

April 16, 2024

The Honorable David Joyce
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 Hagerty
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. Senate

Dear Chairman Joyce, Ranking Member Hoyer, Chairman Van Hollen and Ranking Member Bill Hagerty:

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 2025 (FY25). 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 FY25 FSGG bill.

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

NARFE continues to support improvements to customer service provided by the Office of Personnel Management's (OPM) Retirement Services (RS) Division. Notably, NARFE supports modernization of technology and processes that would permit OPM RS to raise their standards of service.

We have long heard complaints from NARFE members 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.). Delays are often exacerbated by the inability to reach OPM – or someone at OPM who can provide the appropriate assistance, which in turn, creates additional work for OPM staff in simply responding to annuitants experiencing delays.

While OPM has made recent progress managing its inventory of initial retirement claims,¹ we continue to field concerns from members regarding delays on claims and transaction processing, and cases experiencing multi-month delays continue.

Tales of difficulty reaching OPM by phone have been backed up by data provided by OPM in its Congressional Budget Justification. Phone calls to OPM took an average of 45.8 minutes to be answered in fiscal year 2023, and it remains unclear if this statistic accounts for calls that go unanswered.² To the extent this is improving, it has not yet been demonstrated in the data.

These issues have not gone unheard by Congress. In a hearing last year by the House Committee on Oversight and Reform, lawmakers from both parties cited concerning delays and customer service levels by OPM RS.³ 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 2024 Financial Services and General Government Appropriations bill that requested reporting on customer service issues stemming from OPM RS, and specific direction in the committee report for the Senate’s bill to direct increased funding to OPM RS customer service and IT improvements. We encourage each committee to ensure this effective oversight continues.

In response to the situation, 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 has allowed case processors to view information more easily and reduce the time necessary to process retirement cases. Now, in its FY25 budget, OPM has requested funding to routinely operate and maintain the Digital File System initiative, as well as the Online Retirement Application. As part of its strategic objectives, OPM intends to implement a digital annuity booklet, a plan to

¹ U.S. Office of Personnel Management, March 2024. “CSRS/FERS New Claims Processing Times.” <https://www.opm.gov/retirement-center/retirement-statistics/retirement-processing-status.pdf>.

² U.S. Office of Personnel Management, March 2024. “Congressional Budget Justification and Annual Performance Plan for FY25.” <https://www.opm.gov/about-us/fy-2025-congressional-budget-justification-and-annual-performance-plan/fy-2025-congressional-budget-justification-and-annual-performance-plan.pdf>, p.112.

³ 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%82%AC/>

improve the communication of the retirement application process and identify training needs, and a complete training curriculum for Retirement Services personnel so that they are better able to support customers.⁴ NARFE urges the committee to support OPM's efforts to modernize by providing adequate funding for its IT modernization efforts.

Lawmakers, OPM and organizations like NARFE all agree that something must be done to improve service and modernize. 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 continued oversight and investments to bring 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 percent across-the-board pay increase, plus an average 0.5 percent increase in locality pay for federal employees in its fiscal year 2025 FSGG appropriations bill. This 4.5 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 February 2024, it once again found a substantial disparity between federal and private-sector pay rates, estimating that private-sector rates outpace federal rates for similar jobs by 27.54 percent.⁵ In other words, federal employees are paid almost 28 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.⁶ Appropriating at least a 4.7 percent across-the-board pay increase, plus a 0.5 percent increase in locality pay, ensures that

⁴ U.S. Office of Personnel Management, March 2024. “Congressional Budget Justification and Annual Performance Plan for FY25.” <https://www.opm.gov/about-us/fy-2025-congressional-budget-justification-and-annual-performance-plan/fy-2025-congressional-budget-justification-and-annual-performance-plan.pdf>, p.111.

⁵ Federal Salary Council, February 9, 2024. “Level of Comparability Payments for January 2025 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/recommendation25.pdf>, p.4.

⁶ U.S. Government Accountability Office, “High Risk Series: Strategic Human Capital Management.” <https://www.gao.gov/highrisk/strategic-human-capital-management>

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 the economic challenges imposed by persistent inflation. 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.

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 Tom Cole, Chairman, Committee on Appropriations, U.S. House of Representatives;
The Honorable Patty Murray, Chairwoman, Committee on Appropriations, U.S. Senate;
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.