



Eugene Hudson, Jr.
National Secretary-Treasurer

J. David Cox, Sr.
National President

Augusta Y. Thomas
NVP for Women & Fair Practices

June 13, 2017

United States Congress
Washington, DC 20515

Dear Representative:

On behalf of the American Federation of Government Employees, AFL-CIO, which represents over 700,000 federal employees across the country, I strongly urge you to reject the Trump administration's FY 2018 budget proposals to: (1) make deep cuts in federal employee retirement benefits, and (2) eliminate thousands of federal employee jobs.

Reject Making Deep Cuts in Federal Employee Retirement Benefits

AFGE opposes the Trump administration's FY 2018 budget proposal to cut federal employee retirement benefits by \$149 billion over ten years. We believe this budget proposal would rip away any sense of financial security that federal employees currently have.

Specifically, the Trump administration budget would:

- Increase current federal employees' contributions toward their Federal Employees Retirement System (FERS) pensions by at least 6 percent.
- Reduce future FERS pension benefits by averaging an employee's highest five years of salary, instead of the highest three years.
- Eliminate annual cost-of-living adjustments (COLAs) for current and future employees under the Federal Employees Retirement System (FERS), and cut the COLA for employees under the older Civil Service Retirement System (CSRS) by 0.5 percent from the current formula.
- Eliminate FERS annuity supplemental payments to employees who retire before age 62, such as law enforcement officers and federal firefighters.

These proposed federal retirement cuts of \$149 billion over ten years would be on top of the \$182 billion in cuts to pay and benefits that federal employees have experienced since 2011. Those pay and benefit cuts included: a three-year pay freeze (2011, 2012, 2013), three years of reduced pay increases (2014, 2015, 2016), unpaid furlough days because of the 2013 sequestration, and two increases in retirement contributions for new hires (2012 and 2013).

It is important to view the Trump administration's FY 2018 budget proposal to cut federal employee retirement benefits in the proper context. The federal employee retirement systems (FERS and CSRS) have played no role whatsoever in the creation of the federal budget deficit. In addition, increasing a federal employee's contribution to his/her FERS pension while reducing his/her FERS retirement benefits would not have a positive effect on the American economy. Instead, it would decrease consumer demand and thereby adversely impact the American economy.



The Trump administration's FY 2018 budget proposal scapegoats federal employees for fiscal and economic problems they had no part in creating. No other group of middle class Americans has contributed to deficit reduction the way federal employees have. ***It is time to find other ways to reduce the deficit than continually taking from middle class employees who have dedicated their lives to public service.***

Reject Eliminating Thousands of Federal Employee Jobs

AFGE also opposes the Trump administration FY 2018 budget proposal to eliminate thousands of federal employee jobs – the byproduct of making \$1.6 trillion in cuts over ten years in key non-defense discretionary spending – including spending on environmental protection, housing, foreign assistance, maritime security, air travel protection and emergency preparedness and response – to help pay for \$6.2 trillion in tax breaks.

President Trump and his advisors have contended that the federal employee workforce is too big and costly. However, while federal government spending from 1962 to 2014 increased 334% (\$739.2 billion to \$3.2 trillion in 2009 constant dollars), the number of federal employees has increased hardly at all. According to the Office of Personnel Management, federal employees in 1962 totaled 1,896,000 while in 2014 they totaled 2,079,000 – a 183,000 or 9% increase.

Indeed, it is the federal contractor workforce that is too big and costly – not the federal employee workforce. The Project on Government Oversight (POGO), a non-profit that champions good government reforms, put a spotlight on federal contracting a few years ago. The POGO report was based on an analysis of the total compensation paid to federal employees versus private sector employees, and on “annual billing rates for contractor employees across 35 occupational classifications covering over 550 service activities.” POGO cited estimates that the federal contractor workforce is more than three times the size of the federal employee workforce, and concluded that the federal contractors were paid roughly twice as much as federal employees would be paid “for comparable services.” (See *Bad Business: Billions of Taxpayer Dollars Wasted on Hiring Contractors*, Project on Government Oversight, September 2011.)

In addition, when some people rail against the Washington, DC “swamp” and the “unworthy” federal employees who work here, they seem to forget that the vast majority of federal employees – about 79 percent of the just over two million federal employees – work outside the Washington, DC area. Further, they seem to forget that American military veterans comprise about 30% of the federal workforce compared to only 9% of our country's civilian labor force.

Thank you for your consideration of our views. Please feel free to contact Alethea Predeoux (202-639-6953; Alethea.Predeoux@afge.org), Alan Kadrofske (202-639-4000; kadroa@afge.org), or Mia Dell (202-412-3046; mia.dell@afge.org) in our Legislative Department if you have any comments or questions.

Sincerely,



Tom Kahn
Legislative Director