

House Vote Takes Federal Retirement Cuts Off the Table For Now

By Erich Wagner

October 26, 2017

The House voted 216-212 to approve the Senate version of the fiscal 2018 budget resolution Thursday, clearing the way for Republicans' tax reform effort and ending, for the moment, one threat to federal employee and retiree benefits.

House lawmakers [initially approved a budget](#) on Oct. 5 that included a mandate that the House Oversight and Government Reform Committee find \$32 billion in savings over the next decade. Although the legislation did not specify how the committee should cut spending, the accompanying report suggested federal retirement benefits were an area to explore, and the [Trump administration](#) last spring proposed a series of changes to federal retirement.

Among those proposals were a 6 percentage point increase in employee contributions to the Federal Employees Retirement System, phased in over six years; the elimination of cost of living adjustments for FERS employees and a 0.5 percent reduction in COLAs for Civil Service Retirement System employees; the elimination of the FERS supplement for employees who retire before Social Security kicks in at age 62; and basing the value of retirement benefits on the highest five years of employees' earnings instead of the current high three.

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Additionally, a report accompanying the original House resolution advocated [reducing the rate of return for the Thrift Savings Plan's G Fund](#), which is made up of government securities. And it proposed [increasing the maximum federal contribution to the Federal Employees Health Benefits Program](#) based on inflation, rather than the current weighted average of the cost of all plans with FEHBP.

But the Senate stripped the vast majority of committee instructions from its resolution, including those that would impact federal compensation, before it approved the measure [last week](#). Instead, only the Senate Energy and Natural Resources Committee would be asked to find \$1 billion in savings, primarily to accommodate oil drilling in Alaska's Arctic National Wildlife Refuge.

Observers had expected the House and Senate to go to conference committee to iron out the differences between the two bills, but instead the House accepted the Senate's version in Thursday's vote. Advocates on behalf of former and current feds breathed a sigh of relief.

"As of right now, federal employees and retirees are not targeted for cuts to offset tax reform changes," said Jessica Klement, legislative director of the National Active and Retired Federal Employees Association. "Now, individuals could be impacted by the changes in tax reform, but their earned benefits aren't being used to pay for tax cuts for others. They can rest easy as it relates to tax reform."

But Klement said the fight may not be over. House Republicans will have two opportunities in the coming months to reduce federal employee retirement programs, the first of which is already fast approaching.

In September, Congress approved a bill that would fund the government at current levels and raise the debt ceiling until Dec. 8, averting a looming shutdown threat. With another threat of a government shutdown just six weeks away and Republicans tentatively planning to vote on tax reform by the end of November, Klement said it is unclear whether lawmakers would employ another short-term continuing resolution or negotiate a two-year agreement on spending levels.

“Presumably, what they’re going to do is a bipartisan agreement that raises the sequester caps, but in order to do that, they need to find offsets for that increase,” Klement said. “The offsets should have federal employees and retirees worried. In 2015, they had a two-year deal that funded fiscal years 2016 and 2017, and they didn’t take from employees to do that, but in the 2013 deal, they increased retirement contributions for new hires.”

If retirement cuts aren’t on the table in December, they could come back as early as February, when the Trump administration releases its proposal for the fiscal 2019 budget. A news report last week from Crooked Media contained a leaked memo from the White House’s internal think tank to the Office of Management and Budget, detailing plans for even steeper cuts to federal compensation, including a [pay freeze for 2019](#).

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<http://www.govexec.com/pay-benefits/2017/10/house-approves-senate-budget-taking-retirement-cuts-table-now/142079/>