

STATEMENT OF  
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before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE, POSTAL SERVICE, AND  
THE DISTRICT OF COLUMBIA  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
U.S. HOUSE OF REPRESENTATIVES

on

REEMPLOYMENT OF RETIRED FEDERAL EMPLOYEES

MAY 20, 2008

Chairman Davis, Representative Marchant, and Members of the Subcommittee, thank you for holding this hearing to examine proposals to facilitate reemployment of Federal retirees. I appreciate the opportunity to be here today to discuss the importance of these policies as the Government faces a significant number of retirements in the near future.

The Federal workforce is aging, and a growing portion of our employees are reaching retirement eligibility. In this environment, the Federal Government's strategic human resources planning must include efforts to attract and retain more mature and experienced workers with essential expertise, in addition to strategies for recruiting and developing younger workers with mission-critical skills.

As part of these efforts, we need to find ways to attract older workers with mission critical skills to assist agencies with new employee training and to help complete sensitive short term projects. Currently, retirees who become reemployed by the Federal Government must have their salaries reduced: however if that same employee would go to work for a contractor they would be able to collect an annuity and salary. Or, if a private sector retiree is hired by the Government that employee receives an annuity and a salary.

It is possible for the salary offset to be waived in certain limited circumstances, but most agencies must come to OPM for approval of a waiver. The law allows OPM to grant salary-offset waivers on a case-by-case basis to agencies experiencing exceptional difficulties in recruiting or retaining qualified individuals and does not limit the amount of time this type of employee may be employed by any given agency. OPM may also delegate this authority to agencies faced with emergencies or other unusual circumstances. This authority has been used to help agencies in the aftermath of the terrorist attacks of September 11, 2001, as well as to respond to Hurricane Katrina and

other national and international emergencies. Last fall, as one more tool to assist agencies, OPM issued regulations giving agencies more flexibility to hire reemployed annuitants without a salary offset in unusual circumstances that do not involve an emergency. However, none of these regulatory authorities provide the ability to waive the offset for such short term needs such as mentoring new employees so they learn the skills of their new position or working on sensitive limited term projects.

OPM submitted a legislative proposal to Congress in March of last year that would allow agencies – without coming to OPM for approval – to rehire annuitants under certain conditions, without a salary offset. This proposal is substantially similar to H.R. 3579, introduced last fall by Representative Tom Davis. H.R. 3579 would cover only executive branch agencies, while OPM’s proposal would also apply to the legislative and judicial branches. H.R. 3579 would permit Federal agencies to reemploy retired Federal employees, without offsetting annuity from salary, for a maximum of 520 hours in the first 6 months following retirement, a maximum of 1,040 hours in any 12-month period, and a total of 6,240 hours for any individual. While those reemployed under this authority would receive both salary and annuity payments, they would earn no additional retirement benefits based on the reemployment.

The legislation would make reemployment both attractive to annuitants and easy for agencies to use, and it is designed to avoid abuse. This will encourage individuals who otherwise would leave Government permanently or provide their services to a contractor to return to work for the Government part-time, for a limited period. Amending the law in this way would also go a long way toward eliminating the inequity in the treatment of reemployed Federal retirees compared to private-sector retirees who continue to collect their pensions and full salaries when they are hired by the Federal Government.

I also want to thank Congressman Moran for introducing HR 2780 a bill to remove the penalty under the Civil Service Retirement System in the calculation of the “high-three-years” average salary on which annuities are based, which results from part-time service at the end of a career. Current Civil Service Retirement System provisions governing the computation of annuities involving part-time service have an unintended adverse effect on employees who perform part-time service at the end of their careers. I also want to thank the members of the Subcommittee along with the Members of the Committee on Oversight and Government Reform who supported passage of the bill out of Committee on March 13, 2008. Similar legislation has been introduced by Senators Conrad and Smith as part of their broader efforts to assist older workers in both the private and public sectors.

Taken together both of these legislative initiatives are important to our efforts to have the right people, with the right skills in place so agencies are able to meet their mission goals. I especially want to thank you Representative Davis and Representative Marchant for your interest in this important issue. OPM is eager to work with you and the Subcommittee on these legislative initiatives.

Again, thank you for inviting me here to testify today, and I would be glad to answer any questions you may have.