

**Richard G. Thissen**  
National President



**Jon Dowie**  
National Secretary/Treasurer

December 2, 2015

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

On behalf of the National Active and Retired Federal Employees Association (NARFE), I am writing to request that you omit from your budget for fiscal year 2017 any proposal to unfairly and arbitrarily reduce workers' compensation benefits for federal and postal employees disabled by a job-related injuries or illnesses.

Specifically, previous budgets under your tenure, and dating back to President George W. Bush's Fiscal Year 2003 Budget, have included proposals from the Department of Labor (DOL) that would: (i) reduce the Federal Employees' Compensation Act's (FECA) basic compensation benefit for injured employees from 66.67 percent to 50 percent once the disabled worker reaches retirement age; and (ii) eliminate augmented compensation for FECA recipients with dependents. We ask you to reject these proposals.

FECA's basic compensation benefit ought to make employees whole financially, maintaining their compensation at the level it would have been had their public service not been cut short by an unforeseen job-related injury or workplace-induced illness. This includes compensation during both working-age and retirement-age years.

Unfortunately, the DOL proposal to reduce benefits at retirement age fails to make employees whole financially, and the justification for the proposal – that current benefits are excessive – simply is not supported by the evidence.

According to the Government Accountability Office (GAO), the DOL-proposed reduction would leave disabled federal workers worse off in terms of retirement age benefits than they would have been had they been able to continue working.<sup>1</sup> GAO concluded that the median FECA benefit package would be 22 to 35 percent less than the median Federal Employees Retirement System (FERS) retirement package had the disabled worker not been injured on-the-job and been able to complete the same 30-year career as their uninjured coworkers.

Even if providing a different retirement age benefit made sense on a theoretical level, an arbitrary benefit reduction to 50 percent of pre-injury pay does not adequately account for

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<sup>1</sup> U.S. Government Accountability Office, *Federal Employees' Compensation Act, Analysis of Proposed Program Changes*. (GAO-13-108), available at <http://www.gao.gov/assets/650/649716.pdf>.

**National Active and Retired Federal Employees Association**

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the lost retirement income and savings that FECA recipients would have earned absent their on-the-job injury. Notably, these individuals: (i) lose the ability to increase their salaries through raises and promotions; (ii) have a reduced ability to save because they are not able to contribute to the Thrift Savings Plan (TSP) during the period of their disability (or receive matching contributions); and (iii) would have a reduced Social Security benefit because employees covered by Social Security are unable to earn quarterly credits to increase average monthly earnings used to calculate those Social Security benefit payments while receiving FECA benefits. Thus, it was no surprise that GAO's analysis found that, under current law, for an individual with a 30-year career, the median FECA benefit is "on par or 10 percent less than the median FERS retirement benefit package, depending on TSP contributions."

NARFE also opposes the proposal to eliminate augmented compensation for FECA beneficiaries with dependents. According to GAO, this change would cause workers without dependents to achieve a higher replacement rate of pre-injury income than workers with dependents. This is due to the effect of lower marginal tax rates on the pre-injury, after-tax income of FECA recipients. While the DOL proposal intends to improve equity between those with and without dependents, in practice, it would do the opposite.

As you finalize your FY17 budget, we hope you keep in mind the many individuals who may be affected by these proposals: medical professionals combatting Ebola; postal workers with legs or backs crushed by cars or heavy machinery; firefighters taming wild fires; federal law enforcement seeking to put dangerous criminals behind bars; the prison guards who are tasked with keeping them there; and employees who volunteer to go overseas in hostile territories or even combat zones. The previous budget proposals from DOL would do real harm to those who not only risk, but actually sacrifice, their lives or their physical well-being in service to this country.

For these reasons, as you draft your fiscal year 2017 budget, we urge you to exclude any unfair and arbitrary reductions in retirement age workers' compensation benefits for federal and postal employees disabled by a job-related injury or illness, or an elimination of augmented benefits for those with dependents.

Thank you for considering NARFE's views. If you have any questions or comments regarding this request, please contact NARFE Legislative Director Jessica Klement at 703-838-7760 or [jklement@narfe.org](mailto:jklement@narfe.org).

Sincerely,



Richard Thissen  
National President