

FEDERAL-POSTAL COALITION

July 1, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Senate and House Leaders:

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 proposals that will prove damaging to federal employees in any final agreement over raising our nation's debt ceiling. We are particularly concerned with proposals aimed at the federal workforce, as contained in the Fiscal Year 2012 Budget Resolution passed by the House of Representatives, as well as the proposal of the co-chairs of the National Commission on Fiscal Responsibility and Reform. We oppose the inclusion of these initiatives which would require federal civil servants to shoulder a disproportionate portion of our nation's debt without broader shared sacrifice by all able Americans. Federal civil servants are already subject to a two-year pay freeze, despite the fact that the nation's debt crisis did not arise out of exorbitant federal civil service pay or benefits.

Of major concern to the undersigned organizations is the proposal to require federal workers to contribute a much higher share of their salary toward their defined benefit annuity, which would have the effect of an immediate and significant net pay cut. Additionally, the increased contribution would not result in any corresponding increase in an employee's retirement annuity. While federal and postal employees currently make contributions from their salary to the Civil Service Retirement and Disability Fund, most large private-sector employers historically have not required their workers to make any contributions toward their defined benefit pensions.

Changing the pension calculation without any corresponding increase in benefits represents a selective payroll tax increase that could exceed five percent of the entire income of federal workers. Without a doubt, the proposed increase in federal employee pension contributions is a payroll tax increase as surely as any payroll tax increase to Social Security would be. Federal workers are already making sacrifices with the two-year pay freeze, and taking steps to reverse our government's spending should not be unduly shouldered by our nation's workers.

Contrary to numerous mistruths about federal employee compensation cited by nongovernment sources, the Office of Personnel Management reported in October 2010 that private sector workers continue to enjoy a significant salary advantage over federal employees, an advantage that grew by two percentage points to a whopping 24 percent advantage in 2010. To keep our country on a sustainable path forward, we need to preserve policies that attract and retain the best American workers. Reducing pay sends the wrong message to the federal workforce whose mission is to protect the public and promote America's progress. That workforce includes the federal inspectors who ensure the safety of the food our families eat, the federal workers who pay benefits to veterans, the elderly and the disabled, the regulators who prevent the next nuclear

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disaster from happening on U.S. soil, the prosecutors and law enforcement agents who bring dangerous criminals to justice, and the consular officers who rescue Americans caught in foreign disasters.

More than anyone, our nation's civil servants understand the constraints of the federal budget and they are already doing their part to lower government costs. However, the recommendations from the co-chairs of the Fiscal Commission and the House Budget Resolution are not an acceptable solution to solving our financial crisis. Especially during these tough economic times, America cannot afford a second-class government. Shared sacrifice among the rest of the American population as a whole should be discussed before extending further demands upon our nation's civil servants.

For these reasons, the undersigned organizations urge you to reject the misguided proposals in the House Budget Resolution and the Fiscal Commission's co-chairs' recommendations as you work with congressional leaders on addressing the nation's fiscal challenges. Thank you for your time and attention to our views.

Sincerely,

American Federal of Government Employees
American Federation of State, County and Municipal Employees
American Foreign Service Association
American Postal Workers Union
Federally Employed Women
Federal Managers Association
International Association of Fire Fighters
International Association of Machinists and Aerospace Workers
National Active and Retired Federal Employees Association
National Association of Assistant United States Attorneys
National Association of Federal Veterinarians
National Association of Government Employees
National Association of Letter Carriers
National Association of Postal Supervisors
National Association of Postmasters of the United States
National Council of Social Security Management Associations
National Federation of Federal Employees
National League of Postmasters
National Postal Mail Handlers Union
National Rural Letter Carriers Association
National Treasury Employees Union
Organization of Professional Employees at the U.S. Department of Agriculture
Professional Aviation Safety Specialists
Professional Managers Association
Senior Executives Association

Staff Contact:

Bruce Moyer, Chairman of the Federal-Postal Coalition
E-mail: brumoyer@verizon.net
Phone: 301-452-1111