

Good Morning (Afternoon / Evening).

Thank you for the invitation to join all of you here for your 2013 (State) Convention. On behalf the National Officers, the National Executive Board, and Headquarters staff – Greetings!

As we meet here, today, we recognize that NARFE faces unique and difficult challenges. As your (Title), I am here to assure you that we, collectively, have risen to those challenges – and we, collectively, will overcome them.

- Our Legislative Voice is Strong!
- Our Pledge to Quality Service is Unwavering!
- Our Commitment to Innovation is Steadfast! And
- Our Strategic Focus on Membership is Unfailing!

NARFE is ready to face the challenges head on.

Internally, Headquarters has worked with and assisted OPM; put the NARFE fiscal house in order; modernized; updated; redesigned; repaired; innovated; caught up with the 21st century; and placed renewed resources, expertise and strategic focus on the long-term membership crisis NARFE has faced.

Outstanding service to our members - as they navigate ever-changing, complex federal benefits – remains a cornerstone of NARFE’s mission. With the large backlog of unprocessed retirement claims at the Office of Personnel Management; the uncertainty of future retirement payments and benefits resulting from congressional partisan brinkmanship; the future of FEHBP; and annual health benefits and federal tax changes - NARFE Headquarters has been busy researching and delivering answers to members’ important questions.

The former Retirement Benefits Service Department has changed its name to the Federal Benefits Service Department to better reflect the wide range of guidance provided to both active and retired members.

We have continued to meet with OPM Director John Berry and with OPM Associate Director for Retirement, Ken Zawodny, to ensure continued close ties and collaboration. This year, OPM asked NARFE for assistance delivering important information to both active and retired federal employees. In the April

issue of *narfe* magazine, you will find a recent example – a retirement checklist, providing a road map to a more efficient retirement process.

We have also worked to support the important role of Chapter Service Officers. A major revision of the FH-10, Service Officer Guide, has just been completed and video training modules are in the planning stages.

Financially, NARFE has rebounded! The 2012 audit of NARFE's financial records revealed a significant turnaround from previous years. Net assets have increased by almost \$700,000, and for the first time in at least 10 years, we have generated cash from our operations. With the exception of the Life Membership Trust Fund, no transfers were made from any of our investments – giving the numbers all the more significance. We are proud of these accomplishments and committed to a continued effort to reduce costs and improve efficiency.

While stabilizing our finances, we were also able to make important investments in our infrastructure. We completed a long-overdue modernization of employee work station computers and an upgrade of the 800-number telephone system. Extensive work has been done to upgrade and repair the Headquarters building. Elevator modernization was completed, the roof and flashing was repaired to correct problems caused by storms, the outside brick structure was repaired to correct a significant crack that had developed (possibly due to settling caused by the earthquake), and extensive work was done in the garage to correct long-standing drainage and water damage issues.

The building was not Headquarters' only upgrade. In January, we launched the new *narfe* magazine design. The redesign was based on professionally led content strategy discussions, a membership survey and member focus groups, and the Association's desire to use the magazine increasingly in member recruitment. Members have responded with high marks. Typical of the feedback we have received are the following:

From a chapter officer: *"A big improvement."*

From a member of 28 years: *"Not only a great new look, but a wealth of information."*

Others have reported: *"I like the Q&As moved more to the front of the magazine, and the articles are longer and more in-depth." "You folks have done a super job."*

And a personal favorite: *“I saw a copy of the March 2013 narfe magazine at a friend’s house in Florida and am impressed. I would like a copy for myself and want to join NARFE.”*

With the redesign, we are focusing the magazine more tightly on legislation, benefits and stories of interest to NARFE members and prospective members.

To complement these changes, we have refreshed our *Quarterly News for NARFE Leaders*. Now re-titled *NARFE Insider*, the quarterly has become a vehicle to talk about the “business of NARFE” to members who are deeply involved in chapter and federation affairs. You will now find regular columns by the National Officers and stories about best practices in chapter operations. It is both emailed to chapter and federation officers and available on the NARFE website for all members to read.

Innovations in technology have been a central Headquarters focus. Simply put, we’ve modernized. Online tools now aid chapters and federations with real-time data, both members and prospective members gain from a newly re-designed NARFE website, and those members and would-be members with a strong preference for web-based activity have an online membership alternative.

The Online Activities Module, or OAM, is a quantum technological jump for NARFE membership management. This sophisticated online service performs intricate tasks across 12 separate categories, all with a simple click of a button, providing membership information on demand and in real time.

To bring both balance and systems integrity to the growing, contemporary NARFE IT, the Configuration Advisory Board, or CAB, was chartered. Comprised of 10 IT savvy members, one from each Region, CAB makes recommendations that increase the operational efficiency and usefulness of NARFE IT infrastructure and management. The CAB addresses IT issues including: functionality, change requests, strategic planning, project prioritization, continuity and stability of multi-year efforts, and most importantly, assures a much needed transparency in the process.

IT initiatives have brought us up-to-date and reflect modern association management. And IT initiatives will take us into the future. Our current plans will make NARFE national conventions available to membership via video streaming.

In order to encourage more of our members to take an active interest in the working of our national conventions, we are investigating video stream technology for the business sessions and training workshops beginning with the 2016 convention in Reno.

The plan is focused specifically on those members who cannot physically attend the convention but wish to be connected through the streaming alternative. We are hopeful that our active employee and recently retired members will take full advantage of this opportunity.

With the 2018 national convention, along with video streaming, we are investigating an additional giant, technological step -- offering members the ability to serve as official chapter voting delegates while connected interactively to the convention floor and caucus spaces.

Like any other delegate, the virtual attendee will register for the convention and pay the registration fee. He or she will then receive a special password that will permit them to text queries to the presiding officer and to vote via computer or smart phone.

Technology has played a major role in membership as well. There is no doubt that the future of NARFE rests with recruiting and retaining both active federal employees and recent retirees. Baby boomers are now departing the government in droves. But in the past, attracting this group to NARFE has been easier said than done. Active federal employees and recent retirees have demonstrated far less interest in traditional chapter life. As we can see based on the breathtaking growth of social media, cyber-based interaction is their style and the new norm.

eNARFE membership and online chapters were developed to close this gap.

To date, the worldwide chapter (2363) is approaching 11,000 members.

More recently, our federations have been strengthened with the establishment of virtual federation e-divisions. These satellite websites, hosted by the world wide chapter, and supported by the Headquarters IT staff, provide federations with a cyber vehicle to reach their cyber-centric members.

E-division coordinators, selected by the federation president, oversee their websites and provide state and local content-driven communications for the worldwide chapter members resident within their federations.

Of course, addressing the NARFE membership crisis continues to be a critical focus at Headquarters.

Over the course of the last 30 years, like many associations, NARFE has seen a steady decline in membership. From a high of nearly 500,000 in 1982, total membership is currently not quite 264,000. Strategic planning, expertise and resources have been dedicated to address the “perfect storm” of issues contributing to this decline. As an organization we are faced with:

- An aging membership base and an average of more than 31 reported deaths per day – up 35 percent from 2012.
- A Life and Honorary membership database that had not been updated to reflect unreported, deceased members. In February, 2,098 deceased members on these files were removed. Continuing deceased research will further diminish the “perceived” NARFE membership total as we work to best reflect reality.
- A cultural shift over the past few decades away from membership organizations.
- A technology-based lifestyle shift where online information gathering and networking has become the norm.
- And an historical reliance on the OPM recently retired list as the sole source of high-volume recruiting.

Headquarters has had, and continues to have, a razor sharp focus on the resulting membership decline. New and innovative efforts have been undertaken, additional expertise has been called in, and staff has rallied to meet the demands of a far greater, more complex volume of membership activity.

In 2011, we began consultation with Marketing General, Inc (MGI), an agency with 35 years of experience across hundreds of associations, to evaluate the NARFE membership crisis, begin a successful telemarketing campaign to reinstate lapsed members, and develop a Strategic Membership Marketing Plan.

In 2012, the first Strategic Plan was funded and launched. Materials were updated, new programs tested, and successful tests launched.

And eNARFE went live. An effort to address the needs of those with a strong preference for online activity and to encourage membership among active employees, eNARFE proved critical to NARFE’s evolution. Nearly 11,000 members now belong to the e-chapter!

New energy and expertise has been brought to past practices:

- OPM response rates have been improved through the use of new mail packages and offers.
- Lapsed Members, many dormant for years, have been reinstated through new, bi-monthly mailings.
- NARFE's Prospect list is now being carefully cultivated, with a series of emails and bi-monthly mailings to convert prospects to members.
- New initiatives are providing new avenues for recruitment:
 - Advertisements on websites and within electronic newsletters are producing hundreds of new NARFE prospects a week.
 - Lists, beyond OPM, are being tested as recruitment vehicles.
 - And new messaging, mailing material, and offers are continuously tested to maximize our recruitment efforts.

This year, the Membership Department developed new outreach vehicles – providing our NARFE leaders with information, updates, and tools for new initiatives. The quarterly *Recruitment and Retention Journal* has been reformatted to include an extensive Headquarters Membership News section. And quarterly, virtual meetings are now being held with federation presidents and their respective regional vice presidents. Enhanced communication and coordinated membership activity is our goal.

The NARFE membership crisis has been built over a long period of time. Successful efforts to reinstate and recruit in large volume are often overwhelmed by the large volume of deaths among our members. Headquarters has responded with a strong strategic focus on membership, dedicated resources, additional expertise, and unfailing commitment. We have begun to stem the tide.

Legislatively, we face ongoing attacks on the federal community and a tense environment on Capitol Hill.

All eyes are on spending now as Congress debates the budget and navigates the uncharted waters of sequestration. On March 1, automatic, across-the-board spending cuts went into effect. As a result, hundreds of thousands of employees are receiving furlough notices.

NARFE is working with our coalition partners, in conjunction with our own Protect America's Heartbeat campaign, to shed light on the inevitable deterioration in government services that will result.

The American public is about to realize just how vast the array of services they depend on are provided by federal employees. From national park closings to meat products that go uninspected, the sequester will affect far more than those who are furloughed.

As political gamesmanship takes center stage on Capitol Hill, federal employees and all Americans are suffering at the hands of this "do nothing" Congress.

The federal community recognizes the need for shared sacrifices in working towards deficit reduction. To date, federal employees have contributed 114 billion dollars. 114 billion dollars! That includes a THREE YEAR pay freeze – AND an increase in retirement contributions, with no corresponding increase in benefits, for those federal employees hired after January 1 of this year.

One might think that Congress is done with us. Not so. There's talk of additional increases to retirement contributions and changes to the formula used to calculate federal retirement benefits. Most alarming is the much discussed switch to a formula called the "Chained CPI," which could save the government \$125 billion, at a minimum and over \$300 billion at most. **Unfortunately for all of us here today, and for future generations, the President included the chained CPI in his FY14 budget.**

Here's the Chained-CPI issue:

When determining the annual COLA adjustments for Social Security and federal retirement benefits, the Chained CPI model assumes that, as the cost of goods and services increase with inflation, consumers change their purchasing habits, substituting higher priced items for lower priced alternatives.

But seniors on a fixed income have already made lower priced substitutions, have already stretched their dollars, and are in no position to further change their buying habits.

An analysis based on the past 20 years reveals that the new formula would cost seniors point 3 percent each year in reduced COLAs. Conveniently, point 3 percent doesn't sound like a large sacrifice, but year-over-year, it most certainly adds up and becomes a quite significant loss in seniors' incomes.

Additionally, the Chained CPI, like the current formula, does not accurately estimate the medical expenses of seniors. Both models assume that 5 percent of income covers medical needs. But for those of us over 62, medical expenses are closer to 13 percent.

We were disappointed to learn that the President will include the Chained CPI as part of his fiscal year 2014 budget request. NARFE immediately issued a statement expressing our disappointment, and now it's up to you to express the same to your legislators. We have added a Chained CPI calculator to the home page of the NARFE website so you can see what this change would mean for you. After you use the calculator, follow the link to send a message to your Senators and Representative urging them to oppose the Chained CPI. They need to hear from you! As Congress and the President continue to debate either a "grand bargain" or a short term bargain to avoid sequestration in the coming years, the Chained CPI will continue to gain traction. With your help, NARFE is committed to fighting this change!

Protect America's Heartbeat, often referred to as PAH, is NARFE's campaign dedicated to fighting for the 3.5 million active and 1.2 million retired federal employees who live and work in every state in the nation. Federal employees have dedicated their lives to protecting America's heartbeat – ensuring the nation's most basic needs as a society are met, and sacrificing to help solve our nation's budgetary problems. Yet there are politicians making federal workers scapegoats and seeking to cut their earned retirement and benefits. With these cuts, with these furloughs, we will also see the loss of essential services that millions of Americans rely on each day. The smart path forward through tough economic times will require a strong federal workforce. America's federal employees are part of the solution – not the problem!

So, as we face these challenges, what can each of us do? We have three important actions you can take. I urge each of you to note these and make a commitment to action.

1. Contact your members of Congress. NARFE's Legislative Department provides draft letters that can easily be sent via the NARFE website. We encourage you to edit the message to reflect your own views and to provide a summary of the important work you did as a federal employee. Please write!

2. Participate in NARFE's national Call Congress Days. We have held several call-in days this past year, and quite frankly, we need far greater participation. We can't expect Congress to support us and our goals if we don't tell them what we want. Please call!

The number of calls and emails on a particular issue get counted in congressional offices and can impact votes. That means every call and email is critically important.

And 3. Start planning now for August, which is "NARFE Advocacy Month". Members of Congress will be back in their home state and district offices for a full five weeks. This is an excellent time for NARFE members to ask for meetings with lawmakers, or to invite them to speak at an upcoming chapter meeting. If the distance between chapters is not too great, gathering several chapters together for a meeting will make the request to your member of Congress all the more enticing. The PAH Toolkit on the NARFE website has all the tools you will need to take action in August. Please meet with your members of Congress!

NARFE is in a unique position to separate itself from other groups vying for the attention of Congress. We all have important stories to tell about the work we have done as federal employees. The old adage is true – all politics is local. Don't let your representatives cast important votes on our issues without knowing what you have contributed as a federal employee, where you stand, and where NARFE stands!

We have, all of us, worked hard to deliver outstanding service to our members, to recruit new members, to retain existing members, to remain open to important innovations, and to combat the continued attacks on the earned benefits of federal employees and retirees. We must, and will, continue!

Thanks to each of you for your contributions -- and for giving me the honor of speaking to you today. As time permits, I would like to answer whatever questions you may have.

