



July 18, 2017

Dear Budget Committee Member:

As National President of the National Treasury Employees Union, I represent over 150,000 dedicated federal employees at 31 agencies. As you begin final deliberations on a budget resolution for Fiscal Year (FY) 2018, I ask your support in resisting attempts to use the Administration's FY 2018 budget proposals that target federal employee pay and retirement to fund other budget elements.

In 1986, Congress wisely chose to establish a modernized retirement system to attract and retain a highly qualified civilian workforce to serve the American people by offering a compensation system composed of Social Security, a 401(k)-type plan, and a defined benefit plan, deemed essential for retirement readiness by the National Institute on Retirement Security. Of note, the Federal Employees Retirement System (FERS) is fully-funded, has no outstanding liabilities, and just last year, Congress acted to mirror the changes made for federal employees in the 1980s and extend them to the military retirement system.

Specifically, the Administration seeks to:

- Increase FERS employee contributions up to about 7%. Most FERS employees would take an approximate 6% pay cut, decimating their wages and ability to provide for their ongoing financial obligations and their families, particularly following recent years of pay freezes and meager pay increases.
- Reduce pensions by basing the retirement calculation on the highest five years of service instead of the highest three years, causing many employees to consider working longer.
- Eliminate the FERS supplement for employees, which is currently provided to those who retire before they can collect Social Security benefits, making it a necessity to work longer and creating an impossible financial situation for those required by law to retire early.
- Eliminate the annual cost-of-living-adjustments (COLAs) provided to FERS retirees, and Reduce COLAs for CSRS retirees, which will serve to wipe out the value of retiree pensions, and threatens these individuals' income security.

These FY 2018 budget proposals would take a staggering \$149 billion out of federal employee compensation. Since 2010, these employees have already lost \$182 billion in pay and benefits, including through two separate legislative actions to increase the required employee retirement contributions to offset unrelated programs: highway funding and an extension in state unemployment benefits.

Federal employees play a vital role for taxpayers—ensuring air, water, drug and food safety and border and national security, preserving our national parks, and regulating consumer and financial institutions, to name just a few of their functions and missions. Lagging federal pay rates have taken their toll on federal employees and their families over these last few years, with pay raises trailing average increases to private sector wages, and remaining below inflation. Like all American workers, federal employees face ever-increasing food, utility, health care, and college bills, and have rent and mortgage obligations. Families will fall further and further behind if pay is cut and cost-of-living adjustments, that are similarly made to Social Security, and to military retirement and to veteran's benefits to keep these payments whole, are removed in retirement.

The federal government should be protecting these benefits, as well as setting an example for the private sector, and devoting its resources to extending retirement security for all Americans. Please let me know that you will oppose efforts to misuse federal pay and benefits as a blank check to pay for particulars that have nothing to do with federal employees and retirees.

Sincerely,

A handwritten signature in black ink, reading "Anthony M. Reardon". The signature is written in a cursive style with a large initial 'A'.

Anthony M. Reardon
National President