

## ***Unions criticize Obama plan over higher retirement costs***

By John Fritze, The Baltimore Sun

Federal employee unions lashed out at President Barack Obama's proposal Monday to make civilian federal workers contribute more of their pay to their retirement plans as part of a proposal to trim budget deficits.

Arguing that employees are already contributing to deficit reduction through the two-year pay freeze for federal workers that began this year, union leaders said the requirement that they contribute an additional 1.2 percent to retirement amounted to a cut in salary.

For an employee earning \$47,500, the change would cost \$570 a year.

Obama announced the idea as part of the \$3 trillion package of spending cuts and tax increases he unveiled in a Rose Garden speech Monday. The proposal comes after months of vicious partisan battles over the nation's debt led to the creation of the bipartisan committee now looking for a deficit-reduction plan the House and Senate could approve.

Though the overall package won praise from Democrats — and derision from Republicans — lawmakers from Maryland were far more skeptical of the provision on federal employees. The state is home to 286,810 federal workers, according to the census, and 131,350 federal employees work in the state.

"They've already made a contribution toward the deficit reduction package and I think it's wrong to chip away now at their retirement plans," said Sen. Benjamin L. Cardin, a Maryland Democrat. "This is something we feel pretty strongly about."

The Obama administration argued the federal retirement system "can seem generous" compared to those in the private sector. In a report outlining the proposed changes, the White House said that private-sector employees on average contribute 45 percent of the cost of their retirement plans while federal employees kick in 33 percent.

The higher employee contributions, which would be phased in over three years, would save the government \$21 billion over 10 years, according to estimates by the White House Office of Management and Budget.

In his speech, Obama mentioned the change only in passing, saying that his plan would "make modest adjustments to federal retirement programs."

Union officials said the higher employee contributions — which would not result in additional

benefits — amounted to a tax on families earning less than \$250,000, which Obama has said he would not support.

Brian DeWynngaert, chief of staff for the American Federation of Government Employees, said the move would also take billions of dollars out of the economy.

"This is simply just an out-and-out way to raise some additional revenue," said DeWynngaert.

Colleen M. Kelley, president of the National Treasury Employees Union, said in a statement Monday that the union "strongly opposes" the idea and that it would continue to lobby the deficit reduction committee to steer clear of additional cuts for federal workers.

Obama's debt plan faced swift pushback from House Republicans, who focused on the new taxes, and its odds of survival in the increasingly polarized atmosphere of Washington appeared long.

House Speaker John Boehner said the measure underscored that "barriers remain" to achieving significant deficit reduction.

Federal contractors represented by the Professional Services Council took aim at a provision that would lower the cap on salaries for contractor executives to \$200,000 from \$693,951. Maryland companies were responsible for about \$60 billion in government work last year.

Most federal employees hired in 1984 or later are covered under the Federal Employees' Retirement System, which has a pension component and a plan that works like a 401(k). Employees hired before 1984 are generally covered under the Civil Service Retirement System, which is a pension system.

Both systems would be affected by the requirement, DeWynngaert said.

Rep. Steny H. Hoyer, the No. 2 Democrat in the House, called the plan "a balanced approach to creating jobs and bringing down the deficit."

But the Southern Maryland lawmaker also noted the proposed change for federal workers, and said he would work to make sure that whatever measure ultimately advances in Congress "does not disproportionately impact" federal employees.

"These men and women have already sacrificed to help put the nation on sounder fiscal footing."

# Federal workers groups, contractors oppose Obama debt plan

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