

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 819

To amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 15), 1995

Mr. KERREY (for himself and Mr. SIMPSON) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

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## A BILL

To amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, 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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Federal Retirement  
5       Reform Act of 1995”.

1 **SEC. 2. FEDERAL RETIREMENT PROVISIONS RELATING TO**  
2 **MEMBERS OF CONGRESS AND CONGRES-**  
3 **SIONAL EMPLOYEES.**

4 (a) ACCRUAL RATES RELATING TO MEMBERS OF  
5 CONGRESS AND CONGRESSIONAL EMPLOYEES UNDER  
6 THE FEDERAL EMPLOYEES RETIREMENT SYSTEM.—Sec-  
7 tion 8415 of title 5, United States Code, is amended—

8 (1) by striking out subsections (b) and (c);

9 (2) in subsections (a) and (g) by inserting “or  
10 Member” after “employee” each place it appears;  
11 and

12 (3) in subsection (g)(2) by striking out “Con-  
13 gressional employee”.

14 (b) CONTRIBUTION RATES RELATING TO MEMBERS  
15 OF CONGRESS AND CONGRESSIONAL EMPLOYEES UNDER  
16 THE FEDERAL EMPLOYEES RETIREMENT SYSTEM.—Sec-  
17 tion 8422(a)(2) of title 5, United States Code, is  
18 amended—

19 (1) in subparagraph (A) by striking out “em-  
20 ployee (other than a law enforcement officer, fire-  
21 fighter, air traffic controller, or Congressional em-  
22 ployee)” and inserting in lieu thereof “employee or  
23 Member (other than a law enforcement officer, fire-  
24 fighter, or air traffic controller)”; and

25 (2) in subparagraph (B)—

26 (A) by striking out “a Member,”; and

1           (B) by striking out “air traffic controller,  
2           or Congressional employee,” and inserting in  
3           lieu thereof “or air traffic controller,”.

4           (c) ADMINISTRATIVE REGULATIONS.—The Secretary  
5 of the Senate and the Clerk of the House of Representa-  
6 tives, in consultation with the Office of Personnel Manage-  
7 ment, may prescribe regulations to carry out the provi-  
8 sions of this section and the amendments made by this  
9 section for applicable employees and Members of Con-  
10 gress.

11          (d) EFFECTIVE DATES.—

12           (1) IN GENERAL.—Except as otherwise pro-  
13 vided in this subsection, the provisions of this sec-  
14 tion shall take effect on the date of the enactment  
15 of this Act.

16           (2) ACCRUAL RATE; ANNUITY COMPUTATION.—

17           (A) GENERAL RULE.—The amendments  
18 made by subsection (a) shall take effect on the  
19 date of the enactment of this Act and shall  
20 apply only with respect to the computation of  
21 an annuity relating to—

22           (i) the service of a Member of Con-  
23 gress as a Member or as a Congressional  
24 employee performed on or after January 1,  
25 1997; and

1 (ii) the service of a Congressional em-  
 2 ployee as a Congressional employee per-  
 3 formed on or after January 1, 1997.

4 (B) EXCEPTION.—An annuity shall be  
 5 computed as though the amendments made  
 6 under subsection (a) had not been enacted with  
 7 respect to—

8 (i) the service of a Member of Con-  
 9 gress as a Member or a Congressional em-  
 10 ployee or military service performed before  
 11 January 1, 1997; and

12 (ii) the service of a Congressional em-  
 13 ployee as a Congressional employee or mili-  
 14 tary service performed before January 1,  
 15 1997.

16 (3) CONTRIBUTION RATES.—The amendments  
 17 made by subsection (b) shall take effect on the first  
 18 day of the first applicable pay period beginning on  
 19 or after January 1, 1997.

20 **SEC. 3. INCREASE IN YEARS USED TO DETERMINE AVER-**  
 21 **AGE PAY.**

22 (a) DEFINITION OF AVERAGE PAY.—

23 (1) CIVIL SERVICE RETIREMENT SYSTEM.—Sec-  
 24 tion 8331(4) of title 5, United States Code, is  
 25 amended to read as follows:

1 “(4) ‘average pay’ means—

2 “(A) with respect to service performed be-  
3 fore the effective date of section 3 of the Fed-  
4 eral Retirement Reform Act of 1995, the larg-  
5 est annual rate resulting from averaging an em-  
6 ployee’s or Member’s rates of basic pay in effect  
7 over any 3 consecutive years of creditable serv-  
8 ice or, in the case of an annuity under sub-  
9 section (d) or (e)(1) of section 8341 of this title  
10 based on service of less than 3 years, over the  
11 total service, with each rate weighted by the  
12 time it was in effect; and

13 “(B) with respect to service performed on  
14 and after the effective date of section 3 of the  
15 Federal Retirement Reform Act of 1995, the  
16 largest annual rate resulting from averaging an  
17 employee’s or Member’s rates of basic pay in ef-  
18 fect over any 5 consecutive years of creditable  
19 service, or, in the case of an annuity under sub-  
20 section (d) or (e)(1) of section 8341 of this title  
21 based on service of less than 5 years, over the  
22 total service, with each rate weighted by the  
23 time it was in effect.”.

1           (2) FEDERAL EMPLOYEE RETIREMENT SYS-  
2           TEM.—Section 8401(3) of title 5, United States  
3           Code, is amended to read as follows:

4           “(3) the term ‘average pay’ means—

5                   “(A) with respect to service performed be-  
6                   fore the effective date of section 3 of the Fed-  
7                   eral Retirement Reform Act of 1995, the larg-  
8                   est annual rate resulting from averaging an em-  
9                   ployee’s or Member’s rates of basic pay in effect  
10                  over any 3 consecutive years of service or, in  
11                  the case of an annuity under this chapter based  
12                  on service of less than 3 years, over the total  
13                  service, with each rate weighted by the period  
14                  it was in effect; and

15                  “(B) with respect to service performed on  
16                  and after the effective date of section 3 of the  
17                  Federal Retirement Reform Act of 1995, the  
18                  largest annual rate resulting from averaging an  
19                  employee’s or Member’s rates of basic pay in ef-  
20                  fect over any 5 consecutive years of service, or,  
21                  in the case of an annuity under this chapter  
22                  based on service of less than 5 years, over the  
23                  total service, with each rate weighted by the pe-  
24                  riod it was in effect.”.

25           (b) APPLICATION CLARIFICATION.—

1           (1) CIVIL SERVICE RETIREMENT SYSTEM.—In  
2           computing an annuity under any provision of chap-  
3           ter 83 of title 5, United States Code, the product re-  
4           sulting from using average pay determined under  
5           section 8331(4)(A) of such title in accordance with  
6           such applicable provision of such chapter, shall be  
7           added to the product resulting from using average  
8           pay determined under section 8331(4)(B) of such  
9           title.

10           (2) FEDERAL EMPLOYEE RETIREMENT SYS-  
11           TEM.—In computing an annuity under any provision  
12           of chapter 84 of title 5, United States Code, the  
13           product resulting from using average pay determined  
14           under section 8401(3)(A) of such title in accordance  
15           with such applicable provision of such chapter, shall  
16           be added to the product resulting from using aver-  
17           age pay determined under section 8401(3)(B) of  
18           such title.

19           (c) REGULATIONS.—The Office of Personnel Man-  
20           agement shall prescribe regulations to carry out the provi-  
21           sions of this section.

22           (d) EFFECTIVE DATE.—This section shall take effect  
23           on January 1, 1996.

1 **SEC. 4. REDUCTION IN ACCRUAL RATES.**

2 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section  
3 8339 of title 5, United States Code, is amended to read  
4 as follows:

5 **“§ 8339. Computation of annuity**

6 “(a)(1) Except as otherwise provided by this section,  
7 the annuity of an employee retiring under this subchapter  
8 is—

9 “(A) with respect to service performed before  
10 January 1, 1996—

11 “(i) 1½ percent of his average pay multi-  
12 plied by so much of his total service as does not  
13 exceed 5 years; plus

14 “(ii) 1¾ percent of his average pay multi-  
15 plied by so much of his total service as exceeds  
16 5 years but does not exceed 10 years; plus

17 “(iii) 2 percent of his average pay multi-  
18 plied by so much of his total service as exceeds  
19 10 years; plus

20 “(B) with respect to service performed on or  
21 after January 1, 1996—

22 “(i) 1.4 percent of his average pay multi-  
23 plied by so much of his total service as does not  
24 exceed 5 years; plus

1           “(ii) 1.65 percent of his average pay multi-  
2           plied by so much of his total service as exceeds  
3           5 years but does not exceed 10 years; plus

4           “(iii) 1.9 percent of his average pay multi-  
5           plied by so much of his total service as exceeds  
6           10 years.

7           “(2) Notwithstanding paragraph (1), when it results  
8           in a larger annuity—

9           “(A) 1 percent of the average pay of an em-  
10          ployee plus \$25 is substituted for the percentage  
11          specified under paragraph (1)(A) (i), (ii), or (iii), or  
12          any combination thereof; and

13          “(B) .9 percent of the average pay of the em-  
14          ployee plus \$25 is substituted for the percentage  
15          specified under paragraph (1)(B) (i), (ii), or (iii), or  
16          any combination thereof.”.

17          (b) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—  
18          Section 8415 of title 5, United States Code (as amended  
19          by section 2(a) of this Act) is further amended—

20                 (1) in subsection (a) by striking out “1 percent  
21                 of that individual’s average pay multiplied by such  
22                 individual’s total service.” and inserting in lieu  
23                 thereof a dash and the following:

1           “(1) 1 percent of that individual’s average pay  
2 multiplied by such individual’s service performed be-  
3 fore January 1, 1996; plus

4           “(2) .9 percent of that individual’s average pay  
5 multiplied by such individual’s service performed on  
6 or after January 1, 1996.”; and

7           (2) in subsection (g)(1) by inserting before the  
8 period “or .9 percent, as applicable”.

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