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## Obama's 2.1% pay raise for all federal employees is met with praise and criticism

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In one of his final acts before leaving office, President Barack Obama announced a 2.1 percent pay increase for all federal employees, a raise that matches the one Congress just authorized for members of the military.

While federal workers unions and some lawmakers see the pay raise as well-appreciated and long overdue, others see the president compensating a group of workers that is already receiving more pay and benefits than their private sector counterparts.

On Thursday, the Senate concurred with the House voting overwhelmingly in favor of the 2017 National Defense Authorization Act (NDAA). In that bill, Congress authorized a **2.1 percent pay raise for service members**, a full half a percent more than what the White House requested. The push for higher troop wages came from the House, where lawmakers sought to put an end to the four-year trend of lower-than-expected pay raises.

By law, increases in military pay are supposed to match private-sector wage growth. Citing "budget constraints" and other "serious economic conditions," Obama capped military pay at levels below private sector growth in recent years.

In his **letter to Congress on Thursday**, Obama wrote that the pay raise for the federal civilian workforce comes "in light of the decision of Congress to provide a 2.1 percent pay increase for military personnel in 2017 and reconsideration of current and projected economic conditions."

One day before the president's announcement, a group of Democratic senators from Maryland and Virginia, the two states with the highest number of federal government workers, **wrote to Obama** asking him to revise the pay scale "for all federal workers, including civilian workers."

"We feel strongly that the principal of parity with respect to pay increases for the military and for our civilian employees should be maintained," the senators asserted.

The American Federation of Government Employees (AFGE) described the raise as a "significant victory" for federal workers and the union, which has been advocating parity for military and civilian workers over recent months.

On Friday morning, AFGE national president, J. David Cox, Sr. emphasized that federal employees have earned the pay raise, "following years of pay freezes and minuscule increases that have left them worse off today than they were at the start of the decade."

According to the union, federal employees are now earning 6.5 percent less than they did in 2010. Taking into account the impacts of the recession and government-mandated pay freezes, AFGE says the federal civilian workforce has given up more than \$182 billion in wages in benefits over the past six years.

Even if federal workers saw a drop in their wages and benefits in recent years, according to some experts, they are still earning more than workers in the private sector.

Cato Institute economist, Chris Edwards, explained that for many years federal government workers had a significant "pay advantage" over those in the private sector. That gap started to close in recent years with pay freezes and federal government layoffs.

"The president's new pay increases will partly undue the progress he made on moderating high federal pay," Edwards said Friday, noting that "federal workers earn far more, on average, than do private-sector worker."

Jason Richwine is a public policy analyst who has investigated the pay gap between public and private sector employees. On Friday, he emphasized, "Federal employees should not be getting an across-the-board raise." Citing a 2012 Congressional Budget Office (CBO) report exposing the wage discrepancies, he urged the creation of a flexible wage system to limit the benefits that he sees as "the main source of the federal compensation advantage."

In that **2012 study, the CBO** attempted to compare average compensation for federal government workers to comparable private sector jobs. They discovered that almost every category of federal civilian employee earned more in combined salary and benefits than a comparable worker in the private sector. The only exception is for those with a doctorate or professional degree. The CBO's analysis was revealing, but did not take into account the cuts in personnel, wages, and benefits, that hit the federal workforce as a whole beginning in 2013, when the across the board government spending cuts known as sequestration went into effect.

According to Andrew Biggs, an American Enterprise Institute scholar who studies federal pay and benefits, those more recent cuts did not close the pay gap. Looking at more recent data,

Biggs compared the rate of growth in federal employees compensation against private industries from 2008 through 2015. In that seven year period, total compensation for workers in the private sector increased by 17 percent, compared to 19 percent for federal government civilian employees. The rate of growth for military personnel was only 9 percent.

"From these figures, I don't see an obvious case for an across the board pay increase for federal employees," Biggs said. Even though federal employees had a freeze in base salaries, employees have continued to receive step increase related to job tenure as well as promotions.

When confronted with these figures, Sen. Ben Cardin (D-Md.), one of the senators who pressed Obama for the 2.1 percent raise, rejected the findings. "That is just not accurate," he said.

"They have taken it on the chin," Cardin said of the federal workforce, arguing that government workers have "been asked to take on more missions with less personnel," while having their pensions cuts and wages stagnate below the adjusted costs of living.

A 2016 **study by the Federal Salary Council** supported both Cardin's conclusion and the conclusions of federal employee unions. In October, the Federal Salary Council found that the pay gap between federal and private sector workforce is 34 percent. But in their calculation it is the federal worker who is earning 66 cents for every dollar earned by his or her private sector counterpart. The Federal Salary Council is comprised of federal employee union representatives and outside experts and oversees the General Schedule, the pay system for the white collar federal employee workforce.

At the start of the decade, the federal civilian workforce employed 2.3 million people across 100 agencies at a cost of roughly \$200 billion. In 2013, federal employees including the military and civilian sectors came under the ax when Congress imposed sequestration, a mandatory budget mechanism to cut \$1 trillion in defense and non-defense spending over the next decade. The measure led to significant layoffs, pay freezes, as well as the infamous and costly government shutdown. Some argue that the sequestration forced President Obama's hand to impose the recent years lower-than-expected compensation.

Under law, the president determines compensation for the federal workforce. The pay raise or pay cut goes into effect unless Congress blocks it. According to one Republican senator on the Appropriations Committee, despite Obama's declaration, Congress does not have to appropriate the money for the pay 2.1 percent pay raise, which the lawmaker described simply as "a lot of money."

Given the role of the president in determining federal worker compensation, Chris Edward explained Obama's Thursday action as "a boost" for the federal workforce before Donald Trump takes office and likely reimposes the federal pay freeze.

On the campaign trail, Trump promised a "**tremendous cutting**" of the federal government to make it "much leaner, much better, much meaner." He also specifically pledged deep cuts at the Department of Education, Environmental Protection Agency.

The possible pay cuts on the horizon under the incoming Trump administration has the National Federation of Federal Employees (NFFE) on edge, but still determined to continue working for adequate compensation.

NFFE national president, William Dougan, said on Friday that more work must be done to address the lagging public sector compensation. "The continued disparity in pay between federal workers and their private sector counterparts needs to be addressed by the incoming Trump administration. NFFE will continue to address this important issue with the incoming Congress and administration."