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Presidential hopeful would freeze federal salaries, reduce retirement benefits

By Kellie Lunney klunney@govexec.com May 25, 2011

GOP presidential hopeful Tim Pawlenty on Wednesday called for freezing government salaries, reducing benefits and shrinking the federal workforce.

"In many cases, public employees are overpaid and over-benefited compared to their private sector counterparts," the former Minnesota governor [told](#) an audience at the Cato Institute, a libertarian think tank in Washington. Cato analysts, as well as scholars from the right-leaning Heritage Foundation, have argued that government workers [earn more overall](#) than their private sector counterparts -- an argument federal employee unions reject. The Bureau of Labor Statistics has found that federal employees on average are paid less than their colleagues in the private sector.

Pawlenty, who officially launched his 2012 presidential campaign in Des Moines, Iowa, on Monday, said federal salaries should continue to be frozen until they are on par with, or not greater than, private sector salaries. He also recommended transitioning federal employees' retirement plans from the current system to include only a defined contribution plan, similar to private workers' 401(k) plans. Currently, most federal retirees receive a pension, or defined benefit plan, through the Federal Employees Retirement System, as well as money from their Thrift Savings Plan accounts, the government's defined contribution version of the 401(k).

"People who work in government in most cases are hardworking, good people and we don't mean to bash them, but the system is out of control and needs to be restrained," said Pawlenty, who received an 'A' for his fiscal policy as Minnesota governor last year from Cato. The Republican also endorsed the idea of shrinking the federal workforce

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by replacing every two retirees with one employee. "We can't have the government be the only growth industry in this country," he said.

In addition, Pawlenty discussed the importance of performance-based systems throughout government to motivate employees and increase productivity, using the analogy of a cash bar versus an open bar at a wedding. "You will see two different behaviors," depending on whether people have to pay or consume limitlessly without cost.

The former governor gave a preview of his remarks on federal employees and the size of government in Des Moines on Monday. "In Washington, I am going to remind the federal bureaucrats that government exists to serve its citizens, not its employees," Pawlenty said to an applauding audience.

Organizations representing federal employees and retirees were surprised that any presidential candidate would broach the subject of reducing federal employees' pay and benefits right out of the gate. "It is alarming to hear a presidential candidate with no federal experience take aim at civil servants in announcing his bid for president," said Jessica Klement, government affairs director for the Federal Managers Association. "FMA members understand that focus must be paid to addressing deficit concerns and restoring financial stewardship amidst economic uncertainty; however, placing an unfair financial burden on the backs of federal employees simply because they perform the work of our government is seriously misguided."

Beth Moten, legislative and political director at the American Federation of Government Employees, asked, "What kind of American president wouldn't want all American workers to receive fair wages and, after a lifetime of service, a retirement plan that lets them live out their later years with independence and security?"

Dan Adcock, legislative director for the National Association of Retired Federal Employees, said he could not remember a time when a presidential candidate so early in a campaign took federal workers to task. "It's fair game to expect more out of government and make government more efficient," said Adcock. "But what is unfair are the attacks on federal workers based on erroneous reports made by organizations like Cato or Heritage that feds are overly compensated compared to workers in the private sector."

National Treasury Employees Union President Colleen Kelley criticized Pawlenty for recycling "dubious salary claims from ideological think tanks," and said downsizing the federal workforce would cost taxpayers' money as more government work would shift to contractors.

In his speech, Pawlenty also targeted Wall Street and the financial sector as areas he'd reform, if elected, saying "the handouts are over."

Pawlenty offered his vision for a smaller, leaner federal government using examples from his time as Minnesota governor. During his tenure, he dealt with public employee unions on a number of issues ranging from curtailing health care benefits for retired bus drivers to implementing pay for performance for teachers. His experience in Minnesota could inform his attitude about federal employee unions. During his remarks at Cato, Pawlenty described public employee unions as "powerful interests" that "hang onto the status quo with a white-knuckle grip."

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