



STATEMENT BY  
JOSEPH A. BEAUDOIN  
NATIONAL PRESIDENT  
NATIONAL ACTIVE AND RETIRED  
FEDERAL EMPLOYEES ASSOCIATION  
(NARFE)

BEFORE THE SUBCOMMITTEE ON OVERSIGHT OF  
GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE  
AND THE DISTRICT OF COLUMBIA,  
COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS,  
UNITED STATES SENATE

HEARING ON  
FEDERAL RETIREMENT PROCESSING:  
ENSURING PROPER AND TIMELY PAYMENTS

FEBRUARY 1, 2012

Chairman Akaka and members of the subcommittee, thank you for inviting me to testify on behalf of the 4.6 million federal workers and annuitants represented by the National Active and Retired Federal Employees Association (NARFE), where I have the privilege of serving as president. I appreciate the opportunity to discuss federal retirement annuity processing.

We have received hundreds of calls from our members, most of them from outside the Washington metropolitan area, complaining that interim payments are too low, that they are waiting too long to receive their full annuity payments and that they are unable to get through to the Office of Personnel Management (OPM) to check the status of their annuity.

Our members have sent us emails attesting to the long delays. For example, in the past two weeks:

- Jennifer Ortiz told us: “I retired on December 31, 2010, and received my first full annuity payment on September 1, 2011. Up until then, I was receiving interim payments of \$17 per month.”
- John Tolleris told us: “I retired from the U.S. Treasury Department on May 31, 2011, after 32 ½ years of service. While OPM started paying my interim pension promptly on July 1, it still has not yet ‘adjudicated’ my pension case, and I’m currently receiving about 65 percent of the monthly payment my agency had estimated. I’m now expecting to receive my *eighth* ‘diet’ annuity payment next month with no indication of when I will ever receive my full monthly payment or ever-growing back payment.” (emphasis in original)
- Craig Boehne told us: “I retired from the FAA on May 31, 2011. I continue to receive partial interim checks at about 55-60 percent gross of what I am entitled.”

OPM confirms the problem that our members are experiencing, recognizing that “[f]ederal employees face unacceptable delays in receiving retirement benefits after years of honorable service to the nation.”<sup>1</sup> As of December 31, 2011, there was a backlog of 48,375 claims, and the average time to process a claim was 156 days – over five months.

We commend OPM for so honestly recognizing the problem and for developing a strategic plan to solve it. This hearing provides an important opportunity to assess whether that plan is sufficient to achieve its goals and, if not, to determine what else OPM, agencies or Congress can do to ensure that it is.

This task is urgent. The effect of such long delays on new federal retirees is obvious and serious – they must “make do” while waiting to receive the full amount they have earned. The wait is too long, and the uncertainty is too much, particularly in the current economy.

---

<sup>1</sup> *Strategic Plan for Retirement Services*, Office of Personnel Management, January 17, 2012.

In addition to causing individuals personal pain and inconvenience, the delays also have an impact on local communities. More than 85 percent of federal retirees live outside of the Washington, DC, area. They live in every American community.

### **OPM's Strategic Plan for Improving Timeliness**

Let me address OPM's strategic plan to reduce delays in processing retirement annuities. First, OPM plans to increase staff devoted to retirement processing and customer service. Specifically, OPM expects to hire 56 new legal administrative specialists (LAS) and 20 new customer service specialists (CSS), and will fill another 16 open positions. We are pleased that OPM is devoting more personnel to retirement processing, but we are concerned that these plans may not be fully implemented when agency budgets are being squeezed.

Second, OPM plans to improve productivity through processing improvements. We support the establishment of higher production standards and more effective use of overtime. We also support lessening the administrative burdens faced by LAS staff to free up their time to adjudicate claims.

Third, the plan calls for improving the accuracy and responsiveness of agencies. Specifically, OPM's Claims Development Team will use an agency package checklist to provide constant feedback, will publish performance standards and will begin to recognize exceptional customer service by agencies. We certainly believe improving the accuracy of agency records and agency responsiveness is important. But we are concerned that this portion of the plan lacks teeth. The checklist and performance standards are steps in the right direction. But how will poor performance be corrected?

Finally, OPM plans to make partial, progressive improvements to its technology. After OPM's previous attempts to automate the entire system failed, we hope this incremental approach proves more successful.

### **Implementation**

Of course, even the best-laid plans can go awry. Thus, implementation will be essential to its success. Qualified, new employees must be hired and trained quickly. Higher production standards must be enforced, and voluntary overtime must be implemented. And, as I have already mentioned, there must be an enforceable way to ensure that agencies provide timely information to OPM.

Additionally, we hope that devoting additional resources to the processing of retirement annuities does not diminish OPM's ability to provide other retirement services, such as the termination of the survivor annuity deduction when an annuitant's spouse passes away. OPM should be given the resources it needs to meet *all* of its obligations to federal employees and retirees.

## **Communication**

Our members frequently complain not only that they have not yet received their full annuity payments, but that they cannot easily check the status of their claims.

OPM's plan creates a two-tiered approach to its Retirement Information Office, dividing the staff into two groups. The first group answers initial calls. The second group consists of specialists with more technical knowledge to answer questions that previously had been forwarded to LAS. The initial results cited by OPM show that fewer calls are transferred to the LAS using this system, freeing up time to process claims.

This is a positive development for claims processing, but it is unclear whether the new system is providing better customer service to retirees who simply want to check the status of their claims. What is the volume of calls to OPM? Are there enough people answering the phones to handle that volume? It may be that there are simply too many calls for too few people. If that is the case, OPM should look for other ways to provide retirees with status updates. For example, OPM may want to consider providing retirees the ability to check their status online.

## **Conclusion**

Federal employees who have worked for years in public service deserve to receive, in a timely manner, the retirement income they have earned. As OPM recognizes, the delays in receiving retirement payments are unacceptable. OPM has a new plan to solve the problem, and we hope it works. But we must see results soon.

Thank you again for the opportunity to testify, and I would be happy to answer any questions you may have.