

# FEDERAL-POSTAL COALITION

May 11, 2011

The Honorable Kent Conrad  
Chairman  
Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Jeff Sessions  
Ranking Member  
Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Conrad and Ranking Member Sessions,

On behalf of the 4.6 million federal and postal workers and annuitants represented by the national member organizations of the Federal-Postal Coalition, we respectfully urge you to reject several provisions contained in the Fiscal Year 2012 Budget Resolution (H.Con.Res. 34) passed by the House of Representatives, as well as recommendations from the National Commission on Fiscal Responsibility and Reform, as you craft the corresponding Senate resolution. The assumptions in the resolution proposing to freeze federal employee pay for five years, cut the workforce by 10 percent, and require employees to significantly increase their contributions to the Civil Service Retirement and Disability Fund are unfair and unreasonable, even in the current budget atmosphere.

House Budget Committee Chairman Paul Ryan is correct when he says “the federal government’s responsibilities are dependent on a strong federal workforce.” However, the House Budget Resolution’s plan to take the wages of our federal workers and reduce their pay will damage the government’s ability to fulfill its responsibility to its citizens.

Requiring workers to contribute a much higher share of their salary toward their defined-benefit annuity would have the effect of a significant pay cut, a move Members of Congress should be cautious of during these difficult economic times. Additionally, the increased contribution would not result in any change in an employee’s retirement annuity. While employees currently make contributions from their salary to the Civil Service Retirement and Disability Trust Fund, most large private-sector employers historically have not required their workers to make any contributions toward their defined-benefit pensions.

Freezing or cutting pay sends the wrong signal to the federal employees whose jobs are to protect us and drive America’s progress. To keep our country on a sustainable path forward, we need to preserve policies that attract and retain the best American workers. These are the federal meat inspectors who ensure the safety of the food our families eat, the federal workers who properly pay Social Security benefits to the aged and disabled, and the federal nuclear regulators who prevent the next nuclear disaster from happening on U.S. soil.

America’s federal employees perform important jobs that demand skill and dedication. Despite numerous claims to the contrary, the Office of Personnel Management reported in October that the salary advantage private-sector workers have over federal employees grew to 24 percent in 2010, two percentage points higher than in 2009.

In addition, cutting the federal workforce by 10 percent is more about politics than good human resource management. Sixty percent of all federal workers will be eligible to retire in the next five years. We can ill afford to lose our most talented and experienced employees at a time when we are facing unprecedented crises. While the plan put forth by Chairman Ryan

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claims that the size of government is at an all-time high, these statements represent nothing more than political posturing. In 1989, there was one federal employee for every 110 residents in the United States. Over twenty years later, there is one federal employee for every 147 citizens. The size of the workforce remained remarkably consistent while the demands upon government have increased dramatically.

We are also concerned with recommendations by the December 2010 National Commission on Fiscal Responsibility and Reform in terms of proposed changes to federal retirees' annuities and health benefits program. The final Fiscal Commission report failed to garner the necessary votes to move the plan forward for congressional consideration, and it is misguided to pursue them now. In crafting a Senate Budget Resolution, we urge you to reject the following proposals.

First, we strongly oppose changing to a "high-5" formula instead of "high-3" for computing federal civilian pensions. Federal employees have relied and planned on a retirement based on the present civil service systems. It is extremely unfair to change the goalposts for these employees as they reach the end of their careers. Changing now to a "high-5" formula will result in pensions that would be approximately three percent less than they are now. For Civil Service Retirement System (CSRS) annuitants, this change would cost a loss of \$7,148 in retirement income over five years. For Federal Employees Retirement System (FERS) annuitants, the loss would be \$2,322 over five years. Congress already took aggressive action to reform the federal pension system to bring it in line with the private sector and we oppose another change of this magnitude.

Second, in its final report, the Fiscal Commission proposed a pilot project to turn the Federal Employees Health Benefits Program (FEHBP) into a defined contribution premium support, or voucher, program in which federal employees and retirees would be given a payment to fund health insurance. Contributions would be tied to GDP plus 1 percent, not to medical inflation. According to the Congressional Budget Office, a similar proposal in the Ryan budget for Medicare recipients would result in typical enrollees paying up to 68 percent, or doubling, of their premium by 2030. We oppose the voucher approach for FEHBP by the Fiscal Commission and urge its rejection.

More than anyone, our federal employees understand the constraints of the U.S. budget and they are already doing their part to lower government costs. However, the recommendations from the Fiscal Commission and Chairman Ryan's plan to cut pay and retirement by \$375 billion over ten years go too far and are not an acceptable solution. Even in these tough economic times, America cannot afford a second-tier government and we must not forfeit our protections.

For these reasons, the undersigned organizations urge you to reject the misguided proposals in the House Budget Resolution and the Fiscal Commission report as you consider the Senate resolution.

Sincerely,

American Federation of Government Employees (AFGE)

American Federation of State, County and Municipal Employees (AFSCME)

American Foreign Service Association (AFSA)

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American Postal Workers Union (APWU)  
Federally Employed Women (FEW)  
FAA Managers Association (FAAMA)  
Federal Managers Association (FMA)  
International Association of Fire Fighters (IAFF)  
Laborers' International Union of North America (LIUNA)  
National Association of Government Employees (NAGE)  
National Association of Letter Carriers (NALC)  
National Council of Social Security Management Associations (NCSSMA)  
National Association of Active and Retired Federal Employees (NARFE)  
National Association of Postal Supervisors (NAPS)  
National Association of Postmasters of the United States (NAPUS)  
National Postal Mail Handlers Union (NPMHU)  
National Federation of Federal Employees (NFFE)  
National Rural Letter Carriers' Association (NRLCA)  
National Treasury Employees Union (NTEU)  
Organization for Professional Employees of the U.S. Department of Agriculture (OPEDA)  
Professional Aviation Safety Specialists (PASS)  
Professional Managers Association (PMA)  
Senior Executives Association (SEA)

## **Staff Contact:**

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cc: Members of the Senate Budget Committee