United States Government Accountability Office

Report to Congressional Requesters

May 2019

FEDERAL RETIREMENT

OPM Actions Needed to Improve Application Processing Times

Accessible Version

GAO-19-217

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GAO Highlights

Highlights of GAO-19-217, a report to congressional requesters

Why GAO Did This Study

According to OPM, it receives more than 100,000 retirement applications each fiscal year. Between 2014 to 2017, OPM did not meet its goal of processing most retirement applications within 60 days. GAO was asked to review potential improvements in federal retirement processing at OPM. This report (1) describes the root causes of retirement application processing delays, as determined by OPM; and (2) examines what strategies, if any, OPM has taken to address those root causes, and how OPM has evaluated the effectiveness of the strategies.

GAO reviewed OPM data and documents, and interviewed OPM officials. GAO also interviewed officials from DOD, HHS, NASA, and USPS about their experiences with processing retirement applications. GAO selected these agencies because they represent a variety of application error rates and relatively high application volume.

What GAO Recommends

GAO is making 6 recommendations. These recommendations include that OPM should develop a retirement services IT modernization plan for initial project phases; develop and implement policies for assessing staffing strategies intended to improve processing times; and determine if there are cost-effective ways to make the retirement application error report more user-friendly. OPM concurred with 1 recommendation and partially concurred with 5 recommendations. GAO continues to believe all aspects of the recommendations are valid, as discussed in the report. GAO also incorporated technical comments.

View GAO-19-217. For more information, contact Yvonne D. Jones at (202) 512-6806 or jonesy@gao.gov.

What GAO Found

The Office of Personnel Management (OPM), which administers the federal retirement program, identified three root causes for retirement processing delays:

1. the continuing reliance on paper-based applications and manual processing;
2. insufficient staffing capacity, particularly during peak workload season; and
3. incomplete applications.

OPM has taken various actions to address these root causes and thereby reduce delays.

Vision for modernizing retirement processing. OPM's strategic vision consists of five key initiatives for modernizing the application process, including developing an electronic application form and an electronic system to store retirement information. However, OPM was unable to provide estimated time frames or costs for the initiatives. OPM officials said that additional information technology (IT) modernization work is dependent on sufficient funding, among other factors. These factors are important but do not preclude OPM from establishing estimated cost ranges and time frames—practices consistent with industry best practices and IT project management principles.

Actions to increase staffing capacity. OPM's actions have included using overtime pay and hiring additional staff. However, OPM generally does not assess the effectiveness of these actions or whether they reduce delays. For example, OPM does not measure overtime productivity or correlate overtime data with application processing data. Federal internal control standards state that management should review its performance compared to its goals. OPM officials stated that they have limited resources for assessments. However, without assessments, OPM is less able to make informed decisions on how to best use staffing practices to improve processing times.

Actions to reduce missing information in applications. OPM provides assistance to agencies through guidance, training, communication through liaisons and email, and error reports. OPM's monthly error reports to agencies include information on the type of error found and the volume of applications with the same error, according to OPM. The four agencies GAO interviewed—Department of Defense (DOD), Department of Health and Human Services (HHS), National Aeronautics and Space Administration (NASA), and U.S. Postal Service (USPS)—reported that aspects of the error reports were not user-friendly. OPM stated that its assistance is intended to help agencies submit complete and accurate retirement packages for quicker processing. Federal internal control standards state that management should communicate quality information externally and periodically reevaluate its communication methods. OPM officials stated that the error report is intended to capture the overarching errors many agencies face and that revising the error report would not be cost-effective. However, the current format of the error report may limit its usefulness to agencies in improving their retirement applications.

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Abbreviations

CSRS	Civil Service Retirement System
DOD	Department of Defense
FERS	Federal Employees Retirement System
HHS	Department of Health and Human Services
IT	information technology
NASA	National Aeronautics and Space Administration
OPM	Office of Personnel Management
USPS	U.S. Postal Service

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May 15, 2019

The Honorable Elijah E. Cummings
Chairman
The Honorable Jim Jordan
Ranking Member
Committee on Oversight and Reform
House of Representatives

The Honorable Gerald E. Connolly
Chairman
The Honorable Mark Meadows
Ranking Member
Subcommittee on Government Operations
Committee on Oversight and Reform
House of Representatives

The Office of Personnel Management (OPM) manages and administers the federal retirement program, which includes processing the retirement applications that federal employees must submit through their agencies as paper applications. The federal retirement program covers more than 2.4 million active employees and OPM receives more than 100,000 retirement applications each fiscal year, according to OPM. Between 2014 and 2017, OPM reported that it did not meet its goal of processing 90 percent of retirement applications within 60 days. During this time period, OPM processed from 57 to 79 percent of retirement claims within 60 days each fiscal year. OPM's new goal as of April 2018 is to process all applications within an average of 60 days, which OPM reported that it achieved for 5 of the 9 months from April to December 2018.[1]

You asked us to review potential improvements in federal retirement processing at OPM. For this report, we (1) describe the root causes of retirement application processing delays, as determined by OPM; (2) examine what strategies, if any, OPM has developed and implemented to address those root causes, and how OPM has evaluated the effectiveness of the strategies; and (3) identify strategies selected agencies use to help them compile accurate retirement applications.

[1]OPM also reported that it met its new processing goal for the 2018 fiscal year.

To address our first and second objectives, we reviewed OPM documents and interviewed OPM officials in both the headquarters and in the Retirement Operations Center in Boyers, Pennsylvania. We toured the Boyers facility and interviewed staff on the retirement application process. For our second objective, we also assessed OPM's strategies against criteria that included federal standards for internal control and using data to manage performance.[2] In addition, to provide background and context about OPM's actions to identify root causes, we analyzed OPM data on processing volume for retirement applications. To determine the reliability of the data, we reviewed relevant OPM documents and consulted OPM officials about data collection methods. We found the data to be reliable for our purposes of reporting on processing volume for fiscal years 2016 through 2018.

To address our third objective, we selected four agencies as case illustrations—the Department of Defense (DOD), the Department of Health and Human Services (HHS), the National Aeronautics and Space Administration (NASA), and the U.S. Postal Service (USPS). Our selection of agencies was based on analysis of several characteristics of OPM's data on agency errors for fiscal years 2014 to 2016 across 97 agencies.[3] We narrowed our scope to 17 agencies that we categorized as having a relatively high number of applications—more than 1,000 for fiscal years 2014 through 2016 combined. Within that scope, we selected four agencies that represented a variety of error rates and levels of application volume to provide a range of agency experiences.

The four agencies represent 56 percent of all applications audited by OPM for agency errors in fiscal years 2014 to 2016. These agencies also represent 46 percent of all audited applications that OPM identified as having errors in fiscal years 2014 to 2016. Although these agencies do not represent the experiences of all agencies government-wide, they

[2]GAO, *Managing for Results: Government-wide Actions Needed to Improve Agencies' Use of Performance Information in Decision Making,* GAO-18-609SP (Washington, D.C.: Sept. 5, 2018) and *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

[3]We received data for fiscal year 2013-2017, but determined that only 3 years of data were complete and reliable for the purposes of our analysis. We omitted fiscal year 2013 because OPM provided partial year data and fiscal year 2017 because the number of applications for several agencies seemed to be outliers based on a comparison with previous years' data. OPM attributed the data outliers to a temporary processing change. However, when we analyzed OPM's documentation, we found that this did not explain the outliers.

provide illustrative examples of experiences that agencies have with retirement applications. To determine the reliability of the agency error data, we reviewed relevant OPM documents and consulted OPM officials about OPM's data collection methods. We found the data to be reliable for our purpose of selecting agencies. We also reviewed agency documentation related to the selected agencies' retirement application operations and conducted semi-structured interviews with agency staff.

We conducted this performance audit from October 2017 to May 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

OPM administers two defined-benefit retirement plans that provide retirement, disability, and survivor benefits to federal employees.[4] The Civil Service Retirement System (CSRS) provides retirement benefits for most federal employees hired before 1984. The Federal Employees Retirement System (FERS) covers most employees hired in or after 1984, and provides benefits that include Social Security and a defined contribution system.[5] If a federal employee becomes disabled while employed in a position subject to the retirement system, and the employee meets the disability eligibility requirements, the employee may apply for a disability retirement.[6]

[4]A survivor benefit is when an eligible spouse is paid a portion of the annuity after the retiree dies.

[5]The Social Security Administration administers Social Security, and the Federal Retirement Thrift Investment Board administers the defined-contribution system known as the Thrift Savings Plan. Defined-benefit plans calculate benefit amounts in advance of retirement based on factors such as salary level and years of service, and defined-contribution plans calculate benefit amounts based on how the amount is invested by the employee and employer.

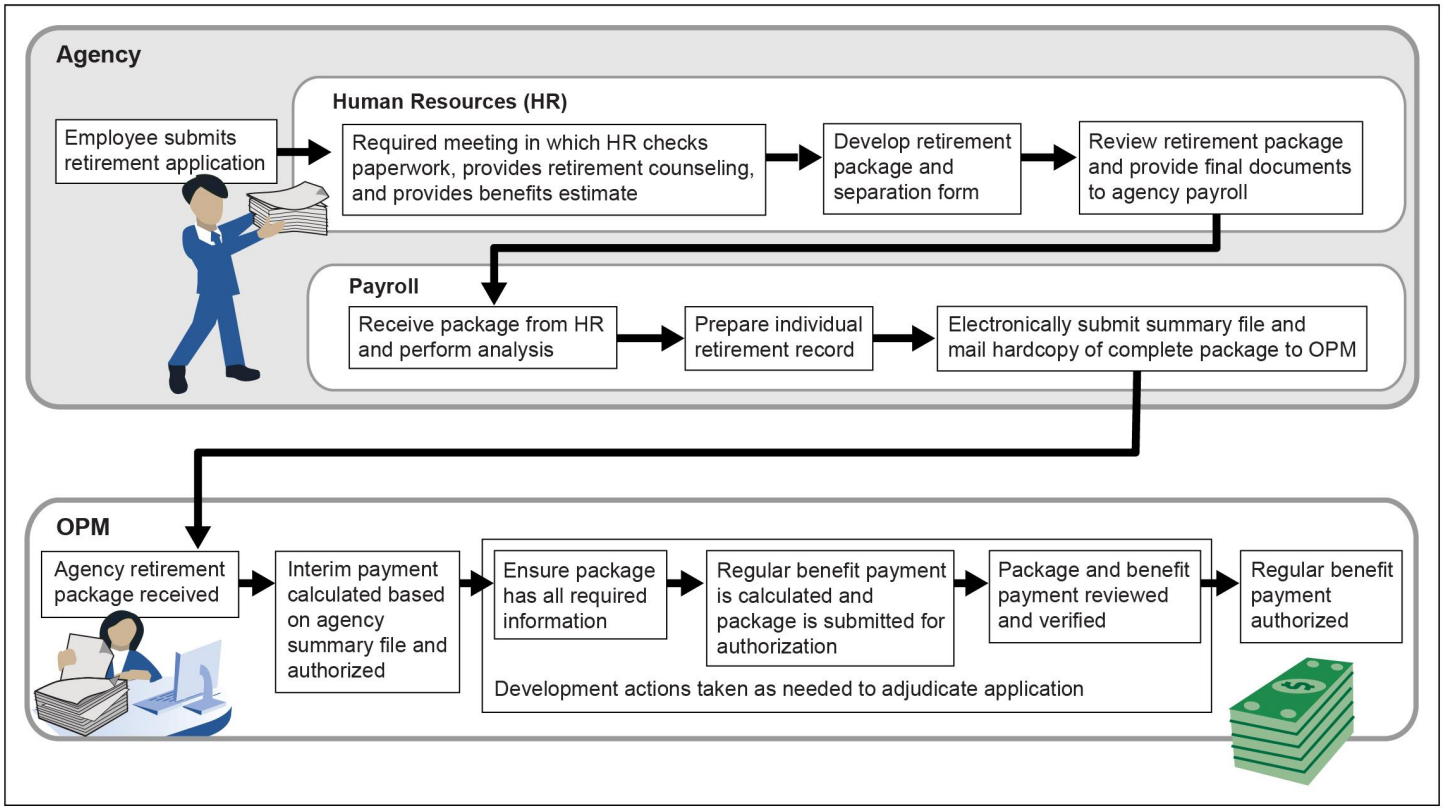
[6]The processing time for the disability retirement application starts after a disability determination has been approved for the applicant, according to OPM officials. For the purposes of this review, we did not analyze the disability determination process.

Agencies' human resources offices, payroll offices, and OPM are responsible for compiling and processing federal employees' retirement applications. The process begins when an employee submits a paper retirement application to his or her agency's human resources office. OPM's guidance states that both agencies and payroll offices must certify that specific portions of the application are accurate.

OPM employees then ensure that the package includes all the necessary information. An OPM adjudicator processes the retirement package, which contains the application documents from human resources and payroll. For example, the package includes the separation form, which finalizes the date that the employee will retire. The adjudicator determines if the eligibility requirements are met for an annuity as well as health and life insurance into retirement, and calculates the annuity. The process is completed when the individual begins receiving regular monthly benefit payments, as illustrated in figure 1. According to OPM officials, OPM then stores the paper retirement file until (1) all benefits have been applied for and paid to all eligible heirs, and (2) a specified amount of time has passed.[7]

[7]The time period is specified as 115 years from the date of the employee's birth or 30 years after the date of the employee's death, whichever is sooner. 5 U.S.C 8345(i).

Figure 1: Overview of Federal Retirement Application Process



Source: GAO analysis of Office of Personnel Management (OPM) information. | GAO-19-217

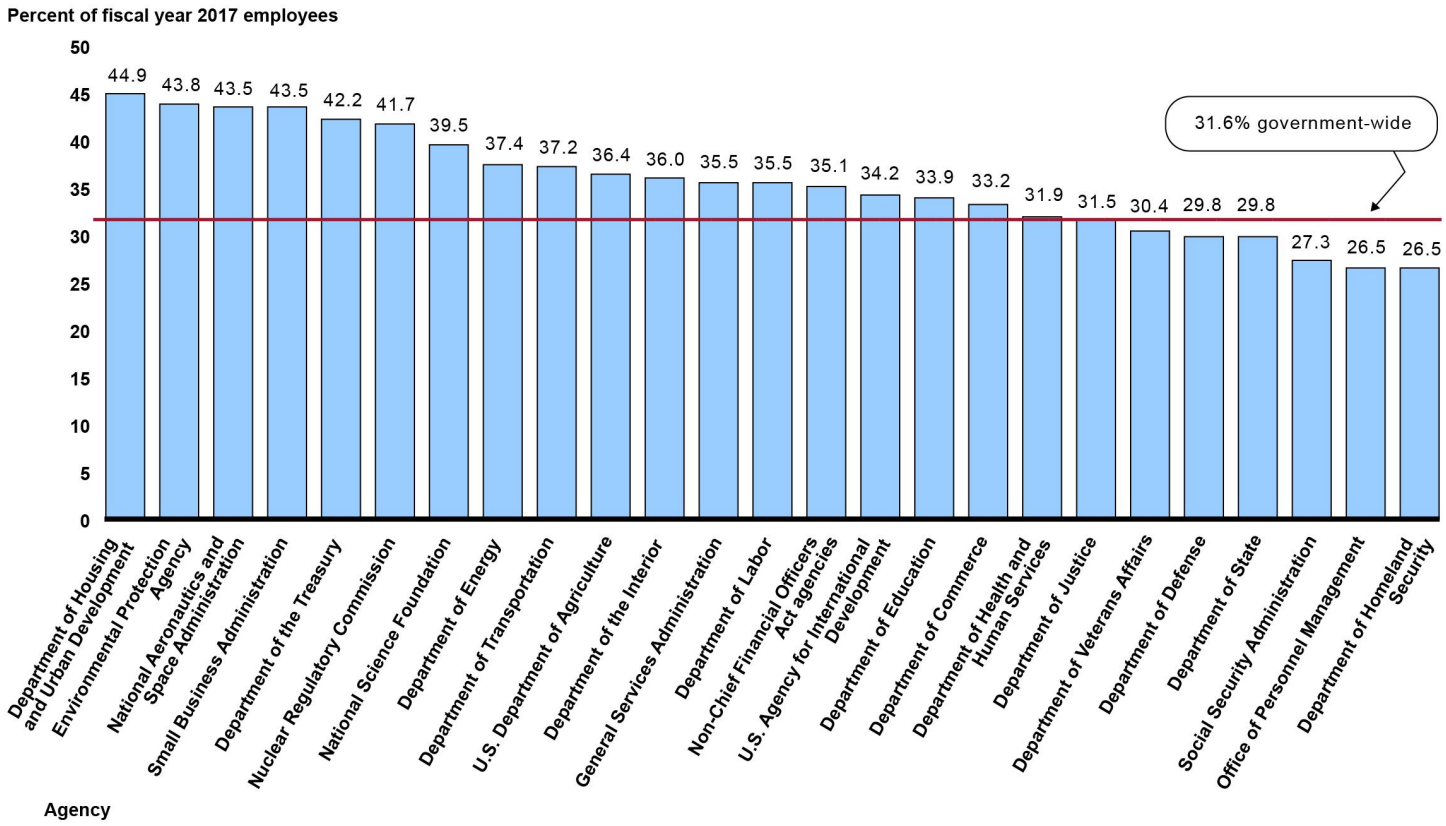
Over several decades, OPM has attempted to modernize the retirement application process by automating paper-based functions and replacing antiquated information systems. However, as we have highlighted in our past work, the agency has experienced numerous challenges and has a history of undertaking modernization projects that did not yield the

intended outcomes.[8] Specifically, we found that OPM's efforts over 2 decades to modernize its processing of federal employee retirement applications were fraught with (information technology) IT management weaknesses. In 2005, we made recommendations to address weaknesses in project, risk, and organizational change management. In 2008, as OPM was on the verge of deploying an automated retirement processing system, we reported deficiencies in, and made recommendations to address, additional weaknesses in system testing, cost estimating, and progress reporting. In 2009, we reported that OPM continued to have deficiencies and made recommendations to address these and other weaknesses in the planning and oversight of the agency's modernization effort. OPM began to address these recommendations; however, in February 2011, it terminated the modernization effort.

As figure 2 shows, 31.6 percent of federal employees who were on board as of September 30, 2017, will be eligible to retire in the next 5 years. Some agencies have particularly high levels of employees eligible to retire in the next 5 years.

[8]GAO, *Federal Retirement Processing: Applying Information Technology Acquisition Best Practices Could Help OPM Overcome a Long History of Unsuccessful Modernization Efforts*, GAO-15-277T (Washington, D.C.: Dec. 10, 2014); *Federal Retirement Processing: OPM Is Pursuing Incremental Information Technology Improvements after Canceling a Modernization Plagued by Management Weaknesses,* GAO-13-580T (Washington, D.C.: May 9, 2013); *Office of Personnel Management: Retirement Modernization Planning and Management Shortcomings Need to Be Addressed*, GAO-09-529 (Washington, D.C.: Apr. 21, 2009); *Comments on the Office of Personnel Management's February 20, 2008 Report to Congress Regarding the Retirement Systems Modernization*, GAO-08-576R (Washington, D.C.: Mar. 28, 2008); *Office of Personnel Management: Improvements Needed to Ensure Successful Retirement Systems Modernization*, GAO-08-345 (Washington, D.C.: Jan. 31, 2008); and *Office of Personnel Management: Retirement Systems Modernization Program Faces Numerous Challenges*, GAO-05-237 (Washington, D.C.: Feb. 28, 2005).

Figure 2: Percentage of Federal Employees on Board as of September 30, 2017, Eligible to Retire in the Next 5 Years by Agency



Source: GAO analysis of Office of Personnel Management's Enterprise Human Resources Integration database as of September 30, 2017. | GAO-19-217

Notes: Our calculations include permanent federal employees. "Eligible to retire" is defined as when a person is eligible to retire with an unreduced annuity. The graphic is a snapshot in time of fiscal year 2017 employee's retirement eligibility and is not a prediction of future eligibility rates. For example, the graphic does not take into account employees that may enter or leave the agency in the next 5 years.

OPM's reporting on its application processing timeliness also shows longer processing times or occasional improved processing times that were not sustained from fiscal year 2006 to 2017.[9] We found it difficult to compare OPM's performance across years because the performance measures have changed over time. For example, in 2009 through 2011, OPM's performance measure was the average number of days to process applications. During this time period, OPM met its target except

[9]OPM did not report its performance on processing timeliness for fiscal year 2012. OPM stated that it did not report on processing timeliness because it was transitioning to a new performance metric.

for 1 year when OPM reported 108 days and the target was 45 days. In contrast, in 2014 through 2017, OPM's performance measure was the percentage of applications processed in 60 days.[10] During this time period, OPM did not meets its target of processing 90 percent of applications in 60 days as the percentage ranged from 57 to 79 percent each fiscal year.

OPM Attributes Processing Delays to Paper-Based Applications, Staffing, and Missing Information in Applications

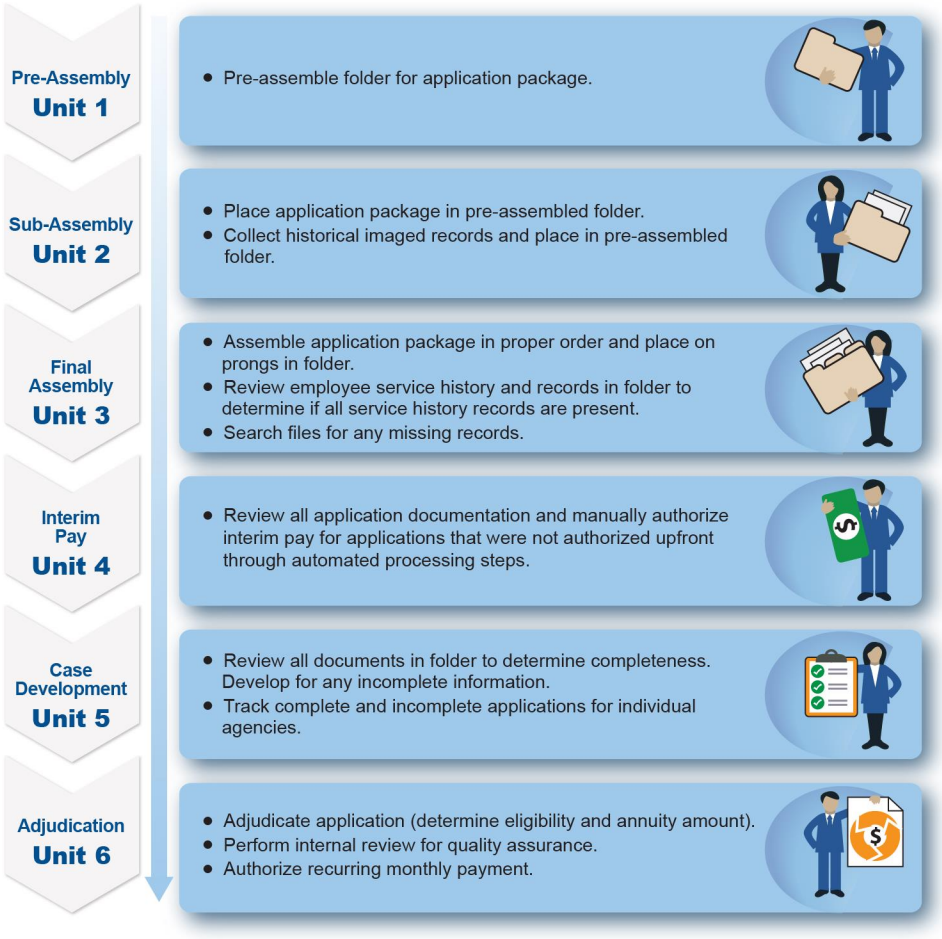
Paper-based applications. Despite past attempts to modernize its retirement applications processing operation, OPM currently requires federal employees to submit their retirement application on paper. According to OPM officials, OPM has automated some front-end processing steps, despite various challenges, such as OPM's and agencies' legacy systems lacking functionality or integration, inaccurate data due to manual data-entry errors, and lack of real-time data because data are stored in inconsistent formats at multiple locations.[11] OPM officials reported that payroll providers can electronically send OPM 59 data elements, which allows OPM to authorize interim annuity payments to 50 percent of new applicants, as well as initiates other processing functions.[12] However, as shown in figure 3, subsequent processing steps still require manual intervention, including assembling paper documents into folders, ensuring documents are in proper order, and addressing missing or incomplete information.

[10]In addition, the performance metric from 2009 through 2011 did not include disability applications, whereas the metric from 2014 through 2017 included disability applications after they were determined to be eligible.

[11]OPM, *Annual Performance Report, Fiscal Year 2010*.

[12]Other processing functions include creating records in various OPM systems and retrieving health insurance enrollment information. Officials added that such automation saves OPM several full-time equivalent positions but did not specify how many positions or how it made this determination. OPM established the interim payment process in the 1960s so that annuitants would receive some income while waiting on their final annuity to be adjudicated.

Figure 3: Overview of Processing Steps after Office of Personnel Management (OPM) Receives Federal Retirement Application



Source: GAO summary of OPM information. | GAO-19-217

Note: This figure does not include automated front-end processing steps, such as electronically receiving data from payroll providers.

Staffing capacity. OPM attributed delays to not having enough staff to address its peak workload season, called the surge period. According to OPM, it hired additional staff in 2017 and 2018 to process applications throughout the year, but overtime pay was needed to increase staffing capacity during surge periods. Also, officials reported that hiring freezes, continuing resolutions, and other budget constraints affected hiring numbers and created hiring delays over the past 5 fiscal years.

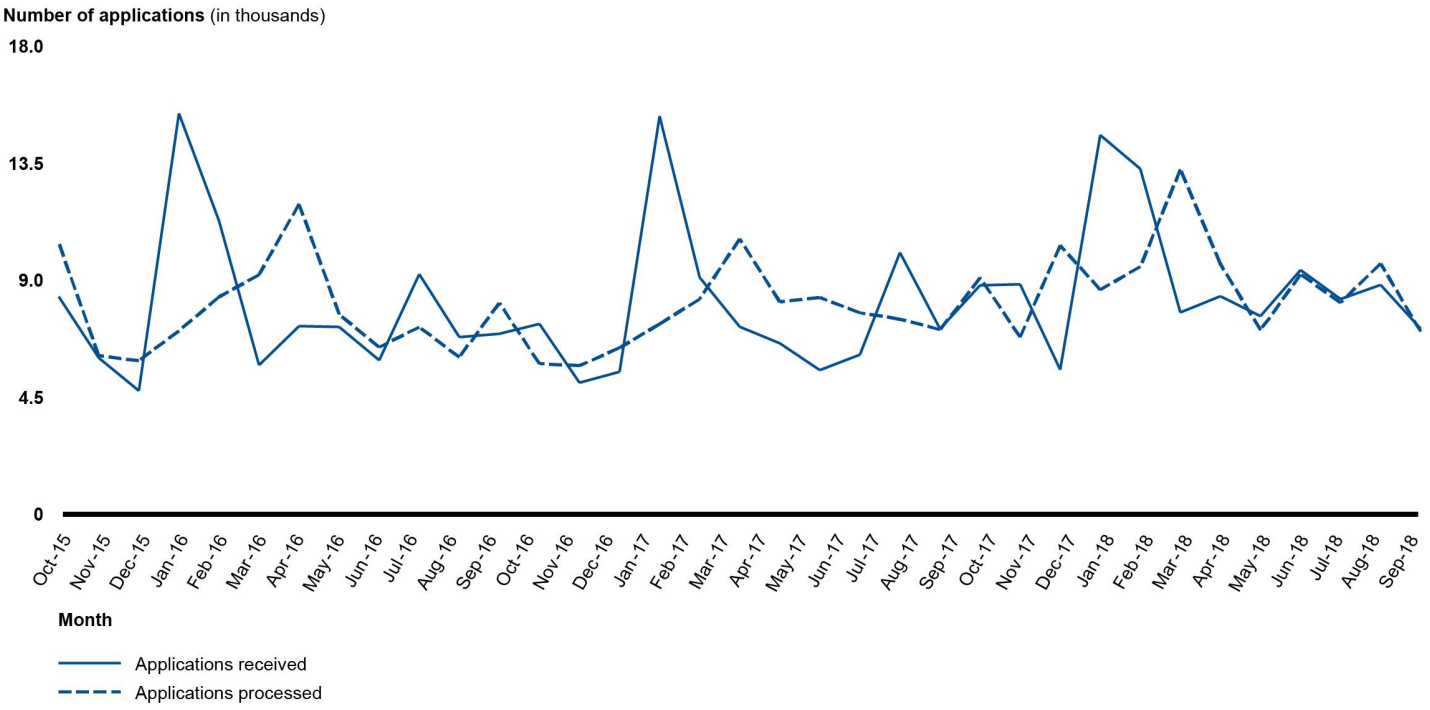
During the surge, OPM officials said they receive the bulk of applications starting in mid-January continuing through February (6 weeks). However,

the effect of the surge workload lasts until mid-April because OPM takes about 60 days on average to process an application. Figure 4 illustrates the flow of applications OPM received and processed in fiscal years 2016 to 2018. During the months of January and February in this time period, OPM received an average of about 13,200 applications per month, a considerable increase over its average of about 7,200 per month at other times of the year. Despite the increase in applications, OPM's application processing numbers remained essentially the same in January and February (8,200 per month) compared to other months of the year (8,100 per month), thus increasing OPM's inventory of unprocessed applications, which ranged from approximately 11,400 to 24,200 for the time period shown.

The increase in inventory was partly mitigated in March of each year, when OPM processed an average of about 11,000 applications. OPM officials reported that they processed more applications in March because they used overtime pay and flexible staffing across work units, such as temporarily shifting staff to a different unit to expedite workflow; screened for complete applications; and received fewer applications as surge periods ended.[13] We discuss these and other actions OPM has taken to increase staffing capacity during surge periods later in the report.

[13]We use the term "work units" to describe how OPM organizes its staff by processing steps. OPM refers to these work units as "cells."

Figure 4: Number of Retirement Applications Office of Personnel Management (OPM) Received and Processed Monthly, October 2015 to September 2018



Source: GAO analysis of OPM data. | GAO-19-217

Note: OPM defines monthly inventory as all new pending claims under the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS), including all non-disability claims and disability claims after a determination has been made that disability retirement under CSRS or FERS is warranted. As of September 2018, OPM's inventory was around 17,600.

Incomplete applications. According to OPM officials, in up to 40 percent of applications, OPM is missing information needed to finalize processing, which increases processing time. Incomplete applications generally fall into two categories:

- **Missing information.** OPM estimates about 10 percent of applications are missing information, such as a form or signature. For example, OPM officials said that documentation for the applicant's preceding 5 years of health insurance coverage, which is necessary to continue health insurance into retirement, was often missing.
- **Waiting for applicant decisions.** OPM estimates about 30 percent of applications are delayed while waiting for applicant decisions. For

example, OPM stated that it must wait 30 days for the applicant to select an annuity option if deposits or redeposits are made.[14]

In addition to these three root causes, OPM officials reported that other factors, such as legislative changes, can also cause processing delays. For example, changes in the law may require OPM to revise its processes and train its staff, taking away time from core processing activities.[15]

OPM Conducts Limited Assessments of Its Processing Operation and Assistance to Agencies

IT Modernization Plan Remains Unclear

Subsequent to terminating its retirement modernization effort in February 2011, OPM refocused its retirement modernization efforts and in 2013 developed a new strategic vision for modernizing retirement applications processing. OPM's 2013 strategic vision for modernizing retirement applications processing envisioned a paperless system that would timely authorize accurate retirement benefit payments, answer customers' questions, and promote self-service account maintenance. According to OPM officials, the strategic vision consists of five key initiatives which are in varying stages of development and implementation, as shown in table 1.

[14]Deposits and redeposits are payments applicants can make into the Civil Service Retirement System or the Federal Employees Retirement System for certain periods of federal service during which they either did not contribute towards their retirement and disability benefits, such as a temporary employee, or for which they received a refund of their retirement contributions. In these situations, OPM sends the applicant a letter with options and corresponding calculations of his or her annuity for each option. If the applicant does not respond within 30 days, OPM calculates the annuity as if the applicant opted to make no deposit or redeposit.

[15]For example, due to legislative changes, OPM officials reported that they recently trained staff on crediting availability pay towards certain Transportation Security Administration employees' retirement. Availability pay is a type of premium pay that is paid to federal criminal investigators who are required to be available to work substantial amounts of unscheduled duty. FAA Reauthorization Act of 2018, Pub. L. No. 115-254, §1908, 132 Stat. 3186, 3548-49 (2018) (codified as amended at 5 U.S.C. § 8331.

Table 1: Five Key Initiatives of Office of Personnel Management (OPM) Retirement Services Information Technology (IT) Strategic Vision

Key initiative	Description	Stage of development and implementation
Electronic Retirement Record	Contains 185 data elements on service history, insurance coverage, and military service, among others. Agency payroll submits the Electronic Retirement Record to OPM's Retirement Data Repository.	**Developed. Partially implemented**. According to OPM, it is piloting the Electronic Retirement Record with the Interior Business Center (payroll). The Electronic Retirement Record is intended to replace the hardcopy Individual Retirement Record, which payroll submits to OPM when an employee separates from the agency.
Retirement Data Repository	Data warehouse where OPM will consolidate and store all data from retirement systems, applicants, human resources, and payroll. The Retirement Data Repository currently contains 3.1 million imaged records.	**Developed. Partially implemented.** OPM plans to expand access to the Retirement Data Repository for agencies and payroll offices. According to a recent OPM Inspector General's report, as of August 2017, 793 external users from 44 federal agencies have access to view scanned records in the Retirement Data Repository.[a] At the same time, OPM continues to work with the Interior Business Center to test the Retirement Data Repository to address issues, such as inconsistent data between electronic and paper records.
Data Bridge	Electronically transfers Retirement Data Repository data to the retirement benefit calculator.	**Partially developed.** The Data Bridge has been constructed, but additional business rules need to be developed and the data mapped before it is fully implemented.
Online Retirement Application Form	Web-based, interactive, electronic retirement application form.	**Partially developed.** OPM has developed requirements for the online retirement application but is waiting for further direction from OPM's IT leadership.
Case Management System	Automated system to manage electronic case files for processing.	**Partially developed.** OPM has developed requirements for the case management system but is waiting for further direction from OPM's IT leadership.

Source: GAO analysis of OPM information. | GAO-19-217

[a]U.S. OPM Office of the Inspector General, *Final Evaluation Report, Evaluation of the U.S. Office of Personnel Management's Retirement Services' Imaging Operations*, Mar. 14, 2018.

Partly in response to cancelling its third attempt to automate the processing of federal retirement applications in February 2011, OPM is now taking an incremental approach towards modernizing its retirement IT systems.[16] According to OPM officials, they also recognize the need to improve OPM's enterprise architecture before implementing significant

[16]GAO-15-277T.

modernization efforts. As we have previously reported, these steps can help agencies successfully modernize and maintain IT environments.[17]

OPM's current approach provides a framework to help the agency achieve its overall IT modernization strategic vision. However, OPM officials provided no further explanation about how retirement IT modernization activities would proceed, such as describing proposed time frames and estimated cost ranges, even for initial project phases. Likewise, OPM's Inspector General recently reported that the agency's fiscal year 2018 IT modernization expenditure plan did not account for total costs nor identify the full scope of OPM's modernization effort for the agency.[18]

Industry best practices and IT project management principles stress the importance of sound planning for system modernization projects. These plans should identify key aspects of a project, such as scope, responsible organizations, costs, schedules, and risks. Additionally, planning should begin early in the project's life cycle and be updated as the project progresses.[19] Further, according to federal internal control standards, management should define objectives in specific and measurable terms, such as defining what is to be achieved, who is to achieve it, how it will be achieved, and time frames for achievement.

OPM officials said that additional IT modernization work is dependent on sufficient funding, support from the Office of the Chief Information Officer, and development of a technical enterprise architecture roadmap. These

[17]Enterprise architecture is a "blueprint" that describes how an organization operates in terms of business processes and technology, how it intends to operate in the future, and how it plans to transition to the future state. A fuller discussion of enterprise architecture can be found at GAO, *Organizational Transformation: Enterprise Architecture Value Needs to Be Measured and Reported,* GAO-12-791 (Washington, D.C.: Sept. 26, 2012). For more information on incremental development, see GAO*, Information Technology: Further Implementation of Recommendations Is Needed to Better Manage Acquisitions and Operations,* GAO-18-460T (Washington, D.C.: Mar. 14, 2018).

[18]U.S. OPM Office of the Inspector General, *Final Management Advisory, U.S. Office of Personnel Management's Fiscal Year 2018 IT Modernization Expenditure Plan*, June 20, 2018; and *Management Advisory, U.S. Office of Personnel Management's Fiscal Year 2017 IT Modernization Expenditure Plan*, Feb. 15, 2018.

[19]Since 2005, we have made numerous recommendations to OPM to develop an IT modernization plan for retirement processing that addresses weaknesses in project, risk, and organizational change management; cost estimating; system testing; progress reporting; planning; and oversight. See GAO-15-277T and GAO-05-237.

components are important. However, they do not preclude OPM from establishing a basic project management plan that includes objectives, estimated cost ranges, and proposed time frames for its initial project phases. Without a plan that is consistent with IT project management principles, OPM is less able to articulate a path forward in measurable terms and assess performance towards achieving its objectives. Similarly, without an electronic application system, OPM is less able to automatically verify information upfront when the application is submitted and notify applicants of any discrepancies prior to accepting the application.

The administration's proposal to move the retirement application processing operation to the General Services Administration (to be renamed as the Government Services Agency) has created additional uncertainty for OPM.[20] Potential changes in organizational affiliation, policy, budget, and staff may make it difficult for OPM to plan for large-scale changes in its operations.[21] Nevertheless, continuing to develop plans to modernize retirement IT systems seems prudent, given that the details of the reorganization are still unknown and that the move to the General Services Administration may not occur in the near term, or at all. Further, IT modernization is a key theme in the March 2018 President's Management Agenda and will likely be a key driver in changing agency operations for years to come.

OPM Lacks Performance Information That Could Improve Processing Timeliness and Staffing Capacity

We have previously reported that to successfully implement reforms and improve their operations and results, agencies need to robustly manage their performance.[22] This involves not only measuring progress toward goals, but also using performance information (i.e., data collected to

[20]Executive Office of the President of the United States, *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, June 2018.

[21]In June 2018, we identified key questions Congress, OMB, and agencies should consider for developing and implementing government reforms. See GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts,* GAO-18-427 (Washington, D.C.: June 13, 2018). The questions can help assess various aspects of reform efforts, including related goals and outcomes, and steps to implement and monitor progress.

[22]GAO-18-609SP.

measure progress towards agency goals) to identify and correct problems, improve program implementation, and make other important management and resource allocation decisions. However, we found that OPM does not use performance information on processing timeliness to manage for results. In addition, we found that OPM conducted limited assessments of its processing data and did not assess the effectiveness of its staffing actions.

Performance Goals and Measures

OPM's fiscal year 2019 processing timeliness goal is to process all retirement applications in an average of 60 days or less.[23] The related performance measure is the average number of days to process retirement applications. However, we found that OPM did not use its timeliness performance measure to manage for results or provide external stakeholders and applicants a clearer picture of processing time.[24]

Performance measures not used to manage. Based on our 2017 survey of federal managers, we found that OPM managers agency-wide reported a statistically significant decrease in using performance information to develop program strategy, allocate resources, and take corrective actions since 2013.[25] Similarly, for this review, we found that OPM could enhance its use of performance information to manage for results in retirement applications processing. OPM has not established additional performance measures for the various parts of the application review and processing operation that would contribute towards achieving its overall processing timeliness goal. For example, OPM does not measure timeliness or have related performance goals for its various work units that process applications.

[23]OPM began reporting this processing goal in April 2018. This goal replaces the previous goal of processing at least 90 percent of applications within 60 days.

[24]OPM officials reported that, in addition to timeliness, they also measure processing accuracy. In fiscal year 2017, OPM estimated that it accurately processed about 94 percent of retirement and survivor claims.

[25]We have developed a body of work on the use of performance information. Most recently, we surveyed federal managers in 2017 to obtain their perspectives on the use of performance information for management and decision-making. For more information, see GAO-18-609SP.

OPM officials do not use such performance goals and measures to manage for results in part because they do not perceive the information to be relevant to reducing processing delays. For example, OPM officials said that the new timeliness performance goal facilitates planning but does not improve processing time or otherwise provide better service to retirees. According to these officials, OPM does not have a requirement for completing its various processing steps within a certain amount of time because each application is different, and they do not want staff to rush and potentially make mistakes, thereby causing rework. In comparison, agencies and payroll centers that submit these applications to OPM are required to do so within a certain time frame.[26]

Similarly, OPM has not established a timeliness performance goal or measure for completing its review of applicants' eligibility for disability retirement. OPM officials said that OPM does not have a performance goal or measure for the review for disability retirement eligibility because it has not reached a steady processing level for these applications. However, OPM did not provide a time frame for when it expects to reach a steady processing level, nor did officials explain why OPM has not established performance goals and measures based on past performance or other benchmarks. In comparison, the Social Security Administration, through partnerships with state agencies, also reviews applications for disability benefits eligibility and has established performance goals for both the accuracy and processing time for this review process.[27] As of November 2018, OPM officials reported that they are collecting data to develop a separate performance goal for measuring the timeliness of reviewing disability retirement eligibility and expect to establish a performance baseline within the next 3 to 6 months.

[26]Chapter 40 of the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) Handbook states that an agency is expected to complete its processing actions and forward the retirement application package to OPM so that the package is received within 30 days after the employee separates from the agency. OPM officials reported that in 1990, Congress mandated that federal agencies meet a timeliness standard for submitting retirement records to OPM. According to OPM officials, the mandate's timeliness standard is met if 80 percent of an agency's retirement benefit related records are received at OPM within 32 days of the employee's separation. The CSRS and FERS Handbook has not been updated to reflect the 32-day limit.

[27]For fiscal years 2015 to 2017, the Social Security Administration established several performance measures for timeliness of disability decisions as part of its strategic objective 3.1. For more details, see Social Security Administration, *Annual Performance Report, 2015-2017*.

The lack of management practices to encourage and enhance the use of performance measures at the operational level can make it challenging for OPM to use performance information to manage operations, such as identifying problem areas that cause delays and implementing corrective actions, and to make decisions, such as better targeting limited resources based on risk or other priorities.

Unclear performance measures. OPM officials reported that the new processing timeliness goal also provides agencies and applicants a clearer, more realistic expectation of processing time. However, none of the four agencies we interviewed considered the new goal to be clearer or more helpful than past goals.[28] The Departments of Defense and Health and Human Services, and the U.S. Postal Service were unaware that any such goal was ever established, prior to our discussions.

We found that this performance goal was unclear because it lacked explanatory information that would make it more meaningful for applicants and external stakeholders, such as agency benefit officers and congressional oversight committees. Specifically, the new performance goal and related measure are expressed as an average, which allows for potentially wide variation in processing times while still meeting OPM's goal. In past work, we have reported that including explanatory information on goals and measures helps improve the usefulness of performance information.[29] Without explanatory information, reporting an average can obscure aspects of OPM's processing timeliness, such as the number and types of applications OPM processes faster or slower than 60 days and the range of processing times.

Also, OPM's processing timeliness goal and measure do not include all phases of the application review process, specifically the time OPM takes

[28]We interviewed agencies to obtain their perspectives on working with OPM to submit retirement applications, among other topics. We selected agencies based on various factors, such as volume of applications and error rate. We discuss our selection methodology in the introduction of this report.

[29]GAO, *Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers*, GAO/GGD/AIMD-99-69 (Washington, D.C.: Feb. 26, 1999).

to determine eligibility for disability retirements, which can be lengthy.[30] We have previously reported that performance information could be more useful if it identified significant data limitations and their implications for assessing performance. OPM officials reported that the processing timeliness goal and measure exclude data on disability retirement applications pending approval because OPM does not consider reviewing disability retirement eligibility as part of processing. OPM includes disability applications in its processing timeliness goal after these applications have been approved. Not providing explanatory information about what the processing goal includes or excludes can lead to agencies' and applicants' false expectations and confusion about the amount of time OPM is taking to review applications.

Limited Assessments of Processing and Staffing Strategies

OPM has implemented various strategies for improving processing timeliness, as discussed below. However, we found multiple examples where OPM did not assess whether the strategies were effective.

Assessment of processing applications. According to OPM officials, senior and frontline managers review processing data, such as age of pending applications, weekly to identify potential concerns, and adjust staffing and workload if necessary. However, we found that OPM's performance information may be of limited use for assessing processing delays because the data lacked elements that would provide a more complete measure of performance.

For example, we found that OPM did not review about half of applications government-wide for errors in fiscal years 2014 to 2016 combined,

[30]As an example, the U.S. Postal Service (USPS) Inspector General recently reported that approximately 2,000 USPS employees applied for disability retirement in fiscal year 2017. As of September 30, 2017, 1,195 employees had been waiting 6 months or longer for a decision from OPM on their applications. Of these employees, 398 had been waiting for a year or longer. In addition, the USPS Inspector General reported that when disability determination decisions are not rendered timely, applicants can be adversely affected, including loss of income and health and life insurance benefits. See USPS Office of the Inspector General, Audit Report, *Postal Service Disability Retirement Application Proces*s, (HR-AR-18-005), June 11, 2018.

including all disability retirement applications.[31] Likewise, OPM officials said that the number of unprocessed applications in inventory does not include disability retirement applications still pending approval. As a result, OPM's performance information for both application errors and inventory does not reflect the full extent of processing delays because various applications have been excluded. OPM officials were unable to explain to us why or how they decided to exclude certain applications.

Also, OPM generally does not assess the accuracy of the data it collects on application errors. OPM most recently reviewed the accuracy of the error data in 2014, despite additional feedback from agencies that some errors charged to them were incorrect.[32] We also found outliers in the data that OPM officials were unable to explain.[33]

Assessment of staffing actions. OPM has taken actions to increase staffing capacity in retirement operations throughout the year, as well as during surge periods, as shown in table 2.

[31]Since 2009, OPM has audited retirement applications for incorrect, missing, or incomplete information, compiled the error data, and sent agencies a monthly report detailing the number and nature of errors. The audit is separate from OPM's adjudication process. In 2018, OPM moved the timing of the audit to after the adjudication process, rather than during, to avoid processing delays. OPM officials said that they used the error data for developing training webcasts and conferences. We discuss OPM's assistance to agencies, such as training, later in the report.

[32]OPM reviewed agency disputes about application errors received in July and August 2014. Of the 93 agency disputed errors that OPM reviewed, it found that it had incorrectly charged 56 errors, either because it noted an error that did not exist or incorrectly characterized the error. However, OPM also determined that less than 1 percent of all applications were affected by incorrectly charged errors.

[33]OPM attributed the data outliers to a temporary processing change, which OPM officials said resulted in some agencies sharing the same agency code. However, when we cross-checked these agencies to agencies with data outliers, we found that the agencies were largely different. Therefore, the processing change would not explain the outliers.

Table 2: Office of Personnel Management (OPM) Actions to Increase Staffing Capacity in Retirement Operations

Actions	Description
Cross-functional training	When OPM reorganized its processing workflow into units, OPM trained staff to perform multiple functions, enabling staff to move between units to increase capacity. For example, workers in unit five review applications for completeness but are also trained, and can be called upon, to perform tasks in units one through four, such as assembling application materials and collecting missing documents.
Hiring additional staff	In fiscal year 2017, OPM hired 15 additional legal administrative specialists to process applications. OPM estimated that these staff will process 8,500 additional applications in their first year and progressively more (up to about 15,000 additional applications per year) as staff complete training and gain experience.
Monitoring workload	Managers review weekly reports showing number of applications received, processed, and in inventory, as well as the amount of time elapsed since OPM received the application.
Overtime pay	OPM used overtime pay to compensate for reduced staffing in fiscal years 2013 to 2016 and to process additional applications in fiscal year 2017.
Work specialization	Based on staff suggestions, OPM began training senior staff to specialize in low volume applications, such as those from Bureau of Indian Affairs. According to OPM officials, these staff have been trained for more than 10 years and work these applications to maintain expertise.
During surge periods	
Leveraging external agencies	From 2015 to 2017, OPM brought in four to five employees from the U.S. Postal Service to help at its Boyers, Pennsylvania processing facility during surge periods. These employees stayed an average of 6 weeks and assisted with authorizing the initial interim payment to applicants. From 2016 to 2018, OPM had a similar arrangement with employees from the Defense Finance and Accounting Service.
Overtime pay	OPM officials said that they require certain staff to work overtime to reduce inventory before and during surge periods.
Temporary processing changes	From January through March 2017, OPM sent most applications directly to adjudication, bypassing earlier processing steps. OPM reverted to its usual processing steps in 2018 but may use this method again for future surge periods.
Tiger teams	Since 2013, OPM has assembled teams of 15 staff members each to expedite processing. Teams focus on applications screened for completeness, resulting in quicker processing because the applications required fewer steps to finalize.

Source: GAO analysis of OPM information. | GAO-19-217

Note: Defense Finance and Accounting Service is the payroll provider for the Department of Defense, Department of Health and Human Services, and other agencies.

However, we also found that OPM does not assess the effectiveness of its staffing actions, even though OPM officials reported that they are consistently looking for opportunities to improve OPM's current processes. For example, OPM officials said that staffing actions improved efficiency but were unable to provide supporting data or documentation of their assessments, such as how often cross-functionally trained staff worked in other units and resulting improvements in output or quality.

Likewise, OPM has not assessed the results of using overtime pay. As shown in table 3, any increased use of overtime pay during fiscal years 2013 to 2017 did not increase the number of applications processed.

Table 3: Overtime Did Not Track with Number of Applications Processed

Fiscal year	Overtime hours	Overtime cost (dollars)	Number of applications processed
2013	57,585	2,228,981	130,832
2014	63,717	2,466,701	98,542
2015	83,714	3,275,223	95,651
2016	59,116	2,376,252	94,545
2017	64,773	2,653,912	92,125

Source: Office of Personnel Management (OPM) data. | GAO-19-217

Note: Overtime data include both processing and nonprocessing activities. OPM was unable to provide a more detailed breakdown of the data.

OPM officials said that overtime pay does not necessarily translate into increased output because some actions performed during overtime, such as quality review, do not contribute towards finalizing additional applications. They added that other factors can decrease production, such as reduced staff. Reduced staffing from fiscal years 2013 and 2016 may have contributed to decreased output, even with the use of overtime. However, OPM officials were unable to provide the number or types of positions that were reduced. Likewise, OPM does not measure how and to what extent the various factors affect output.

OPM officials also said that they use overtime pay during surge periods to move applications through processing during its busiest time of the year, thereby decreasing an otherwise longer waiting time for applicants. However, OPM does not measure overtime productivity, or productivity in general, nor are they able to correlate overtime data with applications processing data or outcomes. OPM officials explained that they expect staff to be equally productive during overtime as they are during regular work time. Although OPM officials may set these productivity expectations, they do not collect productivity data to measure whether and to what extent staff meet these expectations.

Further, OPM officials could not provide basic staffing data, such as the number of staff who have processed retirement applications for the past 5 years or number of processing staff paid overtime. Such information is valuable because it provides the basis for assessing whether OPM's staffing actions are improving performance and meeting their intended purpose.

We have previously reported that to be useful, performance information must meet users' needs for completeness, accuracy, consistency,

timeliness, validity, and ease of use.[34] Other attributes that affect the usefulness of information include, but are not limited to, relevance, credibility, and accessibility. Further, federal internal control standards state that management should use quality information and design control activities to achieve the agency's objectives. Examples of control activities include top-level reviews of performance compared to plans, goals, and objectives; management reviews at the functional or activity level; comparing and assessing related data sets so that relationships can be analyzed and appropriate actions taken; and clearly documenting control activities, transactions, and other significant events so that the documentation is readily available for examination. Federal internal control standards also state that management should implement control activities through policies.

OPM officials reported that OPM's systems were not robust enough to produce better performance information beyond basic processing data. OPM officials added that they have limited resources to assess data on strategies intended to improve processing timeliness. As such, OPM could consider a risk-based approach to collecting data and conducting assessments. For example, OPM could prioritize assessments of more resource-intensive activities over less resource-intensive activities. OPM could also focus its assessments on situations that could potentially introduce processing errors or data inconsistencies, such as when regulatory or process changes are implemented, or when staff are newly employed or are taking on new responsibilities. OPM officials also said that processing time is one of multiple factors they use to determine the effectiveness of staffing actions. However, as noted earlier, processing times have not consistently improved, further underscoring the need for better data and assessments of strategies intended to improve processing timeliness. Lack of useful performance information and policies and procedures to conduct assessments can hinder managers from identifying causes and corrective actions to problems in existing programs, as well as developing and prioritizing strategies and related resources for future programs.

[34] GAO-05-927 and GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results,* GAO-04-38 (Washington, D.C.: Mar. 10, 2004).

OPM Provides Assistance to Agencies, but Lacks a Robust Process for Assessing That Assistance

To obtain agencies' perspectives on the retirement application process and better understand their coordination and collaboration with OPM, we interviewed four selected agencies using a standardized set of questions in a semi-structured interview format. After we met with the agencies, we discussed the agencies' perspectives on OPM's assistance with OPM officials and incorporated their comments, as appropriate.

Selected Agencies Have Mixed Perspectives on OPM Assistance

OPM provides four main types of assistance to agencies: written guidance, training, communication through assigned liaisons and email, and monthly error reports.

- **Guidance.** OPM provides written guidance to agencies on submitting retirement applications through the Civil Service Retirement System and *Federal Employees Retirement System Handbook for Personnel and Payroll Offices* and Benefit Administration Letters. The letters provide guidance to agencies on various topics, such as on retirement policy and process issues. The most recent version of the handbook posted on OPM's website is from 1998. OPM officials reported that the handbook is updated on an ongoing basis and as resources permit. Of the 47 chapters on OPM's website, five had been updated between 2013 and 2017. NASA reported that OPM's handbook is out of date and found it unreliable because some of the information is no longer accurate. All of the four selected agencies reported that the Benefit Administration Letters were very important. The Department of Defense (DOD), the Department of Health and Human Services (HHS), and the U.S. Postal Service (USPS) reported that the Benefit Administration Letters were issued at about the right frequency. In addition, DOD, the National Aeronautics and Space Administration (NASA), and USPS also stated that the Benefit Administration Letters were helpful or very helpful.
- **Training.** OPM officials reported that OPM provides training opportunities to agencies which include semi-annual multi agency conferences, training for benefit officers, webcasts, self-paced online training, and onsite training if requested. DOD and HHS reported that they were satisfied with the training, and NASA and USPS reported that they were dissatisfied. For example, NASA reported that OPM's training would be improved with more virtual trainings that are shorter.

NASA also reported that cost constraints prohibited sending all retirement staff to in-person training while virtual training is accessible to more staff.

- **Liaisons and emails.** OPM officials stated that it communicates with agencies by assigning all agencies a liaison to contact for technical assistance and communicating directly via email. For example, HHS reported that its previous liaison had helped locate missing records, such as a federal employee's federal service history. All of the four selected agencies reported that the interaction with the liaisons was very important, and DOD, NASA, and USPS reported that the interactions were very helpful and about the right frequency. OPM also stated that it communicates with benefit officers and other interested parties through emails. USPS reported that the emails from OPM included Benefit Administration Letters and announcements about meetings and upcoming trainings. DOD, NASA, and USPS reported that emails were the most helpful form of communication with OPM.
- **Error reports.** OPM provides agencies with a monthly error report after it analyzes each agency's batch of applications. This report includes information on the type of error found and the volume of applications with the same error, according to OPM. The error report includes retirement applications for those who retired while working for the federal government, which, for example, does not include disability retirement applications, according to OPM officials. OPM officials reported that the intent of the error reports is to educate the agencies. DOD and USPS reported that the error reports were helpful for identifying application errors. However, all four selected agencies reported that aspects of the error reports were not user-friendly. For example, the error reports are in a format that cannot be manipulated, thereby requiring agencies to manually enter data to track the type of errors found, and analyze the data and share the information internally. Such manual entry increases the risk of data entry errors that could compromise the accuracy of the original data. The four selected agencies also reported that the error reports lack some types of information, such as clear descriptions of errors, data on trends, and information on disability retirement applications.

OPM Conducts Limited Reviews of Its Assistance to Agencies

OPM officials reported they review two of the four types of assistance (guidance and training) and also conducted a review of error reports in 2014. They also stated that they had taken some actions in response to

agency feedback. However, OPM did not provide documentation of their assessments of guidance or training.

- **Guidance.** OPM officials reported that they continue to evaluate their guidance and had taken some actions in response to agency feedback. For example, in response to agencies' feedback that they experienced difficulty obtaining paper documentation of 5 years of health insurance, OPM officials reported that they developed a new form that agencies could use to certify that employees had the required coverage, which has resulted in decreased errors. However, OPM could not provide us with documentation of its reviews of its guidance. In addition, OPM had no schedule for updating guidance to agencies, according to OPM officials.
- **Training.** OPM officials reported that they receive agency feedback on training in multiple ways and had taken some actions in response. For example, OPM officials said that agencies provide feedback on trainings informally during conversations with liaisons and at in-person trainings. OPM officials also said they read training evaluation forms, which include multiple choice questions on the value of the different aspects of the training and an area to write any comments or suggestions. In addition, OPM periodically surveys benefit officers on their training, including open-ended questions about how and on what topics the respondent would prefer to receive training. However, the benefit officer survey does not include broader questions about how the training or other types of assistance could better meet the needs of agencies.

In addition, OPM officials reported that in response to agency feedback, they made improvements to the class offerings, such as enhancing training on military discharges. OPM officials also reported that one of the actions they take in response to the most common errors that agencies make in retirement applications is to provide training on these topics. For example, OPM officials reported that they identified common errors on federal health benefits and military service documentation and subsequently provided training on both topics. OPM officials did not provide us with documentation of their reviews of agency feedback on training.

- **Error reports.** In 2014, OPM conducted a review of the errors that 12 agencies disputed in the agencies' error reports. OPM officials reported that the review concluded that less than 1 percent of OPM's incorrectly identified errors would have affected the annuitant. According to OPM officials, the cost of reviewing and adjusting the error rate for accuracy outweighs the benefits. In addition, the four

selected agencies reported that they had shared information with OPM on errors that the agencies thought were erroneously identified as errors. The four selected agencies reported that OPM had not changed the error rates in response. In addition, HHS and USPS reported that OPM did not share the information on disputed errors with its staff who audit the applications for errors. USPS officials also stated that OPM had not used this information to train its staff.

OPM's fiscal year 2018 budget justification cited partnering with agencies to help them submit complete and accurate retirement packages for quicker processing.[35] While OPM officials reported that they have reviewed certain types of assistance, they have limited or no documentation on the analysis or the results of these reviews. Federal internal control standards state that management should compare actual performance to expected results and evaluate and document monitoring results. The standards also state that management should complete and document corrective actions to remediate control deficiencies in a timely manner.[36] In relation to training, which is one of the types of assistance OPM provides to agencies, we have also reported that a leading training investment practice is to evaluate the benefits achieved through training, such as having a formal process for evaluating improvement in performance and tracking the impact of training on the agency's performance goals. Another leading practice is to compare the merits of different delivery mechanisms (such as classroom or computer-based training) and determine what mix of mechanisms to use to ensure efficient and cost-effective delivery.[37]

OPM officials reported that effectiveness of their assistance to agencies is a contributing factor to decreased errors in retirement applications. For example, according to OPM, the percentage of complete applications submitted government-wide improved from 77 percent in fiscal year 2010 to about 92 percent in fiscal year 2017. OPM officials also noted that they assessed the effectiveness of their guidance and trainings and any

[35]OPM, *Congressional Budget Justification Fiscal Year 2018*, (Washington, D.C.: May 2017).

[36]GAO-14-704G.

[37]GAO, *Federal Training Investments: Office of Personnel Management and Agencies Can Do More to Ensure Cost-Effective Decisions*, GAO-12-878 (Washington, D.C.: Sept. 17, 2012); and *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-04-546G (Washington, D.C.: March 2004).

modifications by observing if particular types of errors decrease overall. OPM officials provided us a list of the most common errors for fiscal year 2017, such as a missing marriage certificate.

Although OPM officials have stated that they review two of the four types of assistance (guidance and training), OPM lacks a robust process for assessing and documenting its analysis and findings regarding all forms of the assistance it provides to agencies. This makes it more difficult for OPM to clearly demonstrate the effectiveness of its assistance. Thus, for example, there is limited understanding as to whether OPM's training is being delivered through the most efficient and cost-effective mix of mechanisms. OPM may be missing opportunities to better partner with agencies by tailoring its assistance to help agencies improve their own processes and training. Assessments that result in enhancing OPM's assistance to agencies could improve the completeness of applications submitted, which could in turn improve OPM's application processing time.

With respect to the agency error report, federal internal control standards state that management should communicate quality information externally so that external parties can help the entity achieve its objectives, and periodically evaluate its methods of communication so that it communicates quality information.[38] OPM officials reported that the current structure of the agency error reports was designed to capture the large overarching error-based issues many agencies face, such as applicants electing more life insurance coverage than permitted. OPM officials reported that they have not solicited input from agencies about the usefulness of the monthly error reports, but agencies regularly provide feedback to their OPM liaisons. OPM officials reported that they are evaluating the trends in the feedback. However, revising the structure of the current error reports would not be cost-effective, according to OPM officials. They also reported that they are considering including disability applications in future error reports.

The current format of the agency error report may limit its usefulness to agencies in improving their retirement applications and educating staff on how to address or minimize errors. Without user-friendly error reports, such as one that could be manipulated in Excel, agencies could find it more challenging to efficiently share the data among agency divisions

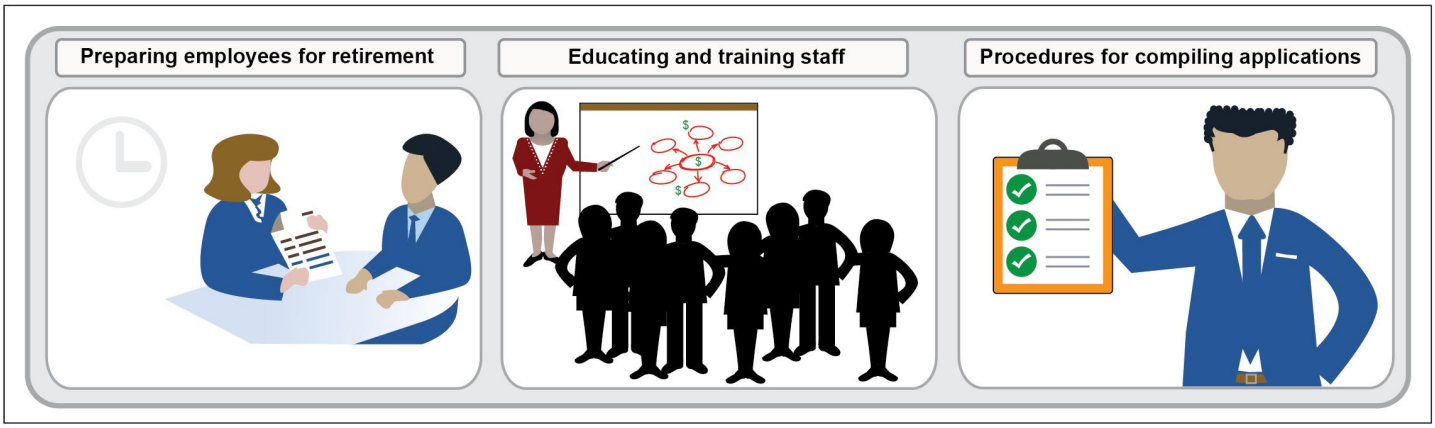
[38]GAO-14-704G.

and for the divisions to further sort the data. This challenge may be particularly burdensome at agencies comprised of numerous sub-agencies that share responsibility for preparing higher volumes of retirement applications.

Selected Agencies Have Developed Strategies for Compiling Accurate Applications

We found that the four selected agencies we interviewed used three strategies to compile accurate retirement applications, as shown in figure 5 below.[39] Some agencies also had additional strategies, such as tracking identified issues in applicant's retirement applications.

Figure 5: Selected Agencies Use Three Strategies to Compile Accurate Retirement Applications



Source: GAO analysis of information from selected agencies. | GAO-19-217

Preparing employees for retirement. The four selected agencies provide retirement counseling and had an agenda or a checklist to guide the discussion. Some of the topics included designating beneficiaries and eligibility to continue health insurance into retirement. DOD, HHS, USPS, and NASA also reported providing additional assistance to prepare employees for retirement. DOD's website had calculators that could be

[39]NASA and USPS each have one office that processes retirement applications. Multiple components within DOD and HHS process retirement applications. So, when we mention an agency, it could refer to these agencies as a whole or one or more components within the agency.

used for estimating a Thrift Savings Plan annuity and survivor benefits.[40] HHS stated that its employees have access to online pre-retirement seminars and financial planning resources. In addition, USPS has an employee retirement kit for that includes health insurance information, general retirement information, and retirement forms, such as for documenting life insurance and retirement effective date.

NASA also prepares employees for retirement in two additional ways. First, NASA reviews new employees' electronic Official Personnel Folders, which contain their federal employment history, and makes corrections as needed. NASA officials stated it tries to resolve any issues in an employee's electronic Official Personnel Folder rather than waiting until an employee retires. Samples of these files are then audited. Second, NASA stated that it encourages employees to ask for an annuity estimate every year for the 7 years prior to planned retirement. NASA reported that each annuity estimate generated includes a review of an employee's files, and enables the agency to identify and address any errors.

Educating and training staff that compile retirement applications. The four selected agencies hold periodic staff meetings that include discussions of retirement applications. For example, NASA's meeting includes a discussion of common errors to avoid, unique or complex retirement cases, process improvements, and lessons learned. The four selected agencies also conduct retirement application training. For example, DOD provided a multiday training that included topics such as creditable service, annuity computation, and retirement eligibility. HHS also stated that it partnered with its payroll provider to present the payroll side of retirement processing, including retirement application processing and disability retirement processing. DOD, HHS, NASA, and USPS also reported that new staff is mentored by experienced staff.

Procedures for compiling applications. The four selected agencies have procedures for compiling applications. For example, the four selected agencies have checklists to help staff compile the required documents. DOD's checklist includes a list of more than 30 documents in sequential order with instructions on which documents to include for each of the two retirement plans. In addition, the four selected agencies

[40]The Thrift Savings Plan allows federal employees to contribute a portion of their current compensation through payroll salary deductions, and allocate their contributions and any associated earnings among the available investment options.

reported having a system to track the process of compiling applications. DOD's, NASA's, and USPS' respective systems also include tracking identified issues. For example, USPS' system monitors the overall progress of each application, as well as tracks the status of each identified issue, such as missing documents, and whether the issue had been resolved.

The four selected agencies also conduct audits on some or all of the applications before submitting applications to OPM. The agencies reported that the audits are used to increase accuracy of submitted applications and provide feedback to staff on any identified errors. For example, DOD has an audit checklist with more than 30 items to review, such as whether a marriage certificate is included if applicable and if the application is signed.

Conclusions

Delays in processing retirement applications for federal employees have been a longstanding problem. According to OPM, it has identified root causes for the delays and has developed and implemented strategies to improve its processing operation. For example, the agency has developed a strategic vision for modernizing the current paper-based application, and employed strategies to address staffing capacity and minimize the number of incomplete applications. However, without improving its data collection and assessments of its strategies, OPM cannot know whether its strategies are effective at reducing the delays, or could be modified to yield better results. Furthermore, OPM's plan for modernizing its information technology (IT) retirement processing lacks cost estimates and timelines, which means there are no measurable results with which to evaluate resource needs or interim progress.

In addition, although OPM has established a performance goal on processing timeliness, its related performance measure does not include explanatory information that could make it more meaningful. OPM also has not set performance measures for various parts of the application review and processing operation that could provide clearer insights into where improvements may be needed. Lack of quality performance information hinders applicants and external stakeholders from understanding OPM's timeliness in processing applications, and limits OPM from better managing and monitoring program performance. Furthermore, OPM lacks a robust process for assessing its assistance to

agencies, which makes it difficult for OPM to demonstrate the effectiveness of its assistance.

Potential organizational changes and other external factors have created additional uncertainty for OPM. These challenges notwithstanding, approximately 100,000 federal employees depend on OPM each year to process retirement benefits, such as life and health insurance, in a timely manner. As such, OPM should endeavor to reduce processing delays, monitor and report on its progress through better performance information, and effectively partner across the federal government to improve processing timeliness.

Recommendations for Executive Action

We are making the following six recommendations to OPM:

The Associate Director of OPM's Retirement Services, working in coordination with the Chief Information Officer, should develop, document, and implement a Retirement Services IT modernization plan for initial project phases that is consistent with key aspects of IT project management, such as determining objectives, costs, and time frames for each initial phase. (Recommendation 1)

The Associate Director of OPM's Retirement Services should adopt management practices to enhance the use of performance information on processing timeliness to inform how OPM manages operations, identifies problem areas, and allocates resources. For example, OPM could enhance use of performance measures at the operational level or establish a timeliness performance goal for reviewing disability retirement eligibility. (Recommendation 2)

The Associate Director of OPM's Retirement Services should provide explanatory information, such as the range of processing times and the exclusion of disability retirement eligibility determinations, as part of the performance measure on processing timeliness. (Recommendation 3)

The Associate Director of OPM's Retirement Services should develop and implement policies and procedures for assessing strategies intended to improve processing times, including collecting and improving data needed to support those strategies, such as collecting better productivity data or staffing data and linking them to processing outcomes. (Recommendation 4)

The Associate Director of OPM's Retirement Services should examine its process for assessing its assistance to agencies on retirement applications. For example, OPM could incorporate into its assessment process more agency feedback or documentation of assessment results, which could improve its partnership with agencies to strengthen the assistance provided. (Recommendation 5)

The Associate Director of OPM's Retirement Services should work with agencies to determine if there are cost-effective ways to make the retirement application error report that it sends to agencies more user-friendly. For example, explore whether there are cost-effective ways to provide the error report in a format that could be manipulated (e.g., Excel spreadsheet), or to include additional information, such as incorporating disability retirement applications or providing clearer descriptions of errors or trend data, some of which OPM already collects. (Recommendation 6)

Agency Comments and Our Evaluation

We provided a draft of the report to OPM, DOD, HHS, NASA, and USPS for review and comment. In its comments, reproduced in appendix I, OPM concurred with 1 recommendation and partially concurred with the remaining 5 recommendations. HHS and NASA provided technical comments, which we incorporated as appropriate. DOD and USPS had no comments on the draft.

OPM partially concurred with our first recommendation to develop, document, and implement a Retirement Services IT modernization plan that includes costs and time frames for initial project phases. OPM stated that it has established initial high-level funding estimates for each of its five key IT initiatives, but OPM did not provide any documentation or further details. OPM cited that its ability to implement the modernization plan depends on the availability of funding and coordination with the agency's top leadership. We agree these are important elements, which further underscore our recommendation. An IT modernization plan with objectives, cost estimates, and time frames could help support funding requests, as well as measure progress in implementing the initiatives.

OPM partially concurred with our second recommendation to enhance the use of performance information on processing timeliness to make more informed management decisions. OPM responded that it measures overtime spending, reviews daily work level in each work unit, and assesses employee productivity in these units. Collecting and reviewing

such operational-level data contributes to monitoring efforts; however our recommendation emphasizes the importance of using performance information to better manage operations to align with organizational goals.

OPM partially concurred with our third recommendation to provide explanatory information as part of its reporting of processing timeliness. OPM agreed to add an explanation about disability retirement eligibility determinations to its public reports. OPM disagreed that reporting data on the range of processing times would be beneficial because, according to OPM, it provides processing information through other means, such as through applicants' online accounts and agency benefit officers. While providing this information is beneficial, publically reporting data on the range of processing times helps improve the usefulness of performance information for applicants and external stakeholders, such as congressional oversight committees. Further, OPM acknowledged that it already collects and shares such data, which confirms it has the information and ability to implement this recommendation by adding appropriate summary notes to its public reporting. This action coupled with adding an explanation about disability retirement eligibility determinations should address the recommendation.

OPM partially concurred with our fourth recommendation to develop and implement policies and procedures for assessing strategies intended to improve processing times, including collecting data needed to support those strategies. OPM stated that a new case management system could provide better productivity and staffing data with which to assess effectiveness, but is dependent on funding and IT support. However, developing policies and procedures to manage and monitor its assessment process—such as determining when, how, and how often to conduct assessments and what data to collect—is not dependent on having a new case management system. In fact, establishing such policies and procedures could help inform system requirements in terms of data and reporting needs.

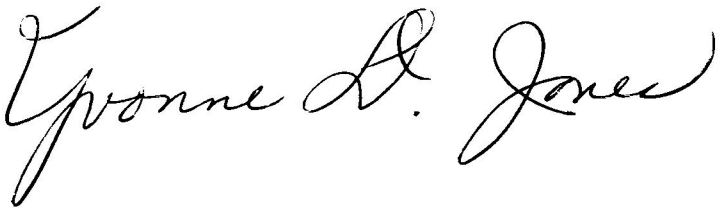
OPM concurred with our fifth recommendation to examine its process for assessing its assistance to agencies on retirement applications, and stated that it will incorporate more agency feedback into its assessment results on non-disability immediate retirement applications.

OPM partially concurred with our sixth recommendation to work with agencies to determine if there are cost-effective ways to make the error report more user-friendly. OPM stated that it will explore using MS Excel

spreadsheets and incorporating clearer descriptions of errors and data trends. OPM asserted that our report incorrectly states that the data sent to agencies cannot be manipulated as agencies receive the data in MSWord documents from which they can create MS Excel spreadsheets. However, as OPM acknowledges, agencies have to create their own spreadsheets. Doing so requires agencies to manually enter the data to track and analyze errors, which increases the risk of data entry mistakes that could compromise the accuracy of original data, as we reported. OPM also stated that collecting disability application error information is not an inexpensive or simple process change. While we recognize OPM's audit efforts may need to be modified to capture this type of error information, it would provide agencies with more comprehensive error data that could be used to improve the agencies' application processes.

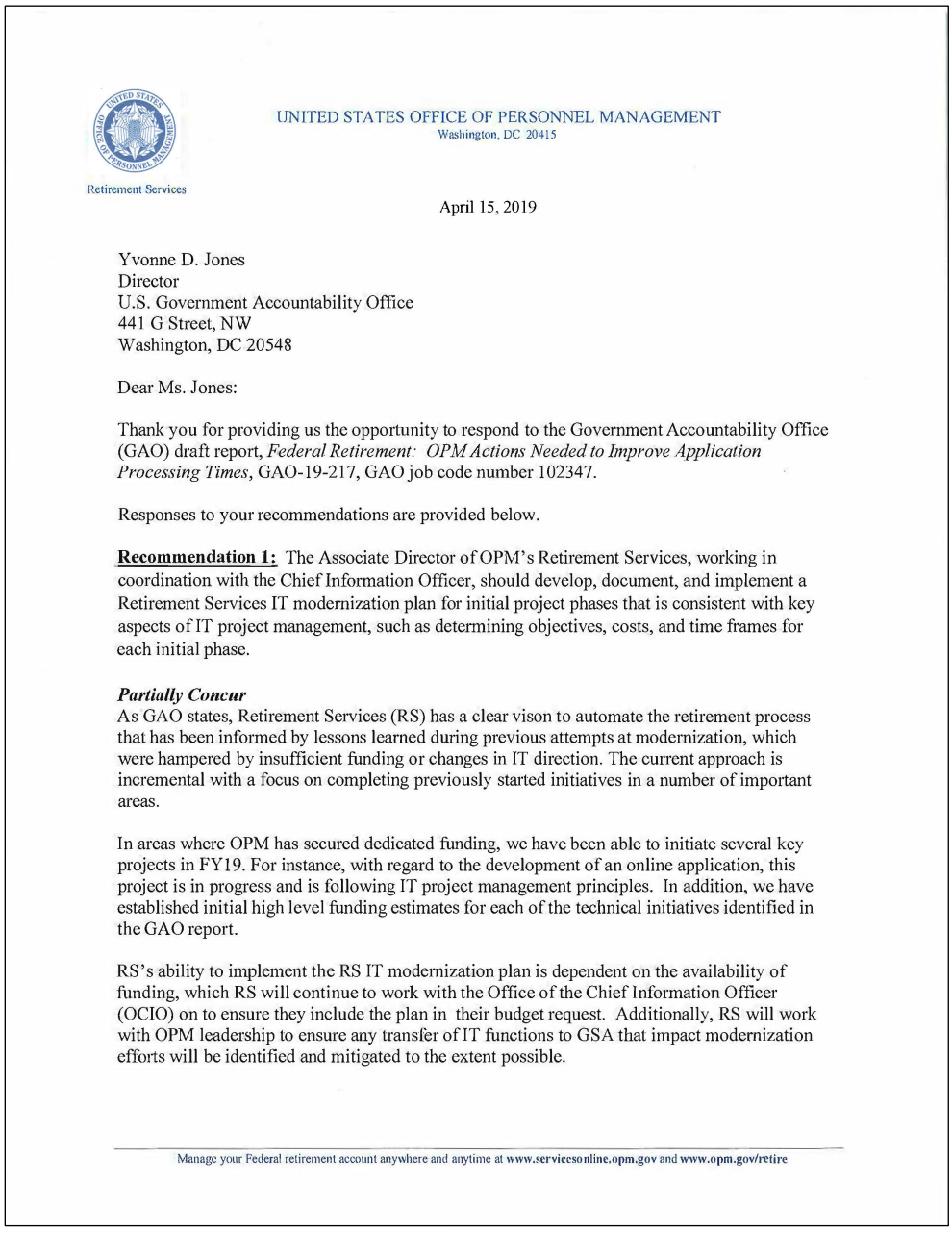
As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Acting Director of OPM, the Secretary of DOD, the Secretary of HHS, the Administrator of NASA, and the Postmaster General and Chief Executive Officer of USPS. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-6806 or Jonesy@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.



Yvonne D. Jones
Director, Strategic Issues

Appendix I: Comments from the Office of Personnel Management



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Retirement Services

April 15, 2019

Yvonne D. Jones
Director
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Jones:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report, *Federal Retirement: OPM Actions Needed to Improve Application Processing Times*, GAO-19-217, GAO job code number 102347.

Responses to your recommendations are provided below.

Recommendation 1: The Associate Director of OPM's Retirement Services, working in coordination with the Chief Information Officer, should develop, document, and implement a Retirement Services IT modernization plan for initial project phases that is consistent with key aspects of IT project management, such as determining objectives, costs, and time frames for each initial phase.

Partially Concur
As GAO states, Retirement Services (RS) has a clear vison to automate the retirement process that has been informed by lessons learned during previous attempts at modernization, which were hampered by insufficient funding or changes in IT direction. The current approach is incremental with a focus on completing previously started initiatives in a number of important areas.

In areas where OPM has secured dedicated funding, we have been able to initiate several key projects in FY19. For instance, with regard to the development of an online application, this project is in progress and is following IT project management principles. In addition, we have established initial high level funding estimates for each of the technical initiatives identified in the GAO report.

RS's ability to implement the RS IT modernization plan is dependent on the availability of funding, which RS will continue to work with the Office of the Chief Information Officer (OCIO) on to ensure they include the plan in their budget request. Additionally, RS will work with OPM leadership to ensure any transfer of IT functions to GSA that impact modernization efforts will be identified and mitigated to the extent possible.

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Recommendation 2: The Associate Director of OPM's Retirement Services should adopt management practices to enhance the use of performance information on processing timeliness to inform how OPM manages operations, identifies problem areas, and allocates resources. For example, OPM could enhance use of performance measures at the operational level or establish a timeliness performance goal for reviewing disability retirement eligibility.

Partially Concur

While RS generally agrees with the intent of this recommendation and continues to refine its reporting capability, there are aspects of the report that require clarification. For instance, GAO states that, "…OPM generally does not assess the effectiveness of the actions or whether they reduce delays. For example, OPM does not measure overtime productivity or correlate overtime data with application processing data". While GAO is correct that RS currently lacks the necessary infrastructure to systematically correlate overtime spending against application processing data, it does measure overtime spending against work handled on overtime, which would include case assembly, development, adjudication, review and completion. RS understands the additional capacity created by overtime spending and therefore has an expectation of the amount of additional work that should be performed. It can also assess the extent to which that expectation was met and only allows employees meeting performance standards to work overtime.

RS management also reviews daily the level of work in each of its pending retirement cells and the productivity of each employee in those cells. RS also assesses the extent to which the amount of cases in each cell, given available staffing and production rates, can be completed quickly enough to ensure overall success. As needed, resources can be moved from one cell to another or brought into the process from other areas in the organization.

At the operational level, RS uses a number of tools to assess performance and make appropriate adjustments. As was explained during GAO's time on site, RS strives to apply lean six sigma principles to its production organization and as such uses a variety of reporting methods to assess progress. Without a modern case management system that is integrated with OPM's cost accounting system, RS cannot precisely link spending to production and therefore will not be able to fully implement the type of reporting that both GAO and RS envision.

Recommendation 3: The Associate Director of OPM's Retirement Services should provide explanatory information, such as the range of processing times and the exclusion of disability retirement eligibility determinations, as part of the performance measure on processing timeliness.

Partially Concur

Retirement Services will add an explanation to publically available reporting explaining that disability retirement eligibility determinations are not included in the pending retirement inventory until approved for adjudication of a retirement benefit.

However, for a number of reasons, Retirement Services does not agree that reporting data (i.e. the range of processing times) would be beneficial for the following reasons:

a. Individual case status updates are available on RS's Services on Line (SOL) website. Last year, there was a 5.2% increase in the numbers of new retirees accessed SOL and checked the status of their application.
b. RS has provided the suggested information in the past without any noticeable impact.
c. Longer case processing times are typically associated with particular case types or activities required of the customer. This information is provided to Benefits Officers for discussion with customers during their retirement counseling (as well as strategies to reduce likely case processing timeframes). In consequence, those customers whose cases are likely to take the longest should be informed of this before retirement and should have the information needed to reduce potential processing time frames.
d. In any case where adjudication may take longer while additional information is being gathered and submitted to OPM, the new retiree is receiving Interim Pay, which is on average 80% of their final pay estimates.

Recommendation 4: The Associate Director of OPM's Retirement Services should develop and implement policies and procedures for assessing strategies intended to improve processing times, including collecting and improving data needed to support those strategies, such as collecting better productivity data or staffing data and linking them to processing outcomes.

Partially Concur
RS agrees that it should *continue* to develop and implement strategies for assessing and improving processing times. Currently, these strategies involve not just gathering and analyzing data, but also the consistent review and improvement of the cellular process itself, in the form of rapid improvement events.

RS agrees that better productivity and staffing data would be helpful and believes that a new case management system would provide the required foundation. Obviously, RS's ability to acquire and implement a new case management system is dependent upon the availability of funding and assistance from the IT support function of OPM.

Recommendation 5: The Associate Director of OPM's Retirement Services should examine its process for assessing its assistance to agencies on retirement applications. For example, OPM could incorporate into its assessment process more agency feedback or documentation as assessment results, which could improve its partnership with agencies to strengthen the assistance provided.

Concur
OPM concurs with the finding and will incorporate more agency feedback into our assessment results on non-disability immediate retirement applications. Results may or may not be incorporated into action plans depending on cost effectiveness and budgets.

Recommendation 6: The Associate Director of OPM's Retirement Services should work with agencies to determine if there are cost effective ways to make the retirement application error report it sends to agencies more user-friendly. For example, explore whether there are cost effective ways to provide the error report in a format that could be manipulated (e.g., Excel spreadsheet), or to include additional information, such as incorporating disability retirement applications or providing clearer descriptions of error or trend data, some of which OPM already collects.

Partially Concur.
OPM will work with agencies to determine if there are cost effective ways to make the non-disability immediate retirement application error report more user-friendly. The GAO draft report incorrectly states that data sent to the agencies cannot be manipulated. The agencies receive the audit reports in MSWord documents. From this format, agencies can create their own MS Excel spreadsheets with that data. The incorporation of the examples suggested in the recommendation depend on cost effectiveness and budgets. OPM will explore using MS Excel spreadsheets and incorporating clearer descriptions of errors and data trends. While OPM may in the future collect disability application error information, this is not an inexpensive or simple process change. A new audit for those applications would have to be established and OPM is not prepared to establish it at this time. Incorporation of the results into action plans depends on cost effectiveness and budgets.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Ms. Sandra Mitchell, Chief, Retirement Services/Quality Assurance, (202) 606-5968, and sandra.mitchell@opm.gov.

Sincerely,

Kenneth J. Zawodny, Jr.
Associate Director
Retirement Services

Agency Comment Letter

Text of Appendix I: Comments from the Office of Personnel Management

Page 1

April 15, 2019

Yvonne D. Jones Director
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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Page 2

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Page 4

Concur

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Sincerely,

Kenneth J. Zawondy, Jr.
Associate Director
Retirement Services

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Yvonne D. Jones, (202) 512-6806 or Jonesy@gao.gov

Staff Acknowledgments

In addition to the contact name above, Leah Querimit Nash (Assistant Director), Maya Chakko (Analyst in Charge), Mark Bird, Jackie Chapin, Jeff DeMarco, Elizabeth Fan, Gina Hoover, Ted Hu, Ben Licht, Meredith Moles, Robert Robinson, and Kayla Robinson made key contributions to this report.

Appendix III: Accessible Data

Data Tables

Data Table for Figure 2: Percentage of Federal Employees on Board as of September 30, 2017, Eligible to Retire in the Next 5 Years by Agency

Agency	Percentage
Department of Housing and Urban Development	31.6
Environmental Protection Agency	31.6
National Aeronautics and Space Administration	31.6
Small Business Administration	31.6
Department of Treasury	31.6
Nuclear Regulatory Commission	31.6
National Science Foundation	31.6
Department of Energy	31.6
Department of Transportation	31.6
U.S. Department of Agriculture	31.6
Department of Interior	31.6
General Services Administration	31.6
Department of Labor	31.6
Non-Chief Financial Officers Act agencies	31.6
Agency for International Development	31.6
Department of Education	31.6
Department of Commerce	31.6
Department of Health and Human Services	31.6
Department of Justice	31.6
Department of Veterans Affairs	31.6
Department of Defense	31.6
Department of State	31.6
Social Security Administration	31.6
Office of Personnel Management	31.6
Department of Homeland Security	31.6

Data Table for Figure 4: Number of Retirement Applications Office of Personnel Management (OPM) Received and Processed Monthly, October 2015 to September 2018

Month	Applications Received	Applications Processed
Oct-15	8,374	10,438
Nov-15	6,019	6,099
Dec-15	4,753	5,916
Jan-16	15,423	7,061
Feb-16	11,293	8,362
Mar-16	5,741	9,222
Apr-16	7,241	11,935
May-16	7,210	7,692
Jun-16	5,929	6,435
Jul-16	9,238	7,205
Aug-16	6,818	6,046
Sep-16	6,946	8,134
Oct-16	7,326	5,795
Nov-16	5,065	5,723
Dec-16	5,483	6,405
Jan-17	15,317	7,327
Feb-17	9,114	8,285
Mar-17	7,216	10,602
Apr-17	6,581	8,179
May-17	5,548	8,340
Jun-17	6,141	7,751
Jul-17	10,070	7,509
Aug-17	7,136	7,102
Sep-17	8,810	9,107
Oct-17	8,850	6,818
Nov-17	5,572	5,138
Dec-17	5,568	10,347
Jan-18	14,590	8,638
Feb-18	13,290	9,532
Mar-18	7,767	13,262
Apr-18	8,390	9,631
May-18	7,625	7,090
Jun-18	9,397	9,223
Jul-18	8,281	8,145

Month	Applications Received	Applications Processed
Aug-18	8,826	9,647
Sep-18	7,142	7,027

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