

Senate expected to follow House's lead, approve 2-year pay freeze

By [STEPHEN LOSEY](#) | Last Updated: December 12, 2010

President Obama's proposed pay-scale freeze for federal employees cleared the House last week and is expected to clear the Senate.

HR 3082, the Full-Year Continuing Appropriations Act, passed 212-206 on Dec. 8. The bill halts cost-of-living adjustments for two years and also holds most agency spending in 2011 at 2010 levels. It's unclear whether the Senate will pass HR 3082 or a substitute, but the pay freeze is expected to be included in whatever bill becomes law.

The bill would halt cost-of-living adjustments to the General Schedule, Senior Executive Service, wage grade and other pay scales in the executive branch for 2011 and 2012. But employees eligible for step increases will still receive them in those years. About 1.1 million GS employees — three quarters of the GS population — will receive \$2.5 billion in raises through step increases over the next two years, according to Federal Times' analysis. Others will also be eligible for promotions and bonuses.

President Obama proposed the freeze Nov. 29 as a deficit reduction measure. The White House said it would save \$2 billion in 2011, \$28 billion over the next five years, and \$60 billion over the next decade.

But the proposal is highly controversial and has been criticized by both the left and the right. And one leading Republican wants to go even further than the White House's plan.

Rep. Jason Chaffetz, R-Utah, told Federal Times that step increases should be temporarily canceled, as well, to make the pay freeze absolute. Chaffetz said that handing out billions of dollars in step increases while touting a pay freeze shows the White House's plan is disingenuous and "full of holes."

"The reality is, it's going to be more expensive to taxpayers than it was before," Chaffetz said. "If it costs more money, it isn't a freeze."

Chaffetz said he may himself introduce a bill that would cancel step increases, and could also prescribe limits or cuts to the size of the federal work force. He said that bill could come next year, after Republicans take control of the House, but he did not have more specific plans.

"We were serious about a pay freeze," Chaffetz said. "It didn't take but a couple of days to figure out how to get around [Obama's freeze]. We have too many people making too much money, and we have to figure out how to do more with less."

John Palguta, vice president for policy at the Partnership for Public Service, said withholding step increases would be difficult.

"Within-grade increases are a statutory right," Palguta said. "To deny that, Congress would have to go and basically change the law, or issue a bill that temporarily suspends it. That would be very unlikely to happen."

Chaffetz said he'd prefer Congress to set budgetary limitations for agencies, and allow them to find their own ways to work within those limits instead of Congress mandating changes to staffing or pay levels. He also supports a pay-for-performance system that would pay employees based on how well they do their jobs.

"I'm most concerned about, what is the overall total cost of the payroll," Chaffetz said. "I need that number to go down, not up. We should not be micromanaging each individual paycheck."

The pay freeze Obama proposed does not cover congressional staffers. Lawmakers get an allowance they use to pay their own staffs, and they decide on their own whether to hand out raises and to whom. Chaffetz said most of his staffers will not receive pay raises; his only staffer getting a raise took on additional responsibilities.

Chaffetz said last year he returned about \$300,000 of the \$1.5 million Members Representational Allowance he received to pay staffers' salaries, travel costs and other expenses.

Lawmakers earlier this year voted to cancel their own automatic \$1,600 pay raise for 2011, leaving their salaries at \$174,000. This is the second year in a row Congress has frozen its own pay.

D.C.-area lawmakers object

Eight lawmakers who represent large numbers of Washington-area federal employees said last week pay freezes should be handled on a year-by-year basis, and not on the two-year timeframe proposed by the White House. House Majority Leader Steny Hoyer of Maryland; Del. Eleanor Holmes Norton, D-D.C.; and Reps. Jim Moran, D-Va.; Frank Wolf, R-Va.; Chris Van Hollen, D-Md.; Donna Edwards, D-Md.; John Sarbanes, D-Md.; and Gerry Connolly, D-Va., signed a letter to House appropriators that said any adjustments to federal pay taking effect after 2011 should be handled by the next Congress.

This would allow reductions to federal pay to be considered as part of an overall deficit reduction strategy and not imposed unilaterally, they said.

"We do not believe civil servants should be unfairly targeted outside the context of a comprehensive approach to the federal budget simply because they carry out the work of the federal government," the letter said.

Despite their opposition to a two-year freeze, those Democrats — except Norton, who is a nonvoting delegate — voted for the spending bill. Wolf voted against it.

The Federal Managers Association said it was disappointed by the House's vote, and cited government data that found federal employees are paid 24 percent less than their private-sector counterparts. Other organizations, such as the Cato Institute, dispute those estimates, and say federal employees are paid far more than private-sector workers.

"By imposing a two-year freeze on federal employees, it is clear members of Congress are bowing to political pressure stemming from the spread of misinformation relating to both the composition of the federal work force and the impact instituting a freeze will have on deficit reduction efforts," FMA National President Patricia Niehaus said.

The Professional Managers Association objects that the freeze would affect employees differently depending on their pay system. Many of its members — IRS managers in a pay-band system — would not receive any pay raises because they do not receive step increases like GS employees do.

Some federal employees and other observers point out that the money saved by the freeze is peanuts compared with the size of the overall deficit. And the deal Obama struck last week with congressional Republicans to extend tax cuts for all Americans, including the wealthy, leaves a sour taste in some critics' mouths.

"This tax cut deal makes it harder to understand why you would make this choice" to freeze federal adjustments, said Partnership for Public Service president Max Stier. "Is the \$2 billion you save by the freeze worth it, when you're spending \$60 billion on those [individuals] making over \$200,000?"

More cuts to come?

Steeper cuts to federal pay and benefits proposed by a bipartisan deficit reduction commission may return, although the plan proposing those cuts did not garner enough votes to be presented to Congress.

Republican staffers on the House Oversight and Government Reform Committee are studying the commission's recommendations and could include some in an overhaul of federal pay and benefits next year. Republican staffers would not comment on what provisions may be considered.

But several of the recommendations track closely with Republican proposals over the last year, particularly a 10 percent cut in the federal work force and a further extension of the federal pay freeze. The commission recommended a three-year pay freeze, requiring feds to contribute half the cost of their pensions instead of 1\zv of the cost, and basing feds' pensions on their highest five years of salary instead of the current high-three method.