

Richard G. Thissen
National President



Jon Dowie
National Secretary/Treasurer

June 18, 2018

The Honorable James Lankford
316 Hart Senate Office Building
Washington, DC 20510

Dear Senator Lankford:

On behalf of the National Active and Retired Federal Employees Association (NARFE) and its Oklahoma Federation, we respectfully request that you, as chairman of the Appropriations Subcommittee on Financial Services and General Government, appropriate federal workers a meaningful pay raise in line with private-sector pay increases in 2019.

Statutorily, federal pay rates should be adjusted annually to maintain the competitive pay required to recruit and retain a well-qualified and high-performing workforce. The doctors and nurses who care for our veterans, the cybersecurity professionals tasked with protecting critical infrastructure and responding to emerging threats, NASA engineers, NIH scientists, federal law enforcement and intelligence officers, prosecutors and judges; these individuals, and many more of those who comprise our federal workforce, require adequate compensation or we risk losing their talents.

In Oklahoma, more than 37,000 federal employees rely on federal pay rate adjustments to keep pace with market rates and a rising cost of living. Pursuant to the Federal Employees' Pay Comparability Act of 1990 (FEPCA), federal employees should receive a 2.1 percent increase in federal pay rates in January 2019,¹ prior to any amount being provided for locality pay rate increases.² This suggested percentage increase is based on the change in wages and salaries paid to workers in the private sector, as measured by the Employment Cost Index (ECI).³

¹ While FEPCA would dictate a 2.1 percent pay increase prior to locality pay adjustments, private-sector pay rates are projected to increase by 3 percent in 2018, according to the Society for Human Resource Management, World at Work, and Willis Towers Watson. See: <https://www.willistowerswatson.com/en/press/2017/08/us-employees-in-line-for-another-3-percent-pay-raise-in-2018>; <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/2018-salary-increase-budgets.aspx>.

² Locality pay differs by geographic areas and is designed to close the gap between private-sector pay and federal pay in comparative labor markets. Locality pay has never been fully implemented due to the large costs involved. As of March 2016, private-sector workers are paid 34.02 percent more than federal workers engaged in substantially equal work, according to the President's Pay Agent. The Pay Agent reports pay gaps in certain local areas as well as a national average pay gap based on Bureau of Labor Statistics survey data comparing private sector and federal government pay.

³ For FY19, the relevant change in the ECI is from the 3rd quarter of 2016 to the 3rd quarter of 2017.

National Active and Retired Federal Employees Association

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However, FEPCA allows the president to propose an alternative pay increase for federal employees if he determines that “because of national emergency or serious economic conditions affecting the general welfare,” such a pay adjustment would be inappropriate. As the president’s FY19 budget proposes a pay freeze, it indicates that the president intends to propose an alternative pay plan allowing for no pay adjustment whatsoever for 2019.

But FEPCA only determines the federal pay adjustment when Congress is silent through the appropriations process. In the decades prior to 2010, Congress routinely authorized specific pay rate adjustments through the appropriations process. Even in 2010, Congress passed a two-year federal pay freeze through the appropriations process, which was extended a third year, leaving feds without a raise in calendar years 2011 through 2013. Congress only began to abrogate its authority to appropriate (or not) a pay rate adjustment beginning in fiscal year 2014, when appropriations were silent on federal pay adjustments, and have been through now.

As chairman of the Financial Services and General Government Appropriations Subcommittee, we urge you to lead Congress to resume the practice of appropriating a federal pay rate adjustment. Unlike the pay freeze authorized at the end of 2010, we are no longer in the middle of a recession and the unemployment rate, at 3.8 percent, is at its lowest since the year 2000. We are not in the midst of “national emergency or serious economic conditions.” Rather, the economy is strong and labor markets are increasingly competitive. Freezing federal pay will only exacerbate recruitment and retention challenges for the most in demand federal occupations.

Furthermore, Congress passed and the president signed a bipartisan budget deal in February that increases discretionary spending by \$300 billion over two years. With the discretionary spending limits set, this is not a question of saving taxpayer money, but rather a question of how best to spend taxpayer money. A small percentage of that already agreed upon increase in spending should be used to maintain competitive pay within the federal workforce. It would be a prudent and reasonable investment to ensure that the programs and activities Congress authorizes and appropriates money for are overseen and conducted by a capable workforce.

For these reasons, we urge you to lead Congress to pass a meaningful federal rate increase in line with private sector wage and salary increases as part of the FY19 Financial Services and General Government appropriations bill. If you have any questions or concerns, or would like to discuss this issue in more depth, please contact NARFE Staff Vice President for Advocacy Jessica Klement at jklement@narfe.org or 571-483-1264.

Sincerely,

Richard G. Thissen
National President

&

Randy Freeland
Oklahoma Federation President