

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 532

RIN 3206-A174

Prevailing Rate Systems; Redefinition of the Eastern South Dakota and Wyoming Appropriated Fund Wage Areas

AGENCY: Office of Personnel Management.

ACTION: Proposed rule with request for comments.

SUMMARY: The Office of Personnel Management is issuing a proposed rule that would redefine Jackson County, South Dakota, from the area of application of the Eastern South Dakota appropriated fund Federal Wage System (FWS) wage area to the area of application of the Wyoming wage area, and redefine Teton County, Wyoming, from the area of application of the Wyoming FWS wage area to the area of application of the Montana wage area. The redefinition of Jackson County would provide equitable pay treatment for all FWS employees at Badlands National Park and the redefinition of Teton County would place employees at Grand Teton National Park on the same wage schedule as employees at Yellowstone National Park.

DATES: Comments must be received by July 23, 1999.

ADDRESSES: Send or deliver comments to Donald J. Winstead, Assistant Director for Compensation Administration, Workforce Compensation and Performance Service, Office of Personnel Management, Room 7H31, 1900 E Street NW., Washington, DC 20415, or FAX: (202) 606-4264.

FOR FURTHER INFORMATION CONTACT: Jennifer Hopkins (202) 606-2848, or send an email message to jdhopkin@opm.gov.

SUPPLEMENTARY INFORMATION: The Office of Personnel Management (OPM) is engaged in an ongoing project to review the geographic definitions of selected

appropriated fund Federal Wage System (FWS) wage areas. The Federal Prevailing Rate Advisory Committee (FPRAC), the statutory national labor-management committee responsible for advising OPM on matters concerning the pay of FWS employees, has recommended by consensus that we redefine Jackson County, South Dakota, and Teton County, Wyoming. After careful consideration of FPRAC's recommendation, we have found that it is appropriate to redefine Jackson and Teton Counties based on the regulatory criteria for defining FWS wage areas and on agency organizational relationships in the region.

Section 532.211 of title 5, Code of Federal Regulations, lists the following criteria for consideration when OPM defines FWS wage area boundaries:

- (i) Distance, transportation facilities, and geographic features;
- (ii) Commuting patterns; and
- (iii) Similarities in overall population, employment, and the kinds and sizes of private industrial establishments.

The Eastern South Dakota wage area continues to meet the regulatory requirements to remain a separate wage area. There are currently about 550 FWS workers in the wage area, the wage area's host activity continues to have the capacity to host local wage surveys, and wage surveys in the area continue to produce adequate wage data to determine local prevailing rates. Based on an analysis of the regulatory criteria for defining FWS wage areas, FPRAC found mixed results for Jackson County. The distance to the closest city criterion favored the Wyoming wage area, while the distance to the closest host installation criterion favored the Eastern South Dakota wage area. All other criteria studied had indeterminate findings. Based on the mixed nature of the regulatory analysis findings, there was no clear indication that Jackson County should be redefined to one wage area more than another; however, Badlands National Park is currently split by the boundary of the Wyoming wage area, with the park headquarters located in the Eastern South Dakota wage area, while most of the park is located in the Wyoming wage area. The redefinition of Jackson County to the Wyoming wage area would place the entire park in one wage area. FPRAC found no compelling reasons to make

other changes in the Eastern South Dakota wage area.

The Wyoming wage area also continues to meet the regulatory requirements to remain a separate wage area. There are currently about 1,300 FWS workers in the wage area, the wage area's host activity continues to have the capacity to host local wage surveys, and wage surveys in the area continue to produce adequate wage data to determine local prevailing rates. Based on an analysis of the regulatory criteria for defining FWS wage areas, FPRAC found mixed results for Teton County. The distance to the closest city criterion slightly favored the Montana wage area, while the distance to the closest host installation criterion slightly favored the Wyoming wage area. All other criteria had indeterminate findings. Based on the mixed nature of the regulatory analysis findings, there was no clear indication that Teton County should be redefined to one wage area more than another; however, the two main FWS employers in northwestern Wyoming are Yellowstone National Park and Grand Teton National Park. The parks are connected by the John D. Rockefeller, Jr., Memorial Parkway, with a distance of only about 5 miles (8 kilometers) separating the parks.

Because the parks are located in a region geographically isolated by the Rocky Mountains from both the Montana and Wyoming survey areas, and because the regulatory criteria do not clearly favor defining Teton County to one wage more than another, FPRAC recommended that we place the parks in the same wage area. This change would place all Department of the Interior FWS employees stationed in northwestern Wyoming in the same wage area and would provide equitable pay treatment for FWS employees at Yellowstone National Park and Grand Teton National Park by paying these employees from one wage schedule. FPRAC found no compelling reasons to make other changes in the Wyoming wage area.

Jackson County and Teton County would be redefined on the first day of the first applicable pay period beginning on or after 30 days after the issuance of a final regulation implementing this proposed change.

Regulatory Flexibility Act

I certify that these regulations would not have a significant economic impact on a substantial number of small entities

because they would affect only Federal agencies and employees.

List of Subjects in 5 CFR Part 532

Administrative practice and procedure, Freedom of information, Government employees, Reporting and recordkeeping requirements, Wages.

Office of Personnel Management.

Janice R. Lachance,

Director.

Accordingly, the Office of Personnel Management proposes to amend 5 CFR part 532 as follows:

PART 532—PREVAILING RATE SYSTEMS

1. The authority citation for part 532 continues to read as follows:

Authority: 5 U.S.C. 5343, 5346; § 532.707 also issued under 5 U.S.C. 552.

2. Appendix C to subpart B is amended by revising the wage area listings for the Montana, Eastern South Dakota, and Wyoming wage areas to read as follows:

Appendix C to Subpart B of Part 532—Appropriated Fund Wage and Survey Areas

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MONTANA

Survey Area

- Montana: Cascade Lewis and Clark Yellowstone

Area of Application. Survey Area Plus

- Montana: Beaverhead Big Horn Blaine Broadwater Carbon Carter Chouteau Custer Daniels Dawson Deer Lodge Fallon Fergus Flathead Gallatin Garfield Glacier Golden Valley Granite Hill Jefferson Judith Basin Lake Liberty Lincoln McCone Madison Meagher Mineral Missoula

- Musselshell Park Petroleum Phillips Pondera Powder River Powell Prairie Ravalli Richland Roosevelt Rosebud Sanders Sheridan Silver Bow Stillwater Sweet Grass Teton Toole Treasure Valley Wheatland Wibaux Wyoming: Big Horn Park Teton

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SOUTH DAKOTA

EASTERN SOUTH DAKOTA

Survey Area

- South Dakota: Minnehaha

Area of Application. Survey Area Plus

- South Dakota: Aurora Beadle Bennett Bon Homme Brookings Brown Brule Buffalo Campbell Charles Mix Clark Clay Codington Corson Davison Day Deuel Dewey Douglas Edmunds Faulk Grant Gregory Haakon Hamlin Hand Hanson Hughes Hutchinson Hyde Jerauld Jones Kingsbury Lake Lincoln Lyman McCook McPherson

- Marshall Mellette Miner Moody Potter Roberts Sanborn Spink Stanley Sully Todd Tripp Turner Union Walworth Washabaugh Yankton Ziebach

Iowa:

- Dickinson Emmet Lyon Osceola Minnesota: Jackson Lincoln Lyon Murray Nobles Pipestone Rock

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WYOMING

Survey Area

- Wyoming: Albany Laramie Natrona South Dakota: Pennington

Area of application. Survey Area Plus

- Wyoming: Campbell Carbon Converse Crook Fremont Goshen Hot Springs Johnson Lincoln Niobrara Platte Sheridan Sublette Sweetwater Uinta Washakie Weston Nebraska: Banner Box Butte Cheyenne Dawes Deuel Garden Kimball Morrill Scotts Bluff Sheridan Sioux South Dakota: Butte Custer

Fall River
Harding
Jackson
Lawrence
Meade
Perkins
Shannon

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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Parts 831 and 841

RIN 3206-AH62

State Income Tax Withholding and Allotments

AGENCY: Office of Personnel Management.

ACTION: Proposed rule.

SUMMARY: The Office of Personnel Management (OPM) is proposing regulations to permit expansion of the State income tax withholding and the voluntary allotment program under the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). These regulations would simplify the current State income tax withholding program, continue the currently-authorized programs established by regulation, and allow OPM to add additional allotment programs for the convenience of annuitants.

DATES: Comments must be received on or before August 23, 1999.

ADDRESSES: Send comments to Mary E. Wilson, Chief, Retirement Policy Division; Retirement and Insurance Service; Office of Personnel Management; PO Box 57; Washington, DC 20044; or deliver to OPM, Room 4351, 1900 E Street NW., Washington, DC. Comments may also be submitted by electronic mail to combox@opm.gov.

FOR FURTHER INFORMATION CONTACT: Patricia A. Rochester, (202) 606-0299.

SUPPLEMENTARY INFORMATION: We propose to amend Title 5, Code of Federal Regulations, to allow for expansion of our voluntary allotment program. In the past, technological constraints in OPM's automated systems limited the range of allotments offered to annuitants and survivors. Recent improvements in OPM's automated systems now make a broader range of allotments possible. In the future, additional allotments will be considered for inclusion in the program. Key considerations will be needed improvements in banking technology that will assure that allotments are processed and appropriate information

provided to the allottees concerning the amount to be credited in each individual case, as well as the allottees' acceptance of responsibility for timely crediting of the allotment to the appropriate account on its records. OPM in its sole discretion, will determine if such allotments will be processed, pursuant to our statutory authority to make such determinations.

There will be an immediate expansion in our program of State income tax withholding and full implementation of our pilot U.S. Savings Bonds allotment program. Participation in these programs will be entirely voluntary.

As we have already stated, these regulations will also allow us to expand our voluntary allotment program to other areas such as allotments to checking and savings accounts. Other types of allotments are also under consideration; however, our ability to make some allotment programs available to annuitants and survivors will be dependent upon advancements in banking technology within the small, independent banking communities. Changes have already been proposed by the National Automated Clearing House Association (NACHA) to require the banking community to accept and pass on addendum information necessary to credit allotments to the proper accounts. As these changes become effective and more financial institutions are able to handle allotment transactions, we will determine which programs we consider appropriate for addition to the allotments program.

1. State Income Tax Withholding

Sections 8345(k) and 8469 of title 5, United States Code, require OPM to provide State income tax withholding from Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) annuities. The statutes provide that the withholding will be made in accordance with an agreement between the State and OPM and require certain conditions in that agreement, including that the withholding be limited to annuitants who voluntarily request such withholding in writing, that the amounts withheld be retained in the Fund and disbursed to the States quarterly, and other administrative items concerning the frequency and timing of State tax changes that an annuitant may request. The current implementing regulations, contained in subpart S of part 831 (CSRS) and subpart J of part 841 (FERS) of Title 5, Code of Federal Regulations, require annuitants who want State income tax withholding to contact the State. The State prepares a list of taxpayers and

amounts to be withheld and submits that list monthly to OPM via magnetic tape.

The expanded State income tax withholding program will streamline the current withholding process by allowing our annuitants to communicate directly with OPM (instead of the individual States). Annuitants will be able to initiate or change State income tax withholding by writing or calling OPM. Current participants' State income tax withholdings from annuity will continue without interruption. OPM has already notified annuitants of the availability of the expanded program.

Under the expanded program, States that wish to receive annuitant tax withholdings will no longer have to obtain election forms from annuitants and maintain their accounts. States need only execute an agreement with OPM. OPM will then assume administrative responsibility for the State income tax withholding program and permit annuitants to initiate or change their withholding by specifying a specific dollar amount.

2. Voluntary Allotments

Sections 8345(h) and 8465(b) of title 5, United States Code, authorize an individual entitled to benefits from the Fund to make allotments from an annuity for such purposes as OPM considers appropriate. Under subpart O of part 831 of Title 5, Code of Federal Regulations, we issued regulations limiting the availability of allotments under this authority to payments to large national organizations existing primarily for the purpose of representing employees or annuitants. Using new technology, we are prepared to offer an expanded allotment program without eliminating the program applicable to current participants. The current program will be continued for participating organizations for 3 years from the date of publication of final regulations in order to give the organizations in the current program time to make the adjustments necessary to utilize the expanded program proposed by these regulations.

The Savings Bond allotment program offers annuitants, for the first time, the opportunity to purchase U.S. Savings Bonds in a manner similar to the payroll-savings plan available to employees, except that the full purchase price of the bond must be paid each month. Series EE bonds are currently available in denominations of \$100, \$200, and \$500. We have also added Series I bonds in denominations of \$50, \$75, \$100, \$500, \$1,000, or \$5,000. Other options may be added as they become available.