



Eric Bunn Sr.
National Secretary-Treasurer

Dr. Everett B. Kelley
National President

Jeremy A. Lannan
NVP for Women & Fair Practices

September 3, 2020

Honorable Russell Vought
Director
Office of Management and Budget
Washington, DC 20503

Dear Director Vought:

I write to request that you allow federal workers to choose whether to defer their payroll tax payments under IRS Notice 2020-65, rather than being forced to participate in this program, as most federal agencies appear to be doing. Federal employees were given neither adequate notice nor adequate information regarding the tax deferral prior to its imposition. Few will be aware that they will be required to re-pay the deferred taxes during the first quarter of 2021 and able to plan accordingly.

While some federal employees may wish to defer their payroll tax obligations, many others do not. As National President of the American Federation of Government Employees (AFGE), which is the largest union for federal workers, I have heard from many of our members. Most have been unaware that they would be required to re-pay the taxes starting in January 2021 and when they learn this, they are strongly opposed to having their tax deferred involuntarily. I therefore ask that employees be given the opportunity to opt in, rather than have participation be the default. At a minimum, federal employees should have the ability to opt out of the deferral.

Any short-term economic stimulus created by the tax deferral will be completely neutralized in the first quarter of 2021, as the Administration's plan does not suspend the employee's obligation to pay the Old Age Survivor and Disability Insurance (OASDI) tax, but merely defers the obligation to pay during the period of September – December 2020 until January – April 2021. It will be particularly difficult for federal employees to face a double OASDI tax liability right after the holiday season.

Federal employees should not be forced to become involuntary debtors subject to interest and penalties as this OASDI tax deferral scheme apparently contemplates.

The Internal Revenue Service (IRS) guidance (Notice 2020-65) implementing the OASDI tax deferral leaves many key questions unanswered, most notably the specifics of how the deferred tax will be collected. This lack of basic information about the payroll tax deferral is a major concern. Again, that is why we strongly urge that provision be made for federal employees to opt-in to the OASDI tax deferral scheme or, less optimally, to be given the opportunity to opt out.



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The OASDI tax deferral scheme has the makings of a fiasco for employees, employers and the IRS. Federal workers will save nothing in taxes, and in the worst case, may even be subject to penalty payments and interest, as discussed in IRS Notice 2020-65. Moreover, this tax deferral poses needless and unwarranted complication of federal employee's personal income tax filings due in April 2021.

We believe that this tax deferral scheme may actually be an experiment in defunding the Social Security system, a goal of certain activists who oppose the continuation of America's most popular and successful government program. While a relatively short-term tax deferral may seem harmless, it appears to be precursor to a larger initiative to permanently suspend or reduce OASDI taxes, a move that could cripple the long-term financial viability of the Social Security program.

Sincerely,

A handwritten signature in black ink that reads "Everett B. Kelley". The signature is written in a cursive style with a large, looping flourish at the end of the word "Kelley".

Everett B. Kelley
National President