

NTEU **FOR A STRONGER UNION**
2017 LEGISLATIVE CONFERENCE

AGENCY MISSIONS

Due to funding cuts put in place by the Budget Control Act of 2011, many agencies are drastically understaffed, which has had a devastating effect on their ability to provide many of the critical services American taxpayers rely on. The current government wide hiring freeze and longer-term workforce reduction plans will further diminish the ability of key agencies to perform their basic functions, including assisting American taxpayers, securing our nation's borders and protecting consumers and investors.

At the IRS, funding reductions of almost \$1 billion have resulted in the loss of more than 17,000 full-time employees, including many frontline customer service personnel. Without additional funding, taxpayers will continue experiencing a degradation of services, including longer wait times to receive assistance over the telephone. In addition, victims of identity theft and other types of fraud will not receive the assistance they need in a timely manner, revenue will go uncollected and taxpayer refunds will be further delayed. Legislation to abolish the IRS (**H.R. 25 and S. 18**) would leave the U.S. government without the ability to collect revenue as of FY 2021.

Customs and Border Protection (CBP) is facing a staffing crisis at the 326 air, sea and land ports of entry. The most recent results of CBP's Workload Staffing Model – factoring in the additional 2,000 CBP Officers funded in FY 2014 appropriations, but not yet fully hired-- shows a need for an additional 2,107 CBP Officers through FY 2017. The Agriculture Resource Allocation Model calculates a need for an additional 631 CBP Agriculture Specialists. There is no greater roadblock to legitimate trade and travel efficiency than the lack of sufficient frontline staff at the ports. Understaffed ports lead to long delays in commercial lanes as cargo waits to enter U.S. commerce and also creates a significant hardship for CBP employees.

At the Consumer Financial Protection Bureau (CFPB), proposals to abolish the bureau (**S. 370 and H.R. 1031**) will hurt consumers. Other proposals to change the governing structures and funding sources of the agency (**S. 387**) could undermine its independence and efficiency. Currently, banking regulatory agencies, including the CFPB, are not funded by taxpayer money or subject to the appropriations process. This ensures that the CFPB can meet its critical mission.

In recent years, lean budgets have already reduced staffing at the Environmental Protection Agency (EPA). A range of actions from pending bills to abolish the EPA (**H.R. 861**), to calls to severely reduce its operations and funding, and attempts to interfere with scientific integrity, all threaten to keep the agency from meeting its goals to protect the public. Senator Bill Nelson (D-FL) has introduced a bill (**S. 338**) that would guarantee scientific integrity and research for the public.

NTEU urges:

- **Ending the hiring freeze and opposing additional workforce reduction plans.**
- **Providing agencies with sufficient funding for the remainder of FY 2017 and FY 2018 to meet their missions.**
- **Opposing measures to abolish or undermine agencies that provide critical services, including H.R. 25, S. 18, S. 370, S. 387, H.R. 1031 and H.R. 861, and support for protecting federal scientific research integrity, S. 338.**

WORKPLACE FAIRNESS

A hallmark of this nation has been its nonpartisan, career civil servants who implement complex federal programs on behalf of the American people with dedication and skill regardless of changes in elected leadership. Recent proposals to eliminate due process rights for these employees would return us to a “spoils system” driven by patronage and political favoritism rather than ability and merit. Maintaining current employee due process and independent reviews of agency personnel actions ensure a fair and transparent workplace, and make it more likely that frontline employees will not be afraid to blow the whistle when they see waste or wrongdoing.

NTEU opposes proposals that seek to make all career employees “at-will” with no independent reviews or due process, as well as H.R. 559, a bill that weakens due process rights, sets unworkable time limits and penalizes the employee when reviewing agencies do not act quickly enough. More training for managers is a much better way to achieve an effective performance management system than the abolishment of an independent nonpartisan civil service.

In previous Congresses, bills have been introduced to eliminate or restrict collective bargaining in the federal workplace. In the federal sector, there is no requirement that an individual join and pay dues to a union. Federal unions are required to represent every individual in a bargaining unit, whether or not they choose to pay dues. Federal unions are prohibited from striking and have much narrower collective bargaining rights than their private sector counterparts. Federal workers deserve a voice in their workplace. NTEU opposes direct efforts to eliminate those rights and indirect efforts that aim to undermine our ability to effectively represent our members.

NTEU urges:

- **Opposition to H.R. 559 and support for maintaining employee due process and appeal rights to both prevent politicization of the civil service and to protect whistleblowers.**
- **Opposition to anti-worker proposals seeking to eliminate or weaken collective bargaining rights for federal workers.**

PRESERVING HEALTH CARE BENEFITS

As the nation's largest employer-sponsored health insurance program, the Federal Employees Health Benefits Program (FEHBP) provides comprehensive health insurance coverage to approximately 8.2 million federal employees, retirees, and their family members.

Many federal employees are finding it increasingly difficult to continue to afford their health insurance coverage because of the continued rise in overall medical costs and the limited federal employee pay raises in recent years. For 2017, FEHBP enrollee premiums increased an average of 6.2 %, with some participating health insurance plans increasing their premiums by larger amounts. Like other Americans, federal workers and retirees continue to absorb higher out-of-pocket costs in the form of larger co-pays and co-insurance for office visits, procedures, and prescription drugs.

Several previous proposals that may be considered in this Congress have suggested turning the FEHBP into a voucher plan and providing enrollees with a fixed dollar amount each year toward their health benefits – regardless of the amount of annual premium increases or actual rise in overall health care inflation. Others have proposed altering retiree health care benefits or eliminating employer-sponsored health insurance benefits entirely for the federal workforce. Not only do federal employees and their family members rely on the FEHBP to provide comprehensive health care benefits, but federal agencies must offer attractive health care benefits to maintain a skilled, professional workforce.

NTEU believes that savings--resulting in lower enrollee premiums--could be found in the FEHBP by enacting prescription drug cost and supply chain reforms. In particular, NTEU supports allowing the Office of Personnel Management to contract directly for pharmacy services. Currently, FEHBP plans independently contract with Pharmacy Benefit Managers (PBMs) who negotiate prices with drug companies and pharmacies for each individual plan. The rebates and discounts that PBMs receive from drug manufacturers are retained by the PBMs and health plans instead of being returned to the FEHBP and its enrollees. Because approximately 30% of all costs in the FEHBP program are for prescription drugs—roughly \$50 billion annually—adopting this contracting reform could produce significant savings for both the federal government and enrollees.

NTEU urges:

- **Opposition to efforts to shift additional costs to FEHBP enrollees or to alter the existing program, benefit structure, or current formulas.**
- **Adoption of commonsense prescription drug cost and contracting reforms in the FEHBP.**

ADVANCING FEDERAL EMPLOYEE PAY

Lagging federal pay rates have taken their toll on federal employees and their families over the last few years, with their pay raises trailing increases to private sector wages. Like all American workers, federal employees face ever-increasing utility, health care, food, and college bills, and have rent and mortgage obligations.

According to private-sector wage data from the Department of Labor's Employment Cost Index, private industry wages increased 10.4% on average over the last 5 years, compared to an overall increase of 5.4% for federal workers in this same time period. Recent extended pay freezes and reduced pay adjustments, coupled with congressional action to dramatically increase retirement contributions for new federal employees in both 2012 and 2013, have already resulted into federal employees contributing over \$182 billion toward deficit reduction as scored over ten years.

Ongoing pay trends in the private-sector marketplace point to an average base pay increase of 3% in 2017 for private-sector workers, as reported by the Society for Human Resource Management, World at Work, and Willis Towers Watson. Federal employees need to be provided with pay raises that ensure a professional, skilled workforce is onboard administering our nation's laws and programs. Federal employees—who live and work in every state and congressional district across the country--serve as scientists, accountants, park rangers, and law enforcement officers—providing critical services for our nation and the American people.

Congressman Gerry Connolly (D-VA) has introduced the *Federal Adjustment of Income Rates* (FAIR) pay bill, **H.R. 757**, in the House. Senator Brian Schatz (D-HI), with the support of fellow Senators Brown (D-OH), Murray (D-WA), Cardin (D-MD) and Van Hollen (D-MD), has introduced a similar FAIR pay bill in the Senate, **S. 255**, calling for a 3.2% adjustment for 2018 for federal workers covered by the General Schedule and Wage Grade systems. NTEU believes that all federal employees, regardless of pay system and employing agency, deserve an adequate pay raise that is comparable to increases for their private-sector counterparts.

NTEU urges:

- **Support for Congressman Connolly's and Senator Schatz's pay bills—H.R. 757 and S. 255-- that provide a 3.2% pay adjustment for 2018.**

PROTECTING FEDERAL RETIREMENT

In 1986, the Federal Employees Retirement System (FERS) was created to replace the original Civil Service Retirement System (CSRS). The retirement age, annuity calculation, cost of living adjustment formula and basic benefit formula are all less generous than the earlier CSRS retirement system. As designed, FERS is fully funded and financially sound with no unfunded liability. Today, FERS is frequently pointed to as a model by a diverse group of pension experts for its three-legged stool structure (defined benefit, defined contribution, and Social Security), and by workforce experts for meeting workers' job portability needs. Federal employees contribute a portion of their pay toward their retirement to achieve an average FERS pension of approximately \$1500 per month, a modest retirement income.

Since 2010, Congress has used the federal retirement program to help close the federal deficit, essentially cutting the take-home pay of new employees. Federal employees have contributed \$21 billion to deficit reduction through increased retirement contributions. Those hired after December 31, 2012 saw an increase of 2.3% of their salaries going toward retirement and those hired after December 31, 2013 saw an increase of an additional 1.3%. New employees now pay 3.6% more than other employees for the same retirement benefit.

In recent years, numerous congressional proposals have been considered to change the federal retirement system, including significantly increasing employee contributions, altering key benefit formulas, ending the annuity portion of FERS, changing the high-3 to the high-5, ending the FERS supplement, and changing the interest rate of the G Fund in the Thrift Savings Plan (TSP). This last proposal could be devastating to the TSP. The G Fund is an important part of the TSP and of federal and military personnel's retirement planning as evidenced by the fact that it is by far the most popular fund in the TSP. The G Fund is the TSP's sole fund that fully protects federal and military retirees' earned nest eggs from market volatility and inflation erosion. Any change to the G Fund interest rate will effectively remove the only safe harbor in the TSP.

America is facing a retirement crisis. Half of all Americans have less than \$10,000 saved for retirement. Do-it-yourself pension plans have been a failure – the difference between what people have saved for retirement and what they should have saved is estimated at \$6.6 trillion. We should not substantially increase the number of retirees unable to support themselves in their senior years by diminishing or dismantling the federal retirement system.

NTEU opposes any further reductions in the value of federal retirement benefits and to eliminate the pension contribution increases for new hires. FERS is a carefully crafted and fully funded retirement system that is a critical factor for successful recruitment and retention in the federal government.

NTEU urges:

- **Opposition to any further reductions in the value of federal retirement benefits.**
- **Elimination of recent pension contribution increases for new hires.**