KASCOE LEGISLATIVE UPDATE FROM HUNTER MOORHEAD

**Conaway press interview--Retirement Deduction Increase Proposal**

All – I have received a couple emails related to the House Budget Committee's fiscal year 2016 budget resolution which calls for increasing the amount federal employees pay toward retirement accounts.  In 2010, President Obama issued and executive order which created the national commission on fiscal responsibility and reform.  The commission then submitted their report to Congress which detailed spending cuts totaling $4 trillion through fiscal year 2020.  As part of that report, the commission recommended increasing federal employee contributions to about half of the total benefit. The commission claimed it would make federal plans similar to private sector retirement accounts. Since then, the increased contribution plan has been included in multiple deficit reduction proposals.  The newly proposed House Budget includes the following language:

"(B) In keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for Federal employees—including Members of Congress and Congressional staff—to make greater contributions toward their own retirement."

To be honest, we have been monitoring this same proposal for multiple years. While some adjustments have been enacted for new employees, the larger proposal has never been agreed to by Congress.  We will keep working toward blocking these type proposals that negatively impact NASCOE's membership. Please see the information below for additional background.

Let me know if you have any questions or need additional information. Hunter

Executive Order 13531 -- National Commission on Fiscal Responsibility and Reform

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Sec. 4. Mission. The Commission is charged with identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. Specifically, the Commission shall propose recommendations designed to balance the budget, excluding interest payments on the debt, by 2015. This result is projected to stabilize the debt-to-GDP ratio at an acceptable level once the economy recovers. The magnitude and timing of the policy measures necessary to achieve this goal are subject to considerable uncertainty and will depend on the evolution of the economy. In addition, the Commission shall propose recommendations that meaningfully improve the long-run fiscal outlook, including changes to address the growth of entitlement spending and the gap between the projected revenues and expenditures of the Federal Government.

Sec. 5. Reports.

(a) No later than December 1, 2010, the Commission shall vote on the approval of a final report containing a set of recommendations to achieve the mission set forth in section 4 of this order.
(b) The issuance of a final report of the Commission shall require the approval of not less than 14 of the 18 members of the Commission.

Sec. 7. General.

(a) The Commission shall terminate 30 days after submitting its final report.
(b) Nothing in this order shall be construed to impair or otherwise affect:

**GOP Budget: Higher Pension Contributions for Feds, Much Lower Spending for Civilian Agencies**

By Eric Katz

March 17, 2015

*This story has been updated.*

House Republicans have once again called on federal employees to contribute more to their retirement, bringing back the effective pay cut in their fiscal 2016 budget blueprint.

Following the precedent set by Rep. Paul Ryan, R-Wis., who no longer sits on the House Budget Committee, new Chairman Rep. Tom Price, R-Ga., included a pension contribution hike for feds as part of the $5.5 trillion in total savings the budget proposed over the next 10 years.

"In keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for federal employees—including members of Congress and congressional staff—to make greater contributions toward their own retirement," the [legislative text](http://budget.house.gov/uploadedfiles/legislativetext.pdf) stated.

While the plan did not specify exactly how much pension contributions would increase, the commission on fiscal responsibility – known as the Simpson-Bowles Commission – recommended "gradually" increasing federal civilian pensions "so that new federal employees ultimately pay about one-half the cost of their pensions, and existing federal employees pay one-quarter."

A Budget Committee spokesman confirmed that the 50-50 split would amount to a 6.35 percent contribution level from feds, the same level Ryan's budget [recommended last year](http://www.govexec.com/oversight/2014/04/budget-story/81676/).

Congress has already raised the pension contribution level for newer employees twice in recent years, creating a three-tiered system in which employees pay between 0.8 percent and 4.4 percent of their paychecks toward their defined benefit, depending when they were hired.

More broadly, Price's budget would officially maintain the across-the-board spending levels mandated by sequestration, but it would still boost Defense spending above the levels in President Obama's fiscal 2016 budget request, through the use of additional funding in the Overseas Contingency Operations account technically reserved for emergency spending.

The plan did not spell out specific cuts to the federal workforce, but the cuts to non-defense agency budgets would likely result in hiring freezes and job losses. The plan would cut non-Defense funding by $759 billion below sequestration caps by 2025.

Rep. Chris Van Hollen, D-Md., ranking member of the House Budget Committee, said the Republican proposal represented the "same old, same old," and it was "not a serious budget."

Van Hollen said the blueprint would "wreak havoc with the services that civil servants provide to Americans across the country."  On the proposed increase to pension contributions, he added, "This is just a huge hit on hardworking federal employees."

Asked whether the Republican budget moved the needle closer to a sequestration avoiding compromise similar to the one agreed to in 2013 by Ryan and Sen. Patty Murray, D-Wash., the Democrats' House Budget point man said it was more of a step backward. He went on to lament it was "too early to say" if the framework was a step forward for resuming regular order in the budget and appropriations process, and staving off the specter of a government shutdown in September.

The American Federation of Government Employees slammed the proposal, saying Republicans are "slashing the compensation and jobs of hard-working federal employees."

"Federal employees aren't some faceless bureaucrats to be cut at a whim," said AFGE National President J. David Cox, in a statement. "They are real people with real jobs who make a real difference in the lives of millions Americans every day...They deserve our respect and admiration, not the contempt and derision being presented in this budget."

The plan did note that the embattled Veterans Affairs Department would receive sufficient funding. Republicans also promised to maintain their tight oversight of the agency.

"We will continue to closely monitor the VA to make sure they are accountable and transparent in their work," Price wrote.

The resolution identified areas of redundancy and called on agencies to reduce waste and increase accountability. Price added the overall, governmentwide funding cuts were simply a necessary rollback of unfettered growth in recent years.

"These reductions are hardly draconian," Price said. "Washington cannot keep spending money it does not have."

To further reduce spending to reach a balanced budget in 10 years, House Republicans also proposed significant cuts to Medicare and Medicaid, creating a premium support system for Medicare and block grants for Medicaid.

The military would not be completely exempt from cuts, either. While overall Defense spending would rise under the Republican plan, the blueprint still proposed reductions to compensation for military personnel and retirees. Price embraced the [recommendations](http://www.govexec.com/pay-benefits/2014/03/defense-unveils-options-overhaul-military-retirement-system/80131/) made by the Military Compensation and Retirement Modernization Commission earlier this year. The reforms, Price said, are "vital to sustaining the long-term fiscal health" of the military benefits.

"Under current law, if personnel compensation costs continue to grow as expected, they will inevitably crowd out critical defense spending on readiness and procurement," Price wrote.

Senate Republicans plan to release their own budget Wednesday, and both chambers plan to vote on passage next week. Specific spending levels will then be determined during the annual appropriations process.

By Eric Katz

March 17, 2015

[Federal Eye](http://www.washingtonpost.com/blogs/federal-eye/)

**House budget plan would require higher federal employee retirement contributions**

March 17

A [budget plan](http://budget.house.gov/)unveiled Tuesday by the Republican leaders of the House Budget Committee repeats a proposal to require federal employees to pay more of their salary toward their retirement benefits.

"In keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for Federal employees—including Members of Congress and congressional staff—to make greater contributions toward their own retirement," the legislative language [says](http://budget.house.gov/uploadedfiles/legislativetext.pdf).

The measure does not specify a percentage change, but that commission, commonly known as the Simpson-Bowles Commission, recommended that employees and the government equally share in funding those benefits. For most employees, that would mean an increase in their contributions of about 6 percent of salary.

The plan, a first step in the long congressional budget-setting process, is due to be considered by the committee Wednesday. The Senate counterpart committee is also set to take up its own version of the budget "resolution" Wednesday.

The resolution is a planning document that is not presented to the White House for signature or veto.

Similar provisions were in [prior budget plans](http://www.washingtonpost.com/politics/democrats-gop-clash-as-debate-opens-on-ryan-budget-plan/2014/04/08/f7f0c848-bf48-11e3-b574-f8748871856a_story.html%20)that passed the House in recent years but that went no farther as the Senate did not produce a counterpart plan. However, those House votes did help pave the way for smaller increases in the required contributions from employees first hired into the government in 2013 and later.

Unlike prior recent House budgets, the latest plan does not explicitly seek a 10 percent reduction in the federal workforce nor cuts to programs including student loan reimbursements for federal employees or a retirement supplement paid to many of them who retire before age 62. However, it orders the Oversight and Government Reform Committee to recommend savings in programs under its jurisdiction. The biggest dollar-item programs under that panel's purview are federal employee health insurance and retirement.

Also, the document calls for consolidating federal programs in transportation, education, job training, housing assistance and other areas, with the potential for reducing the numbers of federal employees working in them. It also would leave in place for many agencies the spending limits imposed by a previous budget deal that create pressure to hold down employment levels.

"Instead of focusing on creating new jobs and lifting more Americans out of poverty, the House leadership has proposed a budget that does exactly the opposite by slashing the compensation and jobs of hard-working federal employees," American Federation of Government Employees president J. David Cox Sr. said in a statement.