

# House of Representatives

## Committee on Post Office and Civil Service

Washington, D.C. 20515

TELEPHONE (202) 225-4054

BRIEFING OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
ON THE FISCAL YEAR 1986 BUDGET PROPOSALS  
TUESDAY, FEBRUARY 26, 1985

### LIST OF WITNESSES

1. The Honorable Michael D. Barnes (D-MD)  
Member of Congress
2. The Honorable Vic Fazio (D-CA)  
Member of Congress
3. The Honorable Stan Parris (R-VA)  
Member of Congress
4. Dr. Donald J. Devine, Director  
Office of Personnel Management
5. Mr. Martin L. Duggan, Chair  
Advisory Committee on Federal Pay

accompanied by

Ms. Lucretia Tanner, Executive Director  
Advisory Committee on Federal Pay

5. Mr. George Stelluto, Associate Commissioner  
Office of Wages & Industrial Relations  
Bureau of Labor Statistics  
Department of Labor

accompanied by

Mr. Charles O'Connor, Division Chief  
Division of Occupational Pay and Employee Benefit  
Levels  
Bureau of Labor Statistics  
Department of Labor

7. Mr. Kenneth Blaylock, President  
American Federation of Government Employees, AFL-CIO
  
8. Mr. L.J. Andolsek, President  
National Association of Retired Federal Employees  
  
    accompanied by  
  
    Ms. Judy Park, Legislative Director  
    National Association of Retired Federal Employees and  
  
    Mr. Tom Trabucco, Associate Legislative Director  
    National Association of Retired Federal Employees
  
9. Panel: Mr. Moe Biller, President  
    American Postal Workers Union, AFL-CIO  
  
    accompanied by  
  
    Mr. Patrick J. Nilan, Legislative Director  
    American Postal Workers Union, AFL-CIO and  
  
    Mr. Roy Braunstein, Legislative Aide  
    American Postal Workers Union, AFL-CIO  
  
    Mr. Vincent Sombrotto, President  
    National Association of Letter Carriers, AFL-CIO  
  
    accompanied by  
  
    Mr. George Gould, Legislative Director  
    National Association of Letter Carriers,  
    AFL-CIO
  
10. Panel: Mr. Thomas P. Costin, President  
    National Association of Postmasters  
    of the United States  
  
    Mr. R. Fain Hambricht, President  
    National League of Postmasters  
  
    accompanied by  
  
    Mr. Ed Bowley, Legislative Consultant  
    National League of Postmasters  
  
    Mr. Reuben Handelman, Executive Vice  
    President  
    National Association of Postal Supervisors  
  
    accompanied by  
  
    Mr. Andrew Ruddick  
    (Retired) Consultant

Mr. Robert L. White, President  
National Alliance of Postal and Federal  
Employees

11. Panel: Mr. Bun B. Bray, Executive Director  
Federal Managers Association

accompanied by

Mr. Red Evans, Assistant Executive Director  
Federal Managers Association

Mr. David Gusky, Legislative Director  
National Federation of Federal Employees

Mr. Ed Murphy, Legislative Counsel  
National Association of Government Employees  
AFL-CIO

Mr. Lary D. Silver, President  
National Association of Agricultural Stabilization  
and Conservation Service, United States  
Department of Agriculture, County Office  
Employees

12. Panel: The Honorable John N. Erlenborn (R-IL)  
Former Member of Congress

Mr. Robert Mueller  
National Taxpayers Union

Mr. G. Jerry Shaw, President  
Senior Executives Association

Mr. Paul Newton, Legislative Director  
National Treasury Employees Union

MERVYN M. DYMALLY  
THIRTY-FIRST DISTRICT  
CALIFORNIA



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COMMITTEE:  
FOREIGN AFFAIRS  
SCIENCE AND TECHNOLOGY  
DISTRICT OF COLUMBIA  
CHAIRMAN, SUBCOMMITTEE  
ON JUDICIARY AND EDUCATION

**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

HEARING ON THE ADMINISTRATION'S BUDGET PROPOSALS  
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS

FEBRUARY 26, 1985, 1:00 P.M.

STATEMENT OF THE HONORABLE MERVYN M. DYMALLY

Let me start, Chairwoman Oakar, by commending you for moving so quickly to hold hearings on these issues of vital concern to Postal and Federal employees. Your leadership in this area is much appreciated by your Committee colleagues and the people whose interests we represent.

As Chairman of the Subcommittee on Postal Personnel and Modernization, I am deeply concerned about the Administration's latest proposals for cutting Civil Service Retirement benefits. Once again, Postal and Federal employees are being threatened with losing the retirement benefits they have worked for and deserve, under the guise of reducing the Federal budget deficit. Federal employees also are being asked to accept a five percent

reduction in pay, when an independent study commissioned by this committee shows that Federal employee pay already lags behind the private sector by an average of ten percent. Health benefits are threatened, as well. While it is certainly necessary to reduce the huge deficit that has loomed up in the past four years under the current Administration, this task cannot be accomplished on the backs of the Federal workforce.

For too long, the Administration has projected an image of its own workforce which suggests to the American people that Postal and Federal employees receive too many benefits and are unproductive -- in effect, little more than a drain on the Federal budget. As you well know, Madam Chair, these workers perform many services vital to the well-being of large segments of our society. The Administration attempts to lay the blame for deficit problems on Federal and Postal employees because it is expedient to do so, conveniently ignoring the vast majority of productive, dedicated workers who have made a career of public service.

I join you and my other colleagues here today to emphasize my continuing support of Postal and Federal employees in their fight to retain hard-won and well-deserved benefits. I am also strongly behind their efforts to counter the false image created by their own employer, and to regain a sense of self esteem for their work in the Federal government. Public employees must no longer shoulder undue financial and psychological burdens to

compensate for the current Administration's deficit woes.

Once again, I commend you, Madam Chair, for taking the initiative on this issue, and for sending the Administration a clear signal of Congressional intent on this matter.

Statement by  
George L. Stelluto, Associate Commissioner  
Wages and Industrial Relations  
Bureau of Labor Statistics  
before the  
Compensation and Employee Benefits Subcommittee  
Post Office and Civil Service Committee  
UNITED STATES HOUSE OF REPRESENTATIVES

February 26, 1985

Madam Chairperson and Members of the Subcommittee:

I welcome the opportunity to appear before this Subcommittee to explain the role of the Bureau of Labor Statistics (BLS) in the pay comparability process for Federal white-collar employees. I will focus first on the BLS role under existing legislation, then briefly describe the scope of the Bureau's 1985 national survey of Professional, Administrative, Technical, and Clerical Pay--the PATC survey. I will conclude with a few comments on possible future expansions to the PATC survey, as proposed by the President's Agent for pay comparability.

THE BLS ROLE

BLS has served as statistical agent in the Federal white-collar pay comparability process since its inception in 1962. This role, which requires the development each year of data on white-collar salaries in private industry for use by the Federal Government to set pay for its employees, was restated in the Federal Pay Comparability Act of 1970. The 1970 Act has been the legislative foundation for the Federal pay comparability process over the past 15 years.

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While the 1970 Act calls for "appropriate annual surveys conducted by the Bureau of Labor Statistics," it places the responsibility for survey coverage with the President's Pay Agent (currently the Secretary of Labor, the Director of the Office of Personnel Management, and the Director of the Office of Management and Budget). The Agent sets up comparability procedures, specifies coverage of the PATC survey, and makes recommendations to the President on annual pay adjustments for Federal white-collar employees. In other words, it is the Agent--not BLS--that specifies which private industries, size of firms, and occupations the PATC survey will cover.

The BLS role in the pay comparability process is to conduct the survey and ensure that it is objective, reliable, and statistically sound and, at the same time, meets the Pay Agent's specifications. BLS is responsible for: (1) Developing lists of firms within the prescribed PATC survey coverage, (2) selecting a probability based sample of these firms, (3) collecting, primarily by personal visit, pay data for specific white-collar occupations in the sample firms, (4) reviewing and validating the survey results; and (5) delivering survey tabulations to the President's Agent. BLS also provides technical advice to the Agent on matters affecting the survey, such as on the manner in which the occupational work levels should be defined so they are readily understood in the private industry setting.



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The relationship between BLS and the President's Pay Agent has existed for over two decades. Our respective roles are firmly established. The President's Pay Agent provides policy direction for the Federal pay comparability process; the BLS, on the other hand, is responsible for statistical matters related to the survey.

#### THE PATC SURVEY

Although new and revised occupational definitions have become regular occurrences in the PATC survey, the sizes and types of private industry firms have not changed since 1979. This same coverage defines the 1985 survey, which is now underway. A nationwide sample (excluding Alaska and Hawaii) of 3,500 establishments was drawn for the following industry and employment size groups for 1985:

<u>Industry</u>	<u>Establishment minimum employment sizes</u>
Mining -----	250 workers
Construction -----	250 workers
Manufacturing -----	100-250 workers
Transportation and public utilities -----	100-250 workers
Wholesale trade -----	100 workers
Retail trade -----	250 worker
Finance, insurance, and real estate -----	100 workers
Selected services -----	50-100 workers

The PATC survey produces estimates of average salaries for about 100 work levels within 25 white-collar occupations in private industry. Work levels are described in terms of pay-determining duties and responsibilities based on descriptions that the Pay

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Agent can relate to Grades 1 through 15 in the Federal government's General Schedule. Overall the survey covers jobs ranging from routine file clerks and messengers to high level engineers, attorneys, and accountants.

BLS uses a uniform set of job descriptions, developed jointly with the Office of Personnel Management, to classify employees in sample establishments according to their actual duties and responsibilities. This job-matching process involves personal visits to sample establishments, dialogue with establishment officials, extensive use of company position descriptions, organizational charts, and personnel and payroll records. Salaries collected for the survey occupations are those paid to full-time employees for standard work schedules.

Results of the 1985 PATC survey will be delivered to the President's Pay Agent this coming July. BLS will also issue a news release on the survey in July and publish a comprehensive bulletin in October.

#### THE FUTURE

The Federal pay comparability process is large, complex, and has major impact on the Federal budget. Because of this, the process has been evaluated and reviewed by a number of groups including the General Accounting Office, the Rockefeller Panel, and the Grace Commission. These groups have consistently claimed two short-comings in the comparability process:

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- The limited scope of the PATC survey because it excludes small establishments, major private industries (particularly such services as hospitals), and State and local governments.
- The inadequate representation of the occupations surveyed.

The latest proposals under consideration to change the PATC survey are described in the 1984 Pay Agent's Report. The proposals include expanding the PATC survey to smaller establishments, to additional private industries, and to State and local governments. (Including State and local governments in the comparability process would require, of course, a change in the 1970 Act.)

Finally, BLS has reduced its regular PATC job maintenance activities and is working with the Office of Personnel Management staff in: Analyzing occupations in current and expansion industries, developing and testing job descriptions for new industries to be surveyed; and exploring methods for selecting PATC occupations to address criticisms of the lack of representativeness in current PATC jobs.

I have described briefly the BLS role in the pay comparability process. BLS has a service oriented role limited to providing data required for decision making. Many factors must, of course, be considered by the President, his advisors, and the Congress in final decisions made. The Bureau of Labor Statistics stands ready to provide as much help as possible in developing data required to carry out Federal pay policy.

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Madam Chairperson, that concludes my remarks. I would be pleased to answer any questions you or the members of the subcommittee may have.

TESTIMONY

of

REPRESENTATIVE STAN PARRIS

before the

POST OFFICE AND CIVIL SERVICE SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS

Hearing on

FISCAL YEAR 1986 BUDGET PROPOSALS

February 23, 1985

MADAME CHAIR, I APPRECIATE THIS OPPORTUNITY TO TESTIFY BEFORE THE HOUSE POST OFFICE CIVIL SERVICE SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS REGARDING THE ADMINISTRATION'S PROPOSED FY 86 BUDGET CHANGES FOR FEDERAL WORKERS AND RETIREES. DURING THE PAST FEW YEARS, THE CIVIL SERVICE HAS BEEN FACED WITH A LARGE NUMBER OF NEW PROPOSALS. HOWEVER, THIS YEAR'S BUDGET RECOMMENDATIONS FOR THE FISCAL YEAR BEGINNING THIS OCTOBER ARE PARTICULARLY DRACONIAN.

I RECOGNIZE THE NEED FOR BUDGET RESTRAINT AND I STRONGLY SUPPORT DEFICIT-REDUCTION MEASURES, BUT AS I HAVE SAID ON A NUMBER OF OCCASIONS BEFORE THIS SUBCOMMITTEE, ACTIVE AND RETIRED GOVERNMENT WORKERS HAVE ALREADY MADE THEIR FAIR SHARE OF SACRIFICES. THIS YEAR'S PROPOSED BUDGET FURTHER PUNISHES AN ALREADY EMBATTLED FEDERAL WORKFORCE - NOT TO MENTION THAT MOST OF THE PROPOSALS WOULD HAVE LITTLE OR NO IMPACT ON REDUCING THE FISCAL 1986 BUDGET DEFICIT. IT WOULD TAKE A NUMBER OF YEARS BEFORE THE IMPACT OF SUCH CHANGES WOULD MAKE THEMSELVES FELT.

MORE IMPORTANTLY, THE CUMULATIVE EFFECT OF THESE PROPOSALS WOULD BE DEVASTATING TO AN EMPLOYEE, SAY IN MY DISTRICT, WHO HAS A FAMILY TO FEED AND CHILDREN TO SEND TO COLLEGE IN AN AREA WITH ONE OF THE HIGHEST STANDARDS OF LIVING IN THE COUNTRY. FOR SEVERAL YEARS NOW, GOVERNMENT WORKERS HAVE RECEIVED LIMITED AND DELAYED PAY INCREASES, HAVE HAD SUBSTANTIAL REDUCTIONS IN HEALTH BENEFITS WHILE THEIR PREMIUMS HAVE INCREASED, AND HAVE HAD TO PAY A MEDICARE TAX, JUST TO MENTION A FEW EXAMPLES. NOW THE ADMINISTRATION EXPECTS EMPLOYEES TO WORK AN EXTRA TEN YEARS,

ACCEPT A PENSION COMPUTATION CHANGE, THROW AWAY ACCUMULATED SICK LEAVE AT RETIREMENT, AND TAKE A FIVE PERCENT PAY CUT - A PROPOSAL LAST TRIED DURING THE 1930s IN THE MIDST OF THE GREAT DEPRESSION. MOREOVER, THE OFFICE OF MANAGEMENT AND BUDGET HAS PROPOSED THE ELIMINATION OF 25,000 JOBS IN FEDERAL REGIONAL AND FIELD OFFICES IN TEN DIFFERENT AGENCIES, THE BULK COMING FROM THE SOCIAL SECURITY ADMINISTRATION.

THIS IS A SIMPLE MATTER OF EQUITY. HOW MUCH LONGER CAN WE MAKE THESE DEMANDS ON FEDERAL WORKERS AND EXPECT THEM TO STAY IN THEIR JOBS OR PERFORM PRODUCTIVELY? SINCE I RETURNED TO THE CONGRESS FOUR YEARS AGO, I HAVE BEEN PREDICTING THAT THESE TYPES OF PROPOSALS WILL RESULT IN A FEDERAL GOVERNMENT COMPRISED OF PEOPLE WHO CAN'T GET JOBS IN THE PRIVATE SECTOR.

MADAME CHAIR, I REGRET THIS IS NO LONGER A MATTER OF PREDICTING THE FUTURE. CIVIL SERVANTS ARE LEAVING THE GOVERNMENT IN UNPRECEDENTED NUMBERS, TOP COLLEGE GRADUATES ARE BEING DISCOURAGED FROM MAKING CIVIL SERVICE A CAREER, AND LIFE-TIME FEDERAL EMPLOYEES ARE TAKING EARLY RETIREMENT. EFFORTS TO ATTRACT AND RETAIN SKILLED, CAPABLE PEOPLE IN FEDERAL SERVICE HAVE BEEN SEVERELY REDUCED. AS A RESULT, THE FEDERAL GOVERNMENT IS BECOMING LESS RESPONSIVE AND RESPONSIBLE TO THE NEEDS OF EVERYONE.

I COMMEND THE SUBCOMMITTEE FOR ITS EFFORTS AND URGE IMMEDIATE ACTION TO HAVE THESE PROPOSALS WITHDRAWN FROM FY 86 BUDGET CONSIDERATIONS.

# House of Representatives

## Committee on Post Office and Civil Service

Washington, D.C. 20515

TELEPHONE (202) 225-4054

OPENING STATEMENT OF CONGRESSWOMAN MARY ROSE OAKAR  
CHAIR-DESIGNEE OF THE SUBCOMMITTEE ON COMPENSATION  
AND EMPLOYEE BENEFITS OF THE HOUSE POST OFFICE  
AND CIVIL SERVICE COMMITTEE  
OVERSIGHT BRIEFING ON FY 1986 BUDGET PROPOSALS  
TUESDAY, FEBRUARY 26, 1985  
WASHINGTON, D.C.



THE COMMITTEE WILL COME TO ORDER.

SINCE THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE HAS NOT HELD ITS ORGANIZATIONAL MEETING AND HAS NOT ADOPTED ITS RULES FOR THE 99TH CONGRESS, THE PROCEEDINGS TODAY WILL BE CONDUCTED IN THE FORM OF A BRIEFING FOR ALL MEMBERS OF THE COMMITTEE, RATHER THAN AS A SUBCOMMITTEE HEARING. FOLLOWING TODAY'S BRIEFING, I WILL REQUEST THE FULL COMMITTEE TO AUTHORIZE PRINTING OF THESE PROCEEDINGS.

I HAVE SCHEDULED THIS BRIEFING TODAY IN ORDER FOR THE SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS TO EXPEDITIOUSLY FULFILL ITS OBLIGATIONS UNDER THE BUDGET ACT CONCERNING THE PROPOSALS CONTAINED IN THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1986 AFFECTING FEDERAL PAY, THE CIVIL SERVICE RETIREMENT SYSTEM, AND THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM.

TO BRIEFLY SUMMARIZE THE PRESIDENT'S BUDGET PROPOSALS, HE IS SEEKING TO:

- (1) CUT FEDERAL PAY BY FIVE PERCENT;
- (2) RAISE THE MINIMUM RETIREMENT AGE FOR FULL BENEFITS UNDER THE CIVIL SERVICE RETIREMENT SYSTEM FROM 55 TO 65;
- (3) DECREASE ANNUITIES FOR FEDERAL WORKERS UNDER 65 BY FIVE PERCENT A YEAR. UPON FULL IMPLEMENTATION, THIS WOULD CUT ANNUITIES IN HALF FOR THOSE WHO RETIRE AT AGE 55;
- (4) ELIMINATE THE 1986 COLA;
- (5) CALCULATE FUTURE COLAS BEGINNING IN 1987, BY LIMITING THEM TO THE LOWER OF THE INCREASE IN GENERAL SCHEDULE PAY OR THE

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- CONSUMER PRICE INDEX AND LIMIT COLAS TO 55 PERCENT FOR ANNUITIES THAT EXCEED \$10,000, ADJUSTED BY THE CPI;
- (6) CHANGE THE CIVIL SERVICE RETIREMENT FORMULA SO THAT ANNUITIES WOULD BE CALCULATED ON THE HIGHEST FIVE YEARS OF EARNINGS, RATHER THAN THE PRESENT THREE YEARS;
  - (7) PHASE-OUT RETIREMENT CREDIT FOR UNUSED SICK LEAVE;  
*OVER 4 YEARS*
  - (8) CONFORM CIVIL SERVICE SURVIVOR, ADULT STUDENT AND MINIMUM BENEFITS TO THOSE PROVIDED BY SOCIAL SECURITY;
  - (9) REQUIRE THE POSTAL SERVICE AND THE DISTRICT OF COLUMBIA TO PHASE-IN THE PAYMENT OF THE FULL COST OF PENSIONS, LESS THE EMPLOYEES' CONTRIBUTIONS;
  - (10) DISCONTINUE RETIREMENT LIFE AND HEALTH INSURANCE COVERAGE FOR EMPLOYEES FIRST HIRED BY THE DISTRICT OF COLUMBIA AFTER SEPTEMBER 30, 1985; AND
  - (11) IMPLEMENT A HEALTH BENEFITS VOUCHER PLAN.

I AM DEEPLY CONCERNED WITH THE IMPACT OF THESE PROPOSALS ON THE MORALE AND PRODUCTIVITY OF FEDERAL EMPLOYEES AND THE VITAL SERVICES THAT THEY PERFORM FOR THE CITIZENS OF OUR COUNTRY.

LET'S CONSIDER FOR A MOMENT THAT, WHEN WE SAY "FEDERAL EMPLOYEE," WE ARE TALKING ABOUT PEOPLE LIKE OUR ASTRONAUT, SALLY RIDE, AND DRUG ENFORCEMENT AGENTS WHO RISK THEIR LIVES TO STEM THE FLOW OF ILLEGAL SUBSTANCES THAT ARE FLOODING OUR NATION. WE ARE TALKING ABOUT OUR DEPENDABLE LETTER CARRIERS; THE PEOPLE WHO INSPECT MEAT AND POULTRY TO PROTECT OUR CITIZENS FROM DISEASE; THE MEN AND WOMEN AT THE NATIONAL INSTITUTE OF HEALTH WHO ARE PERFORMING INVALUABLE CANCER RESEARCH; AND THE DEDICATED

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EMPLOYEES WHO ARE RESPONSIBLE FOR ADMINISTERING PROGRAMS ASSISTING THE FARMERS OF OUR GREAT NATION.

WHEN WE SAY, "FEDERAL EMPLOYEE," WE ARE NOT SIMPLY REFERRING TO A FACELESS BUREAUCRACY. WE ARE DESCRIBING MANY OF OUR SONS AND DAUGHTERS, OUR NEIGHBORS, AND OUR FRIENDS. WE ARE REFERRING TO PEOPLE WHO MAKE CERTAIN THAT SOCIAL SECURITY CHECKS ARE DELIVERED ON TIME TO OUR SENIOR CITIZENS AND TO THOSE WHO ADMINISTER VITAL MEDICARE BENEFITS. WE ARE TALKING ABOUT THE "RETIREEES" WHO, WHEN WORKING FOR THE FEDERAL GOVERNMENT, PLACED AMERICAN ASTRONAUTS ON THE MOON, DEVELOPED PROGRAMS TO PROTECT OUR CHILDREN FROM UNSAFE TOYS, AND PRESERVED OUR COUNTRY'S HERITAGE THROUGH THE ESTABLISHMENT AND ADMINISTRATION OF SUCH FINE INSTITUTIONS AND MUSEUMS AS THE SMITHSONIAN.

WE ARE DESCRIBING PEOPLE WHO ARE WORKING HARD, RAISING FAMILIES, AND TRYING TO MAKE ENDS MEET. WE ARE REFERRING TO GRANDPARENTS AND OTHER SENIORS WHO DEDICATED THEIR LIVES TO PUBLIC SERVICE. THESE ARE THE MEN AND WOMEN WHO HAVE BEEN MUCH MALIGNED AND ABUSED BY THIS ADMINISTRATION -- WHO ARE NOW FACING EXTRAORDINARY REDUCTIONS IN THEIR PAY, RETIREMENT BENEFITS, AND HEALTH INSURANCE. THESE ARE AMONG THE VICTIMS OF THE FISCAL YEAR 1986 BUDGET WHO ARE BEING SINGLED-OUT FOR EXTRAORDINARY SACRIFICES. I CANNOT AGREE THAT THESE MEASURES ARE NECESSARY, FAIR, OR EVEN IN THE PUBLIC INTEREST.

I AM PARTICULARLY DISTURBED BY THE PROPOSAL TO REDUCE FEDERAL PAY FOR MANY REASONS. FIRST OF ALL, IT IS GROSSLY UNFAIR

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TO SINGLE OUT FEDERAL WORKERS FOR A SUBSTANTIAL PAY REDUCTION, WHILE MILITARY PERSONNEL WOULD RECEIVE A THREE PERCENT PAY RAISE IN JULY.

FURTHERMORE, IN REVIEWING THE HISTORY OF WAGE INCREASES IN THE FEDERAL GOVERNMENT FOR THE PAST 15 YEARS, I AM STRUCK BY THE FACT THAT WAGES FOR WHITE COLLAR WORKERS HAVE RISEN BY 221 PERCENT, WHILE MILITARY PAY HAS GROWN BY 306 PERCENT, AND WAGES IN THE PRIVATE SECTOR HAVE INCREASED BY 290 PERCENT. IN COMPARISON TO THE MILITARY AND THE PRIVATE SECTOR, FEDERAL WHITE COLLAR WAGES HAVE FALLEN SUBSTANTIALLY BEHIND, DESPITE THE CLEAR INTENTION OF THE FEDERAL WAGE COMPARABILITY ACT OF 1970 THAT GENERAL SCHEDULE PAY REMAIN COMPARABLE TO WAGES IN THE PRIVATE SECTOR.

IT IS ALSO IMPORTANT TO NOTE THAT, DURING THIS SAME PERIOD, THE CONSUMER PRICE INDEX HAS INCREASED BY 306 PERCENT. SINCE 1970, FEDERAL WHITE COLLAR WORKERS HAVE SEEN THEIR STANDARD OF LIVING STEADILY DECLINE, DESPITE THE REDUCTION IN THE RATE OF INFLATION FOR THE PAST FEW YEARS.

IN CONSIDERING THE PAY CUT PROPOSAL, WE MUST ALSO KEEP IN MIND THE RECENT REPORT OF HAY ASSOCIATES ON TOTAL COMPENSATION IN THE FEDERAL, STATE, AND PRIVATE SECTORS PREPARED FOR THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE. IN THIS REPORT, HAY ASSOCIATES CONCLUDED THAT FEDERAL PAY LAGS BEHIND THE PRIVATE SECTOR BY 10.3 PERCENT, INCREASING TO 58.4 PERCENT FOR SENIOR EXECUTIVE SALARIES. ON A TOTAL COMPENSATION BASIS, FEDERAL PAY AND FRINGE BENEFITS TRAIL THE PRIVATE SECTOR BY 7.2 PERCENT AND, WHEN COMBINED WITH STATE EMPLOYMENT DATA, 6.2 PERCENT. AND, THE

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MOST RECENT REPORT OF THE PAY AGENT FOUND THAT, UNDER CURRENT PROCEDURES, FEDERAL PAY IS 18.3 PERCENT BEHIND THE PRIVATE SECTOR.

GIVEN THIS DATA, I AM BAFFLED BY THE CONCLUSIONS REACHED BY THE OFFICE OF PERSONNEL MANAGEMENT IN ITS REPORT ENTITLED "REFORMING FEDERAL PAY: AN EXAMINATION OF MORE REALISTIC PAY ALTERNATIVES." THIS REPORT APPARENTLY IS THE ONLY DOCUMENT JUSTIFYING THE ADMINISTRATION'S PROPOSAL TO REDUCE FEDERAL PAY BY FIVE PERCENT. I AM LOOKING FORWARD TO QUESTIONING THE DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT CLOSELY ON THE QUALITY OF THE REPORT, THE RELIABILITY OF THE DATA, AND THE VALIDITY OF THE CONCLUSIONS. CERTAINLY, BASED ON MY UNDERSTANDING OF THE REPORT, IT APPEARS TO BE A HASTILY PREPARED DOCUMENT, SORELY LACKING BOTH IN CREDIBILITY AND ANALYSIS.

WITH REGARD TO THE REMAINDER OF THE ADMINISTRATION'S PROPOSALS, WE HAVE SEEN MOST OF THEM IN PRIOR BUDGET SUBMISSIONS OF THE PRESIDENT. CERTAINLY, THE PROPOSAL TO CREATE A VOUCHER PLAN AS A SUBSTITUTE FOR THE CURRENT FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM IS NOT NEW TO THIS COMMITTEE. I, FOR ONE, HAVE CONSISTENTLY OPPOSED A VOUCHER PLAN AS NO MORE THAN A MEANS OF DRASTICALLY REDUCING HEALTH INSURANCE COVERAGE FOR FEDERAL WORKERS AND RETIREES.

IF THERE WAS EVER ANY QUESTION ABOUT THE ADMINISTRATION'S INTENTION IN SEEKING A VOUCHER PLAN, WE NEED ONLY LOOK AT THE BUDGET DOCUMENTS THEMSELVES. THE ADMINISTRATION PROJECTS A REDUCTION IN BUDGET AUTHORITY FOR THE FEHBP FOR FISCAL YEAR 1987, WHEN THE VOUCHER PLAN WOULD FIRST BECOME EFFECTIVE, OF \$56

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MILLION AND, IN 1988, OF \$171 MILLION, COUPLED WITH A \$53 MILLION REDUCTION IN OUTLAYS. IN EFFECT, ONE YEAR AFTER ITS IMPLEMENTATION, THE VOUCHER PLAN WOULD SLASH \$53 MILLION IN HEALTH INSURANCE BENEFITS FOR FEDERAL WORKERS AND ANNUITANTS.

I AM EQUALLY DISTRESSED BY THE UNRELENTING ATTEMPT OF THE ADMINISTRATION TO REDUCE BENEFITS UNDER THE CIVIL SERVICE RETIREMENT SYSTEM. IT IS A TRAVESTY THAT THIS ADMINISTRATION CONTINUES TO TAKE AIM AT SENIOR CITIZENS, SOME OF THE POOREST PEOPLE IN THIS COUNTRY, WHILE THROWING AWAY MONEY ON OVER-PRICED AND USELESS EQUIPMENT AT THE DEPARTMENT OF DEFENSE. OVER THE PAST THREE YEARS, FROM FEBRUARY 1981 TO MAY 1984, A RETIREE WHOSE TOTAL ANNUITY FOR THIS PERIOD SHOULD HAVE BEEN \$63,506 HAS SEEN HER BENEFITS REDUCED TO \$57,581 -- A CUT OF MORE THAN TEN PERCENT -- BECAUSE OF REDUCTIONS IN THE RETIREMENT PROGRAM UNDER THE REAGAN ADMINISTRATION.

I, FOR ONE, AM DEEPLY OFFENDED BY THE MISINFORMATION AND MISREPRESENTATION OF THE CIVIL SERVICE RETIREMENT PROGRAM BY THE GRACE COMMISSION AND THE ADMINISTRATION. SIMPLY PUT, IN MY OPINION, THERE IS NO JUSTIFICATION FOR ANY FURTHER ATTEMPT TO REDUCE BENEFITS UNDER THE CIVIL SERVICE RETIREMENT PROGRAM.

I AM LOOKING FORWARD TO THE TESTIMONY OF THE WITNESSES AT THE BRIEFING TODAY. BECAUSE OF THE TIME CONSTRAINTS FOR THIS BRIEFING, I WOULD ASK THE WITNESSES TO SUMMARIZE THEIR TESTIMONY IN JUST A FEW MINUTES. I AM HOPEFUL THAT THIS BRIEFING WILL PROVIDE THE MEMBERS OF THIS COMMITTEE WITH THE INFORMATION THAT WE NEED TO ASSESS THE WISDOM AND IMPACT OF THE PRESIDENT'S BUDGET PROPOSALS.