



# NARFE'S LEGISLATIVE PRIORITIES

## (AUGUST 2018)

### **Support a Modest Pay Increase for Federal Employees in 2019**

- The President's Fiscal Year 2019 (FY19) budget proposes a federal pay freeze in 2019, singling out federal workers during a time of rising private-sector wages and a strengthening economy.
- Absent congressional action, the President has the authority to determine federal pay adjustments, and thus has the ability to freeze pay.
- Statutorily, based on increases in private-sector pay, federal employees should receive a 2.1 percent raise in 2019.
- The Senate Appropriations Committee included in the FY19 Financial Services and General Government Appropriations bill a provision to give civilian federal employees a 1.9 percent pay raise in 2019, the same raise they received in 2018. Approval of this modest raise by the full Congress would prevent the President from implementing a pay freeze in 2019.
- Federal employees endured a three-year pay freeze from 2011-2013, setting back the federal community for years and furthering the gap between public- and private-sector pay.
- Since the pay freeze ended in 2014, federal employees experienced low pay raises, increased retirement contributions without any added benefit and continued threats to their earned pay and benefits.
- Given that private-sector wages are continuing to increase and unemployment is decreasing, instituting a federal pay freeze is a direct attack on federal employees.

### **Prevent Federal Benefit Cuts**

- The president's FY19 budget would cost federal employees and retirees hundreds of thousands of dollars over the course of their careers and retirement, and reneges on the commitments made to our nation's dedicated public servants, who were promised benefits in exchange for hard work over long careers.
- The president's FY19 budget proposes to:
  - Eliminate or reduce cost-of-living adjustments (COLAs) for current and future retirees under both the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS).
  - Increase FERS employees' contributions to their annuities by 1 percent each year for the next six years, without any corresponding benefit increase. This amounts to nothing less than a 6 percent pay cut.
  - Change the calculation for federal pensions to be based on the average of the highest five years of salary instead of the current highest three.
  - Eliminate the FERS Annuity Supplement for new retirees.
  - Reduce the rate of return on the Thrift Savings Plan's Government Securities Investment (G) Fund.
  - Freeze federal employee pay in calendar year 2019
  - Reduce total paid time off by combining sick and annual leave into one pool.
- These proposals diminish the value of federal annuities, threaten the financial security of those just years away from retiring, and generally reduce the quality of life of our nation's employees and retirees.
- More information on these proposals can be found [here](#).



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## (AUGUST 2018)

### **Modify Postal Reform Legislation (H.R. 756/H.R. 6076 and S. 2629)**

- Leading postal reform legislation would require all current and future postal retirees to enroll in Medicare and pay additional premiums for that coverage or forfeit their retiree health benefits.
- This paternalistic government requirement would mean a 75-year old postal retiree, who previously declined Medicare Part B coverage, would now be forced to enroll and pay the corresponding premiums while living on a fixed income, not having planned for these additional costs.
- Current postal retirees should retain the choice as to whether to add Medicare to their retiree health benefit coverage. Eliminating that choice changes the bargain regarding health benefits in retirement and increases costs for those on a fixed income.
- This legislation would result in a cost shift of \$10.7 billion over 10 years to Medicare.
- This provision should be of concern to all federal employees and retirees because it sends a very powerful, precedent-setting message – it is okay to change benefits in retirement.
- If the Postal Service goes this route, it's only a matter of time before the rest of the federal government follows suit.
- NARFE suggests a simple alternative to preserve choice: maintain the automatic enrollment provisions of the bill for current postal retirees into Medicare Part B, but provide them with a short opt-out window of 60 or 90 days.
  - This alternative allows the USPS to retain the savings associated with those who choose not to opt out, but also maintains the choice of postal retirees.
- NARFE's full Issue Brief on postal reform can be found [here](#).