

FEDERAL-POSTAL COALITION

January 20, 2012

The Honorable Dave Camp
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Camp:

On behalf of the nearly five million federal and postal workers and retirees represented by the national member organizations of the Federal-Postal Coalition, we respectfully urge you to reject proposals to finance the extension of the Social Security payroll tax holiday by reducing federal and postal pay and benefits. The House-approved legislation, H.R. 3630, would finance the extension by extending the two-year federal pay freeze for a third year and require all federal and postal employees to contribute more for their retirement benefits. A measure previously considered in the Senate, S. 1944, would finance the payroll tax holiday by other alternatives, without unfairly placing the financing burden on the backs of federal and postal workers and retirees.

We appreciate the calls from Congress and the Administration for “some sacrifice from all of us.” However, federal employees are being disproportionately targeted in the continuing waves of deficit reduction proposals, and this attitude is now making its way into the debate on extending the payroll tax holiday. Despite popular opinion, federal employees are not immune to the economic woes of this country. Federal employees are in the second year of a congressionally-mandated pay freeze, a sacrifice which is saving taxpayers \$60 billion. Like other Americans, federal and postal employees are suffering from rising health care costs. Their housing values and financial assets have gone down, and they face all of the same challenges as other middle class families in these difficult economic times, including supporting spouses and grown children who are unable to find work.

Federal and postal employees continue to work diligently to serve the American people despite the repeated prospect of government shutdowns and workforce cuts. To single out this small group of workers to pay for a tax cut for all other workers defeats the purpose of a payroll tax holiday and unfairly penalizes Americans who directly contribute to the economic success of our country. As you consider extending the tax cut, we also urge you to provide a tax credit equal to the payroll tax reduction to the 600,000 Americans, mostly older employees, who in the past have not been eligible for any payroll tax reduction because they pay into a federal retirement system that does not provide Social Security benefits. Excluding certain Americans fails to provide the full economic relief intended by a payroll tax holiday.

Federal employees are facing the possibility of job losses based on funding cuts mandated in the debt ceiling agreement, and as a result, agencies are having difficulties delivering the services the American public needs and wants now more than ever. Reducing the size of the federal workforce will only exacerbate these problems, especially in critical service areas including law enforcement, public health, national defense, and the delivery of care and benefits to veterans, the elderly and the disabled. Moreover, in many areas, government agencies collect revenues that help to pay their operational costs. Staffing reductions likely will reduce those revenues. Similarly, postal employees are continuing to endure several years of workforce cuts caused by reduced mail volume and the economic recession. Additionally, the United States Postal Service

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(USPS) plans to reduce mail delivery, close or consolidate thousands of post offices and postal plants, and reduce service standards. Not only will this reduce mail service for the American public, but these cuts will eliminate tens of thousands of jobs at precisely the wrong time for the American economy.

A key purpose of the payroll tax holiday is to stimulate the economy and encourage discretionary spending. Freezing federal pay and cutting federal and postal jobs and benefits to offset a payroll tax reduction will only undermine our economic recovery. We urge you to oppose offsets to the payroll tax holiday extension that fall on the backs of federal and postal employees. In addition, we also ask you to provide a tax credit equal to the payroll tax holiday to those workers who do not participate in Social Security. Thank you for your time and consideration of our views.

Sincerely,

American Federation of Government Employees
American Federation of State, County and Municipal Employees
American Foreign Service Association
American Postal Workers Union
FAA Managers Association
Federally Employed Women
Federal Managers Association
International Association of Fire Fighters
International Association of Machinists and Aerospace Workers
International Federation of Professional and Technical Engineers
Laborers' International Union of North America
National Active and Retired Federal Employees Association
National Air Traffic Controllers Association
National Association of Assistant United States Attorneys
National Association of Federal Veterinarians
National Association of Government Employees
National Association of Letter Carriers
National Association of Postal Supervisors
National Association of Postmasters of the U.S.
National Council of Social Security Management Associations
National Federation of Federal Employees
National League of Postmasters
National Postal Mail Handlers Union
National Rural Letter Carriers Association
National Treasury Employees Union
Organization of Professional Employees of the U.S. Department of Agriculture
Professional Aviation Safety Specialists
Professional Managers Association
Senior Executives Association

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