



**2023**

# Benefits, Wage & NAF Policy (LOB3) End of Year Report



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

# Table of Contents

<b>Introduction</b> .....	<b>4</b>
<b>Benefits, Wage &amp; NAF Policy (LOB3) Synopsis and Mission</b> .....	<b>6</b>
<b>Benefits and Work-Life Programs</b> .....	<b>7</b>
Federal Employees Health Benefits (FEHB) .....	9
FEHB Enrollment Data Analysis .....	13
Federal Employees' Group Life Insurance (FEGLI) .....	16
2023 Appropriated Fund Retirement System Status .....	20
Workforce Age Groups by Retirement System Across DoD .....	22
Retirement Actions .....	23
Thrift Savings Plan (TSP).....	27
Financial Fitness .....	33
Flexible Spending Account (FSA).....	35
2023 FSA Participant Totals by DoD Components .....	36
Civilian Retiree Identification Card .....	37
2023 HR Significant Benefits Updates.....	38
DoD Work-Life Programs .....	42
Telework and Remote Work .....	43
Telework Participation FY 2023.....	44
Workplace Flexibilities .....	45
The 2023 Federal Viewpoint Survey (FEVS) .....	47
DoD Wellness Programs .....	49
Employee Assistance Program (EAP) .....	50
Benefits Credentialing Programs .....	52
Benefits Training Programs .....	54
Benefits Training & Credentialing Programs .....	55
<b>Injury and Unemployment Compensation (ICUC) Branch Mission</b> .....	<b>56</b>
ICUC Terms.....	57
COVID .....	58
DOL Metrics .....	59
FY 2023 Department Performance.....	60
FY 2023 Department Performance Goal 6 by Component .....	61
2023 Claim Timeliness All DoD and by Component.....	62

## Table of Contents (cont.)

Added Emphasis to Targets in Advisor Initiated Actions .....	63
Total CA-1/2/7 Claims Submitted by Component Year Over Year.....	64
Training .....	65
Number of Claims with Savings .....	66
Department FECA Costs Over Last 10 Years.....	67
Projected Lifetime Cost Avoidance .....	68
Overall Department FECA Costs 2023 vs 2022 .....	69
Cost Performance 2023 vs 2022.....	70
Unemployment Compensation (UC) Program 2023 Metrics .....	71
UC Training Program .....	72
<b>Wage and Salary Programs .....</b>	<b>73</b>
Wage and Salary Division 2023 Year in Review .....	74
WAGE 2023 Accomplishments and Impacts .....	75
WAGE Survey Industries.....	79
WAGE Salary Data Collection.....	81
WAGE Special Pay Programs.....	84
<b>Nonappropriated Fund (NAF) Personnel Policy .....</b>	<b>85</b>
NAF Personnel Policy Program .....	86
NAF Personnel Policy Program Demographics .....	87
NAF Personnel Policy Program Highlights .....	91
NAF Health Benefits Program (HBP).....	93
NAF Retirement Program .....	97
NAF Initiatives and Accomplishments.....	98
<b>2024 Benefits, Wage &amp; NAF Policy (LOB3) Way Ahead .....</b>	<b>102</b>

## Introduction

*Greetings Friends and Colleagues,*

*As we reflect on the achievements and milestones of the past year, it is with great pride and enthusiasm that we present the Benefits, Wage and NAF Policy End of Year Report for 2023.*

*In our pursuit of excellence, the Benefits Team has dedicated significant efforts towards working with the Federal Thrift Savings Plan Team to learn and share new and emerging information about the Setting Every Community Up for Retirement Enhancement Act 2.0, a pivotal legislation aimed at fortifying retirement savings and ensuring financial security for all. Our goal is to successfully educate our workforce on key provisions of the Secure Act 2.0 so that we safeguard the futures of our employees and stakeholders alike.*

*Additionally, we have diligently worked to meet the regulatory requirements set forth by the Office of Personnel Management (OPM) to validate Federal Employees Health Benefits eligibility. Our commitment to regulatory compliance and accuracy has strengthened our organization's credibility and trustworthiness within the Federal landscape.*

*All our teams have achieved significant milestones in advancing our training offerings. The Injury Compensation Team made significant progress in presenting Level I and II training courses and finalized Level III training. Our Benefits Team began to revamp their Level III training; and the Unemployment Compensation Team updated their training on Basic Unemployment, Appeals, and Defense Injury & Unemployment Compensation System. Additionally, we are proud to announce the successful development and implementation of a series of monthly educational sessions specifically designed for our NAF Human Resources practitioners. Survey feedback on the sessions is overwhelmingly positive.*

*The Work-Life team has demonstrated exceptional dedication and expertise in supporting our telework and remote workforce. Amidst the challenges posed by telework and remote work arrangements, our team has spearheaded initiatives to enhance telework effectiveness, streamline processes, and promote work-life balance. The team developed a telework toolkit tailored to educate our workforce on the telework and remote work programs.*

*Our Employee Assistance Program (EAP) Team continued to empower and help our employees and managers to thrive both in their work and home environments. The Team worked on identifying metrics that could be used to evaluate the effectiveness of our EAP programs and worked closely with our service providers to identify potential improvements that will support employee well-being and productivity.*

*Acknowledging the importance of fair wages and equitable pay, the Wage Team work very hard to promptly implement the \$15 minimum wage mandate demonstrating their commitment to the well-being and financial security of our workforce. This amazing accomplishment not only ensured the prosperity of our workforce but helped the Department and other Federal agencies to retain their competitive stance in the marketplace.*

## Introduction (cont.)

*In parallel, significant enhancements have been made to the Non-Appropriated Funds (NAF) retirement plan, further empowering our employees to plan for a secure and fulfilling future. Through strategic reforms and collaborative partnerships, we have reinforced the resilience and viability of our retirement programs, ensuring long-term sustainability and peace of mind for our workforce.*

*Together, these accomplishments underscore our commitment to continued excellence in supporting the DoD workforce. Your support has helped to drive continuous improvements and to ensure organizational success in a rapidly changing landscape. We look forward to building upon these achievements and delivering even greater value to our DoD workforce.*

*As we celebrate these accomplishments and milestones, let us renew our commitment to continued excellence, innovation, and service. It has been my pleasure to partner and serve alongside you, and I thank you for your unwavering support.*

**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 Human Resources (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).**



# 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 HR 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
- Civilian Retiree Identification Card
- Work-Life Programs
- Telework
- Workplace Flexibilities
- Federal Employee Viewpoint Survey (FEVS)
- Wellness Programs
- Employee Assistance Program
- 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 to 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 2023, there were 275 plan options, although the actual number of options available to each employee is dependent upon their geographic location. Employees are encouraged to use the [OPM Plan Comparison Tool](#) for the list of plans available by location. There are three enrollment types available with each plan option: Self Only, Self Plus One, and Self and Family.

As of December 31, 2023, there were 775,171 Department of Defense (DoD) employees eligible for FEHB. Sixty-three percent of the eligible population were enrolled. Of the enrolled population, 38 percent are enrolled in Self Only, 15 percent in Self Plus One, and 47 percent in Self and Family.

The Office of Personnel Management (OPM) administers the FEHB Program government-wide and sets the premium rates each year. The Government's share of premiums paid is set by law. While total premiums may differ from year to year, the government contribution is always the lessor of: (1) 72 percent of the program-wide weighted average for all plan premiums, by enrollment type, as determined by OPM, or (2) 75 percent of the total premium for the plan an enrollee selects.<sup>1</sup>

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

For most Federal employees, the government contribution to plan premiums is competitive. Below is a comparison of employer contribution rates, employee access, participation, and take-up rates for Civilian Workers<sup>2</sup> versus the DoD.<sup>3</sup>

Ninety-nine percent of our employees have access to Federal employer sponsored health benefits (FEHB), compared to non-Federal Civilian Workers, where the percent access is 74 for the total sampled workforce and 90 percent for the sampled companies with 500 or more employees.

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 non-Federal Civilian Workers who enrolled in their employer sponsored plan(s), 66 percent and 72 percent respectively.<sup>4</sup> This gap is narrowing as we are seeing a decrease in the take-up rate for non-Federal Civilian Workers.

	Non-Federal Civilian Workers <i>All Workers</i>	Non-Federal Civilian Workers <i>&gt;499 Workers</i>	DoD Civilian Employees
Access to Medical Benefits	74%	90%	99%
Participation	49%	65%	63%
Take-up Rate	66%	72%	63%
Share of Premiums Paid by Employer	80%	82%	72% <sup>5</sup>
Share of Premiums Paid by Employee	20%	18%	28%

<sup>5</sup>Premium share is based on single (Self Only) coverage

## FEHB (cont.)

<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 2023).

<sup>2</sup>Non-Federal Civilian Workers - includes workers in private industry and state and local government. Excluded from the civilian economy are workers employed in Federal government and quasi-Federal agencies, military personnel, agricultural workers, volunteers, unpaid workers, individuals receiving long-term disability compensation, and those working overseas.

<sup>3</sup>U.S. Bureau of Labor Statistics, News Release USDL-23-2024, Employee Benefits in the United States - March 2023, <https://www.bls.gov/news.release/pdf/ebs2.pdf>, (accessed December 2023).

*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.*

<sup>4</sup>Take-up rate - calculated from the unrounded percentage of workers with access to a plan and who participate in the plan.

<sup>5</sup>Biweekly maximum government contribution for most employees and annuitants.

## FEHB (cont.)

### Major Program Changes

#### FEHB Family Member Eligibility Annual Agency Notice to Employees:

OPM now requires Agencies to issue reminders to improve education and awareness on eligibility. Benefits Administration Letter (BAL) 23-203 directs employing offices to send an annual communication to all employees describing family member eligibility requirements, employee, and Agency responsibilities. BAL Attachment 1, *Family Member Verification Annual Notice*, is the sample template provided for Agency use.

#### Premium Rates:

OPM reported a 7.2 percent overall average increase in premiums for the FEHB Program in 2023, up 4.8 percent compared to 2022. This increase is aligned with the overall average premium increases reported by comparable large employers, such as CalPERS, the second largest public purchaser in the nation after the Federal government.

#### Significant Plan Changes:

Each year OPM publishes a BAL announcing significant plan changes to be in effect the following plan year. BAL 22-403, dated October 17, 2022, announced the changes for plan year 2023. Changes include new plan options and service area expansions, plans that added or terminated options or enrollment codes, and plans that left the FEHB Program.<sup>6</sup>

There were four new plan choices with existing FEHB Carriers and one new FEHB Carrier, Indiana University Health Plan, Inc., offering one plan choice.

Effective the 2023 plan year, seven plans left the FEHB Program. 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 2023 - GEHA Indemnity Benefit Plan, Elevate Option.

Enrollees in plans leaving the FEHB Program or terminating enrollment codes effective plan year 2024, were also required to make a positive election during the 2023 Federal Benefits Open Season. Failure to do so resulted in the administrative enrollment in GEHA Indemnity Benefit Plan, Elevate Option, which remained the lowest-cost nationwide plan option with no membership fees in 2024.

<sup>6</sup>U.S. Office of Personnel Management, Attachment 1: FEHB Significant Events Changes, <https://www.opm.gov/retirement-center/publications-forms/benefits-administration-letters/2022/22-403a.pdf>, (accessed December 2023).

## FEHB (cont.)

### Additional Plan Offerings in 2024:

#### Fertility Benefits

All Carriers will cover artificial insemination (AI) procedures and specific AI drugs listed on the plan's formulary. AI procedures includes intrauterine insemination (IUI), intracervical insemination (ICI), and intravaginal insemination (IVI). AI drugs and the associated member cost share varies by plan. In addition, six plans will offer Affinity Benefits: access to discounted or negotiated rates for non-covered assisted reproductive technology procedures.

#### FEHB and Medicare Coordination

Thirty-nine FEHB plans will offer Medicare Advantage or Medicare Part D plans that automatically coordinate with FEHB through an Employer Group Waiver Plan (EGWP).

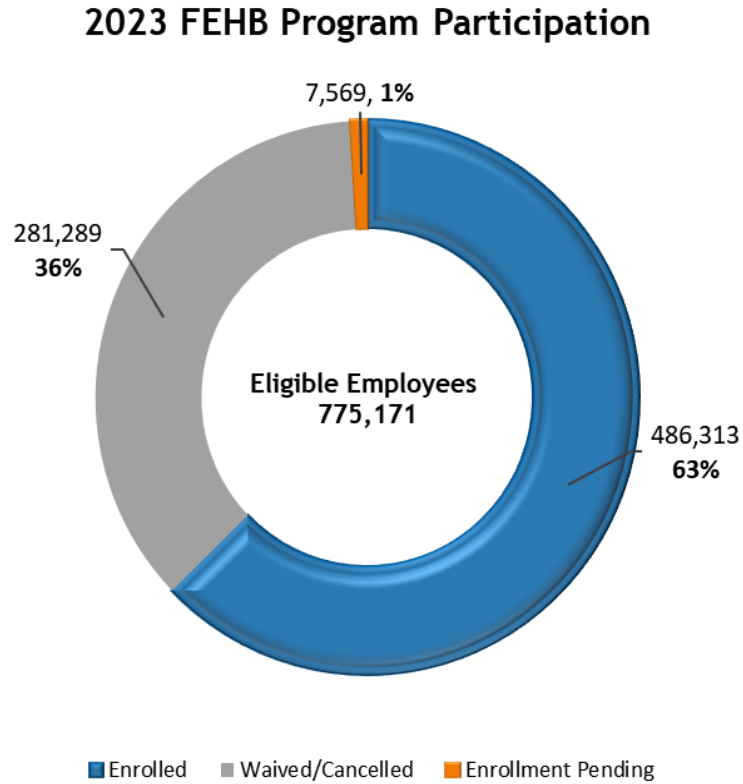
#### Maternal Health

Most FEHB Carriers have adopted the HEAR HER Campaign<sup>7</sup> for patients and healthcare providers or are using other options to provide information and raise awareness of potentially life-threatening warning signs during and after pregnancy.

<sup>7</sup>Centers for Disease Control and Prevention, HEAR HER® Campaign, <https://www.cdc.gov/hearher/>, (accessed January 2024)

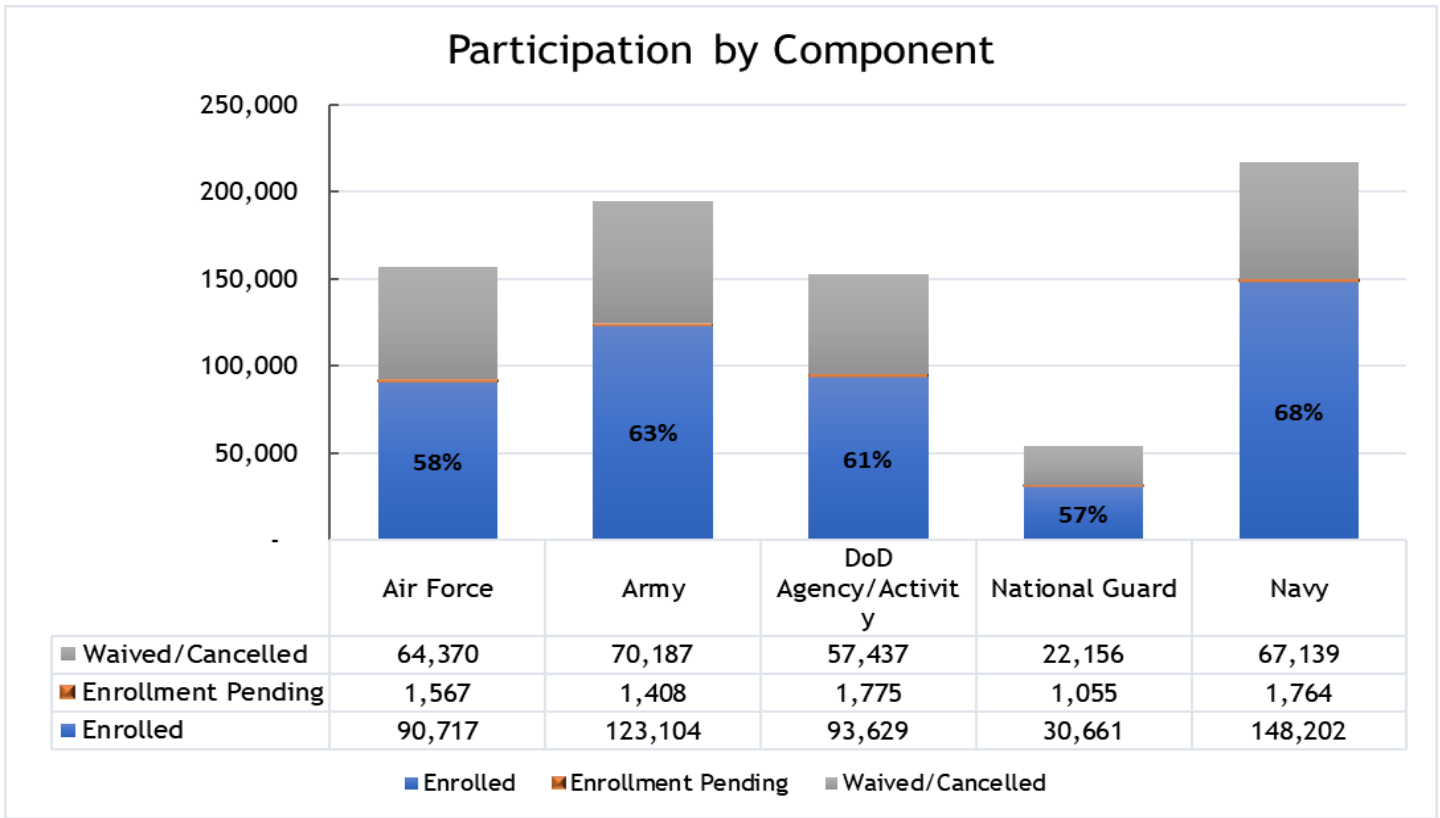
## FEHB Enrollment Data Analysis

The following data is as of December 31, 2023, and represents a point-in-time snapshot of DoD Program participation.<sup>8</sup>



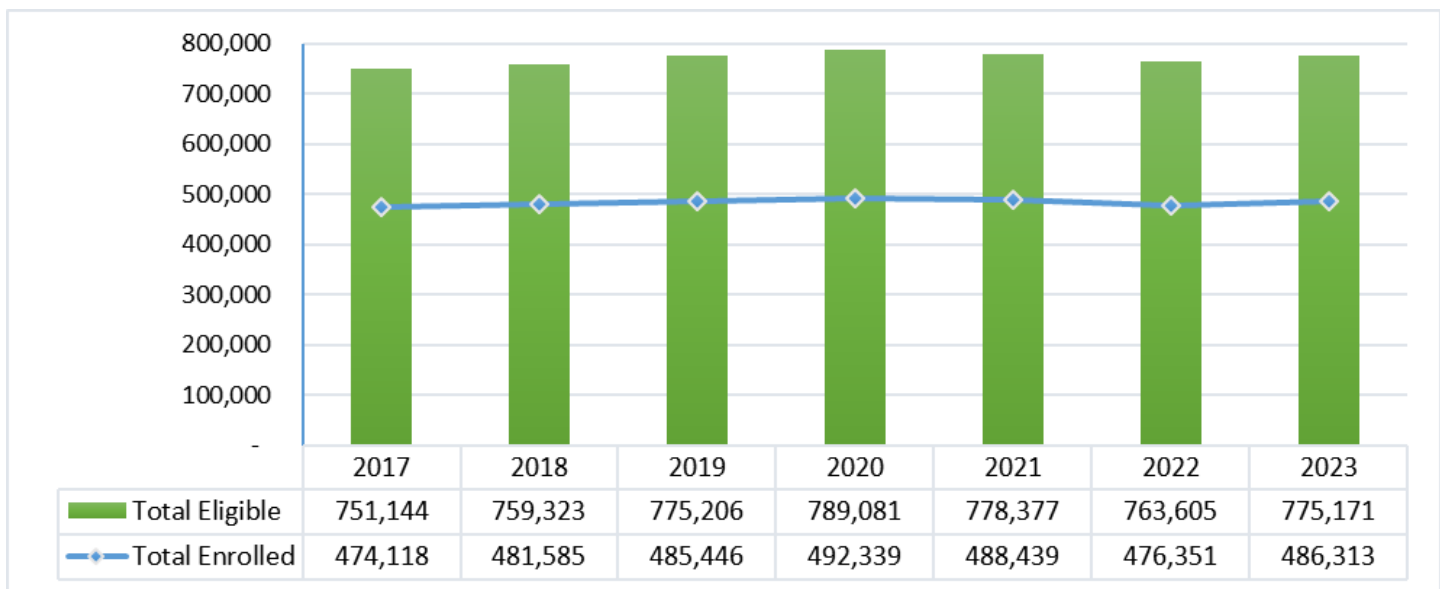
<sup>8</sup>Source: Corporate Management Information System (CMIS), (accessed January 2024).

## FEHB Enrollment Data Analysis (cont.)



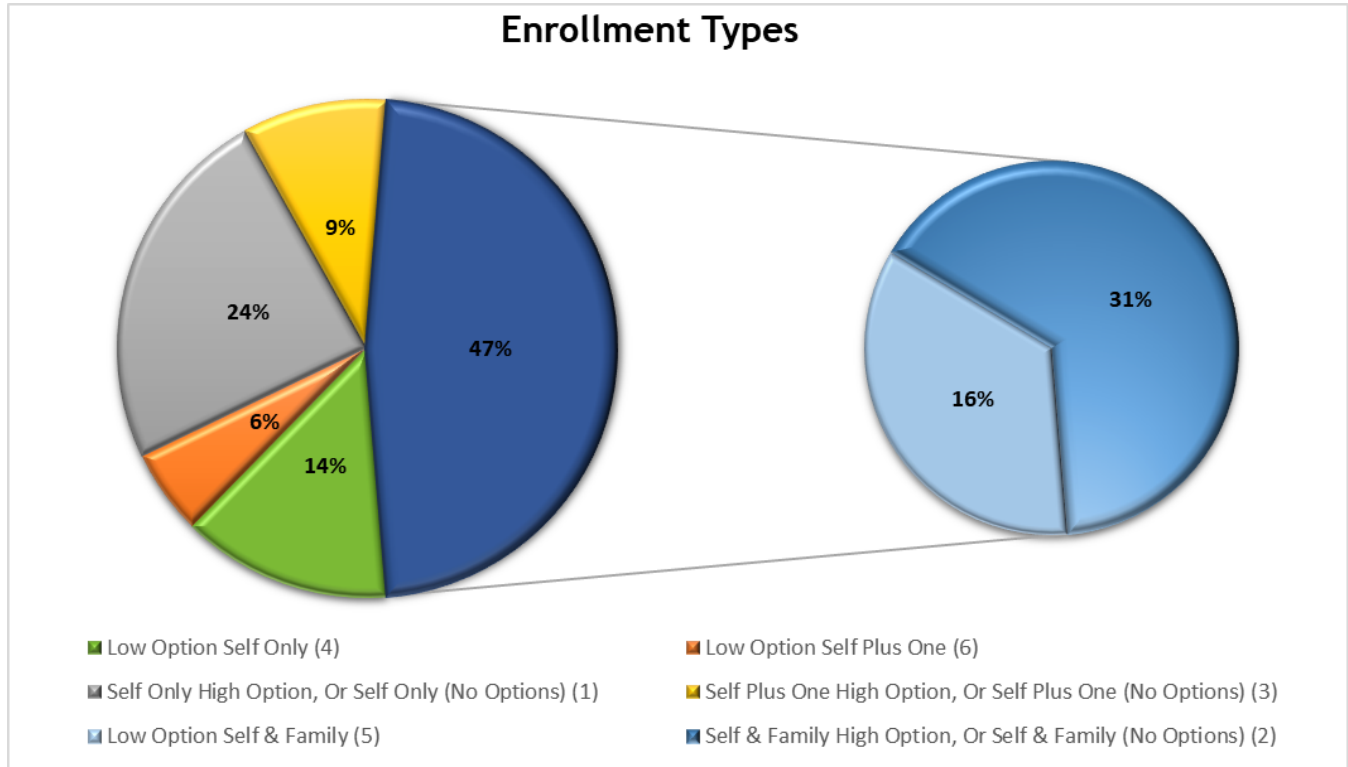
As reflected below, there are only nominal changes in Total Eligible vs Total Enrolled year over year.

	2017	2018	2019	2020	2021	2022	2023
<b>% Enrolled</b>	<b>63.1%</b>	<b>63.4%</b>	<b>62.6%</b>	<b>63.3%</b>	<b>62.8%</b>	<b>62.4%</b>	<b>63%</b>



## FEHB Enrollment Data Analysis (cont.)

Self and Family is the most elected enrollment type, accounting for 47 percent of enrollments. Self Only elections make up 37 percent of total enrollments and Self Plus One is 15 percent.



### 2023 Top Five Plans Agency-wide

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

<b>Blue Cross Blue Shield Service Benefit Plan (11)</b>	206,040
<b>Blue Cross and Blue Shield (10)</b>	101,022
<b>Geha Benefit Plan (31)</b>	33,603
<b>Blue Cross Blue Shield Service Benefit Plan FEP Blue Focus (13)</b>	27,169
<b>Foreign Service (40)</b>	11,330
<b>Total</b>	<b>379,164</b>
<b>Percent Of Total Enrollments</b>	<b>78%</b>

## Federal Employees' Group Life Insurance (FEGLI)

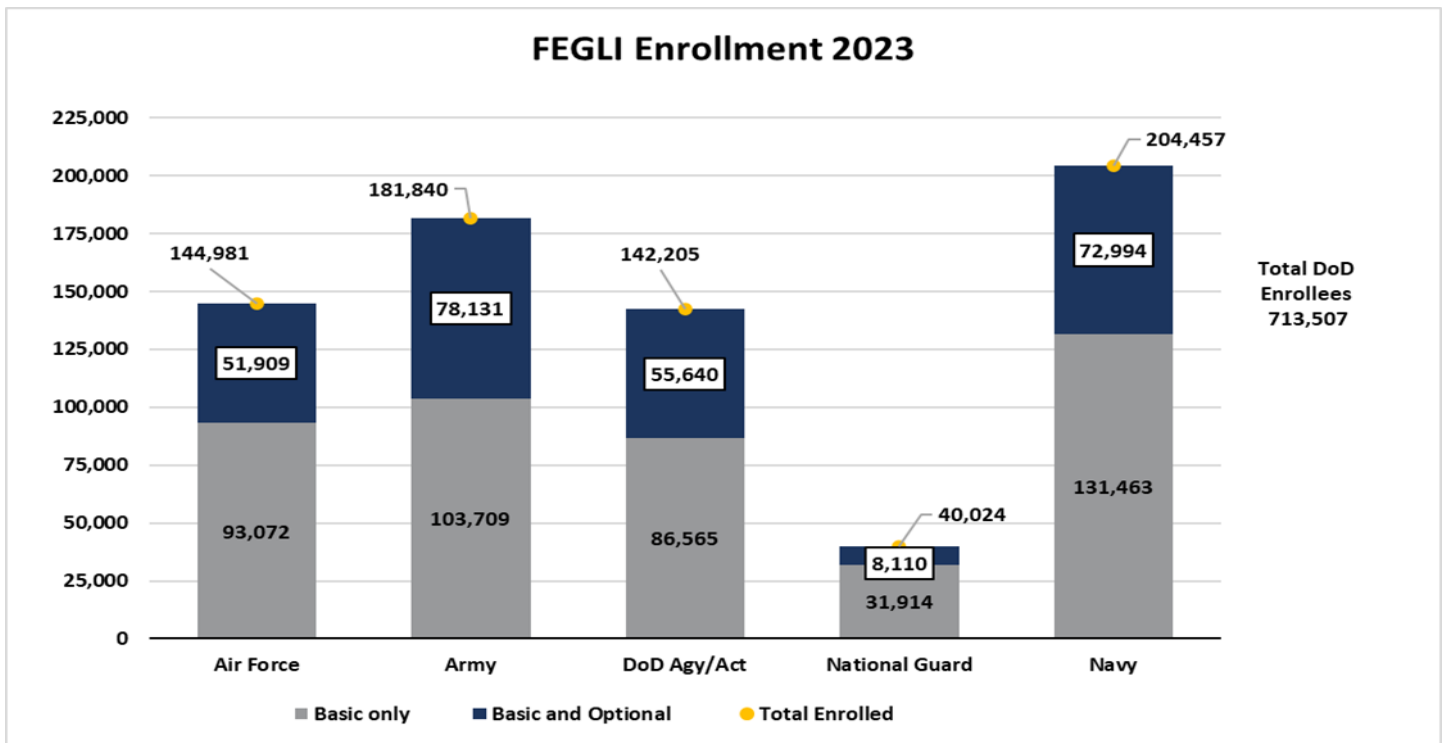
Federal Employees' Group Life Insurance (FEGLI) is the largest group life insurance program in the world with over four million enrollees. OPM administers the program, while Metropolitan Life Insurance Company (MetLife) provides the life insurance. The program offers term life insurance to eligible Federal 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 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 713,000 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 2023. 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 2022-2023 comparison purposes.

OPM issued BAL 22-203: Changes to Acceptable Signature Requirements for Federal Employees' Group Life Insurance (FEGLI) Forms. On March 14, 2022, OPM announced it will permanently allow electronic and digital signatures for FEGLI forms submitted to agencies and OPM. The use of electronic signature is not mandatory. Agencies can review BAL 22-203 for acceptable methods, requirements, recommended guidelines for agencies, and common Q&As.





## FEGLI (cont.)

2022 FEGLI DATA				
Component	Total Employees	Employees not Eligible		Employees Eligible to
		Coverage not Offered	12 Months in LWOP	
Air Force	153,213	488	78	152,647
Army	194,956	3,013	1,101	190,842
DoD Agencies	154,418	5,344	200	148,874
National Guard	53,781	2,696	3,949	47,136
Navy	213,597	522	477	212,598
<b>Total</b>	<b>769,965</b>	<b>12,063</b>	<b>5,805</b>	<b>752,097*</b>

*\*The total number of employees eligible to enroll in FEGLI is represented by subtracting employee's 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 752,097 employees. Data is reflected as of December 31, 2022.*

2022 FEGLI DATA						
Component Employees	Total of Employees Eligible to Enroll	Enrolled Basic Only	Optional Insurance	Percent Enrolled	Waived	Percent Waived
Air Force	152,647	88,743	52,813	92.7%	11,089	7.3%
Army	190,842	99,602	80,484	94.4%	10,755	5.6%
DoD Agencies	148,874	82,982	56,994	94%	8,896	6%
National Guard	47,136	31,364	8,528	84.6%	7,244	15.4%
Navy	212,598	125,607	74,963	94.3%	12,028	5.6%
<b>Total</b>	<b>752,097</b>	<b>428,298</b>	<b>273,782</b>	<b>93.3%</b>	<b>50,012</b>	<b>6.7%</b>

**Note:** In 2022, 93.3 percent of the eligible DoD population was enrolled in the FEGLI program, with 6.7 percent waiving coverage. Data is reflected as of December 31, 2022.

## FEGLI (cont.)

2023 FEGLI DATA				
Component	Total Employees	Employees not Eligible		Employees Eligible to Enroll
		Coverage not Offered	12 Months in LWOP	
Air Force	156,935	619	66	156,250
Army	196,684	2,939	1,064	192,681
DoD Agencies	157,005	5,671	188	151,146
National Guard	54,428	3,189	4,371	46,868
Navy	217,551	596	602	216,353
<b>Total</b>	<b>782,603</b>	<b>13,014</b>	<b>6,291</b>	<b>763,298*</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 total result is 763,298 employees eligible to enroll in FEGLI coverage. Data is reflected as of December 31, 2023.*

2023 FEGLI DATA						
Component	Total number of Employees Eligible to Enroll	Enrolled Basic Only	Optional Insurance	Percent of Eligible Enrolled	Waived	Percent Waived
Air Force	156,250	93,072	51,909	92.8%	11,266	7.2%
Army	192,681	103,709	78,131	94.4%	10,837	5.6%
DoD Agencies	151,146	86,565	55,640	94.1%	8,936	5.9%
National Guard	46,868	31,914	8,110	85.4%	6,842	14.6%
Navy	216,353	131,463	72,275	94.2%	11,945	5.5%
<b>Total</b>	<b>763,298</b>	<b>446,723</b>	<b>266,065</b>	<b>93.4%</b>	<b>49,826</b>	<b>6.5%</b>

**Note:** In 2023, 93.4 percent of the eligible DoD population was enrolled in the FEGLI program, with 6.5 percent waiving coverage. Data is reflected as of December 31, 2023.

## FEGLI (cont.)

	Employees Eligible to Enroll	Enrolled in Basic Only	Employees Enrolled in Optional Insurance	Percent Enrolled	Waived	Percent Waived
<b>Total as of 12/31/2022</b>	752,097	428,298	273,782	93.3%	50,012	6.7%
<b>Total as of 12/31/2023</b>	763,298	446,723	266,065	93.4%	49,826	6.5%
<b>Change</b>	11,201	18,425	(7,717)	0.1%	(186)	(0.2%)

The comparison of 2022 to 2023 FEGLI data shows that the percentage of employees enrolled in Optional Insurance decreased by 7,717 and the number of employees waiving coverage decreased by 186.

**Note:** The review and analysis in this report captures data as of December 31, 2023.

## 2023 Appropriated Fund Retirement System Status

This section discusses the number of DoD employees<sup>9</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 2023.

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). The number of CSRS employees is steadily decreasing; as of the end of 2023, the number of CSRS employees remaining in DoD totaled 4,205 (an approximate 16.8 percent decrease from last year’s employee census), which is consistent with Federal workforce retirement predictions. 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 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). The number of CSRS-Offset employees is steadily decreasing; as of the end of 2023, the number of CSRS-Offset employees totaled 1,526 (an approximately 18.4 percent decrease from 2022), which is consistent with Federal workforce retirement predictions.

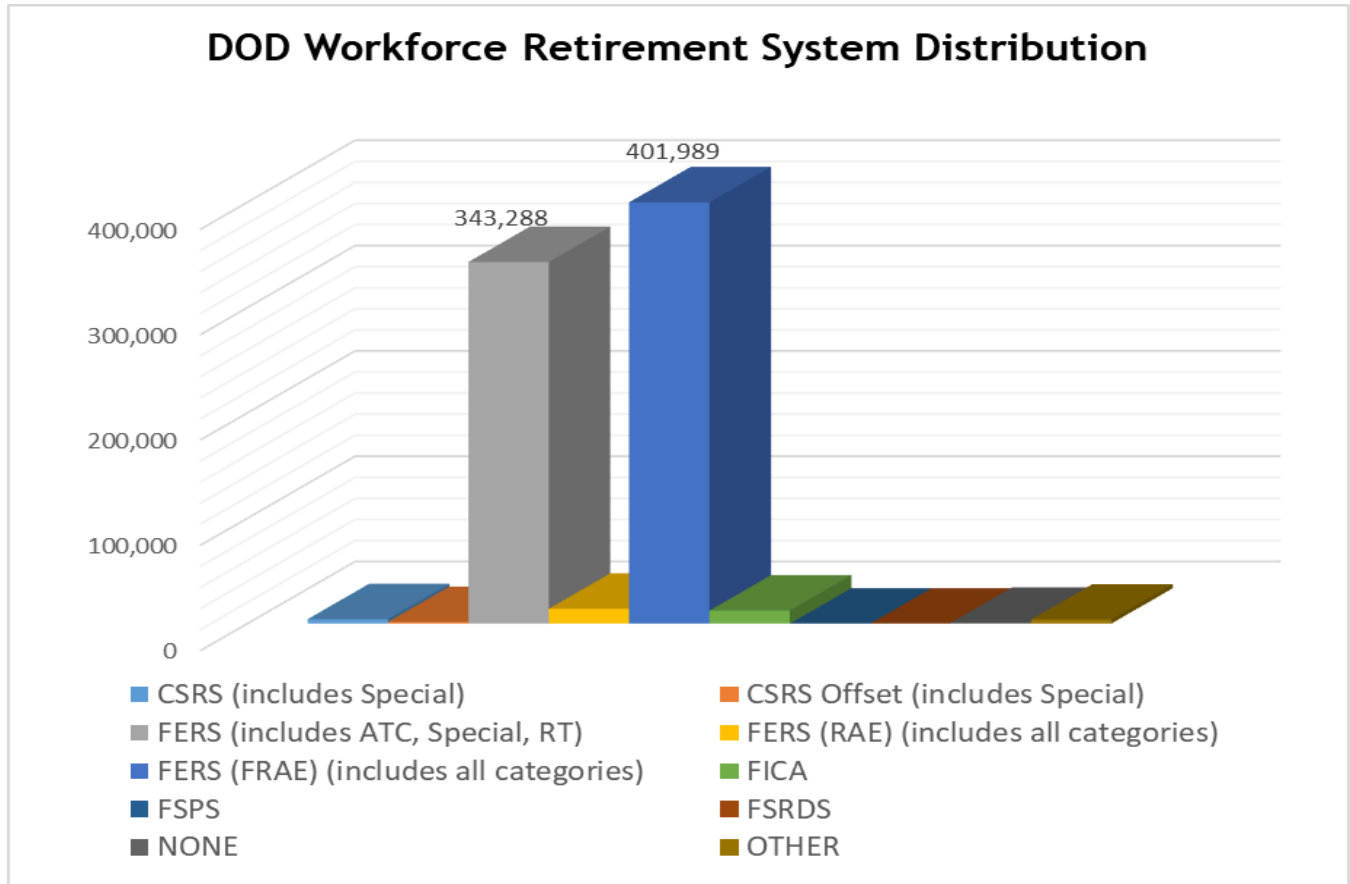
The Federal Employees Retirement System (FERS), like CSRS and CSRS-Offset, is a “closed” retirement system; it is not open to new employees hired on or after January 1, 2013. The number of FERS employees is decreasing. At the end of fourth quarter 2023, the number of FERS employees within DoD decreased by 7.5 percent to 353,288. FERS employees continue to make up much 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, through December 31, 2013, or had less than five years of FERS service upon returning to Federal service between January 1, 2013, through 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 343,288, FERS-RAE employees number 14,073 (an 11.1 percent decrease from last year’s employee census), and FERS-FRAE employees number 401,989 (a 11.7 percent increase from last year’s employee census). Due to hiring and separation rates, the number of FERS-FRAE employees has now exceeded the number of FERS employees.

<sup>9</sup>The data does not include Senior Executive Service (SES) and political appointees/Schedule C employees. 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.

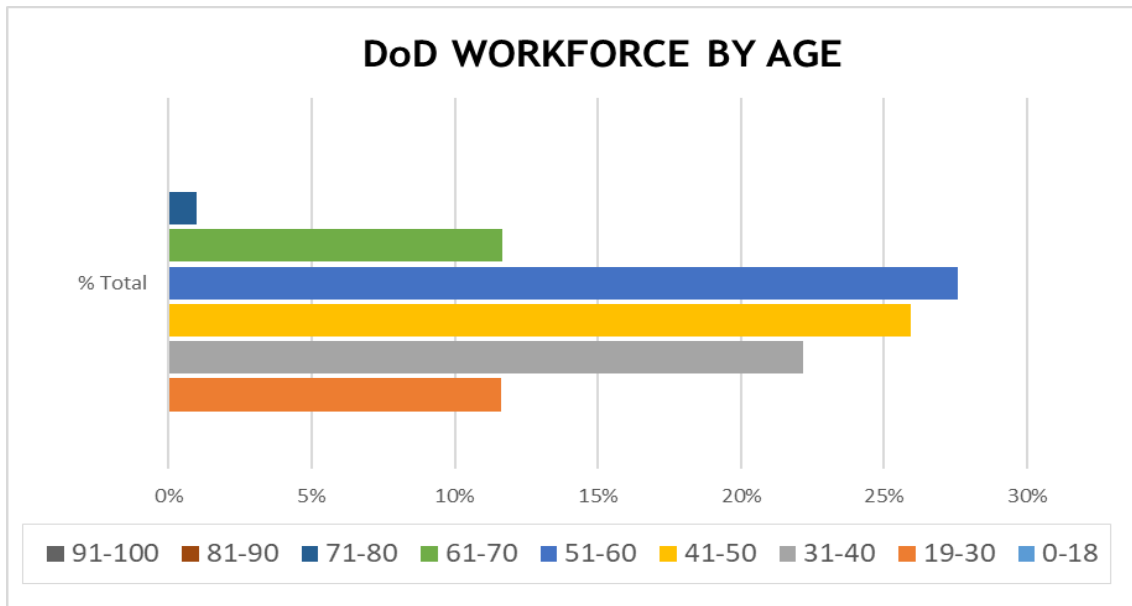
## 2023 Appropriated Fund Retirement System Status (cont.)

The total number of employees assigned to a Title 5 appropriated retirement system from 2022 to 2023 increased by 1.5 percent, and the total number of employees not assigned to a Title 5 appropriated retirement system (that is, those hired under temporary appointments not subject to retirement coverage), also increased from 520 to 758.



## 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 2023, with nearly another 25 percent becoming eligible within the next five years.



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>10</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, CSRS-Offset, FERS, and FERS-RAE coverages continue to decline, while 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	267	67	0	0	1	0
19-30	0	1	239	136	86,471	3,893	0	0	10	159
31-40	1	0	39,292	4,357	126,291	2,396	2	0	31	859
41-50	2	1	96,181	4,262	99,470	1,657	0	1	105	1,176
51-60	288	184	137,211	4,030	71,139	1,337	0	0	213	1,117
61-70	28,07	1,107	65,784	1,234	17,487	2,102	0	0	250	456
71-80	1,017	220	4,422	51	846	852	0	0	127	39
81-90	86	13	156	3	18	62	0	0	20	5
91-100	4	0	3	0	0	0	0	0	0	0

<sup>10</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.

## Retirement Actions

The DoD, as a Cabinet department, contains the single largest departmental Federal civilian workforce. This workforce is subdivided into five components: Air Force<sup>11</sup>, Army, DoD Agencies/Activities (also known as the “Fourth Estate”), Navy, and the National Guard.

DoD’s overall retirement rates are relatively low considering the size of its workforce. The charts and tables below reflect total DoD retirements by component from 2013 through 2023, as well as the total retirements by type for 2023.

Agency	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Air Force	4,270	5,078	4,774	4,548	4,782	5,053	3,614	3,630	5,206	5,668	3,511
Army	7,801	8,823	7,570	7,596	7,520	7,633	5,759	5,513	6,517	7,251	4,872
Fourth Estate	3,790	4,691	3,827	3,860	3,862	4,080	2,952	3,213	4,101	4,616	3,769
National Guard	580	586	538	547	607	470	423	426	431	530	423
Navy	5,948	7,367	6,488	6,361	6,480	6,832	4,891	4,728	1,859	7,149	4,023
<b>Total</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>	<b>25,214</b>	<b>16,598</b>

Retirement Type	No. of Actions	% of Total
Mandatory Retirements/DSRs	52	0.31%
Disability Retirements	757	4.56%
Voluntary Retirements	15,580	93.87%
Early Outs	69	0.42%
Voluntary Retirement In lieu of/DSR	140	0.84%
<b>Total Retirements</b>	<b>16,598</b>	<b>100%</b>

<sup>11</sup>Space Force is included within Air Force totals.

## Retirement Actions (cont.)

Prior to the COVID-19 Public Health Emergency (“pandemic”) in 2020, DoD retirement rates were declining as shown by Figure 1 below. Beginning 2021, retirements increased among all but one Component. The increase in retirements continued in 2022 for all Components. As of 2023, the trajectory reversed, returning to its pre-pandemic trend with a decrease in retirements. The following is the percent change when compared to the prior year: three percent increase in 2021; 39 percent increase in 2022; and a 34 percent decrease in 2023. When comparing total 2023 retirements to the base year (2013), we saw a 26 percent decrease in retirements. Therefore, it is likely that the pandemic and DoD’s “return to the workplace” efforts were factors that contributed to the increase in retirements in 2021 and 2022

Figure 1

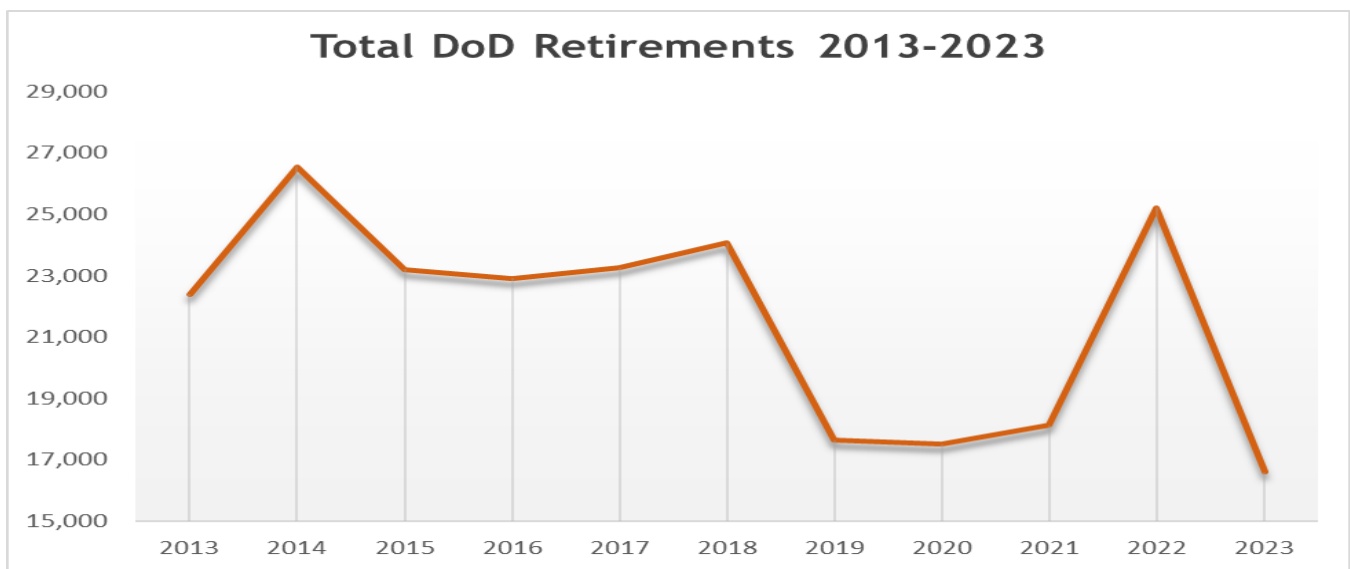
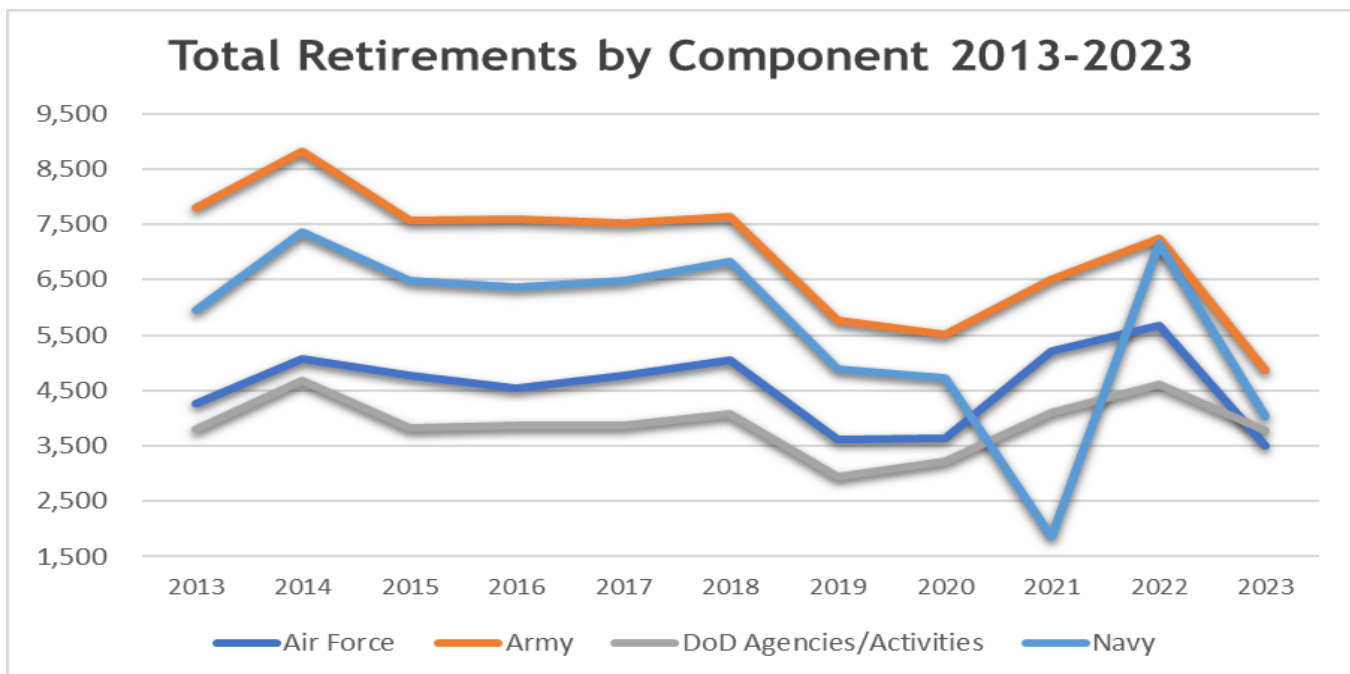


Figure 2





## Retirement Actions (cont.)

### Retirement Actions by Type

DoD has the widest variety of employees by retirement type within the Federal Government. Mandatory retirements (also known as Discontinued Service Retirements, or DSRs) are for certain employee groups, such as Air Traffic Controllers (ATCs), Law Enforcement Officers (LEOs), and Firefighters (FFs). Because of the demanding nature of these vocations, certain retirement considerations 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 there are a few peak periods in review of the number of mandatory retirements, the rate of this retirement type is steady and accounts for less than .5 percent of total retirements. To maintain warfighter readiness, the DoD will have to continually recruit for these physically vigorous and stressful positions to make up for losses due to projected retirement and/or separation data.

The wide variety of DoD occupations include positions that may expose its civilian workforce to disabling medical conditions. Disability retirement is a viable option for those impacted and that meet qualifications. The rate of disability retirements has remained generally steady.

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 Types by Year

Retirement Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
<b>Mandatory Ret./DSRs</b>	60	55	54	70	57	47	42	60	84	97	52	678
<b>Disability Ret.</b>	1,101	1,254	1,319	810	611	1,127	956	923	781	1,008	757	10,647
<b>Voluntary Ret.</b>	19,717	23,721	20,863	21,204	21,726	22,337	16,196	16,134	16,869	23,786	15,580	218,133
<b>Early Outs</b>	1,101	1,084	517	464	333	280	229	194	192	114	69	4,577
<b>Vol. Ret. In Lieu of/DSR</b>	410	431	444	364	524	277	216	199	184	204	140	3,393
<b>Phased Ret. Fully Retired</b>	-	-	-	-	-	-	-	-	4	5	-	9
<b>Total</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>	<b>25,214</b>	<b>16,598</b>	<b>237,437</b>

## Retirement Actions (cont.)

### Percentage Breakdown of Retirement Types by Year

Retirement Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Mandatory Ret./DSRs</b>	0.27%	0.21%	0.23%	0.31%	0.25%	0.20%	0.24%	0.34%	0.46%	0.38%	0.31%
<b>Disability Retirements</b>	4.92%	4.72%	5.69%	3.54%	2.63%	4.68%	5.42%	5.27%	4.31%	4.00%	4.56%
<b>Voluntary Retirements</b>	88.07%	89.36%	89.94%	92.55%	93.44%	92.81%	91.82%	92.14%	93.13%	94.34%	93.87%
<b>Early Outs</b>	4.92%	4.08%	2.23%	2.03%	1.43%	1.16%	1.30%	1.11%	1.06%	0.45%	0.42%
<b>Vol. Ret. In lieu of/DSR</b>	1.83%	1.62%	1.91%	1.59%	2.25%	1.15%	1.22%	1.14%	1.02%	0.81%	0.84%
<b>Phased Retirements</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%	0.00%

## 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 FERS Act of 1986. It 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 plans for their retirement.

The TSP is administrated by The Federal Retirement Thrift Investment Board (FRTIB). As of September 2023, the FRTIB reports that TSP has approximately 6.9 million participants and \$783 billion in total assets. There are nearly 100,000 TSP millionaires which increased since the end of 2022. This increase is mainly derived from the performance of the stock market in 2023. TSP is the largest defined contribution plan in the world.

### TSP Updates In 2023

#### Secure 2.0 Act of 2022:

On December 29, 2022, the President signed the Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act of 2022 into law. TSP has provided updates as details of SECURE 2.0 were finalized throughout calendar year 2023.

#### IRS Form 1099-R:

In January, the TSP mailed IRS Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to participants who took withdrawals between January 1 and December 28, 2022, and/or a taxed or foreclosed loan between January 1 and December 31, 2022. Withdrawals processed on December 29 and 30 are taxable income for calendar year 2023. For those participants who did not receive a Form 1099-R for calendar 2022, they may log in to the TSP “My Account” to get a copy from the secure participant mailbox.

#### Required Minimum Distribution (RMD) Notices:

In January, TSP mailed RMD calculation notices to participants who would be 73 and older in 2023 and to spousal beneficiaries with RMDs due for the 2023 calendar year.

#### Improved Features of “My Account”:

***Your account summary:*** new layout makes it easier to view the account balance, rate of return, year-to-date contribution amounts, and investment mix.

***Page navigation:*** expanded navigation menu helps to find account activity, balance history, transactions, and statements.

***Secure mailbox notification:*** red alert bell notification appears when there is a new message in secure mailbox.

***Recommended information:*** series of recommended topics that highlight plan information,

## TSP (cont.)

**A personalized to-do list:** if any actionable items that require participant's attention, these items will show up on the home page.

**Manage installment payments in My Account:** participants can stop existing installment payments and request new ones. The 30-day waiting period is required between withdrawal or distribution requests. For certain changes, such as changing Federal tax withholdings or managing roll overs, participants must call ThriftLine at 1-877-968-3778.

### **Obsolete Forms:**

Due to availability of new online tools, TSP announced a list of obsolete forms affected by the transition. TSP advised Agencies to discontinue use and to remove all old forms and links included in previous bulletins. Transactions submitted after the transition using these forms and links will not be processed. Some of the transactions can now be performed in "MyAccount", instead of submitting the forms. Participants can always find the most recent version of TSP forms and resources on TSP's website at <https://www.tsp.gov/forms/>.

### **Impacts to TSP Catch-Up Contributions:**

Effective as of January 1, 2024, SECURE Act 2.0 Section 603, requires plan participants whose wages for the prior year exceeded \$145,000 (adjusted for cost of living in the future) and whose contributions are equal to the elective deferral limit (or the annual additions limit), to make any additional catch-up contributions to the Roth option, only. However, the Internal Revenue Service (IRS) recently released guidance in Notice 2023-62 to allow two years for implementing Section 603 of SECURE Act 2.0. As a result, catch-up contributions that would otherwise be required to be made on a Roth basis can continue to be made on a traditional basis (pre-tax) until the TSP implements this provision.

### **Provisions Relating to Judges of the Tax Court and Special Trial Judges of the Tax Court:**

Prior to SECURE Act 2.0, Tax Court judges were able to contribute to TSP, but were not getting Agency Automatic (one percent) and Agency Matching Contributions since they were covered by a judicial retirement plan. However, other Federal judges were allowed to receive these Agency contributions if they were not covered by a judicial retirement plan. The SECURE Act 2.0, now permits all tax court judges to receive same Agency contributions as other Federal judges.

### **Modification of Eligible Age for Exemption from Early Withdrawal Penalty for Qualified Public Safety Employees:**

Prior to SECURE Act 2.0, public safety employees such as Federal law enforcement officers, customs and border protection officers, Federal firefighters, and air traffic controllers who separated from service during or after the year they turned age 50 were allowed to make a withdrawal from the TSP without incurring a 10 percent early withdrawal penalty. SECURE Act 2.0 extended the exemption from early withdrawal penalty to those public safety employees with at least 25 years of Federal service in a TSP-eligible position at the time of separation.

## TSP (cont.)

**2024 TSP Contribution Limits** - The Internal Revenue Service (IRS) announced the contribution limits for 2024. These limits define the contributions that can be made to individual TSP accounts for the calendar year.

Limit Name	Internal Revenue Code (IRC)	2023 Limit	2024 Limit
Elective Deferral Limit	§ 402(G)	\$22,500	\$23,000
Catch-up Contribution Limit	§ 414(V)	\$7,500	\$7,500
Annual Additions Limit	§ 415(C)	\$66,000	\$69,000

### 2023 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 \$22,500 (2023). TSP participants aged 50 and over, who met the annual deferral limit, may have elected to contribute an additional \$7,500 (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 2023.

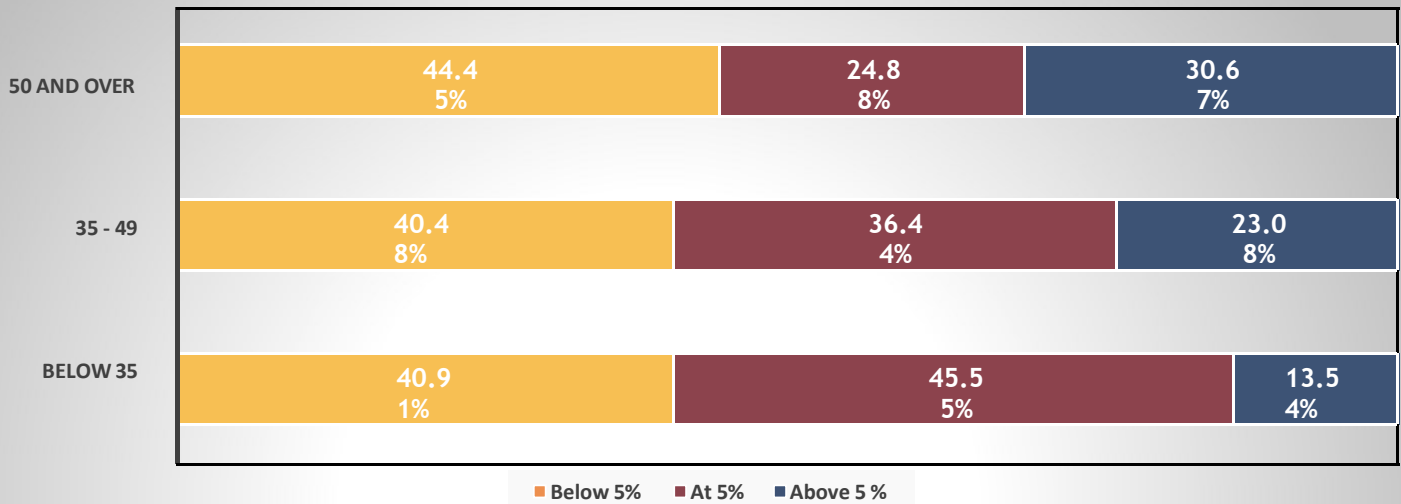
DoD Civilian TSP Contribution Level by Age Group: 2023			
Age Group Contribution	Below 35	35 - 49	50 and Over
Below 5%	35.23%	32.70%	30.36%
At 5%	<b>51.84%</b>	<b>42.64%</b>	32.32%
Above 5 %	12.93%	24.67%	<b>37.32%</b>

*\*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 2023.*

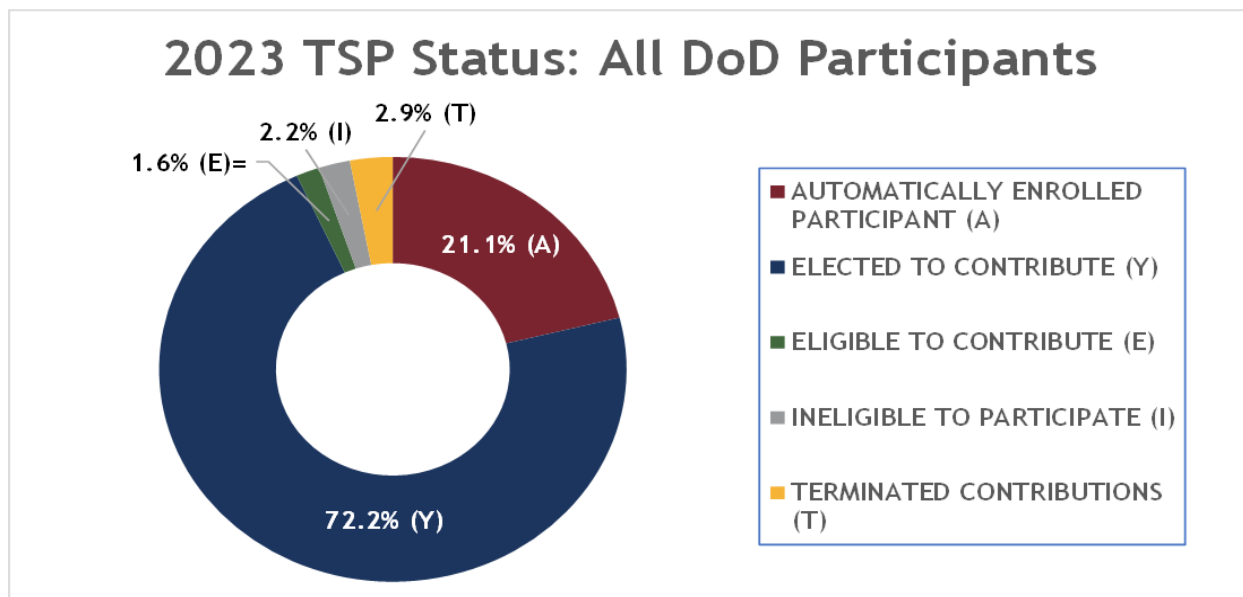
## TSP (cont.)

### Contribution by Age Group



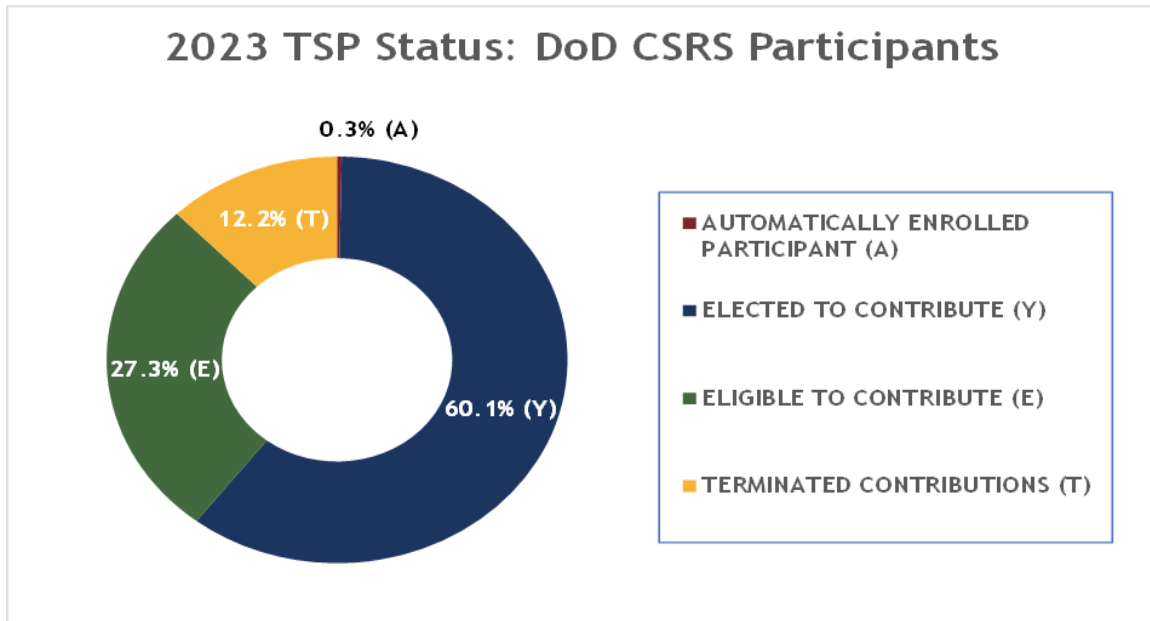
In 2023, the group of employees below age 35 contributed the most in “At 5 percent”. The highest percentage of contribution level for group of employees between age 35 and 49 in 2023 was “Below 5 percent”. Civilians aged 50 and over represented the largest population group of employees who contributed “Below 5 percent” of their salaries in 2023.

As of December 31, 2022, 782,561 DoD civilian employees participated in TSP. Each civilian employee who participated in TSP has a TSP Status that details the person’s contribution status (level of participation) within the program.

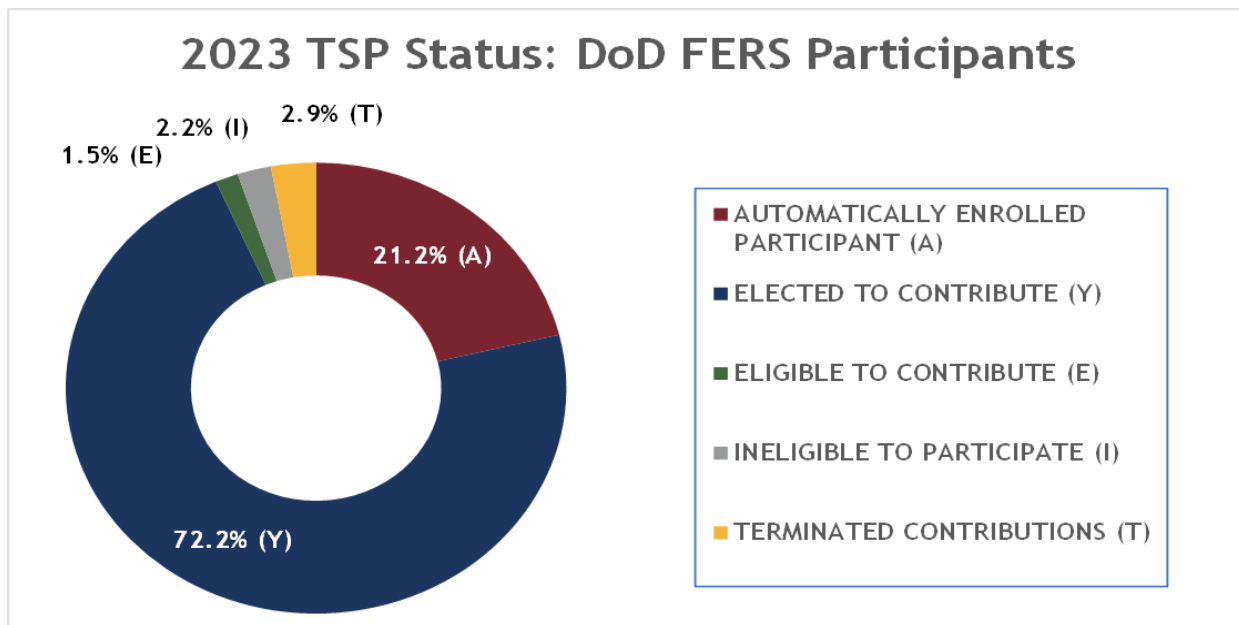


The above chart illustrates that 93.3 percent of the DoD’s eligible employees were either automatically enrolled or elected to contribute to TSP. This represents a percentage point increase of 0.4 percent compared to the calendar year 2022.

## TSP (cont.)

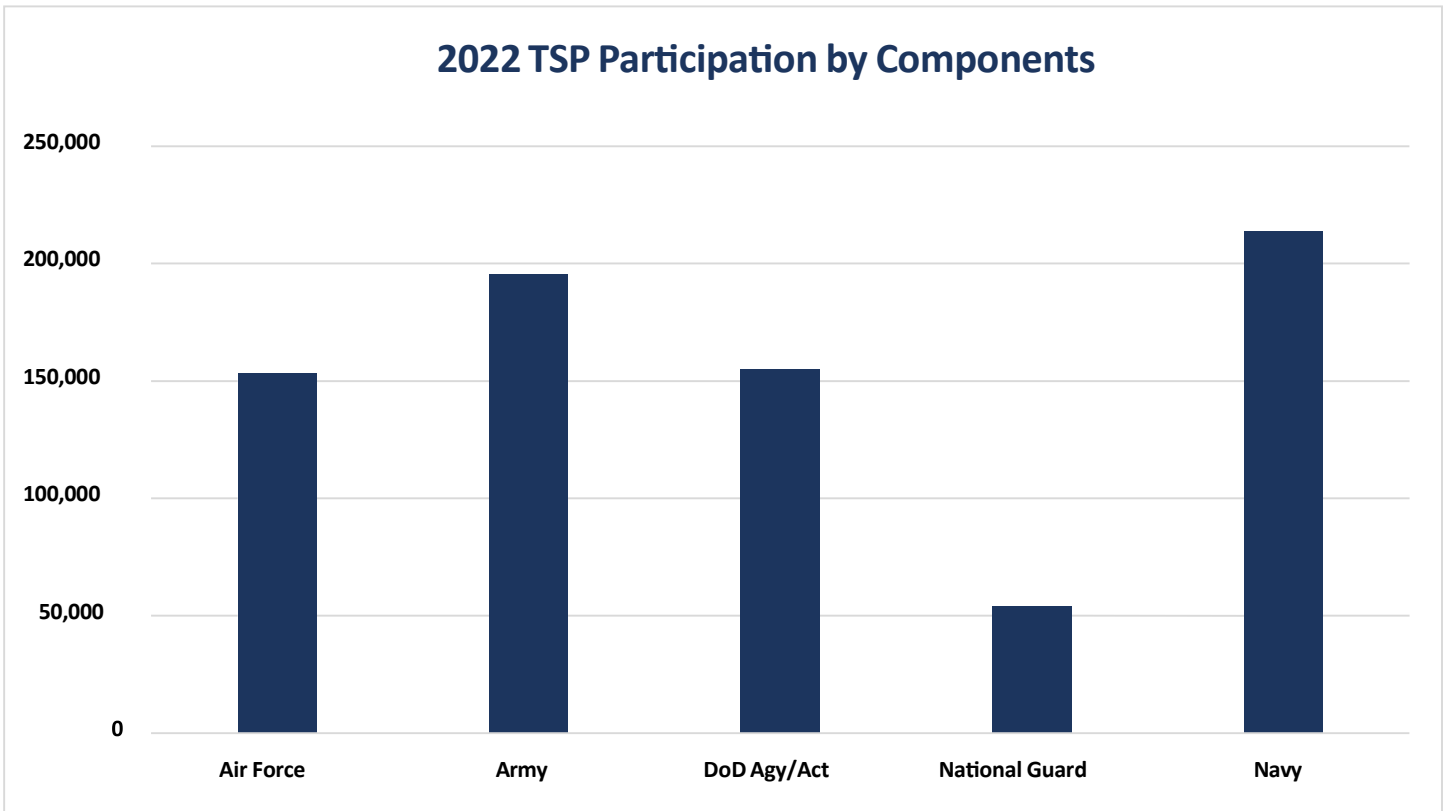


The above chart illustrates 87.4 percent of DoD CSRS employees who were eligible to contribute, but only 60.1 percent of CSRS employees elected to participate, which was a decrease of 1.5 percent, compared to 2022.



The above chart illustrates 93.4 percent of DoD FERS employees who were actively contributing to TSP accounts via automatic enrollment or election. This represents a percentage increase of 0.1 percent compared to 2022. As usual, 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 53 percent of the FERS TSP population.

## TSP (cont.)



The above chart illustrates the number of employees who participated in TSP by Component in 2023. Army and Navy civilian employees remained the top two contributors amongst all.



## Financial Fitness

The year 2023 was a good year for investors due to the stock market's stability and strong performance. As of November 2023, the total annual return was 21 percent for the year, well above its average annual return of roughly 10 percent (source: S&P 500). The key players for strong performance in the markets are technology, communication services, and consumer discretionary stocks. Inflation and interest rates are indeed significant factors influencing the stock market. High interest rates and inflation being well above the Fed's long-term target of two percent tends to increase the cost of borrowing for both consumers and businesses. This, in turn, can lead to reduced spending and investment, impacting economic growth. Additionally, higher borrowing costs may squeeze profit margins for companies, affecting their overall profitability.

Subsequently, higher mortgage rates and a housing shortage made it more difficult for buyers to purchase homes. The housing prices reflected minimal decline in 2023.

As previously mentioned, the Federal Retirement Thrift Investment Board (FRTIB) implemented SECURE 2.0 Act provisions and continued to increase efforts to add new features and tools to make it easier to navigate and make more transactions online.

OPM maintains an updated list of financial literacy resources which provide external links and 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 Benefits Officers have vital roles to provide relevant and useful financial information, resources, and tools to their employees whenever readily accessible.

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

- Provide robust budget guidance to reflect constantly changing income and expenses, specifically to protect from economic downturn.
- 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 the minimum 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 training to employees on a self-service benefits platform such as a Government Retirement and Benefits (GRB).
- Ensure financial education activities are informational and educational and do not provide specific financial investment advice.

## Financial Fitness (cont.)

DCPAS continues to work with DoD Components to establish financial literacy procedures and guidelines. Best practices and challenges, resources, and the annual DCPAS Financial Fitness Survey data results are shared with the Components and Agencies in accordance with OPM's guidelines.

Employees also play a critical role in obtaining education and information to ensure they have a solid financial plan. Employees are encouraged to attend available financial education workshops, webinars, or online/offline classes that their agencies offer. Employees must stay tuned with available updates regarding their benefits and take responsibility to make sound decisions that affect their retirement.

## Flexible Spending Account (FSA)

The Federal Flexible Spending Account Program (FSAFEDS) allows Federal employees to contribute a portion of their salary on a pre-tax basis to pay for either eligible medical expenses, or to assist with paying for dependent care cost. There are two types of FSAs - the Health Care FSA (HCFSA) or Dependent Care FSA (DCFSA). FSAs are governed by Section 125 of the Internal Revenue Code. The Flexible Spending Accounts became effective July 1, 2003, and is available to active Federal Civilian employees, and certain active duty military personnel. Federal annuitants are not eligible to enroll.

### FSAFEDS Changes in 2023

Health Flexible Spending Accounts (Includes limited-purpose FSAs)	2023	2022	Change
Maximum salary deferral contribution	\$3,050	\$2,850	+200
Maximum carryover amount	\$610	\$570 (as indexed, but carryover of full unused balance allowed)*	+40 (indexed amount)

\*Source: IRS Revenue Procedure 2023-34.

Dependent Care FSAs (DC-FSAs)	2023	2022	Change
Maximum salary deferral (single taxpayers and married couples filing jointly)	\$5,000	\$5,000 (as indexed, but raised to \$10,500)	no change (indexed amount)
Maximum salary deferral (married couples filing separately)	\$2,500	\$2,500 (as indexed, but raised to \$5,250) *	no change (indexed amount)

\*Source: IRS Revenue Procedure 2023-34.

## 2023 FSA Participant Totals by DoD Components

DoD Components	Total Participants	Dependent Care	Health Care	Limited Expense	Total Accounts
ALL OTHER DoD AGENCIES - OVERSEAS	665	96	629	16	741
ALL OTHER DoD AGENCIES - STATESIDE	18,121	2,939	16,966	458	20,363
DEFENSE CAREER MANAGEMENT SUPPORT AGENCY	6	3	4	-	7
DEFENSE INTELLIGENCE AGENCY	2,112	538	1,968	39	2,545
ALL AIR FORCE AGENCIES - OVERSEAS	150	27	134	5	166
ALL AIR FORCE AGENCIES - STATESIDE	13,956	1,873	13,161	285	15,319
ALL ARMY AGENCIES - OVERSEAS	838	117	784	29	930
ALL ARMY AGENCIES- STATESIDE	28,453	4,812	26,555	689	32,056
ALL OTHER NAVY AGENCIES - OVERSEAS	1,688	321	1,529	62	1,912
ALL OTHER NAVY AGENCIES - STATESIDE	29,437	5,067	27,570	674	33,311
DoD/DFAS - INDIANAPOLIS CENTER	1,073	220	959	41	1,220
MILITARY SEALIFT COMMAND	133	14	121	11	146
NAVAL SHIPYARD	3,011	527	2,814	60	3,401
U.S. MARINE CORPS	1546	182	1,473	36	1,691
NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY	9,102	1,615	8,438	248	10,301
<b>TOTALS</b>	<b>110,291</b>	<b>18,351</b>	<b>103,105</b>	<b>2,653</b>	<b>124,109</b>

## Civilian Retiree Identification Card

The Office of the Under Secretary of Defense for Personnel and Readiness Memorandum dated February 17, 2023, notified the workforce of the termination of the Civilian Retiree Identification (ID) Card. Previously issued ID cards would remain valid through August 31, 2023, and would not be reissued.

The purpose of this change was due to the advancements in installation physical access control systems, procedures, and the implementation of the REAL ID Act eliminating the requirement for the DoD Civilian Retiree ID Card.

The limited use of Morale, Welfare, and Recreation (MWR) activities by DoD civilian retirees will remain at the discretion of the installation commander, subject to the DoD civilian retiree meeting the requirements for installation access.

Listed below are helpful links pertaining to this change in procedure:

**USD Memorandum:** <https://www.dcpas.osd.mil/sites/default/files/UPR003010-22%20SIGNED%20CIVILIAN%20RETIREE%20CAC.pdf>

**DCPAS:** <https://www.dcpas.osd.mil/policy/retirement/retirementidcard>

**REAL ID:** <https://www.dhs.gov/real-id>

**FAQs:** [request.pdf \(cac.mil\)](#)

## 2023 HR Significant Benefits Updates

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

DATE	EVENT
October 14, 2022	<p><b>TBAL 22-703 2022 FEHB Open Season for Tribal Employees: FEHB Program Significant Plan Changes</b></p> <p>This is the third and final TBAL in our series of 2022 FEHB Open Season for Tribal Employees TBALs. This TBAL provides information on significant plan changes for the FEHB Program for 2023.</p>
October 17, 2022	<p><b>BAL 22-403 Federal Benefits Open Season: Significant Plan Changes</b></p> <p>This the third and final in our series of 2022 Federal Benefits Open Season BALs for the FSAFEDS, FEDVIP, and FEHB Programs. This BAL provides information on significant FEHB plan changes for 2023.</p>
November 2022	<p><b>BAL 22-901 New Federal Long Term Care Insurance Program (FLTCIP) Regulations and Announcement of Suspension Period for FLTCIP Applicants</b></p> <p>This BAL announces the suspension period of applications and coverage increases for the FLTCIP.</p>
November 2022	<p><b>BAL 23-101 Annual Changes</b></p> <p>This BAL announces the updated information pertaining to variable interest and COLA rates for the 2023 Plan Year.</p>
December 2022	<p><b>BAL 23-301 Calendar Year 2023 Interest Rate</b></p> <p>This BAL outlines the U.S. Treasury’s announcement of the calendar year 2023 interest of 1.875 percent; this interest rate is applicable to the “post-1956” military service.</p>

## 2023 HR Significant Benefits Updates (cont.)

DATE	EVENT
December 2022	<p><b>BAL 23-302 Calendar Year 2023 Retired Federal Employees Health Benefits Premiums</b></p> <p>OPM issued this BAL to inform of the subscription rates for annuitants enrolled in the Retired Federal Employees Benefits (REHB) Program in plan year 2023.</p>
December 2022	<p><b>BAL 23-303 2023 FEHB Withholdings and Contributions</b></p> <p>This BAL identifies the 2023 withholding and contribution rates for the 2023 Plan Year, to include FEHB and Federal Dental and Vision Insur-</p>
January 2023	<p><b>BAL 23-103 Additional Guidance on Sending Reemployed Annuitant Information to the Reemployed Annuitant Inbox</b></p> <p>This BAL is issued in addition to the previously published guidance through BAL 19-107 - Process Change for Handling Reemployed Annuitants. OPM also created a new email box.</p>
February 2023	<p><b>BAL 23-801 The Federal Flexible Spending Account Program (FSAFEDS): 2023 Administrative Fees</b></p> <p>OPM issued this BAL to notify Agencies that the administration fees for FSAFEDS program will be changing in Plan Year (PY) 2023.</p>
February 2023	<p><b>BAL 23-901 New Federal Long Term Care Insurance Program (FLTCIP) Regulations</b></p> <p>OPM issued this BAL to provide the final regulations on enhanced stability and flexibility in the FLTCIP by modifying when abbreviated underwriting will be offered and finalizing rules around the suspension of the application of coverage.</p>

## 2023 HR Significant Benefits Updates (cont.)

DATE	EVENT
April 2023	<p><b>BAL 23-201 COVID-19 Public Health Emergency Transition</b></p> <p>This BAL was issued to announce the end of Public Health Emergency (PHE) for the COVID-19 on May 11, 2023. BAL outlines how FEHB carri-</p>
June 2023	<p><b>BAL 23-306 Changes to Agency Contributions for the Federal Employees Retirement System</b></p> <p>Notice was issued to advise of revised normal cost percentages for employees covered by the FERS Act of 1986, effective the first pay period commencing on or after October 1, 2023.</p>
July 2023	<p><b>BAL 23-202 Extension of FEDVIP Eligibility to Certain Employees on Temporary Appointments and Certain Employees on Seasonal and Intermittent Schedules; Enrollment Clarifications and Exceptions to Change Enrollment</b></p> <p>OPM issued BAL to administer a final rule to expand eligibility for enrollment in the Federal Employees Dental &amp; Vision Insurance Program (FEDVIP) to certain Postal employees.</p>
August 2023	<p><b>BAL 23-307 Instructions for Agencies' Payments to the Civil Service Retirement and Disability Fund (CSRDF) for Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments</b></p> <p>BAL issued to advise of the changes to the processing cost to CSRDF for VERA and the VSIP are to continue under the Consolidated Appropriations Act, 2023.</p>
September 2023	<p><b>BAL 23-105 Military Service Deposit Eligibility Notification Requirements</b></p> <p>BAL was issued to expand upon BAL 17-101, Additional Guidance of Military Deposits, outlining further details of the Agency's responsibilities of notification and counseling newly eligible Federal Employee with prior honorable military service.</p>



## 2023 HR Significant Benefits Updates (cont.)

DATE	EVENT
September 2023	<p><b>BAL 23-902 Federal Long Term Care Insurance Program</b></p> <p>This BAL was issued to provide guidance on the Enrollee Decision Period, September 11 - November 9, 2023; any changes will be effective January 1, 2024. And provide notice that the contract has been extend for a</p>
October 2023	<p><b>BAL 23-106 Revised Retirement Coverage Determination Tables</b></p> <p>This BAL provided to inform that the updated Retirement Coverage Determination Tables will be included in the next publication of the CSRS and FERS Handbook, Chapter 10 - Coverage.</p>
October 2023	<p><b>BAL 23-401 2023 Federal Benefits Open Season: Significant Plan Changes</b></p> <p>OPM published this BAL to identify the significant plan changes to FEHB plans for the 2024 Plan Year.</p>
October 2023	<p><b>BAL 23-701 2023 Federal Benefits Open Season: Significant Plan Changes (Tribal Employees)</b></p> <p>BAL was issued to outline the significant changes to the FEHB program for Tribal Employees in the 2024 Plan Year, and to distribute the Open Season Manual.</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. Key work-life programs offered to Federal employees include worksite health and wellness, Employee Assistance Programs, workplace flexibilities, telework, remote work, and dependent care. When successfully implemented through the issuance of policy, program management and marketing, Work-Life Programs empower employees to deliver exceptional and efficient service while meeting personal responsibilities.

The coronavirus disease 2019 (COVID-19) pandemic changed the DoD workplace and the employee demand for work-life balance increased the use of flexible work schedules, leave programs, and alternative workplace arrangements. The pandemic demonstrated that maximizing workplace flexibilities and work-life programs helped to the balance employee needs while ensuring the organization's mission was accomplished. Work-life Programs are a crucial enabler for maintaining a highly productive, engaged, and healthy work environment.



## Telework & Remote Work

Telework has become increasingly popular due to its numerous benefits. It reduces real estate and energy costs, ensures continuity of operations during emergencies, improves work-life balance for employees. Telework also increases employment opportunities for persons with disabilities. The COVID-19 pandemic significantly changed the Department of Defense's (DoD) view of the workplace and how business may be conducted.

Through ongoing re-entry support activities, the Office of Personnel Management (OPM) has learned that having more refined data related to telework and remote work will assist Federal agencies in evaluating how the impact of employee workplace arrangements on key workforce considerations—such as productivity, recruitment, and retention—all of which are critical to successful organizational performance. To support agencies' efforts, OPM developed three new data elements. On September 01, 2023, the DoD implemented the new telework and remote work codes in the Defense Civilian Personnel Data System (DCPDS) and MyBiz+. These codes include mobile work (MW), not participating/not eligible (NN), remote work (RW), telework frequent (TF), telework periodic (TP), and telework situational (TS). While these new codes were unavailable in the previous year's data, they are now captured under the section titled "Current DoD Personnel Telework & Remote Work Participation."

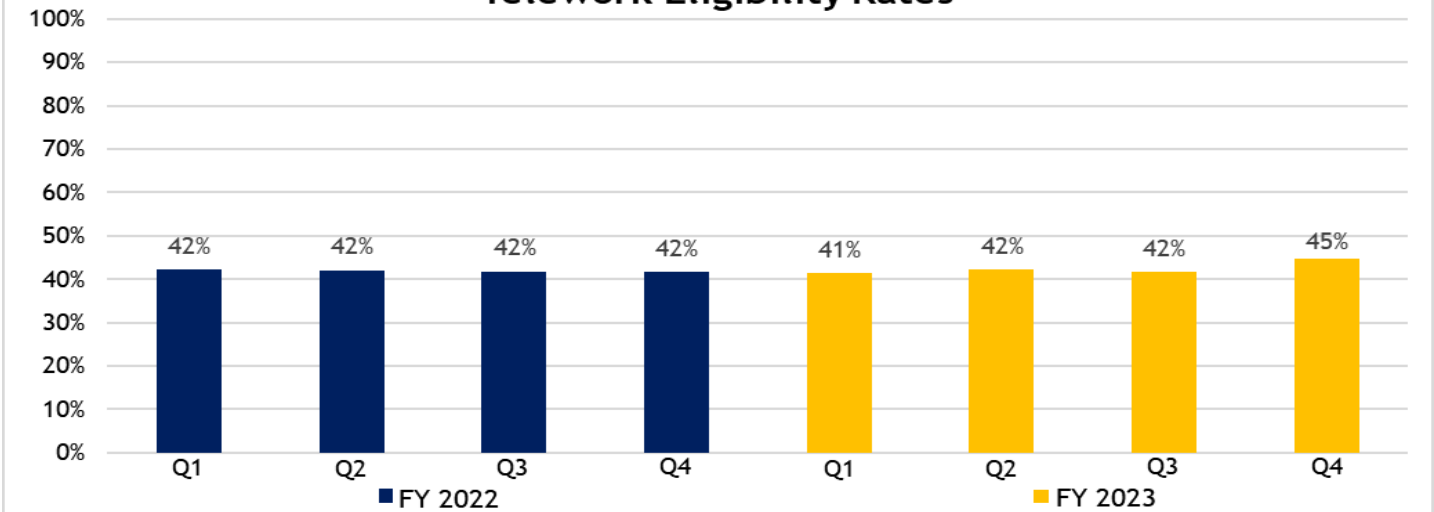
## Telework Participation FY 2023

	<u>FY2022</u>	<u>FY2023</u>
<b>Total DoD Population:</b>	770,679	782,382
<b>Telework Eligible Positions:</b>	321,201	524,198
<b>Total Teleworkers:</b>	263,443	350,314

### Telework Eligibility

	FY23Q1	FY23Q2	FY23Q3	FY23Q4
DoD Population	769,996	767,771	777,784	782,382
Telework Eligible Positions	500,813	504,525	511,700	524,198

### Telework Eligibility Rates



### Current DoD Personnel Telework & Remote Work Participation

<b>Current Participation Rate:</b>	67%
<b>Telework Participation:</b>	
3+ days per pay period:	151,436
1-2 days per pay period:	1,384
Once per month or less:	178,086
Situational:	3,704

*\*This report reflects FY data vice annual data.*

## 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 for FY 2023. The second chart shows the decrease or increase in the usage of available workplace flexibilities within Components from FY 2022 to FY 2023.

**FY 2023 Flexible Work Schedule Usage**

	Not on AWS	Flexi-tour	Gliding	Variable Day	Variable Week 80 Hrs.	Maxi-Flex 80 Hrs.	Com-pressed 80 Hrs. BIWK	First Forty	Com-pressed 40 Hr./ Wk.	Variable 40 Hr./ Wk.	Maxi-Flex 40 Hr./ Wk.	Grand Total
<b>Air Force</b>	51,528	33,091	12,692	382	1,541	20,442	48,820	153	6,938	855	733	177,175
<b>Army</b>	75,332	19,602	19,622	1,460	2,685	15,246	66,850	259	23,519	571	1,336	226,482
<b>DoD</b>	69,927	6,720	15,813	3,065	776	27,796	24,800	105	3,896	135	974	154,007
<b>Navy</b>	73,586	15,350	15,417	1,672	2,948	44,930	52,566	405	6,897	326	1,112	215,209
<b>Grand Total</b>	270,373	74,763	63,544	6,579	7,950	108,414	193,036	922	41,250	1,887	4,155	772,873

## Workplace Flexibilities (cont.)

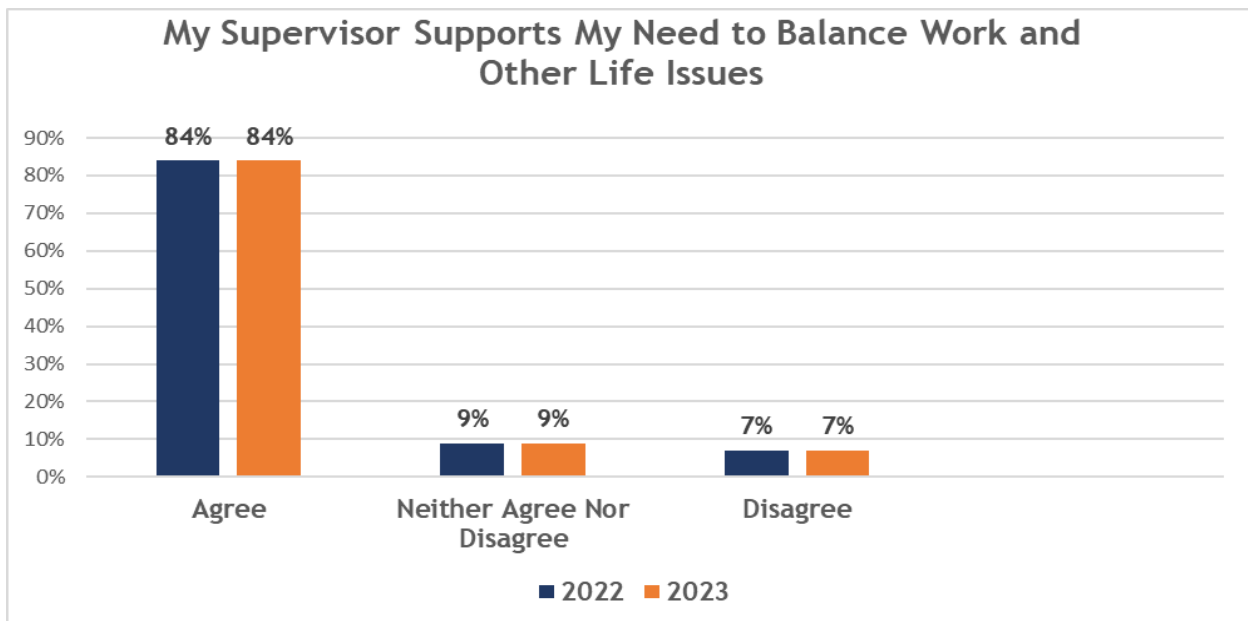
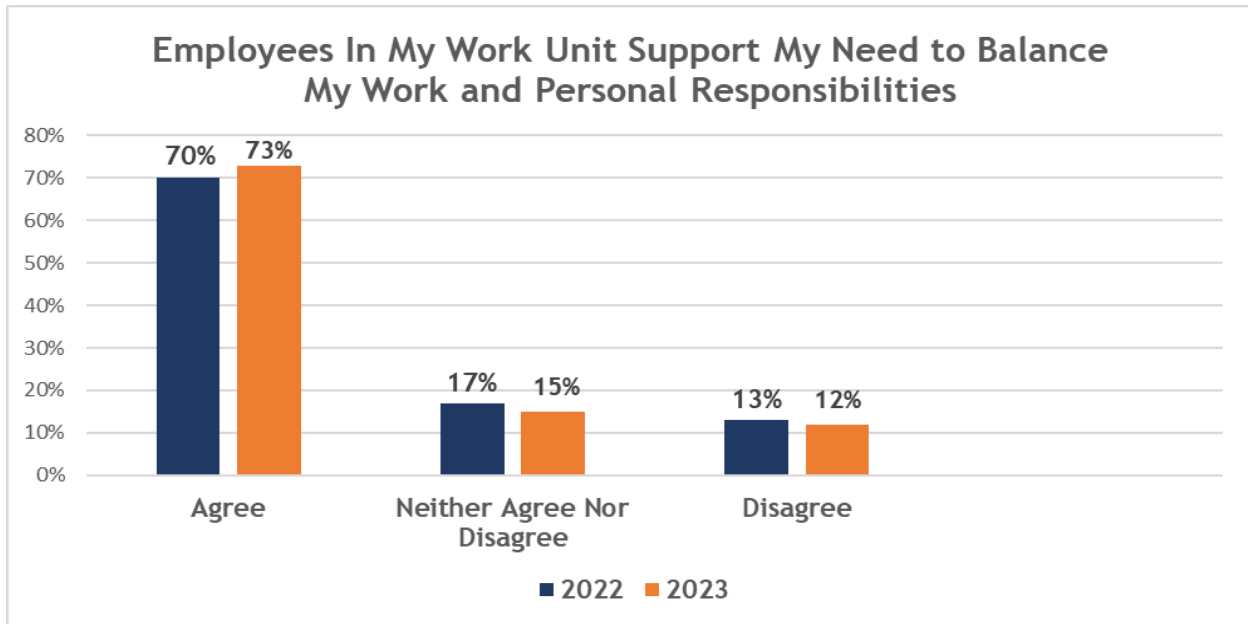
### Trends in the Usage of Flexible Work Schedules from FY 2022 to FY 2023

	Not on AWS	Flexi-tour	Gliding	Vari-able Day	Vari-able Week 80 Hrs.	Maxi-Flex 80 Hrs.	Com-Pressed 80 Hrs. BIWK	First For-ty	Com-Pressed 40 Hr./ Wk.	Vari-able 40 Hr./ Wk.	Maxi-Flex 40 Hr./ Wk.	Grand Total
<b>Air Force</b>	+218	+161	+602	+52	+21	+1,630	-308	+1	+380	-93	+19	+2,247
<b>Army</b>	- 2,948	-395	+849	+204	+99	+1,469	+1,673	-8	+1,126	-16	+164	+2,217
<b>DoD</b>	+490	+218	+1,356	-24	-2	+314	-683	-9	+385	+33	+84	+39,739
<b>Navy</b>	-1,784	-118	-818	-14	-55	+2,966	-361	-9	+2,893	-42	+128	+3,508
<b>Grand Total</b>	-4,460	-134	+1,989	+218	+63	+6,379	+1,043	-25	+6,784	-118	+395	+10,134

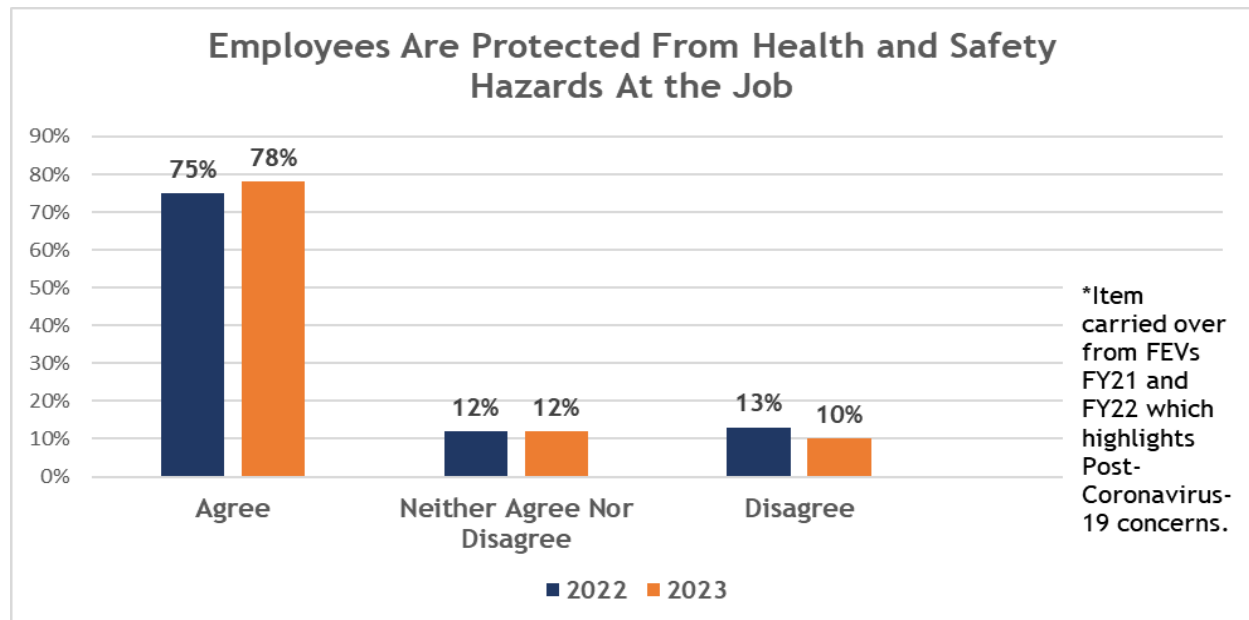
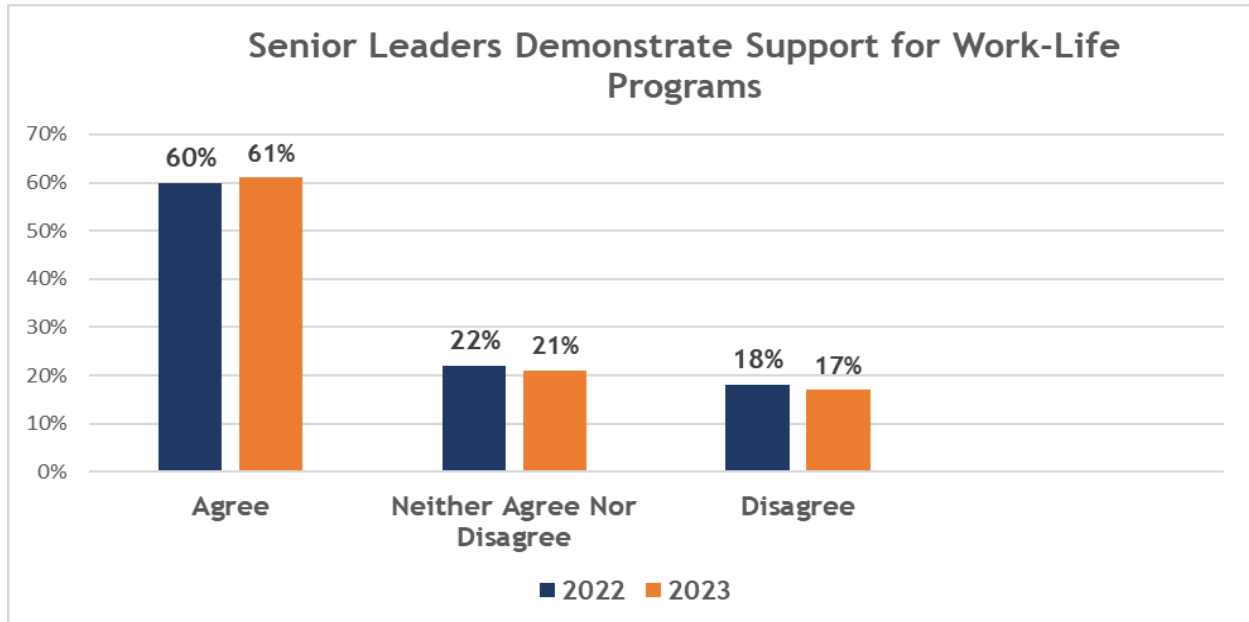
\*(-) indicates a decrease and (+) indicates an increase from FY 2022.

## The 2023 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. OPM released the Government-wide 2023 FEVS results in November 2023. Agency-specific data will be released in 2024.



## The 2023 FEVS (cont.)





## DoD Wellness Programs

In accordance with the President's Management Agenda, the DoD is committed to promoting Federal employee well-being and work-life programs. Component and Agency heads are encouraged to take steps to increase employees' awareness and the availability of work-life programs. Key work-life programs offered to DoD employees include Worksite Health and Wellness Programs, Employee Assistance Programs, Family Care Programs, and various leave and workplace flexibilities available should they seek counseling and treatment related to their own well-being or that of a family member

In Fiscal Year 2023, DoD Agencies continue to leverage a variety of workplace flexibilities to recruit high quality candidates, promote employee engagement and productivity, and maximize workforce retention.

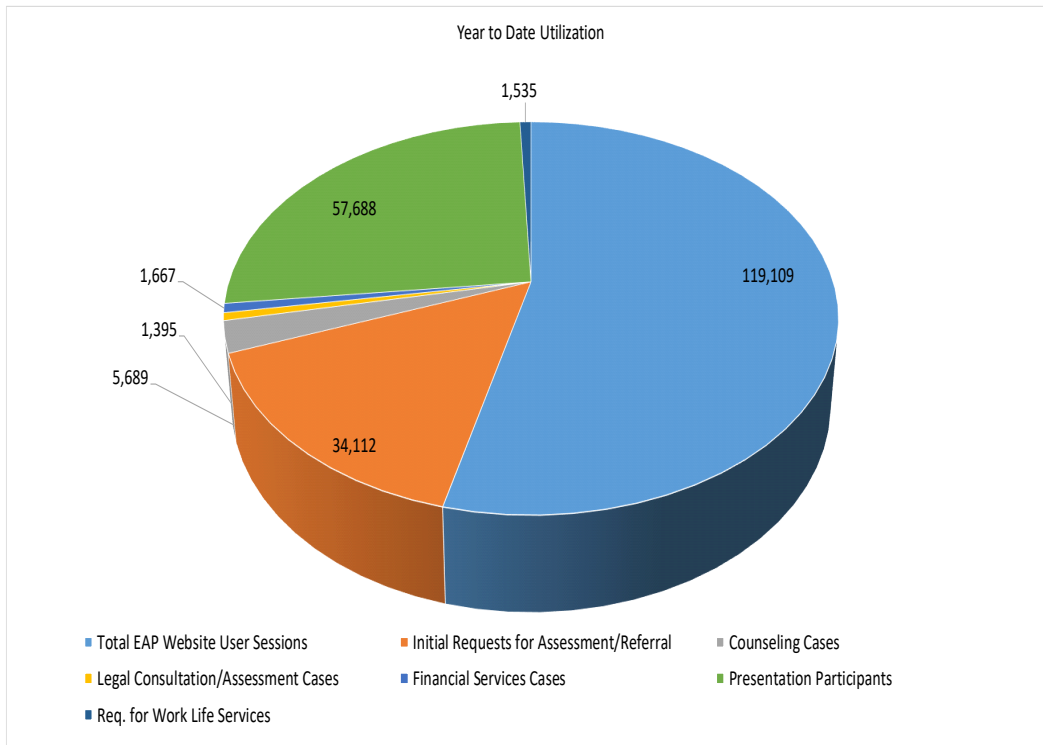
## Employee Assistance Program (EAP)

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. In 2023, Magellan began providing data that includes Navy and Air Force which has expanded our data pool. 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 Q4 was 38 percent.

WHS, Navy, Air Force and DCPAS Leadership agree that a focused effort on promoting the program, specifically Work-Life services, should lead to higher utilization rates in 2023-2024. Services such as: assistance with Appointment Searches, 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 2024.

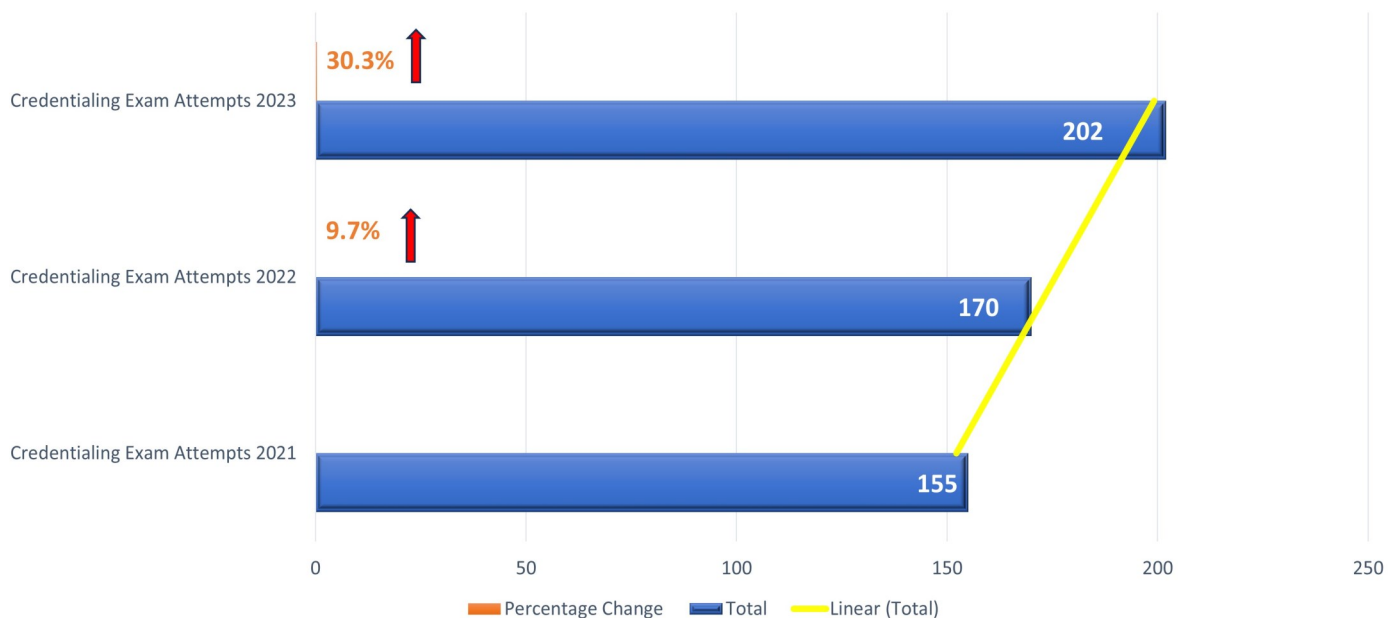
## Benefits Credentialing Programs

DCPAS has established Credentialing Programs for Employee Benefits Advisors (EBAs) and Injury Compensation Program Administrators (ICPAs). These programs are designed to enhance technical proficiency in functional areas. Our objective is to strengthen HR professionals' understanding of HR concepts, principles, and practices pertaining to retirement, insurance, injury compensation, and other employee benefits programs, as outlined in OPM's HRM Competency Model.

### DoD EBA Credentialing Program

This year saw 202 attempts at EBA credentialing testing, representing an increase of **9.7%** and **30.3%** compared to the corresponding figures for 2022 and 2021. The rise in Credentialing Program participation was the direct result of our outreach initiatives during two "EBA Credentialing Marathons" and the continued use of our remote proctoring option by exam candidates. With the implementation of remote proctoring and the two on-site testing centers—in San Antonio, Texas, for Air Force personnel and Fort Riley, Kansas, for Army personnel—the EBA Credentialing Program maintains its efficiency and effectiveness.

#### EBA Credentialing Program



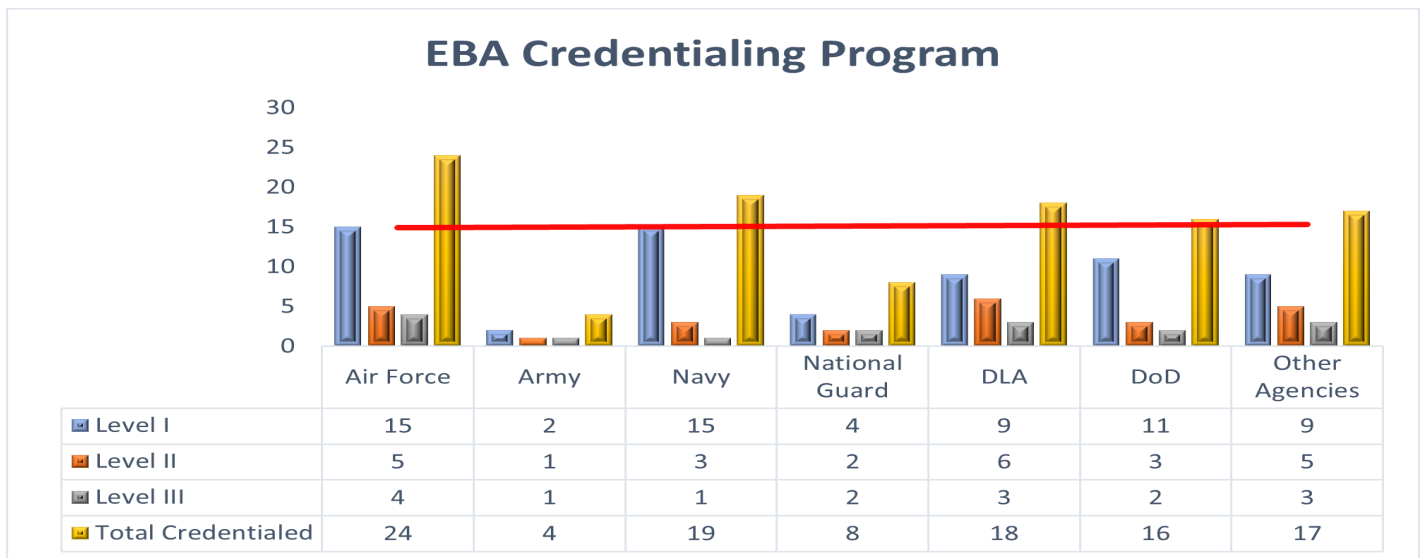
## Benefits Credentialing Programs (cont.)

Effective January 1, 2023, the passing score for all DCPAS Functional Community credentialing exams, to include Employee Benefits Advisor exams, was changed from **85 to 80 percent**. The change was warranted based on research, observations, and recommendations from DCPAS' contracted Senior I/O Consultants from AE Strategies.

We had the pleasure of recognizing **sixteen (16)** EBAs for earning their DoD EBA Credentials this year. Four (4) EBAs from the Air Force, three (3) EBAs from the DLA, two (2) from DoD, two from the National Guard, two (3) from other non-DoD agencies, one (1) EBA from the Navy, and one (1) from the Army. Congratulations to those who passed their Level I and Level II credentialing exams and those who achieved their DoD EBA Credentials!

- ☐ Air Force - Rodolfo Chavez, Nichol DiMaio, Katrina King, Aundrea Johnson
- ☐ DLA - Dawn Burton, Elizabeth Hartley, Bobbie Mossor
- ☐ National Guard - Margaret Tefft, Julia Brown
  - ☐ DoD - Michael Rohr, Tonya Hall
  - ☐ Navy - Delton Carmon
  - ☐ Army - Brian Ewalt
  - ☐ USDA - Regina Glaspie
- ☐ Veterans Affairs - Anna Cochran
- ☐ HHS - Stephanie Hurd

In addition to the sixteen (16) individuals who obtained their DoD EBA credentials, **65** employees passed the Level I credentialing exam, and **25** employees successfully passed Level II.



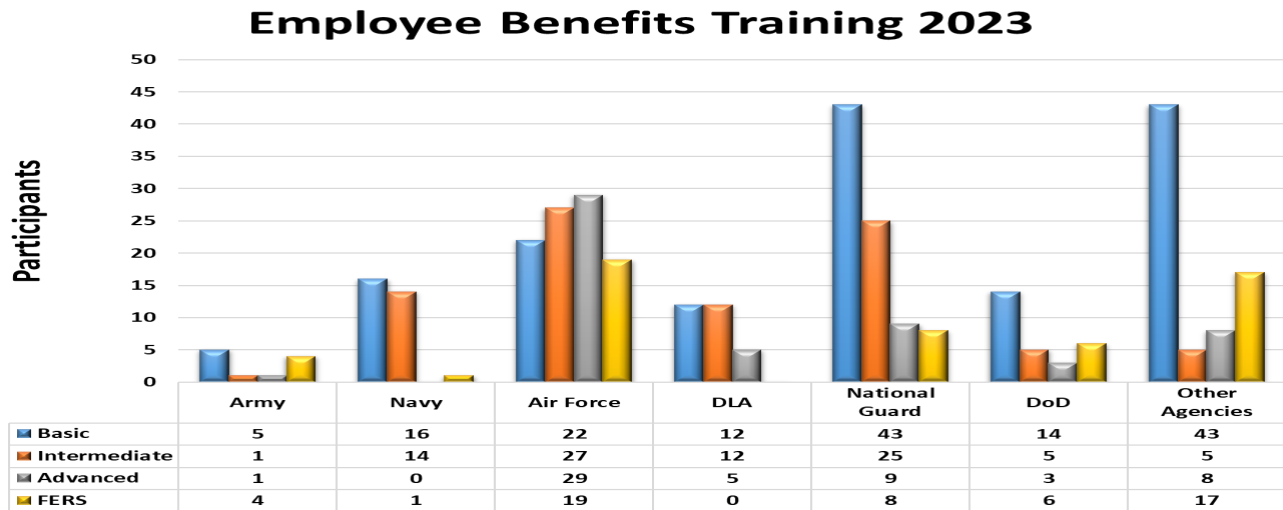
# Benefits Training Programs

## DCPAS Employee Benefits Training Program

The DCPAS Employee Benefits Training (EBT) program structure and course material are designed to strengthen knowledge of various HR concepts and practices, as well as develop and enhance competencies specific to the Employee Benefits Advisor (EBA). Training is conducted in a virtual classroom setting and emphasis is placed on the core competencies required within the employee benefits functional area.

The EBT Program is comprised of three (3) levels of Federal Employee Benefits Training. Designed for Federal Human Resources (HR) professionals, these training levels are presented by expert DCPAS Employee Benefits Advisors (EBAs). The three levels are: 1) The Basic Benefits Course (Level I); 2) The Benefits Intermediate Course (Level II); and 3) The Advanced Benefits Workshop (Level III).

The Benefits Training Team trained 308 participants during 2023 from numerous DoD and non-DoD agencies. For the year we completed nine Basic Benefits Courses with 155 total participants, six Benefits Intermediate Courses with 98 participants and two Advanced Benefits Workshops with 55 participants.



For 2023, the passing score for all DCPAS training courses, to include Employee Benefits Training, changed from 85 to 80 percent. For the Basic Benefits Course, 85 percent of participants passed the course Post-Test with an average score of 88 percent; this is a one percent increase from 2022's 87 percent average score. For the Benefits Intermediate Course, 97 percent of participants passed the course Post-Test with an average score of 93 percent; this is a two percent increase from 2022's 91 percent average score. For the Advanced Benefits Workshop, 91 percent of participants passed the course Post-Test with an average score of 91 percent; this is the same as 2022's 91 percent average score.

We are excited this year to also include the new FERS Eligibility Workshop. This 2-hour course is designed to assist HR Specialists determine the correct retirement coverage for all first hires, transfer/conversions and rehires. For 2023, we completed three FERS Eligibility Workshops with 55 total participants from numerous DoD and non-DoD agencies.

## Benefits Training & Credentialing Programs

Our DCPAS EBA Training and Credentialing Program continues to make significant advancements despite the challenges we face in providing practical benefits advisory education training, and credentialing from a virtual platform. Although a virtual platform increases instructor and participant flexibility, accessibility, and cost overhead, the barriers we faced in a virtual setting include:

- Overcoming technical issues related to low-bandwidth internet or system compatibility.
- Lacking the typical interaction traditional classrooms provide.
- Attendees that experience online distractions.
- Issues with navigation and user experience with online platforms like Microsoft Teams.

Despite these and other obstacles that we continue to face, we are able to overcome these difficulties. Hundreds of our DoD human resources professionals were able to develop and improve their knowledge, skills, and abilities in federal benefits thanks to the innovative training delivered by fully credentialed EBAs.

We continue to reassess our strategies to improve the preparation of Benefits Specialists for examinations. Plans are underway to provide credentialing and training materials via the MILSUITE online platform. The learning structure and materials for the Advanced Benefits Workshop (ABW) has been completely revised, and our fillable handbook/study guides are up-to-date. We consistently execute new initiatives to aid DoD Benefits Specialists in their efforts to sufficiently prepare for our credentialing examinations.



## 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 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:

1. **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.
2. **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.
3. **One Time Cost Savings:** An amount determined by the Department of Labor (DOL) to be paid back by the claimant. One Time Savings are generally compensation overpayments to the claimant.
4. **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.
5. **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.
6. **CPI:** The annual increase in compensation DOL provides to claimants that have been on the Periodic Roll (PR) at least a year. This increase is closely tied to inflation.
7. **Periodic Roll:** It is a status given to claims that are receiving regular compensation payments from DOL every 28 days.

## COVID

The expiration of coverage for COVID claims under the America Rescue Plan Act of 2021 (ARPA) expired January 27, 2023. Claims for COVID diagnosed after that date must establish the five basic elements for adjudication set forth in the FECA regulations and will be charged back to the Agency.

Costs for COVID claims, post ARPA, will increase due to the costs now being charged back to the Agency. That will be somewhat offset by the fact that COVID claims will be treated as any other FECA claim and the employee will need to meet the five requirements. This will result in a lower number of COVID claims being accepted. That is indeed what we have seen in 2023.

## DOL Metrics

DOL tracks 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 RTW outcomes during the initial 45-day post-injury period for traumatic injury cases (Continuation of Pay - COP);
6. Improving the rate at which employees RTW to work in cases of moderate to severe injury or illness; and
7. Implementing and fully using the DOL electronic filing system, the Employees' Compensation Operations and Management Portal (ECOMP) by September 30, 2021.

## FY 2023 Department Performance

DOL Goal	Target	DoD Performance*
<b>GOAL 3: Increasing the timely filing rate for workers' compensation claims (forms CA-1/CA-2);</b>	98%	99%
<b>GOAL 4: Increasing the timely filing rate for wage-loss claims (form CA-7);</b>	98%	99%
<b>GOAL 5: Increasing the rate of RTW outcomes during the initial 45-day post-injury period for traumatic injury cases (Continuation of Pay – COP);</b>	80%	89%
<b>GOAL 6: Improving the rate at which employees RTW in cases of moderate to severe injury or illness; and</b>	Metric provided for each Component (See next page)	
<b>GOAL 7: Implementing and fully using the DOL electronic filing system.</b>	100%	100%

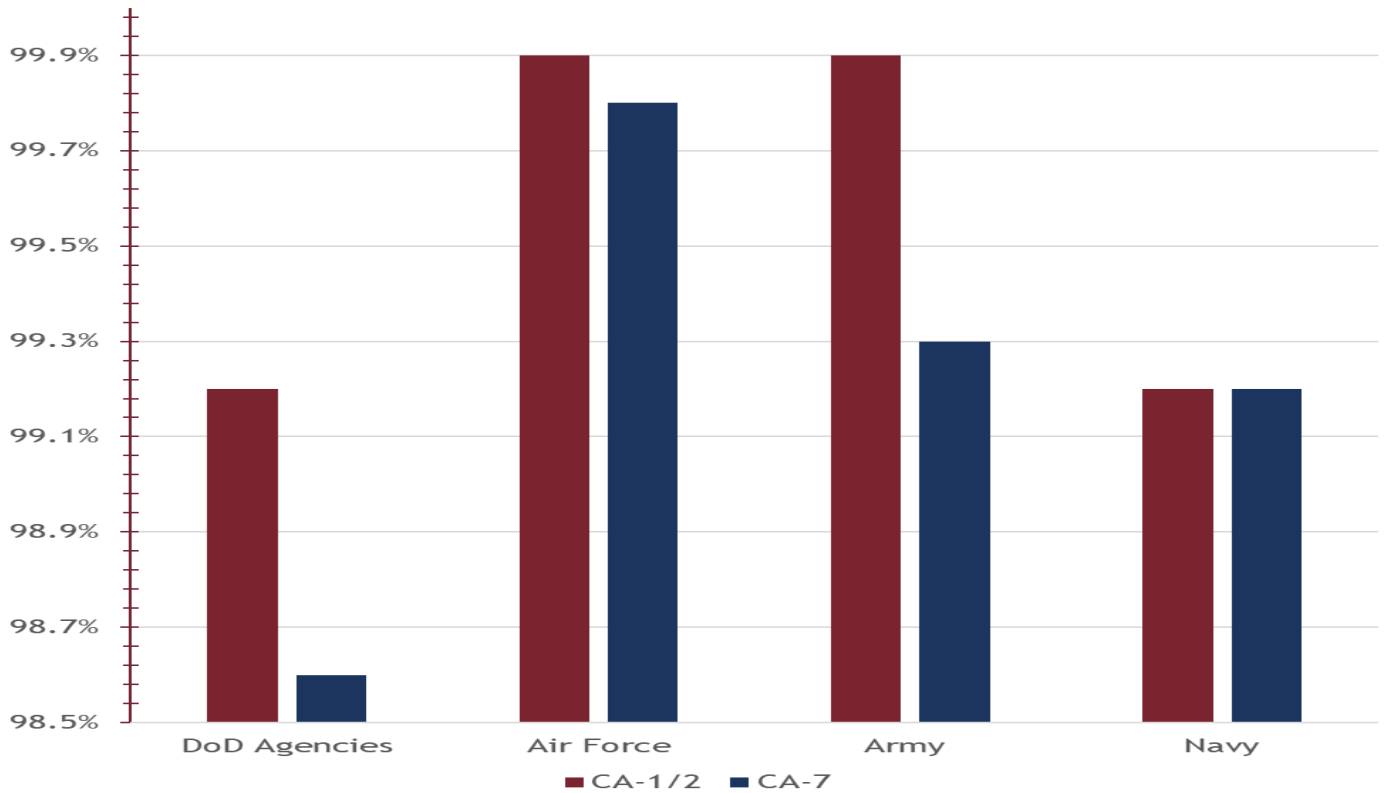
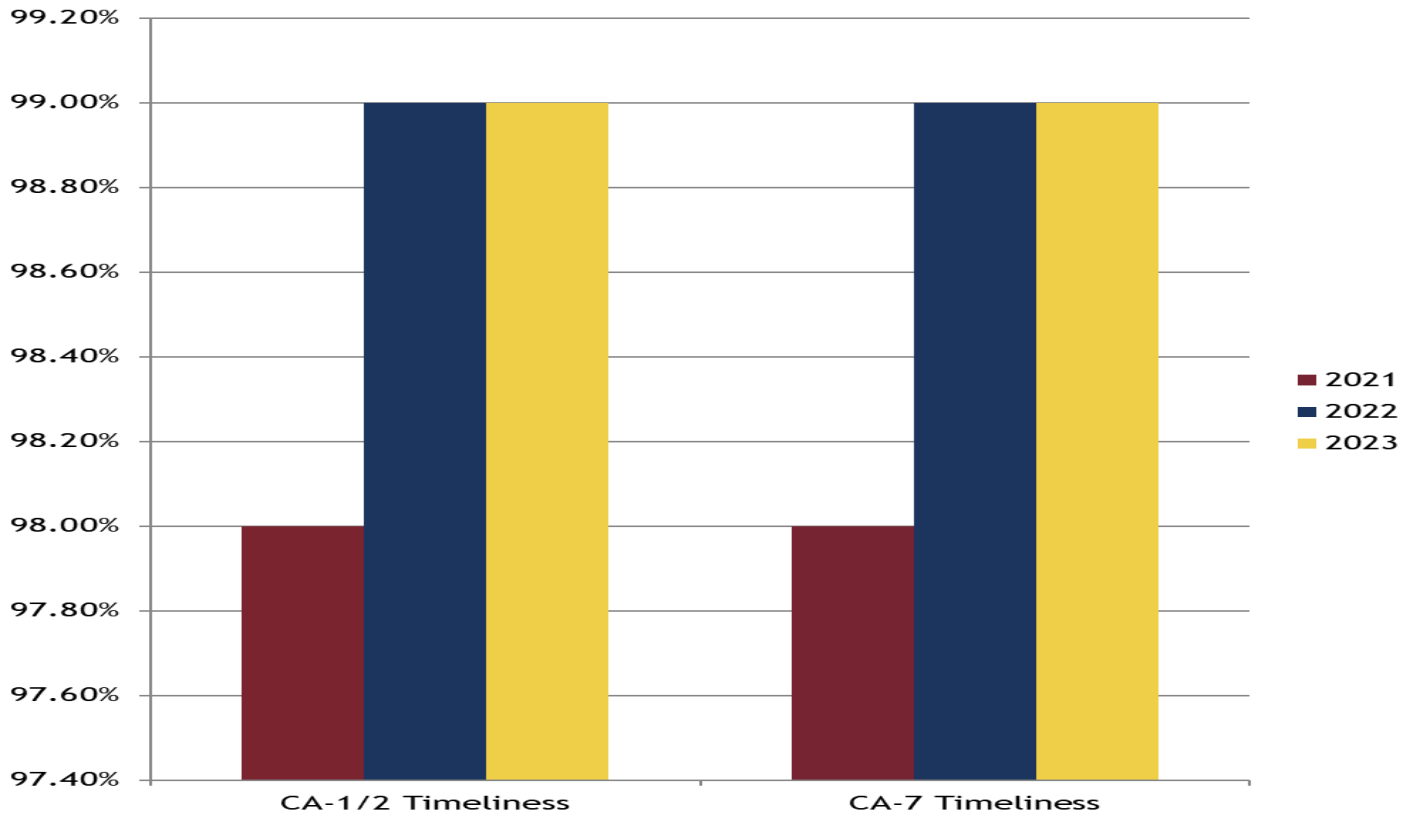
*\*PEER metrics are measured on a FY timeframe. Metrics above are for the period ending 9/30/2023.*

## FY 2023 Department Performance Goal 6 by Component

DOL Goal	Target	DoD Performance*
<b>GOAL 6: Improving the rate at which employees return to work in cases of moderate to severe injury or illness</b>		
<b>Air Force</b>	93%	94%
<b>Army</b>	93%	98%
<b>DoD Agencies</b>	91%	93%
<b>Navy</b>	96%	94%

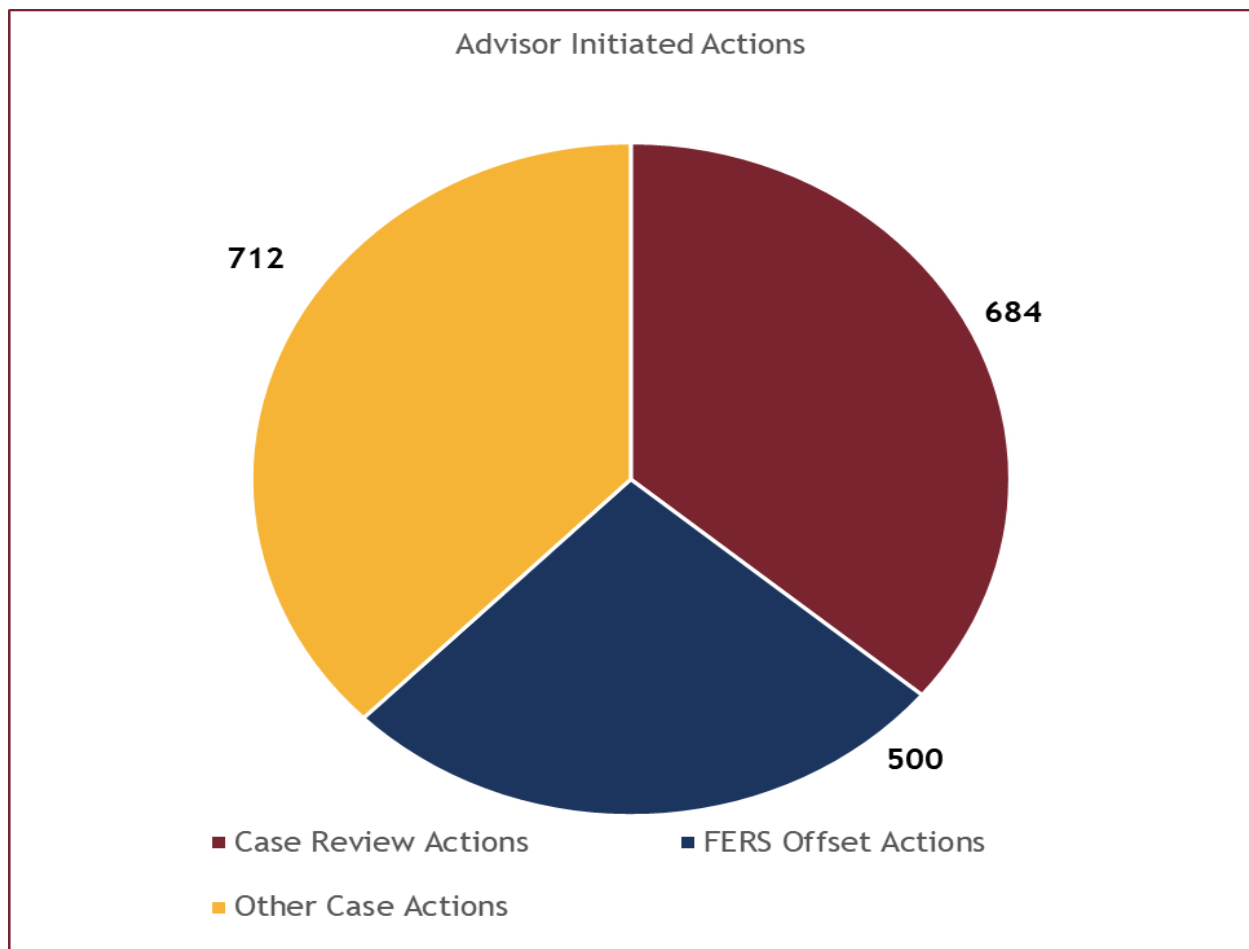
*\*PEER Metrics are measured on a Fiscal Year timeframe. Metrics above are for the period ending 9/30/2023. Navy had the highest target in the Department.*

## 2023 Claim Timeliness All DoD and by Component



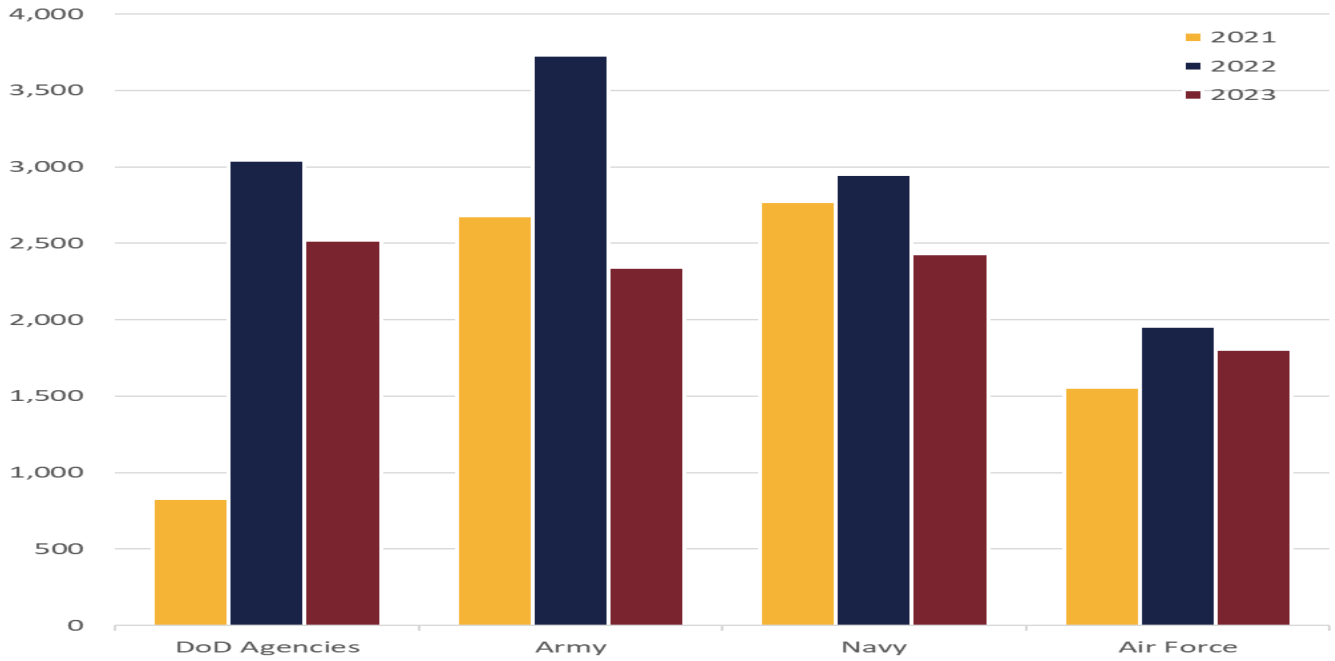
## Added Emphasis to Targets in Advisor Initiated Actions

The ICUC Branch took a number of steps to continue supporting the identification of FERS Offset and to support other DOL targets. Management Advisors reviewed **4223 FECA case files in 2023 (a 1.1 percent decrease from 2022)**. Of the cases reviewed by Advisors, **827 were reviewed to support actions related to DOL targets**. The breakdown in the actions initiated by the Advisors is illustrated below.



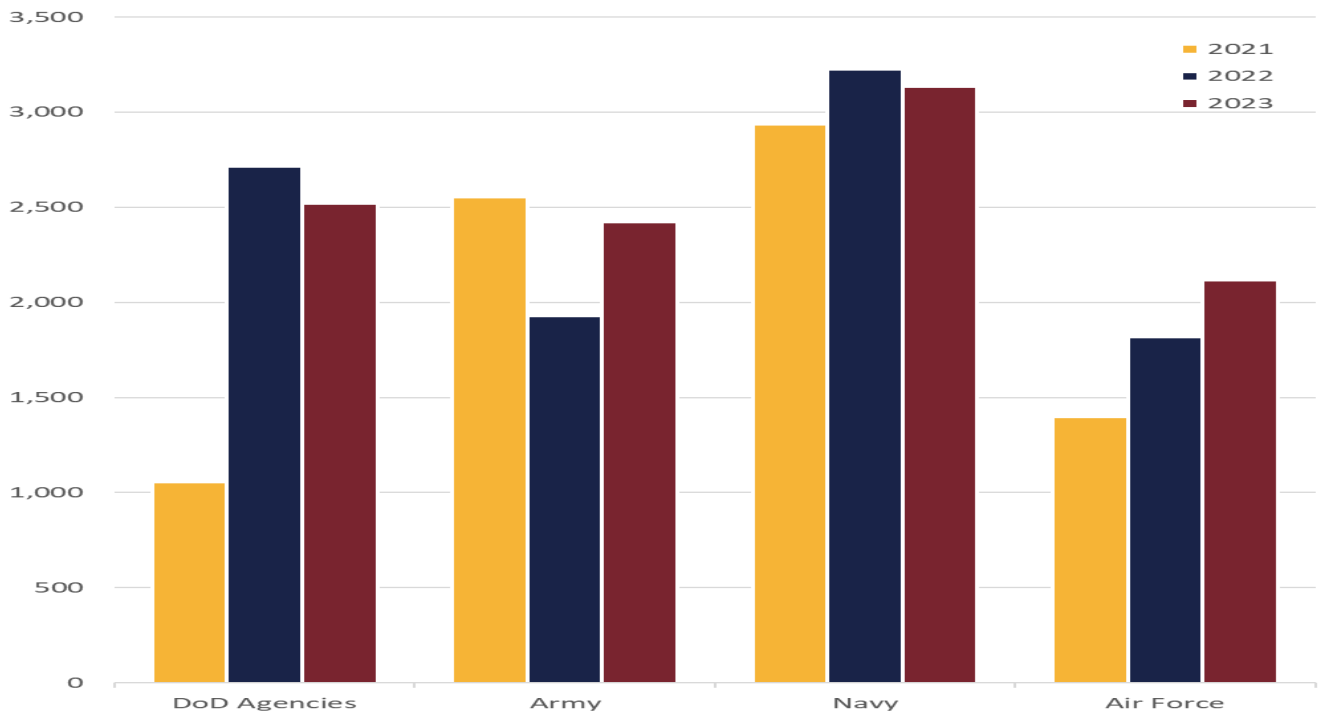
# Total CA-1/2/7 Claims Submitted by Component Year Over Year

## CA-1/2 Claims



DoD Agencies numbers were affected by the realignment of Component medical facilities to the Defense Health Agency (DHA). The level of filing will remain somewhat consistent at this new level.

## CA-7 Claims





## Training

For 2023, the training sessions included classes for the ICPA Level I, II, and III credentialing, Level I and II study sessions, and single topic training.

**ICPA Level I:** 71 ICPAs attended the Level I training.

**ICPA Level II:** 28 ICPAs attended Level II training.

**ICPA Level III:** 9 individuals attended

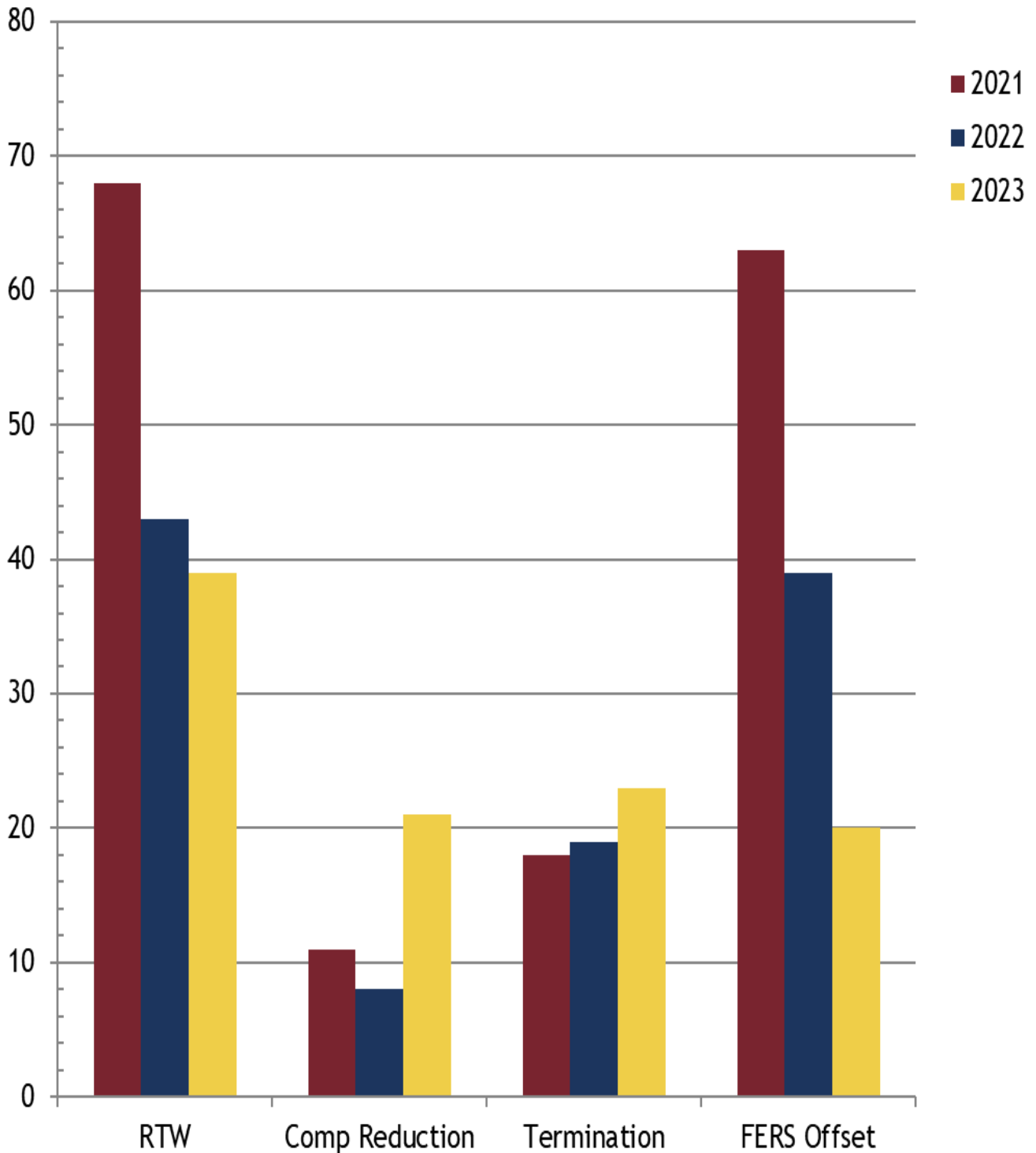
**Level I and Level II study sessions:** 63 ICPAs attended

**Single Topic Training session:** 216 ICPAs attended

***Overall training attendance increased from 2022.***

## Number of Claims with Savings

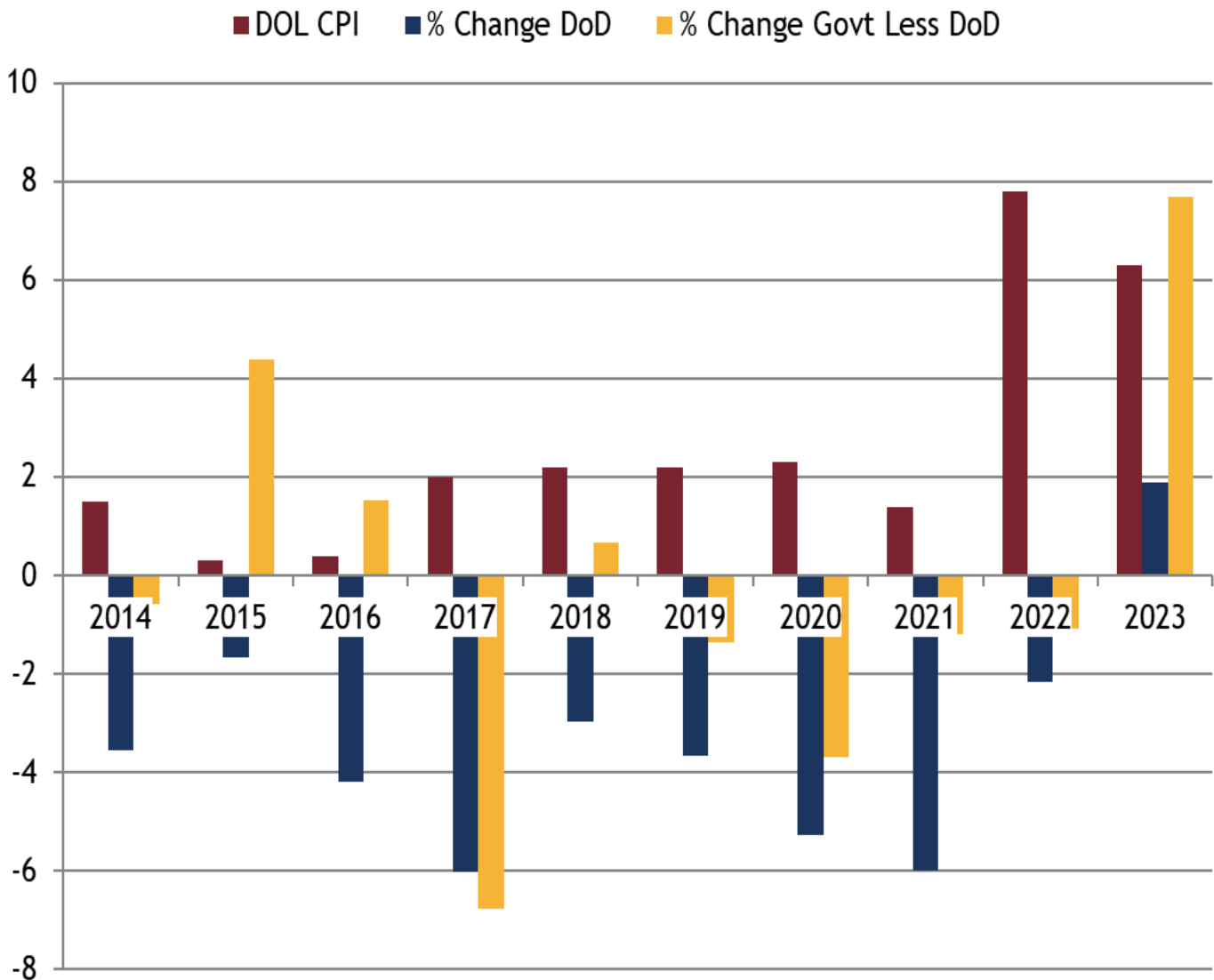
A number of factors affected savings for 2023. The Pipeline Program was terminated. The opportunity to use Pipeline for RTW was eliminated as an option. This resulted in fewer employees returned to work. Additionally, the emphasis on returning employees to work during the COP period reduced the number of employees reaching the Periodic Roll.



## Department FECA Costs Over Last 10 Years

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

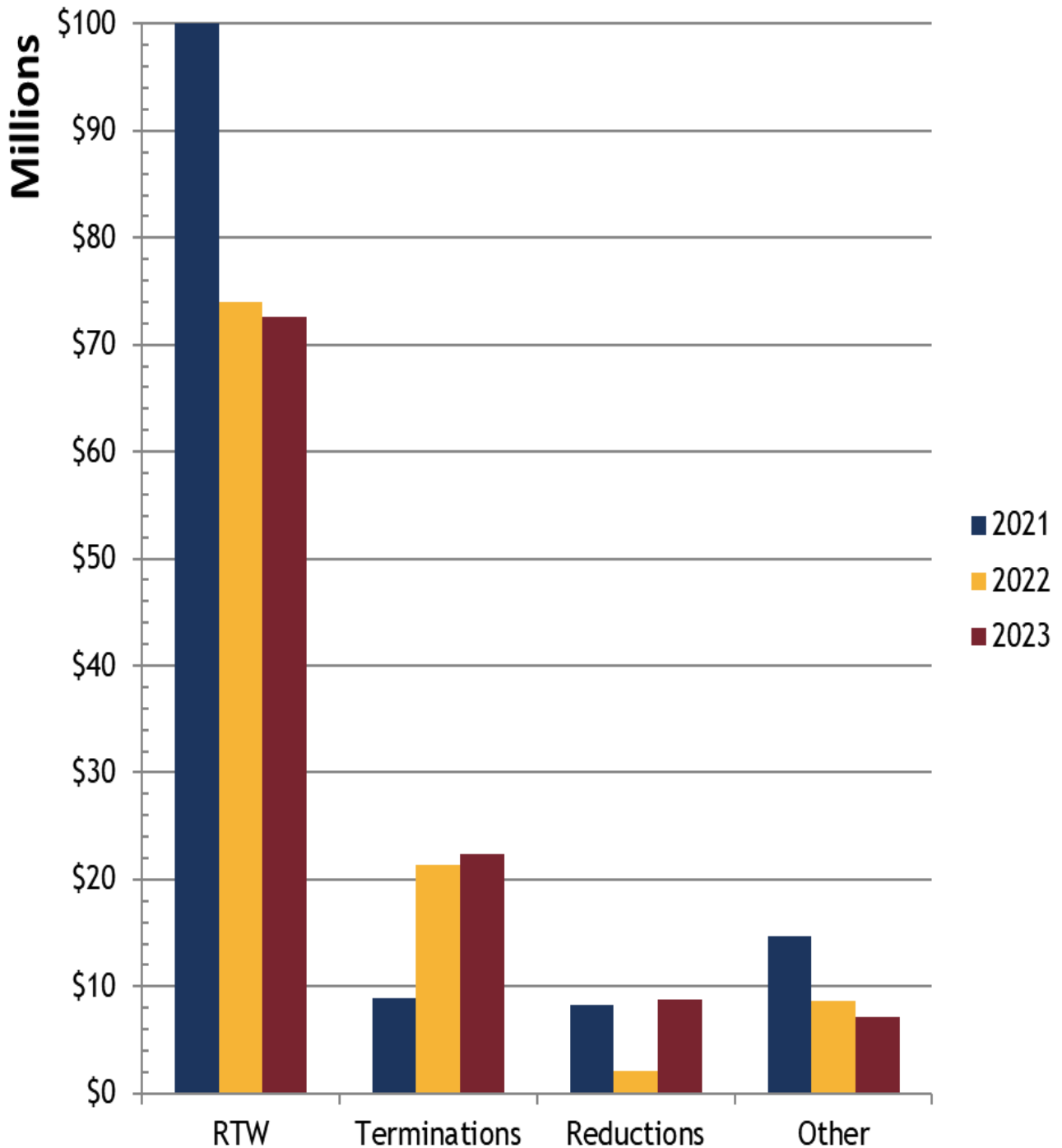
DoD FECA costs have decreased for **nine of the last ten years**. Two factors significantly contributed to the upward pressure in FECA Costs in 2023. The first factor is that COVID claims were charged back to the Agency starting January 2023. Previously under ARPA, DOL paid for COVID claims. The second factor is the size of the DOL CPI. The CPI for 2022 and 2023 were the third and fifth largest, respectively, since 1966. The fact that those CPIs were back-to-back was unprecedented.



\*Source of data: DOL

## Projected Lifetime Cost Avoidance

The projected FECA cost avoidance over the life of the claim (to age 75) due to employees returning to work is stabilizing at a lower level due to Pipeline Program termination and the emphasis in returning employees to work during the COP period. DOL is also emphasizing RTW and is providing support for return-to-work actions.



## Overall DoD FECA Costs 2023 vs 2022

	Costs for period July 1, 2022 through June 30, 2023			
Employing Agency	Medical Costs	Compensation Costs	FECA Death Benefits	Total Costs
Department of the Navy	29,912,888	105,838,920	13,057,684	148,758,274
% Change from CB 22	+5.10%	-0.89%	+7.50%	+0.95%
Department of the Army	23,018,383	76,441,020	9,898,189	123,251,159
% Change from CB 22	-26.13%	-8.08%	+10.85	-11.27
Department of the Air Force	21,258,707	66,517,824	5,281,239	93,057,770
% Change from CB 22	+6.57%	+7.42%	+1.40%	+6.87
DoD Agencies	16,140,237	47,914,117	3,125,005	67,189,359
% Change from CB 22	+92.95%	+33.75	+6.60%	+42.56%
All DoD	90,278,997	296,711,881	31,372,117	418,362,995
% Change from CB 22	+2.72%	+3.13%	+7.35	+3.35
All Government				2,718,591,132
% Change from CB 22				+7.03%
All Government less DoD				2,300,228,137
% Change from CB 22				+7.73%

Overall costs for most Components increased from 2022 levels. The decrease in Army costs and increase in DoD Agency costs reflect the realignment of Component medical facilities and personnel under the Defense Health Agency (DHA). The Navy's increase was modest given the environment of increased COVID costs and a high annual increase to claimants on the PR. It can be noted that Navy requires all their Injury Compensation Specialists to attend ICPA Level I credentialing training. ***The increase in Air Force costs is the most concerning and a much more in-depth analysis of their data is required.***

## Cost Performance 2023 vs 2022

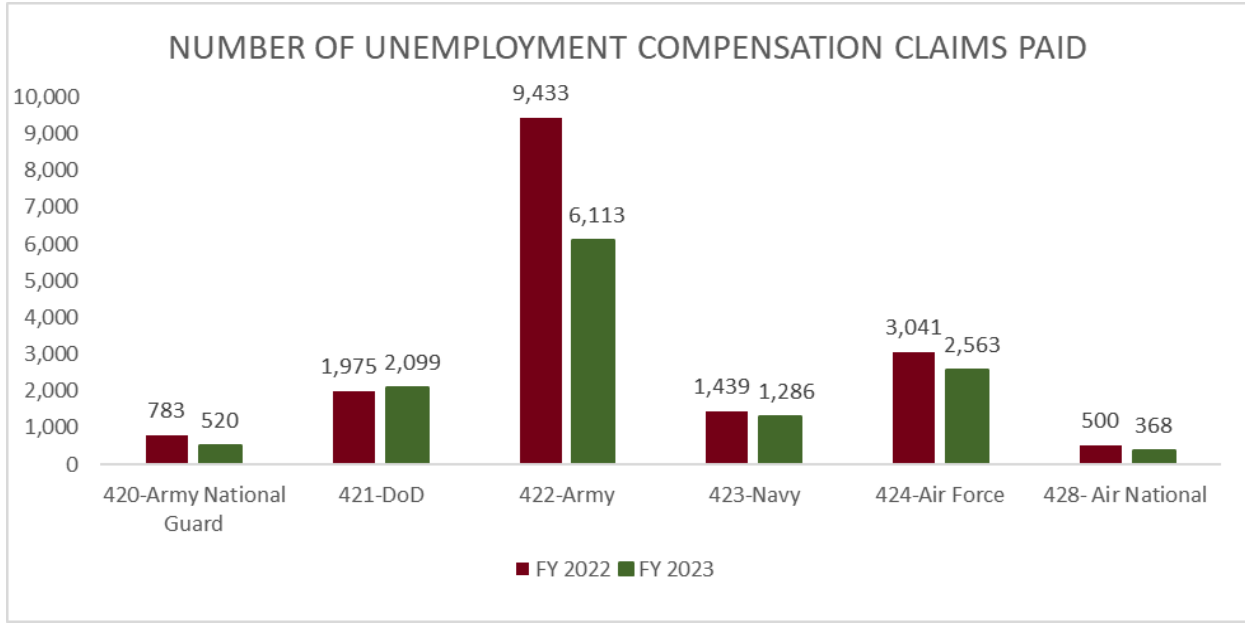
In looking at the data for 2023 compared to 2022, it can be seen that the overall Projected Lifetime Cost Avoidance decreased due to a number of factors. The elimination of the Pipeline Program and the emphasis on returning employees to work during the COP period. These are not the only factors though. The large annual increase in compensation given for 2023 also placed enormous upward pressure on costs. That, however, does not provide a complete explanation for the increased costs.

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 2023. This allows a more accurate comparison between the 12 month labor cost and the 12 month savings as a result of the labor in 2023.

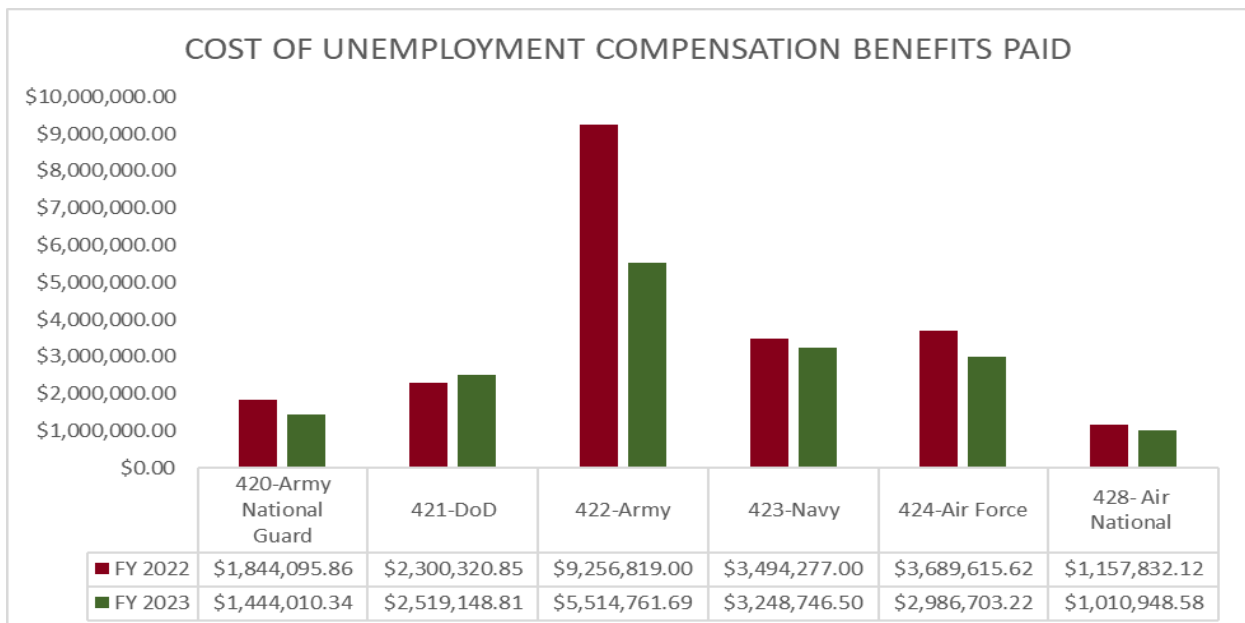
The ratio shows that for every \$1.00 spent for ICUC personnel in 2023, the Department received \$1.47 in FECA costs savings. Over the period 2021-2023, the return was \$1.63 saved for every \$1.00 in salary.

# Unemployment Compensation (UC) Program 2023 Metrics

The Defense Civilian Personnel Advisory Service has the responsibility of managing the UC Program. The chart below shows the number of UC claims paid within the Department of Defense (DoD) that were entered into the Defense Injury and Unemployment Compensation System (DIUCS) for Fiscal Years (FY) 2022 and 2023.



The following chart illustrates the total cost of UC benefits paid by each DoD Component for FY 2022 and FY 2023. These figures were obtained from the quarterly Department of Labor invoices for the applicable fiscal years.

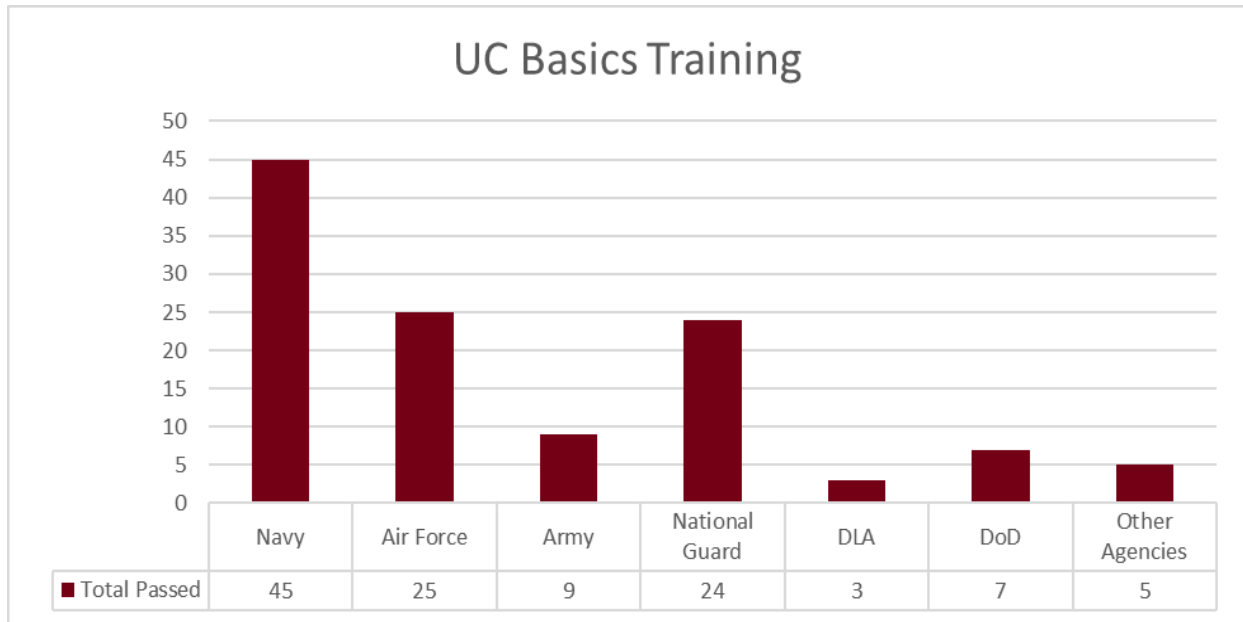


# UC Training Program

Beginning February 2023, DCPAS launched a UC training program. The UC training program is offered virtually utilizing the DoD 365 Microsoft Teams environment and is intended for Federal Employees in the UC Specialty. The program provides participants with the knowledge needed to appropriately apply statutes, regulations and policies to effectively administer the UC program for Federal Employees. In 2023, three UC courses were offered: UC Basics, UC Forms, and UC Appeals.

The UC Basics course provided an overview of the UC program including how to identify and complete UC forms and how to prepare for and participate in UC appeal hearings. The UC Forms and UC Appeals courses were one-hour courses focusing on one subject. Individuals who took the UC Basics course and passed the post-test with a score of at least 80 percent received a completion certificate.

DCPAS offered eight UC courses: six UC Basics, one UC Forms, and one UC Appeals. A total of 137 individuals from various DoD Components and other Federal agencies attended the courses. Of this total, 121 attended the UC Basics courses and 116 passed the post-test. The following chart illustrates the number of individuals passing by DoD Component and other Federal agencies.







# Wage and Salary Programs

# Wage and Salary Division 2023 Year in Review

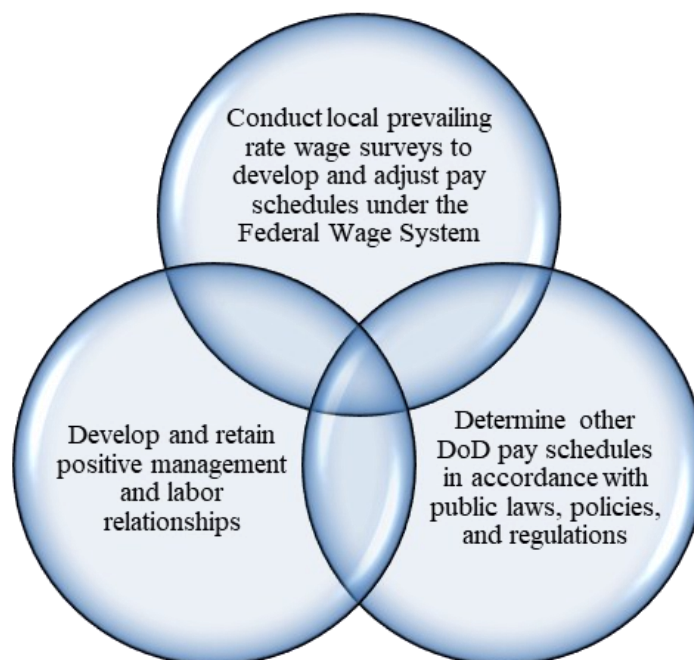
## Program Synopsis:

The Wage and Salary Division (Wage) is the Department of Defense (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 and Salary 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.

## Missions:



# Wage 2023 Accomplishments and Impacts

## Scope of Operations:

- Wage conducts FWS surveys annually and establishes pay schedules for blue-collar employees Government-wide. 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 (Public Law 92-392) mandates the determination of pay schedules within 45 working days from the survey order date.
  - ◊ Processed 130 AF and 117 NAF FWS wage surveys and issued 1,650 FWS wage schedules on time.
  - ◊ Issued 944 Special Salary Rate (SSR) 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.
- Employees impacted across the Federal workforce:
  - ◊ 168,314 AF FWS employees including all Federal wage grade employment (DoD and non-DoD) and represents over \$12B in payroll;
  - ◊ 106,000 employees covered by SSR schedules;
  - ◊ 53,433 NAF FWS employees;
  - ◊ 43,000 NAF pay band employees; and
  - ◊ 32,000 NAF overseas employees.

## Promoting a \$15 per Hour Minimum Wage for Federal Employees

- Wage continues to issue schedules in accordance with Executive Order 14003 (2021) and OPM Compensation Policy Memorandum (CPM) 2022-02 to pay FWS employees stationed in the United States (including its territories and possessions) to at least \$15 per hour.
  - ◊ Wage and Salary's initial implementation in January 2022 issued over 450 \$15 minimum wage special rate schedules for AF and NAF FWS, NAF Crafts & Trades (CT), NAF payband schedules, and other special wage schedules documented in Appendix V of the OPM Operating Manuals for AF and NAF.
  - ◊ These SSR schedules impacted over 60,000 employees from the various administratively determined pay systems.
- Due to administrative rules on the new schedules, several schedules showed some level of inversion. The term 'inversion' defines instances where leaving the special \$15 minimum rate schedule results in a lower rate at the next highest grade level when returning to the applicable regular FWS schedule.
  - ◊ OPM approved the request on October 20, 2022, and the correction process began with over 50 updated schedules published January 2023.
  - ◊ Over 75 AF FWS schedules were adjusted by the end of calendar year 2023.

## Wage 2023 Accomplishments and Impacts (cont.)

- GS employees in foreign areas were excluded from the 2022 \$15 minimum rate effort. The AF Special Pay team coordinated a request with DoD Agencies due to concerns and issues with the inequity for their foreign area employees. The consolidated request was submitted to OPM On March 1, 2023, and the 001F schedule was effective September 24, 2023.

### Government Accountability Office (GAO) Study

- The National Defense Authorization Act for Fiscal Year 2023 includes a provision for GAO to review the administration of the FWS. The study covered all aspects of the FWS, with a focus on the Navy Shipyards.
  - ◊ GAO reviewed legislation, regulations, guidance, Wage data, and interviewed key representatives at OPM, DoD, and associated committees.
- Wage worked with GAO from April to December 2023. The report should be published early 2024 and will be submitted to Congress, labeled GAO-24-106657.

### Federal Prevailing Rate Advisory Committee (FPRAC) Study

- At the FPRAC Meeting on October 19, 2023, OPM recommended to modify 5 CFR 232.211 to change the criteria for establishing wage areas. The proposal would result in AF FWS wage area boundaries closely matching the GS locality pay area boundaries. The Committee voted to permit DoD 60 days to complete a study on the potential impact of OPM's recommendation.
  - ◊ Exhibits and discussions were held in a closed forum known as the FPRAC Working Group. The group was established at the July 21, 2022, FPRAC meeting to review obstacles preventing FWS employees being paid equitable according to local prevailing wage levels.
  - ◊ Wage presented alternate prevailing rate analysis for key metropolitan areas, proposed survey schedule changes to ensure adequate resourcing, and implementation recommendations.
- The Committee voted in favor of the proposal at the December 21, 2023 FPRAC Meeting. The approved proposal will go to the OPM Director for further approval.
- Wage continues to support FPRAC and the efforts of the FPRAC Working Group. This includes the statutory recommendation to remove the "cap" boundary to pay schedules. The FPRAC Meeting on October 20, 2022, voted in favor to recommend OPM pursue elimination of the annual provision placed in the Financial Services and General Government Appropriations Act since 1978. A proposal was submitted to the OPM Director.

## Wage 2023 Accomplishments and Impacts (cont.)

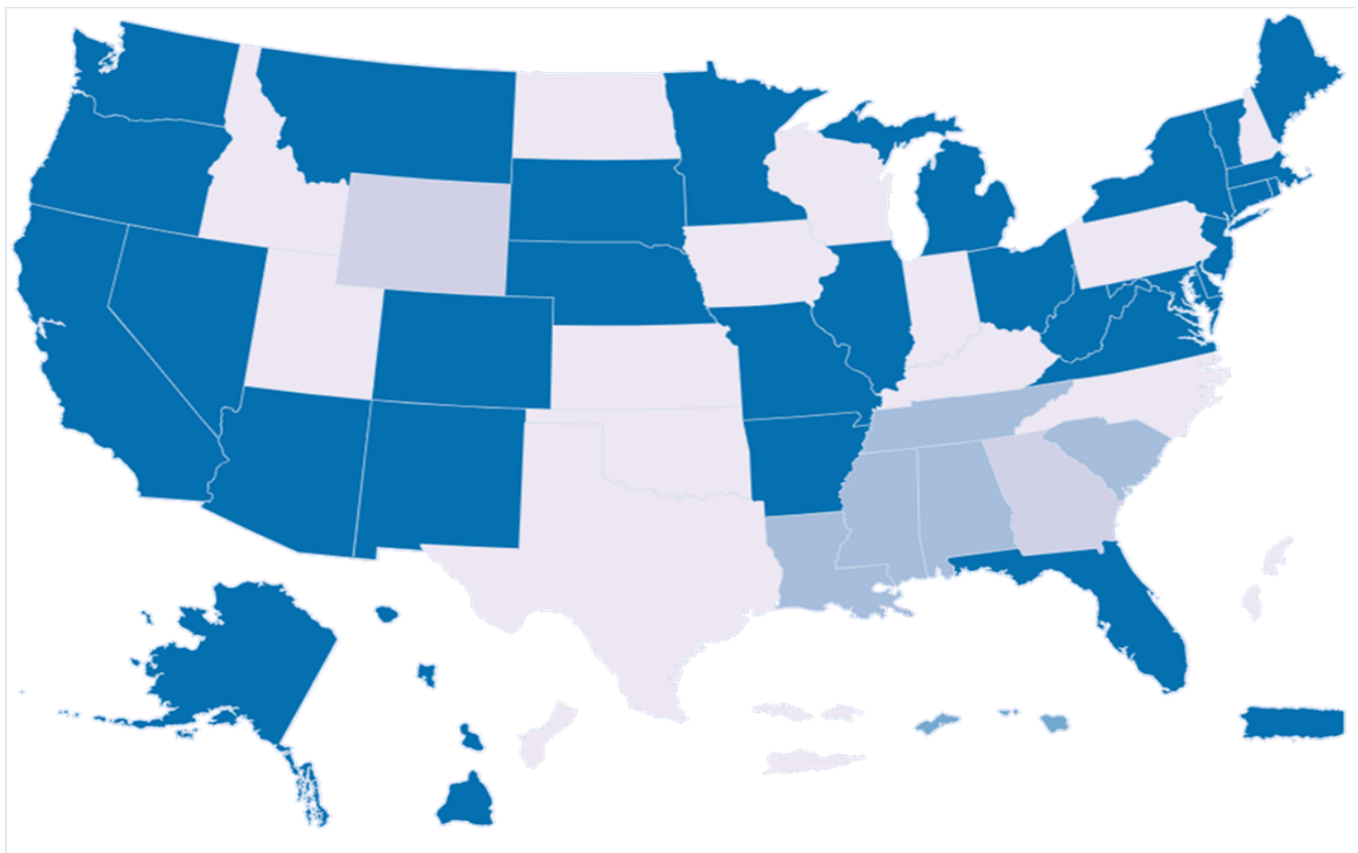
### Defense Agency and DoD Field Activity (DAFA) Quadrennial Review

- The Defense The Defense Management Institute in conjunction with RAND corporation conducted the DAFA quadrennial review of the Defense Human Resources Activity (DHRA). The study was conducted over a 12-week period involving information requests and employee interviews from the enterprise.
  - ◊ Wage was chosen as one of three review focus areas within DHRA. Analysis included the history, program methodologies, manpower, and resourcing.
  - ◊ Recommendations were provided, as well as to consider the FWS GAO study.
- The report, RAND RR-A2813-1, was published December 2023, and will be submitted to Congress after DHRA review.

## Wage 2023 Accomplishments and Impacts (cont.)

### Minimum Wage:

- Wage and Salary 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

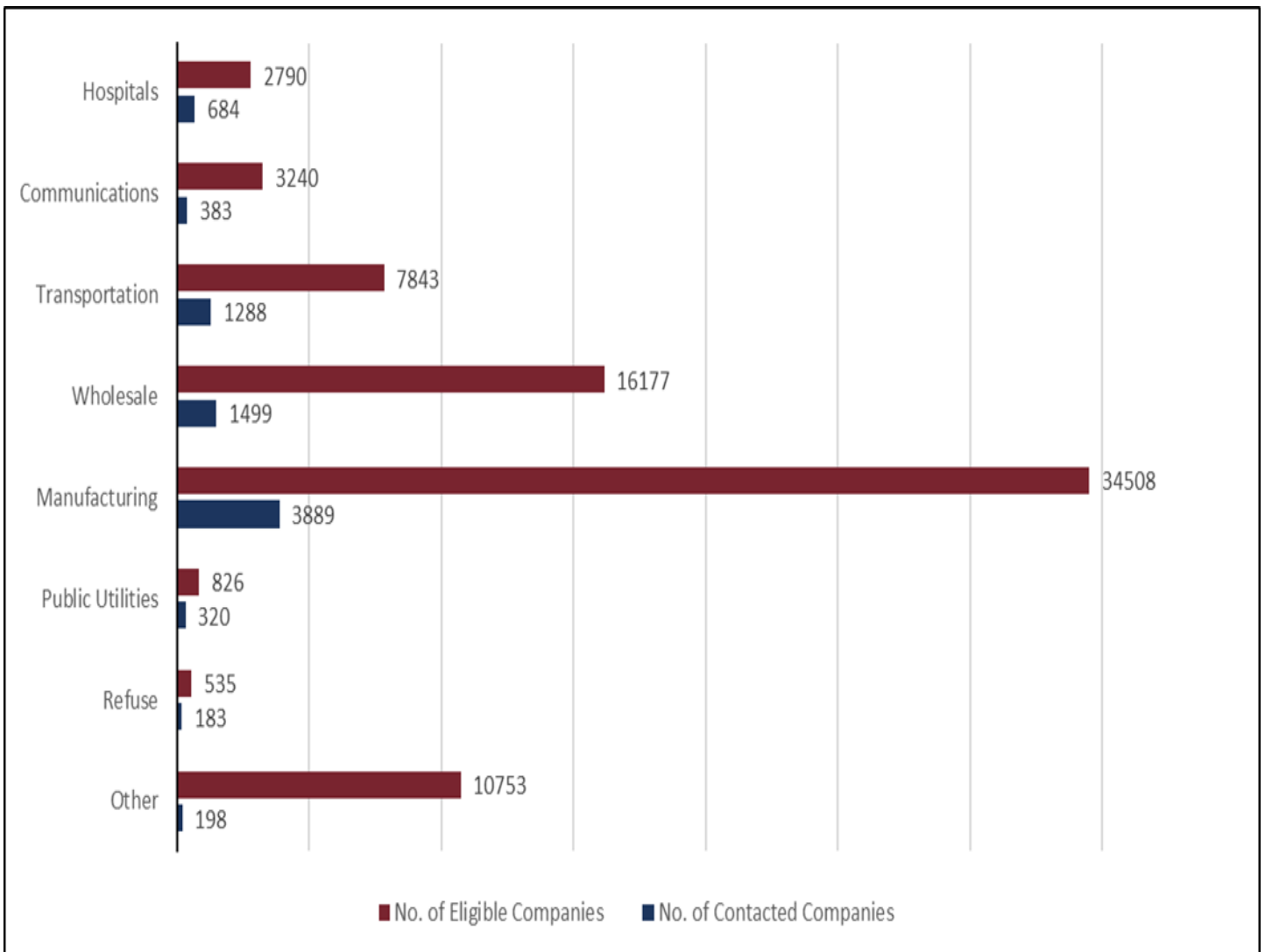
- States with Higher Minimum Wage than Federal
- States with the same Minimum Wage as Federal
- States with lower Minimum Wage rates - Federal Applies
- States with no Minimum Wage rates - Federal Applies
- States with special Minimum Wage

- Identified and issued pay schedules to comply with new minimum wage laws in:
  - ◆ 58 NAF wage areas, affecting 87 Crafts and Trades (CT) and 66 pay band schedules in multiple states and Guam.
  - ◆ 15 AF wage areas, affecting 32 pay schedules in 10 states.

## Wage Survey Industries

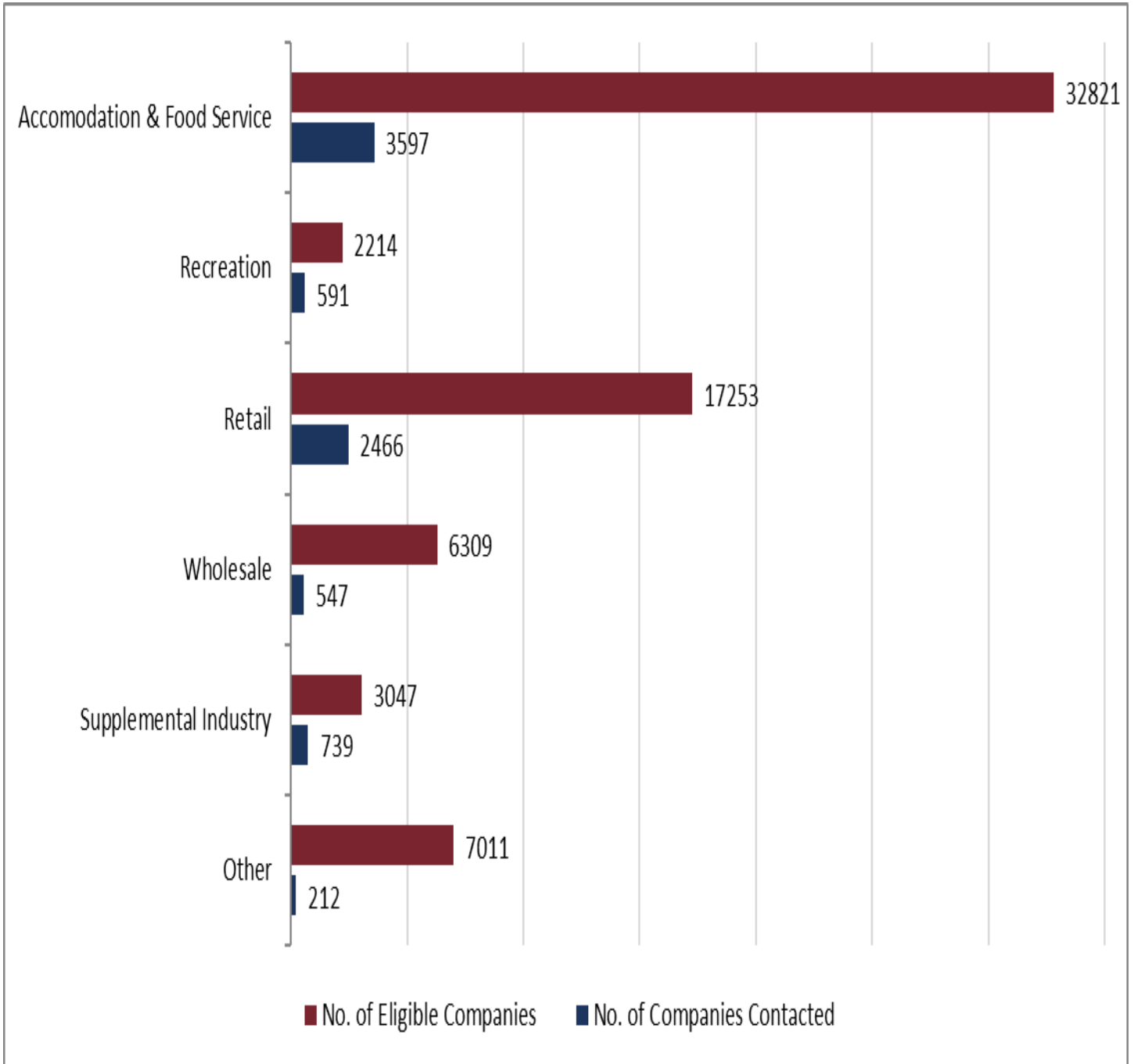
### Survey Industries:

- Average participation rates continue to rebound from 2021's levels of 50 percent, however, are significantly lower from pre-COVID annual averages of 66 percent. Increased telework flexibilities at private-sector companies and limited on-site presence of the Wage and Salary staff continue to be major contributors to the decrease in survey participation. 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 area survey specifications.
- AF had roughly 76,700 eligible companies in the survey areas and planned to sample 11.0 percent of the companies. The AF industry company breakout is:



## Wage Survey Industries (cont.)

- NAF had almost 68,500 eligible companies to survey and sampled 11.9 percent of the companies. The NAF industry company breakout is:





## Wage Data Collection

### Data Collection:

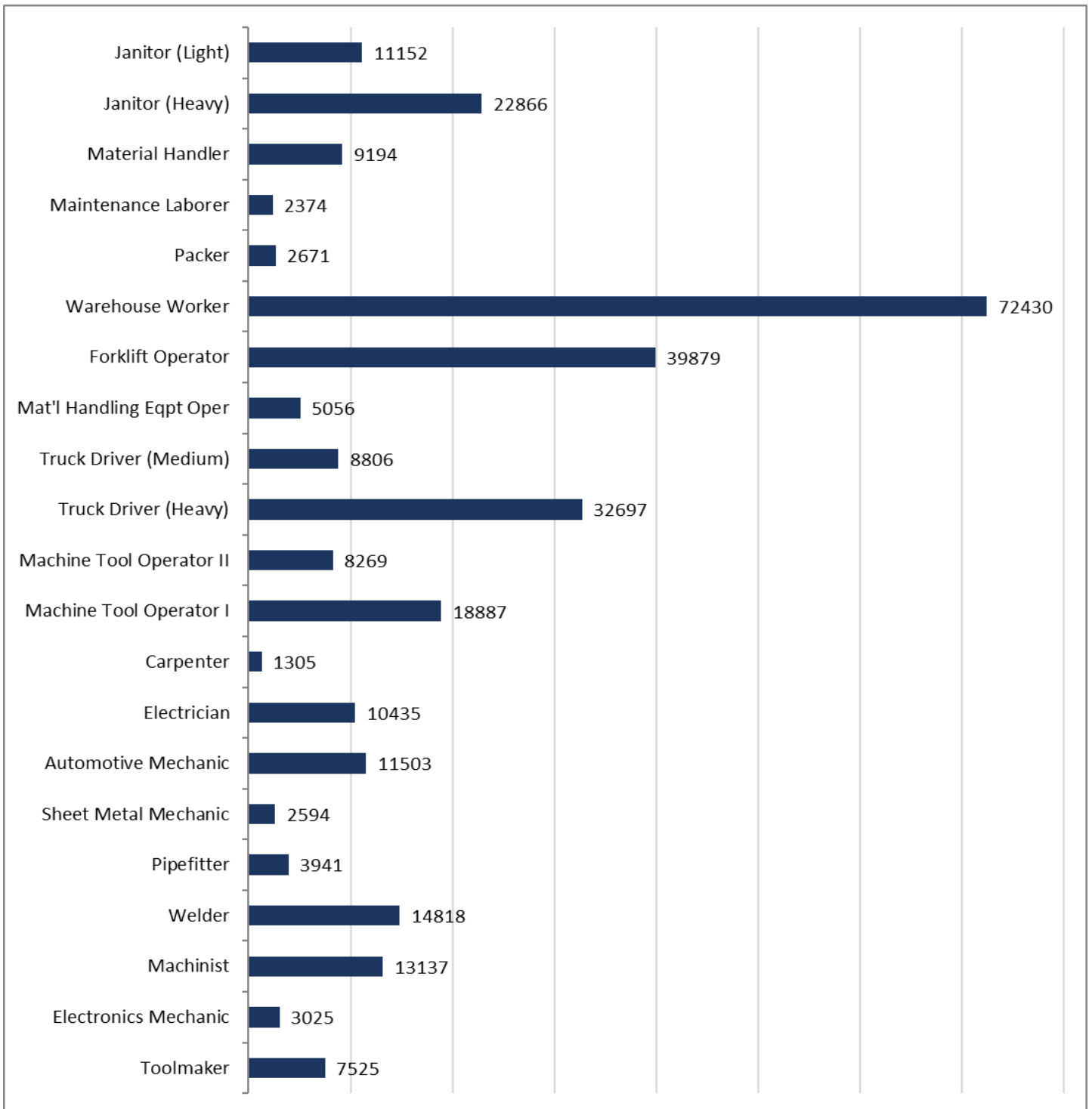
- Data collection for any given survey is less than a month’s time (averaging two weeks), considered a very quick turnaround time for the industry.
- There are 21 required survey jobs for AF and NAF:

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	

- Additional survey jobs:
  - ◊ AF has 33 optional survey jobs plus three added jobs for the hospital industry.
  - ◊ NAF has 11 optional survey jobs.

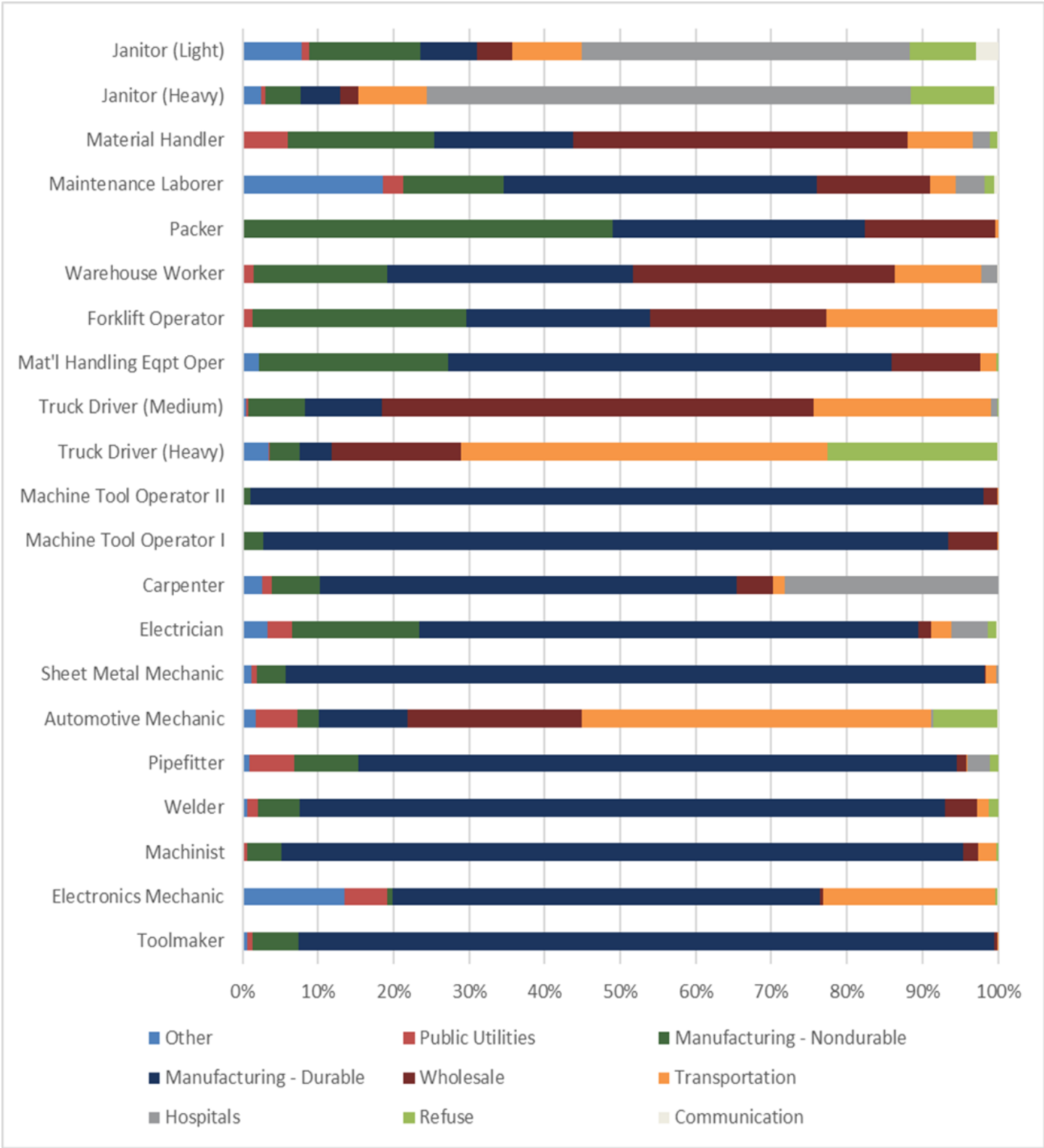
## Wage Data Collection (cont.)

- AF collected over 332,100 weighted samples from participants.
  - ◊ Number of weighted AF samples collected in full-scale surveys for the required survey jobs:



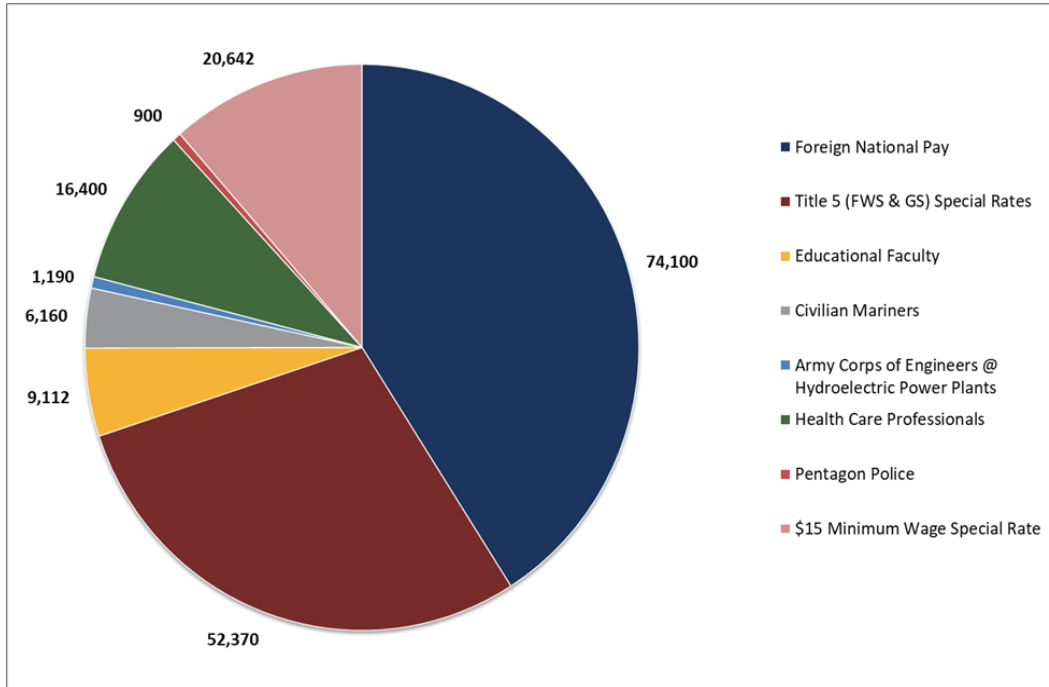
## Wage Data Collection (cont.)

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



## Wage Special Pay Programs

- Wage and Salary 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/GS special rates programs.
- Civilian Employees Covered by SSRs increased by 13.9 percent in 2023 from 2022:



<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 DoDEA Educators	7,212	16
Pentagon Police	900	1
Physicians and Dentists Pay Plan	2,505	1
Title 38 (Medical) Special Salary Rates	13,895	308
Title 5 (FWS & GS) Special Rates	52,370	185
Uniformed Services University of the Health Sciences	300	4
<b>Totals:</b>	<b>158,807</b>	<b>732</b>



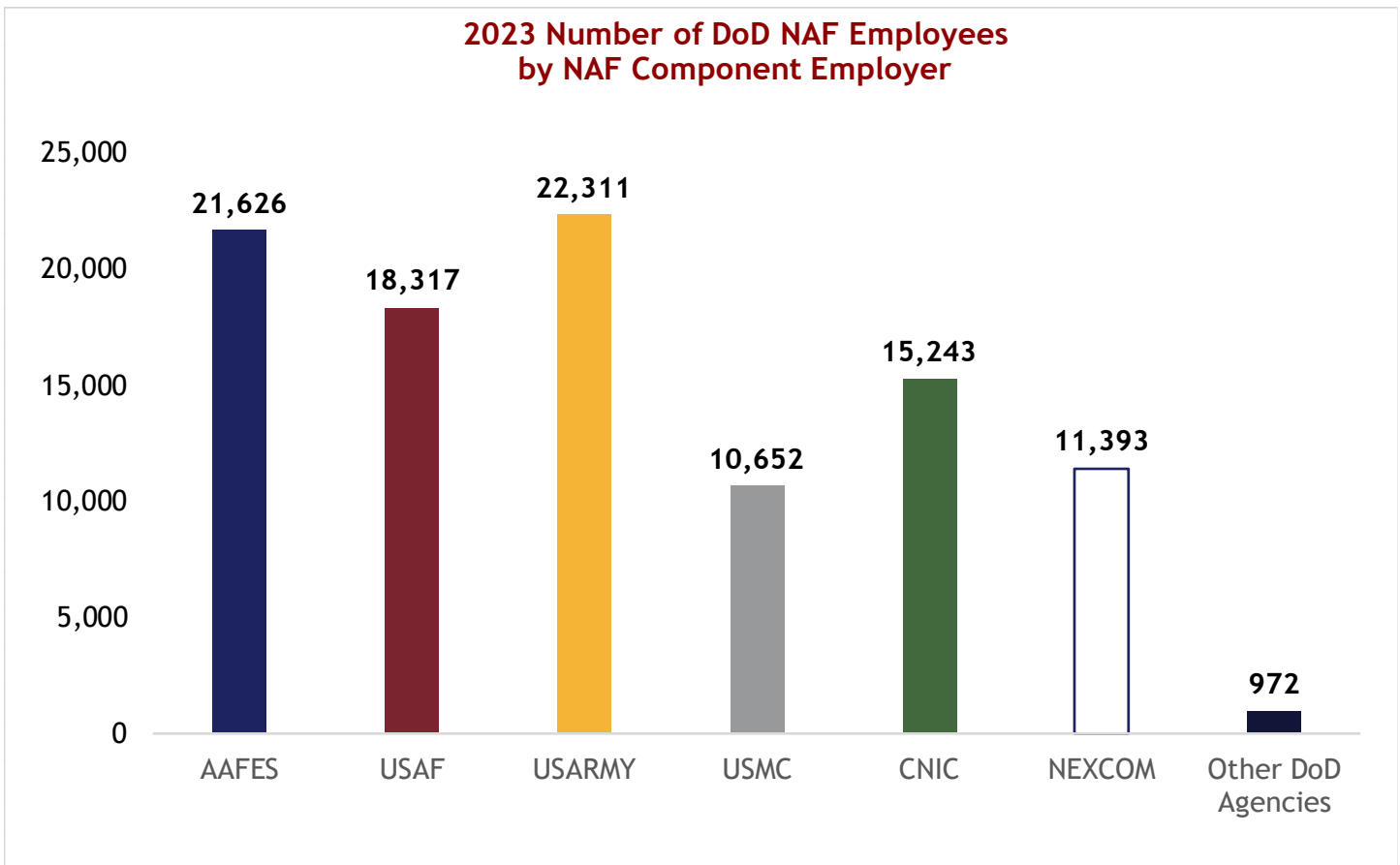
**BENEFITS • WAGE • NAF Policy**  
Our Service Sustains Your Service

# ***NAF Personnel Policy***

# Nonappropriated Fund (NAF) Personnel Policy Program

Nonappropriated Fund (NAF) Personnel Policy develops fair, equitable, and streamlined 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 the Office of the Secretary of Defense (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 100,514 employees, including 82 deployed personnel as of November 2023.
- 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 consists of: the U.S. Marine Corps (USMC), Commander, Navy Installations Command (CNIC), Navy Exchange Service Command (NEXCOM); and other (smaller) DoD Agencies comprise the DoD NAF enterprise.
- NAF programs support DoD Morale, Welfare, and Recreation programs, exchange resale activities, healthy communities, families, and troop readiness.

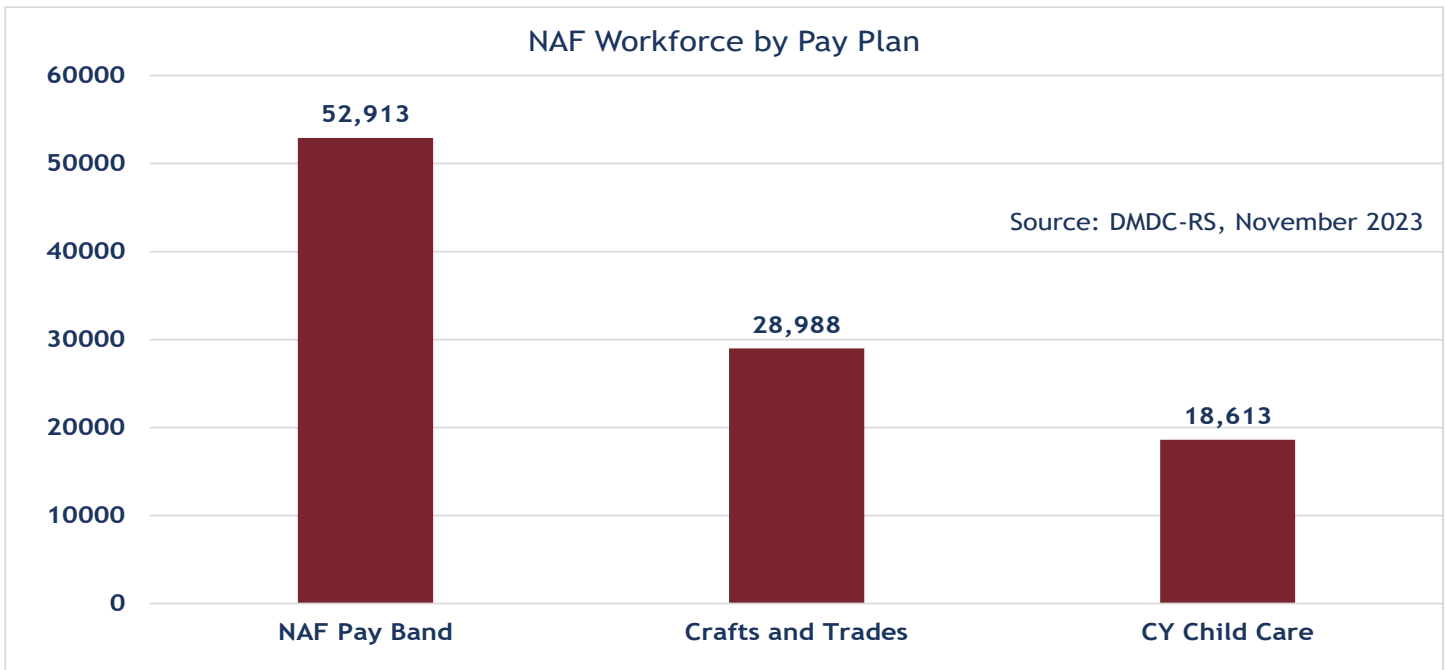


Source: DMDC-RS, November 2023

## NAF Personnel Policy Program Demographics

NAF employees are covered by three pay plans: NAF white-collar, Child and Youth pay bands, and NAF Crafts and Trades. A pay band system covers NAF employees working in white-collar (non-Crafts & Trades) positions. Six pay bands, 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 pay band structure, CY-I and CY-II, covers child and youth program caregivers. The majority of NAF employees (71 percent) are white-collar pay band employees.

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.



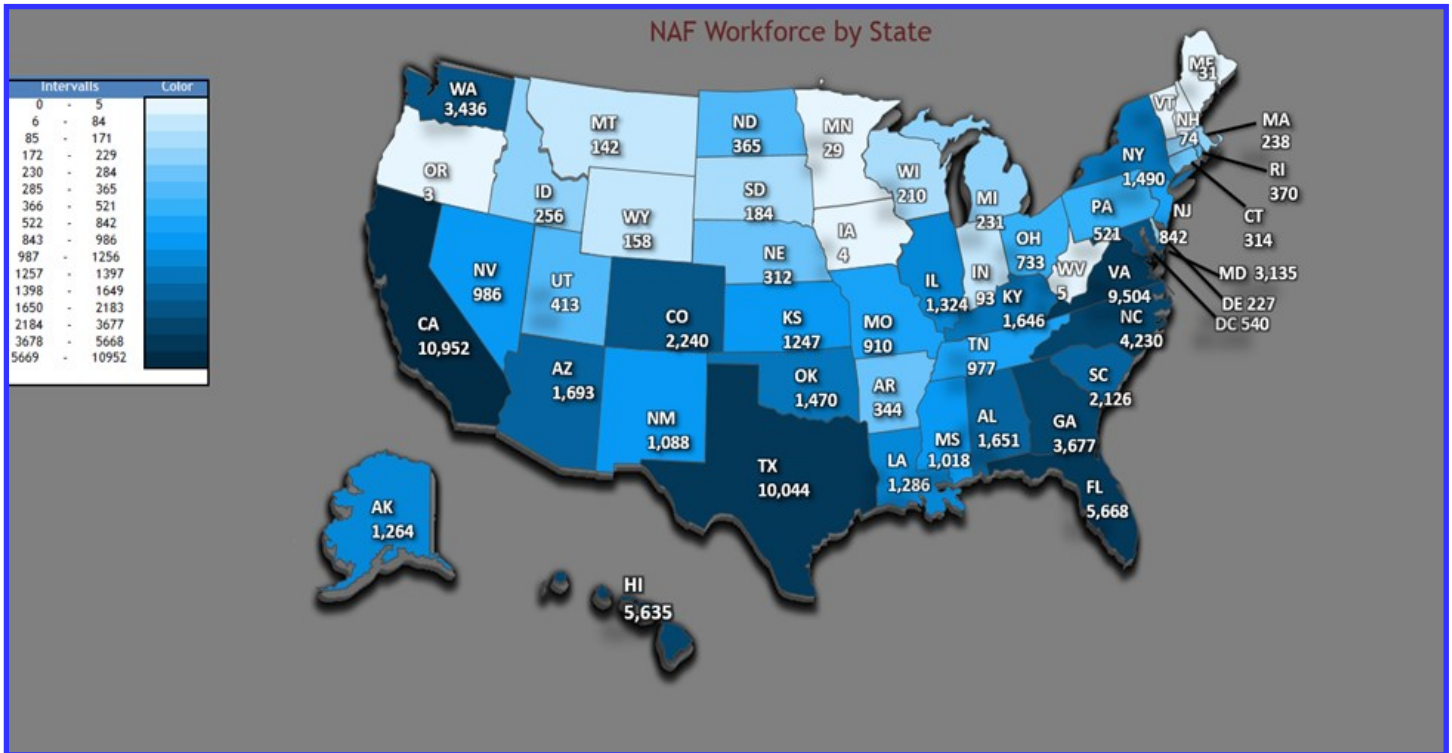
### Top 10 NAF Occupational Series

1702	Education and Training Technician
2091	Sales Store Clerical
0189	Recreation Aid and Assistant
7408	Food Service Working
3566	Custodial Work
1101	General Business and Industry
0303	Administrative Assistant
6907	Materials Handler
7404	Cook
3502	Laborer

Source: DMDC/November 2023

## NAF Personnel Policy Program Demographics (cont.)

86,580 (80 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.



13,931 (14 percent) NAF employees are located in at least 23 countries across the world with a strong presence in South East Asia and Europe. 2,015 employees have an unknown location due to inaccurate coding. The NAF employers are working to rectify the coding error.

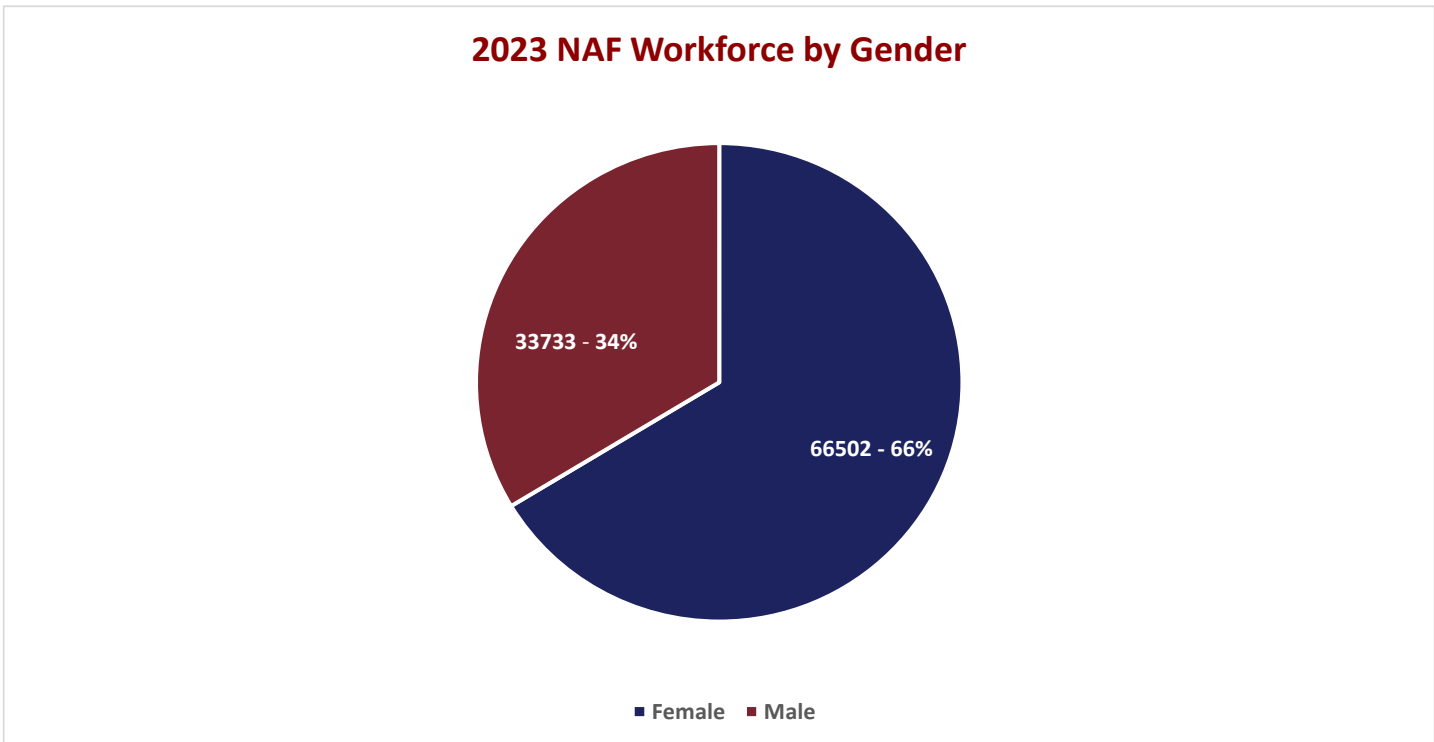
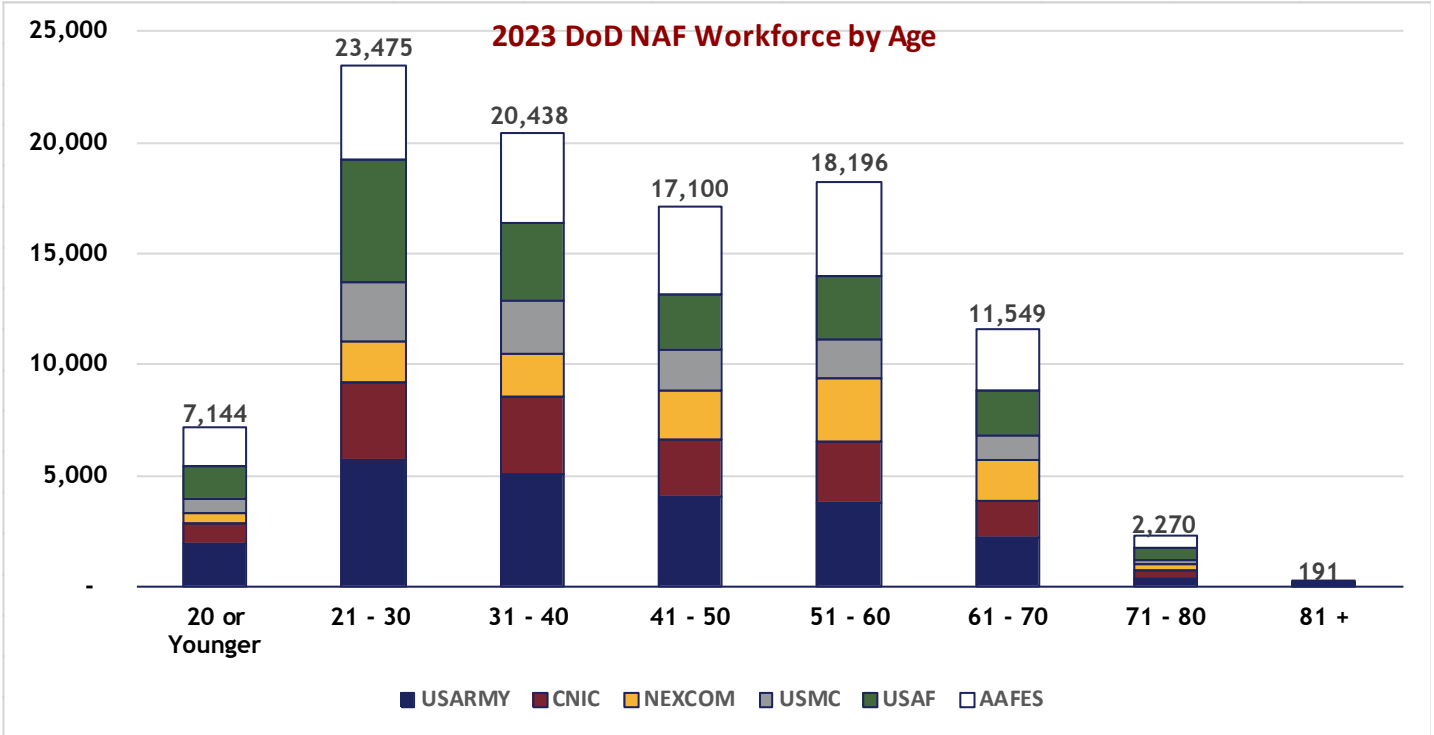
Country	Employees
Germany	4,397
Japan	3,935
Guam	1,020
Italy	781
Korea (South)	623
United Kingdom	604
Puerto Rico	452
Northern Mariana Islands	195
Belgium	153
Spain	120
Bahrain	78
Netherlands	54

Country	Employees
Cuba	44
Saudi Arabia	36
Singapore	31
Greenland	21
Greece	17
State Unknown	11
Djibouti	4
Poland	2
Romania	2
Honduras	1
Turkey	1
Country Unknown	1349



## NAF Personnel Policy Program Demographics (cont.)

NAF employers have an age-diverse workforce that skews older. 32 percent of NAF employees are 51 years old or older, and 14 percent of the NAF workforce are at the minimum retirement age of 62 or older. Females make up the majority of the workforce outnumbering males 2:1.

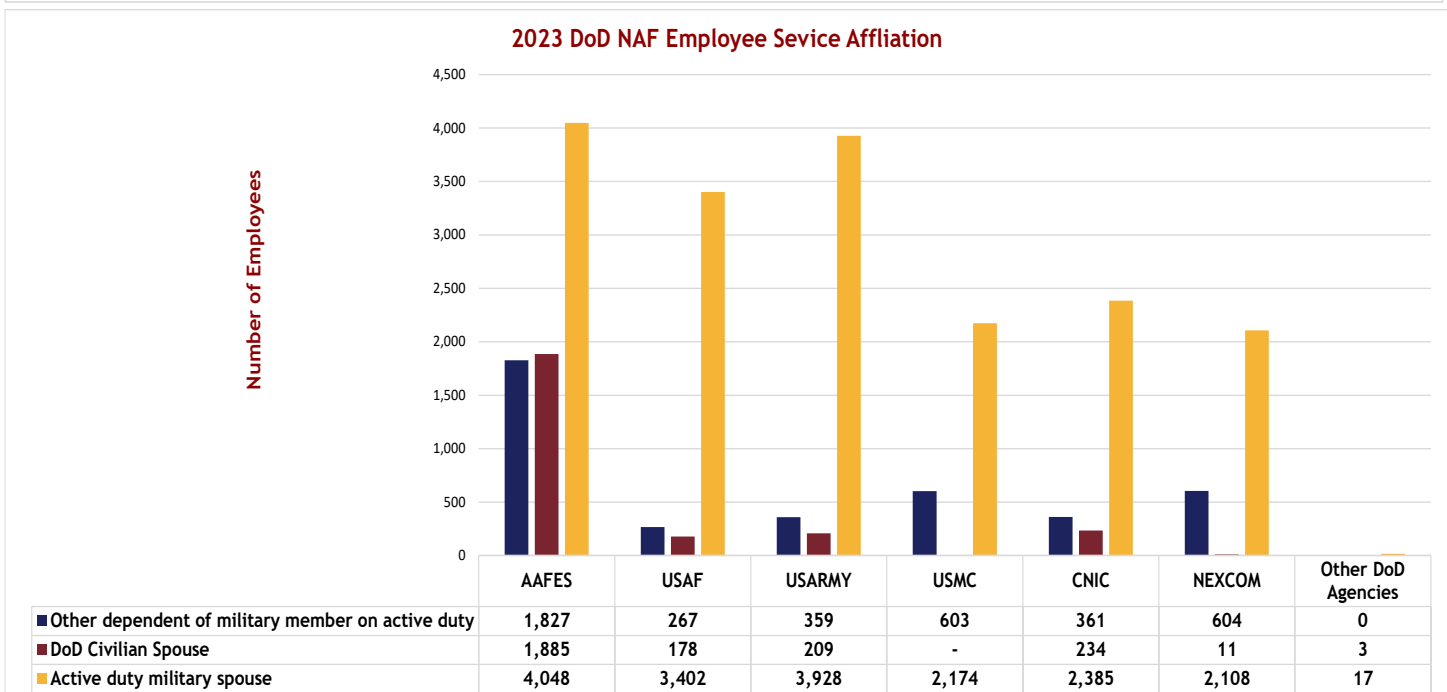
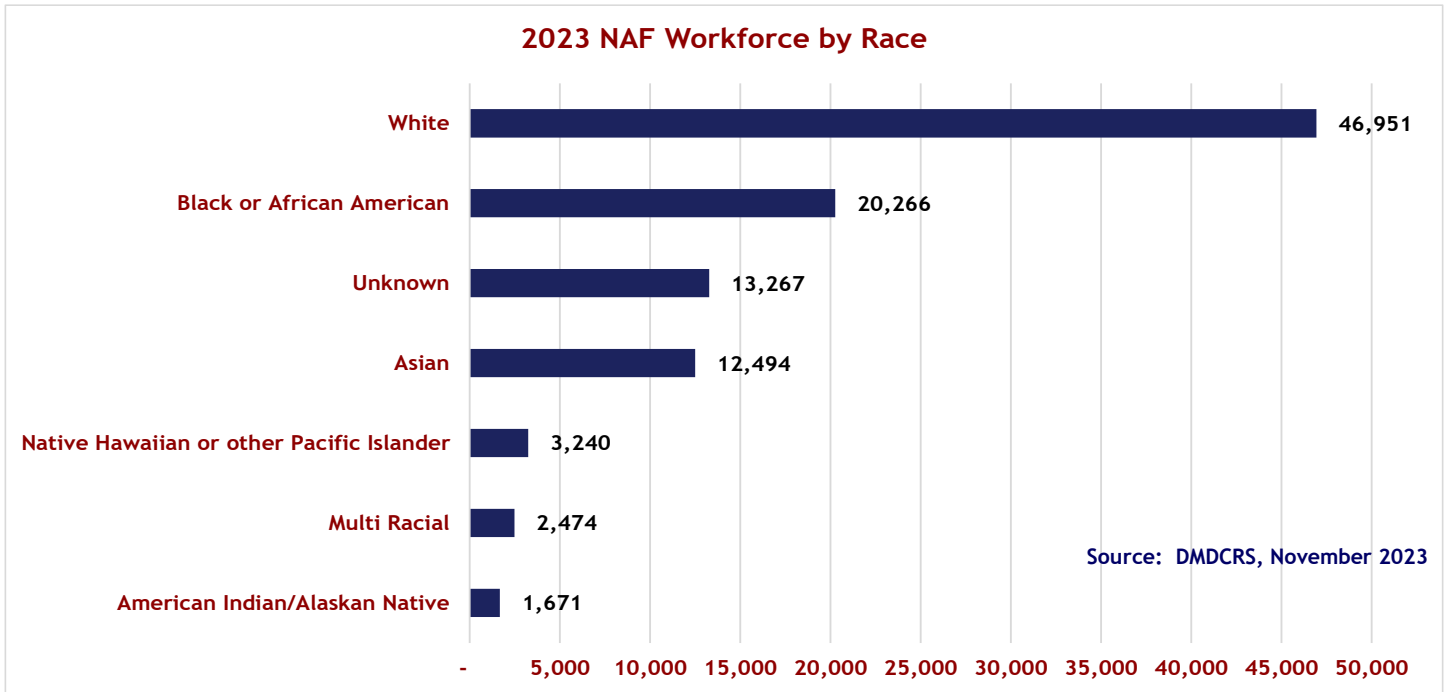


Source: DMDCRS, November 2023

## NAF Personnel Policy Program Demographics (cont.)

The racial diversity of the NAF workforce reflects the diversity in our country. As of November 2023, 47 percent of our workforce is white. The other 54 percent is comprised of African American (20 percent), Asian (13 percent), Native Hawaiian or other Pacific Islander (three percent), Multi-Racial (two percent), and American Indian/Alaskan Native (two percent).

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: DMDC-RS, November 2023

# NAF Personnel Policy Program Highlights

## Policy and Issuances

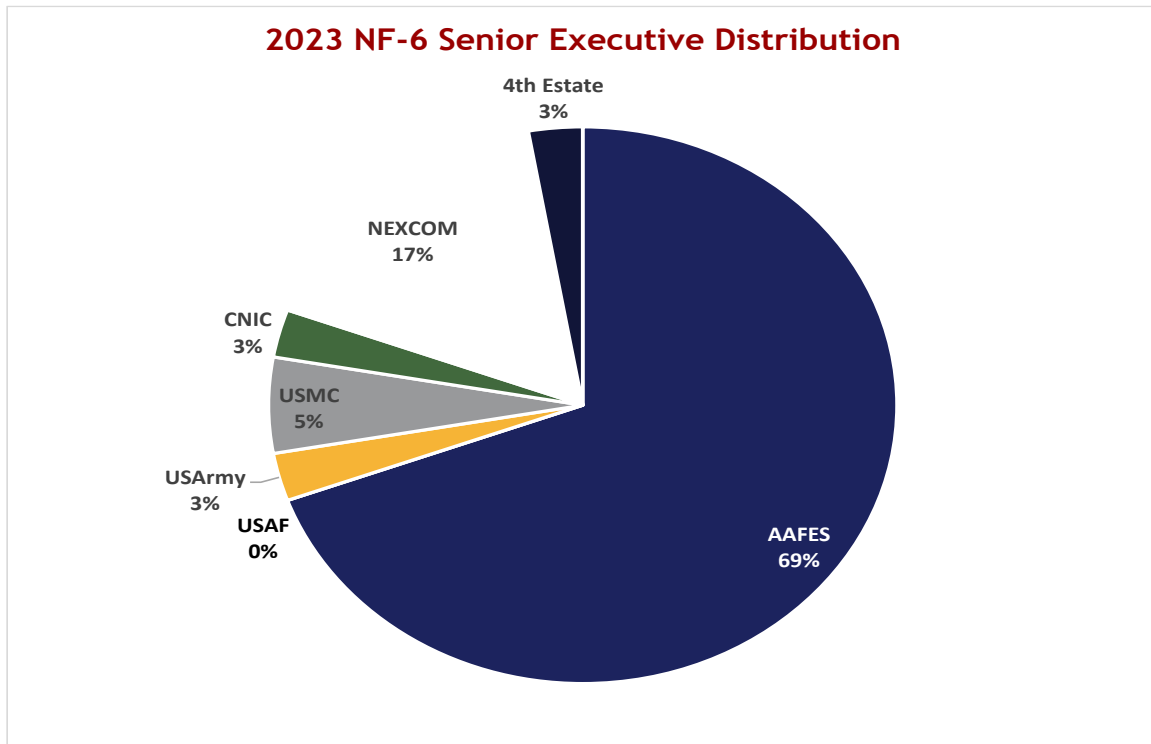
### Department of Defense Instruction (DoDI) 1400.25:

- Volume 450, “Program Evaluation.” This is a new policy volume that has a supplemental procedural handbook. The policy volume is applicable to DoD Appropriated Fund (APF) and NAF employers; the handbook is NAF specific. *Expected publication: Spring 2024.*
- Change 1 to Volume 1401, “DoD Civilian Personnel Management System: General Information Concerning Nonappropriated Fund (NAF) Personnel Policy.” This substantive change updates Paragraph 2.2.e., to replace the word “volume” with the word “instruction.” This waiver authority language makes the statement inclusive of all of the NAF policy volumes . *Expected publication: Summer 2024.*
- Change 1 to Volume 1404, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Performance Management Program,” updates the Delegation of Authority; changes the responsibility from USD(P&R) to DASD(CPP) for the assessment and validation of the DoD NAF Senior executives appraisal results; revises references, organizational titles, and Directives Division website address. **Published: April 2023.**
- Change 2 to Volume 1406, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Attendance and Leave,” incorporates compensatory time off for travel, adds paid parental leave, and administratively extends the annual leave restoration regulations for employees deemed necessary to respond to certain national emergencies in 5 CFR 630.310. **Published: February 2023.**
- The revision to Volume 1407, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Classification,” will add the requirement for NAF 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. *Expected publication: February 2024.*
- Change 2 to Volume 1408, “DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees,” establishes the procedures for implementation of a Medicare advantage with prescription drug plan and provides employees military service credit to satisfy the post-retirement medical requirement, with credit not to exceed five years. **Published: July 2023.**
- 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, pay advances, the requirement to conduct Living Quarters Allowance reviews, uses plain language and makes revisions to format. *Expected publication: February 2024.*
- Change 1 to Volume 1471, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Labor-Management and Employee Relations,” clarifies the applicability of the Oath of Office for NAF employees, updates personnel practices, and requires performance be the primary criterion for business based actions. **Published: January 2024.**

## NAF Personnel Policy Program Highlights (cont.)

### Pay, Awards, and Performance Management

- Senior Executive Pay and Performance System Opening and Closing Guidance issued for the FY 2023 Performance Appraisal Period.
- NAF Personnel Policy coordinated validation of the DoD Component NAF Senior Executive (NF-6) Performance Appraisal rating results. Validation covers 38 positions within the Department of the Army, Fourth Estate, Department of the Navy, and AAFES.
- Air Force does not have NF-6 Senior Executives on their NAF leadership teams. 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. 70 percent of the total NF-6 Senior Executives serve on the AAFES leadership team.



Source: NF-6 Validations Submissions for FY 2023

### COVID-19 Response

- NAF Policy continued to provide current, accurate, and timely information to the NAF employers until May 11, 2023 when President Biden announced the cancellation of the COVID-19 national emergency.
- The NAF COVID-19 After Action Report will be distributed separately.

## 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:

- 33,081 employees and pre-retirees are in the medical plans (Preferred Provider Organization (PPO) and Indemnity).
- 44,346 employees and pre/post-65 retirees are in the dental plan.
- 6,591 insured employees are in the stand-alone dental plan.
- 5,877 insured employees and retirees are in health maintenance organizations.
- 53,597 total members are in the medical plan; 12,072 total participants are in the Medical Advantage with Prescription Drug (MAPD) plan; 70,086 members are in the dental plan; and 12,446 total members are in the stand-alone dental plan.
- Self-insured medical, dental, and prescription drug paid claims in 2023 were \$507,099,570, with pharmacy costs amounting to \$137,611,785, 27.14 percent of the total paid claims. Self-insured dental paid claims were \$25,728,281, with stand-alone dental paid claims being \$3,398,107.
- The Medicare Advantage with a Prescription Drug (MAPD) Plan, implemented January 1, 2022, is a group-underwritten, fully-insured plan. Aetna, the NAF HBP third-party administrator, is guaranteeing per member per month renewal rates for plan years 2024-2026. The renewal rates are \$240.07, \$250.07, and \$260.07 respectively, with members seeing a \$1.87 per participant per month savings from the initial 2024 rate premium guarantee. There will be no MAPD plan changes for 2024, but new benefits for 2024 include:
  - 1) 14 meals post inpatient stay;
  - 2) Transportation for 24 one-way trips of 60 miles (must be scheduled at least a day prior, up to 30 days in advance, a stop at the pharmacy is allowed as long as it is on the way, and can include an accompanying family member);
  - 3) Healthy Home Visit Reward Program (\$100 gift card); and
  - 4) One wig per year, up to \$400.
- 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. For CY 2024 the NAF HBP Committee recommended the following changes to the Choice Point of Service II (Choice POS II) (PPO) and Traditional Choice (TC) (indemnity) plans:
  - 1) increasing self-insured medical premiums 5 percent for active employees, pre-65 retirees, and retirees outside the continental U.S.;

## NAF HBP (cont.)

- 2) renewing dental and stand-alone dental premiums at their current 2023 rates;
- 3) changing the Tier 2 pharmacy copays from \$35 to 25 percent coinsurance with a \$45 minimum/\$70 maximum; the tier 3 pharmacy copays increase from 35 percent coinsurance with a \$60 minimum/\$125 maximum to 35 percent coinsurance with \$75 minimum/\$200 maximum;
- 4) increasing the emergency room (ER) copay from \$350 to \$500, with the ambulance transport changing to meet mental health parity laws, charges will now be \$500 then 90 percent coinsurance; and
- 5) replacing the current health incentive program with health reimbursement accounts;
- 6) per IRS rules, to be qualified HDHP, the OCONUS HDHP Traditional choice plan will increase from \$1,500 to \$1,600 for an individual.

The objective of the DoD NAF HBP Employee Benefits Committee five-year strategic plan is to achieve financial sustainability while offering a competitive health benefits package. The total HBP costs will not increase by more than five percent a year from 2021 through 2025.

It's 4 Focus Goals, each of which are designed to be measurable, reportable, and achievable include:

- 1) improving the health of the population as it ages;
  - 2) implementing a Post-65 Retiree Solution, i.e., MAPD Plan, rolled out January 2022;
  - 3) educating plan members to understand the total cost of care that leads to proactive lifestyle decisions, thus helping to reduce the price of their premiums; and
  - 4) increasing communication and education efforts.
- A rolling 12-month communication's campaign focusing efforts on plan members taking proactive steps to improve one's own health is ongoing. These actions centered on educating plan members on the Disease Management Program and understanding the total cost of care.
  - Athena Actuarial Consulting, NAF Policy's benefits consultant, completed an audit of 2022 medical claims. In this retrospective review of the four NAF HBP health plans, 250 claims (200 statistical stratified random claims, 15 highest dollar claims, and 35 targeted claims) were reviewed for financial, payment, and procedural accuracy. Aetna exceeded industry standard for financial and procedural accuracy. Timeliness of claims processed within 14 calendar days did not meet the industry standard, but timeliness within 30 calendar days did. The auditor stated these were "very good financial results."
  - A High Deductible Health Plan (HDHP) with a health savings account (HSA) option for eligible DoD NAF employees and retirees allows plan members to use the same network of doctors and hospitals. It also has the same negotiated prices for services, and members utilize the same pharmacy network. 2023 premiums for this lower cost plan option are 23.08 percent lower than 2022 premiums for the Choice POS II or TC plans for CONUS active employees, pre-65 retirees, and OCONUS individuals. As the name dictates, HDHP members with an HSA will have higher deductibles, but the plan allows members to contribute pre-tax money deducted from the paycheck, or post-tax which are tax deductible.

## NAF HBP (cont.)

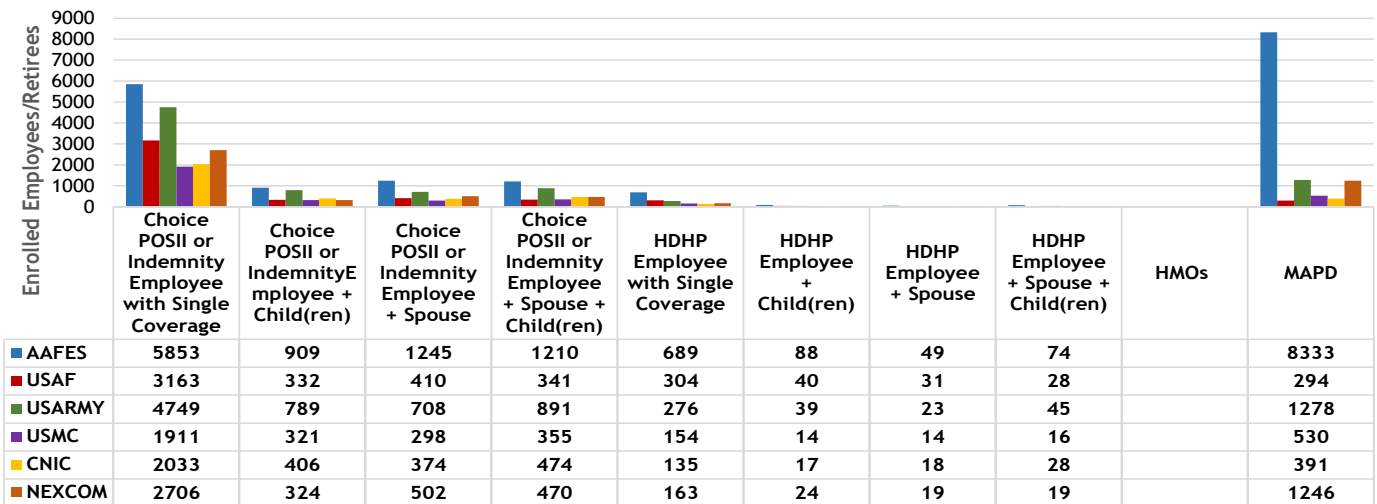
- Interest-bearing HSAs are available to CONUS active employees and pre-65 retirees enrolled in the HDHP plan. For those who are establishing or already have an HSA account, NAF employers contribute \$500 to the HSA for employee-only and \$1,000 for a family. In 2024, individuals may also contribute up to \$4,150 for an employee-only and \$8,300 for a family. HSAs earn tax-free interest as well the ability to make tax-free distributions when paying for qualified healthcare expenses. If an employee switches plans or decides to leave NAF employment, by either taking another job or retiring, these monies belong to the employee. Employees may choose to invest \$1,000 or more in one or more of the 25 investment funds. For those 65 and older, the 20 percent tax penalty is waived for expenditures on non-eligible expenses.
- All OCONUS members enrolled in the HDHP with HRAs receive a NAF employer contribution of \$500 for employee-only and \$1,000 for a family to the HRAs.
- The Centers for Medicare and Medicaid Services requires plans to conduct analysis to determine if the employer plan is more or less advantageous than what Medicare offers. If the plan is less advantageous, then the participants eligible for Medicare Part D will incur a penalty if they continue to be enrolled in the non-creditable plan and later join Medicare Part D. Athena Actuarial Consulting presented its 2023 Creditable Coverage analysis of the DoD's NAF HBP prescription drug benefit plans offered to active employees, pre-65 retirees, post-65 retirees, and their dependents. Its analysis determined the DoD's NAF HBP prescription drug benefit plans offered qualifies as creditable prescription drug coverage. The DoD experience showed the Aetna Choice POS II and TC Indemnity plans cover 91.9 percent of the total gross prescription drug claim costs and the HDHP covers 90.1 percent of the total gross prescription drug claim costs. These results, when compared to the standard Medicare Part D benefit, which covers 70.5 percent of total gross prescription drug claim costs, demonstrate that the benefit values of the DoD NAF plans exceed the standard Medicare Part D option.
- The DoD NAF HBP Employee Benefits Committee voted to change the current Health Incentive Program (HIP) for the CPII and TC plans, where the incentive credit is applied to a medical claim that has deductible and/or coinsurance member share, and replace it with an HRA, just like those on the OCONUS HDHP. The intent of this change, scheduled to begin January 1, 2024, is to increase member participation in the HIP. Enrollment in an HRA will not be automatic. The new HRA will be the "incentive mechanism" for those CONUS non-HDHP enrolled since HDHP plans pay the incentive to the HSA. OCONUS HDHP members can enroll in an HRA. For non-HDHP plans (CPII and TC), members will be enrolled in an HRA once a member completes an action that earns a health incentive. This concept is similar to the program offered in the FEHBP. Those with already earned incentive credits prior to January 1, 2024, will not automatically be enrolled, and their credits will expire December 31, 2023, but will apply to deductible and/or coinsurance claims with dates of service prior to January 1, 2024. For those that complete a health incentive after December 31, 2023, Aetna will enroll them into an HRA. Address changes and/or termination for those CPII and/or TC participants that have HRA will need to be done by the respective NAF. If a member has Flexible Spending Account (FSA) monies, these funds will be used first for eligible medical expenses, followed by HRA monies. Should a member also have an HSA, HSA monies are used after FSA and HRA monies.

## NAF HBP (cont.)

• On June 12, 2023, a random mailing to 8,000 Member Satisfaction Surveys went to those who had claim activity the year prior. Members could either mail the results or complete it on-line. Of those completing the survey, 444 were completed by mail and 177 on-line, with 91 percent responding either completely satisfied (28 percent), very satisfied (44 percent), or somewhat satisfied (20 percent). The response rate of n=621 equates to a return rate of 8.2 percent. In looking at specific areas:

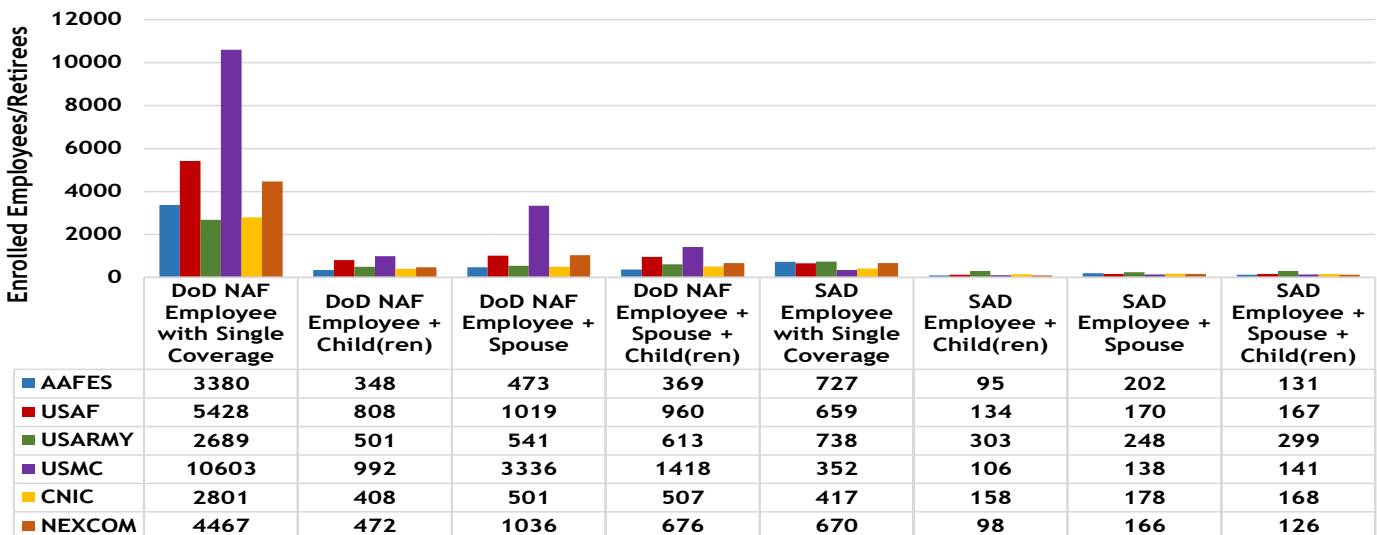
- 1) 93 percent are overall satisfied with the website;
- 2) 88 percent of users are satisfied they were able to find needed information using the DocFind feature; and
- 3) 60 percent accessed their secure member login on the Aetna Member Website.

### 2023 NAF HBP Medical Enrollment Totals



\*As of December 31, 2023

### 2023 NAF HBP Dental Enrollment Totals

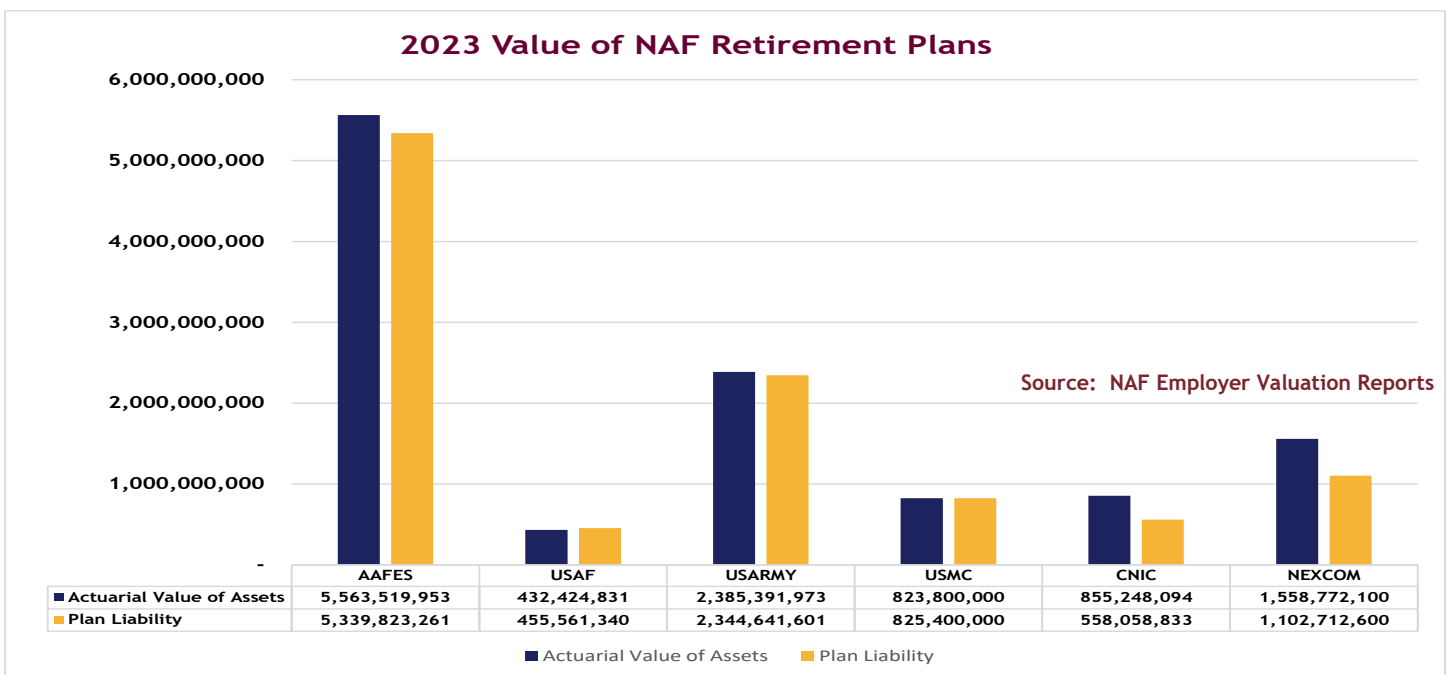
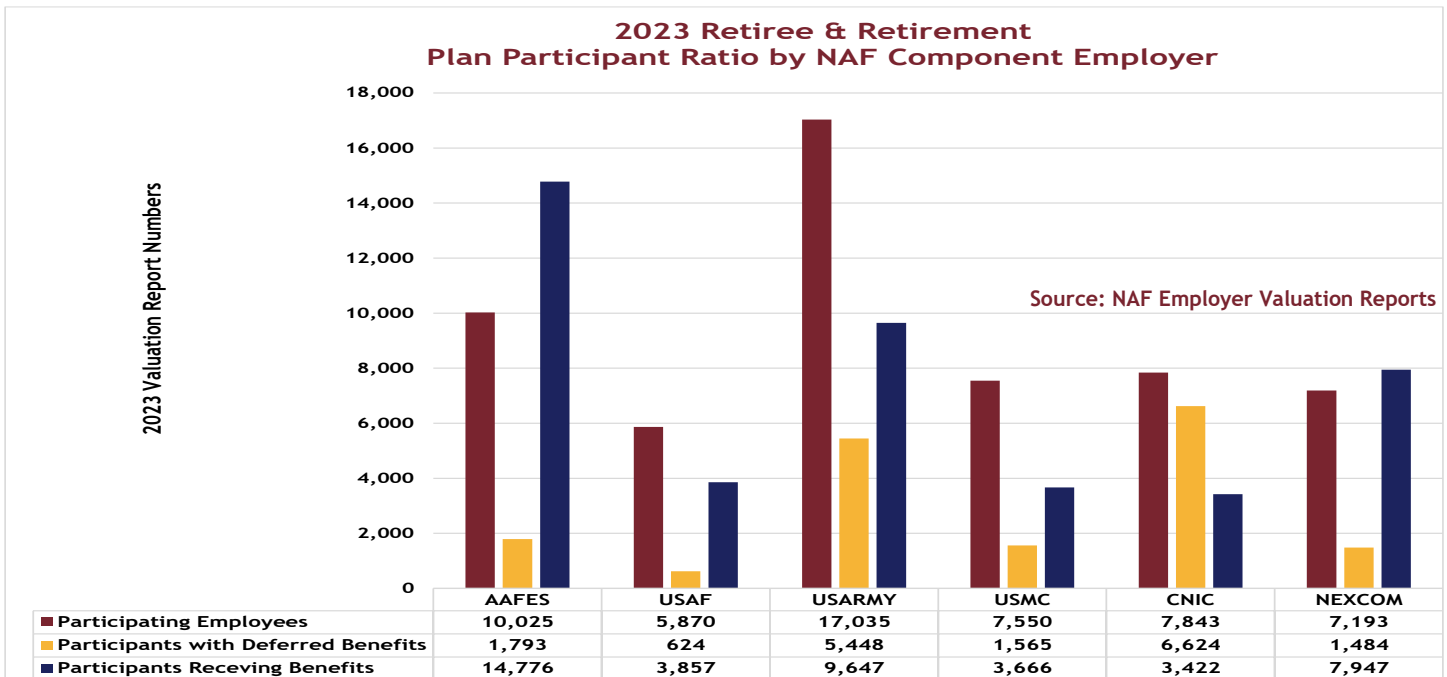


\*As of December 31, 2023



# NAF Retirement Program

- Executed oversight of seven DoD Component NAF retirement plans, representing approximately \$11,620M 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 2, dated July 14, 2023.



# NAF Initiatives and Accomplishments

## Administrative

- On February 15, 2023, Volume 1406, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Attendance and Leave,” was published. The change incorporated compensatory time off for travel, added paid parental leave, and administratively extended the annual leave restoration regulations for employees deemed necessary to respond to certain national emergencies in 5 CFR 630.310.
- On April 28, 2023, Change 1 to DoD Instruction 1400.25, Volume 1404, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Performance Management Program,” was published. This change updates the NAF senior executive’s performance management process with instructions that supersede the directions in USD (P&R) memorandum at reference (b). Reference (a) revises the weighted percentage for the critical performance elements, removes specific, measurable, aligned, realistic and relevant, timely, quality framework language, and updates the organizational titles and references for accuracy.
- On July 11, 2023, DoD Civilian Personnel Handbook, “Data Requirements for DoD Civilian Personnel: Nonappropriated Fund (NAF) Civilians,” was published. The handbook establishes the operational procedures for the collection and maintenance of NAF workforce data. DCPAS asked NAF Component employers to immediately begin to review their systems for data gaps and implement updates in accordance with the handbook.
- On August 1, 2023, the reissuance DoD Instruction 1400.25, Volume 1401, “DoD Civilian Personnel Management System: General Information Concerning Nonappropriated Fund (NAF) Personnel Policy,” was published. The DoD Instruction incorporates the requirement to cultivate cooperative labor-management relations with labor organizations and the standardized reporting of NAF civilian personnel data.
- The modification to the NAF benefits consulting contract H9821022C0007 supports a requirement established by the A/USD(P&R) to provide a report that addresses the implications of moving to a single defined benefit retirement plan for all NAF employees across the Department.
- Modification 6 to the NAF Health Benefits Program Contract, prepared by the IMCOM G-9 NAF Contracting Office, will go into effect January 1, 2024.
- The Director, DCPAS approved the DoD Civilian Personnel Handbook, “Data Requirements for DoD Civilian Personnel: Nonappropriated Fund (NAF) Civilians,” the operational handbook to DoDI 1400.25, Volume 1401, “DoD Civilian Personnel Management: General Information Concerning NAF Personnel Policy.”
- NAF Policy developed and distributed a data call to the four DoD NAF employers with child and youth programs. The data call collects statistics from June 1 through November 30, 2023, on DoD Child Development Center hiring timelines for NAF direct care staff. This action was coordinated with DoD Office of Military Family Readiness Policy.
- NAF Policy coordinated the amendment to the Army and Air Force Exchange Service (AAFES) retirement plan to grant an additional two years of military service credit for non-retired former service members. The increase of military service credit is from five years to seven years for the purpose of retirement calculations.

## NAF Initiatives and Accomplishments (cont.)

### DoD Portability of Benefits Working Group (POBWG)

Established in April 2018 to develop additional guidance for HR 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 2023 to address ongoing concerns and issues, and to provide a forum for the sharing of best practices. Representatives from DoD NAF and DoD APF Components comprise a membership of approximately 80 human resources practitioners that collectively provide advisories to help cultivate smooth portability transitions and corrective actions.

Some POBWG accomplishments include:

- NAF Policy continued to work closely with our liaison from OPM to improve and update the portability of benefits guidance and information available to civil service human resources practitioners government-wide.
- NAF Policy published and distributed two issues of *The PULSE*; a portability of benefits newsletter for sharing knowledge, Agency best practices, and success stories across the DoD NAF and DoD APF Components.

### Way Forward:

- For continued education regarding portability, provide website links and e-mail addresses to Component-specific information and forms regarding portability processes.
- Create a military service buy-back comparison chart regarding the portability process for all NAF Component employers.

### Employee and Labor Relations

Change 1 to DoDI 1400.25, Volume 1471, DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Labor-Management and Employee Relations. The change clarifies the applicability of the Oath of Office to NAF employees, updates the prohibited personnel practices, and requires performance be the primary criterion for business based actions. ***Published January 2024.***

### Classification

The revision to DoDI 1407, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Classification,” adds the requirement for NAF Component employers to identify and designate positions as emergency essential, provide pay plan and classification guidance for Auto Mechanic positions, and establish minimum position qualifications for Child and Youth Program Assistants, Leaders and Technicians and the Industry Program Experts pay levels. ***Expected publication March 2024.***

## NAF Initiatives and Accomplishments (cont.)

### Overseas Allowances

Publication of the revision to DoDI 1400.25, Volume 1412, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Overseas Allowances and Differentials, and Employment in Foreign Areas”. *Expected publication February 2024.*

### Initiatives

- NAF Policy initiated discussions with Defense Executive Resources Management Office (DERMO) and Defense Manpower Data Center (DMDC) representatives to explore the practicality of moving all (36) NAF employers into the Executive Performance and Appraisal Tool (EPAT) as the performance management system. NAF Policy provided the NAF Senior Executive program requirements, the rationale and justification as to why the NAF workforce should be included in the next Rough Order of Magnitude (ROM). This requirement will be included in the FY-2026 Program Objective Memorandum (POM) for resource allocation.
- NAF Policy and DCPAS ESI are in ongoing discussions to have the NAF workforce included in the Defense Civilian Human Resource Management System (DCHRMS) Performance Management module. The NAF workforce requirements differ from those in the DOD Performance Management and Appraisal Program (DPMAP), therefore a NAF specific performance management iteration within DCHRMS is necessary. NAF Policy has provided DCPAS Enterprise Solutions and Integration (ESI) rationale and justification to include this requirement in the next Rough order of Magnitude (ROM).
- On November 29, 2023, the Acting Under Secretary of Defense for Personnel & Readiness (A/USD(P&R)) met with the Office of Civilian Personnel Policy (CPP) and DCPAS to discuss Nonappropriated Fund (NAF) defined benefit and defined contribution retirement plans as well as NAF-to-NAF retirement portability.
  - \* As a result of the meeting, a working group comprised of representatives from CPP, DCPAS, and the six DoD NAF employers that are tasked with: 1) Providing an in-depth analysis of key challenges and recommendations for potential policy changes to NAF-to-NAF portability; 2) Identifying the implications, advantages, and disadvantages of moving to a single defined benefit retirement plan (FERS will be considered as a potential course of action) for all new and certain current NAF employees across the Department, and 3) Obtaining and conducting analysis on NAF Component employer data documenting issues with portability and employee views of their retirement plan. A final report to the A/USD(P&R) is due March 29, 2024.
- The U.S. Government Accountability Office (GAO) announces a new engagement, "Use of Minority and Women-Owned Asset Management Firms in Federal Retirement Plans and Endowments," (Engagement Code: 106766) to review a variety of issues related to the use of minority and women-owned asset management firms in Federal retirement plans and endowments. The Assistant Secretary for Manpower and Reserve Affairs Finance Office is the DoD primary action officer, and the Assistant Director, Benefits, Wage & NAF Policy, will serve as a collateral action office representative, along with representatives from AAFES and NEXCOM.



# LOB3 Way Ahead

## NAF Initiatives and Accomplishments (cont.)

- NAF Policy provided information regarding DoD's implementation of the \$15 minimum pay rate increase for Child and Youth Programs at a meeting with the Education, Workforce, and Income Security, U.S Government Accountability Office (GAO). This information supports an upcoming data request from GAO for their study on DoD Childcare Shortages.
- NAF Policy began providing mini learning sessions for the NAF HR Community. These sessions are on the first Monday of the month and cover a wide range of topics relevant to the NAF HR practitioner. The programs receive high ratings with more than 50 attendees at each session.

### Initiatives continued

- NAF Policy is actively collaborating with the Office of Military Family Readiness Policy, Child, and Youth Policy on the current childcare staffing structure and the feasibility of developing a DoD standard model.
- To promote inclusion of NAF employees in DoD initiatives, NAF Policy staff are active participants on the :
  - DoD Child Development Programs, Recruitment, Retention, & Compensation Task Force
  - U.S. Government Accountability Office study group on DoD Child Care Shortages
  - Defense Trusted Workforce 2.0 Implementation Working Group
- Ongoing collaboration with the Office of Personnel Management (OPM) to update all sections pertaining to NAF personnel policy as they rebrand and redesign the OPM site.

## 2024 Benefits, Wage & NAF Policy (LOB3) Way Ahead

### **BENEFITS & RETIREMENT:**

- ⇒ Publish Casualty Reporting Process Handbook.
- ⇒ Develop Special Retirement Audit Process.
- ⇒ Publish DoDI 1400.25 v896, "Healthcare Program for Civilian Employees and Family Members Assigned Abroad" Overseas Healthcare DoDI.
- ⇒ Update Insurances and Retirement DoDI.
- ⇒ Develop new initiatives for insurances and retirements.
- ⇒ Develop Post-Retirement Audit Process.
- ⇒ Evaluate B&R Programs - identify opportunities to improve, develop, or streamline.
- ⇒ Develop Military Service Deposit Waiver of Interest.
- ⇒ Working Groups - evaluate Agency performance and processes. Identify areas for improvement and best practices for Retirements Accuracy & Error Rates Working Group, Age of Separations Report (AOS) Working Group, and FEHB CLER Working Group.

### **TRAINING AND CREDENTIALING PROGRAMS:**

- ⇒ Continue to reassess our strategies to improve the preparation of Benefits Specialists for examinations.
- ⇒ Provide credentialing and training materials via the MILSUITE online platform..
- ⇒ Consistently execute new initiatives to aid DoD Benefits Specialists in their efforts to sufficiently prepare for our credentialing examinations.

### **WORK-LIFE PROGRAMS:**

- ⇒ Continue to implement the DoD Work-Life Strategic Implementation Plan.
- ⇒ Develop a resource guide to support Components with administering various workplace flexibilities.
- ⇒ Promote the release of DoDI 1035.01: "Telework and Remote Work " to the DoD workforce.
- ⇒ Finalize and implement the DoD Work-Life Balance self-paced training course.
- ⇒ Develop and implement EAP Roles and Responsibilities guidance for DoD EAP Coordinators.
- ⇒ Establish DoD EAP metrics using utilization reports to increase usage of EAP.
- ⇒ Collaborate with the Resources Exist Asking Can Help-Civilian (REACH-C) initiative to develop training to expand DoD EAP reach and visibility.

## 2024 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

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

- ⇒ Perform more detailed analysis on compensation costs to try to identify root causes for compensation increases in 2023 apart from the annual increase and loss of the Pipeline Program.
- ⇒ Add ability to view time with a THC = KD in DIUCS so ICPAs can view all lost time for employees (dependent on DMDC development).
- ⇒ Finish development of Operations Manual.
- ⇒ Complete revamp of the Level I Student Workbook to ensure it is 508 compliant.
- ⇒ Develop content for online use for COP, POD, Chargeback Review, and Performing Case Reviews (dependent on platform to be used to post material).
- ⇒ Expand credentialing test bank.
- ⇒ Develop a practice credentialing test.
- ⇒ Develop single topic training program for Component FECA Program Managers.
- ⇒ Implement Unemployment Compensation (UC) DIUCS training designed for DoD Unemployment Compensation Program Administrators (UCPAs).
- ⇒ Develop the UC handbook to be distributed to DoD UCPAs.



## 2024 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

### WAGE AND SALARY PROGRAMS:

- ⇒ The Federal Prevailing Rate Advisory Committee (FPRAC) met seven times in 2023.
  - \* Wage participates in the FPRAC working group to improve the mechanics of the FWS.
  - \* Additional information and meeting minutes can be found at: <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/federal-wage-system/#url=FPRAC>
- ⇒ 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.
- ⇒ Continue to work with Contractors to modernize and finalize the Wage modernization 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 modernization 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.
- ⇒ Advise the Chief Information Office and Health Affairs, as well as other Executive Agencies on compensation practices.
- ⇒ Advise Components on special salary options if there are recruitment and retention difficulties.
- ⇒ Recommended improvements: remove annual floor and cap provision to restore local prevailing rates, eliminate biennial full-scale surveys, and establish triennial survey cycle.
- ⇒ Increase personnel manning levels to better align with current workload.

## 2024 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

### NAF PERSONNEL POLICY PROGRAM:

- ⇒ Align NAF programs to the Human Capital Objectives set forth in the FY 2024-FY 2025 DoD Civilian Human Capital Operating Plan. This will support the HR competencies effort and the development of NAF specific professional development.
- ⇒ NAF efforts that align with the Secretary of Defense initiative, “Taking Care of our People:”
  - \* Evaluate NAF HR Programs to remove barriers for career transition and advancement across the DoD NAF enterprise and the entire Federal Government.
  - \* Establish and lead a working group to develop language and procedures for an enterprise-wide transfer program for Child Youth Programs.
  - \* Develop criteria to analyze “Total Compensation” across the DoD NAF enterprise. This effort will holistically review the pay and benefits offered in the industries where DoD NAF employers operate. This will help inform future pay and benefits offerings and ensure that employees are compensated appropriately.
  - \* Participate in the “Modernizing and Professionalizing CYP” initiative.
- ⇒ Continuing Engagement actions:
  - \* Through an ongoing presence on [DoDCivilianCareers.com](https://www.dodciviliancareers.com), continue to enhance our ability to attract and hire the most qualified employees, addressing immediate Agency hiring needs to rebuild capacity and to retain top talent.
  - \* Finalize creation of a NAF Retirement Section on the [DCPAS.osd.mil](https://dcpas.osd.mil) to provide resources and guidance to NAF employees about to retire or for those that have already retired.
  - \* Emphasize communication with Community of Practice to enhance strategic alliances and partnerships.
  - \* Participate in DoD level working groups to promote inclusion of NAF employees in DoD initiatives.
  - \* Develop NAF HR policies that promote flexibilities for NAF Business Operations across DoD.
  - \* Improve enterprise-wide NAF HR data availability to facilitate data driven decision making.
  - \* Support and provide NAF specific input to DoD HR IT Modernization initiatives.
  - \* Collaborate with and support the Benefits Training and Credentialing team as they add an entry level NAF portability of benefits module to the Benefits Basic Course in 2024.
  - \* Collaborate with OPM’s Benefits Officers Liaison and Development Team, assisting with portability related information for updates to the OPM website; participate in future OPM virtual benefit trainings.

## 2024 Benefits, Wage & NAF Policy (LOB3) Way Ahead (cont.)

### NAF PERSONNEL POLICY PROGRAM (cont.):

⇒ Publish and promote:

- \* The DoD Civilian Personnel Handbook, “Human Capital Management NAF Evaluation Program,” specific to operational methods accompanies DoDI 1400.25, Volume 450, “DoD Civilian Personnel Management System: Human Capital Management Evaluation Program.” Volume 450 is pending security review, Handbook, pending Technical Director review.

⇒ Initiate NAF Policy Revisions:

- \* Volume 1403, "DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Employment" will establish a Child Youth (CY) Program employee transfer program between NAF Component employers to retain trained CY Program employees; clarify the intent and scope of the flexible employment category, and update suitability requirements. Additional substantive changes include policy that establishes additional competitive hiring preferences and considerations for targeted groups; guidelines for domestic employees working overseas; establishes a probationary period of one year for NAF Senior Executives, and the use of criteria for the standard NAF Notification of Personnel Action Form.
- \* DoDI 1400.25, Volume 1404, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Performance Management Program,” will update the NAF performance management program to increase conversations, recognition, and developmental opportunities.
- \* DoDI 1400.25, Volume 1405, “DoD Civilian Personnel Management System: Nonappropriated Fund Pay, Awards and Allowances,” will incorporate updates to policy, comply with plain language standards.
- \* DoDI 1400.25, Volume 1417, “DoD Civilian Personnel Management System: Civilian Transition Program (CTP) for Nonappropriated Fund (NAF) Employees Affected by Workforce Reductions,” will incorporate updates to the reference section, comply with plain language standards.
- \* DoDI 1400.25, Volume 1471, “DoD Civilian Personnel Management System: Labor Management and Employee Relations,” will incorporate updates to policy, comply with plain language standards.



# THE END

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