

Retirement delays and sequestration



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Last month's column mentioned the intense debate in the United States during the Great Depression about the role of government in organizing society and the interests of structuring it in a just way. Current unacceptable delays in processing CSRS and FERS retirements suggest that debate needs to be continued.

At the beginning of 2012, the backlog of CSRS and FERS retirement claims was 61,108. The average time to process applications was 156 days. The problem of long delays in processing CSRS and FERS retirement applications has existed for several years. It also has been the subject of annuitant complaints, congressional hearings and frequent media attention. Recent testimony

by the Government Accountability Office (GAO) before a House subcommittee highlighted the role of the Office of Personnel Management (OPM) in those delays. Background information in this column is drawn largely from that GAO testimony and from OPM's 2012 strategic plan.

OPM is the central human resources agency for the federal government and is responsible for administration of the federal retirement programs. OPM has attempted to automate its paper-based retirement processes for more than two decades, but it has not been successful. It canceled its most recent large-scale modernization effort in 2011. Its processes remain primarily paper-based.

In January 2012, OPM released a plan to undertake incremental improvements to its retirement processing, including hiring 56 additional claims adjudication staff and 20 more support staff, and the expansion of work hours and overtime. It set goals to eliminate the backlog within 18 months and accurately process 90 percent of all new cases within 60 days by July 31, 2013. OPM acknowledged that its customers are federal workers who have earned the right to retire after years of honorable service. And it acknowledged that the quality of service it has been providing to its customers was not acceptable.

As of April 2013, the backlog of cases had been reduced to 30,080. That is a significant decrease from the 61,108 at the beginning of 2012. It is even more significant in light of the fact that the early months of 2013 saw 20,000 more retirements than projected (based on historic patterns). Clearly, OPM has moved the trend lines in a positive direction, even though it will not meet the goal it set in January 2012 to eliminate the backlog in 18 months.

Unfortunately, it appears that the federal budget cuts caused by sequestration are reversing that positive direc-

tion. In late April, OPM announced that due to sequestration, all overtime for employees working on retirements was suspended, call center hours were reduced, and retirees should expect an increase in retirement processing times.

There is something very wrong with this picture. Federal employees, including letter carriers, have a bargain with the government. They work for pay. The government deducts set percentages from their pay and places the money in the retirement system funds. When they reach certain age and years-of-service thresholds, or become disabled, they have a right to monetary benefits paid on a monthly basis.

Letter carriers and other federal employees who meet the specified criteria have earned the right to monthly retirement benefits. That is the bargain. There is an implicit element in the bargain—that the government will competently organize and adequately fund the administrative machinery necessary to deliver the earned monthly benefits in an accurate and timely manner.

Sequestration ruptures the bargain between federal

“Sequestration ruptures the bargain between federal workers and the government by defunding OPM’s efforts to timely process retirement applications.”

workers and the government by defunding OPM's efforts to timely process retirement applications. It is a symptom of a much larger problem, however. The core problem is a Congress ruled by ideologues who believe the government should be shrunk down to a size where it can be drowned in a bathtub. These zealots apparently believe that the problem of long delays in processing federal retirement applications is just the cost of doing politics.

When the government makes a bargain with its employees, it should keep both the letter and the spirit of that bargain. That means delivering a promised annuity in a reasonably timely manner. It also means not ratcheting down the funding of the necessary administrative machinery, where massive and prolonged delays already have been occurring for years. Is that even debatable?

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