GOVERNMENT MANAGERS COALITION

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May 9, 2013

The Honorable Blake Farenthold
Chairman, Subcommittee on
Federal Workforce, U.S. Postal Service and the Census
2175 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Stephen Lynch
Ranking Member, Subcommittee on
Federal Workforce, U.S. Postal Service and the Census
2471 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Farenthold and Ranking Member Lynch:

On behalf of the five major federal sector executive and management professional associations comprising the Government Managers Coalition (GMC), thank you for examining the current state of the retirement processing backlog. This is an issue that we have been concerned with for quite some time and we have continued to offer suggestions and solutions for consideration by the Office of Personnel Management (OPM) and Congress. We do so again today in the hope that these suggestions are helpful to you as you consider ways to work with OPM, federal retirees and other stakeholders to determine the most effective way to remedy the backlog.

As you know, the GMC collectively represents the interests of over 200,000 supervisors, managers, and executives throughout the federal government. Many federal managers and executives are currently eligible to retire or are newly retired. Given the increased use of early retirement authority, the potential changes to retirement benefits being considered by Congress, and the ongoing sequestration, we have already seen retirement applications increase. Furthermore, the budget cuts required by sequestration have forced OPM to rescind the use of overtime for its retirement claims processors and to reduce its call center hours. This reduction combined with potentially increased retirements throughout the year will just increase the backlog and make it more difficult for OPM to meet its strategic goals.

Over the past year and a half, much attention, both by Congress and the media, has focused on the backlog in processing annuities and the challenges OPM is facing. OPM has attempted to modernize its system since 1998 and has recently made strides through the use of its strategic plan in reducing the backlog. Despite these efforts, it is the continued experience of GMC members that backlogs persist and that it can take several months before a newly retired employee receives a full annuity check. In addition, our members have experienced a lack of clear communication regarding pre-retirement application inquiries, the payment process, interim pay status that can range from 40-60 percent of the full annuity, and difficulty obtaining information on the status of their payments.

The GMC has identified several specific areas of concern that require attention. The following is a list of issues and concerns the GMC has identified relative to the current system:

- The GMC believes the entire federal retirement process is not transparent at any level and this must be addressed. This includes transparency of information, how the process is functioning, and any problems. Details should be made available at all levels, including for the retiree, the agency retirement benefits specialists, and OPM.

- The GMC believes that current materials offered to agency retirement benefits specialists are not standardized, are complicated, and cannot be easily translated for an employee's use.

- Currently, it is our understanding that once an employee retires, they are not provided with a Personal Identification Number (PIN) to access the online website until a final determination of benefits is made by OPM. Thus, many employees are left without an easy means of checking their status in the process, making simple changes to their account, or communicating with OPM. This leads to an inundation of phone calls to OPM from retirees, most of which go unreturned for months at a time.

We appreciate that OPM is aware of these issues and working to address them. The strategic plan and backlog reduction efforts were a strong start. We also understand that the process of determining and finalizing annuity payments is complex and often dependent on individual circumstances. Added to this is an outdated, virtually non-existent, technological system for processing annuities. While OPM works to address the myriad issues with the annuity processing system, the GMC proposes several interim options.

The GMC has provided OPM a list of suggestions to address some of the concerns we have raised. However, we believe that one of the easiest means of dealing with the issue is to empower employees to know what is required during the retirement process to try to prevent errors in applications on the front-end before they even reach OPM. These suggestions include:

- In most instances, the retirement process should start when an employee first joins the civil service. Employees should be made aware they should keep records of standard forms, awards received, transfers to new agencies, etc. A one or two page primer should be included with onboarding materials for all employees.

- Many federal agencies have failed to be proactive regarding employee retirement. OPM, in conjunction with individual agencies, should prepare a standardized pre-retirement seminar that could be available on video or webinar to address the retirement process and the completion of applications.

- When an employee declares their intent to retire, they should receive a standardized checklist, a list of common problems that can delay the processing of the application, FAQs (contact numbers, what to expect in the process, etc.), and a list of forms that might need to be updated (beneficiaries, life insurance, etc.). They should also be reminded that it takes time for former agencies to pull their records because most of

them are in paper form, and that the employee should make sure the request has been made to receive those records.

- OPM should ensure that materials provided to employees, as well as the process itself, are simplified to the greatest extent possible.

- Fact sheets with a list of common errors and more complex issues should be developed and made available as publications.

- OPM should oversee the development of standard guidance to which all agency retirement benefits specialists would have access. This should be posted on OPM's website. Alternatively, OPM could consider creating a retirement.gov website (similar to telework.gov or hru.gov) where materials are posted for employees and for benefits specialists.

- It would be in OPM's best interest to make use of federal employee organizations, such as the member groups of the GMC, to disseminate information on retirement materials, backlog updates, etc. Regular communication would help to ensure employees feel they are being kept up to date on what to expect when entering into retirement.

- OPM should provide retirees with a PIN to access their online accounts prior to a final determination of benefits being made. Updates on employee status should be available online, much as is being done for job applicants on the USAJobs website. This would relieve the OPM staff of the time consuming duty of returning phone calls, and put retirees' minds at ease.

In addition, given the likelihood that the processing backlog will grow as agencies deal with budget shortfalls, we suggest OPM seek alternate procedures to deal with the current backlog and to put in place a long-term structure for processing retirement applications. The GMC offers the following as possible methods for doing so.

- Use existing authorities to re-employ annuitants from OPM, the Internal Revenue Service (IRS), the Social Security Administration (SSA), and Veterans Affairs (VA) – agencies that have staff well-versed in claims processing – rather than hiring and training new employees. Experienced employees from these agencies can more readily be brought up to speed and are a temporary and less costly solution to staff shortfalls.

- Create electronic forms to be used by all agencies for any employee more than five years from retirement eligibility so that information going forward will be standardized and easily transmittable to OPM.

- Repurpose existing information technology. One of the issues OPM has struggled with over the years has been automation of the retirement processing system. Instead of attempting to create an entirely new system, we encourage you to leverage existing systems and resources and repurpose them for OPM. Agencies that are primarily tasked with processing large amounts of complex data use electronic and automated systems. The IRS allows tax returns to be processed online and VA and SSA also have automated systems to process benefit claims. We suggest OPM explore modifying one of these

existing systems to more easily and cost-effectively process retirement claims, rather than building a new system from the ground up. We also wonder if similar existing technology might be found in the private sector with companies in a related field.

As you consider the suggestions above, we also urge you to keep in mind the resources necessary for OPM to effectively meet the challenges posed by its current retirement processing system. In this era of belt-tightening, Congress must ensure that critical programs have the funding and personnel necessary to meet strategic goals and effectively run programs.

We appreciate your continued interest in this issue and we look forward to serving as partners in the discussion to make the retirement processing system stronger and more responsive to retirees. Thank you for your attention to our concerns and your commitment to improving the federal workforce.

Sincerely,

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