

FEDERAL-POSTAL COALITION

December 1, 2011

Dear Senator:

On behalf of the 4.6 million federal and postal workers and annuitants represented by the national member organizations of the Federal-Postal Coalition, we urge you to reject further federal pay freezes, staff reductions and agency budget cuts to offset the loss of revenue from extending a Social Security payroll tax reduction, as proposed on behalf of the Republican Leadership by Senator Dean Heller (R-NV) in S. 1931. This bill would require a FIVE-YEAR PAY FREEZE for federal employees and ALLOW ONLY ONE EMPLOYEE TO BE REPLACED FOR EVERY THREE THAT LEAVE THE WORKFORCE.

Federal employees are already going into the second year of a congressionally- mandated pay freeze. Like other Americans, their health insurance costs have gone up. Their housing values have gone down and they are facing all of the same challenges as other middle class families in these difficult economic times, including spouses and grown children without jobs. Federal employees have worked diligently over the past year despite the repeated prospects of government shutdowns. It is ironic that this bill would single out this small group of middle class workers to pay for a tax cut for all other middle class workers, in order to protect the wealthiest Americans from bearing even a small sacrifice. It is even more ironic that close to 600,000 of these, mostly older employees, are not themselves eligible for any payroll tax reduction because they pay into a federal retirement system that does not include Social Security benefits.

Federal employees are already facing downsizing based on funding cuts in the debt ceiling agreement and agencies are having difficulty delivering the services the American public wants and deserves. Reducing the size of the workforce by ten percent will only exacerbate these problems. Yet, supporters of S. 1931 would rather put more people out of work during this recession and cut off the ability of agencies to deliver needed services than ask the wealthiest to pay one cent more.

Senator Bob Casey (D-PA) has introduced an alternative bill, S. 1917, which would offset the cost of the payroll tax holiday with a small tax increase on millionaires. That bill would also extend the payroll tax break to private sector employers that hire new employees or increase the wages of current employees. Clearly, the aim of that proposal is to help the economy by providing incentives to increase hiring and increase wages. The Heller bill, on the other hand, will hurt the economy by directly cutting jobs and pay. The impact of a ten percent federal workforce reduction and a five year federal pay freeze will be felt throughout the economy and it will very likely lead to private sector job loss and wage deflation.

A key purpose of the payroll tax holiday is to stimulate the economy by allowing middle class workers, who are most likely to spend any excess cash, to keep more of their earnings. Freezing pay and cutting jobs of other middle class workers to offset this tax reduction completely eliminates any positive impact on our struggling economy.

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We urge you to oppose offsets to the payroll tax holiday extension that fall on middle class workers like federal employees and we urge you provide a tax credit equal to the payroll tax holiday to those workers who do not participate in Social Security.

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Sincerely,

American Federation of Government Employees
American Federation of State, County and Municipal Employees
American Foreign Service Association
Federally Employed Women
Federal Managers Association
International Association of Fire Fighters
International Association of Machinists and Aerospace Workers
International Federation of Professional and Technical Engineers
Laborers' International Union of North America
National Active and Retired Federal Employees Association
National Air Traffic Controllers Association
National Association of Government Employees
National Association of Letter Carriers
National Association of Postal Supervisors
National Association of Postmasters of the U.S.
National Federation of Federal Employees
National Council of Social Security Management Associations
National League of Postmasters
National Postal Mail Handlers Union
National Rural Letter Carriers Association
National Treasury Employees Union
Professional Aviation Safety Specialists