May 18, 2018

Position Paper

Organization: Blacks In Government
Committee: National Legislative Committee

The National Blacks In Government (BIG) organization is concerned about the proposed changes to the federal employees' retirement system because it will adversely impact thousands of civil servants. BIG believes the four recommended changes to federal retirement benefits will diminish the quality of retirement life for many dedicated and loyal federal employees.

1. Elimination of Federal Employees’ Retirement System Annuity Supplements

Unlike the private sector that operates on profits returned to investors, the Public sector’s modus operandi is based on social contracts and services to the United States, as well as non-U.S. Citizens. Government employment is a committed service established by the founding fathers going back to the Federalist Papers and should not be regarded as a “hand out.” Paying more federal wages for retirement may prove useful for workers in the long run as mandatory savings and checking accounts are utilized; however, the financial institutions have benefited mostly from mandatory checking accounts, not the employee’s spouses or survivors.

2. Increase of CSRS and FERS Average Pay Period to Five Years

This proposal would push government employees closer to the poverty level. The housing crash has already depleted some employees' savings accounts and made it difficult for them to pay 0.8% of basic pay for FERS primary benefits. Also, federal employees are accustomed to the agency contributions based on the "High Three" for retirement; therefore, it would be increasingly difficult to stretch it to the suggested five years. To paraphrase the director of OPM: "The shift away from defined-benefit programs and cost-of-living adjustments for annuitants is part of an evolution"; unfortunately, this evolution is a direct pathway to poverty.
3. Increased Contribution to Federal Employees Retirements System

As stated above, paying more federal wages for retirement into the mandatory checking and savings accounts would benefit the financial institutions, not the government employees. If the government seeks to provide less compensation in the form of retirement benefits, then the government should consider seeking more from business, as businesses try to automate jobs. There will be a need for a "universal" basic income as more Americans are moving closer to an all-time high at the poverty level, while financial institutions enjoy increased business benefits.

4. Reduction or Elimination of Retirement Cost of Living Adjustments

It is an ever-increasing challenge to provide a sustainable living income for retirement; even with utilizing the current “limited” investment government tools available, there is a matter of increased housing value, an increase on the interest of the “G” fund, along with recession and inflation. To erase the goodwill of public services and provide no incentives for the services provided for the good of the people will reverse expectancy and rein in the era of working for peanuts.

Recommendation for Action

Blacks In Government advocates that Congress rejects the legislative proposals of Dr. Jeff Pon, OPM Director. The organization strongly urges the government to reconsider all four of OPM’s unreasonable legislative proposals to decrease retirement benefits.

Unless the government can decrease the cost of energy, food, housing, healthcare and education, the prices for all the necessities mentioned above will increase, as government wages decline, which will make government employees more impoverished in the future years of retirement.

If approved, these significant changes would ultimately destroy the hopes and dreams of hard-working government employees, including our veterans, who have sacrificed the most.

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