

## **PRESERVING AND ENHANCING EMPLOYEE BENEFITS**

### ***Retirement***

Most federal employees are covered under the Federal Employees Retirement System (FERS), a carefully crafted retirement system that is a critical factor for successful recruitment and retention in the federal government. Unlike many state retirement systems, FERS is fully funded and financially sound with no unfunded liability. In fact, FERS is frequently pointed to as a model by a diverse group of retirement experts for its deliberately constructed three-legged stool structure (defined benefit, defined contribution [Thrift Savings Plan (TSP)], and Social Security). All three parts are necessary for a livable retirement. Federal employees contribute a portion of their pay toward their retirement to achieve a median FERS pension of approximately \$1,100 per month, a modest retirement income.

Since 2010, Congress has twice increased employee contributions to the federal retirement program, essentially cutting take-home pay for those hired after 2012. Federal employees have contributed \$21 billion to deficit reduction solely through increased employee retirement contributions, and approximately \$200 billion overall from combined retirement and pay cuts.

Recent administration and congressional proposals would dramatically dismantle the current retirement system and are expected to be recycled again this session, which could include: seeking the elimination of the FERS Supplement, moving from a high 3 to a high 5 pension calculation formula, further increasing employee contributions, reducing and eliminating the Cost-of-Living-Adjustment (COLA), and eroding the TSP's G Fund. Also under consideration is completely eliminating the defined benefit pension part of FERS.

Federal employees have earned their pensions. It is part of their employment contract with the American people. It would be unconscionable to change the system now. America is already facing a retirement crisis. Half of all Americans have less than \$10,000 saved for retirement. We should not substantially increase the number of retirees unable to support themselves in their senior years by diminishing or dismantling the federal retirement system. NTEU opposes any further reductions in the value of federal retirement benefits that make it impossible for current workers to contemplate retirement, and that threaten the income security of federal retirees.

### ***Health Care***

As the nation's largest employer-sponsored health insurance program, the Federal Employees Health Benefits Program (FEHBP) provides comprehensive health insurance coverage to approximately 8.3 million federal employees, retirees, and their family members. Many federal employees are finding it increasingly difficult to continue to afford their health insurance coverage because of the continued rise in overall medical costs and the limited federal employee pay raises in recent years. For 2018, FEHBP enrollee premiums increased an average of 6.1 percent, with some participating health insurance plans increasing their premiums by larger amounts. Like other Americans, federal workers and retirees continue to absorb higher out-of-pocket costs in the form of larger co-pays and co-insurance for office visits, procedures, and prescription drugs.

Several recent proposals that may be considered this session have suggested turning the FEHBP into a voucher plan and providing enrollees with a fixed dollar amount each year toward their health benefits – regardless of the amount of annual premium increases or actual rise in overall health care inflation. Others have proposed altering or eliminating retiree health care benefits. Not only do federal employees and their family members rely on the FEHBP to provide comprehensive health care benefits, but federal agencies must offer attractive health care benefits to maintain a skilled, professional workforce. Additionally, federal workers already pay a higher share on average for premiums and higher overall deductibles than private-sector workers covered by large, employer-sponsored plans. Rather than seeking to lower

costs by reducing enrollee benefits, NTEU supports action to address the high cost of prescription drugs.

### ***Paid Parental Leave***

NTEU strongly supports Rep. Carolyn Maloney (D-NY) and Sen. Brian Schatz's (D-HI) legislation, H.R. 1022, and S. 362, the Federal Employees Paid Parental Leave Act, that provides that six out of the 12 weeks available under the Family and Medical Leave Act (FMLA) be paid leave for federal employees for the birth or adoption of a child, or the placement of a child in foster care. Paid parental leave aids in the recruitment and retention of high-quality employees who want to grow their families without suffering the financial setback of unpaid leave. It lowers employer staffing and hiring costs, and makes federal agencies more competitive with the private-sector that has embraced this benefit. Paid parental leave also reduces turnover by improving morale, loyalty and job satisfaction, and it has special appeal to younger workers who the federal government needs to be able to hire.

### ***Telework***

NTEU was an early supporter of telework in the federal workplace and has supported both administrative and legislative efforts to increase telework options for employees. Where adopted, telework has proven to be a win-win for agencies, allowing agencies to consolidate and reduce real estate, thereby saving taxpayer funds, and reducing employee commuting time and costs. NTEU would oppose attempts to reduce or limit telework at federal agencies, and advocates for increased telework opportunities.

### **NTEU urges:**

- **Opposition to any further reductions to federal retirement benefits that jeopardize federal workers' pay and ability to retire, including increased employee pension contributions, and support for Rep. Anthony Brown (D-MD)'s bill, H.R. 3269, to eliminate recent pension contributions for new hires.**
- **Opposition to efforts to shift additional costs to FEHBP enrollees, or to alter the existing program or current benefit structure or formulas.**
- **Adoption of a government-wide paid parental leave program, and support for H.R. 1022 and S. 362.**
- **Continued support for telework options for federal employees.**