

Union Calendar No. 455

104TH CONGRESS
2^D SESSION

H. R. 3841

[Report No. 104-831]

A BILL

To amend the civil service laws of the United States, and for other purposes.

SEPTEMBER 24, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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To amend the civil service laws of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1996

Mr. MICA (for himself, Mr. MORAN, and Mrs. MORELLA) introduced the following bill; which was referred to the Committee on Government Reform and Oversight

SEPTEMBER 24, 1996

Additional sponsor: Mr. DAVIS

SEPTEMBER 24, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on July 17, 1996]

A BILL

To amend the civil service laws of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) *SHORT TITLE.*—*This Act may be cited as the “Om-*
 3 *nibus Civil Service Reform Act of 1996”.*

4 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 5 *this Act is as follows:*

Sec. 1. Short title; table of contents.

TITLE I—DEMONSTRATION PROJECTS

Sec. 101. Demonstration projects.

TITLE II—PERFORMANCE MANAGEMENT ENHANCEMENT

*Sec. 201. Increased weight given to performance for order-of-retention purposes in
 a reduction in force.*

Sec. 202. No appeal of denial of periodic step-increases.

Sec. 203. Performance appraisals.

Sec. 204. Amendments to incentive awards authority.

Sec. 205. Due process rights of managers under negotiated grievance procedures.

Sec. 206. Collection and reporting of training information.

*TITLE III—ENHANCEMENT OF THRIFT SAVINGS PLAN AND
 CERTAIN OTHER BENEFITS*

Subtitle A—Additional Investment Funds for the Thrift Savings Plan

Sec. 301. Short title.

Sec. 302. Additional investment funds for the Thrift Savings Plan.

Sec. 303. Acknowledgement of investment risk.

Sec. 304. Effective date.

Subtitle B—Thrift Savings Account Liquidity

Sec. 311. Short title.

*Sec. 312. Notice to spouses for in-service withdrawals; de minimus accounts; Civil
 Service Retirement System participants.*

*Sec. 313. In-service withdrawals; withdrawal elections, Federal Employees’ Re-
 tirement System participants.*

*Sec. 314. Survivor annuities for former spouses; notice to Federal Employees’ Re-
 tirement System spouses for in-service withdrawals.*

Sec. 315. De minimus accounts relating to the judiciary.

Sec. 316. Definition of basic pay.

Sec. 317. Eligible rollover distributions.

Sec. 318. Effective date.

Subtitle C—Other Provisions Relating to the Thrift Savings Plan

Sec. 321. Percentage limitations on contributions.

Sec. 322. Loans under the Thrift Savings Plan for furloughed employees.

Sec. 323. Immediate participation in the Thrift Savings Plan.

1 **(b) PRE-IMPLEMENTATION PROCEDURES.**—*Subsection*
2 *(b) of section 4703 of title 5, United States Code, is amend-*
3 *ed to read as follows:*

4 “(b) *Before an agency or the Office may conduct or*
5 *enter into any agreement or contract to conduct a dem-*
6 *onstration project, the Office—*

7 “(1) *shall develop or approve a plan for such*
8 *project which identifies—*

9 “(A) *the purposes of the project;*

10 “(B) *the methodology;*

11 “(C) *the duration; and*

12 “(D) *the methodology and criteria for eval-*
13 *uation;*

14 “(2) *shall publish the plan in the Federal Reg-*
15 *ister;*

16 “(3) *may solicit comments from the public and*
17 *interested parties in such manner as the Office con-*
18 *siders appropriate;*

19 “(4) *shall obtain approval from each agency in-*
20 *volved of the final version of the plan; and*

21 “(5) *shall provide notification of the proposed*
22 *project, at least 30 days in advance of the date any*
23 *project proposed under this section is to take effect—*

24 “(A) *to employees who are likely to be af-*
25 *ected by the project; and*

1 “(B) to each House of the Congress.”.

2 (c) *NONWAIVABLE PROVISIONS.*—Section 4703(c) of
3 title 5, United States Code, is amended—

4 (1) by striking paragraph (1) and inserting the
5 following:

6 “(1) any provision of subchapter V of chapter 63
7 or subpart G of part III of this title;” and

8 (2) by striking paragraph (3) and inserting the
9 following:

10 “(3) any provision of chapter 15 or subchapter
11 II or III of chapter 73 of this title;”.

12 (d) *LIMITATIONS.*—Subsection (d) of section 4703 of
13 title 5, United States Code, is amended to read as follows:

14 “(d)(1) Each demonstration project shall terminate be-
15 fore the end of the 5-year period beginning on the date on
16 which the project takes effect, except that the project may
17 continue for a maximum of 2 years beyond the date to the
18 extent necessary to validate the results of the project.

19 “(2)(A) Not more than 15 active demonstration
20 projects may be in effect at any time, and of the projects
21 in effect at any time, not more than 5 may involve 5,000
22 or more individuals each.

23 “(B) Individuals in a control group necessary to vali-
24 date the results of a project shall not, for purposes of any

1 *determination under subparagraph (A), be considered to be*
2 *involved in such project.”.*

3 (e) *EVALUATIONS.*—*Subsection (h) of section 4703 of*
4 *title 5, United States Code, is amended by adding at the*
5 *end the following: “The Office may, with respect to a dem-*
6 *onstration project conducted by another agency, require*
7 *that the preceding sentence be carried out by such other*
8 *agency.”.*

9 (f) *PROVISIONS FOR TERMINATION OF PROJECT OR*
10 *MAKING IT PERMANENT.*—*Section 4703 of title 5, United*
11 *States Code, is amended—*

12 (1) *in subsection (i) by inserting “by the Office”*
13 *after “undertaken”; and*

14 (2) *by adding at the end the following:*

15 “(j)(1) *If the Office determines that termination of a*
16 *demonstration project (whether under subsection (e) or oth-*
17 *erwise) would result in the inequitable treatment of employ-*
18 *ees who participated in the project, the Office shall take*
19 *such corrective action as is within its authority. If the Of-*
20 *fice determines that legislation is necessary to correct an*
21 *inequity, it shall submit an appropriate legislative proposal*
22 *to both Houses of Congress.*

23 “(2) *If the Office determines that a demonstration*
24 *project should be made permanent, it shall submit an ap-*
25 *propriate legislative proposal to both Houses of Congress.”.*

1 **TITLE II—PERFORMANCE**
2 **MANAGEMENT ENHANCEMENT**

3 **SEC. 201. INCREASED WEIGHT GIVEN TO PERFORMANCE**
4 **FOR ORDER-OF-RETENTION PURPOSES IN A**
5 **REDUCTION IN FORCE.**

6 (a) *IN GENERAL.*—Section 3502 of title 5, United
7 States Code, is amended—

8 (1) in subsection (a)(4) by striking “ratings.”
9 and inserting “ratings, in conformance with the re-
10 quirements of subsection (g).”; and

11 (2) by adding at the end the following:

12 “(g)(1) The regulations prescribed to carry out sub-
13 section (a)(4) shall be the regulations in effect, as of Janu-
14 ary 1, 1996, under section 351.504 of title 5 of the Code
15 of Federal Regulations, except as otherwise provided in this
16 subsection.

17 “(2) For purposes of this subsection—

18 “(A) subsections (b)(4) and (e) of such section
19 351.504 shall be disregarded;

20 “(B) subsection (d) of such section 351.504 shall
21 be considered to read as follows:

22 “(d)(1) The additional service credit an employee re-
23 ceives for performance under this subpart shall be expressed
24 in additional years of service and shall consist of the sum
25 of the employee’s 3 most recent (actual and/or assumed) an-

1 *nual performance ratings received during the 4-year period*
2 *prior to the date of issuance of reduction-in-force notices*
3 *or the 4-year period prior to the agency-established cutoff*
4 *date (as appropriate), computed in accordance with para-*
5 *graph (2) or (3) (as appropriate).*

6 “(2) *Except as provided in paragraph (3), an em-*
7 *ployee shall receive—*

8 “(A) *5 additional years of service for each per-*
9 *formance rating of fully successful (Level 3) or equiv-*
10 *alent;*

11 “(B) *7 additional years of service for each per-*
12 *formance rating of exceeds fully successful (Level 4) or*
13 *equivalent; and*

14 “(C) *10 additional years of service for each per-*
15 *formance rating of outstanding (Level 5) or equiva-*
16 *lent.*

17 “(3)(A) *If the employing agency uses a rating system*
18 *having only 1 rating to denote performance which is fully*
19 *successful or better, then an employee under such system*
20 *shall receive 5 additional years of service for each such rat-*
21 *ing.*

22 “(B) *If the employing agency uses a rating system*
23 *having only 2 ratings to denote performance which is fully*
24 *successful or better, then an employee under such system*
25 *shall receive—*

1 “(i) 5 additional years of service for each per-
2 formance rating at the lower of those 2 ratings; and

3 “(ii) 7 additional years of service for each per-
4 formance rating at the higher of those 2 ratings.

5 “(C) If the employing agency uses a rating system
6 having more than 3 ratings to denote performance which
7 is fully successful or better, then an employee under such
8 system shall receive—

9 “(i) 5 additional years of service for each per-
10 formance rating at the lowest of those ratings;

11 “(ii) 7 additional years of service for each per-
12 formance rating at the next rating above the rating
13 referred to in clause (i); and

14 “(iii) 10 additional years of service for each
15 performance rating above the rating referred to in
16 clause (ii).

17 “(D) For purposes of this paragraph, a rating shall
18 not be considered to denote performance which is fully suc-
19 cessful or better unless, in order to receive such rating, such
20 performance must satisfy all requirements for a fully suc-
21 cessful rating (Level 3) or equivalent, as established under
22 part 430 of this chapter (as in effect as of January 1,
23 1996).”; and

24 “(C) subsection (c) of such section shall be con-
25 sidered to read as follows:

1 “(c)(1) *Service credit for employees who do not have*
2 *3 actual annual performance ratings of record received dur-*
3 *ing the 4-year period prior to the date of issuance of reduc-*
4 *tion-in-force notices, or the 4-year period prior to the agen-*
5 *cy-established cutoff date for ratings permitted in subsection*
6 *(b)(2) of this section, shall be determined in accordance*
7 *with paragraph (2).*

8 “(2) *An employee who has not received 1 or more of*
9 *the 3 annual performance ratings of record required under*
10 *this section shall—*

11 “(A) *receive credit for performance on the basis*
12 *of the rating or ratings actually received (if any);*
13 *and*

14 “(B) *for each performance rating not actually*
15 *received, be given credit for 5 additional years of serv-*
16 *ice.’.*”

17 **(b) *EQUITABLE TREATMENT OF EMPLOYEES.***—*For*
18 *purposes of determining the order of retention of employees*
19 *in a reduction in force taking effect on or after October 1,*
20 *1999, the Office of Personnel Management shall prescribe*
21 *such regulations as may be necessary to ensure that—*

22 (1) *in the case of any agency having more than*
23 *1 performance evaluation system, employees subject to*
24 *different systems are treated equitably; and*

1 (2) *with respect to employees in the same com-*
2 *petitive area who have been subject to different per-*
3 *formance evaluation systems with dissimilar sum-*
4 *mary levels, no such employee shall suffer as a result*
5 *of having been covered by more than 1 such system.*

6 (c) *REPORT.—Not later than 270 days after the date*
7 *of the enactment of this Act, the General Accounting Office*
8 *shall submit to the Committee on Government Reform and*
9 *Oversight of the House of Representatives and the Commit-*
10 *tee on Governmental Affairs of the Senate a report analyz-*
11 *ing and assessing the following:*

12 (1) *Based on performance-ratings statistics in*
13 *the executive branch of the Government over the past*
14 *15 years, the correlation (if any) between employees'*
15 *ratings of record and the following:*

16 (A) *Promotions.*

17 (B) *Awards.*

18 (C) *Bonuses.*

19 (D) *Quit rates.*

20 (E) *Removals.*

21 (F) *Disciplinary actions (other than remov-*
22 *als).*

23 (G) *The filing of grievances, complaints,*
24 *and charges of unfair labor practices.*

25 (H) *Appeals of adverse actions.*

1 (2) *The impact of performance ratings on reten-*
2 *tion during reductions in force over the past 5 years.*

3 (3) *Whether “pass/fail” performance systems are*
4 *compatible with the statutory requirement that effi-*
5 *ciency or performance ratings be given due effect dur-*
6 *ing reductions in force.*

7 (4) *The respective numbers of Federal agencies,*
8 *organizational units, and Federal employees that are*
9 *covered by the different performance evaluation sys-*
10 *tems.*

11 (5) *The potential impact of this section on em-*
12 *ployees in different performance evaluation systems.*

13 (6) *Whether there are significant differences in*
14 *the distribution of ratings among or within agencies*
15 *and, if so, the reasons therefor.*

16 *Based on the findings of the General Accounting Office, the*
17 *report shall include recommendations to improve the effec-*
18 *tiveness of Federal performance evaluation systems.*

19 (d) *EFFECTIVE DATE.*—*The amendments made by this*
20 *section shall apply with respect to reductions in force taking*
21 *effect on or after October 1, 1999.*

22 **SEC. 202. NO APPEAL OF DENIAL OF PERIODIC STEP-IN-**
23 **CREASES.**

24 (a) *IN GENERAL.*—*Section 5335(c) of title 5, United*
25 *States Code, is amended—*

1 (1) *by striking the second sentence;*

2 (2) *in the third sentence by striking “or appeal”;*

3 *and*

4 (3) *in the last sentence by striking “and the entitle-*
5 *ment of the employee to appeal to the Board do not*
6 *apply” and inserting “does not apply”.*

7 (b) *PERFORMANCE RATINGS.—Section 5335 of title 5,*
8 *United States Code, as amended by subsection (a), is further*
9 *amended—*

10 (1) *in subsection (a)(B) by striking “work of the*
11 *employee is of an acceptable level of competence” and*
12 *inserting “performance of the employee is at least*
13 *fully successful”;*

14 (2) *in subsection (c)—*

15 (A) *in the first sentence by striking “work*
16 *of an employee is not of an acceptable level of*
17 *competence,” and inserting “performance of an*
18 *employee is not at least fully successful,”; and*

19 (B) *in the last sentence by striking “accept-*
20 *able level of competence” and inserting “fully*
21 *successful work performance”;* and

22 (3) *by adding at the end the following:*

23 “(g) *For purposes of this section, the term ‘fully suc-*
24 *cessful’ denotes work performance that satisfies the require-*
25 *ments of section 351.504(d)(3)(D) of title 5 of the Code of*

1 *Federal Regulations (as deemed to be amended by section*
2 *3502(g)(2)(B)).”.*

3 **SEC. 203. PERFORMANCE APPRAISALS.**

4 *(a) IN GENERAL.—Section 4302 of title 5, United*
5 *States Code, is amended—*

6 *(1) in subsection (b) by striking paragraphs (5)*
7 *and (6) and inserting the following:*

8 *“(5) assisting employees in improving unaccept-*
9 *able performance, except in circumstances described*
10 *in subsection (c); and*

11 *“(6) reassigning, reducing in grade, removing, or*
12 *taking other appropriate action against employees*
13 *whose performance is unacceptable.”; and*

14 *(2) by adding at the end the following:*

15 *“(c) Upon notification of unacceptable performance,*
16 *an employee shall be afforded an opportunity to dem-*
17 *onstrate acceptable performance before a reduction in grade*
18 *or removal may be proposed under section 4303 based on*
19 *such performance, except that an employee so afforded such*
20 *an opportunity shall not be afforded any further oppor-*
21 *tunity to demonstrate acceptable performance if the employ-*
22 *ee’s performance again is determined to be at an unaccept-*
23 *able level.”.*

24 *(b) EFFECTIVE DATE.—*

1 “(F) the United States Sentencing Commis-
2 sion;

3 but does not include—

4 “(i) the Tennessee Valley Authority; or

5 “(ii) the Central Bank for Cooperatives;

6 “(2) the term ‘employee’ means an employee as
7 defined by section 2105; and

8 “(3) the term ‘Government’ means the Govern-
9 ment of the United States.”;

10 (2) by amending section 4503 to read as follows:

11 **“§4503. Agency awards**

12 “(a) The head of an agency may pay a cash award
13 to, and incur necessary expense for the honorary recognition
14 of, an employee who—

15 “(1) by his suggestion, invention, superior ac-
16 complishment, or other personal effort, contributes to
17 the efficiency, economy, or other improvement of Gov-
18 ernment operations or achieves a significant reduc-
19 tion in paperwork; or

20 “(2) performs a special act or service in the pub-
21 lic interest in connection with or related to his offi-
22 cial employment.

23 “(b)(1) If the criteria under paragraph (1) or (2) of
24 subsection (a) are met on the basis of the suggestion, inven-
25 tion, superior accomplishment, act, service, or other meri-

1 *torious effort of a group of employees collectively, and if*
 2 *the circumstances so warrant (such as by reason of the in-*
 3 *feasibility of determining the relative role or contribution*
 4 *assignable to each employee separately), authority under*
 5 *subsection (a) may be exercised—*

6 “(A) *based on the collective efforts of the group;*
 7 *and*

8 “(B) *with respect to each member of such group.*

9 “(2) *The amount awarded to each member of a group*
 10 *under this subsection—*

11 “(A) *shall be the same for all members of such*
 12 *group, except that such amount may be prorated to*
 13 *reflect differences in the period of time during which*
 14 *an individual was a member of the group; and*

15 “(B) *may not exceed the maximum cash award*
 16 *allowable under subsection (a) or (b) of section 4502,*
 17 *as applicable.”; and*

18 “(3) *in subsection (a)(1) of section 4505a by strik-*
 19 *ing “at the fully successful level or higher” and insert-*
 20 *ing “higher than the fully successful level”.*

21 **SEC. 205. DUE PROCESS RIGHTS OF MANAGERS UNDER NE-**
 22 **GOTIATED GRIEVANCE PROCEDURES.**

23 (a) *IN GENERAL.—Paragraph (2) of section 7121(b)*
 24 *of title 5, United States Code, is amended to read as follows:*

1 “(2) *The provisions of a negotiated grievance proce-*
2 *dure providing for binding arbitration in accordance with*
3 *paragraph (1)(C)(iii) shall, if or to the extent that an al-*
4 *leged prohibited personnel practice is involved, allow the ar-*
5 *bitrator to order a stay of any personnel action in a man-*
6 *ner similar to the manner described in section 1221(c) with*
7 *respect to the Merit Systems Protection Board.”.*

8 **(b) EFFECTIVE DATE.**—*The amendment made by sub-*
9 *section (a)—*

10 (1) *shall take effect on the date of the enactment*
11 *of this Act; and*

12 (2) *shall apply with respect to orders issued on*
13 *or after the date of the enactment of this Act, notwith-*
14 *standing the provisions of any collective bargaining*
15 *agreement.*

16 **SEC. 206. COLLECTION AND REPORTING OF TRAINING IN-**
17 **FORMATION.**

18 **(a) TRAINING WITHIN GOVERNMENT.**—*The Office of*
19 *Personnel Management shall collect information concerning*
20 *training programs, plans, and methods utilized by agencies*
21 *of the Government and submit a report to the Congress on*
22 *this activity on an annual basis.*

23 **(b) TRAINING OUTSIDE OF GOVERNMENT.**—*The Office*
24 *of Personnel Management, to the extent it considers appro-*
25 *priate in the public interest, may collect information con-*

1 *cerning training programs, plans, and methods utilized*
 2 *outside the Government. The Office, on request, may make*
 3 *such information available to an agency and to Congress.*

4 ***TITLE III—ENHANCEMENT OF***
 5 ***THRIFT SAVINGS PLAN AND***
 6 ***CERTAIN OTHER BENEFITS***

7 ***Subtitle A—Additional Investment***
 8 ***Funds for the Thrift Savings Plan***

9 ***SEC. 301. SHORT TITLE.***

10 *This subtitle may be cited as the “Thrift Savings In-*
 11 *vestment Funds Act of 1996”.*

12 ***SEC. 302. ADDITIONAL INVESTMENT FUNDS FOR THE***
 13 ***THRIFT SAVINGS PLAN.***

14 *Section 8438 of title 5, United States Code, is amend-*
 15 *ed—*

16 *(1) in subsection (a)—*

17 *(A) by redesignating paragraphs (5)*
 18 *through (8) as paragraphs (6) through (9), re-*
 19 *spectively;*

20 *(B) by inserting after paragraph (4) the fol-*
 21 *lowing:*

22 *“(5) the term ‘International Stock Index Invest-*
 23 *ment Fund’ means the International Stock Index In-*
 24 *vestment Fund established under subsection*
 25 *(b)(1)(E);”;*

1 (C) in paragraph (8) (as redesignated by
2 subparagraph (A) of this paragraph) by striking
3 “and” at the end;

4 (D) in paragraph (9) (as redesignated by
5 subparagraph (A) of this paragraph)—

6 (i) by striking “paragraph (7)(D)”
7 each place it appears and inserting “para-
8 graph (8)(D)”; and

9 (ii) by striking the period and insert-
10 ing a semicolon and “and”; and

11 (E) by adding at the end the following:

12 “(10) the term ‘Small Capitalization Stock
13 Index Investment Fund’ means the Small Capitaliza-
14 tion Stock Index Investment Fund established under
15 subsection (b)(1)(D).”;

16 (2) in subsection (b)—

17 (A) in paragraph (1)—

18 (i) in subparagraph (B) by striking
19 “and” at the end;

20 (ii) in subparagraph (C) by striking
21 the period and inserting a semicolon; and

22 (iii) by adding at the end the follow-
23 ing:

24 “(D) a Small Capitalization Stock Index Invest-
25 ment Fund as provided in paragraph (3); and

1 “(E) *an International Stock Index Investment*
2 *Fund as provided in paragraph (4).*”; and

3 (B) *by adding at the end the following:*

4 “(3)(A) *The Board shall select an index which is a*
5 *commonly recognized index comprised of common stock the*
6 *aggregate market value of which represents the United*
7 *States equity markets excluding the common stocks included*
8 *in the Common Stock Index Investment Fund.*

9 “(B) *The Small Capitalization Stock Index Investment*
10 *Fund shall be invested in a portfolio designed to replicate*
11 *the performance of the index in subparagraph (A). The*
12 *portfolio shall be designed such that, to the extent prac-*
13 *ticable, the percentage of the Small Capitalization Stock*
14 *Index Investment Fund that is invested in each stock is the*
15 *same as the percentage determined by dividing the aggre-*
16 *gate market value of all shares of that stock by the aggregate*
17 *market value of all shares of all stocks included in such*
18 *index.*

19 “(4)(A) *The Board shall select an index which is a*
20 *commonly recognized index comprised of stock the aggregate*
21 *market value of which is a reasonably complete representa-*
22 *tion of the international equity markets excluding the Unit-*
23 *ed States equity markets.*

24 “(B) *The International Stock Index Investment Fund*
25 *shall be invested in a portfolio designed to replicate the per-*

1 *formance of the index in subparagraph (A). The portfolio*
2 *shall be designed such that, to the extent practicable, the*
3 *percentage of the International Stock Index Investment*
4 *Fund that is invested in each stock is the same as the per-*
5 *centage determined by dividing the aggregate market value*
6 *of all shares of that stock by the aggregate market value*
7 *of all shares of all stocks included in such index.”.*

8 **SEC. 303. ACKNOWLEDGEMENT OF INVESTMENT RISK.**

9 *Section 8439(d) of title 5, United States Code, is*
10 *amended by striking “Each employee, Member, former em-*
11 *ployee, or former Member who elects to invest in the Com-*
12 *mon Stock Index Investment Fund or the Fixed Income In-*
13 *vestment Fund described in paragraphs (1) and (3),” and*
14 *inserting “Each employee, Member, former employee, or*
15 *former Member who elects to invest in the Common Stock*
16 *Index Investment Fund, the Fixed Income Investment*
17 *Fund, the International Stock Index Investment Fund, or*
18 *the Small Capitalization Stock Index Investment Fund, de-*
19 *finied in paragraphs (1), (3), (5), and (10),”.*

20 **SEC. 304. EFFECTIVE DATE.**

21 *This subtitle shall take effect on the date of enactment*
22 *of this Act, and the Funds established under this subtitle*
23 *shall be offered for investment at the earliest practicable*
24 *election period (described in section 8432(b) of title 5, Unit-*

1 *ed States Code) as determined by the Executive Director*
 2 *in regulations.*

3 ***Subtitle B—Thrift Savings Account***
 4 ***Liquidity***

5 ***SEC. 311. SHORT TITLE.***

6 *This subtitle may be cited as the “Thrift Savings Plan*
 7 *Act of 1996”.*

8 ***SEC. 312. NOTICE TO SPOUSES FOR IN-SERVICE WITHDRAW-***
 9 ***ALS; DE MINIMUS ACCOUNTS; CIVIL SERVICE***
 10 ***RETIREMENT SYSTEM PARTICIPANTS.***

11 *Section 8351(b) of title 5, United States Code, is*
 12 *amended—*

13 *(1) in paragraph (5)—*

14 *(A) in subparagraph (B)—*

15 *(i) by striking “An election, change of*
 16 *election, or modification (relating to the*
 17 *commencement date of a deferred annuity)”*
 18 *and inserting “An election or change of elec-*
 19 *tion”;*

20 *(ii) by inserting “or withdrawal” after*
 21 *“and a loan”;*

22 *(iii) by inserting “and (h)” after*
 23 *“8433(g)”;*

1 (iv) by striking “the election, change of
2 election, or modification” and inserting
3 “the election or change of election”; and

4 (v) by inserting “or withdrawal” after
5 “for such loan”; and

6 (B) in subparagraph (D)—

7 (i) by inserting “or withdrawals” after
8 “of loans”; and

9 (ii) by inserting “or (h)” after
10 “8433(g)”; and

11 (2) in paragraph (6)—

12 (A) by striking “\$3,500 or less” and insert-
13 ing “less than an amount that the Executive Di-
14 rector prescribes by regulation”; and

15 (B) by striking “unless the employee or
16 Member elects, at such time and otherwise in
17 such manner as the Executive Director pre-
18 scribes, one of the options available under sub-
19 section (b)”.

20 **SEC. 313. IN-SERVICE WITHDRAWALS; WITHDRAWAL ELEC-**
21 **TIONS, FEDERAL EMPLOYEES’ RETIREMENT**
22 **SYSTEM PARTICIPANTS.**

23 (a) *IN GENERAL.*—Section 8433 of title 5, United
24 States Code, is amended—

1 (1) *by striking subsections (b) and (c) and in-*
2 *serting the following:*

3 “(b) *Subject to section 8435 of this title, any employee*
4 *or Member who separates from Government employment is*
5 *entitled and may elect to withdraw from the Thrift Savings*
6 *Fund the balance of the employee’s or Member’s account*
7 *as—*

8 “(1) *an annuity;*

9 “(2) *a single payment;*

10 “(3) *2 or more substantially equal payments to*
11 *be made not less frequently than annually; or*

12 “(4) *any combination of payments as provided*
13 *under paragraphs (1) through (3) as the Executive*
14 *Director may prescribe by regulation.*

15 “(c)(1) *In addition to the right provided under sub-*
16 *section (b) to withdraw the balance of the account, an em-*
17 *ployee or Member who separates from Government service*
18 *and who has not made a withdrawal under subsection*
19 *(h)(1)(A) may make one withdrawal of any amount as a*
20 *single payment in accordance with subsection (b)(2) from*
21 *the employee’s or Member’s account.*

22 “(2) *An employee or Member may request that the*
23 *amount withdrawn from the Thrift Savings Fund in ac-*
24 *cordance with subsection (b)(2) be transferred to an eligible*
25 *retirement plan.*

1 “(3) *The Executive Director shall make each transfer*
2 *elected under paragraph (2) directly to an eligible retire-*
3 *ment plan or plans (as defined in section 402(c)(8) of the*
4 *Internal Revenue Code of 1986) identified by the employee,*
5 *Member, former employee, or former Member for whom the*
6 *transfer is made.*

7 “(4) *A transfer may not be made for an employee,*
8 *Member, former employee, or former Member under para-*
9 *graph (2) until the Executive Director receives from that*
10 *individual the information required by the Executive Direc-*
11 *tor specifically to identify the eligible retirement plan or*
12 *plans to which the transfer is to be made.”;*

13 (2) *in subsection (d)—*

14 (A) *in paragraph (1) by striking “Subject*
15 *to paragraph (3)(A)” and inserting “Subject to*
16 *paragraph (3)”;*

17 (B) *by striking paragraph (2) and redesignig-*
18 *ating paragraph (3) as paragraph (2); and*

19 (C) *in paragraph (2) (as redesignated by*
20 *subparagraph (B) of this paragraph)—*

21 (i) *in subparagraph (A) by striking*
22 *“(A)”;* and

23 (ii) *by striking subparagraph (B);*

24 (3) *in subsection (f)(1)—*

1 (A) by striking “\$3,500 or less” and insert-
2 ing “less than an amount that the Executive Di-
3 rector prescribes by regulation”; and

4 (B) by striking “unless the employee or
5 Member elects, at such time and otherwise in
6 such manner as the Executive Director pre-
7 scribes, one of the options available under sub-
8 section (b), or” and inserting a comma;

9 (4) in subsection (f)(2)—

10 (A) by striking “February 1” and inserting
11 “April 1”;

12 (B) in subparagraph (A)—

13 (i) by striking “65” and inserting
14 “70^{1/2}”; and

15 (ii) by inserting “or” after the semi-
16 colon;

17 (C) by striking subparagraph (B); and

18 (D) by redesignating subparagraph (C) as
19 subparagraph (B);

20 (5) in subsection (g)—

21 (A) in paragraph (1) by striking “after De-
22 cember 31, 1987, and”; and

23 (B) by striking paragraph (2) and redesignig-
24 nating paragraphs (3) through (5) as para-
25 graphs (2) through (4), respectively; and

1 (6) *by adding after subsection (g) the following:*

2 “(h)(1) *An employee or Member may apply, before sep-*
3 *aration, to the Board for permission to withdraw an*
4 *amount from the employee’s or Member’s account based*
5 *upon—*

6 “(A) *the employee or Member having attained*
7 *age 59½; or*

8 “(B) *financial hardship.*

9 “(2) *A withdrawal under paragraph (1)(A) shall be*
10 *available to each eligible participant one time only.*

11 “(3) *A withdrawal under paragraph (1)(B) shall be*
12 *available only for an amount not exceeding the value of that*
13 *portion of such account which is attributable to contribu-*
14 *tions made by the employee or Member under section*
15 *8432(a) of this title.*

16 “(4) *Withdrawals under paragraph (1) shall be subject*
17 *to such other conditions as the Executive Director may pre-*
18 *scribe by regulation.*

19 “(5) *A withdrawal may not be made under this sub-*
20 *section unless the requirements of section 8435(e) of this*
21 *title are satisfied.”.*

22 **(b) INVALIDITY OF CERTAIN PRIOR ELECTIONS.—***Any*
23 *election made under section 8433(b)(2) of title 5, United*
24 *States Code (as in effect before the effective date of this title),*
25 *with respect to an annuity which has not commenced before*

1 *the implementation date of this title as provided by regula-*
2 *tion by the Executive Director in accordance with section*
3 *318, shall be invalid.*

4 **SEC. 314. SURVIVOR ANNUITIES FOR FORMER SPOUSES;**
5 **NOTICE TO FEDERAL EMPLOYEES' RETIRE-**
6 **MENT SYSTEM SPOUSES FOR IN-SERVICE**
7 **WITHDRAWALS.**

8 *Section 8435 of title 5, United States Code, is amend-*
9 *ed—*

10 *(1) in subsection (a)(1)(A)—*

11 *(A) by striking “may make an election*
12 *under subsection (b)(3) or (b)(4) of section 8433*
13 *of this title or change an election previously*
14 *made under subsection (b)(1) or (b)(2) of such*
15 *section” and inserting “may withdraw all or*
16 *part of a Thrift Savings Fund account under*
17 *subsection (b) (2), (3), or (4) of section 8433 of*
18 *this title or change a withdrawal election”;* and

19 *(B) by adding at the end “A married em-*
20 *ployee or Member (or former employee or Mem-*
21 *ber) may make a withdrawal from a Thrift Sav-*
22 *ings Fund account under subsection (c)(1) of sec-*
23 *tion 8433 of this title only if the employee or*
24 *Member (or former employee or Member) satisfies*
25 *the requirements of subparagraph (B).”;*

1 (2) *in subsection (c)*—

2 (A) *in paragraph (1)*—

3 (i) *by striking “An election, change of*
4 *election, or modification of the commence-*
5 *ment date of a deferred annuity” and in-*
6 *serting “An election or change of election”;*
7 *and*

8 (ii) *by striking “modification, or*
9 *transfer” and inserting “or transfer”; and*

10 (B) *in paragraph (2) in the matter follow-*
11 *ing subparagraph (B)(ii) by striking “modifica-*
12 *tion,”;*

13 (3) *in subsection (e)*—

14 (A) *in paragraph (1)*—

15 (i) *in subparagraph (A)*—

16 (I) *by inserting “or withdrawal”*
17 *after “A loan”;*

18 (II) *by inserting “and (h)” after*
19 *“8433(g)”;* *and*

20 (III) *by inserting “or with-*
21 *drawal” after “such loan”;*

22 (ii) *in subparagraph (B) by inserting*
23 *“or withdrawal” after “loan”; and*

24 (iii) *in subparagraph (C)*—

1 (I) by inserting “or withdrawal”
2 after “to a loan”; and

3 (II) by inserting “or withdrawal”
4 after “for such loan”; and

5 (B) in paragraph (2)—

6 (i) by inserting “or withdrawal” after
7 “loan”; and

8 (ii) by inserting “and (h)” after
9 “8344(g)”; and

10 (4) in subsection (g)—

11 (A) by inserting “or withdrawals” after
12 “loans”; and

13 (B) by inserting “and (h)” after “8433(g)”.

14 **SEC. 315. DE MINIMUS ACCOUNTS RELATING TO THE JUDI-**
15 **CIARY.**

16 (a) *JUSTICES AND JUDGES.*—Section 8440a(b)(7) of
17 title 5, United States Code, is amended—

18 (1) by striking “\$3,500 or less” and inserting
19 “less than an amount that the Executive Director pre-

20 scribes by regulation”; and
21 (2) by striking “unless the justice or judge elects,
22 at such time and otherwise in such manner as the
23 Executive Director prescribes, one of the options
24 available under section 8433(b)”.

1 (b) *BANKRUPTCY JUDGES AND MAGISTRATES.*—Section
2 *8440b(b) of title 5, United States Code, is amended—*

3 (1) *in paragraph (7) in the first sentence by in-*
4 *serting “of the distribution” after “equal to the*
5 *amount”; and*

6 (2) *in paragraph (8)—*

7 (A) *by striking “\$3,500 or less” and insert-*
8 *ing “less than an amount that the Executive Di-*
9 *rector prescribes by regulation”; and*

10 (B) *by striking “unless the bankruptcy*
11 *judge or magistrate elects, at such time and oth-*
12 *erwise in such manner as the Executive Director*
13 *prescribes, one of the options available under*
14 *subsection (b)”.*

15 (c) *FEDERAL CLAIMS JUDGES.*—Section 8440c(b) of
16 *title 5, United States Code, is amended—*

17 (1) *in paragraph (7) in the first sentence by in-*
18 *serting “of the distribution” after “equal to the*
19 *amount”; and*

20 (2) *in paragraph (8)—*

21 (A) *by striking “\$3,500 or less” and insert-*
22 *ing “less than an amount that the Executive Di-*
23 *rector prescribes by regulation”; and*

24 (B) *by striking “unless the judge elects, at*
25 *such time and otherwise in such manner as the*

1 *Executive Director prescribes, one of the options*
2 *available under section 8433(b)”.*

3 **SEC. 316. DEFINITION OF BASIC PAY.**

4 *(a) IN GENERAL.—(1) Section 8401(4) of title 5, Unit-*
5 *ed States Code, is amended by striking “except as provided*
6 *in subchapter III of this chapter,”.*

7 *(2) Section 8431 of title 5, United States Code, is re-*
8 *pealed.*

9 *(b) TECHNICAL AND CONFORMING AMENDMENTS.—(1)*
10 *The table of sections for chapter 84 of title 5, United States*
11 *Code, is amended by repealing the item relating to section*
12 *8431.*

13 *(2) Section 5545a(h)(2)(A) of title 5, United States*
14 *Code, is amended by striking “8431,”.*

15 *(3) Section 616(f) of the Treasury, Postal Service, and*
16 *General Government Appropriations Act, 1996 (Public Law*
17 *104–52; 109 Stat. 500; 5 U.S.C. 5343 note) is amended by*
18 *striking “section 8431 of title 5, United States Code, and”.*

19 **SEC. 317. ELIGIBLE ROLLOVER DISTRIBUTIONS.**

20 *Section 8432 of title 5, United States Code, is amended*
21 *by adding at the end the following:*

22 *“(j)(1) For the purpose of this subsection—*

23 *“(A) the term ‘eligible rollover distribution’ has*
24 *the meaning given such term by section 402(c)(4) of*
25 *the Internal Revenue Code of 1986; and*

1 “(B) the term ‘qualified trust’ has the meaning
2 given such term by section 402(c)(8) of the Internal
3 Revenue Code of 1986.

4 “(2) An employee or Member may contribute to the
5 Thrift Savings Fund an eligible rollover distribution from
6 a qualified trust. A contribution made under this subsection
7 shall be made in the form described in section 401(a)(31)
8 of the Internal Revenue Code of 1986. In the case of an
9 eligible rollover distribution, the maximum amount trans-
10 ferred to the Thrift Savings Fund shall not exceed the
11 amount which would otherwise have been included in the
12 employee’s or Member’s gross income for Federal income tax
13 purposes.

14 “(3) The Executive Director shall prescribe regulations
15 to carry out this subsection.”.

16 **SEC. 318. EFFECTIVE DATE.**

17 *This subtitle shall take effect on the date of the enact-*
18 *ment of this Act, and withdrawals, loans, rollovers, and*
19 *elections as provided under the amendments made by this*
20 *subtitle shall be made at the earliest practicable date as de-*
21 *termined by the Executive Director in regulations.*

22 **Subtitle C—Other Provisions**
23 **Relating to the Thrift Savings Plan**

24 **SEC. 321. PERCENTAGE LIMITATIONS ON CONTRIBUTIONS.**

25 (a) *AMENDMENTS RELATING TO FERS.—*

1 (1) *IN GENERAL.*—Subsection (a) of section 8432
2 of title 5, United States Code, is amended by striking
3 “10 percent of”.

4 (2) *JUSTICES AND JUDGES.*—Subsection (b) of
5 section 8440a of title 5, United States Code, as
6 amended by section 315(a), is further amended—

7 (A) by striking paragraph (2) and by redesi-
8 gnating paragraphs (3) through (7) as para-
9 graphs (2) through (6), respectively; and

10 (B) in paragraph (6) (as so redesignated by
11 subparagraph (A)) by striking “paragraphs (4)
12 and (5)” and inserting “paragraphs (3) and
13 (4)”.

14 (3) *BANKRUPTCY JUDGES AND MAGISTRATES.*—
15 Subsection (b) of section 8440b of title 5, United
16 States Code, as amended by section 315(b), is further
17 amended—

18 (A) by striking paragraph (2) and by redesi-
19 gnating paragraphs (3) through (8) as para-
20 graphs (2) through (7), respectively;

21 (B) in paragraph (4) (as so redesignated by
22 subparagraph (A)) by striking “paragraph
23 (4)(A), (B), or (C)” and inserting “paragraph
24 (3)(A), (B), or (C)”; and

1 (C) in paragraph (7) (as so redesignated by
2 subparagraph (A)) by striking “Notwithstanding
3 paragraph (4),” and inserting “Notwithstanding
4 paragraph (3),”.

5 (4) *COURT OF FEDERAL CLAIMS JUDGES.*—Sub-
6 section (b) of section 8440c of title 5, United States
7 Code, as amended by section 315(c), is further amend-
8 ed—

9 (A) by striking paragraph (2) and by redesi-
10 gnating paragraphs (3) through (8) as para-
11 graphs (2) through (7), respectively;

12 (B) in paragraph (4) (as so redesignated by
13 subparagraph (A)) by striking “paragraph
14 (4)(A) or (B)” and inserting “paragraph (3)(A)
15 or (B)”; and

16 (C) in paragraph (7) (as so redesignated by
17 subparagraph (A)) by striking “Notwithstanding
18 paragraph (4),” and inserting “Notwithstanding
19 paragraph (3),”.

20 (5) *JUDGES OF THE UNITED STATES COURT OF*
21 *VETERANS APPEALS.*—Paragraph (2) of section
22 8440d(b) of title 5, United States Code, is amended
23 to read as follows:

1 “(2) *For purposes of contributions made to the Thrift*
2 *Savings Fund, basic pay does not include any retired pay*
3 *paid pursuant to section 7296 of title 38.*”.

4 **(b) AMENDMENTS RELATING TO CSRS.**—Paragraph
5 (2) of section 8351(b) of title 5, United States Code, is
6 amended by striking “5 percent of”.

7 **(c) EFFECTIVE DATE.**—

8 (1) **IN GENERAL.**—The amendments made by
9 this section shall take effect 6 months after the date
10 of the enactment of this Act or such earlier date as
11 the Executive Director may by regulation prescribe.

12 (2) **COORDINATION WITH ELECTION PERIODS.**—
13 The Executive Director shall by regulation determine
14 the first election period in which elections may be
15 made consistent with the amendments made by this
16 section.

17 (3) **DEFINITIONS.**—For purposes of this sub-
18 section—

19 (A) the term “election period” means a pe-
20 riod afforded under section 8432(b) of title 5,
21 United States Code; and

22 (B) the term “Executive Director” has the
23 meaning given such term by section 8401(13) of
24 title 5, United States Code.

1 **SEC. 322. LOANS UNDER THE THRIFT SAVINGS PLAN FOR**
2 **FURLOUGHED EMPLOYEES.**

3 *Section 8433(g) of title 5, United States Code, as*
4 *amended by section 313(a)(5)(B), is further amended by*
5 *adding at the end the following:*

6 *“(5) An employee who has been furloughed due to a*
7 *lapse in appropriations may not be denied a loan under*
8 *this subsection solely because such employee is not in a pay*
9 *status.”.*

10 **SEC. 323. IMMEDIATE PARTICIPATION IN THE THRIFT SAV-**
11 **INGS PLAN.**

12 *(a) ELIMINATION OF CERTAIN WAITING PERIODS FOR*
13 *PURPOSES OF EMPLOYEE CONTRIBUTIONS.—Paragraph*
14 *(4) of section 8432(b) of title 5, United States Code, is*
15 *amended to read as follows:*

16 *“(4) The Executive Director shall prescribe such regu-*
17 *lations as may be necessary to carry out the following:*

18 *“(A) Notwithstanding subparagraph (A) of para-*
19 *graph (2), an employee or Member described in such*
20 *subparagraph shall be afforded a reasonable oppor-*
21 *tunity to first make an election under this subsection*
22 *beginning on the date of commencing service or, if*
23 *that is not administratively feasible, beginning on the*
24 *earliest date thereafter that such an election becomes*
25 *administratively feasible, as determined by the Execu-*
26 *tive Director.*

1 “(B) *An employee or Member described in sub-*
2 *paragraph (B) of paragraph (2) shall be afforded a*
3 *reasonable opportunity to first make an election*
4 *under this subsection (based on the appointment or*
5 *election described in such subparagraph) beginning*
6 *on the date of commencing service pursuant to such*
7 *appointment or election or, if that is not administra-*
8 *tively feasible, beginning on the earliest date there-*
9 *after that such an election becomes administratively*
10 *feasible, as determined by the Executive Director.*

11 “(C) *Notwithstanding the preceding provisions of*
12 *this paragraph, contributions under paragraphs (1)*
13 *and (2) of subsection (c) shall not be payable with re-*
14 *spect to any pay period before the earliest pay period*
15 *for which such contributions would otherwise be al-*
16 *lowable under this subsection if this paragraph had*
17 *not been enacted.*

18 “(D) *Sections 8351(a)(2), 8440a(a)(2),*
19 *8440b(a)(2), 8440c(a)(2), and 8440d(a)(2) shall be*
20 *applied in a manner consistent with the purposes of*
21 *subparagraphs (A) and (B), to the extent those sub-*
22 *paragraphs can be applied with respect thereto.*

23 “(E) *Nothing in this paragraph shall affect*
24 *paragraph (3).”.*

1 (b) *TECHNICAL AND CONFORMING AMENDMENTS.—(1)*
2 *Section 8432(a) of title 5, United States Code, is amend-*
3 *ed—*

4 (A) *in the first sentence by striking “(b)(1)” and*
5 *inserting “(b)”;* and

6 (B) *by amending the second sentence to read as*
7 *follows: “Contributions under this subsection pursu-*
8 *ant to such an election shall, with respect to each pay*
9 *period for which such election remains in effect, be*
10 *made in accordance with a program of regular con-*
11 *tributions provided in regulations prescribed by the*
12 *Executive Director.”.*

13 (2) *Section 8432(b)(1)(B) of such title is amended by*
14 *inserting “(or any election allowable by virtue of paragraph*
15 *(4))” after “subparagraph (A)”.*

16 (3) *Section 8432(b)(3) of such title is amended by*
17 *striking “Notwithstanding paragraph (2)(A), an” and in-*
18 *serting “An”.*

19 (4) *Section 8432(i)(1)(B)(ii) of such title is amended*
20 *by striking “either elected to terminate individual contribu-*
21 *tions to the Thrift Savings Fund within 2 months before*
22 *commencing military service or”.*

23 (5) *Section 8439(a)(1) of such title is amended by in-*
24 *serting “who makes contributions or” after “for each indi-*

1 *vidual” and by striking “section 8432(c)(1)” and inserting*
2 *“section 8432”.*

3 *(6) Section 8439(c)(2) of such title is amended by add-*
4 *ing at the end the following: “Nothing in this paragraph*
5 *shall be considered to limit the dissemination of informa-*
6 *tion only to the times required under the preceding sen-*
7 *tence.”.*

8 *(7) Sections 8440a(a)(2) and 8440d(a)(2) of such title*
9 *are amended by striking “subject to” and all that follows*
10 *and inserting “subject to this chapter.”.*

11 *(c) EFFECTIVE DATE.—This section shall take effect*
12 *6 months after the date of the enactment of this Act or such*
13 *earlier date as the Executive Director (within the meaning*
14 *of section 8401(13) of title 5, United States Code) may by*
15 *regulation prescribe.*

16 ***Subtitle D—Resumption of Certain***
17 ***Survivor Annuities That Termi-***
18 ***nated by Reason of Marriage***

19 ***SEC. 331. RESUMPTION OF CERTAIN SURVIVOR ANNUITIES***
20 ***THAT TERMINATED BY REASON OF MAR-***
21 ***RIAGE.***

22 *(a) CIVIL SERVICE RETIREMENT SYSTEM.—Section*
23 *8341(e) of title 5, United States Code, is amended by add-*
24 *ing at the end the following:*

1 “(4) *If the annuity of a child under this subchapter*
2 *terminates under paragraph (3)(E) because of marriage,*
3 *then, if such marriage ends (whether by death of the spouse,*
4 *divorce, or annulment), such annuity shall resume on the*
5 *first day of the month in which the marriage ends, but only*
6 *if—*

7 “(A) *any lump sum paid is returned to the*
8 *Fund; and*

9 “(B) *that individual is not otherwise ineligible*
10 *for such annuity.”.*

11 (b) *FEDERAL EMPLOYEES’ RETIREMENT SYSTEM.—*
12 *Section 8443(b) of such title is amended by adding at the*
13 *end the following: “If the annuity of a child under this sub-*
14 *chapter terminates under subparagraph (E) because of mar-*
15 *riage, then, if such marriage ends (whether by death of the*
16 *spouse, divorce, or annulment), such annuity shall resume*
17 *on the first day of the month in which the marriage ends,*
18 *but only if any lump sum paid is returned to the Fund,*
19 *and that individual is not otherwise ineligible for such an-*
20 *nuity.”.*

21 (c) *HEALTH BENEFITS PROGRAM.—Section 8908 of*
22 *title 5, United States Code, is amended by adding at the*
23 *end the following:*

24 “(d) *An individual—*

1 “(1) whose survivor annuity under section
2 8341(e) is terminated, and then later restored under
3 paragraph (4) thereof, or

4 “(2) whose survivor annuity under section
5 8443(b) is terminated, and then later restored under
6 the last sentence thereof,

7 may, under regulations prescribed by the Office, enroll in
8 a health benefits plan described by section 8903 or 8903a
9 if such individual was covered by any such plan imme-
10 diately before such annuity so terminated.”.

11 (d) *APPLICABILITY.*—The amendments made by this
12 section shall apply with respect to any termination of mar-
13 riage taking effect before, on, or after the date of the enact-
14 ment of this Act, except that no amount shall be payable
15 by reason of the amendments made by subsections (a) and
16 (b), respectively, except to the extent of any amounts accru-
17 ing for periods beginning on or after the first day of the
18 first month beginning on or after the later of—

19 (1) the date of the enactment of this Act; or

20 (2) the date as of which termination of marriage
21 takes effect.

22 **Subtitle E—Life Insurance Benefits**

23 **SEC. 341. DOMESTIC RELATIONS ORDERS.**

24 (a) *IN GENERAL.*—Section 8705 of title 5, United
25 States Code, is amended—

1 (1) *in subsection (a) by striking “(a) The” and*
2 *inserting “(a) Except as provided in subsection (e),*
3 *the”;* and

4 (2) *by adding at the end the following:*

5 “(e)(1) *Any amount which would otherwise be paid to*
6 *a person determined under the order of precedence named*
7 *by subsection (a) shall be paid (in whole or in part) by*
8 *the Office to another person if and to the extent expressly*
9 *provided for in the terms of any court decree of divorce,*
10 *annulment, or legal separation, or the terms of any court*
11 *order or court-approved property settlement agreement inci-*
12 *dent to any court decree of divorce, annulment, or legal sep-*
13 *aration.*

14 “(2) *For purposes of this subsection, a decree, order,*
15 *or agreement referred to in paragraph (1) shall not be effec-*
16 *tive unless it is received, before the date of the covered em-*
17 *ployee’s death, by the employing agency or, if the employee*
18 *has separated from service, by the Office.*

19 “(3) *A designation under this subsection with respect*
20 *to any person may not be changed except—*

21 “(A) *with the written consent of such person, if*
22 *received as described in paragraph (2); or*

23 “(B) *by modification of the decree, order, or*
24 *agreement, as the case may be, if received as described*
25 *in paragraph (2).*

1 “(4) *The Office shall prescribe any regulations nec-*
2 *essary to carry out this subsection, including regulations*
3 *for the application of this subsection in the event that 2*
4 *or more decrees, orders, or agreements, are received with*
5 *respect to the same amount.”.*

6 (b) *DIRECTED ASSIGNMENT.*—Section 8706(e) of title
7 5, United States Code, is amended—

8 (1) *by striking “(e)” and inserting “(e)(1)”;* and
9 (2) *by adding at the end the following:*

10 “(2) *A court decree of divorce, annulment, or legal sep-*
11 *aration, or the terms of a court-approved property settle-*
12 *ment agreement incidental to any court decree of divorce,*
13 *annulment, or legal separation, may direct that an insured*
14 *employee or former employee make an irrevocable assign-*
15 *ment of the employee’s or former employee’s incidents of*
16 *ownership in insurance under this chapter (if there is no*
17 *previous assignment) to the person specified in the court*
18 *order or court-approved property settlement agreement.”.*

19 **SEC. 342. EXCEPTION FROM PROVISIONS REQUIRING RE-**
20 **DUCTION IN ADDITIONAL OPTIONAL LIFE IN-**
21 **SURANCE.**

22 (a) *IN GENERAL.*—Subsection (c) of section 8714b of
23 *title 5, United States Code, is amended by adding at the*
24 *end the following:*

1 “(3)(A) *The amount of additional optional insurance*
2 *continued under paragraph (2) shall be continued, without*
3 *any reduction under the last two sentences thereof, if—*

4 “(i) *at the time of retirement, there is in effect*
5 *a designation under section 8705 under which the en-*
6 *tire amount of such insurance would be paid to an*
7 *individual who is permanently disabled; and*

8 “(ii) *an election under subsection (d)(3) on be-*
9 *half of such individual is made in timely fashion.*

10 “(B) *Notwithstanding subparagraph (A), any reduc-*
11 *tion required under paragraph (2) shall be made if—*

12 “(i) *the additional optional insurance is not in*
13 *fact paid in accordance with the designation under*
14 *section 8705, as in effect at the time of retirement;*

15 “(ii) *the Office finds that adequate arrangements*
16 *have not been made to ensure that the insurance pro-*
17 *vided under this section will be used only for the care*
18 *and support of the individual so designated; or*

19 “(iii) *the election referred to in subparagraph*
20 *(A)(ii) terminates at any time before the death of the*
21 *individual who made such election.*

22 “(C) *For purposes of this paragraph, the term ‘perma-*
23 *nently disabled’ shall have the meaning given such term*
24 *under regulations which the Office shall prescribe based on*
25 *subparagraphs (A) and (C) of section 1614(a)(3) of the So-*

1 *cial Security Act, except that, in applying subparagraph*
2 *(A) of such section for purposes of this subparagraph,*
3 *‘which can be expected to last permanently’ shall be sub-*
4 *stituted for ‘which has lasted or can be expected to last for*
5 *a continuous period of not less than twelve months’.”.*

6 *(b) CONTINUED WITHHOLDINGS.—Subsection (d) of*
7 *such section 8714b is amended by adding at the end the*
8 *following:*

9 *“(3)(A) To be eligible for unreduced additional op-*
10 *tional insurance under subsection (c)(3), the insured indi-*
11 *vidual shall be required to elect, at such time and in such*
12 *manner as the Office by regulation requires (including pro-*
13 *cedures for demonstrating compliance with the require-*
14 *ments of subsection (c)(3)), to have the full cost thereof con-*
15 *tinue to be withheld from the former employee’s annuity*
16 *or compensation, as the case may be, beginning as of when*
17 *such withholdings would otherwise cease under the second*
18 *sentence of paragraph (1).*

19 *“(B) An election made by an insured individual under*
20 *subparagraph (A) (and withholdings pursuant thereto)*
21 *shall terminate in the event that—*

22 *“(i) the insured individual—*

23 *“(I) revokes such election; or*

1 “(II) makes any redesignation or other
2 change in the designation under section 8705 (as
3 in effect at the time of retirement); or

4 “(ii) the Office finds, upon the application of the
5 insured individual or on its own initiative, that any
6 of the requirements or conditions for unreduced addi-
7 tional optional insurance under subsection (c)(3) are,
8 at any time, no longer met.”.

9 (c) *EFFECTIVE DATE.*—

10 (1) *IN GENERAL.*—The amendments made by
11 this section shall take effect on the date of the enact-
12 ment of this Act.

13 (2) *ELECTION FOR CERTAIN INDIVIDUALS NOT*
14 *OTHERWISE ELIGIBLE.*—The Office of Personnel Man-
15 agement shall prescribe regulations under which an
16 election under section 8714b(d)(3)(A) of title 5, Unit-
17 ed States Code (as amended by this section) may be
18 made, within 1 year after the date of the enactment
19 of this Act, by any individual not otherwise eligible
20 to make such an election, but only if such individ-
21 ual—

22 (A) separated from service on or after the
23 first day of the 50-month period ending on the
24 date of enactment of this Act; and

1 (B) *would have been so eligible had the*
2 *amendments made by this section (and imple-*
3 *menting regulations) been in effect as of the indi-*
4 *vidual's separation date (or, if earlier, the last*
5 *day for making such an election based on that*
6 *separation).*

7 (3) *WITHHOLDINGS.—*

8 (A) *PROSPECTIVE EFFECT.—If an individ-*
9 *ual makes an election under paragraph (2),*
10 *withholdings under section 8714b(d)(3)(A) of*
11 *such title 5 shall thereafter be made from such*
12 *individual's annuity or compensation, as the*
13 *case may be.*

14 (B) *EARLIER AMOUNTS.—If, pursuant to*
15 *such election, benefits are in fact paid in accord-*
16 *ance with section 8714b(c)(3) of such title 5*
17 *upon the death of the insured individual, an ap-*
18 *propriate reduction (computed under regulations*
19 *prescribed by the Office) shall be made in such*
20 *benefits to reflect the withholdings that—*

21 (i) *were not made (before the com-*
22 *mencement of withholdings under subpara-*
23 *graph (A)) by reason of the cessation of*
24 *withholdings under the second sentence of*
25 *section 8714b(d)(1) of such title; but*

1 (ii) would have been made had the
2 amendments made by this section (and im-
3 plementing regulations) been in effect as of
4 the time described in paragraph (2)(B).

5 (4) NOTICE.—The Office shall, by publication in
6 the Federal Register and such other methods as it con-
7 siders appropriate, notify current and former Federal
8 employees as to the enactment of this section and any
9 benefits for which they might be eligible pursuant
10 thereto. Included as part of such notification shall be
11 a brief description of the procedures for making an
12 election under paragraph (2) and any other informa-
13 tion that the Office considers appropriate.

14 **TITLE IV—REORGANIZATION**
15 **FLEXIBILITY**

16 **SEC. 401. VOLUNTARY REDUCTIONS IN FORCE.**

17 Section 3502(f) of title 5, United States Code, is
18 amended to read as follows:

19 “(f)(1) The head of an Executive agency or military
20 department may, in accordance with regulations prescribed
21 by the Office of Personnel Management—

22 “(A) separate from service any employee who
23 volunteers to be separated under this subparagraph
24 even though the employee is not otherwise subject to
25 separation due to a reduction in force; and

1 “(B) for each employee voluntarily separated
2 under subparagraph (A), retain an employee in a
3 similar position who would otherwise be separated
4 due to a reduction in force.

5 “(2) The separation of an employee under paragraph
6 (1)(A) shall be treated as an involuntary separation due
7 to a reduction in force, except for purposes of priority place-
8 ment programs and advance notice.

9 “(3) An employee with critical knowledge and skills
10 (as defined by the head of the Executive agency or military
11 department concerned) may not participate in a voluntary
12 separation under paragraph (1)(A) if the agency or depart-
13 ment head concerned determines that such participation
14 would impair the performance of the mission of the agency
15 or department (as applicable).

16 “(4) The regulations prescribed under this section shall
17 incorporate the authority provided in this subsection.

18 “(5) No authority under paragraph (1) may be exer-
19 cised after September 30, 2001.”.

20 **SEC. 402. NONREIMBURSABLE DETAILS TO FEDERAL AGEN-**
21 **CIES BEFORE A REDUCTION IN FORCE.**

22 (a) *IN GENERAL.*—Section 3341 of title 5, United
23 States Code, is amended to read as follows:

1 **“§3341. Details; within Executive agencies and mili-**
2 **tary departments; employees affected by**
3 **reduction in force**

4 “(a) *The head of an Executive agency or military de-*
5 *partment may detail employees, except those required by*
6 *law to be engaged exclusively in some specific work, among*
7 *the bureaus and offices of the agency or department.*

8 “(b) *The head of an Executive agency or military de-*
9 *partment may detail to duties in the same or another agen-*
10 *cy or department, on a nonreimbursable basis, an employee*
11 *who has been identified by the employing agency as likely*
12 *to be separated from the Federal service by reduction in*
13 *force or who has received a specific notice of separation by*
14 *reduction in force.*

15 “(c)(1) *Details under subsection (a)—*

16 “(A) *may not be for periods exceeding 120 days;*
17 *and*

18 “(B) *may be renewed (1 or more times) by writ-*
19 *ten order of the head of the agency or department, in*
20 *each particular case, for periods not exceeding 120*
21 *days each.*

22 “(2) *Details under subsection (b)—*

23 “(A) *may not be for periods exceeding 90 days;*
24 *and*

25 “(B) *may not be renewed.*

1 “(d) *The 120-day limitation under subsection (c)(1)*
2 *for details and renewals of details does not apply to the*
3 *Department of Defense in the case of a detail—*

4 “(1) *made in connection with the closure or re-*
5 *alignment of a military installation pursuant to a*
6 *base closure law or an organizational restructuring of*
7 *the Department as part of a reduction in the size of*
8 *the armed forces or the civilian workforce of the De-*
9 *partment; and*

10 “(2) *in which the position to which the employee*
11 *is detailed is eliminated on or before the date of the*
12 *closure, realignment, or restructuring.*

13 “(e) *For purposes of this section—*

14 “(1) *the term ‘base closure law’ means—*

15 “(A) *section 2687 of title 10;*

16 “(B) *title II of the Defense Authorization*
17 *Amendments and Base Closure and Realignment*
18 *Act; and*

19 “(C) *the Defense Base Closure and Realign-*
20 *ment Act of 1990; and*

21 “(2) *the term ‘military installation’—*

22 “(A) *in the case of an installation covered*
23 *by section 2687 of title 10, has the meaning*
24 *given such term in subsection (e)(1) of such sec-*
25 *tion;*

1 “(B) in the case of an installation covered
2 by the Act referred to in subparagraph (B) of
3 paragraph (1), has the meaning given such term
4 in section 209(6) of such Act; and

5 “(C) in the case of an installation covered
6 by the Act referred to in subparagraph (C) of
7 paragraph (1), has the meaning given such term
8 in section 2910(4) of such Act.”.

9 (b) *CLERICAL AMENDMENT.*—The table of sections for
10 chapter 33 of title 5, United States Code, is amended by
11 striking the item relating to section 3341 and inserting the
12 following:

 “3341. *Details; within Executive agencies and military departments; employees affected by reduction in force.*”.

13 (c) *EFFECTIVE DATE.*—The amendments made by this
14 section shall take effect 30 days after the date of the enact-
15 ment of this Act.

16 **TITLE V—SOFT-LANDING**
17 **PROVISIONS**

18 **SEC. 501. TEMPORARY CONTINUATION OF FEDERAL EM-**
19 **PLOYEES’ LIFE INSURANCE.**

20 Section 8706 of title 5, United States Code, is amended
21 by adding at the end the following:

22 “(g)(1) Notwithstanding subsections (a) and (b) of this
23 section, an employee whose coverage under this chapter
24 would otherwise terminate due to a separation described in

1 *paragraph (3) shall be eligible to continue basic insurance*
2 *coverage described in section 8704 in accordance with this*
3 *subsection and regulations the Office may prescribe, if the*
4 *employee arranges to pay currently into the Employees Life*
5 *Insurance Fund, through the former employing agency or,*
6 *if an annuitant, through the responsible retirement system,*
7 *an amount equal to the sum of—*

8 “(A) *both employee and agency contributions*
9 *which would be payable if separation had not oc-*
10 *curred; plus*

11 “(B) *an amount, determined under regulations*
12 *prescribed by the Office, to cover necessary adminis-*
13 *trative expenses, but not to exceed 2 percent of the*
14 *total amount under subparagraph (A).*

15 “(2) *Continued coverage under this subsection may not*
16 *extend beyond the date which is 18 months after the effective*
17 *date of the separation which entitles a former employee to*
18 *coverage under this subsection. Termination of continued*
19 *coverage under this subsection shall be subject to provision*
20 *for temporary extension of life insurance coverage and for*
21 *conversion to an individual policy of life insurance as pro-*
22 *vided by subsection (a). If an eligible employee does not*
23 *make an election for purposes of this subsection, the employ-*
24 *ee’s insurance will terminate as provided by subsection (a).*

1 “(3)(A) *This subsection shall apply to an employee*
 2 *who, on or after the date of enactment of this subsection*
 3 *and before the applicable date under subparagraph (B)—*

4 “(i) *is involuntarily separated from a position*
 5 *due to a reduction in force, or separates voluntarily*
 6 *from a position the employing agency determines is*
 7 *a ‘surplus position’ as defined by section*
 8 *8905(d)(4)(C); and*

9 “(ii) *is insured for basic insurance under this*
 10 *chapter on the date of separation.*

11 “(B) *The applicable date under this subparagraph is*
 12 *October 1, 2001, except that, for purposes of any involun-*
 13 *tary separation referred to in subparagraph (A) with re-*
 14 *spect to which appropriate specific notice is afforded to the*
 15 *affected employee before October 1, 2001, the applicable date*
 16 *under this subparagraph is February 1, 2002.”.*

17 **SEC. 502. CONTINUED ELIGIBILITY FOR HEALTH INSUR-**
 18 **ANCE.**

19 (a) *CONTINUED ELIGIBILITY AFTER RETIREMENT.—*
 20 *Section 8905 of title 5, United States Code, is amended—*

21 (1) *in the first sentence of subsection (b) by strik-*
 22 *ing “An” and inserting “Subject to subsection (g),*
 23 *an”;* and

24 (2) *by adding at the end the following:*

1 “(g)(1) *The Office shall waive the requirements for con-*
2 *tinued enrollment under subsection (b) in the case of any*
3 *individual who, on or after the date of the enactment of*
4 *this subsection and before the applicable date under para-*
5 *graph (2)—*

6 “(A) *is involuntarily separated from a position,*
7 *or voluntarily separated from a surplus position, in*
8 *or under an Executive agency due to a reduction in*
9 *force,*

10 “(B) *based on the separation referred to in sub-*
11 *paragraph (A), retires on an immediate annuity*
12 *under subchapter III of chapter 83 or subchapter II*
13 *of chapter 84, and*

14 “(C) *is enrolled in a health benefits plan under*
15 *this chapter as an employee immediately before retire-*
16 *ment.*

17 “(2) *The applicable date under this paragraph is Octo-*
18 *ber 1, 2001, except that, for purposes of any involuntary*
19 *separation referred to in paragraph (1)(A) with respect to*
20 *which appropriate specific notice is afforded to the affected*
21 *employee before October 1, 2001, the applicable date under*
22 *this paragraph is February 1, 2002.*

23 “(3) *For purposes of this subsection, the term ‘surplus*
24 *position’, with respect to an agency, means any position*

1 *determined in accordance with regulations under section*
2 *8905a(d)(4)(C) for such agency.”.*

3 (b) *TEMPORARY CONTINUED ELIGIBILITY AFTER*
4 *BEING INVOLUNTARILY SEPARATED.*—Section 8905a(d)(4)
5 *of title 5, United States Code, is amended—*

6 (1) *in subparagraph (A) by striking “the De-*
7 *partment of Defense” and inserting “an Executive*
8 *agency”;* and

9 (2) *by amending subparagraph (C) to read as*
10 *follows:*

11 “(C) *For purposes of this paragraph, the term ‘surplus*
12 *position’ means a position that, as determined under regu-*
13 *lations prescribed by the head of the agency involved, is*
14 *identified during planning for a reduction in force as being*
15 *no longer required and is designated for elimination during*
16 *the reduction in force.”.*

17 **SEC. 503. PRIORITY PLACEMENT PROGRAMS FOR FEDERAL**
18 **EMPLOYEES AFFECTED BY A REDUCTION IN**
19 **FORCE.**

20 (a) *IN GENERAL.*—Subchapter I of chapter 33 of title
21 5, United States Code, is amended by adding at the end
22 *the following:*

1 **“§3330a. Priority placement programs for employees**
2 **affected by a reduction in force**

3 “(a) Not later than 3 months after the date of the en-
4 actment of this section, each Executive agency shall estab-
5 lish an agencywide priority placement program, to facili-
6 tate employment placement for employees who—

7 “(1) are scheduled to be separated from service
8 due to a reduction in force under—

9 “(A) regulations prescribed under section
10 3502; or

11 “(B) procedures established under section
12 3595;

13 “(2) are separated from service due to such a re-
14 duction in force; or

15 “(3) have received a rating of at least fully suc-
16 cessful (or the equivalent) as the last performance rat-
17 ing of record used for retention purposes (except for
18 employees in positions excluded from a performance
19 appraisal system by law, regulation, or administra-
20 tive action taken by the Office of Personnel Manage-
21 ment).

22 “(b)(1) Each agencywide priority placement program
23 under this section shall include provisions under which a
24 vacant position shall not (except as provided in this sub-
25 section or any other statute providing the right of reemploy-
26 ment to any individual) be filled by the appointment or

1 *transfer of any individual from outside of that agency*
2 *(other than an individual described in paragraph (2)) if—*

3 “(A) *there is then available any individual de-*
4 *scribed in paragraph (2) who is qualified for the posi-*
5 *tion; and*

6 “(B) *the position—*

7 “(i) *is at the same grade or pay level (or*
8 *the equivalent) or not more than 3 grades (or*
9 *grade intervals) below that of the position last*
10 *held by such individual before placement in the*
11 *new position;*

12 “(ii) *is within the same commuting area as*
13 *the individual’s last-held position (as referred to*
14 *in clause (i)) or residence; and*

15 “(iii) *has the same type of work schedule*
16 *(whether full-time, part-time, or intermittent) as*
17 *the position last held by the individual.*

18 “(2) *For purposes of an agencywide priority place-*
19 *ment program, an individual shall be considered to be de-*
20 *scribed in this paragraph if such individual is—*

21 “(A) *an employee of such agency who is sched-*
22 *uled to be separated, as described in subsection (a)(1);*
23 *or*

24 “(B) *an individual who became a former em-*
25 *ployee of such agency as a result of a separation, as*

1 *described in subsection (a)(2), excluding any individ-*
2 *ual who separated voluntarily under section 3502(f).*

3 *“(c)(1) If after a reduction in force the agency has no*
4 *positions of any type within the local commuting areas*
5 *specified in this section, the individual may designate a dif-*
6 *ferent local commuting area where the agency has continu-*
7 *ing positions in order to exercise reemployment rights*
8 *under this section. An agency may determine that such des-*
9 *ignations are not in the interest of the Government for the*
10 *purpose of paying relocation expenses under subchapter II*
11 *of chapter 57.*

12 *“(2) At its option, an agency may administratively*
13 *extend reemployment rights under this section to include*
14 *other local commuting areas.*

15 *“(d)(1) In selecting employees for positions under this*
16 *section, the agency shall place qualified present and former*
17 *employees in retention order by veterans’ preference sub-*
18 *group and tenure group.*

19 *“(2) An agency may not pass over a qualified present*
20 *or former employee to select an individual in a lower veter-*
21 *ans’ preference subgroup within the tenure group, or in a*
22 *lower tenure group.*

23 *“(3) Within a subgroup, the agency may select a quali-*
24 *fied present or former employee without regard to the indi-*
25 *vidual’s total creditable service.*

1 “(e) An individual is eligible for reemployment prior-
2 ity under this section for 2 years from the effective date
3 of the reduction in force from which the individual will be,
4 or has been, separated under section 3502.

5 “(f) An individual loses eligibility for reemployment
6 priority under this section when the individual—

7 “(1) requests removal in writing;

8 “(2) accepts or declines a bona fide offer under
9 this section or fails to accept such an offer within the
10 period of time allowed for such acceptance; or

11 “(3) separates from the agency before being sepa-
12 rated under section 3502.

13 A present or former employee who declines a position with
14 a representative rate (or equivalent) that is less than the
15 rate of the position from which the individual was sepa-
16 rated under section 3502 retains eligibility for positions
17 with a higher representative rate up to the rate of the indi-
18 vidual’s last position.

19 “(g) Whenever more than one individual is qualified
20 for a position under this section, the agency shall select the
21 most highly qualified individual, subject to subsection (d).

22 “(h) The Office of Personnel Management shall issue
23 regulations to implement this section.”.

24 (b) CLERICAL AMENDMENT.—The table of sections for
25 chapter 33 of title 5, United States Code, is amended by

1 *adding after the item relating to the section 3330 the follow-*
 2 *ing:*

“3330a. *Priority placement programs for employees affected by a reduction in force.*”.

3 **SEC. 504. JOB PLACEMENT AND COUNSELING SERVICES.**

4 (a) *AUTHORITY FOR SERVICES.*—*The head of each Ex-*
 5 *ecutive agency may establish a program to provide job*
 6 *placement and counseling services to current and former*
 7 *employees.*

8 (b) *TYPES OF SERVICES AUTHORIZED.*—*A program*
 9 *established under this section may include such services*
 10 *as—*

11 (1) *career and personal counseling;*

12 (2) *training in job search skills; and*

13 (3) *job placement assistance, including assistance*
 14 *provided through cooperative arrangements with*
 15 *State and local employment service offices.*

16 (c) *ELIGIBILITY FOR SERVICES.*—*Services authorized*
 17 *by this section may be provided to—*

18 (1) *current employees of the agency or, with the*
 19 *approval of such other agency, any other agency; and*

20 (2) *employees of the agency or, with the approval*
 21 *of such other agency, any other agency who have been*
 22 *separated for less than 1 year, if the separation was*
 23 *not a removal for cause on charges of misconduct or*
 24 *delinquency.*

1 (d) *REIMBURSEMENT FOR COSTS.*—*The costs of serv-*
2 *ices provided to current or former employees of another*
3 *agency shall be reimbursed by that agency.*

4 **SEC. 505. EDUCATION AND RETRAINING INCENTIVES.**

5 (a) *NON-FEDERAL EMPLOYMENT INCENTIVE PAY-*
6 *MENTS.*—

7 (1) *DEFINITIONS.*—*For purposes of this sub-*
8 *section—*

9 (A) *the term “eligible employee” means an*
10 *employee who is involuntarily separated from a*
11 *position, or voluntarily separated from a surplus*
12 *position, in or under an Executive agency due to*
13 *a reduction in force, except that such term does*
14 *not include an employee who, at the time of sep-*
15 *aration, meets the age and service requirements*
16 *for an immediate annuity under subchapter III*
17 *of chapter 83 or chapter 84 of title 5, United*
18 *States Code, other than under section 8336(d) or*
19 *8414(b) of such title;*

20 (B) *the term “non-Federal employer” means*
21 *an employer other than the Government of the*
22 *United States or any agency or other instrumen-*
23 *tality thereof;*

1 (C) the term “Executive agency” has the
2 meaning given such term by section 105 of title
3 5, United States Code; and

4 (D) the term “surplus position” has the
5 meaning given such term by section
6 8905(d)(4)(C) of title 5, United States Code.

7 (2) *AUTHORITY.*—The head of an Executive
8 agency may pay retraining and relocation incentive
9 payments, in accordance with this subsection, in
10 order to facilitate the reemployment of eligible em-
11 ployees who are separated from such agency.

12 (3) *RETRAINING INCENTIVE PAYMENT.*—

13 (A) *AGREEMENT.*—The head of an Execu-
14 tive agency may enter into an agreement with a
15 non-Federal employer under which the non-Fed-
16 eral employer agrees—

17 (i) to employ an individual referred to
18 in paragraph (2) for at least 12 months for
19 a salary which is mutually agreeable to the
20 employer and such individual; and

21 (ii) to certify to the agency head any
22 costs incurred by the employer for any nec-
23 essary training provided to such individual
24 in connection with the employment by such
25 employer.

1 (B) *PAYMENT OF RETRAINING INCENTIVE*
2 *PAYMENT.*—*The agency head shall pay a retrain-*
3 *ing incentive payment to the non-Federal em-*
4 *ployer upon the employee’s completion of 12*
5 *months of continuous employment by that em-*
6 *ployer. The agency head shall prescribe the*
7 *amount of the incentive payment.*

8 (C) *PRORATION RULE.*—*The agency head*
9 *shall pay a prorated amount of the full retrain-*
10 *ing incentive payment to the non-Federal em-*
11 *ployer for an employee who does not remain em-*
12 *ployed by the non-Federal employer for at least*
13 *12 months, but only if the employee remains so*
14 *employed for at least 6 months.*

15 (D) *LIMITATION.*—*In no event may the*
16 *amount of the retraining incentive payment*
17 *paid for the training of any individual exceed*
18 *the amount certified for such individual under*
19 *subparagraph (A), subject to subsection (c).*

20 (4) *RELOCATION INCENTIVE PAYMENT.*—*The*
21 *head of an agency may pay a relocation incentive*
22 *payment to an eligible employee if it is necessary for*
23 *the employee to relocate in order to commence em-*
24 *ployment with a non-Federal employer. Subject to*
25 *subsection (e), the amount of the incentive payment*

1 *shall not exceed the amount that would be payable for*
2 *travel, transportation, and subsistence expenses under*
3 *subchapter II of chapter 57 of title 5, United States*
4 *Code, including any reimbursement authorized under*
5 *section 5724b of such title, to a Federal employee who*
6 *transfers between the same locations as the individual*
7 *to whom the incentive payment is payable.*

8 (5) *DURATION.*—*No incentive payment may be*
9 *paid for training or relocation commencing after*
10 *June 30, 2002.*

11 (6) *SOURCE.*—*An incentive payment under this*
12 *subsection shall be payable from appropriations or*
13 *other funds available to the agency for purposes of*
14 *training (within the meaning of section 4101(4) of*
15 *title 5, United States Code).*

16 (b) *EDUCATIONAL ASSISTANCE.*—

17 (1) *DEFINITIONS.*—*For purposes of this sub-*
18 *section—*

19 (A) *the term “eligible employee” means an*
20 *eligible employee, within the meaning of sub-*
21 *section (a), who—*

22 (i) *is employed full time on a perma-*
23 *nent basis;*

1 (ii) has completed at least 3 years of
2 current continuous service in any Executive
3 agency or agencies; and

4 (iii) is admitted to an institution of
5 higher education within 1 year after sepa-
6 ration;

7 (B) the term “Executive agency” has the
8 meaning given such term by section 105 of title
9 5, United States Code;

10 (C) the term “educational assistance”
11 means payments for educational assistance as
12 provided in section 127(c)(1) of the Internal
13 Revenue Code of 1986 (26 U.S.C. 127(c)(1)); and

14 (D) the term “institution of higher edu-
15 cation” has the meaning given such term by sec-
16 tion 1201(a) of the Higher Education Act of
17 1965 (20 U.S.C. 1141(a)).

18 (2) *AUTHORITY.*—Under regulations prescribed
19 by the Office of Personnel Management, and subject to
20 the limitations under subsection (c), the head of an
21 Executive agency may, in his or her discretion, pro-
22 vide educational assistance under this subsection to
23 an eligible employee for a program of education at an
24 institution of higher education after the separation of
25 the employee.

1 (3) *DURATION.*—*No educational assistance under*
2 *this subsection may be paid later than 10 years after*
3 *the separation of the eligible employee.*

4 (4) *SOURCE.*—*Educational assistance payments*
5 *shall be payable from appropriations or other funds*
6 *which would have been used to pay the salary of the*
7 *eligible employee if the employee had not separated.*

8 (5) *REGULATIONS.*—*The Office of Personnel*
9 *Management shall prescribe regulations for the ad-*
10 *ministration of this subsection. Such regulations shall*
11 *provide that educational assistance payments shall be*
12 *limited to amounts necessary for current tuition and*
13 *fees only.*

14 (c) *LIMITATIONS.*—

15 (1) *AGGREGATE LIMITATION.*—*No incentive pay-*
16 *ment or educational assistance payment may be paid*
17 *under this section to or on behalf of any individual*
18 *to the extent that such amount would cause the aggre-*
19 *gate amount otherwise paid or payable under this sec-*
20 *tion, to or on behalf of such individual, to exceed*
21 *\$10,000.*

22 (2) *LIMITATION RELATING TO EDUCATIONAL AS-*
23 *SISTANCE.*—*The total amount paid under subsection*
24 *(b) to any individual—*

1 (A) may not exceed \$6,000 if the individual
2 has at least 3 but less than 4 years of qualifying
3 service; and

4 (B) may not exceed \$8,000 if the individual
5 has at least 4 but less than 5 years of qualifying
6 service.

7 (3) *QUALIFYING SERVICE*.—For purposes of
8 paragraph (2), the term “qualifying service” means
9 service performed as an employee, within the meaning
10 of section 2105 of title 5, United States Code, on a
11 permanent full-time or permanent part-time basis
12 (counting part-time service on a prorated basis).

13 **TITLE VI—MISCELLANEOUS**

14 **SEC. 601. REIMBURSEMENTS RELATING TO PROFESSIONAL** 15 **LIABILITY INSURANCE.**

16 (a) *AUTHORITY*.—Notwithstanding any other provi-
17 sion of law, any amounts appropriated, for fiscal year 1997
18 or any fiscal year thereafter, for salaries and expenses of
19 Government employees may be used to reimburse any quali-
20 fied employee for not to exceed one-half the costs incurred
21 by such employee for professional liability insurance. A
22 payment under this section shall be contingent upon the
23 submission of such information or documentation as the
24 employing agency may require.

1 (b) *QUALIFIED EMPLOYEE.*—*For purposes of this sec-*
2 *tion, the term “qualified employee” means—*

3 (1) *an agency employee whose position is that of*
4 *a law enforcement officer;*

5 (2) *an agency employee whose position is that of*
6 *a supervisor or management official; or*

7 (3) *such other employee as the head of the agency*
8 *considers appropriate*

9 (c) *DEFINITIONS.*—*For purposes of this section—*

10 (1) *the term “agency” means an Executive agen-*
11 *cy, as defined by section 105 of title 5, United States*
12 *Code;*

13 (2) *the term “law enforcement officer” means an*
14 *employee, the duties of whose position are primarily*
15 *the investigation, apprehension, prosecution, or deten-*
16 *tion of individuals suspected or convicted of offenses*
17 *against the criminal laws of the United States, in-*
18 *cluding any law enforcement officer under section*
19 *8331(20) or 8401(17) of such title 5;*

20 (3) *the terms “supervisor” and “management of-*
21 *ficial” have the respective meanings given them by*
22 *section 7103(a) of such title 5; and*

23 (4) *the term “professional liability insurance”*
24 *means insurance which provides coverage for—*

1 (A) legal liability for damages due to inju-
2 ries to other persons, damage to their property,
3 or other damage or loss to such other persons (in-
4 cluding the expenses of litigation and settlement)
5 resulting from or arising out of any tortious act,
6 error, or omission of the covered individual
7 (whether common law, statutory, or constitu-
8 tional) while in the performance of such individ-
9 ual's official duties as a qualified employee; and

10 (B) the cost of legal representation for the
11 covered individual in connection with any ad-
12 ministrative or judicial proceeding (including
13 any investigation or disciplinary proceeding) re-
14 lating to any act, error, or omission of the cov-
15 ered individual while in the performance of such
16 individual's official duties as a qualified em-
17 ployee, and other legal costs and fees relating to
18 any such administrative or judicial proceeding.

19 (d) *POLICY LIMITS.*—

20 (1) *IN GENERAL.*—Reimbursement under this
21 section shall not be available except in the case of any
22 professional liability insurance policy providing
23 for—

1 (A) not to exceed \$1,000,000 of coverage for
2 legal liability (as described in subsection
3 (c)(4)(A)) per occurrence per year; and

4 (B) not to exceed \$100,000 of coverage for
5 the cost of legal representation (as described in
6 subsection (c)(4)(B)) per occurrence per year.

7 (2) *ADJUSTMENTS.*—The head of an agency may
8 from time to time adjust the respective dollar amount
9 limitations applicable under this subsection to the ex-
10 tent that the head of such agency considers appro-
11 priate to reflect inflation.

12 **SEC. 602. EMPLOYMENT RIGHTS FOLLOWING CONVERSION**
13 **TO CONTRACT.**

14 (a) *IN GENERAL.*—An employee whose position is
15 abolished because an activity performed by an Executive
16 agency (within the meaning of section 105 of title 5, United
17 States Code) is converted to contract shall receive from the
18 contractor an offer in good faith of a right of first refusal
19 of employment under the contract for a position for which
20 the employee is deemed qualified based upon previous
21 knowledge, skills, abilities, and experience. The contractor
22 shall not offer employment under the contract to any person
23 prior to having complied fully with this obligation, except
24 as provided in subsection (b), or unless no employee whose
25 position is abolished because such activity has been con-

1 *verted to contract can demonstrate appropriate qualifica-*
 2 *tions for the position.*

3 **(b) EXCEPTION.**—*Notwithstanding the contractor’s ob-*
 4 *ligation under subsection (a), the contractor is not required*
 5 *to offer a right of first refusal to any employee who, in the*
 6 *12 months preceding conversion to contract, has been the*
 7 *subject of an adverse personnel action related to misconduct*
 8 *or has received a less than fully successful performance rat-*
 9 *ing.*

10 **(c) LIMITATION.**—*No employee shall have a right to*
 11 *more than 1 offer under this section based on any particu-*
 12 *lar separation due to the conversion of an activity to con-*
 13 *tract.*

14 **(d) REGULATIONS.**—*Regulations to carry out this sec-*
 15 *tion may be prescribed by the President.*

16 **SEC. 603. DEPARTMENT OF HEALTH CARE PROVIDERS**
 17 **FOUND TO HAVE ENGAGED IN FRAUDULENT**
 18 **PRACTICES.**

19 **(a) IN GENERAL.**—*Section 8902a of title 5, United*
 20 *States Code, is amended—*

21 **(1)** *in subsection (a)(2)(A) by striking “sub-*
 22 *section (b) or (c)” and inserting “subsection (b), (c),*
 23 *or (d)”;*

24 **(2)** *in subsection (b)—*

1 (A) by striking “may” and inserting
2 “shall” in the matter before paragraph (1); and

3 (B) by amending paragraph (5) to read as
4 follows:

5 “(5) Any provider that is currently suspended or
6 excluded from participation under any program of
7 the Federal Government involving procurement or
8 nonprocurement activities.”;

9 (3) by redesignating subsections (c) through (i)
10 as subsections (d) through (j), respectively, and by in-
11 serting after subsection (b) the following:

12 “(c) The Office may bar the following providers of
13 health care services from participating in the program
14 under this chapter:

15 “(1) Any provider—

16 “(A) whose license to provide health care
17 services or supplies has been revoked, suspended,
18 restricted, or not renewed, by a State licensing
19 authority for reasons relating to the provider’s
20 professional competence, professional perform-
21 ance, or financial integrity; or

22 “(B) that surrendered such a license while
23 a formal disciplinary proceeding was pending
24 before such an authority, if the proceeding con-

1 cerned the provider's professional competence,
2 professional performance, or financial integrity.

3 “(2) Any provider that is an entity directly or
4 indirectly owned, or with a 5 percent or more control-
5 ling interest, by an individual who is convicted of
6 any offense described in subsection (b), against whom
7 a civil monetary penalty has been assessed under sub-
8 section (d), or who has been excluded from participa-
9 tion under this chapter.

10 “(3) Any provider that the Office determines, in
11 connection with claims presented under this chapter,
12 has charged for health care services or supplies in an
13 amount substantially in excess of such provider's cus-
14 tomary charges for such services or supplies (unless
15 the Office finds there is good cause for such charge),
16 or charged for health care services or supplies which
17 are substantially in excess of the needs of the covered
18 individual or which are of a quality that fails to meet
19 professionally recognized standards for such services
20 or supplies.

21 “(4) Any provider that the Office determines has
22 committed acts described in subsection (d).”;

23 (4) in subsection (d), as so redesignated by para-
24 graph (3), by amending paragraph (1) to read as fol-
25 lows:

1 “(1) in connection with claims presented under
2 this chapter, that a provider has charged for a health
3 care service or supply which the provider knows or
4 should have known involves—

5 “(A) an item or service not provided as
6 claimed;

7 “(B) charges in violation of applicable
8 charge limitations under section 8904(b); or

9 “(C) an item or service furnished during a
10 period in which the provider was excluded from
11 participation under this chapter pursuant to a
12 determination by the Office under this section,
13 other than as permitted under subsection
14 (g)(2)(B);”;

15 (5) in subsection (f), as so redesignated by para-
16 graph (3), by inserting “(where such debarment is not
17 mandatory)” after “under this section” the first place
18 it appears;

19 (6) in subsection (g), as so redesignated by para-
20 graph (3)—

21 (A) by striking “(g)(1)” and all that follows
22 through the end of paragraph (1) and inserting
23 the following:

24 “(g)(1)(A) Except as provided in subparagraph (B),
25 debarment of a provider under subsection (b) or (c) shall

1 *be effective at such time and upon such reasonable notice*
2 *to such provider, and to carriers and covered individuals,*
3 *as shall be specified in regulations prescribed by the Office.*
4 *Any such provider that is excluded from participation may*
5 *request a hearing in accordance with subsection (h)(1).*

6 “(B) Unless the Office determines that the health or
7 safety of individuals receiving health care services warrants
8 an earlier effective date, the Office shall not make a deter-
9 mination adverse to a provider under subsection (c)(4) or
10 (d) until such provider has been given reasonable notice and
11 an opportunity for the determination to be made after a
12 hearing as provided in accordance with subsection (h)(1).”;

13 (B) in paragraph (3)—

14 (i) by inserting “of debarment” after
15 “notice”; and

16 (ii) by adding at the end the following:
17 “In the case of a debarment under para-
18 graphs (1) through (4) of subsection (b), the
19 minimum period of exclusion shall not be
20 less than 3 years, except as provided in
21 paragraph (4)(B)(ii).”; and

22 (C) in paragraph (4)(B)(i)(I) by striking
23 “subsection (b) or (c)” and inserting “subsection
24 (b), (c), or (d)”;

1 (7) in subsection (h), as so redesignated by para-
2 graph (3), by striking “(h)(1)” and all that follows
3 through the end of paragraph (2) and inserting the
4 following:

5 “(h)(1) Any provider of health care services or supplies
6 that is the subject of an adverse determination by the Office
7 under this section shall be entitled to reasonable notice and
8 an opportunity to request a hearing of record, and to judi-
9 cial review as provided in this subsection after the Office
10 renders a final decision. The Office shall grant a request
11 for a hearing upon a showing that due process rights have
12 not previously been afforded with respect to any finding
13 of fact which is relied upon as a cause for an adverse deter-
14 mination under this section. Such hearing shall be con-
15 ducted without regard to subchapter II of chapter 5 and
16 chapter 7 of this title by a hearing officer who shall be des-
17 ignated by the Director of the Office and who shall not oth-
18 erwise have been involved in the adverse determination
19 being appealed. A request for a hearing under this sub-
20 section must be filed within such period and in accordance
21 with such procedures as the Office shall prescribe by regula-
22 tion.

23 “(2) Any provider adversely affected by a final deci-
24 sion under paragraph (1) made after a hearing to which
25 such provider was a party may seek review of such decision

1 *in the United States District Court for the District of Co-*
2 *lumbia or for the district in which the plaintiff resides or*
3 *has his principal place of business by filing a notice of ap-*
4 *peal in such court within 60 days from the date the decision*
5 *is issued and simultaneously sending copies of such notice*
6 *by certified mail to the Director of the Office and to the*
7 *Attorney General. In answer to the appeal, the Director of*
8 *the Office shall promptly file in such court a certified copy*
9 *of the transcript of the record, if the Office conducted a*
10 *hearing, and other evidence upon which the findings and*
11 *decision complained of are based. The court shall have*
12 *power to enter, upon the pleadings and evidence of record,*
13 *a judgment affirming, modifying, or setting aside, in whole*
14 *or in part, the decision of the Office, with or without re-*
15 *manding the cause for a rehearing. The district court shall*
16 *not set aside or remand the decision of the Office unless*
17 *there is not substantial evidence on the record, taken as a*
18 *whole, to support the findings by the Office of a cause for*
19 *action under this section or unless action taken by the Office*
20 *constitutes an abuse of discretion.”; and*

21 (8) *in subsection (i), as so redesignated by para-*
22 *graph (3)—*

23 (A) *by striking “subsection (c)” and insert-*
24 *ing “subsection (d)”;* and

1 (B) by adding at the end the following:
2 *“The amount of a penalty or assessment as fi-*
3 *nally determined by the Office, or other amount*
4 *the Office may agree to in compromise, may be*
5 *deducted from any sum then or later owing by*
6 *the United States to the party against whom the*
7 *penalty or assessment has been levied.”.*

8 (b) *EFFECTIVE DATE.—*

9 (1) *IN GENERAL.—Except as provided in para-*
10 *graph (2), this section shall take effect on the date of*
11 *the enactment of this Act.*

12 (2) *EXCEPTIONS.—(A) Paragraphs (2) and (4)*
13 *of section 8902a(c) of title 5, United States Code, as*
14 *amended by subsection (a), shall apply only to the ex-*
15 *tent that the misconduct which is the basis for debar-*
16 *ment thereunder occurs after the date of the enact-*
17 *ment of this Act.*

18 (B) *Section 8902a(d)(1)(B) of title 5, United*
19 *States Code, as amended by subsection (a), shall*
20 *apply only with respect to charges which violate sec-*
21 *tion 8904(b) of such title 5 for items and services fur-*
22 *nished after the date of the enactment of this Act.*

23 (C) *Section 8902a(g)(3) of title 5, United States*
24 *Code, as amended by subsection (a), shall apply only*

1 *with respect to debarments based on convictions oc-*
2 *curing after the date of the enactment of this Act.*

3 **SEC. 604. CONVERSION OF CERTAIN EXCEPTED SERVICE**
4 **POSITIONS IN THE UNITED STATES FIRE AD-**
5 **MINISTRATION TO COMPETITIVE SERVICE PO-**
6 **SITIONS.**

7 *(a) IN GENERAL.—No later than the date described*
8 *under subsection (d)(1), the Director of the Federal Emer-*
9 *gency Management Agency and the Director of the Office*
10 *of Personnel Management shall take such actions as nec-*
11 *essary to convert each excepted service position established*
12 *before the date of the enactment of this Act under section*
13 *7(c)(4) of the Federal Fire Prevention and Control Act of*
14 *1974 (15 U.S.C. 2206(c)(4)) to a competitive service posi-*
15 *tion.*

16 *(b) EFFECT ON EMPLOYEES.—Any employee employed*
17 *on the date of the enactment of this Act in an excepted serv-*
18 *ice position converted under subsection (a)—*

19 *(1) shall remain employed in the competitive*
20 *service position so converted without a break in serv-*
21 *ice;*

22 *(2) by reason of such conversion, shall have no—*

23 *(A) diminution of seniority;*

24 *(B) reduction of cumulative years of service;*

25 *and*

1 (C) requirement to serve an additional pro-
2 bationary period applied; and

3 (3) shall retain their standing and participation
4 with respect to chapter 83 or 84 of title 5, United
5 States Code, relating to Federal retirement.

6 (c) *PROSPECTIVE COMPETITIVE SERVICE POSI-*
7 *TIONS.*—Section 7(c)(4) of the Federal Fire Prevention and
8 Control Act of 1974 (15 U.S.C. 2206(c)(4)) is amended to
9 read as follows:

10 “(4) appoint faculty members to competitive
11 service positions and with respect to temporary and
12 intermittent services, to make appointments of con-
13 sultants to the same extent as is authorized by section
14 3109 of title 5, United States Code;”.

15 (d) *EFFECTIVE DATE.*—(1) Except as provided under
16 paragraph (2), this section shall take effect on the first day
17 of the first pay period, applicable to the positions described
18 under subsection (a), beginning after the date of the enact-
19 ment of this Act.

20 (2)(A) The Director of the Federal Emergency Manage-
21 ment Agency and the Director of the Office of Personnel
22 Management shall take such actions as directed under sub-
23 section (a) on and after the date of the enactment of this
24 Act.

1 (8) *the annuitant and the former spouse were di-*
2 *vorced prior to September 14, 1978, and after the an-*
3 *nuitant retired;*

4 (9) *neither at the time of the divorce nor at any*
5 *time thereafter was a joint waiver of survivor annu-*
6 *ity benefits executed between the annuitant and the*
7 *former spouse;*

8 (10) *the divorce decree was silent as to survivor*
9 *annuity benefits or designated the former spouse to*
10 *receive survivor annuity benefits;*

11 (11) *subsequent to the divorce of the annuitant*
12 *and the former spouse, the annuitant advised the Of-*
13 *fice of Personnel Management of the divorce;*

14 (12) *neither the annuitant nor the former spouse*
15 *married any other individual after their divorce from*
16 *each other;*

17 (13) *no direct notice outlining or defining the*
18 *former spouse's survivor annuity benefits election*
19 *rights was delivered to the former spouse by the Office*
20 *of Personnel Management; and*

21 (14) *the former spouse has exhausted all judicial*
22 *remedies up to and including remedies available*
23 *through the United States Court of Appeals.*

1 **SEC. 606. AMENDMENT TO PUBLIC LAW 104-134.**

2 *Paragraph (3) of section 3110(b) of the Omnibus Con-*
3 *solidated Rescissions and Appropriations Act of 1996 (Pub-*
4 *lic Law 104-134; 110 Stat. 1321-343) is amended to read*
5 *as follows:*

6 *“(3) The Corporation shall pay to the Thrift Savings*
7 *Fund such employee and agency contributions as are re-*
8 *quired by sections 8432 and 8351 of title 5, United States*
9 *Code, for those employees who elect to retain their coverage*
10 *under the Civil Service Retirement System or the Federal*
11 *Employees’ Retirement System pursuant to paragraph*
12 *(1).”.*

13 **SEC. 607. MISCELLANEOUS AMENDMENTS RELATING TO**
14 **THE HEALTH BENEFITS PROGRAM FOR FED-**
15 **ERAL EMPLOYEES.**

16 *(a) DEFINITION OF A CARRIER.—Paragraph (7) of sec-*
17 *tion 8901 of title 5, United States Code, is amended by*
18 *striking “organization;” and inserting “organization and*
19 *the Government-wide service benefit plan sponsored by an*
20 *association of organizations described in this paragraph;”.*

21 *(b) SERVICE BENEFIT PLAN.—Paragraph (1) of sec-*
22 *tion 8903 of title 5, United States Code, is amended by*
23 *striking “plan,” and inserting “plan, underwritten by par-*
24 *ticipating affiliates licensed in any number of States;”.*

25 *(c) PREEMPTION.—Section 8902(m) of title 5, United*
26 *States Code, is amended by striking “(m)(1)” and all that*

1 follows through the end of paragraph (1) and inserting the
2 following:

3 “(m)(1) The terms of any contract under this chapter
4 which relate to the nature, provision, or extent of coverage
5 or benefits (including payments with respect to benefits)
6 shall supersede and preempt any State or local law, or any
7 regulation issued thereunder, which relates to health insur-
8 ance or plans.”.

9 **SEC. 608. PAY FOR CERTAIN POSITIONS FORMERLY CLASSI-**
10 **FIED AT GS-18.**

11 Notwithstanding any other provision of law, the rate
12 of basic pay for positions that were classified at GS-18 of
13 the General Schedule on the date of the enactment of the
14 Federal Employees Pay Comparability Act of 1990 shall
15 be set and maintained at the rate equal to the highest rate
16 of basic pay for the Senior Executive Service under section
17 5382(b) of title 5, United States Code.

18 **SEC. 609. REPEAL OF SECTION 1307 OF TITLE 5 OF THE**
19 **UNITED STATES CODE.**

20 (a) *IN GENERAL.*—Section 1307 of title 5, United
21 States Code, is repealed.

22 (b) *CLERICAL AMENDMENT.*—The table of sections for
23 chapter 13 of title 5, United States Code, is amended by
24 repealing the item relating to section 1307.

1 **SEC. 610. MANDATORY INTERNAL ALTERNATIVE DISPUTE**
2 **RESOLUTION PROCEDURES.**

3 (a) *IN GENERAL.*—Notwithstanding any other provi-
4 sion of law, each agency, in consultation with the Federal
5 Mediation and Conciliation Service, may develop manda-
6 tory internal alternative dispute resolution procedures cov-
7 ering—

8 (1) *any complaint of discrimination described in*
9 *clauses (i) through (v) of section 7702(a)(1)(B) of title*
10 *5, United States Code;*

11 (2) *any matter appealable to the Merit Systems*
12 *Protection Board (other than any matter arising*
13 *under subchapter III of chapter 83 or chapter 84 of*
14 *title 5, United States Code); and*

15 (3) *any matter reviewable by the Office of Spe-*
16 *cial Counsel.*

17 (b) *GUIDELINES.*—*The Federal Mediation and Concil-*
18 *iation Service, in conjunction with the Merit Systems Pro-*
19 *tection Board, the Equal Employment Opportunity Com-*
20 *mission, the Federal Labor Relations Authority, the Office*
21 *of Special Counsel, and the Office of Personnel Manage-*
22 *ment, shall issue guidelines to assist agencies in the formu-*
23 *lation of appropriate alternative dispute resolution proce-*
24 *dures. Such guidelines shall include protections against*
25 *undue influence on either part to settle, identification of*
26 *circumstances in which use of such procedures may be inap-*

1 *appropriate, suggested time frames for all steps in such proce-*
2 *dures and for extensions of time frames by mutual consent,*
3 *and procedures for agreements to stipulate to issues of fact*
4 *or law if no resolution is reached.*

5 *(c) DEFINITION.—For purposes of this section, the*
6 *term “agency” means an Executive agency, as defined by*
7 *section 105 of title 5, United States Code.*