



## Your Pension...Your Pay...Your Job. Where Do Things Stand?

**F**ederal workers are under attack on many fronts. This edition of the Fight Back News is designed to bring you up-to-date on where things stand.

There are a lot of moving parts. The Super Committee – the bipartisan group of 6 Representatives and 6 Senators created by the Debt Deal – must be a focus of attention because its members are charged with developing legislation to cut \$1.5 trillion from the federal budget. The box at right explains what happens if they come up with a plan and what happens if they don't. Equally important are the various proposals made by the House, Senate, and White House which could be adopted by the Super Committee. Here's what's on the table:

### Your Pension:

- The House-passed Budget Plan authored by Representative Paul Ryan (WI) would require FERS employees to pay half the cost of their federal pension. Your share would increase from the current 0.8% to 7%. That's **\$3,100 more per year you'd have to pay** if you make \$50,000.
- In addition to that increase, Senator Ron Johnson (WI) has asked the Super Committee to completely eliminate the FERS pension for new federal employees. Senator Richard Burr (NC) and Senator Tom Coburn (OK) originally introduced legislation, S. 644, to eliminate the pension for FERS employees.
- The Simpson/Bowles Commission, the "Gang of Six" and other lawmakers have proposed cutting federal retirement benefits by:

### THE DEBT DEAL: What Happens and When

**Stage I** – \$900 Billion In Cuts Over 10 Years. This is a done deal. It caps agency discretionary spending for the next 10 years. Total discretionary spending in FY 2012 will be reduced by \$20 billion below FY 2011 and in FY 2013 by \$40 billion below FY 2011.

**Stage II** – The Super Committee was created to develop legislation to achieve at least \$1.5 trillion in additional deficit reduction by Thanksgiving. The Committee can raise taxes and/or cut virtually anything, including entitlements (such as federal employee retirement and health insurance benefits). Their legislation is guaranteed a straight up-or-down vote – no amendments allowed -- in both the House and Senate by December 23.

If the Super Committee fails to agree (by majority vote) on legislation that reduces the deficit by at least \$1.2 trillion, or if their legislation doesn't get enacted, "sequestration" kicks in.

Under sequestration, OMB would propose across-the-board spending cuts. 50 percent of those cuts (\$50 billion per year) would apply to defense spending. The other 50 percent would come from non-defense discretionary and mandatory (entitlement) spending with exemptions for Social Security, Medicaid, Medicare beneficiaries, veterans' benefits and pensions, and federal retirement, among other programs.

Under sequestration, federal employees could not have their health insurance and retirement benefits cut. But pay could be frozen beyond the two-year freeze which ends December 31, 2012.

- moving from a “high 3” to a “high 5” salary, and
- reducing the multiplier in the formula for calculating your pension from 1.1% to 0.7%.

**Taken together an employee making \$50,000 a year and retiring at age 63 after 30 years of service would see their pension reduced from \$16,500 per year to \$9735, a loss of almost \$6,800 a year in benefits.**

- President Obama has proposed increasing what you pay for your pension from 0.8% to 2.0%, a \$600 annual increase for an employee making \$50,000 per year.

### Your Pay

- President Obama froze federal pay for 2011 and 2012 which saved \$60 billion over ten years. Federal employees have already made a huge sacrifice for deficit reduction.
- The House-passed Budget Plan would freeze federal pay for an additional 3 years.
- Senators Orrin Hatch (UT) and Tom Coburn (OK) introduced legislation (S. 1476) to freeze pay and bonuses for an additional 3 years.

### Your Job

- The Debt Deal is not good news. The \$900 billion in already approved cuts over 10 years could mean substantial RIFs and furloughs across federal agencies. The severity of cuts will depend on retirement and attrition rates and other agency cost-saving measures. Further job losses will depend on the mix of
- Revenue increases and budget cuts in the second package of \$1.2 – \$1.5 trillion toward deficit reduction.

## The Debt Deal Timeline

Nov. 23: Deadline for Special Committee to vote on its proposed package of budget cuts.

Dec 23: Deadline for House and Senate to vote on Super Committee proposals without Amendment

## Members of the Super Committee

**Senators:**

Murray (D-WA) – co-chair	Toomey (R-PA)
Baucus(D-MT)	Kyl (R-AZ)
Kerry (D-MA)	Portman (R-OH)

**House**

Becerra (D-CA)	Hensarling (R-TX) co-chair
Clyburn (D-SC)	Camp (R-MI)
Van Hollen (D-MD)	Upton (R-MI)

- The House-passed Budget Plan laid the foundation for the Debt Deal. The House budget freezes federal agencies at their FY 2008 level and cuts federal jobs by 10% or roughly 200,000 jobs.
- Legislation introduced by Senator Jim DeMint (S. 178), and Representative Jim Jordan (H.R. 408) would slash the federal workforce by 15% or roughly 300,000 jobs.

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