

Joseph A. Beaudoin
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February 12, 2013

U.S. House of Representatives
Washington, DC 20515

Dear Representative,

On behalf of the five million federal employees and annuitants represented by the National Active and Retired Federal Employees Association (NARFE), I urge you to oppose H.R. 273, which extends the current two-year freeze on federal employees' salaries for another year. This bill is scheduled to be voted on this week.

Do not be misled; this is not a vote about whether members of Congress will receive a pay raise. The fiscal cliff legislation, P.L. 112-240, prevents any pay raise for members of Congress from occurring during the current fiscal year. By doing so, the language very likely cancels, rather than delays, any member pay increase for the calendar year. Simply clarifying that members of Congress will not receive a pay raise in 2013 is no excuse for directly targeting federal employees – to do so represents the opposite of political courage.

It is clear that this bill is nothing more than another direct attack on hardworking public servants. Instead of pushing political messaging bills, Congress should focus on the real issues lawmakers need to address in the next two months, including the threat of sequestration and the expiring continuing resolution.

Some members of Congress incorrectly cite a flawed Congressional Budget Office (CBO) study regarding federal pay to support an extended pay freeze. First, the study uses data only through 2010, failing to take into account the two-year pay freeze. Second, the study's methodology ignores important facts and includes irrelevant factors for setting pay. While the CBO study controls for occupation, general education and years of work experience, it does not take into account level of job responsibility, specialized training and length of tenure with an employer, all of which employers take into account when determining pay. Federal jobs often involve high levels of responsibility and require specialized training or high-security clearance. Also, federal employees often make public service a career. On average, today's federal employees have 15 years of service. Furthermore, the study controls for certain factors, such as age, race and gender, that, cannot legally be taken into account for the purposes of determining pay.

More recent data from the nonpartisan Bureau of Labor Statistics show that federal jobs pay approximately 35 percent less than similar private-sector jobs. Federal benefits are not enough to make up that difference on their own, let alone when taking into account the benefits available for similar private-sector jobs.

National Active and Retired Federal Employees Association

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But even if you assume that federal employees are overpaid *on average* – an incorrect assumption – it does not follow that *all* federal employees are overpaid. Even the CBO study, which underestimates the equivalent private-sector compensation for federal employees, finds that for the most highly educated individuals, federal workers have salaries that are 23 percent lower than salaries of private-sector workers with other similar characteristics.

Since the beginning of 2011, the budget savings derived from reduced compensation to the federal workforce have totaled at least \$103 billion (\$50,000 per employee) over 10 years. This includes \$60 billion worth of budget savings from the first two years of the pay freeze, and \$28 billion from the reduced scheduled 0.5 percent pay raise proposed by the President. Based on the Employment Cost Index, federal pay scales should have increased by 1.7 percent in January. The federal workforce also contributed \$15 billion, achieved through a 2.3 percent increase in newly hired federal employees' retirement contributions, used to offset the cost of an additional ten months of unemployment insurance spending as part of the Middle Class Tax Relief and Job Creation Act (P.L.112-96).

If Congress cancels the very modest 0.5 percent pay raise proposed by the President, federal employees and their families will take an additional hit, to the tune of over \$11 billion, for a grand total of \$114 billion in reduced compensation. Enough is enough! It is time Congress found other ways to reduce the deficit than to continually take from those who dedicate their lives to public service.

Continuing the pay freeze will only exacerbate the problem of an underpaid federal workforce and weaken the quality of our federal civil service over time. We can only hope the constant devaluation of federal service will not deprive us of the highly skilled intelligence officers needed to piece clues together to find the next Bin Laden, lower the quality of doctors caring for our veterans or researching a cure for cancer, or thin the pool of qualified leaders necessary for every aspect of government. These are real threats that must be considered as the attacks on our nation's federal workforce continue.

For these reasons, I urge you to vote against H.R. 273. If you would like to discuss this further, please contact NARFE's Legislative Director, Jessica Klement, at jklement@narfe.org or 703.838.7760. Thank you for your time and consideration of our views.

Sincerely,



Joseph A. Beaudoin
National President

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