May 12, 2025

House Oversight and Government Reform (HOGR) Reconciliation Committee Print Pursuant to H.Con.Res. 14

On April 30, 2025, HOGR held a markup in response to the reconciliation directives included in H.Con.Res. 14, the Concurrent Resolution on the Budget for FY2025. Specifically, Section 2001(a)(9) of H.Con.Res. 14 directs HOGR to submit changes to the laws in its jurisdiction to reduce the federal deficit by at least $50 billion over the FY2025-FY2034 period. At the conclusion of the markup, HOGR voted to submit its reconciliation text to the House Budget Committee, as directed in H.Con.Res. 14.

This In Focus provides summary information about Sections 90001-90006 in the reconciliation legislation. Four of these provisions would make changes to the Federal Employees' Retirement System (FERS). The other two provisions would affect fees collected by the Merit Systems Protection Board (MSPB) and the Federal Employees Health Benefits (FEHB) Program.

Federal Retirement Provisions (Sections 90001-90004)

The amended committee print agreed to by HOGR would make four changes to FERS. FERS was created by the Federal Employees' Retirement System Act of 1986 (P.L. 99-335), which integrated federal civilian workers into the Social Security program and reduced pension costs for the federal government. (For additional information, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*.) FERS has three elements: (1) Social Security, (2) the FERS basic annuity (including the FERS annuity supplement), and (3) the Thrift Savings Plan (TSP). FERS law is codified in Chapter 84 of Title 5 of the *U.S. Code*. Most civilian federal workers hired in 1984 or later are covered by FERS. As of FY2023, there were 2,804,800 current employees covered by FERS and 1,235,000 annuitants (1,134,000 retirees and 101,000 survivors).

FERS requires that employees make contributions and meet other requirements (e.g., age and years of service) to be eligible for a pension benefit. FERS employees also contribute to and earn benefits under the Social Security program. Employees covered by FERS may contribute to the TSP, a retirement savings and investment plan, and are eligible to receive matching employer contributions to the TSP.

Section 90001—Increase in FERS Employee Contribution Requirements

Under current law, employees covered by FERS and first hired before 2013 must contribute 0.8% of their pay, employees first hired (or rehired with less than five years of service) in 2013 contribute 3.1% of pay, and employees first hired (or rehired with less than five years of service) after 2013 contribute 4.4% of pay. Two categories of employees covered by enhanced retirement benefits—(1) law enforcement officers (LEOs) and related groups and (2) Members of Congress and congressional staff first elected or hired before 2013—contribute an additional 0.5 percentage points: 1.3%, 3.6%, or 4.9% of pay, depending on date of hire.

Section 90001 would increase required FERS employee contributions for those first hired before 2013 and in 2013 except for LEOs and related groups, which would experience no change in employee contributions. Under this provision, FERS employee contributions for those first hired prior to 2013 would be increased from 0.8% to 4.4% of pay over two calendar years, beginning January 2026 (so 2.6% of pay in 2026 and 4.4% of pay beginning in 2027). Members and congressional staff first elected or hired before 2013 would experience this same increase plus an additional 0.5 percentage points (i.e., 3.1% of pay in 2026 and 4.9% of pay beginning in 2027). FERS employee contributions for those first hired in 2013, including Members and congressional staff, would be increased from 3.1% to 4.4% of pay, also over two calendar years, beginning January 2026 (so 3.75% of pay in 2026 and 4.4% of pay beginning in 2027).

Section 90002—Elimination of the FERS Annuity Supplement

Under current law, some employees under FERS may be eligible for the FERS annuity supplement, which is paid to certain workers eligible to retire prior to age 62 (e.g., workers who retire at 55 or older with at least 30 years of service; at the age of 60—or, in some circumstances, at earlier ages—with at least 20 years of service; or federal employees who retire under special provisions for LEOs and related personnel). This annuity supplement is equal to the estimated Social Security benefit that the individual earned while employed by the federal government and is paid only until the age of 62 (regardless of whether the retiree chooses to apply for Social Security retired worker benefits at 62 years old).

Section 90002 would eliminate the FERS annuity supplement for new retirees not yet entitled to it prior to enactment but would preserve it for anyone separated from service under mandatory retirement provisions (e.g., generally age 57 for LEOs, age 56 for air traffic controllers).

Section 90003—High-5 Average Pay for Calculating CSRS and FERS Pension

Under current law, the FERS basic annuity is calculated by multiplying the average of the highest three consecutive years of basic pay (*high-3 pay*) by the benefit accrual rate and by the number of years of service. This is the same formula used to calculate the annuity benefit for the older, now-closed Civil Service Retirement System (CSRS). Under FERS, workers accrue retirement benefits at the rate of 1% per year, or, if a FERS employee has at least 20 years of service and works until at least age 62, then the FERS accrual rate is 1.1% for each year of service. (The two categories of employees covered by enhanced retirement benefits have a benefit accrual rate of 1.7% for the first 20 years of service and 1.0% for subsequent years.)

Section 90003 would change the measure of pay used to calculate FERS (and CSRS) benefits to be the average of the highest five consecutive years of basic pay (*high-5 pay*), effective for new retirees beginning in January 2027. LEOs and related personnel would not be subject to this change from high-3 to high-5 pay.

Section 90004—Election for At-Will Employment and Lower FERS Contributions for New Federal Civil Service Hires

Under current law, FERS employees first hired (or rehired with less than five years of service) after 2013 contribute 4.4% of pay (or 4.9% for groups covered by enhanced retirement benefits). Section 90004 would increase the contribution rate by 5.0 percentage points to 9.4% of pay (or 9.9% for groups covered by enhanced retirement benefits) unless these employees elect to be employed on an at-will basis. Employees who make this irrevocable election could be subject to adverse actions—including removal—without notice or the right to appeal the action. The section states that the heads of the employing agencies could act "for good cause, bad cause, or no cause at all." Employees who may not currently appeal their removals to the MSPB, such as political appointees, would appear to be carved out of the section.

Merit Systems Protection Board Fees (Section 90005)

Section 90005 would amend Section 7701 of Title 5 to direct the MSPB to establish a filing fee for federal employees who file claims or appeals with the board. The provision ties the fee to the amount required for federal district court filings under Section 1914(a) of Title 28, or $350. The fee would be reimbursed if the employee's claim or appeal is successful. The provision also provides exceptions for actions brought by the Office of Special Counsel to the MSPB and claims alleging retaliation against whistleblowers.

Federal Employee Health Benefit Provision (Section 90006)

The FEHB Program provides health insurance to federal employees, retirees, and their eligible dependents, as well as certain Tribal employees and their families. The Postal Service Health Benefits Program (PSHB), which is a separate program within FEHB, provides health insurance to U.S. Postal Service employees, retirees, and their eligible dependents. (References to FEHB in this section include PSHB.) Pursuant to statute and implementing regulations by the Office of Personnel Management (OPM), Members of Congress and designated staff enroll in FEHB coverage via DC Health Link, with operations that vary from what is described in this section. Section 90006 applies to the FEHB program broadly and does not explicitly address coverage for Members of Congress and designated staff.

OPM administers the FEHB program and relies on employing offices to help with certain functions, such as enrollment and eligibility determinations. As part of its functions, OPM administers the Employees Health Benefits Fund, which is a revolving trust fund to collect and disburse premiums to FEHB insurers and maintain program reserves. Eligible employees can enroll in FEHB coverage when hired, during open season, and during special enrollment periods after certain qualifying life events, such as marriage, childbirth, or adoption. Under current law, employing offices and FEHB insurers are generally responsible for enrolling federal employees and their dependents in coverage. For a retiree, the employing office makes an initial eligibility determination before OPM makes the final determination. Historically, OPM did not require employing offices to verify family member eligibility at the time of enrollment, but in 2021, OPM began requiring family member eligibility determinations in some instances. Currently, the employing office must require proof of family member eligibility during an employee's initial opportunity to enroll and changes in enrollment due to qualifying life events. FEHB insurers must also obtain proof of family members' eligibility when they are added to family coverage. In addition, OPM, employing offices, and FEHB insurers may request proof of enrolled family members' eligibility at any time, and ineligible family members are removed from coverage.

Section 90006 would require OPM to develop processes to verify family member eligibility when an enrollee tries to add the individual for coverage, to verify the veracity of a qualifying life event when an enrollee tries to add a family member for coverage, and to remove ineligible FEHB-enrolled family members and notify the OPM inspector general of such disenrollment. It would also require OPM, in coordination with employing offices, to conduct a comprehensive audit regarding family members enrolled in FEHB by reviewing documents supporting family member eligibility, and OPM would be responsible for referring ineligible individuals to the OPM inspector general. Additionally, Section 90006 would require OPM to keep family member FEHB eligibility records for specified time periods and to include an assessment of non-eligible FEHB-enrolled family members in any fraud risk assessment.

Section 90006 would allow for some Employees Health Benefits Fund amounts to be available to OPM annually starting in FY2026 to develop, maintain, and conduct ongoing eligibility verification and oversight and oversight of the FEHB enrollment and eligibility systems. Separately, some other amounts would be available annually starting in FY2026 for OPM inspector general oversight and audit activities. Additional amounts would also be available to OPM in FY2026 (to remain available until expended) to conduct the required audits.

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