

United States Senate

WASHINGTON, DC 20510

June 13, 2018

The Honorable Jeff T.H. Pon
Director
Office of Personnel Management
1900 E Street, NW
Washington DC 201415

Dear Director Pon:

We write to you opposing the changes to federal employee retirement benefits included in your May 4, 2018 letter to Speaker Paul Ryan, and to voice our strong concern for the impact these proposals would have on the financial planning of active and retired federal employees and on the federal government's ability to recruit and retain a strong civilian workforce.

Your letter calls for increased Federal Employee Retirement System (FERS) contributions from employees, eliminating the FERS supplement for employees who retire beginning in 2018, basing retirement calculations on the average of the highest 5 years of salary instead of the current 3, and reducing or eliminating cost-of-living adjustments. These proposals affect employees who have dedicated decades of service to the federal government, and in the case of the FERS supplement, employees who are required to retire early because of the physical demands of their job, including Customs and Border Protection Officers, firefighters, and air traffic controllers. It is clear that they would reduce the ability of employees to save going forward and significantly alter the financial planning of federal workers, retirees, and their families.

Our understanding is that your justification for these proposals is to bring federal employee compensation in line with the private sector. The President's FY19 Budget justification for these proposals states that federal employees are compensated with combined pay and benefits higher than the private sector, relying solely on an April 2017 Congressional Budget Office (CBO) Report. This is a gross oversimplification of the findings and implications of that report. The report concludes that total compensation costs among workers with a professional degree or doctorate were actually 18 percent lower for federal employees than for similar private-sector employees.¹ To further increase this differential would hamper our ability to hire experts in mission-critical areas. Furthermore, CBO states that the scope of their analysis is limited to selected benefits, and does not include, for example, the stock options that some private-sector firms provide to their employees.

¹ <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52637-federalprivatepay.pdf>

Together, the proposals you have made would cut \$143 billion over ten years from federal employee retirement programs, while offering nothing to employees in their place. We fear that these cuts are motivated by an ongoing effort to balance the budget on the backs of federal workers rather than an effort to provide a comprehensive approach to modernizing federal employee compensation.

We are also concerned about the effects that these cuts would have on the federal government's ability to recruit and retain top talent at agencies across the United States. As you know, just 17 percent of federal workers are under 35 years old, and nearly one-third of permanent career federal employees will be eligible to retire next year.² At the same time, the 2017 Federal Employee Viewpoint Survey, a government wide survey conducted by the Office of Personnel Management, found that only 42 percent of federal employees feel they can recruit people with the right skills.³ In the face of a potential brain drain from our federal agencies, and in a time where top talent has a wide variety of options for global employment, we feel strongly that the impact of across-the-board pay freezes and continued threats to earned benefits will be devastating to retention and recruitment. Modernizing the federal workforce and the package of benefits offered to our federal employees is a worthy goal; however, if enacted, these proposals would not be a modernization, but would instead reverse course by making the federal government a less attractive place to work.

As you continue to develop legislative proposals related to the compensation of federal employees, we urge you to move past draconian cuts that harm the financial security of federal employees in every state across the country, and instead commit to comprehensive reforms that modernize our government's compensation system in a way that encourages the best and brightest talent to join the ranks of our dedicated civil servants. We would welcome the opportunity to work with you in accomplishing that important goal.

Sincerely,



Mark R. Warner
United States Senator



Tim Kaine
United States Senator



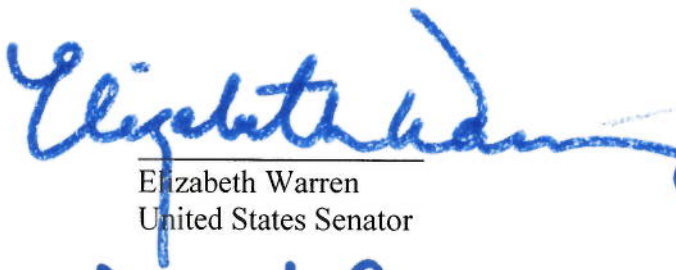
Thomas R. Carper
United States Senator

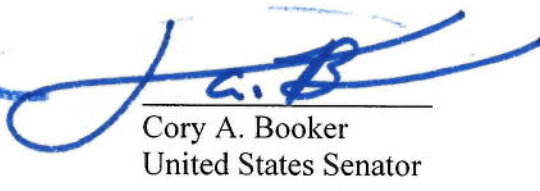


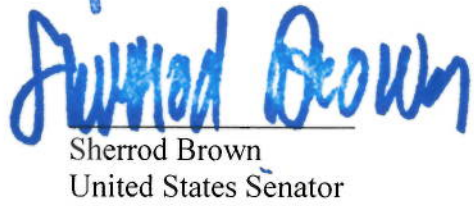
Mazie K. Hirono
United States Senator

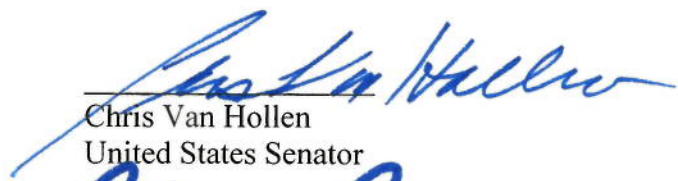
² <https://www.gao.gov/assets/690/680107.pdf>

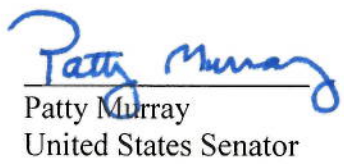
³ <https://www.opm.gov/fevs/reports/governmentwide-reports/governmentwide-management-report/governmentwide-report/2017/2017-governmentwide-management-report.pdf>

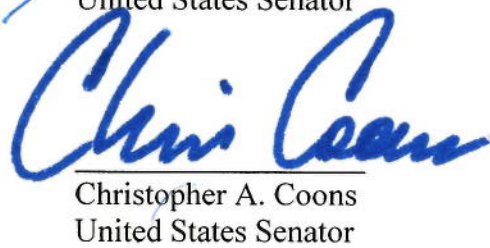

Elizabeth Warren
United States Senator

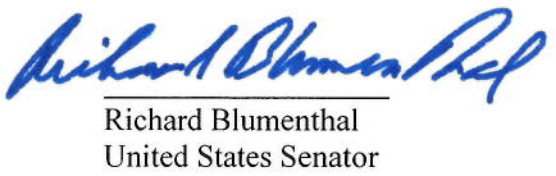

Cory A. Booker
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Sherrod Brown
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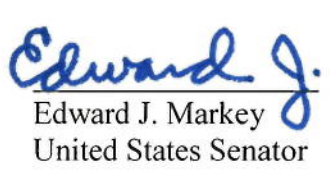

Chris Van Hollen
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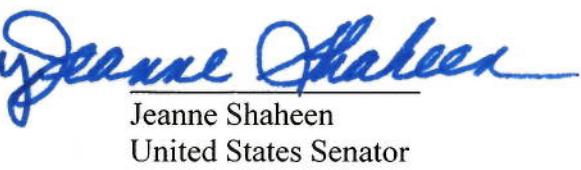

Patty Murray
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Christopher A. Coons
United States Senator

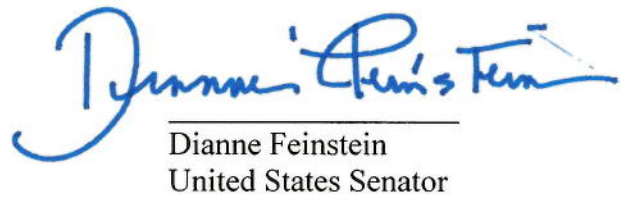

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Kirsten Gillibrand
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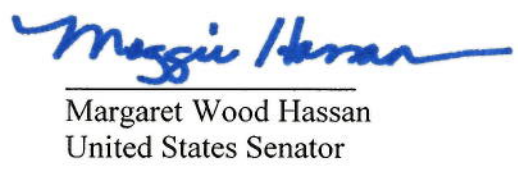

Edward J. Markey
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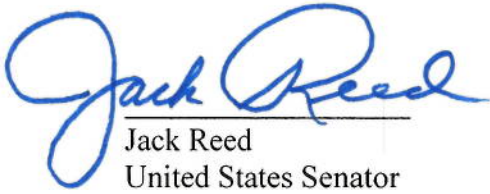

Jeanne Shaheen
United States Senator


Brian Schatz
United States Senator

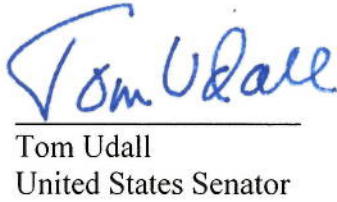

Dianne Feinstein
United States Senator


Claire McCaskill
United States Senator

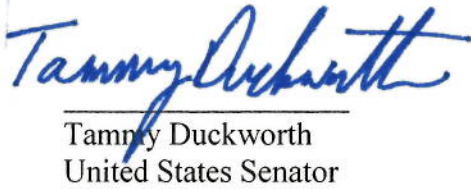

Margaret Wood Hassan
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Robert Menendez
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Tammy Duckworth
United States Senator


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