

**STATEMENT OF DOREEN P. GREENWALD
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to the

**COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
U.S. HOUSE OF REPRESENTATIVES**

**“Oversight of Our Nation’s Largest Employer: Reviewing the U.S. Office of
Personnel Management, Pt. II”**

May 22, 2024

Chairman Comer, Ranking Member Raskin and members of the Committee, thank you for the opportunity to share the thoughts of the National Treasury Employees Union (NTEU) at today’s hearing on the Office of Personnel Management (OPM). As National President of NTEU, which represents approximately 150,000 federal workers in 35 agencies and departments, I appreciate the chance to submit this statement for the record.

OPM serves as the chief human resources agency and personnel policy manager for the federal government. As such, OPM must work with agency leaders across government to support them in hiring and retaining a well-qualified workforce. To do so, the federal government must provide employees with better paying jobs, flexible work schedules, expanded telework and remote work programs, and a strong benefits package—including strong retirement and health care benefits and paid family leave. Additionally, the federal government must ensure a work environment that is based on merit, values its employees, and engages with them and their representatives to solicit input and address workplace challenges in a cooperative way. If done correctly, OPM can help ensure that agencies meet their missions, and that the federal government is a model employer that treats its employees with dignity and respect.

Pay

Over the years, lagging federal pay rates have taken their toll on federal employees and their families. Like all American workers, federal employees face ever-increasing costs for their utilities, health care, food, housing and education. This has only been exacerbated by inflation, which increased 3.4 percent last year. However, as noted in the President’s FY 2025 budget request, the differential between federal civilian pay and private sector pay has expanded in the past three decades, creating attrition risk within the existing workforce and reducing the competitiveness of federal jobs. The current 27 percent average pay disparity between the federal government and the private sector is far greater than the 5 percent goal set by the Federal Employee Pay Comparability Act of 1990 (FEPCA), which governs annual white-collar federal

employee pay adjustments and sets those adjustments based on changes in the Employment Cost Index (ECI), i.e., changes in private sector wages and salaries.

Under FEPCA, federal workers should receive a 4.0 percent pay increase for 2025 before locality pay is added. We are disappointed that the President only included a 2.0 percent pay increase for federal employees in his budget request, while providing a 4.5 percent increase for the military. Given the years of pay freezes and below-market pay adjustments combined with the steep rise in inflation, NTEU urges Congress and the White House to increase that amount and provide an average 7.4 percent pay increase, equal to that proposed in the Federal Adjustment of Income Rates (FAIR) Act (H.R. 7127/S. 3688). Under that legislation, federal employees would receive a 4.0 percent across-the-board adjustment and an average 3.4 percent increase for locality pay, which is equal to the inflation rate and is particularly important for those living in high cost of living areas where the competition with the private sector must be more aggressive.

NTEU is also concerned about the adverse impacts that arbitrary pay caps have on the competitiveness of the federal pay system. The president's FY 2025 budget request notes that the administration is committed to addressing the challenges caused by pay compression and has identified several potential solutions. We look forward to working with the administration and Congress to address these challenges and ensure that the government can provide competitive pay.

We appreciate the efforts OPM and the administration have taken to help address pay issues by using special rates, increasing the pay for wildland firefighters, and increasing the minimum wage for federal workers to \$15 an hour. We also appreciate OPM for responding to NTEU's petition by issuing proposed regulations to ensure that employees who temporarily perform higher-graded work are paid appropriately. Currently, there is an unfair 120-day cap on higher pay, even when employees do such work for longer periods of time and even when they do it at management's direction. We urge OPM to issue final regulations promptly. Furthermore, we are pleased by the regulations issued by OPM following recommendations from the Federal Salary Council and approval from the President's Pay Agent that created new locality pay areas, expanded some existing pay areas and modified locality pay areas to better align with the Office of Management and Budget's map of metropolitan statistical areas and combined statistical areas, which increased locality pay for 33,000 employees. However, more must be done.

While many federal employees believe in government service and agency mission is often listed as the number one reason they work for the federal government, massive pay disparities with the private sector undermine efforts to recruit and retain skilled individuals who are drawn to public service. Competitive pay helps ensure a professional, skilled workforce is on board administering our nation's laws and programs and providing critical services for our nation and the American people. Adding to this challenge is the low unemployment rate, making efforts to recruit and retain skilled workers even more competitive. If the federal government wants to compete for top

talent, then it needs to offer competitive pay and benefits. Increasing the proposed pay adjustment for 2025 is a great way to help do that.

Telework

OPM has an important role regarding telework and remote work in the federal sector. Most important is the collection of data and review of the effectiveness of policies, best practices, and assistance with management training as to the supervision of teleworking and remote workers. Such initiatives are essential to well working telework programs and NTEU fully supports methodical and thoughtful data collection and program review. OPM's most recent report (December 2023) was a helpful evaluation of the state of telework in the federal sector. Among other findings, it showed that most federal employees remain telework ineligible, that there has been a slight decrease in the number of teleworking employees since the pandemic and that overall, the program has great merit.

The pandemic proved, once and for all, the value of a robust telework program in the federal government. During the pandemic, many agencies fully embraced telework by expanding it to more employees and investing in the technology needed to make them successful. Maximum telework policies saw increased productivity, improved recruitment and retention and huge cost savings to the taxpayer through reduced building leasing costs. A May 2022 Survey by Eagle Hill Consulting showed that 46 percent of government employees who telework reported their team's performance improved since 2020. Comparatively, only 35 percent of government employees working in-person reported team performance improvements during the same period.

One of the keys to attracting and retaining a skilled workforce is to provide employees with telework and other work schedule flexibilities. For example, the Treasury Department received more than 20 times as many applications for job postings for jobs that are eligible for telework as they did for fully in-person positions as agencies reopened from the Covid-19 shutdown. Department job postings advertising telework flexibility received 1,343 applications each on average, compared with 60 for non-telework openings during the reopening period of July 2021 into early April 2023, according to a Treasury Department report sent to lawmakers on August 30, 2023.

Telework is a win for everyone – not just for employees, but for management who can compete better against the private sector and recruit workers without losing productivity, for taxpayers who save on federal building leasing costs, and for the environment, which benefits from reduced pollution from decreased commuting. For example, the NTEU-represented U.S. Patent & Trademark Office (PTO) saves taxpayers over \$12.5 million every year due to reduced leasing made possible by telework/remote work. Based on the experience of the pandemic and expanded telework, the NTEU-represented Federal Communications Commission signed a new 15-year lease with a 30 percent reduction in space, resulting in a savings of \$119 million over the term of the lease.

NTEU has a long history of helping agencies create and maintain successful telework programs and it is a staple in many of our agency contracts. Not every position is telework eligible, particularly customer facing jobs. Because of the great diversity of the federal workforce, the different needs and work practices of various departments and agencies and the recruitment and retention challenges that certain professions and crafts present, it would be a mistake to impose any “one-size-fits-all” restrictions on telework government-wide. Instead, specific telework policies, informed by data and best practices guidance from OPM, should be tailored to specific jobs and agencies and are best developed by those agencies in collaboration with the employees either through collective bargaining or labor-management partnerships. Through collective bargaining the right balance is being found in many NTEU represented agencies.

Moreover, with the positive experience of telework, some agencies are moving to remote work (full time work from a remote site). These emerging programs have allowed military spouses to keep their federal jobs as their servicemember husband or wife is transferred. It has also brought employment opportunities to small towns and rural communities and won further taxpayer savings with reduced leasing costs.

Benefits

In addition to pay, benefits such as retirement, leave and healthcare also have a significant impact on the federal government’s ability to recruit and retain employees in the civil service. According to the 2021 OPM Federal Benefits Survey, employees expressed that their Thrift Savings Plan (TSP) and the Federal Employee Retirement System (FERS) /Civil Service Retirement System (CSRS) benefits were extremely important to them (96 percent and 95 percent of respondents respectively). In fact, not only is the availability of a retirement annuity important to employees, the benefit has been shown to play a key role in recruiting and retaining them. In the 2021 survey, 78 percent of participants indicated that the availability of a retirement annuity through the FERS or CSRS influenced their decision to take a job with the federal government to a “great” or “moderate” extent. The trend is the same when looking at how FERS/CSRS impact retaining employees, with 88 percent of participants indicating that FERS/CSRS influenced their decision to remain with the federal government to a “great” or “moderate” extent.

All workers deserve a secure, dignified retirement. While this concept garners broad support, it does not hide the fact that each year, more retired Americans are returning to the workforce. Indeed, last December, the Bureau of Labor Statistics (BLS) released a report saying that by 2032, 8.6 percent of the entire workforce will be retirees who have opted to go back to work. In this same report, BLS says that older adults are projected to account for nearly 57 percent of labor force growth over the next decade. Earlier this year, the National Institute on Retirement Security shared survey results which showed over 55 percent of working Americans think they will be unable to achieve financial security in retirement. Another key finding of this survey was that an overwhelming number of respondents (77 percent) said that not having a pension benefit

made it harder to know for sure that they would have the resources they need in retirement.

This trend in the private sector is precisely why it's imperative to protect the federal government's "three-legged stool" approach to retirement security. The current formula of a defined-benefit pension through the FERS coupled with TSP investments and Social Security benefits have ensured countless federal employees can separate from service and survive comfortably into retirement. This carefully crafted retirement system is critical for successful recruitment and retention in the federal government. Unlike many state retirement systems, FERS is fully funded and financially sound with no unfunded liability.

But that stability and security have not stopped some from proposing drastic changes to the existing system. For example, as part of their FY 2025 budget proposal, the House Republican Study Committee (RSC) proposed making drastic changes to FERS and TSP. Specifically, the RSC argued in favor of changing the current FERS high-3 year average calculation for benefits to a high-5 year average, eliminating cost-of-living adjustments (COLAs) for FERS and CSRS annuitants, eliminating the FERS Special Retirement Supplemental (SRS), and changing the interest rate on the TSP G fund. Since 2010, Congress has twice increased employee contributions to FERS, essentially cutting take-home pay for those hired after 2012 and contributing \$21 billion to deficit reduction. It's critical that Congress and the administration soundly reject additional proposals that would undermine the retirement benefits for federal employees.

In addition to providing robust retirement benefits, the federal government must process these benefits for annuitants in a timely manner. We are pleased by the efforts of OPM over the past few years to tackle the backlog in retirement applications but more work is needed to ensure that employees can count on their retirement benefits without suffering financial hardships.

In addition to protecting and processing retirement benefits, it is important for Congress and OPM to stabilize premium rates for enrollees in the Federal Long Term Care Insurance Program (FLTCIP). The program was authorized in 2002 and provides enrollees with insurance that will help pay for the cost of care associated with long-term or chronic illnesses. Last September, OPM sent enrollees a letter announcing a premium increase beginning in January 2024. In this letter, if enrollees did not want to pay more for coverage, they were given the option to reduce their benefits without facing a penalty. This comes on the heels of OPM's December 2022 decision to freeze new FLTCIP enrollment for up to two years. Essentially, OPM has given enrollees the option to pay more for the same coverage or keep their premiums level for less coverage. This is not a fair deal for enrollees and falls short of the intent to provide federal employees with coverage for unexpected circumstances. We ask Congress and the Administration to work swiftly to provide FLTCIP enrollees with premium relief and work to stabilize FLTCIP cost for future enrollees.

While FLTCIP provides insurance for future unknowns, sometimes serious life events occur suddenly and require a worker to step away from their duty station for an extended period of time. That's why it's critically important that Congress and the Administration work to implement a paid family leave program that would allow federal workers to receive up to 12 weeks of paid family leave for any qualifying Family and Medical Leave Act (FMLA) event. There is a growing consensus across the country that paid family leave is necessary for today's families, especially as we have all struggled to care for our loved ones during the pandemic. Few employees can go weeks without pay, and no one should be forced to choose between caring for a loved one and a paycheck. Paid family leave is a win-win for employees and employers, allowing employees time to address caregiving issues, while agencies get an employee who returns to work instead of having the expense of hiring and training a new employee.

Providing employees robust healthcare benefits and properly managing the benefit program is also critically important to recruit and retain talented employees. The Federal Employees Health Benefits Program (FEHBP), the nation's largest employer-sponsored health insurance program, which provides coverage to approximately 8.2 million federal employees, retirees, and their family members, also has a significant impact on recruitment and retention. In 2021, 72 percent of survey respondents in the OPM Federal Employee Benefits Survey reported that the availability of health insurance through the FEHBP influenced their decision to take a federal job to a "moderate" or "great" extent, while 79 percent of respondents reported that the availability of health insurance through the FEHBP influences their decision to stay with their job to a "moderate" or "great extent."

As such, NTEU urges OPM to improve efforts to reign in increases to FEHBP premiums as federal workers continue to face rising health care costs and many are finding it increasingly difficult to continue to afford their health insurance coverage because of the continued rise in overall medical costs and limited federal employee pay raises over the years. This year, FEHBP enrollee premiums increased an average of 7.7 percent, with some participating health insurance plans increasing their premiums by even larger amounts. Like other Americans, federal workers and retirees continue to absorb higher out-of-pocket costs in the form of larger co-pays and co-insurance for office visits, procedures, and prescription drugs, while they already pay a higher share on average for premiums and higher overall deductibles than their private-sector counterparts covered by large, employer-sponsored plans. NTEU urges Congress to oppose further erosion of federal employee benefits that will increase the costs to federal workers and could adversely impact recruitment and retention.

It is also of the utmost importance that Congress and OPM work to ensure that non-postal federal workers do not see changes to their FEHBP premiums and coverage as a result of the creation of the new postal-only Postal Service Health Benefits (PSHB) Program. In March it was announced that United States Postal Service (USPS) employees would have the option to select from 32 carrier options in 2025. As a result of this shift, OPM has predicted that non-postal federal workers could see their FEHB premiums become slightly lower because older postal employees will be shifted out of the risk pool.

Congress and OPM must make sure that premium cost and coverage remain stable for non-postal employees while USPS workers are phased into the new PSHB Program.

Rights and Protections

Working conditions also play a huge role in determining whether to apply for and accept a job. This includes merit-based personnel policies that prevent politicization and favoritism and provide fair processes to address workplace disputes. A merit-based, non-partisan civil service is the backbone of our federal government. It is imperative that our career civil servants who are charged with implementing complex federal programs on behalf of the American people can continue to do their work with dedication and skill, regardless of changes in elected leadership. Proposals that eliminate or restrict collective bargaining and due process rights for these employees would return the civil service to the dysfunctional spoils system of the past, driven by patronage and political favoritism rather than ability and merit. Federal law clearly states that the right of employees to organize, bargain collectively, and participate through labor organizations in decisions which affect them safeguards the public interest and contributes to the effective conduct of public business. Front-line employees and their union representatives have ideas and information that are essential to improving the delivery of quality government services to the public and through the collective bargaining process and the use of pre-decisional involvement, employees can have meaningful input resulting in better quality decision-making, more support for decisions, timelier implementation, and better results for the American people. It is vital that these rights are maintained, and that employees continue to have a voice in their workplace and are not afraid to blow the whistle when they see waste or wrongdoing.

It is important to remember that in the federal sector, there is no requirement that an individual join and pay dues to a union. However, federal unions are required to represent every individual in a bargaining unit, whether or not they choose to pay dues. Federal unions are not allowed to go on strike and have much narrower collective bargaining rights than their private sector counterparts. Federal workers deserve a voice in their workplace and NTEU opposes efforts to eliminate current rights as well as other indirect efforts that aim to undermine our ability to effectively represent our members.

For example, during the last administration, many agencies failed to bargain in good faith—rushing contracts through the statutory impasse process to have their proposals imposed, in some instances without first even attempting to negotiate as federal law requires. This left important programs like telework essentially discretionary where supervisors could allow or disallow it without any consistency or justification, leaving employees nearly powerless to object when they are treated unfairly. Agencies also worked to erode the ability of the union to assist employees when they are mistreated by limiting the time that union leaders are given to represent employees. These actions weakened the employees' voice in the workplace and undermine collective bargaining altogether.

We applaud the work of the Biden administration to address these matters and restore productive labor-management relations and enhance them. For example, in April 2021 President Biden issued EO 14025 establishing the White House Task Force on Worker Organizing and Empowerment. The goal of the Task Force was to lead by example by ensuring that the federal government is a model employer with respect to encouraging worker organizing and collective bargaining among its workforce. As a result of its work, the Task Force announced initiatives that give employees a stronger voice in the federal workplace and OPM issued guidance urging agencies to inform prospective employees, new hires, and current employees about the collective bargaining status and union affiliation and make information available on how they can become dues-paying members of their unions.

We also appreciate the President's recent action to reinstate labor-management partnerships in federal agencies. These forums provide frontline employees with a more meaningful voice in agency operations and foster discussions about improving the effectiveness of government services. NTEU's experience has proven that the pre-decisional input inherent in conversations between labor and management is a productive means to give employees a say in agency decisions, solve problems in a non-adversarial way, address workplace issues that hinder efficiency, and improve services to the American people.

Moreover, we strongly support the administration's efforts to protect the non-partisan civil service. As you know, the last administration established a new category of excepted service employees, known as Schedule F, which, if fully implemented, could have affected tens of thousands of non-political career federal employees, stripping them of their civil service protections and allowing them to be hired and fired at will. Responding to a petition from NTEU, OPM issued final regulations last month clarifying that employees moved to a Schedule F keep their due process rights and cannot simply be switched to being at-will. However, to ensure that the rights of career civil servants are protected, we urge Congress to pass the Saving the Civil Service Act (H.R. 1002/S. 399) which would limit the creation of new excepted service schedules and prevent wholesale transition of employees to political appointees. Federal employees should be focused on following the law and serving the American people, not worried about whether they could be fired for doing their job well.

NTEU is also concerned about the potential use of forced agency relocations to remove employees. Former White House Chief of Staff Mick Mulvaney was reported as saying that the forced relocation of some agencies during the last administration was a wonderful way to remove federal employees. As a result of the move of two US Department of Agriculture (USDA) agencies during the last administration, a Government Accountability Office (GAO) report found that the relocations led to a decline in workforce size and productivity. GAO also found that years after the relocation, the agencies' workforce was composed mostly of new employees with less experience than the prior workforce. Relocating agencies should only be done when it helps the agency in meeting its mission.

NTEU fully supports and urges Congress to pass the COST of Relocations Act (H.R. 1106/S. 487), which would require agencies to conduct a cost-benefit analysis in accordance with federal guidelines for best practices for undertaking such a review. This includes an analysis of both quantitative data, such as the costs of real estate and staffing, and qualitative metrics necessary to the success of federal agencies, such as employee attrition, loss of institutional knowledge, and short- and long-term impacts on the ability of the agency to carry out its mission. In the interim, NTEU urges OPM to issue regulations requiring federal agencies considering moving offices to distant locations to first consult employees, analyze the cost and ensure that the move would not result in massive staff departures or loss of diversity. These protective measures would help ensure that any relocations are not taken for improper reasons, such as undermining our civil service. Federal employees and the public deserve a stable, professional workforce.

Staffing

In order to recruit and retain skilled employees it is also important for the government to follow the Merit System Principles. This ensures that individuals are hired to work for the federal government based on merit, without regard to their race, age, gender, political views, or relationship with the hiring official. NTEU also fully supports the application of veteran's preference in hiring decisions as part of our obligation to help those who have worked so hard to defend our nation and our freedom.

Government must act to fill vacancies quickly to help agencies meet their missions. This means a renewed effort to significantly decrease the time to hire new employees. In our experience, some of the things that make the process onerous are the complicated extra steps that agencies include in their hiring process due to long-standing practice or fear of future litigation rather than requirements directly tied to the statute. And new hiring authorities rarely help the situation as it is common knowledge that agencies only use a few of the multiple hiring tools available to them. Rather, agencies should invest in training their Human Resources (HR) workforce. Sustained and comprehensive training for all agency HR professionals as well as the sharing of best practices can help speed up the process. Also, ensuring that hiring managers and subject-matter experts are part of the hiring process from the beginning and requiring part of a supervisor's performance evaluation to be based on personnel management, recruiting, hiring, and human capital responsibilities can help in reducing the time to hire. NTEU is optimistic about OPM's efforts in this area.

However, NTEU remains concerned with proposals to expand noncompetitive eligibility. History has shown that agencies have abused such flexibility; using these programs as the only method of hiring, which undermined veterans' preference and civil service protections. Sweeping exemptions to hiring rules and regulations are extremely concerning as it could undermine the very principles that ensures that the civil service is non-partisan, based on merit, and reflects the citizenry it serves. We also have concerns with providing agencies flexibility to hire part-time and project-based workers, which moves the career non-partisan workforce closer to a temporary workforce.

While we agree that there are some problems with implementing the current authorities granted to federal agencies to recruit and hire skilled workers, Title 5 does not need to be overhauled to reach those goals and NTEU opposes efforts to grant agencies additional broad authority.

Closing

Thank you again for the opportunity to share my views with you. Ensuring that OPM is succeeding in its efforts to make the federal government an employer of choice is a goal that we all share, and we appreciate you holding this oversight hearing. It is essential for the federal government to recruit and retain the best and brightest to provide quality services to the American people. This can only be accomplished by providing employees with flexible work arrangements, providing competitive pay and benefits and promoting a collaborative approach to working with employees and their representatives to ensure that every federal employee is treated with dignity and respect. Thank you.