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Pay raise outlook: Bleak

By STEPHEN LOSEY | Last Updated: June 1, 2010

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Your pay raise is suddenly an election-year issue, and that's bad news for feds.

Republican lawmakers are fighting an uphill battle to freeze raises and bonuses for federal employees next year, but their opposition could mean feds get a smaller raise than military personnel come Jan. 1.

The White House supports the principle of pay parity and called for 1.4 percent raises for both civilian employees and service members in 2011, which would be the smallest federal raise since 1994, the last time feds got no pay raise.

But House lawmakers want to boost the military raise to 1.9 percent, and while the Senate is not yet going along, the bigger raise could prevail when the two bills are reconciled late this summer or fall.

Experts such as Henry Romero, a former Office of Personnel Management executive and a senior adviser at Federal Management Partners, say it is highly unlikely feds will get the same raise as the military.

"I think the administration will continue to publicly voice support for parity and say good things," Romero said. "But I think everybody will recognize there's less of a constituency for civilians than the military. When push comes to shove, I don't think the administration is going to fall on its sword and threaten a veto over a 0.5 percent disparity."

What is clear is that federal pay has become an increasingly popular target for many Americans concerned with the ballooning federal deficit and high unemployment.

A new website called YouCut, created by House Minority Whip Eric Cantor, R-Va., allows people to vote online and via text message on which of five items they would like to cut from the budget, including next year's 1.4 percent pay raise. Cantor said 87,000 votes — 40 percent of the roughly 218,000 votes cast this week — were cast in favor of eliminating the raise as a way to save \$2 billion.

And it is not just Republicans favoring the idea.

Six Democratic senators broke ranks last week to vote for a measure, sponsored by Sens. John McCain, R-Ariz., and Tom Coburn, R-Okla., that would partially offset Iraq and Afghanistan war costs by canceling next year's federal raises and bonuses. The amendment lost by a 53-to-45 vote.

Chris Edwards, director of tax policy studies at the libertarian Cato Institute, thinks growing public pressure could sway even more Democrats to support a pay freeze.

"If Republicans keep hitting on this issue ... at some point the Democratic leadership will realize the negative headlines are outweighing the benefits of doing the bidding of the federal unions," Edwards said.

Edwards said Republicans should go further and slash feds' pay by 10 percent. Edwards pointed to the governments of Greece and Spain, which are facing dire budgetary situations and cutting their civil servants' pay to try to stay afloat.

"We're in an emergency fiscal situation," Edwards said. "I don't just want to target federal civilian workers, but I'd like to see restraint across the board."

Romero agrees the issue could get more traction in the coming months.

"I think the rhetoric is going to get more heated and abrasive as the election season draws near," he said. "In the



A new website called YouCut, created by House Minority Whip Eric Cantor, R-Va., center, allows people to vote online and via text message on which of five items they would like to cut from the budget, including next year's 1.4 percent pay raise. (TIM SLOAN / AGENCE FRANCE-PRESSE)

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current environment, in which there is so much anti-government sentiment, it's not surprising that any action that appears to clearly target any part of the government — including federal workers — would rise up."

Democrats so far are resisting the Republicans' push to cut federal pay raises and say it's an election-year stunt.

"It's nothing but a sham vote based on a sham gimmick," said Stephanie Lundberg, a spokeswoman for House Majority Leader Steny Hoyer, D-Md. "It's an insult to [federal employees] to make them pawns in a purely political maneuver."

John Palguta, vice president for policy at the Partnership for Public Service, a think tank that works to encourage people to enter civil service, argues that targeting federal raises is unnecessary.

"We have a deficit problem and it will have to be dealt with sooner rather than later, but we are on much sounder financial footing as a country than certainly Greece or Spain," Palguta said. "I think you don't necessarily help by across-the-board cuts where there's not a truly compelling reason."

Jessica Klement, government affairs director for the Federal Managers Association, said the \$2 billion to \$2.6 billion that could be saved by eliminating a pay raise is insignificant next to the \$1.4 trillion deficit and that hurting the federal workforce will eventually backfire and harm citizens nationwide.

"It's really easy in these times of economic uncertainty to throw federal employees under the bus because there's a lot of misconception about salaries and benefits, and it sells with taxpayers," Klement said. "The problem is, when those taxpayers have to file for unemployment or Social Security benefits and there's nobody there to file those benefits, they're going to be angry."

Efforts to cut federal payroll costs are not just aimed at pay raises.

McCain and Coburn's amendment would also have placed a hard cap on federal staffing and required agencies to cut an employee for every new employee they hire, without exception.

Reps. Sam Johnson, R-Texas, and Cynthia Lummis, R-Wyo., on May 20 introduced the Federal Workforce Reduction Act, which would freeze hiring for all non-national security jobs at agencies other than the Defense, Homeland Security and Veterans Affairs departments.

And bills to increase flexible work schedule opportunities, federal security or office space, for example, will likely get a cold reception on Capitol Hill for the time being, said Romero.

"All these could be viewed as, 'Why are we doing these things to make it easier for federal workers? They're overpaid in the first place,'" Romero said. "There could be many targets."

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