

LEGISLATIVE PRIORITIES, 116TH CONGRESS

Oppose ANY Cuts to Earned Federal Retirement and Health Benefits

In exchange for years of hard work, federal employees and retirees were promised retirement annuities and retiree health care. These benefits were earned fairly, and should not be altered in retirement. Doing so would deprive federal retirees of the benefits essential to the security of their health and finances. Notably, NARFE opposes the following proposals from President Trump's fiscal year 2021 (FY21) budget:

- Eliminating cost-of-living adjustments (COLAs) for current and future Federal Employees Retirement System (FERS) retirees and reducing COLAs for Civil Service Retirement System (CSRS) retirees by 0.5 percent each year.
- Eliminating the FERS annuity supplement for new retirees.
- Basing federal annuities on the highest five years of salary instead of the highest three years of salary for new retirees.
- Reducing the rate of return on the Thrift Savings Plan (TSP) G Fund, which would deprive millions of federal and military retirees of a key portion of their retirement investment.

Support Reform of the Windfall Elimination Provision (WEP)

The WEP unfairly reduces earned Social Security benefits based on government employment. While NARFE supports the Social Security Fairness Act, H.R. 141/S.521, which provides full repeal of the WEP and the Government Pension Offset (GPO), recent WEP reform proposals offer a more politically realistic solution. Specifically, the Equal Treatment of Public Servants Act, H.R. 3934/S. 3401, and the Public Servants Protection and Fairness Act, H.R. 4540, would bring significant relief to retirees who have been penalized by this inequitable provision for years. NARFE supports both bills and encourages members of Congress to advance either one or find a compromise between the two.

Support More Accurate COLAs for Federal Retirees

NARFE supports the Fair COLA for Seniors Act, H.R. 1553, a bill that would require the use of the Consumer Price Index for the Elderly (CPI-E), which calculates a price index for Americans age 62 and older, to determine annual COLAs for Social Security beneficiaries, federal annuitants, military retirees and certain veterans' benefits instead of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) that is currently used. Any changes to COLAs for one group (e.g., Social Security beneficiaries) should apply to all others. The current CPI-W calculation fails to account for seniors' spending habits, notably that of medical care. When measuring costs experienced by Americans age 62 and older, as the Bureau of Labor Statistics (BLS) does when calculating the CPI-E, inflation is actually greater – by an estimated 0.27 percent per year – than what the CPI-W shows. NARFE also supports the Equal COLA Act, H.R. 1254, which would equalize COLAs among different classes of federal retirees.

Support Market Rate Increases to Federal Pay Rates / Oppose Federal Employee Compensation Cuts

Federal pay rates must be competitive to recruit and retain a well-qualified and high-performing workforce. To maintain competitive pay rates, NARFE supports an increase to federal pay rates for calendar year 2021 based on increases in private-sector wages, as measured by the BLS. However,

the competitiveness of federal compensation should not be undermined by benefits cuts. NARFE opposes proposals that would effectively decrease the pay of federal employees by reducing benefits, such as increasing contributions towards retirement by as much as 6 percent of pay without any added incentive, a proposition included in President Trump's FY20 budget and one that has been considered on the Hill in the last several years. This amounts to an immediate 6 percent across-the-board pay cut.

Ensure Postal Reform Bills Protect Postal Retiree Health Benefits

Past efforts to reform the U.S. Postal Service (USPS) would have required current and future postal retirees to enroll in Medicare Part B or lose their federal health insurance benefits altogether. Postal retirees should retain the **choice** as to whether to add Medicare to their existing retiree health benefit coverage. Eliminating that choice, as proposed in postal bills from the 115th Congress (H.R. 756/H.R. 6076/S.2629), breaks a basic promise to avoid altering retiree benefits for those in retirement and heaps significant additional costs on aging postal retirees. NARFE's goal is to ensure that new postal reform bills include protections for current postal retirees.

Support Improvements to Office of Personnel Management (OPM) Operations and Government-Wide Human Capital Management

NARFE opposed the administration's plan to eliminate and reorganize OPM, which had the potential to subject the federal workforce to political influence and undermine OPM's ability to carry out the programs – notably, retirement services and health care benefits – upon which federal employees and retirees rely. But NARFE also recognizes the need for improvements to OPM operations and government-wide strategic human capital management; therefore, we supported language in the FY20 National Defense Authorization Act (NDAA) commissioning a study to detail the challenges facing OPM and recommend solutions. NARFE is committed to policies that uphold merit system principles while improving human capital management across the government.

Support Improved Integration of Medicare With FEHB

Retiree health plans for private-sector and state/local government employees often integrate with Medicare Part D through an Employer Group Waiver Plan (EGWP), allowing the plans to receive a subsidy from the Centers for Medicare and Medicaid Services that lowers the cost of providing prescription drug coverage to retirees age 65 and older. NARFE supports allowing Federal Employees Health Benefits (FEHB) plans to act as EGWP plans for eligible retirees in order to lower costs and, consequently, premiums for participants.

While NARFE opposes forced enrollment in Medicare Part B, increasing Medicare Part B enrollment among FEHB participants would help reduce FEHB costs since FEHB becomes the secondary payer to Medicare in that circumstance. This could help reduce FEHB premiums for all participants. Two examples of incentivizing enrollment are expanding reimbursement (through health reimbursement accounts) for Part B premiums, as some FEHB plans currently do, and waiving Part B late enrollment fees for individuals covered by FEHB – similar to the policy of waiving late enrollment fees for individuals who are working at or past the age of 65 and covered by an employer plan.