



Trump's Quiet Campaign Against Government Workers

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On August 31, in an executive action that went largely unremarked upon, Donald Trump slashed automatic annual wage increases for most federal workers in 2018 from an expected 1.9 percent across the board, with substantial additional boosts for workers in certain locations, to just 1.4 percent across the board with total raises including regional boosts capped at 1.9 percent. At first blush, the cut looks tiny, especially compared to the senseless severity of Trump's 2018 budget proposal. Trump had also been signaling this cut since March, so it was hardly shocking. But this small move may be the prelude to a coming war on federal employee salaries and benefits, part of a coming "deconstruction of the administrative state" former White House adviser Steve Bannon prophesied.

The effects of such a campaign would be felt long after Trump is out of the White House. "Failing to pay competitive wages makes it difficult for the government to recruit and retain critical employees," said J. David Cox, Sr., president of the Association of Federal Government Employees (AFGE), "including doctors and nurses to serve our veterans and law enforcement officers to patrol our borders."

Under the Federal Employees Pay Comparability Act of 1990, federal wages are supposed to grow in tandem with the private sector. Every year, the Department of Labor determines the average private sector wage growth. This, minus 0.5 percent, becomes the next year's automatic raise for most civilian federal employees. (Armed service members receive similar raises in a related but separate process.) Presidents can offer alternate rates on the grounds of national emergencies or economic hardship, and Congress can override formula rates or presidents in budgets.

Thanks to the economic crisis that hit just as he was coming into office, Barack Obama used these powers every year of his presidency. In 2010, he chopped raises down to 2 percent, 0.4 percent lower than the statutory formula suggested and much lower than 2009's 3.9 percent raise. (That was the lowest wage increase since 1988.) From 2011 to 2013, he froze all automatic private sector-linked federal wage growth.

But as the economic recovery progressed, Obama progressively loosened the screws on federal wage growth, despite Republican complaints. By last year, he'd lifted the raise for 2017 to an average of 2.1 percent.

Obama reportedly allowed wage boosts to increase in response to arguments that feds had made enough sacrifices for economic recovery in recent years. Federal employee unions argue that while private sector wages increased 10.4 percent from 2012 to 2017, over the same period their wages only went up 5.4 percent. According to the AFGE, adjusted for inflation, this means many

now make less than they did in 2010. According to a 2016 study by the Federal Salary Council, feds earn 34 percent less in raw wages than their private sector equivalents on average (they claim they were underpaid even before recent austerity measures), and a White House report said that government wages were down 9 percent compared to the private sector during the Obama presidency.

Although Obama's recent wage increases were far below union hopes for a return to automatic rates or even corrective raises making up for austerity, these groups still viewed his late-term trajectory as a good sign—initial improvements that'd continue, stopping the effects of recession-linked austerity and maybe getting them closer to parity with non-government pay.

Then Trump reversed that trend. Not only that, he broke with Obama's recent coupling of civilian employee and military wage increases, calling for a 2.1 percent boost for armed service member salaries in 2018 in another executive order. Trump also went beyond the boilerplate language in most presidential orders to forego automatic pay change rates, calling expected formula-based regional salary boosts unwarranted and unworkable.

Unions understandably see this as a senseless about-face which will not only continue to affect their members' lives, but lower morale throughout the government and make it harder to hire good talent.

Conservatives, however, are bound to cheer almost any effort to cut government wages. Right-wing think tanks say government employees make more than private-sector workers, especially when you include benefits. "Total compensation for federal workers is, on average, 76 percent higher than for private workers," argued Chris Edwards of the libertarian Cato Institute, voicing a high-end view. (This summer, the nonpartisan Congressional Budget Office found that federal workers, on average, receive higher wages and better benefits than people with equal educational attainment in the private sector.)

Andrew Biggs of the conservative American Enterprise Institute doubts a few years of austerity have done anything to affect the average federal worker's living standards, much less this fed-tilted overall income gap. From this vantage, progressively scaling back salary increases is the least Trump can do. Ideally, conservatives would like to see him eliminate automatic pay increases altogether in favor of a completely merit-based raise system. "Compensation should reflect the value of an employee's work," said Rachel Greszler, a Heritage Foundation researcher who has advanced such plans in her work, "as opposed to a guaranteed standard of living."

The disagreement over whether public workers are under- or overpaid is nearly impossible to settle, as there's no clear and accepted metric for comparisons. Biggs rips findings unions lean on for not factoring in the value of worker benefits. Dean Baker of the left-leaning Center for Economic and Policy Research says conservatives don't compare job levels and duties accurately in their studies. Biggs argues such comparisons are facetious for various reasons—and back and forth forever.

Greszler's research and the CBO's findings suggest low-skilled federal workers get a substantial wage and benefits boost over the private sector, while high-skilled workers get almost none, or make less than their private sector counterparts, even if the average federal employee makes more overall.

Then there's the fact that government employees are unionized and most private-sector workers are not. Studies have found gaps between the compensation between union and nonunion employees, for what should be obvious reasons.

Regardless, Trump seems to be siding with conservative views. He is already moving to increase federal workers' contributions to their retirement packages, which amounts to a pay cut. And Greszler noted that his Office of Management and Budget is working on plans to restructure the federal government, which could include the sorts of massive pay system reforms she and other conservatives dream of. She hopes that he will ramp up to totally freezing federal salaries in the future, until he and Congress can "address the federal government's highly flawed and unresponsive personnel system."

Trump hasn't said much about wages. For many people, it's a niche issue, even though it's vitally important to federal workers. Baker's analyses suggest the government is already having a hard time attracting qualified workers with its current pay and benefits packages, generous as conservatives may view them. And Greszler concedes that workers, especially at the start of their careers, place low value on benefits relative to raw wages in choosing a job. Even if those wages are currently higher for some entry-level government job than similar private sector jobs, the expectation that Trump will not only keep automatic wage growth below market levels, but may further decrease it, or overhaul the system in line with conservative ideas, could exacerbate the feds' hiring problems. That difficulty could eventually double up on the blows his pushes for budget cuts would impose on the raw functionality of the American state.

The long-term risk, if Trump pursues more pay cuts in the name of tighter budgets or just the idea that federal workers are overpaid, is that morale in the government bureaucracy will drop even lower and it will be even harder to hire workers.

"These challenges will only grow," argued the AFGE's Cox, "unless Congress and the president commit to narrowing the pay gap by providing federal workers with meaningful pay raises." That doesn't seem likely anytime soon.