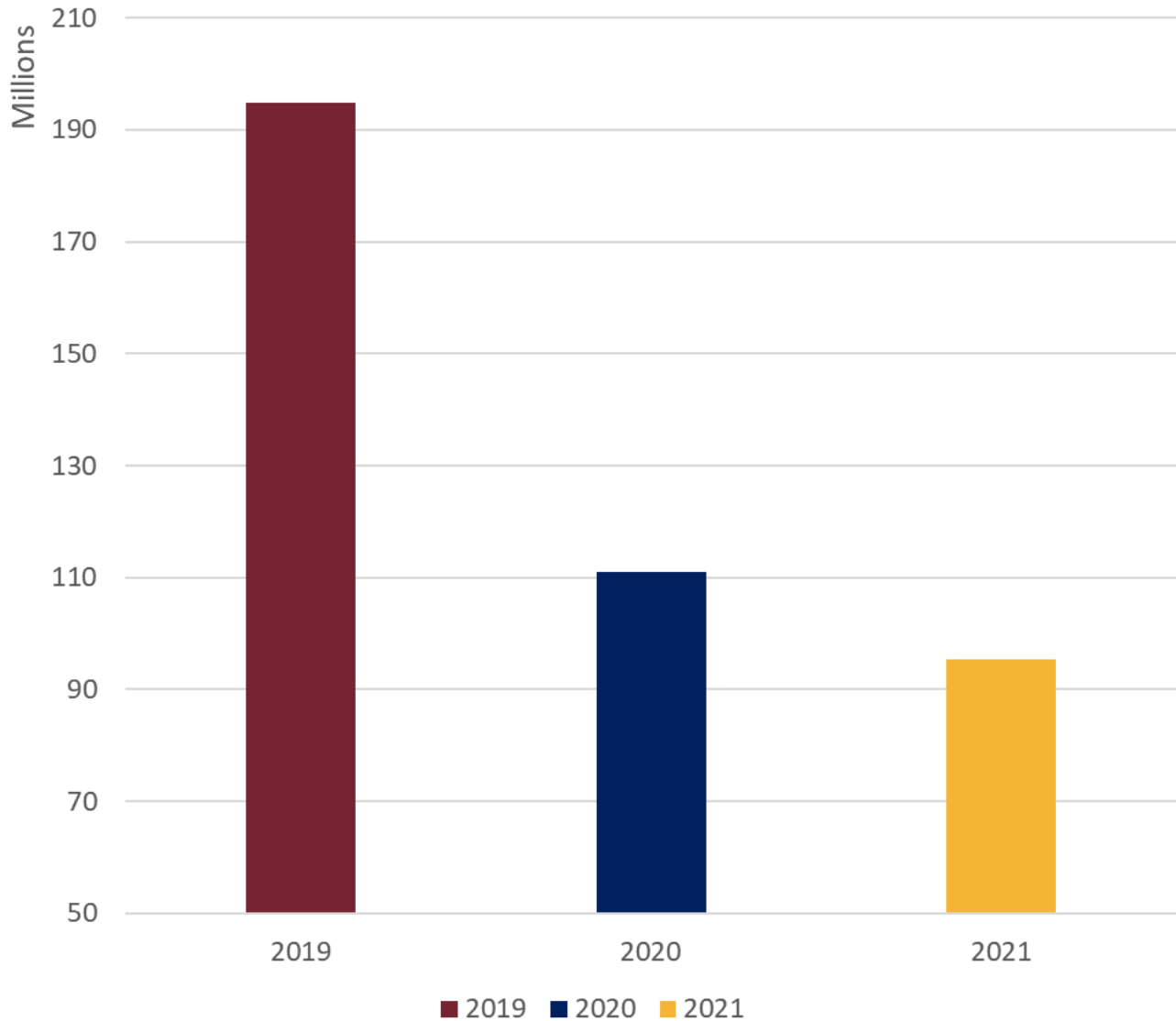
## Number of Claims with Savings

A number of factors affected savings for 2021. COVID-19 continued through the entirety of 2021 resulting in further decreases in claims filed and reduced opportunity for return-to-work. Pipeline funding was not available for a second year in a row. This resulted in fewer employees returned to work. Additionally, the emphasis on returning employees to work during the COP period reduced the number of employees reaching the Periodic Roll.



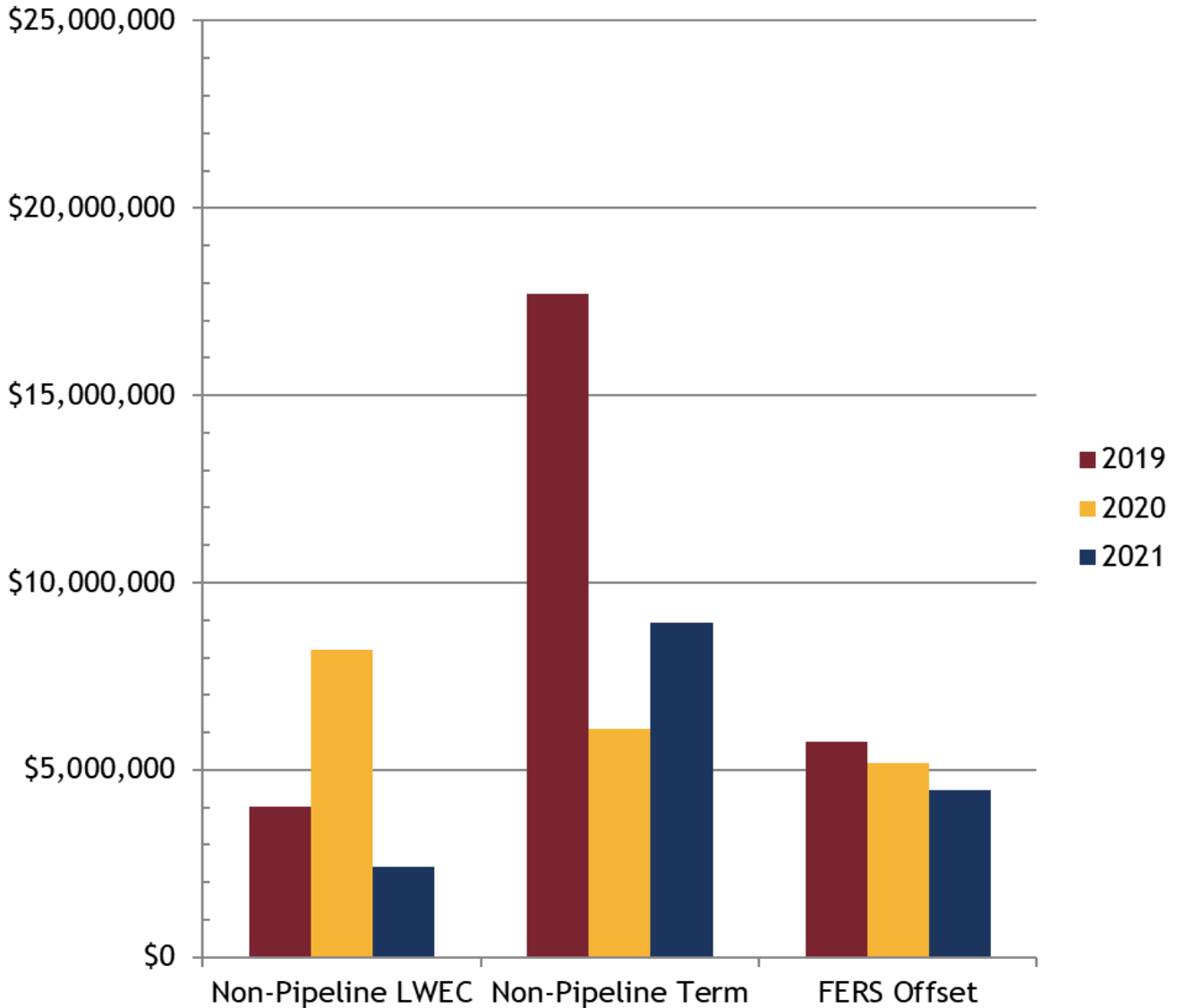
## Projected Lifetime Cost Avoidance

The projected FECA cost avoidance over the life of the claim (calculated from the effective date to age 75) from employees returning to work is shown below. The large reduction in Pipeline Program funding, as well as the affect of COVID-19 on the work environment, has reduced the projected savings due to the fact that the number of employees returned to work has reduced as well.



## Projected Lifetime Cost Avoidance (cont.)

The projected FECA cost avoidance over the life of the claim (to age 75) from compensation being reduced due to FERS Offset is leveling off due to the continued emphasis on FERS Offset. The reduction in Termination and LWEC amounts have been affected by the pandemic as well as elimination of Pipeline program funding for 2020.



## Overall DoD FECA Costs 2021 vs 2020

	Costs for period July 1, 2020 through June 30, 2021			
Employing Agency	Medical	Compensation	FECA Death	Total
	Costs	Costs	Benefits	Costs
Department of the Navy	33,149,699	109,342,712	13,539,400	156,031,811
% Change from CB 20	-3.70	-5.50	+6.45	-3.98
Department of the Army	30,141,199	83,076,505	9,231,128	122,448,832
% Change from CB 20	-6.53	-7.46	-4.66	-7.03
Department of the Air Force	21,073,277	61,732,756	5,556,595	88,362,628
% Change from CB 20	-11.09	-3.74	-8.04	-5.87
DoD Agencies	11,770,655	36,813,758	3,087,343	51,671,756
% Change from CB 20	-18.70	-6.06	-8.72	-9.10
All DoD				
% Change from CB 20	-8.04	-5.67	-1.22	-5.90
All Government				2,571,755,597
% Change from CB 20				-1.99
All Government less DoD				2,157,941,950
% Change from CB 20				-1.20

Overall costs for all Components decreased from 2020 levels. Generally, the drivers for cost change are compensation costs and medical costs. The primary driver for cost reduction in 2021 was the reduction in compensation costs. A significant contributor to the compensation cost reduction was the decrease in claims filed due to the COVID 19 Pandemic. Fewer claims filed equated to fewer compensation benefits paid. Compensation cost reduction accounted for over 66 percent of the overall cost reduction from 2020. Medical costs decreased somewhat from 2020 and contributed approximately 33 percent to the overall cost decrease in 2021.

## Cost Performance 2021 vs 2020

	2020	2021	Change
No. of Claims with Savings	380	247	-35%
Projected Lifetime Cost Avoidance (From Effective Date until claimant turns 75)	\$171,613,043	\$156,924,312	-8.56%
One Time Savings	\$1,575,131	\$979,307	-36%
Cost Savings for the Year (From Effective Date to 12/31 of that year)	\$3,620,617	\$3,214,692	-11.21%
12 Month Cost Savings (From Effective date to Effective date + 1 yr.)	\$6,599,940	\$5,092,567	-22.8%
Avg. 28 day Comp Reduction	\$1,336.02	\$1,807.58	+35.3%

## Cost Performance 2021 vs 2020 Analysis

In looking at the data for 2021 compared to 2020, it can be seen that the overall Projected Lifetime Cost Avoidance decreased due to a number of factors. The COVID-19 pandemic and the elimination of Pipeline funding for 2021 having the greatest impact. Should the landscape of work permanently change as a result of the pandemic with regard to full time telework, then we need to view this year as a part of a paradigm shift in how the working environment affects the number of claims filed, and the opportunities to return employees back to work.

A savings ratio was developed that compares the 12 month cost of salary and benefits for ICUC personnel to the 12 month savings for claims in which a savings occurred in 2021. This allows a more accurate comparison between the 12 month labor cost and the 12 month savings as a result of the labor in 2021.

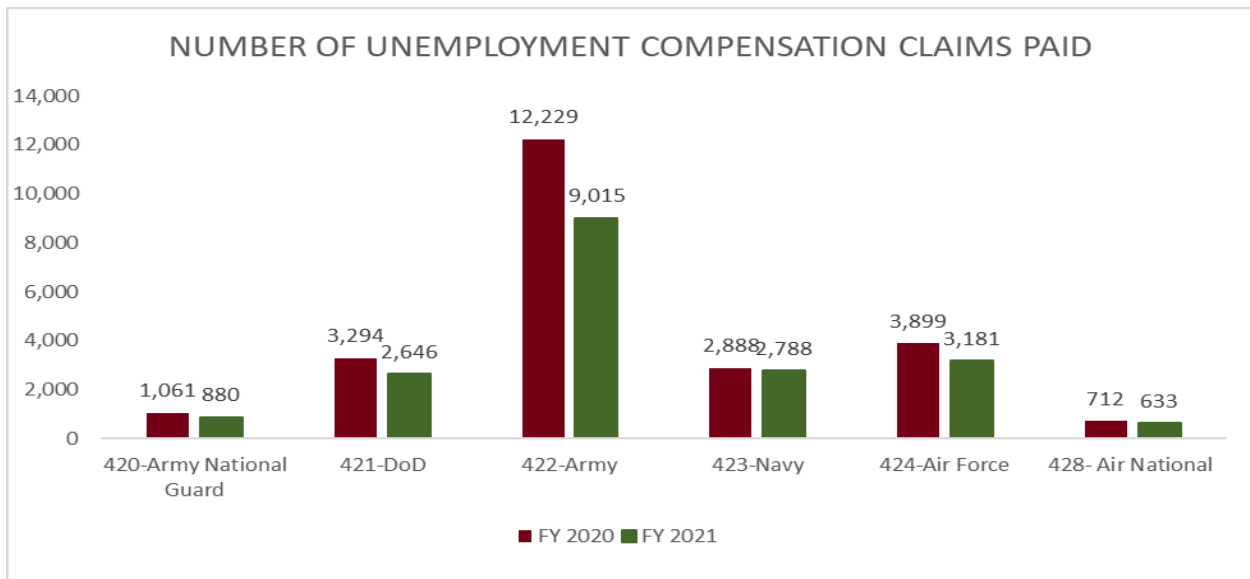
***The ratio shows that for every \$1.00 spent for ICUC personnel in 2021, the Department received \$1.65 in FECA costs savings. Over the period 2019-2021 the return was \$2.44 saved for every \$1.00 in salary.***



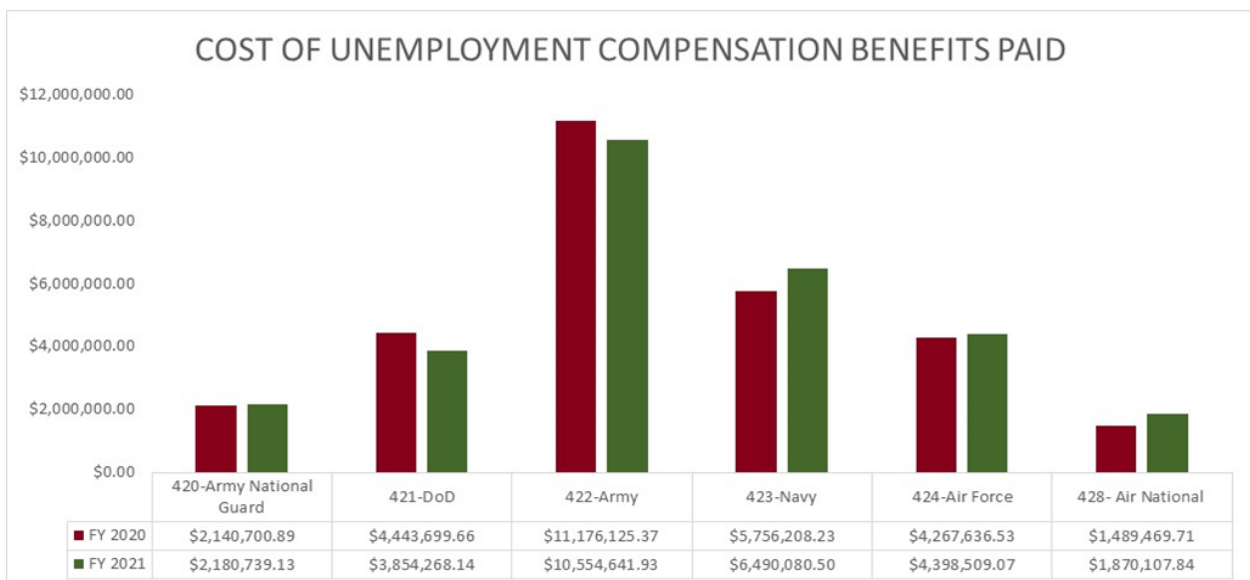
## Unemployment Compensation (UC) Program

DCPAS has the responsibility of managing the UC Program. The chart below shows the number of UC claims paid within DoD that were entered into the Defense Injury and Unemployment Compensation System (DIUCS) for Fiscal Years (FY) 2020 and 2021.

Due to COVID-19 restrictions in FY 2020, UC staff were not able to go into the office to obtain the mailed quarterly billing summaries, which contain the number of UC claims. During FY 2021, UC staff were able to obtain most of the missing quarterly summaries for FY 2020. As a result, the numbers presented below for FY 2020 are slightly higher than those numbers reported on the 2020 End of Year Report.



The following chart illustrates the total cost of UC benefits paid by each DoD Component for FY 2020 and FY 2021. These figures were obtained from the quarterly DOL invoices for the applicable fiscal years. The FY 2020 numbers below are higher than the 2020 End of Year Report for the same reason mentioned above.





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**Wage**

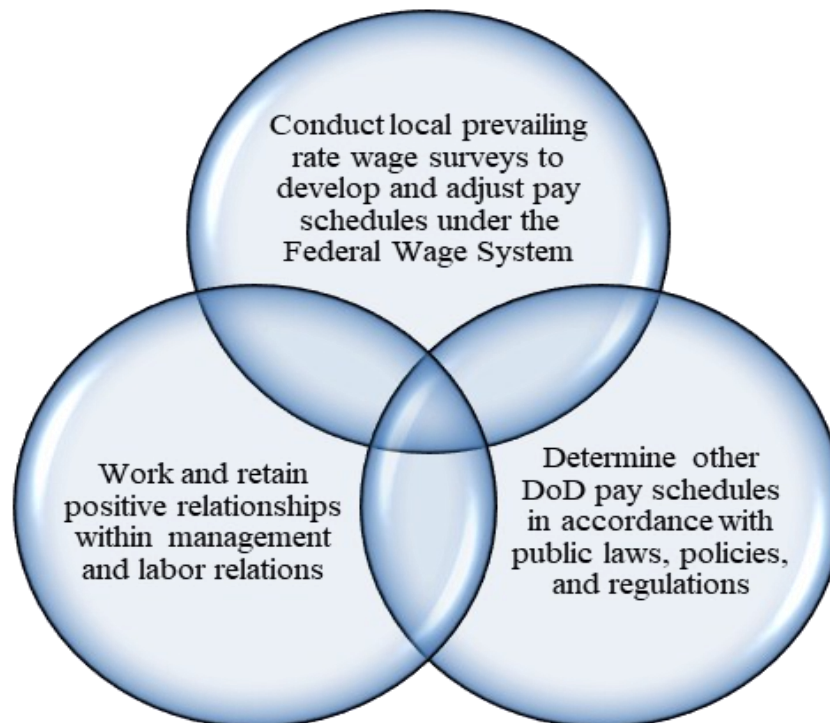
## Wage and Salary Division (WAGE) 2021 Year in Review

WAGE is the DoD leader in the administration of the Federal Wage System (FWS) with oversight from OPM. The FWS guarantees labor participation to develop pay lines and establish equal pay for equal work to attract and retain qualified personnel within a local area. The prevailing rate workforce includes blue-collar Federal trade, craft, and laborer employees paid from appropriated funds (AF) and nonappropriated funds (NAF). WAGE continues to strive for innovation and fiscal responsibility in the survey process to strengthen mission readiness and support the war fighter.

### Goals:

1. Build and cultivate strategic partnerships and conduct outreach to improve customer service.
2. Continuously advance our effectiveness, efficiency, and adaptability to deliver high-impact results which satisfy our customers' requirements.
3. Support the Department's mission to the war fighter through service, loyalty, and quality results.
4. Celebrate collaboration, communication, and teamwork to get the job done.
5. Promote honesty and trust to deliver the highest quality HR products and services.

### WAGE Missions



## WAGE 2021 Accomplishments and Impacts

### Scope of Operations:

- WAGE conducts FWS surveys annually and establishes pay schedules for blue-collar employees government-wide. The surveys are conducted on a two-year cycle, alternating between an in-person site visit (full-scale survey) and an interim phone survey (wage change survey). The law (chapter 53, subchapter IV of Title 5, United States Code) mandates the determination of pay schedules within 45 working days from the order date.
  - ◇ Processed 130 AF and 118 NAF FWS wage surveys and issued 1,650 FWS wage schedules on time (see COVID-19 impacts below).
  - ◇ Issued 740 Special Rate schedules including DoD Dependents Schools (DoDDS) Overseas Educators & Principals, Uniformed Services University of the Health Sciences (USUHS) faculty, Defense Language Institute (DLI) faculty, as well as schedules for various DoD medical occupations.
  - ◇ The NAF Pay Systems Branch responded to a record number of Increased Minimum Rates (IM), Special Rates (SR), and Increased Minimums applied to Special Rates (IM-SR) requests in 2021. 16 wage areas implemented new special rates bringing the total number of NAF wage areas utilizing IM, SR, or IM-SR pay remedies to 66 (56 percent).
  
- Employees impacted across the Federal workforce:
  - ◇ 174,500 AF FWS employees including all Federal wage grade employment (DoD and non-DoD) and represents over \$12B in payroll.
  - ◇ 154,405 employees covered by special rate schedules.
  - ◇ 62,000 NAF FWS employees.
  - ◇ 43,000 NAF payband employees.
  - ◇ 32,000 NAF overseas employees.

### COVID-19 Impacts:

- The Secretary of Defense (SecDef) implemented the travel ban on March 13, 2020, to slow the spread of COVID-19 and protect DoD personnel. The ban ceased WAGE's ability to provide in-person data collection support for full-scale surveys required under the provisions of 5 CFR part 532. Local, state, and municipal restrictions also impacted the Local Wage Survey Committee's (LWSC) ability to collect data in-person using local teams.
  - ◇ WAGE processed the affected full-scale surveys and notified OPM weekly for pay schedules which applied the statutory pay floor increase provision (per the appropriate CPM) to the pay schedules.
  - ◇ Adequate wage change surveys were processed as normal. Wage change surveys with an affected full-scale survey from 2020 applied the statutory pay floor increase provision to the pay schedules.

## WAGE 2021 Accomplishments and Impacts (cont.)

- ◇ 22 AF and 17 NAF wage full scale surveys could not be conducted in 2021.
- ◇ 67,377 AF and 17,101 NAF employees were impacted by affected full scale and wage change surveys.
- ◇ 70 AF and 72 NAF pay schedules received the pay floor increase.
- An interim final rule posted March 1, 2021, with an effective date of March 31, 2021, amended sections of 5 CFR 532 to allow for flexibility in collection methods. With unanimous consent of the LWSC, WAGE data may also be collection through alternate processes to include telephone, mail, or electronic means.
  - ◇ Remote collection for full-scale surveys began with surveys ordered in April.
  - ◇ The final rule went into effect October 15, 2021.
- As travel restrictions were lifted across the U.S. at military bases, WAGE began conducting in-person surveys as requested by the LWSC in June.
- 17 AF and 13 NAF wage full scale surveys were conducted in-person with either full travel teams or a hybrid approach of on-site and office personnel.

### DoD Zero-Based Review:

- On January 30, 2021, the SecDef issued a memorandum directing a zero-based review of all DoD advisory committees. To meet compliance, the DoD Wage Committee (DoDWC) was suspended after the February 5, 2021, meeting.
  - ◇ WAGE was unable to approve survey specifications, conduct wage surveys, and publish wage schedules until completion of the review.
  - ◇ The first wage schedules impacted were effective March 11, 2021, for AF and NAF FWS employees.
  - ◇ WAGE provisionally collected and analyzed survey data following the changes to 5 CFR 532 in anticipation of DoDWC's reinstatement.
- On April 19, 2021, the DoDWC was granted a 90-day exemption to reconvene and approve survey results.
  - ◇ The committee met on April 23, 2021, to approve 89 held schedules impacting 39,200 FWS employees, and the provisional and upcoming survey specifications.
- The SecDef signed the DoDWC's zero-based review on July 15, 2021, authorizing the committee to resume business with FACA compliance.
  - ◇ Membership appointments were approved on August 15, 2021.
  - ◇ The Federal Register published the meeting agenda on September 7, 2021.
  - ◇ Meetings resumed September 7, 2021.
  - ◇ The cancelled meetings between May 18 through August 24, 2021, held 122 schedules, impacting 61,782 FWS employees.

## WAGE 2021 Accomplishments and Impacts (cont.)

### Bureau of Engraving and Printing Survey:

- In May 2021, the Department of Treasury, Bureau of Engraving and Printing (BEP) commissioned WAGE via an interagency agreement to conduct a prevailing rate survey.
  - ◊ The scope included comparable printing and related industries for the Washington, DC and Dallas-Ft Worth, TX labor markets.
  - ◊ The benchmark jobs represented the 30 Bureau Wage System occupational series at various skill levels.
- The NAF WAGE team collected, analyzed, and prepared a robust report presented in December 2021.

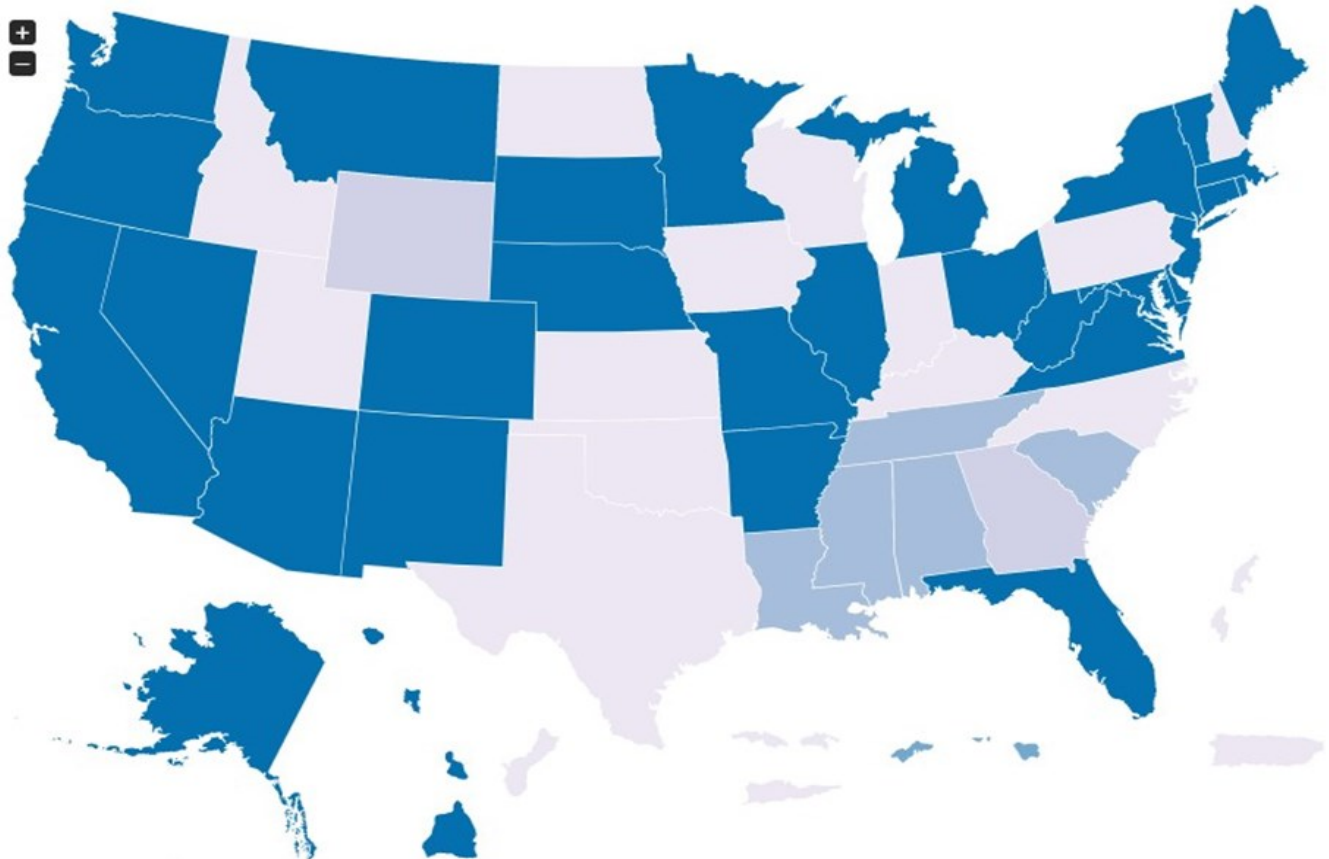
### Website:

- In August 2021, WAGE deployed a new standalone site to connect with our customers.
- The new site can be found at <https://wageandsalary.dcpas.osd.mil/BWN/WageIndex>.

## WAGE 2021 Accomplishments and Impacts (cont.)

### Minimum Wage:

- WAGE monitors minimum wage changes in over 90 states and localities throughout the U.S. and its accompanying territories. The map below colors these areas based on the relationship of the state or territory minimum wage as compared to the Federal minimum wage of \$7.25.



### Legend

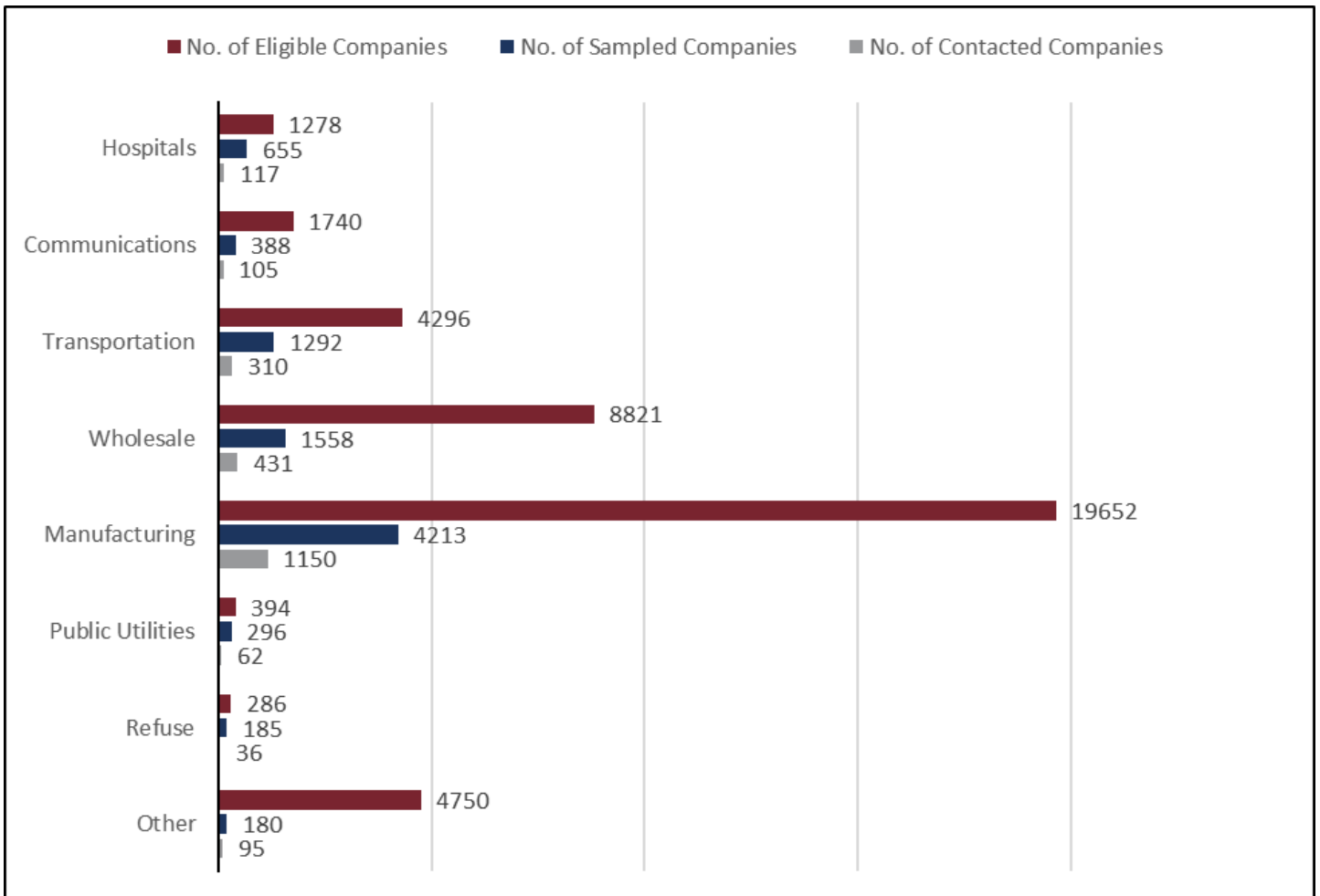
- States with Higher Minimum Wage than Federal
- States with the same Minimum Wage as Federal
- States with lower Minimum Wage rates - Federal Applies
- States with no Minimum Wage rates - Federal Applies
- States with special Minimum Wage

- Identified and issued pay schedules to comply with new minimum wage laws in:
  - ◆ 78 NAF wage areas, affecting 100 pay schedules in 25 states and Guam.
  - ◆ 18 AF wage areas, affecting 35 pay schedules in 11 states.

## WAGE Survey Industries

### Survey Industries:

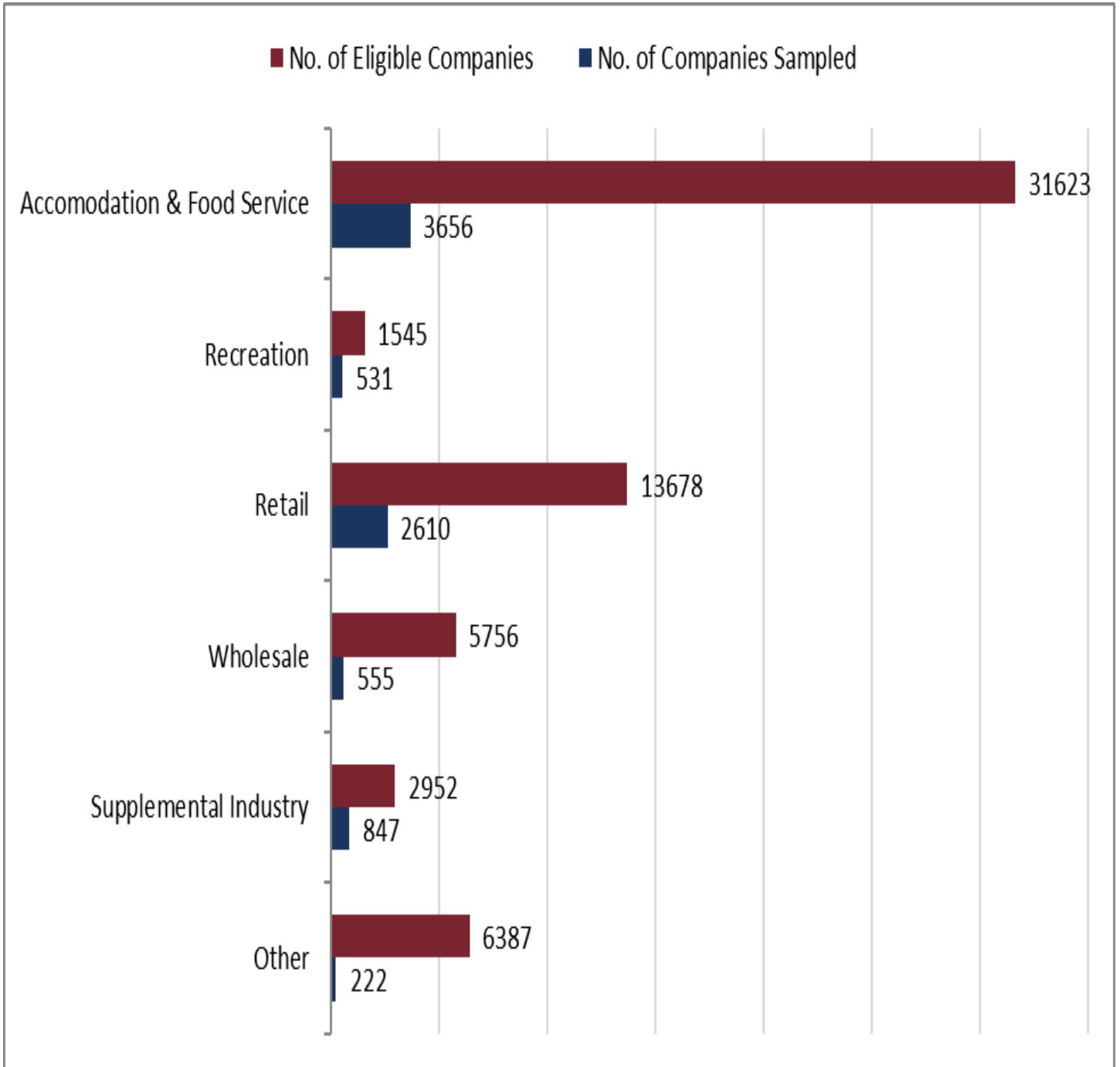
- Average participation rates exceeded 50 percent for the year (post-CFR change), a drop from previous annual averages of 66 percent. Telework flexibilities at private sector companies and the limited on-site presence for WAGE staff were major contributors to the participation decrease. For the salary survey industry, however, participation rates frequently average less than 10 percent.
- Eligible companies are determined by the OPM Operating Manuals for AF and NAF, the North American Industry Classification System (NAICS) and survey specifications.
- AF had roughly 41,200 eligible companies in the survey areas and planned to sample 21.3 percent of the companies in the last year. Considering the COVID-19 impact, AF was able to contact approximately 2,300 private companies (chart below reflects Fiscal Year (FY) 2021 information). The AF industry company breakout is:





## WAGE Survey Industries (cont.)

- NAF had almost 62,000 eligible companies to survey and sampled 13.6 percent of the companies. The NAF industry company breakout is:



## WAGE Data Collection

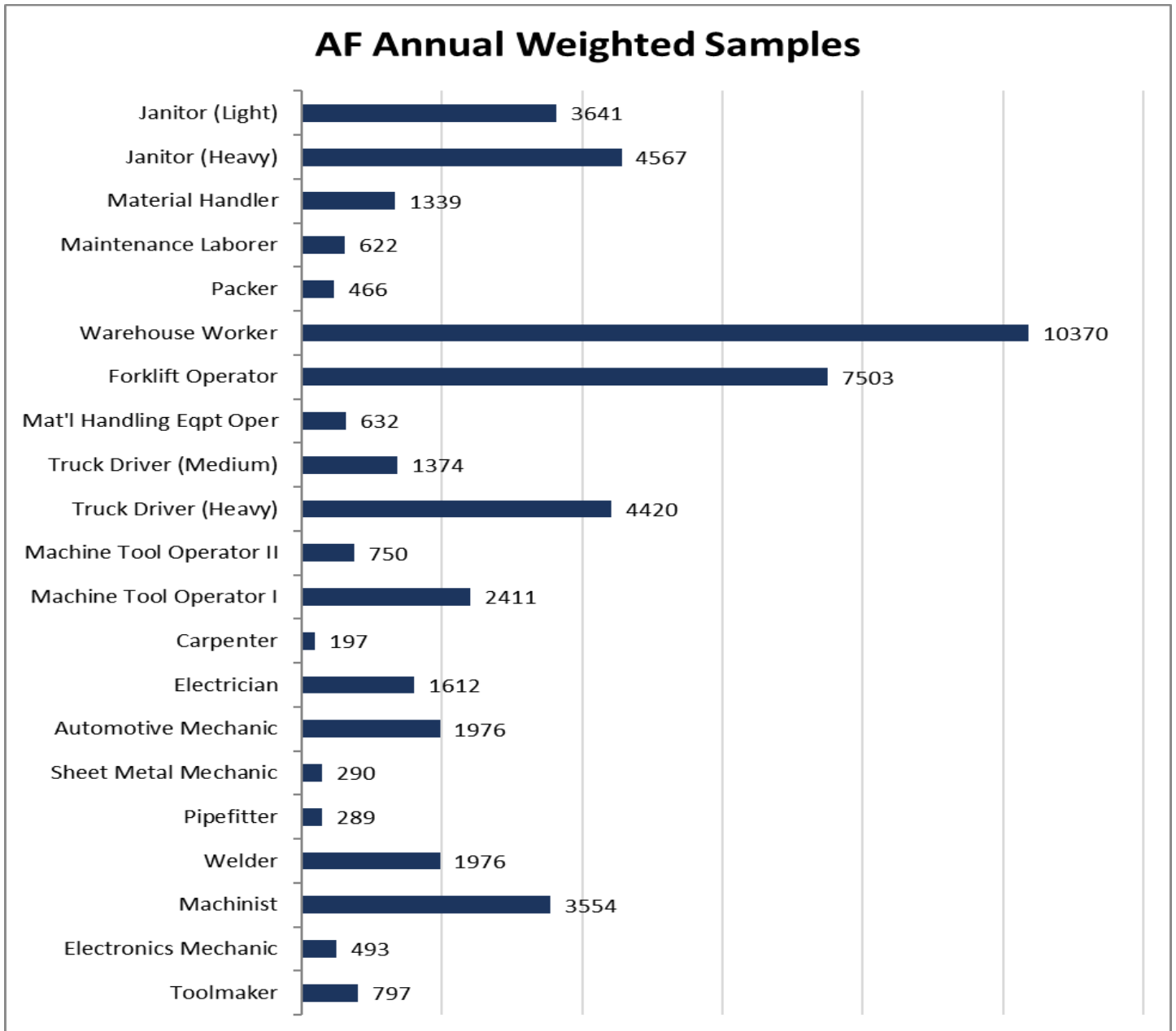
### Data Collection:

- Data collection for any given survey is less than a month's time (averaging 2 weeks), considered a very quick turnaround time for the industry.
- There are 21 required survey jobs for AF and NAF:

Survey Job Title	Grade Level	AF	NAF
Janitor (Light)	1	X	X
Food Service Worker	1		X
Fast Food Worker	2		X
Janitor (Heavy)	2	X	X
Food Service Worker	2		X
Material Handler	2	X	
Laborer (Light)	2		X
Maintenance Laborer/Laborer (Heavy)	3	X	X
Service Station Attendant	3		X
Packer	4	X	
Stock Handler	4		X
Short Order Cook	5		X
Warehouse Worker	5	X	X
Forklift Operator	5	X	
Material Handling Equipment Operator	5	X	X
Service Station Attendant	5		X
Truck Driver (Light)	5		X
Truck Driver (Medium)	6	X	X
Truck Driver (Heavy)	7	X	X
Cook	8		X
Machine Tool Operator II	8	X	
Machine Tool Operator I	9	X	
Carpenter	9	X	X
Painter	9		X
Electrician	10	X	X
Automotive Mechanic	10	X	X
Sheet Metal Mechanic	10	X	
Pipefitter	10	X	
Welder	10	X	
Machinist	10	X	
Electronics Mechanic	11	X	
Tool Maker	13	X	

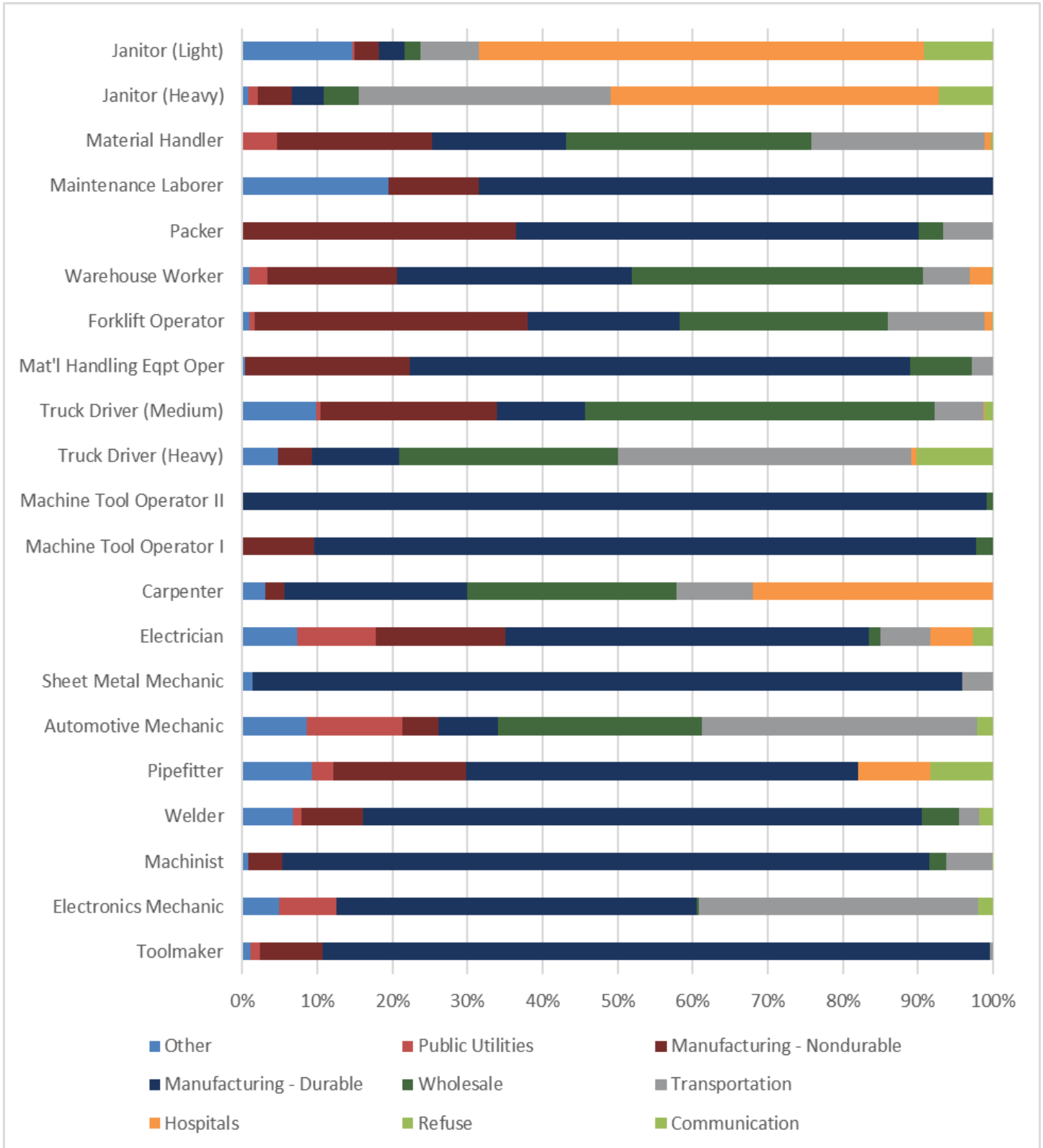
## WAGE Data Collection (cont.)

- Additional survey jobs:
  - ◇ AF has 33 optional survey jobs plus three added jobs for the hospital industry.
  - ◇ NAF has 11 optional jobs.
- AF collected over 49,000 weighted samples from participants in 18 full-scale survey areas for FY21.
  - ◇ Number of weighted AF samples collected in full scales for the required survey jobs:



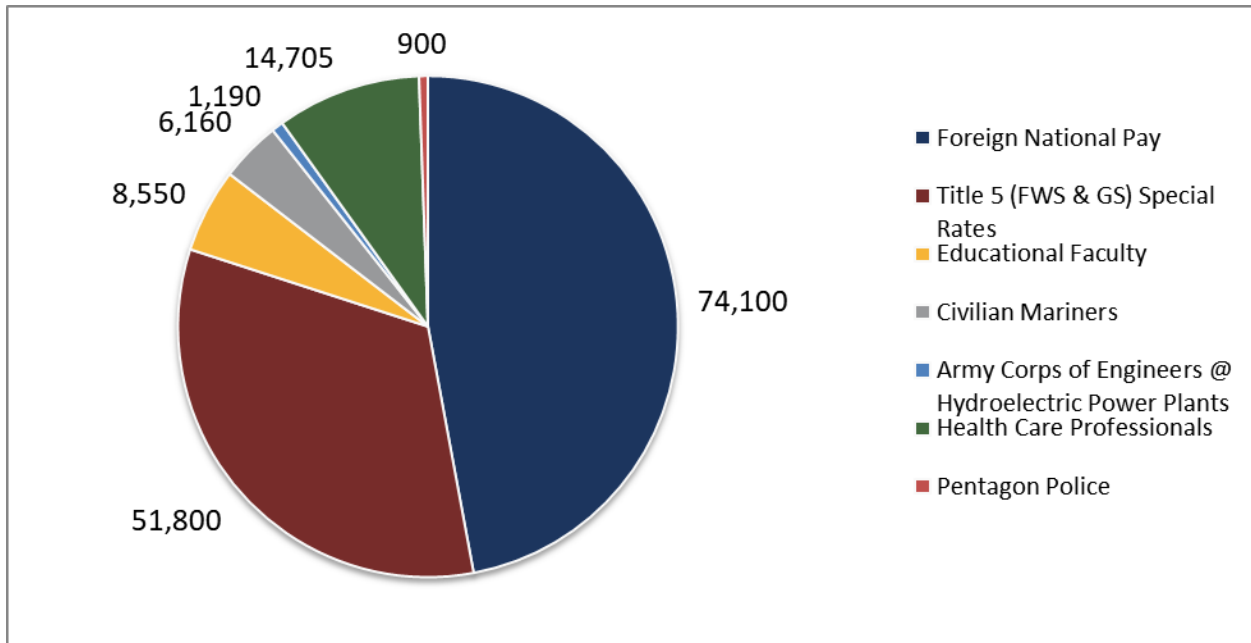
## WAGE Data Collection (cont.)

- AF distribution of survey job observation by industry group for required jobs:



## WAGE Special Pay Programs

- WAGE also conducts occupational/industry surveys to establish pay for overseas DoD educators, civilian mariners, power generation employees, health care professionals and educators, foreign language professors, foreign national pay programs, and white collar/General Schedule (GS) special rates programs.
- COVID-19 affected the data used by the Special Pay program. The impact varied for each schedule.
- Civilian Employees Covered by Special Pay Schedules:



<u>Pay Plan</u>	<u>Number of Employees</u>	<u>Number of Schedules</u>
Corps of Engineers Power Plant	1,190	5
Defense Language Institute Foreign Language Center	1,600	20
Floating Plant	885	90
Foreign National Pay	74,100	48
Hopper Dredge	172	4
Lock & Dam	1,603	69
Military Sealift Command	3,500	8
Overseas Educators	6,650	16
Pentagon Police	900	1
Physicians and Dentists Pay Plan	2,505	1
Title 38 (Medical) Special Salary Rates	12,200	296
Title 5 (FWS & GS) Special Rates	51,800	182
Uniformed Services University of the Health Sciences	300	4
<b>Totals:</b>	<b>157,405</b>	<b>740</b>



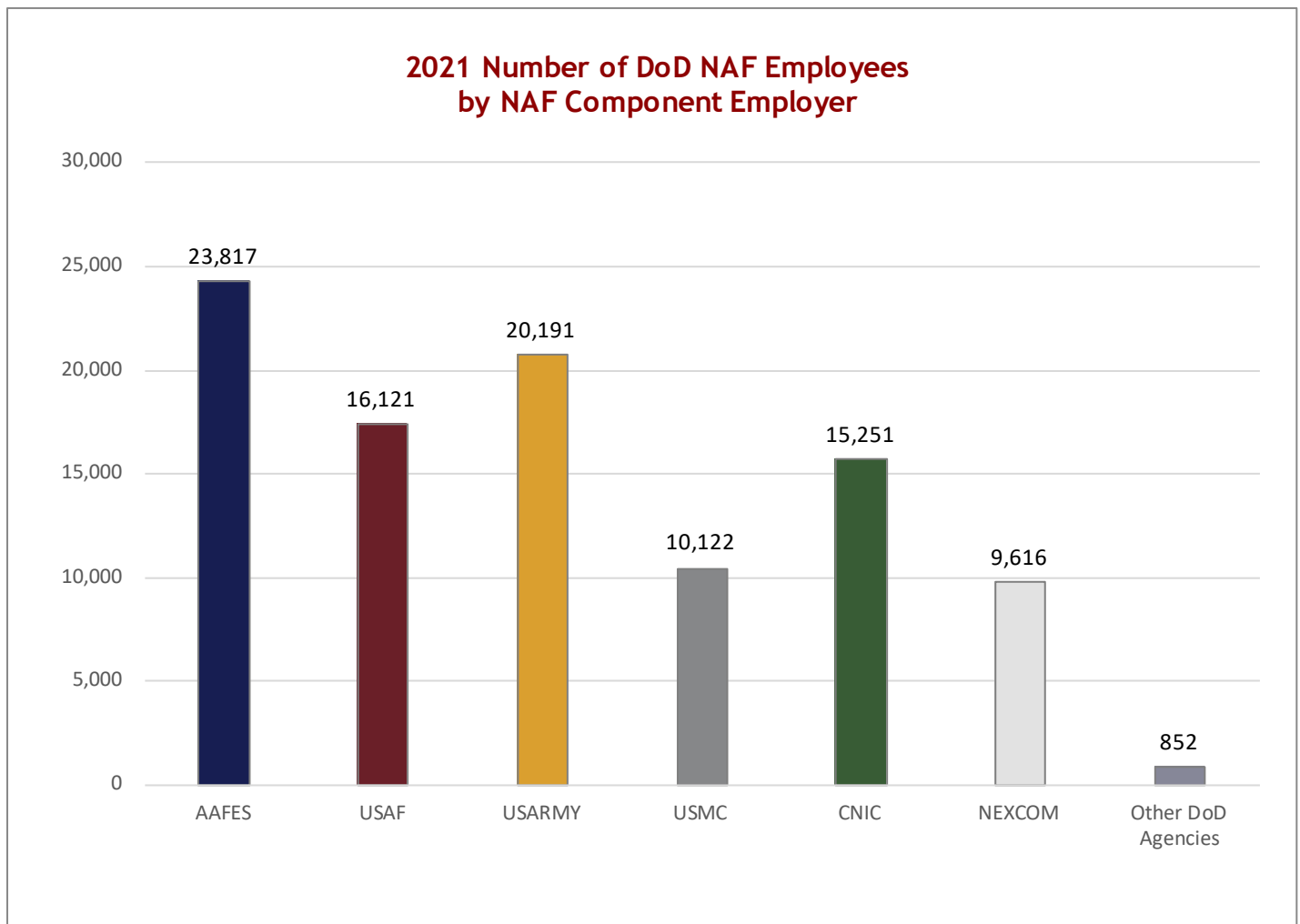
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# NAF Personnel Policy

## Nonappropriated Fund (NAF) Personnel Policy Program

Nonappropriated Fund (NAF) Personnel Policy develops fair, equitable, and streamlined Human Resources (HR) policies for the DoD NAF workforce, and ensures NAF HR policies and programs, mandated by law or regulation, are properly applied throughout the Department. NAF Personnel Policy updates, coordinates, and publishes DoD NAF HR policy and procedural handbooks; provides informed NAF HR advice to OSD leadership; administers the DoD-wide NAF Health Benefits Program (HBP) in collaboration with the DoD NAF Components; provides advisory services to the DoD NAF Component employers; and proposes, develops, and coordinates legislation when necessary.

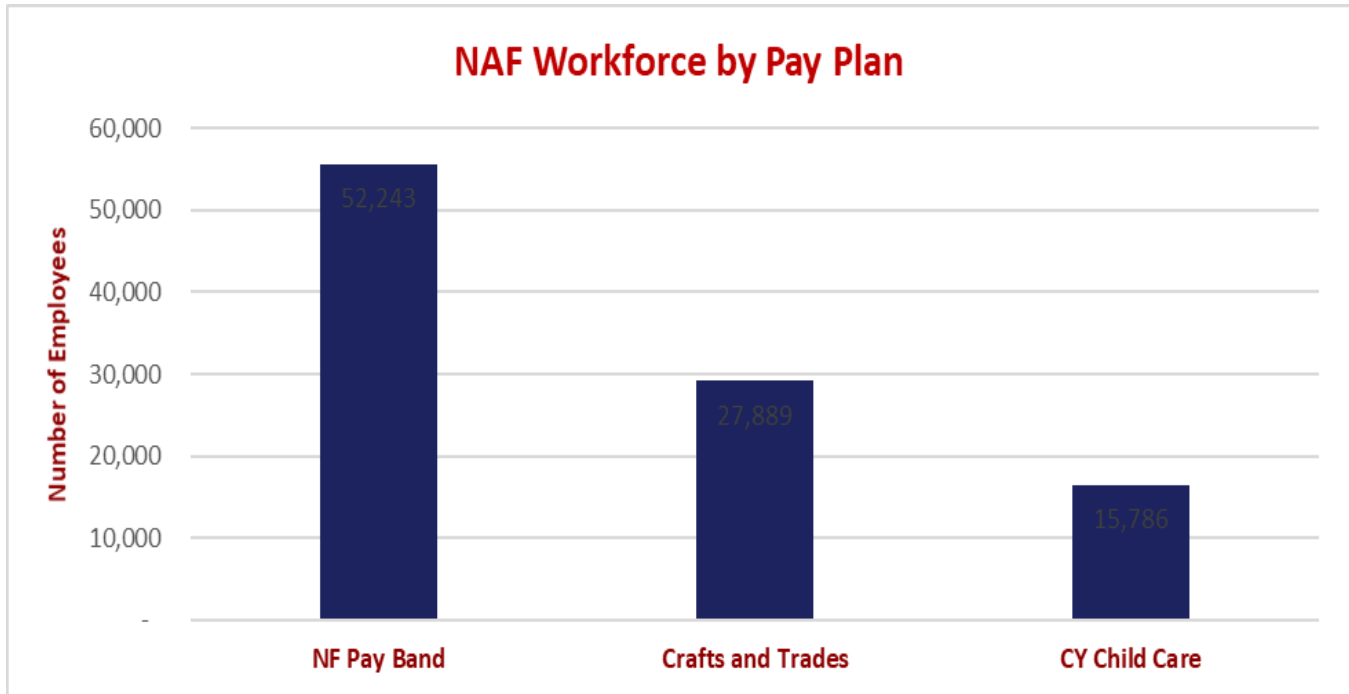
- NAF workforce is comprised of 95,970 employees, including 75 deployed personnel as of December 2021.
- The Army and Air Force Exchange Service (AAFES), the Department of the Air Force (USAF), the Department of the Army (USARMY), the Department of the Navy Components, which consist of: the US Marine Corps (USMC), Commander, Navy Installations Command (CNIC), Navy Exchange Service Command (NEXCOM); and other (smaller) DoD Agencies comprise the DoD NAF enterprise.



Source: DMDCRS, December 2021

## NAF Personnel Policy Program Demographics

NAF employees are covered by three pay plans: NAF white-collar, Child and Youth paybands and NAF Crafts and Trades. A payband system covers NAF employees working in white-collar (non-Crafts & Trades) positions. Six paybands, NF-1 through NF-6 (General Schedule (GS)-1 through Senior Executive Service (SES) equivalent), cover the majority of NAF white-collar jobs. A separate payband structure, CY-I and CY-II, covers child and youth program caregivers. The majority of NAF employees (54 percent) are white-collar payband employees.



Source: DMDCRS, December 2021

More than half of the NAF workforce are employed in just ten occupational series that align to the Military Community and Family Support DoD functional community.

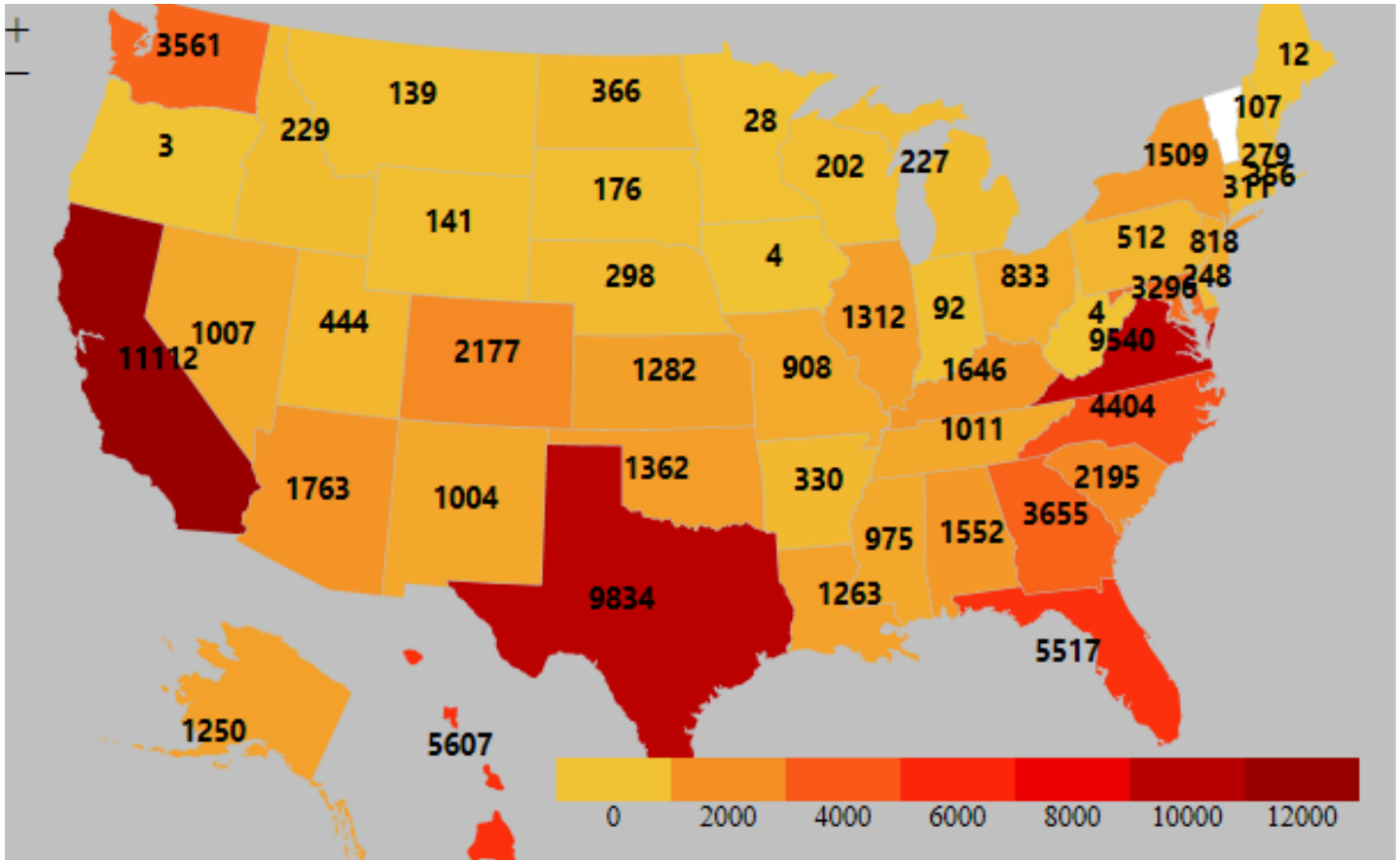
Top 10 NAF Occupational Series	
1702	Education and Training Technician
2091	Sales Store Clerical
0189	Recreation Aid and Assistant
7408	Food Service Working
3566	Custodial Working
0303	Miscellaneous Clerk and Assistant
1101	General Business and Industry
6907	Materials Handler
7404	Food Service Working
3502	Laborer

Source: DMDCRS/Component Data Call, June 2021



## NAF Personnel Policy Program Demographics (cont.)

85,583 (86 percent) of the NAF workforce have a duty station located within the United States. There are a large concentration of NAF employees in California, Texas, Hawaii, and the southern east coast states of Virginia, North Carolina, Georgia, and Florida. NAF employees work in all U.S. states, except the state of Vermont.



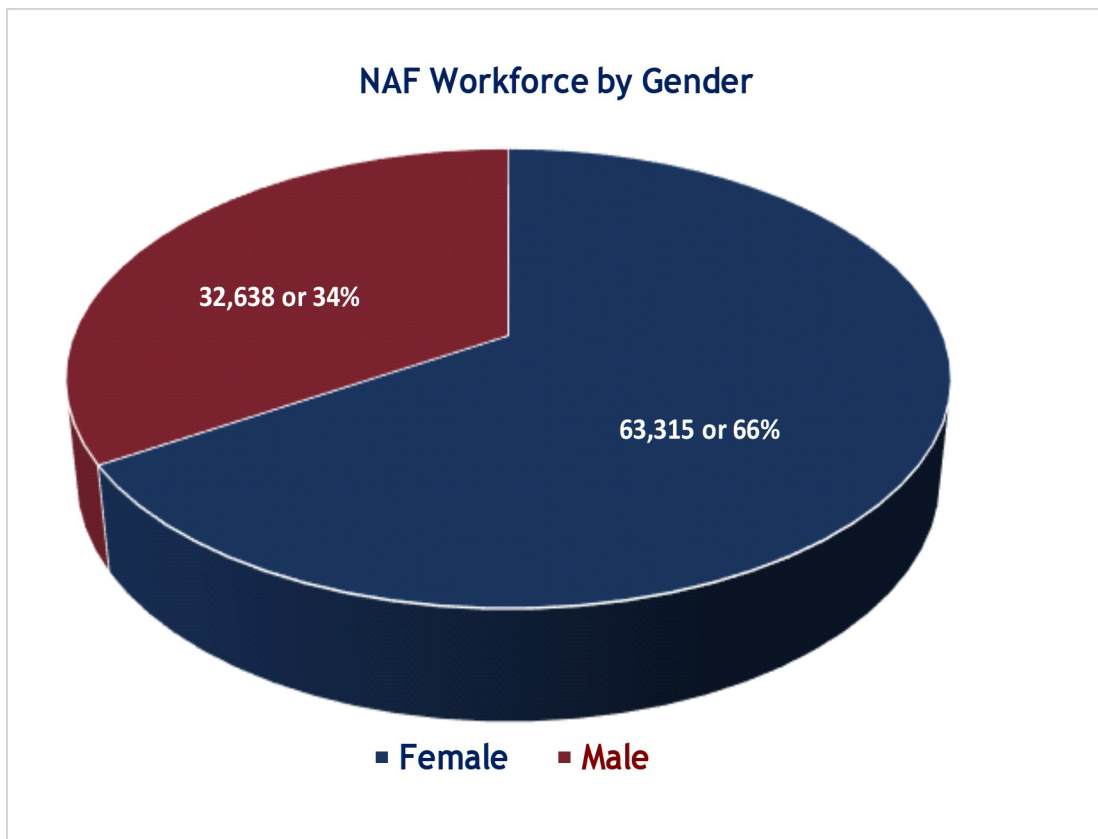
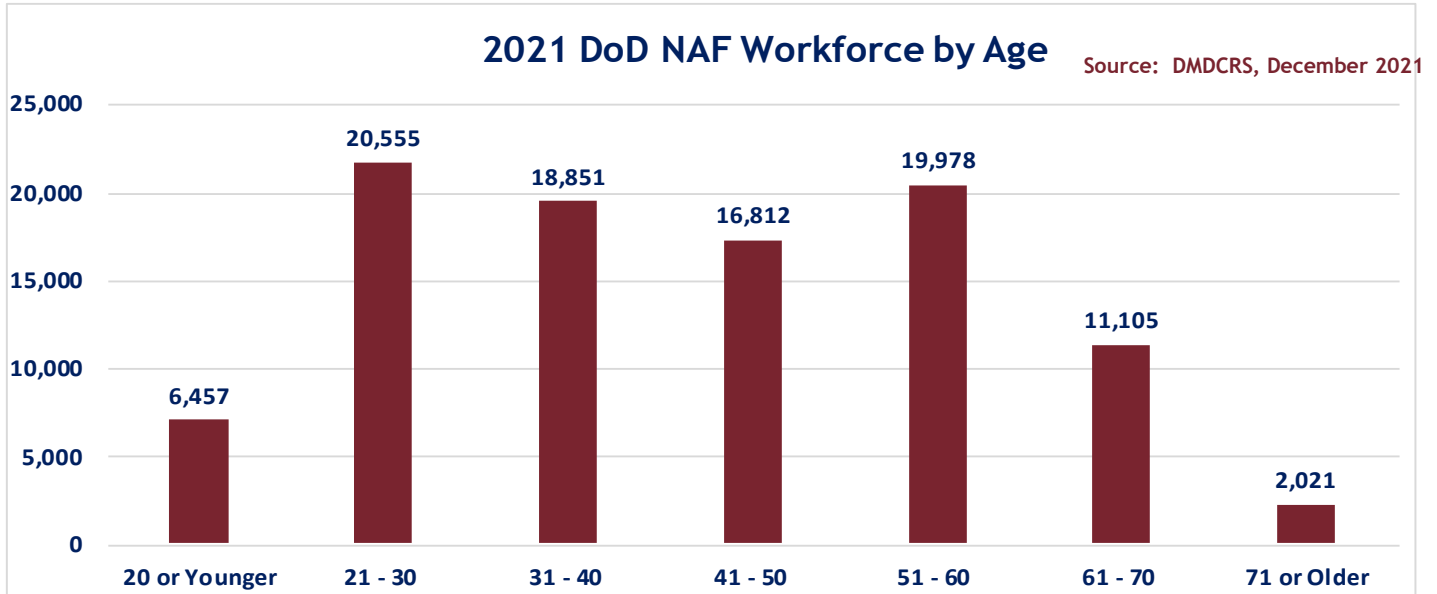
13,592 (14 percent) NAF employees are located in 23 countries across the world with a strong presence in South East Asia and Europe.

Country	Employees
Germany	4,228
Japan	3,726
Guam	999
Italy	783
Korea (South)	599
United Kingdom	500
Puerto Rico	467
Northern Mariana Islands	227
Belgium	162
Spain	118
Bahrain	87
Netherlands	60

Country	Employees
Cuba	46
Saudi Arabia	34
Singapore	25
American Samoa	23
Greenland	21
Greece	18
Djibouti	5
Honduras	3
Turkey	3
Romania	2
Afghanistan	1
Poland	1

## NAF Personnel Policy Program Demographics (cont.)

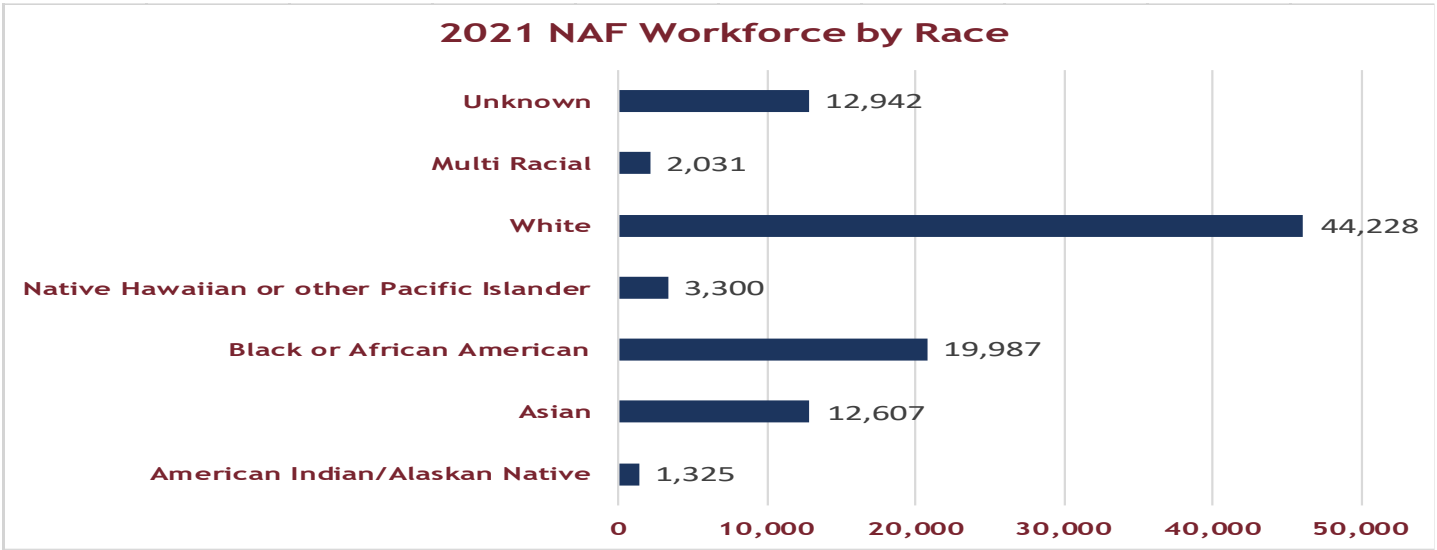
NAF employers have an age-diverse workforce that skews older. 34 percent of NAF employees are 55 years old or older, and 12 percent of the NAF workforce are at the minimum retirement age of 62 or older. Women make up the majority of the workforce and outnumber men in the workforce 2:1.



Source: DMDCRS, December 2021

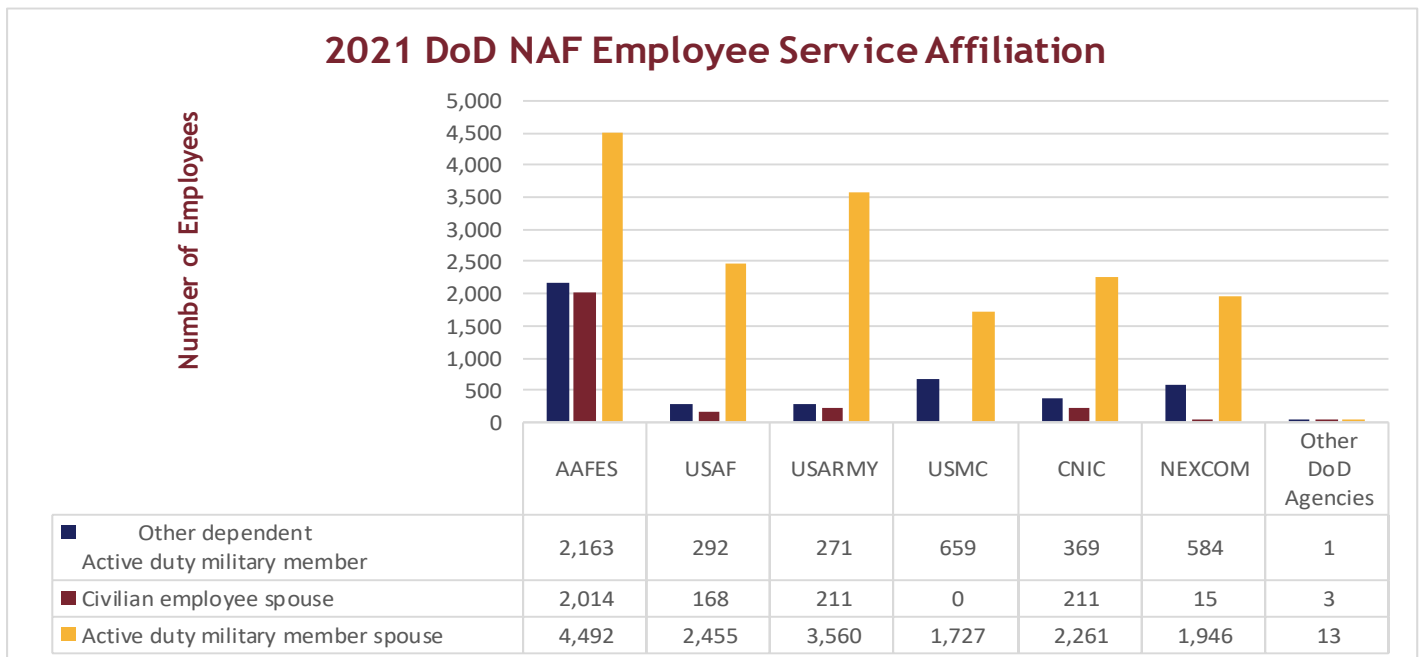
## NAF Personnel Policy Program Demographics (cont.)

The NAF workforce racial diversity is reflection of our country. As of October 2021, 59 percent of our workforce is white. The other 41 percent is comprised of African American (21 percent), Asian (13 percent), Native Hawaiian or other Pacific Islander (three percent), Multi Racial (two percent), and American Indian/Alaskan Native (one percent).



Source: DMDCRS, December 2021

Each NAF Component employs individuals affiliated with a military service, this includes military spouses, civilian employee spouses, and military dependents. The following graph shows the number of employees attached to the services through a familial relationship.



Source: DMDCRS, December 2021

# NAF Personnel Policy Program Highlights

## Policy and Issuances

### Department of Defense Instruction (DoDI) 1400.25:

- Volume 450, “Program Evaluation.” This is a new policy volume that is coupled with a procedural handbook. The policy volume is applicable to APF and NAF, while the handbook is NAF specific. Publication is expected early 2023.
- The revision to Volume 1401, “DoD Civilian Personnel Management System: General Information Concerning Nonappropriated Fund (NAF) Personnel Policy” adds provisions implemented in Volume 1471 of this instruction and the requirement to implement procedures outlined in DoDI 1444.02, Volume 2, “Data Submission Requirement for DoD Civilian Personnel: Nonappropriated Fund (NAF) Civilians,” dated November 5, 2013. A draft Data Submission Requirements for DoD Civilian Personnel: Nonappropriated Fund (NAF) Civilians Handbook will supplement Volume 1401.
- Change 1 to Volume 1404, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Performance Management Program,” will update the Delegation of Authority; change the responsibility from USD(P&R) to DASD(CPP) for the assessment and validation of the DoD NAF Senior executives appraisal results; and update references, organizational titles, and Directives Division website address.
- Change 1 to Volume 1405, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Pay, Awards, and Allowances,” establishes pay plans for DoD Automotive Mechanics and revises the policy for computation of NAF Pay Bands.
- Change 2 to Volume 1406, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Attendance and Leave,” will incorporate Compensatory Time Off for Travel for NAF employees, add Paid Parental Leave, and administratively extend the annual leave restoration regulations for employees deemed necessary to respond to certain national emergencies in 5CFR 630.310.
- The revision to Volume 1407, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Classification,” will add the requirement for NAF Component employers to identify and designate positions as emergency essential, provide pay plan and classification guidance for Auto Mechanic positions, establish minimum position qualifications for Child and Youth Program Assistants, Leaders and Technicians and the Industry Program Experts pay levels.
- Publication of Change 1 to Volume 1408, “DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees,” occurred on October 1, 2021. This change authorizes a fully insured group Medicare Advantage with Prescription Drug Plan to CONUS-retired members and their dependents enrolled in Medicare Parts A&B.
- Change 2 to Volume 1408, “DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees,” will provide employees with military service credit towards satisfying the post-retirement medical requirement, with credit not to exceed five years.
- The revision to Volume 1412, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Overseas Allowances and Differentials, and Employment in Foreign Areas,” adds policy for Domestic Employees Teleworking Overseas, the requirement to conduct Living Quarters Allowance reviews, policy regarding pay advances, and makes revisions to format and writing style throughout.

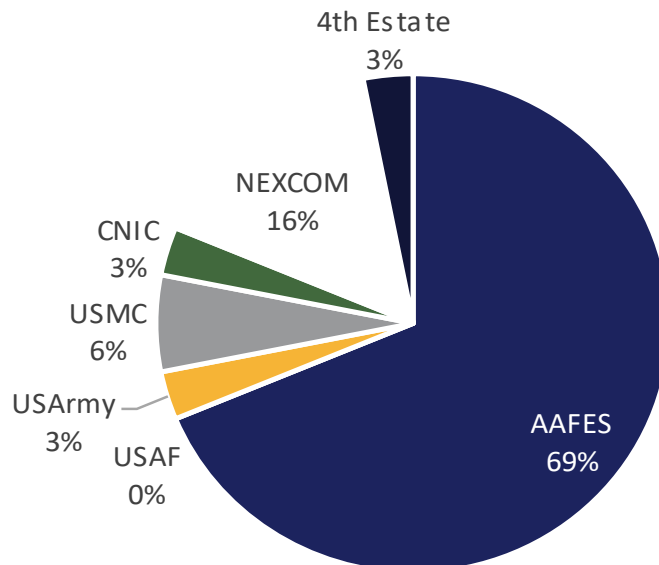
## NAF Personnel Policy Program Highlights (cont.)

- Change 1 to Volume 1471, " DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Labor-Management and Employee Relations," will clarify the applicability of the Oath of Office to NAF employees, update the prohibited personnel practices and require performance be the primary criterion for business based actions.

### Pay, Awards, and Performance Management

- Senior Executive Pay and Performance System Opening and Closing Guidance issued for the FY 2021 Performance Appraisal Period.
- NAF Personnel Policy coordinated validation of the DoD Component NAF Senior Executive (NF-6) Performance Appraisal rating results. Validation covers 32 positions within the Department of the Army, Fourth Estate, Department of the Navy, and AAFES.
- With the exception of Air Force, who does not have NAF leadership teams with NF-6 Senior Executives, the other NAF Component employers do have leadership teams with NF-6 Senior Executives. As a percentage of the total NF-6 Senior Executive population, the chart below shows the concentration of these executives within each Component. 69 percent of the total NF-6 Senior Executives serve on the AAFES leadership team.

### 2021 NF-6 Senior Executive Distribution



As of December 2021

## NAF Health Benefits Program (HBP)

The FY 1995 National Defense Authorization Act (NDAA) required DoD to provide a uniform health benefits program (HBP) for its NAF workforce instead of the six separate and distinct plans that were offered by the NAF Component employers. On January 1, 2000, DoD NAF HBP implemented a Congressionally required uniform health plan. Under a competitively-awarded contract, Aetna Life Insurance Company, acting as the third party administrator, provides a broad range of administrative services for self-insured medical benefits, a self-insured dental plan, and a fully-insured stand-alone dental insurance plan. The NAF employers' share of premiums is 70 percent, with employees and retirees paying 30 percent. The NAFs also utilize a number of health maintenance organizations to provide care to eligible employees, retirees, and their dependents.

### Characteristics of the DoD NAF HBP:

- 44,454 employees/retirees are in the medical plans Preferred Provider Organization (PPO) and Indemnity.
- 46,145 employees/retirees are in the dental plan.
- 6,422 insured employees are in the stand-alone dental plan.
- 6,023 insured employees/retirees are in health maintenance organizations.
- 71,051 total members are in the medical plan; 74,861 total members are in the dental plan; and 12,490 total members are in the stand-alone dental plan.
- Self-insured medical, dental, and prescription drug claims paid in 2021 totaled \$573,327,370. Pharmacy costs were \$179,356,068 or 31.28 percent of the total claims paid. Self-insured dental claims paid were \$26,822,084 and stand-alone dental claims paid were \$3,624,427.

### Noteworthy Accomplishments:

- In January 1, 2022, a new health plan, a Medicare Advantage with a Prescription Drug (MAPD) Plan, will be implemented within the NAF HBP. Under this group-underwritten plan, cost stability will be realized because it is a 3-year multi-rate guarantee. Advantages of implementing a MAPD are: 1) Projected NAF HBP total costs for 2022 will be reduced 3.01 percent, which equates to \$15.72 Mil less in total costs than in 2021; 2) NAF employers will see significant Accumulated Post-retirement Benefit Obligations, estimated to be more than \$84 Mil; 3) the 13,000 NAF enrolled retired HBP members will pay 60 percent less for their premiums, will have less in annual deductibles, out-of-pocket maximums, and pay less for Tier 1 & 4 drugs; 4) Members will carry 1 identification card instead of the 2 they presently need; 5) Members will be able to fill 90-day maintenance medications at any network pharmacy; and 6) Members will be able to use the Silver Sneakers program, which consists of gym memberships, group fitness classes, and access to trained instructors and fitness centers in promoting optimal health. Those active employees, pre-65 retirees, covered spouses under the age of 65 or children, and post-65 retirees living overseas, to include Guam, Puerto Rico, or U.S. Virgin Islands are not eligible for MAPD – they will remain in the self-insured DoD NAF plan until they qualify for MAPD.
- Every year the DoD NAF HBP Employee Benefits Committee reviews plan designs and premiums. When necessary, the Committee recommends cost containment or benefit enhancement strategies. In FY 2021 for CY 2022 the NAF HBP Committee recommended: 1) increasing self-insured medical premiums for active employees and pre-65 retirees 8.59 percent; (2) renewing self-insured dental and stand-alone dental premiums at their current 2021 rates; and 3) no plan design changes.

## NAF HBP (cont.)

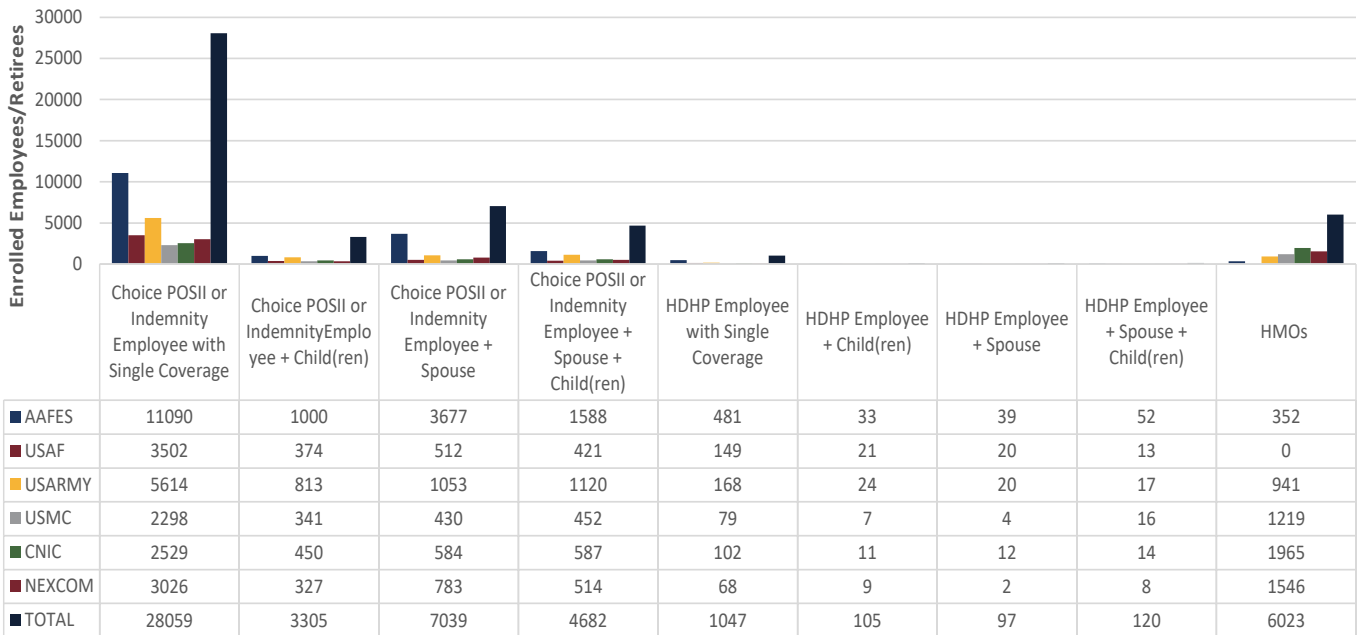
- With the implementation of a MAPD plan, “true pricing” of premiums to match the true cost of members’ care is not necessary.
- The High Deductible Health Plan (HDHP) 2022 premiums are 23.08 percent lower than 2021 premiums for the Choice POS II or Traditional Choice plans in CONUS for active employees and pre-65 retirees and OCONUS individuals.
- The objective of the DoD NAF HBP Employee Benefits Committee 5-year strategic plan is to achieve financial sustainability while offering a competitive health benefits package. Total program costs will not increase by more than five percent each year from 2021 through 2025. The target date to implement a MAPD plan was January 1, 2023. **The plan achieved this goal one year of ahead of schedule.**
- Deloitte Consulting completed an audit of 2020 DoD HBP medical claims. The audit reviewed a random sample of 218 claims to validate the accuracy of claim payment, compare results to common industry practices and performance levels, and recommend specific steps to improve claims administration performance. This sample size of claims, with a paid amount of \$10,541,264, or around three percent of the total \$347,403,498 paid during the evaluation period, was selected using a stratified (by paid dollar amount) random sample approach. This random stratified approach produces a sample that is representative of the population and contains claims from all paid dollar ranges. Scoring 98.6 percent, Aetna met or exceeded payment and procedural accuracy benchmarks during the evaluation period. They came in at 97.8 percent which is slightly below benchmarks for financial accuracy. These results compare favorably with results of similar reviews performed at other health plans, both regional and national.
- Deloitte Consulting submitted their final analysis of Medicare Part D Creditable Coverage for the DoD’s 2022 prescription drug benefits program. Each of the prescription drug benefit plan options—Aetna Choice POS II, Aetna Traditional Choice Indemnity Plans and Aetna High Deductible Health Plan—qualify as Creditable Coverage.
- To encourage healthy lifestyle actions, health incentives of up to \$300 for individuals and an additional \$300 for covered dependents, for a total of up to \$600 a year, can be earned by completing the following health actions:
  - Online health assessment - \$75
  - Biometric/metabolic syndrome screening - \$150
  - Three Calls to work on a goal with a Disease Management Nurse - \$75 (CONUS Only)
  - Online Journey - \$75 each (up to four Journeys each for individual covered dependent)
  - Preventive exam for children under age 18 - \$50

These earned credits are applied to the medical deductible and/or coinsurance as claims are processed. If an employee is enrolled in the HDHP and has either an HSA or HRA, the health incentives will be added to their HSA or HRA account.

- Each year a comprehensive open enrollment video posts to [nafhealthplans.com](https://nafhealthplans.com). It is designed to help NAF employees understand health benefit plan changes and new options that may be available.

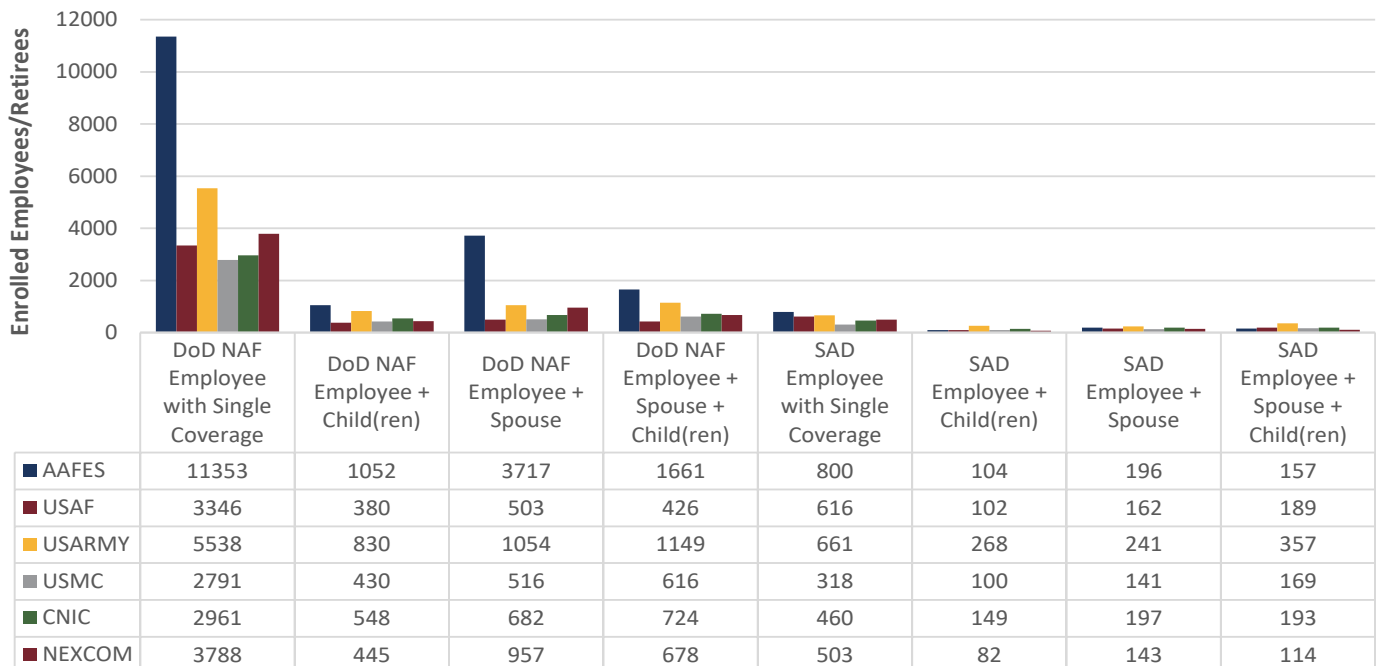
## NAF HBP (cont.)

### 2021 NAF HBP Medical Enrollment Totals



\*As of December 31, 2021

### 2021 NAF HBP Dental Enrollment Tools

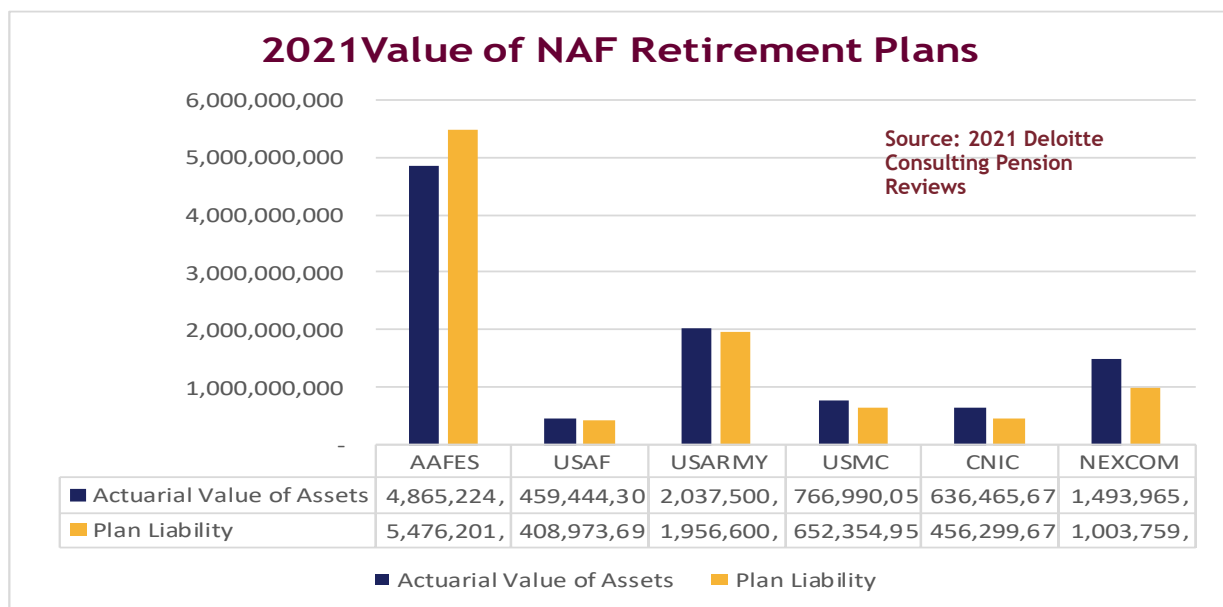
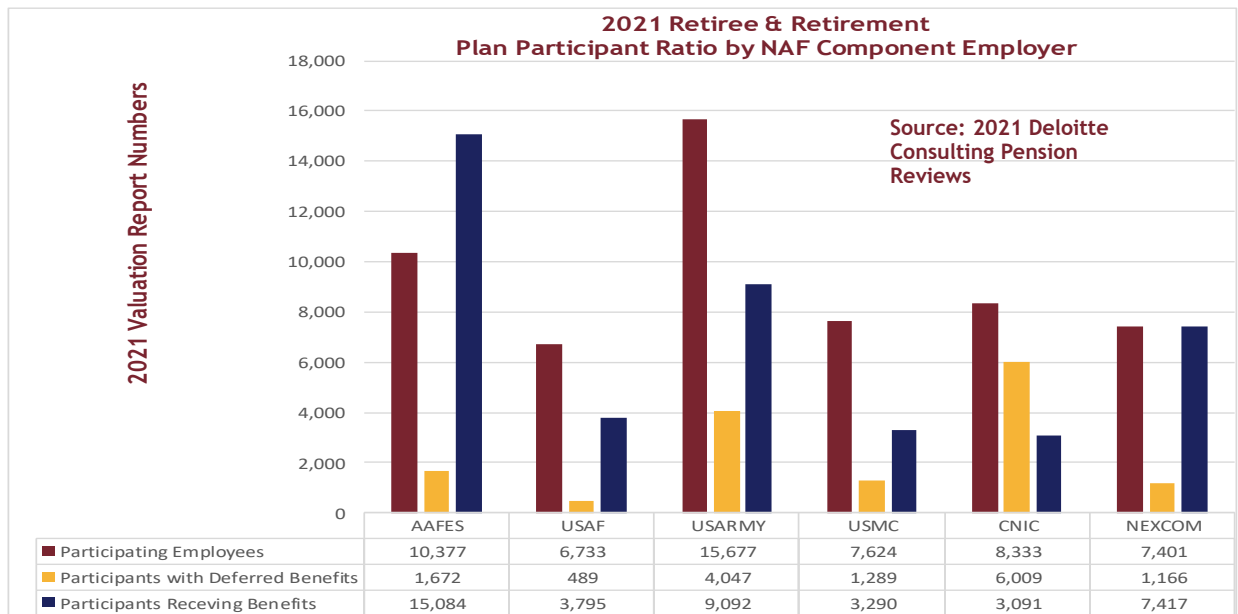


\*As of December 31, 2021



# NAF Retirement Program

- Executed oversight of seven DoD Component NAF retirement plans, representing approximately \$9.5M in assets, sponsored by six NAF Component employers.
- Using contract actuaries, independently analyzed each retirement plan’s annual actuarial valuation report, providing surveillance of key indicators regarding financial soundness (e.g., funded ratios, reasonableness of assumptions used, improvements needed, etc.).
- All of the NAF retirement plan reports met commonly accepted valuation standards and the policy requirements specified in DoD Instruction 1400.25, Volume 1408, “DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees, Incorporating Change 1, dated October 1, 2021.



# NAF Initiatives and Accomplishments

## DoD Portability of Benefits Working Group (POBWG)

Established in April 2018 to develop additional guidance for human resources specialists on DoD NAF to DoD NAF employee moves and employee moves between DoD NAF & DoD APF or DoD APF to DoD NAF. The goal is to reduce errors and assist in correcting errors related to portability of benefits, reinforce working relationships across Components and share Component documents.

NAF Policy hosted two POBWG meetings in 2021 to address ongoing concerns and issues, and to provide a forum for the sharing of best practices. Membership increased from 72 to 81 members, with representatives from DoD NAF and DoD APF Components.

Some POBWG accomplishments include:

- Completed the POBWG toolkit which is now available on the DCPAS website.
- Completed and distributed the update to the DoD APF-NAF Portability of Benefits Reference Guide dated February 26, 2021, which is also available on the DCPAS website.
- Created and published a Portability tri-fold and frequently asked questions fact sheet geared to employees moving from nonappropriated fund employment to civil service positions.

Way Forward:

- For continued education regarding portability, develop a repository for forms regarding the entire portability process for all Component employers.

## Employee and Labor Relations

Initiated informal coordination to DoDI 1471, DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Labor-Management and Employee Relations. The revised will clarify the applicability of the Oath of Office to NAF employees, update the prohibited personnel practices and require performance be the primary criterion for business based actions.

## Classification

The revision to DoDI 1407, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Classification,” will add the requirement for NAF Component employers to identify and designate positions as emergency essential, provide pay plan and classification guidance for Auto Mechanic positions, establish minimum position qualifications for Child and Youth Program Assistants, Leaders and Technicians and the Industry Program Experts pay levels. This volume expires in 2022.

## NAF Initiatives and Accomplishments (cont.)

### Overseas Allowances

Initiated informal coordination to DoDI 1412, DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Overseas Allowances and Differentials, and Employment in Foreign Areas. The revised volume will add policy for Domestic Employees Teleworking Overseas, the requirement to conduct Living Quarters Allowance reviews, policy regarding pay advances, and makes revisions to format and writing style throughout. This volume expires in 2022.

### Administrative

- Expedited a waiver to DoDI 1400.25, DoDI 1400.25, Volume 1406, DoD Civilian, Personnel Management System: Nonappropriated Fund (NAF) Attendance and Leave, dated March 20, 2015, to allow the Army and Air Force Exchange Service (AAFES) to offer a one-time waiver to authorize a lump sum payment of excess annual leave to employees with an annual leave balance above the authorized maximum carryover amounts at the end of the 2021 leave year.
- Coordinated FY 2022 NAF budget process for Wage and NAF Personnel Policy including soliciting Component concurrence and USD(P&R) approval.
- NAF Policy submitted a consolidated package to USD(P&R) for review/approval for the 2021 certification of the NAF Performance Appraisal System. The current certification will run through June 30, 2023. Recertification of the NAF performance appraisal system will be contingent upon certification of DoD's SES appraisal system by OPM and OMB in 2023.
- NAF Policy collaborated with Benefits and Wage to work with Able Force, the DHRA contractor, that converted all paper files to digital files pursuant to OMB-19-21.
- NAF Policy completed an extensive review of the current Advanced Benefit Workshop training materials relating to the NAF Personnel System. On November 5, 2021, the NAF Policy team provided feedback and updates to the training materials on this essential training for HR professionals. Throughout 2022, NAF Policy will provide a team member to assist with the Advanced Benefit Workshop trainings.
- NAF Policy continues to work closely with Defense Manpower Data Center and NAF POCs to improve data quality.
- NAF Policy hosted a virtual meeting in November 2021 with NAF Component leaders to share best practices and discuss pertinent issues affecting the NAF community.
- On October 6, 2021, an NF-5 HR Specialist joined NAF Policy from USARMY IMCOM HQ.

### Initiatives

- NAF Policy actively participates in the Defense Civilian Human Resources Management System Performance Management Working Group to provide input and ensure NAF requirements, in accordance with DoDI 1400.25, volume 1404, "DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Performance Management Program", are considered in the development of the system.

## NAF Initiatives and Accomplishments (cont.)

- Ongoing collaboration with Military Community & Family Programs, Child Youth and Families Policy office to develop strategies to deal with staffing, retention classification, and compensation issues within DoD Child Care facilities.
- NAF Policy is providing guidance to the Navy Exchange Command and Commander, Navy Installations Command as they navigate the Under Secretary of the Navy direction for the consolidation of the Navy Gateway Inns (operated by CNIC) and the Navy Lodge (operated by NEXCOM). Operational control along with all personnel and assets will go to NEXCOM. Initial capability occurred on October 1, 2021, with full operational capability by September 30, 2022. NEXCOM targeted February 1, 2022, as the date to assume responsibility for all personnel functions because that is the beginning of their fiscal year. Deloitte Consulting, NAF Policy's outside consultant provided a synopsis of best practices and examples of how private industry manages this kind of transfer during our annual NAF Component Employer HR meeting.
- On June 14, 2021, NAF Policy sent DoD and Coast Guard Active Employee and Retiree data to the NAF Component employers. This information will help inform their logistical planning and marketing efforts as they implement Directive-type Memorandum 21-003, "Access to Moral, Welfare, and Recreation Category C online Activities, DoD Commissaries, and Military Service Exchanges," for expanded in-store and online access for DoD and Coast Guard active NAF employees and retirees.
- On June 29, 2021, NAF Policy met with the NAF Pilot Working Group monitoring the Financial Management Pilot Certification Program for NAF employees. The pilot program began on September 1, 2019 and concluded on August 31, 2021. Of the 494 active NAF participants, 225 have received FM Certification.
- In support of OPM's Memorandum, "Achieving a \$15 Per Hour Minimum Pay Rate for Federal Employees," January 21, 2022, NAF Policy conducted two data calls to ascertain the number of NAF employees below \$15 per hour at NAF activities. In addition to the quantitative data request, DoD NAF employers provided business case narratives that articulated the estimated impact to both the NAF budgets and to the quality of services provided to military members and their families by our operations. Information collected by NAF Policy was used in OPM's final report to the President with recommendations to promote a \$15/hour minimum wage for Federal employees.
- NAF Policy continues to work with DCPAS Wage and Salary, DCPAS LOB 2, the DoD Comptroller's office, and staff at OPM to develop viable options for implementing a \$15/hour minimum pay rate for all Federal employees. Nearly 50 percent of the total NAF workforce earns less than \$15 per hour. An immediate increase to a \$15 minimum wage will have a significant impact to the NAF Component employers who recently submitted budget justification narratives to NAF Policy regarding the impact of Executive Order 14003 on their NAF businesses.

## NAF COVID-19 Response

- NAF Policy continued to participate on the DoD COVID-19 task force and coordinated on wide-ranging DoD policy response memorandums on topics such as administrative leave for COVID-19 vaccinations, Force Health Protection Guidance, Section 1111 of the National Defense Authorization Act for Fiscal Year 2021, the President's vaccination mandate, and Reentry Guidance Documents/Reentry Plan.
- Organized ad hoc NAF Component meetings when needed to effectively communicate DoD COVID-19 policy, enable efficient management and standardization of business practices, and facilitate the sharing of ideas.
- Continued to coordinate with subject matter experts throughout DCPAS to ensure dissemination of consistent DoD guidance.
- Worked with Military Community and Family Policy to secure a second extension of temporary authority for appropriated fund support for certain category C Morale, Welfare, and Recreation and DoD-operated official duty lodging expenses incurred during the COVID-19 pandemic.
- Continued to utilize a reporting matrix to collect NAF COVID-19 data that is used to inform policy decisions.
- Continued to be a valuable resource for the NAF community throughout the DoD COVID-19 pandemic response by providing current, accurate and timely information.
- Through October 31, 2021, 5,450 NAF HBP members received a positive COVID-19 diagnosis. Six hundred fifty-seven NAF HBP members had inpatient hospitalizations with 19 deaths. Overall, there are 32,196 paid COVID-19 claimants, with costs of \$29.789 Mil, which is five percent of the NAF HBP budget.



**BENEFITS · WAGE · NAF Policy**  
Our Service Sustains Your Service

# ***LOB3 Way Ahead***

## 2022 Benefits, Wage & NAF Policy (LOB3) Way Ahead

### **BENEFITS AND WORK-LIFE PROGRAMS:**

- ⇒ Develop Financial Fitness Action Plan.
- ⇒ Develop Emergency and Casualty Reporting Process.
- ⇒ Develop Employee Benefits Questionnaire.
- ⇒ Develop Special Retirement Audit Process.
- ⇒ Develop Post Retirement Audit Process.
- ⇒ Develop FERS-FRAE and FERS-RAE Audit Process.
- ⇒ Implement DoD Work-Life Strategic Implementation Plan.
- ⇒ Publish DoDI 1400.25: Workplace Flexibilities and Work-Life Programs.
- ⇒ Publish DoDI 1305.01: Telework and Remote Work Policy.
- ⇒ Publish Department of Defense Civilian Handbook: Telework and Remote Work.
- ⇒ Develop the framework for the Work-Life Balance Training course.
- ⇒ Develop Employee Assistance Program (EAP) guidance and renewed EAP Contracts.
- ⇒ Create/conduct video-based employee benefits training.
- ⇒ Market the new employee benefits training-credentialing brand.
- ⇒ Create a training-credentialing study guide handbook combination.
- ⇒ Introduce the added knowledge checks at the end of each training module (Basic, Intermediate, Advanced).
- ⇒ Host a Benefits Symposium for the HR community.
- ⇒ Explore the features of Adobe Connect as the primary tool when conducting training.

### **INJURY AND UNEMPLOYMENT COMPENSATION (ICUC) PROGRAM:**

- ⇒ Implement ICPA Level III Training.
- ⇒ Implement IC Program Review Process.
- ⇒ Develop IC Operations Manual to be used by Injury Compensation Specialists throughout the Department.

## 2022 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

### WAGE AND SALARY PROGRAMS:

- ⇒ The Federal Prevailing Rate Advisory Committee (FPRAC) did not meet in 2021, as the committee awaits the appointment of a Chairman.
- ◆ FPRAC typically meets on a monthly basis or at the request of the Chairman.
- ◆ The Committee studies the prevailing rate system and other matters pertinent to the establishment of prevailing rates under subchapter IV of chapter 53 of title 5, United States Code, and advises the Director of OPM on the Government-wide administration of the pay system for blue-collar Federal employees.
- ⇒ Continue to monitor changes to state and locality minimum wage laws and send updates to the staff. Pay schedules are updated as needed and distributed to the LWSC Chairman of the affected areas and posted on the DCPAS public website.
- ⇒ In response to EO 14003 and OPM CPM 2022-02, WAGE will administer supplemental special Federal Employee Minimum Pay Rate Schedules to ensure Federal employees are paid above \$15 per hour. This is effective January 30, 2022.
- ⇒ Continue to work with Contractors to modernize and finalize the WAGE tool. The new tool will improve efficiency and ease of operations.
- ⇒ Federal Register rule changes. WAGE is working with OPM on proposed changes, such as area redefinitions, GS locality changes, and wage area abolishment. Ensure approved changes are implemented and reflected in the WAGE tool, on applicable pay schedules, and relevant stakeholders are timely notified.
- ⇒ The Wage and Salary team continues to improve the website's content to enhance our customer's experience.



## 2022 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

### NAF PERSONNEL POLICY PROGRAM:

- Continue to enhance our ability (i.e., virtual job fairs) to attract and hire the most qualified employees, addressing immediate agency hiring needs to rebuild capacity and to retain top talent.
  - Continue to develop NAF HR policies that promote flexibilities for the NAF Business Operations across DoD.
  - Continue to improve enterprise wide NAF HR data availability to facilitate data driven decision making.
  - Continue to participate in DoD level working groups to promote inclusion of NAF employees in DoD initiatives when beneficial to the DoD NAF Component employers.
  - Promote NAF HR policies that support diversity and inclusion in the DoD NAF workforce.
  - Evaluate NAF HR Programs to remove barriers for career transition and advancement across the DoD NAF enterprise and the entire Federal Government.
- 
- ⇒ Align NAF programs to the Human Capital Objectives set forth in the FY 2022-FY 2023 DoD Civilian Human Capital Operating Plan. This will support the HR competencies effort and the development of NAF specific professional development content.
  - ⇒ Prior to their expiration date, submit the revised policy volumes within DoDI 1400.25 to the DoD issuance process:
    - ◆ 1407, DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Classification, expires January 6, 2022.
    - ◆ 1412, DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Overseas Allowances and Differentials, and Employment in Foreign Areas, expires July 20, 2022.
  - ⇒ Prepare a NAF Handbook specific to program evaluation operational methods to accompany new policy volume 450.
  - ⇒ DoDI 1444.02, Volume 2, “Data Submission Requirements for DoD Civilian Personnel: Nonappropriated Fund (NAF) Civilians” will be canceled. Prepare a NAF Civilian Personnel Data Handbook to house NAF civilian personnel data requirements.
  - ⇒ Create and publish a Portability Fact Sheet geared to employees moving from one nonappropriated fund employer to a different nonappropriated fund employer.
  - ⇒ Continue to support and provide NAF specific input to DoD HR IT Modernization initiatives.
  - ⇒ Continue collaboration with the Employment and Compensation Line of Business and the NAF Component employers to ensure their representation on the DoD Civilian Careers website.
  - ⇒ NAF Policy will establish and lead a working group to develop language and procedures for an enterprise wide CYP transfer program.
  - ⇒ NAF Policy will continue its collaboration with and support of the Benefits Training and Credentialing team as they add a NAF training module to their credentialing program in CY22.