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## Obama freezes federal pay

By: [Abby Phillip and John Maggs](#)

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President Barack Obama announced that he would freeze pay for civilian federal employees for two years in a move that precludes a looming debate in Congress about how best to tackle the growing federal deficits.

“Getting this deficit under control is going to require some broad sacrifice and that sacrifice must be shared by federal employees,” Obama said. “I’m asking civil servants to do what they’ve always done—to play their part” and lead by example.

If Congress endorses the idea, the freeze would save \$2 billion in 2011 and roughly \$60 billion over the next 10 years – a relative drop in the bucket of the federal budget deficit, which is expected to top \$1 trillion this year and next year. With the president’s bipartisan deficit commission due to report this week as the number of deficit-reduction proposals multiply, Congress will debate both pay cuts and a reduction in the number of government employees and federal contractors.

White House officials denied that the timing was related to anything other than upcoming routine budget deadlines, but some see the decision as an olive branch to conservatives in Congress who have called for federal pay freezes and furloughs as a way to cut costs and shrink the size of government.

The announcement comes as the deadline for the president to submit his request for

federal pay increases to Congress approaches on Tuesday, but also ahead of a postponed but highly anticipated bipartisan meeting with Republican and Democratic Congressional leaders also on the schedule. A federal pay freeze is among the budget-cutting steps outlined in the Republican’s Pledge to America released in September.

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When the new congress convenes in January, Obama said, Republicans and Democrats must take on the “shared responsibility” of addressing the nation’s fiscal challenges.

“My hope is that starting today we can begin a bipartisan conversation about our future,” the president said. “Everybody is going to have to cooperate. We can’t afford to fall back on our old ideologies or the same sound bites.”

Both Republican and Democratic congressional aides said the president’s proposal was a gesture, but both sides differed on its significance.

An aide to a senior Republican House leader said that Obama was “trying to hold back the tide” of big reductions that the new Congress will make in the size and the pay of the federal workforce, but the Democratic legislative aide said the president’s proposal, “which is the only one out there right now,” would help convince the public to accept painful reductions in federal benefits like Social Security and Medicaid in the coming years.

Obama has already frozen the salaries of his senior staff and political appointees across the federal government. In August, he announced another freeze on bonuses to political appointees, a move that will contribute, if incrementally, to reduction of the federal deficit.

The president emphasized that the freeze was not intended to “punish” federal workers or disrespect their work.

“I did not reach this decision easily,” Obama said. “This is not just a line item on the federal ledger.”

Nevertheless, “we do have to correct our long term fiscal course,” through actions like this most recent pay freeze and the recommendations from the Bi-Partisan Deficit Commission report that is scheduled

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to be released on Wednesday, he said.

The wage freeze would affect all federal employees, including those who are required to hold advanced degrees and high levels of expertise such as doctors, regulatory lawyers, and information technology specialists. With inflation near zero, the federal pay freeze will have a limited impact on the living standards of federal workers, who have fared much better than most private-sector employees since the economy collapsed in 2008: while the overall national unemployment rate is 9.6 percent, the unemployment rate among government workers is estimated at around 5 percent.

According to a USA Today analysis this month, total compensation for federal workers has risen 36.9 percent in the last ten years after accounting for inflation, compared with 8.8 percent for private sector workers. Many federal workers are unionized, and Congress has traditionally approved federal pay increases at or above the rate of inflation.

Republicans claim that federal workers earn more than they should, an argument the USA Today analysis seemed to support. It estimated that federal workers on average earn 20 percent more than comparable workers in the private sector.

. Some critics, however, say that an across-the-board hold on salaries won't seriously affect the deficit but could impair the functions of the federal government and act as a hindrance to recruiting qualified, effective job candidates.

“By and large, across the board freezes or cuts are not good management,” said Max Stier, President of the Partnership for Public Service. “The risk here is that the federal workforce is viewed as a cost rather than an asset. In times of trouble we actually need federal workers to do more for the American people.”

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In a briefing with reporters on Monday, Deputy Director of the Office of Management and Budget Jeffrey Zients—who has made recruiting high-quality candidates for federal jobs one of his top priorities—said that he does not believe the pay freeze will affect that goal.

“This freeze will not get in the way of recruiting the best and brightest,” Zients said. “I’m confident that we have an overall value proposition for employment that’s quite strong.”

But Republicans and conservatives are likely to praise the move as merely a “first step,” a gesture that the president is serious about tackling the federal deficit.

Chris Edwards, director of tax policy studies at the right-leaning Cato Institute praised Obama and said that Republicans should give Obama credit for addressing the issue of rising federal pay, which he says has become a growing problem.

“There are a few members of the House that have called for this,” Edwards said. “I think it shows the changing mood here that we’re going to see develop in Washington.”

*CORRECTION: An earlier version of this story incorrectly stated that federal employees’ pay is determined through collective bargaining. Congress sets the pay.*

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