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2018 IFPTE Issue Brief

115th Congress

Key Issues of importance to Federal Workers in 2018

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Summary - Federal Employee sacrifice nearly \$200 billion

Since 2011 our nation's federal employees have sacrificed nearly \$200 billion for our nation, mostly through years of pay freezes and pension cuts that went towards deficit reduction, while some was used to offset the 2012 extensions of the payroll tax cut and Unemployment Insurance (UI), as well as to help pay the bill to avoid sequestration through FY15. Government employees have also experienced furlough days and job insecurity due to the 2013 government shutdown, threats of other shutdowns, and sequestration. In 2016 the Department of Defense (DOD) unilaterally implemented a policy calling for significant cuts for employee travel that is slated to be in excess of thirty days. Despite these huge sacrifices, several legislative proposals before Congress continue to target federal employees.

As reports have emerged regarding potential Trump Administration proposed budget cuts to federal employee pay, benefits and pensions, coupled with Congress' crafting of the FY19 appropriations, budget and authorization bills, IFPTE requests consideration of the following legislative items pertaining to federal employee compensation, retirement and health care:

1. Support a fiscally responsible 3% pay raise for federal workers— After three consecutive years of pay freezes, followed by meager across the board adjustments, federal workers have seen their incomes decrease by nearly 15% with respect to inflation over the last eight years. Yet, reports suggest that the Trump Administration FY19 budget will call for yet another federal employee pay freeze. The time for a respectable pay increase for federal workers is long overdue and IFPTE urges you to support a 3% pay increase for the Federal Adjustment of Income Rates (FAIR) Act of 2018 (S. 2259, HR 4775). Federal employees received a 1.9 percent this year, and IFPTE feels increasing that 3% in 2019 is both fiscally responsible and reflective of the income sacrifice given by federal employees over the last eight years.
2. Federal employee pensions – To pay for other congressional priorities, Congress has now established a four-tiered pension – CSRS and three different FERS systems, calling for newly hired federal workers in 2013 and 2014 to pay more of their pay (3.1% and 4.4%, respectively) into the FERS retirement system with no corresponding benefit increase. Sadly, it is expected that the Trump Administration budget could include more cuts to pensions, including doing away with the FERS defined benefit altogether for new hires. IFPTE cautions against any further cuts to federal worker pensions, including removing the defined benefit portion of FERS for non-vested and newly hired federal workers.
3. Raiding the G Fund – In the recent past some lawmakers are targeting the TSP G Fund as a pay-for for other legislative priorities and have targeted it to be a part of various legislative packages that may be moving through the legislative process. Fortunately, that has not occurred. However, estimated to raise \$32 billion over ten years, this proposal would drastically cut the interest rate for federal workers and retirees who have invested in the G Fund and use the difference as a pay-for elsewhere. This not only cuts the retirement earnings for federal workers; it manipulates the market and should be rejected.
4. Replacing the high-three with the high-five – This would cut the retirement annuity of federal employees and should be rejected, and is expected to be recommended in the President's budget. IFPTE urges Congress to reject this proposal.
5. Doubling FEHBP premiums – Right now the federal government pays 75% of FEHBP premiums, while employees pay 25%. The President's budget request is expected to propose doubling workers' premiums to 50%. IFPTE urges rejection of this proposal.
6. Eliminating the FERS annuity supplement – This will take away the possibility for many federal workers to retire before the age of 62, and frustrate the ability of federal government to better manage the workforce through attrition in these tough economic times. IFPTE urges Congress to reject this proposal.

Potential Provisions that could be considered as a part of the FY19 NDAA:

1. Repeal and/or defund DOD's unilateral implementation of cuts to long term travel for DOD civilian and military travelers in the Joint Travel Regulation (JTR) - This policy has resulted in a 25% cut to both the per diem allowance and the lodging stipend for travel scheduled in excess of 30 days, and a 45% cut for travel scheduled longer than 180 days; which has already caused harm including to both Navy ship maintenance and civilian workforce that supports this critical mission as documented in a letter from Naval Sea System Command (NAVSEA) to the Per Diem, Travel & Transportation Allowance Committee Charter (PDTATAC) Chair dated 19 January 2016.
2. Close the unfair Accelerated Promotion Program (APP) donut hole – The Accelerated Promotion Program (APP) has allowed Navy shipyards to compete with the private sector for many years by guaranteeing engineers hired into our four public shipyards at the GS-5 or GS-7 levels will be eligible for a one-time accelerated promotion to the next higher-grade after successful completion of a six-month training program. For reasons lost on IFPTE, in January, 2016 the Navy's Department of Civilian Human Resources (OCHR) unilaterally moved to eliminate this very effective recruiting program that had been in existence since 1981. After opposition from IFPTE and NAVSEA, the Navy correctly submitted to the DOD for approval new authority to continue with APP, which was ultimately approved in December, 2016 by the Pentagon and the Office of Personnel Management (OPM). However, OCHR-headquarters again moved to stifle the APP, interpreting the OPM approval as having, "no retroactive provisions" included AND THAT, "Effective Date: 22 Dec 2016 - only applies to those candidates appointed to a covered position and entering the APP on or after 22 Dec 2016." In other words, workers hired between January, 2016 and December, 2016, who were promised that they could benefit from the APP, are left out in the cold. IFPTE request that Congress close the 'APP loophole' by requiring the Navy to extend the APP to those hired between January, 2016-December, 2016.
3. Repeal and/or defund Section 1103 of the FY16 NDAA – which waters down Veterans Preference by reducing the impact a worker's veteran's status has when determining a Reduction-in-Force (RIF).
4. Maintain the A-76 moratorium until DOD properly provides a cost analysis of contracting of government functions to contractors – Fortunately, the FY18 NDAA conference report removed Senate language to allow for A-76 privatization competitions absent a DOD inventory of its service contracts. The current A-76 moratorium was put in place after GAO and the DOD IG determined that the DOD could not prove that contracting out of government work provided cost savings to the government. To date, the DOD has yet to provide Congress with a proper accounting and it is IFPTE's position that the moratorium should remain in place until the information is provided to the SASC and HASC.
5. Reintroducing the service contract spending cap – In addition to the current hiring freeze, a cap on federal personnel also exists, yet a similar cap on service contractors that had been in place since FY12 was removed by the FY16NDAA. This cap is needed as a deterrent to shift federal work that is capped to service contractors, who would otherwise be uncapped without an extension of the cap that was in place from FY12-FY16. Furthermore, a continuation of the cap would ensure that taxpayer savings from a cap on federal workers would not be lost by shifting that work to more costly contractors. The FY18 House passed NDAA extended the service contractor cap, but that language was unfortunately not included in the final conference report. IFPTE urges defense authorizers to include a service contracting cap in this year's FY19 NDAA.
6. Conversions of non-military essential work – include language to require that before conversions of non-military essential work can occur, DOD must establish a professional link between military personnel and the work they would take from civilian personnel and conduct a cost comparison to determine that military personnel are cheaper than civilian personnel.
7. Include pay protection for workers receiving Special Salary Rate (SSR) in Non-Foreign Areas - By including an exception to 5 USC 5305(h) and 5 CFR 530.303(d), which prevents workers in Non-Foreign areas like Hawaii, Alaska and elsewhere from receiving both SSR and Locality pay. Unfortunately, the Non-Foreign Area Retirement Equity Act (NAREAA) of 2009 aimed to correct workers' retirement inequality by converting COLA to Locality pay, but resulted in the potential of a future unintended and unfair pay cut for workers in non-foreign areas. IFPTE asks that this be corrected through this exception.