

# FEDERAL WORKERS ALLIANCE

CONCERNS REGARDING  
ANTI-FEDERAL EMPLOYEE PROPOSALS

112TH CONGRESS

## **Who We Are**

The Federal Workers Alliance (FWA) is a coalition of 22 labor unions that collectively represents more than 300,000 federal employees throughout government and more than 10 million American workers in all sectors of employment.

The men and women represented by FWA unions are committed to making the government run more efficiently, ensuring public safety, providing critical support for our troops who are fighting two wars, curing diseases, providing assistance to unemployed and disabled Americans, treating wounded military personnel and veterans, ensuring the safety of the flying public, ensuring the safety of the food our families eat, ensuring mine safety, preventing nuclear disasters from happening on U.S. soil, bringing dangerous criminals to justice, and rescuing Americans caught in foreign disasters.

The workers represented by FWA unions provide invaluable service to the American people every day, and they do it at tremendous value to the American taxpayer.

### **Federal Workers Alliance Unions**

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

American Federation of Teachers (AFT)

Association of Civilian Technicians (ACT)

Federal Education Association/National Education Association (FEA/NEA)

Federation of Indian Service Employees (FISE)

International Association of Fire Fighters (IAFF)

International Association of Machinists and Aerospace Workers (IAMAW)

International Brotherhood of Electrical Workers (IBEW)

International Brotherhood of Teamsters

International Federation of Professional and Technical Engineers (IFPTE)

International Organization of Masters, Mates and Pilots (MM&P)

Laborers' International Union of North America (LIUNA)

Marine Engineers' Beneficial Association (MEBA)

Metal Trades Department, AFL-CIO (MTD)

National Air Traffic Controllers Association (NATCA)

National Association of Government Employees (NAGE/SEIU)

National Federation of Federal Employees (NFFE)

Professional Aviation Safety Specialists (PASS)

Seafarers International Union (SIU)

Sheet Metal Workers International Association (SMWIA)

SPORT Air Traffic Controllers Organization (SATCO)

United Power Trades Organization (UPTO)

## Federal Pay

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*FACT: According to OPM's 2010 report on federal pay, which is based on the U.S. Bureau of Labor Statistics (BLS) data, federal employees are paid 24 percent less than those doing the same jobs in the private sector. In 2008, President Bush's Pay Agent certified a 23 percent pay gap.*

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Contrary to numerous myths contrived by non-government sources about federal employee compensation, federal workers are not overpaid; they are significantly underpaid compared to workers performing the same jobs in the private sector. Based on data collected by BLS, the Office of Personnel Management (OPM) reported in October 2010 that private sector workers continue to have a significant salary advantage over federal employees. This advantage grew an additional two percentage points to 24 percent in 2010.

While false reports of inflated federal compensation and a broad focus on deficit reduction have led to forceful calls by some lawmakers to reduce federal pay, history shows that the underlying rationale for reducing federal compensation – that federal workers are overpaid – is not based in fact. In every year of the last decade, regardless of political party, the administration has acknowledged a double-digit pay discrepancy between federal employees and higher-paid private sector workers.

To keep our country on a sustainable path forward, we need to preserve policies that attract and retain the best American workers. Freezing or cutting pay sends the wrong signal to the best and brightest workers federal agencies need to recruit and retain in order to continue to provide quality services to the American people. We must preserve the livelihood of those who are committed to public service and to the safety and security of all Americans.

Federal employees are doing their part to lower government costs, and have already made sacrifices by accepting a two-year pay freeze. As such, the FWA is opposed to proposals stemming from the Fiscal Commission's final recommendation that would freeze federal employee pay for three years, adding an additional year to the currently instituted two-year freeze. The FWA is also opposed to extending the current two-year pay freeze by another three years and freezing all bonuses for that same time period. These changes would make it extremely difficult and costly for federal agencies to recruit and retain the talent necessary to function optimally.

## Federal Retirement and Health

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*FACT: The federal workforce saw pension benefits cut in half when the Federal Employees Retirement System went into effect in 1987. Today, a federal worker who makes \$50,000 per year at the end of a 30-year career receives a federal pension of just \$15,000 per year.*

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Federal employees currently make contributions from their salary to the Civil Service Retirement and Disability Fund. Typically, most large private-sector employers do not require their employees to make any contributions toward their defined-benefit pensions. One proposal seeks to eliminate the defined-benefit annuity under the Federal Employees Retirement System (FERS) for federal employees hired starting in 2013. The elimination of the FERS annuity will also result in the elimination of the FERS survivor benefit, something many retired federal employees and their spouses rely on to make ends meet.

The FWA is also concerned about proposals that seek to change the “high-3” formula to a “high-5” formula for purposes of computing federal employee pensions. Moving to a “high-5” formula will result in pensions that are approximately three percent less than what is currently available. Federal employees depend on a retirement based on the current formula, which Congress created in an attempt to bring the system more in line with the private sector during creation of FERS. Changing the formula at this stage equates to moving the goalposts for federal employees near retirement and results in significant income loss for federal employees. 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. As such, the FWA is opposed to any proposals that would require federal employees to increase their contributions to their retirement pensions and urges Congress to reject any attempt to move to a high-5 formula.

Another Fiscal Commission proposal that would decrease federal employee benefits is the proposed conversion of the Federal Employees Health Benefits Program (FEHBP) into a defined contribution premium support arrangement. This arrangement would provide federal employees and retirees with a voucher to secure health insurance. The contributions would be tied to a Gross Domestic Product (GDP) plus one percent index, instead of medical inflation. As a result, federal employees could see premiums double by 2030. According to the proposal, future retirees and survivors would not be eligible to participate in FEHBP. Currently, federal employee retirees and survivors must be annuitants to receive health insurance under FEHBP. FWA is opposed to any proposals that include the premium support or voucher approach for FEHBP.

Federal employees have come to rely on decent benefits in lieu of pay. It is unconscionable to consider slashing the benefits that agencies rely on to attract and retain the highest caliber employee. The FWA urges Congress to reject proposals that seek to decrease the benefits on which federal employees and their families rely.

## Federal Jobs

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*FACT: Despite false claims that the federal workforce is greatly expanding, there were in fact more civilian federal employees in 1967 than there are today. This is true despite significant population growth and an increased mandate on federal agencies.*

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Drastic cuts to the federal workforce through attrition and hiring caps appear to be more about politics than good human resource management. According to the Office of Personnel Management (OPM), 40 percent of all federal workers will be eligible to retire within the next 10 years. The United States cannot afford to lose talented and experienced employees during this critical transition which has been described as a human capital crisis. Federal agencies must be able to attract and retain an adequate workforce to handle the demands placed upon government, which have increased over time.

The FWA is concerned about further reductions to the federal employee workforce, including proposals that would reduce the federal civilian employee workforce by at least 10 percent; reduce the size of the federal workforce by attrition by hiring only one employee for every two who retire or leave service; or prohibiting agencies from hiring any new employees until the deficit has been eliminated.

The FWA understands that due to the fiscal realities of the current federal budget some downsizing is inevitable; however, implementing these misguided proposals is reckless and will cause federal agencies, many of which are already understaffed, to endure a personnel crisis. This crisis would greatly limit the federal government's effectiveness and reduce critical services on which the American people rely.

## Federal Furloughs

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*Fact: The track record of government furloughs is that they are extremely costly to the American people. When nearly 4,000 FAA employees were recently furloughed, the agency was prevented from moving forward on nearly \$2.5 billion in critical airport projects and \$30 million per day was lost from airline ticket taxes.*

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Currently, there are proposals calling for a two-week federal workforce furlough in FY 2012, which would require agencies to write regulations that would force many civilian federal workers to take 10 non-consecutive days of mandatory unpaid leave during the course of the fiscal year. Federal employees understand the budgetary constraints our nation faces and are already doing their part to lower government costs. Even in these tough economic times, America cannot afford a second-tier government, and we must not forfeit our protections. Forcing employees to take time away from work would limit or delay the important services they provide and force agencies to shift backlogged work to more expensive contractors. Furloughs would also negatively impact recruitment and retention efforts. In order to ensure efficient operations of all federal programs and agencies, the FWA opposes any proposal asking for a federal workforce furlough.

We recently saw firsthand the impact that furloughs can have on federal employees and agency operations. Nearly 4,000 Federal Aviation Administration (FAA) employees were forced to go without work and pay for nearly two-weeks due to congressional standoff – leaving the agency on partial shutdown. As a result, the FAA was prevented from moving forward on critical airport projects and improvements totaling nearly \$2.5 billion, and stop work orders were issued on major initiatives related to the Next Generation Air Transportation System (NextGen). The partial shutdown is estimated to have cost the FAA nearly \$30 million a day in lost revenue generated from airline ticket taxes. Furloughing federal employees to send a message on the budget is the wrong approach and one that the FWA will continue to oppose in any form. Toward this effort, the FWA is vehemently opposed to any proposal that wrongfully takes aim at federal employees.