

March 30, 2023

The Honorable Steve Womack
Chairman
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives

The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives

The Honorable Chris Van Hollen
Chairman
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. Senate

The Honorable Bill Haggerty
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. Senate

Dear Chairman Womack, Ranking Member Hoyer, Chairman Van Hollen and Ranking Member Bill Haggerty:

On behalf of the National Active and Retired Federal Employees Association (NARFE), which represents the interests of federal employees, retirees and their survivors, I write requesting support for two priorities via the Financial Services and General Government (FSGG) appropriations bill for fiscal year 2024 (FY24). Notably, I urge you to (i) provide adequate funding for and continued oversight of the Office of Personnel Management's (OPM) Retirement Services (RS) division's customer service to federal annuitants, and (ii) authorize a market-rate federal pay raise based on recent changes in private sector wages and salaries and at parity with the military pay raise.

As the only association dedicated to the general welfare of all federal workers and retirees, we can provide a firsthand account of the issues affecting the federal community that can be addressed by your committees. That is why we ask you to honor the service of federal workers, both past and present, by supporting these priorities in the FY24 FSGG bill.

Adequate Funding for and Continued Oversight of the Office of Personnel Management's Retirement Services Division

NARFE remains concerned with the level of customer service provided by the Office of Personnel Management's (OPM) Retirement Services (RS) Division. Notably, we hear continued complaints regarding the inability to connect with RS (via phone, email or other method) to receive necessary assistance; and regarding substantial delays processing retirement and survivor benefits claims, as well as other transactions related to federal retirement and health benefits (changes in health and life insurance, adjustment of annuity after the death of a spouse, e.g.). The delays exceed any

reasonable expectation, and they are exacerbated by the inability to reach OPM, which in turn, creates additional work for OPM staff in simply responding to annuitants experiencing delays.

Given OPM continues to operate a largely paper-based system in a digital age, the need to modernize is obvious. But modernization – which should save money in the long-term – requires investment in the near-term. In the meantime, OPM also needs the funds to hire the staff necessary to provide adequate service.

NARFE members routinely report processing and assistance delays. We've received painful pleas from retiring federal workers, annuitants and survivors seeking our help to simply receive what they are owed after significant delays – upwards of six months or more. Survivors of deceased federal annuitants are not receiving their entitled benefits and income, and many fear they will lose their homes and not be able to afford food and medication while waiting for OPM to provide their benefits. Calls to OPM go unanswered and issues remain unfixed. We have also been informed by numerous federal retirees that they are experiencing lengthy delays in adjusting their annuities and health insurance following the death of a (non-annuitant) spouse.

Tales of difficulty reaching OPM by phone are backed up by data provided by OPM in its Congressional Budget Justification. Phone calls to OPM take an average of 32 minutes to be answered, and it remains unclear if this statistic accounts for calls that go unanswered.¹

OPM also reports publicly time to process initial retirement claims (though does not do so for all transactions). According to OPM, it takes an average of 88 days to process retirement cases, failing to meet its standard of 60 days. This average points to repeated instances of multi-month delays, while some individuals face even more extreme waits.

These issues have not gone unheard by Congress. In a recent hearing by the House Committee on Oversight and Reform, lawmakers from both parties cited concerning delays and customer service levels by OPM RS.² OPM Director Kiran Ahuja acknowledged these concerns, testifying that the agency seeks to improve the division, in part, by moving away from paper-based processes and laying out an IT roadmap that will allow for digitization. NARFE is also thankful for inclusion of language in the committee report for the House's fiscal year 2023 Financial Services and General Government Appropriations bill that requested reporting on customer service issues stemming from OPM RS. We encourage the committee to ensure this oversight continues. These issues and their necessary improvements need recognition and sustained funding by Congress.

¹ U.S. Office of Personnel Management, March 2023. "Congressional Budget Justification and Annual Performance Plan for FY24." <https://www.opm.gov/about-us/budget-performance/budgets/fy-2024-congressional-budget-justification/fy-2024-congressional-budget-justification.pdf#>, p.110.

² House Committee on Oversight and Accountability, March 9, 2023. "Hearing Wrap Up: Waste and Mismanagement at OPM is Reducing Services and Raising Costs for Taxpayers." <https://oversight.house.gov/release/opm-has-failed-american-taxpayers-and-needs-to-ensure-prompt-service-to-all-americans%E2%99%BC/>

Fortunately, OPM has brought improvement and modernization plans to the table, and, to a large extent, NARFE supports these efforts. For example, OPM requested funding in its FY24 budget request to move away from slow, paper-based processes and expand its recent online retirement application to allow its case management system to include digital cases. This will allow for case processors to view information more easily and reduce the time necessary to process retirement cases. As part of its strategic objectives, OPM intends to introduce new technologies to improve retirement case management and annuity benefit calculations, enhance the capabilities of OPM's Services Online to increase customer self-service options, and provide training to Retirement Services personnel so that they are better able to support customers.³ OPM also requested funding to bring on 91 new employees for retirement processing enhancements, which will allow them to reduce backlogs and better serve federal retirees.⁴ Finally, NARFE also appreciates the Biden administration's attention to improving OPM RS, with the White House specifically highlighting \$6.6 million to help reduce processing times and improve customer satisfaction by supporting modernization efforts related to a case management system.⁵

Lawmakers, OPM and organizations like NARFE all agree that something must be done to improve service. Without doing so, delays and customer dissatisfaction will continue to grow into a worsening and more expensive problem. For their part, OPM has outlined strategic initiatives and methods specifically designed to address these issues. That is why NARFE is calling on this Congress to provide additional oversight and for your committees to invest in bringing OPM RS into the present by providing specific funding for these initiatives. Federal workers who have spent careers in public service deserve better thanks in return than what they and their families are receiving today.

Appropriating a Federal Employee Pay Raise

NARFE urges lawmakers to appropriate at least a 4.7 percent across-the-board pay increase, plus a 0.5 percent increase in locality pay for federal employees in its fiscal year 2024 FSGG appropriations bill. This 5.2 percent average pay increase is based on the relevant change in the Employment Cost Index (ECI), which measures the change of private-sector wages and salaries. Appropriating this pay raise would ensure the gap between public and private sector pay does not worsen in a time of high inflation and when mission-critical skills gaps persist within the federal government.

The Federal Salary Council analyzes federal pay in comparison to wages in the private sector and recommends changes to federal pay rates. In October 2022, it once again

³ U.S. Office of Personnel Management, March 2023. "Congressional Budget Justification and Annual Performance Plan for FY24." <https://www.opm.gov/about-us/budget-performance/budgets/fy-2024-congressional-budget-justification/fy-2024-congressional-budget-justification.pdf#>, p.109.

⁴ U.S. Office of Personnel Management, March 2023. "Congressional Budget Justification and Annual Performance Plan for FY24." <https://www.opm.gov/about-us/budget-performance/budgets/fy-2024-congressional-budget-justification/fy-2024-congressional-budget-justification.pdf#>, p.14.

⁵ The White House, March 9, 2023. "FACT SHEET: President Biden's Budget Improves Customer Experience and Service Delivery for the American People." <https://www.whitehouse.gov/omb/briefing-room/2023/03/09/fact-sheet-president-bidens-budget-improves-customer-experience-and-service-delivery-for-the-american-people/>

found a substantial disparity between federal and private-sector pay rates, estimating that private-sector rates outpace federal rates for similar jobs by 22.47 percent.⁶ In other words, federal employees are paid 22 percent less than their private-sector counterparts. This gap should not be allowed to grow, as its real-world effects create consequential outcomes for the efficiency of our government.

Since 2001, the United States Government Accountability Office (GAO) included Strategic Human Capital Management on its high-risk list, with agencies sharing recruitment and retention issues leading to unaddressed mission-critical skills gaps. These gaps “impede the government from cost effectively serving the public and achieving results” and requires Congress to act.⁷ Appropriating at least a 4.7 percent across-the-board pay increase, plus a 0.5 percent increase in locality pay, ensures that pay disparity between the public and private sector does not worsen and increase skills gap concerns. A raise above this amount would do well to begin to close the gap and enable the federal government to compete for top-tier talent that currently gravitates to the private sector due to substantial compensation differences.

Beyond recruitment and retention challenges that the pay disparity creates, Congress should honor federal service and recognize that, like all Americans, federal workers face growing economic challenges. Federal workers protect our borders, ensure safe travel, and help us prepare for and recover from disaster. They also face the same economic hardships and inflation that affect all those in our country. Please keep these realities in mind as your committees forge ahead in the appropriations process. Should Congress choose to remain silent on a pay raise, we ask that appropriators provide sufficient funding to agencies to account for the proposed pay raise by the President.

Thank you for your consideration of our views. If you have any questions or concerns with this request, please contact NARFE Staff Vice President for Policy and Programs John Hatton at jhatton@narfe.org or 571-483-1267.

Sincerely,



William Shackelford
NARFE National President

CC: The Honorable Kay Granger, Chairwoman, Committee on Appropriations, U.S. House of Representatives;
The Honorable Patty Murray, Chairwoman, Committee on Appropriations, U.S. Senate;

⁶ Federal Salary Council, October 14, 2022. “Level of Comparability Payments for January 2023 and Other Matters Pertaining to the Locality Pay Program.” <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/federal-salary-council/recommendation21.pdf>, p.4.

⁷ U.S. Government Accountability Office, “High Risk Series: Strategic Human Capital Management.” <https://www.gao.gov/highrisk/strategic-human-capital-management>

The Honorable Rosa DeLauro, Ranking Member, Committee on Appropriations, U.S.
House of Representatives;
The Honorable Susan Collins, Vice-Chairwoman, Committee on Appropriations, U.S.
Senate.