SEQUESTRATION AND AGENCY FUNDING

In 2011, Congress passed the Budget Control Act of 2011 which imposed caps on federal spending and put in place sequestration, the employment of automatic, across the board budget cuts totaling $1.2 trillion between 2013 and 2021. The cuts, which took effect in 2013, have required furloughs, in addition to cuts in hiring, travel and training, and have had a devastating impact on agencies' ability to perform their missions. The Bipartisan Budget Act of 2013 provided some temporary relief for FY 2014 and 2015, but without action by Congress, the sequester level spending caps will return in FY 2016, further degrading agency functions.

Some agencies have been hit harder than others. At the IRS, funding reductions of $1.2 billion over the past several years have severely strained its capacity to carry out important taxpayer service and enforcement missions. The cuts have forced the Service to reduce the total number of full-time, permanent employees by 13,000 and that number is expected to rise to 17,000. Many of those employees provided critical services that taxpayers need to meet their tax obligations.

The IRS has warned that this year only about 50 percent of all taxpayers who call the IRS will be able to get through and wait times could surpass 30 minutes. Lack of funding could force the IRS to turn away those seeking help in person at Taxpayer Assistance Centers around the country, including the elderly, low-income, disabled and non-English speakers, leaving them unable to receive the assistance they need. These cuts could also substantially delay the processing of refunds for some taxpayers.

In addition, the IRS cannot invest in critical fraud prevention programs designed to address the rising incidence of identity theft and combat offshore tax evasion, resulting in billions in foregone revenue that is essential to reducing the federal deficit.

The lack of adequate funding has impacted other federal agencies as well. The Department of Health and Human Services faces cuts in its work to reduce the impact of substance abuse and mental illness on America's communities (SAMHSA), protect the safety of the nation's food and drug supply (FDA), and promote the economic and social well-being of children and families (ACF). At the SEC and the CFTC, the lack of adequate resources is hampering these agencies' ability to protect American consumers and investors in an increasingly complex marketplace.

Similarly, at the Environmental Protection Agency (EPA), substantial cuts to the enforcement budget is thwarting efforts to protect the environment, potentially threatening the health of the public.

NTEU urges:

- **Support for efforts to end sequestration**
- **Providing agencies with sufficient funding for FY 2016 to meet their missions**

FUNDING CUSTOMS AND BORDER PROTECTION

Sufficient Customs and Border Protection (CBP) staffing must be provided to ensure security and mitigate long wait times at our nation's air, sea and land ports of entry. There is perhaps no greater roadblock to legitimate trade and travel efficiency than the shortage of staff at the ports. Understaffed ports lead to long delays, especially in commercial lanes, as cargo waits to enter U.S. commerce. Those delays result in real losses to the U.S. economy.

According to the U.S. Department of Treasury, more than 50 million Americans work for companies that engage in international trade and travel. Trade and travel related job creation, border security and mitigating wait times at the ports of entry require stable funding of CBP.

Late last year, Congress approved funding for the rest of the federal government through Fiscal Year (FY) 2015, but funded the Department of Homeland Security (DHS) at its FY 2014 level only through February 27, 2015. Congress must pass a new spending bill for DHS by February 28 or the Department could shut down. Last month, the House approved H.R. 240, a bill that provides funding for DHS for the remainder of FY 2015.

The House bill includes $10.7 billion for CBP, an increase of $118.7 million above the FY 2014 enacted level. This funding level supports a CBP Officer staffing level of 23,775. The bill, however, does not include additional funds for other CBP inspection and enforcement positions that are experiencing staffing shortages such as CBP Agriculture and Import Specialists. In addition to understaffing at the ports, retention of existing CBP employees, particularly those not covered by recent pay and retirement enhancements, such as CBP trade operations specialists, CBP Seized Property Specialists and CBP Technicians, needs to be addressed.

The Senate has yet to complete action on further FY 2015 funding for DHS and some Senators and the President have indicated that they will not support H.R. 240 because of provisions added related to immigration policy.

CBP is in dire need of a stable budget for the remainder of FY 2015. Operating under the current continuing resolution damages the Department by creating funding uncertainty and inadequate funding for CBP's critical security, agriculture inspection and commercial operations missions. Congress and the President must end DHS's current budget predicament and restore certainty to its funding by passing and signing a FY 2015 appropriations bill by February 28.

NTEU urges:

- **Passage of a full year FY 2015 DHS funding bill by February 28**
- **Additional increases in both port security and trade enforcement staffing at the Ports of Entry in accordance with CBP's proven Workforce Staffing Models**
- **Providing similar pay and retirement benefit recognition to CBP trade operations specialists, CBP Seized Property Specialists and CBP Technicians**

FEDERAL RETIREMENT

Twenty-five years ago, 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 $1300 per month, a modest retirement income.

Since 2010, Congress has used the federal retirement program to help close the federal deficit by 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 to retirement and those hired after December 31, 2013 saw an increase of an additional 1.3%. New employees now pay an additional 3.6% for the same retirement benefit.

America is facing a retirement crisis. Half of all Americans have less than $10,000 saved for retirement. As the nation's largest employer, the federal government has been a model for other employers to emulate, allowing its employees to retire with adequate income. Defined benefit plans have been responsible for a financially secure retirement for middle class Americans like the federal workforce. In recent years, proposals have been considered to change the federal retirement system. Various proposals have ranged from significantly increasing employee contributions, to altering key benefit formulas, to ending the annuity portion of FERS. In fact, 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 dismantling the federal retirement system.

NTEU urges Congress to oppose 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**

EMPLOYEE RIGHTS IN THE FEDERAL WORKPLACE

The Supreme Court ruled in *Cleveland Board of Education v. Loudermill* that the U.S. Constitution requires that most government employees must be afforded due process before being terminated. Title 5 of the U.S. Code sets out the due process procedures that allow a federal employee to challenge an adverse personnel action before the Merit Systems Protection Board or, if represented by a labor union, through a negotiated grievance process. Despite some inaccurate characterizations, these due process procedures do not prevent managers from disciplining or firing nonperforming employees.

Collective bargaining rights for federal employees are much narrower than in the private sector and are also codified in Title 5. Federal labor law provides for national security exemptions. There is also no requirement that anyone become a member of a union, even though a union that has won a representational election is required to represent every employee in the bargaining unit, whether they choose to join and pay dues or not. That is the primary reason that Title 5 provides that some representational duties can be performed on official time. In addition, federal union members are prohibited by law from striking and management rights, which are solely within management's discretion and not subject to negotiation, are very broad.

In the last Congress, legislation was introduced that would limit due process and collective bargaining rights for federal employees. Proposals sought to eliminate independent reviews of major personnel actions, a cornerstone of due process for decades. Some bills would have eliminated collective bargaining entirely at some agencies. Others would have limited the use of official time and some would have prevented agencies from deducting union dues from employee paychecks, even though a host of other deductions would continue to be allowed. NTEU believes that maintaining the current modest due process and collective bargaining rights of federal employees is important for the employees as well as the country. Ensuring personnel actions are free from inappropriate political motivation should be of paramount concern to those who want to maintain a civil service free of the spoils system. And providing employees with processes and representation to potentially challenge illegal actions such as retaliation makes it much more likely that they will not be afraid to blow the whistle when they see waste or wrongdoing.

NTEU urges:

- **Maintaining due process rights that prevent politicization of the civil service.**
- **Opposing efforts to eliminate or weaken federal employee collective bargaining rights.**

FEDERAL EMPLOYEE PAY

Over the last five years, federal employees have received a total of a 2% pay increase—starting with the three year pay freeze in 2011, 2012, and 2013, and followed by 1% raises in both 2014 and 2015. Federal employees are law enforcement officers, accountants, scientists, and engineers who provide critical services to Americans every day. These workers are subject to the same economic challenges other Americans face, and their raises are trailing those of their private sector counterparts. Increases in federal wages lag private sector raises by 6.3% for these last five years. Just like your other constituents, federal employees have rent or mortgages to pay. Their health insurance premiums have risen, and their grocery bills continue to climb. It is time to provide federal employees with a pay increase consistent with the law and with the services they provide to your constituents every day.

In recent years, congressional action has disproportionately impacted federal workers who have done more than their fair share to reduce the federal deficit, contributing $159 billion toward deficit reduction over 10 years. The extended pay reductions have cost federal workers $138 billion. They have also contributed $21 billion toward deficit reduction as a result of dramatically increased contributions toward their retirement benefit required of new federal employees.

Based on the Employment Cost Index (ECI), a measure that tracks private sector pay, average wages increased 8.3% from 2009 to 2013, and for 2014 alone the increase was 2.3%--the highest since 2008, evidence of the economic recovery and tightening labor markets. Federal agencies will need to be able to respond to this healthier, overall job market by providing sufficient pay raises---both for recruitment and retention purposes—to ensure a professional workforce that is charged with administering and implementing our nation's laws and programs.

Under the provisions of the Federal Employees Pay Comparability Act (FEPCA) and the pre-freeze pay raise history, federal workers should receive the annual increase in the ECI minus one-half percent, or 1.8%, plus a locality adjustment. There has been no locality increase in five years. NTEU supports an additional 2% "catch-up" for a 3.8% total pay raise in 2016. Senators Brian Schatz (D-HI) and Ben Cardin (D-MD) and Representative Gerry Connolly (D-VA) have introduced identical legislation, S.164 and H.R. 304, the *Federal Adjustment of Income Rates (FAIR) Act,* that would provide a meaningful 3.8% pay raise for calendar year 2016.

NTEU urges:

- **Cosponsorship of S. 164 and H.R. 304 that would provide federal employees with a 3.8% pay increase for federal employees in 2016**