



THE COMMITTEE ON OVERSIGHT & GOVERNMENT REFORM
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Press Office: (202) 225-0037

FACT SHEET: H.R. 273- Overturning the President's Federal Pay Hike

H.R. 273 is scheduled for House floor consideration Friday

- [H.R. 273](#) overturns the President's December 27, 2012 executive order giving federal employees an across-the-board raise – thus saving taxpayers \$11 billion over ten years.
- President Obama [recommended](#) initiation of a two-year civilian pay freeze in 2010 amid concerns about the growing deficit. H.R. 273 simply continues the temporary civilian pay freeze that now extends through March for an additional nine months. The bill makes clear that the entire federal workforce – including the Vice President and cabinet secretaries – will not receive an automatic, across-the-board pay increase this year.

Federal Workers Still Get Raises

- H.R. 273 does NOT prevent federal employees from receiving bonuses, merit based pay increases, promotions, or even tenure based pay increases – commonly referred to as “step” increases. It simply prevents the President from implementing a planned across the board increase for all federal employees.
- According to data from OPM, **the median federal employee has seen their pay increase by \$3,164 during the so-called pay freeze**, from \$69,550 in September 2010 to \$72,714 in September 2012. (OPM)

Federal Workers Make More than Private Sector

- Federal employees are not poorly compensated. The average total compensation for a federal employee – pay plus benefits – is over \$100,000 per year, not including paid leave. ([CBO](#))
- According to [a study by the Congressional Budget Office](#):
 - Federal employees make 16% more than their private sector peers in total compensation.
 - Benefits were 48% more costly for federal employees than private sector employees.
 - Taking benefits out of the equation, federal employees made 9% more than private sector workers overall.
 - Highly-skilled employees (with a professional degree or PhD) were the only federal employees compensated less on average than their private sector counterparts.
 - In assessing compensation, the CBO study did not even quantify certain benefits, such as job security, enjoyed by federal employees.

H.R. 273 Fulfills Simpson-Bowles Recommendation

- The legislation fully implements a key recommendation of the bipartisan Simpson-Bowles Commission, which called for a three year pay freeze.

“Impose a three-year pay freeze on federal workers and Defense Department civilians: Out of duty and patriotism, hardworking federal employees provide a great service to this country. But in a time of budget shortfalls, all levels of government must trim back. In the recent recession, millions of private sector and state and municipal employees had their wages frozen or cut back, and millions more lost their jobs altogether. In contrast, federal workers’ wages increase annually due to automatic formulas in law, providing them with cost-of-living adjustment totaling more than five percent in the last two years. This proposal would institute a three year government-wide freeze on federal pay at every government agency, including the Department of Defense civilian workforce.” ([page 26](#))

President’s Pay Hike Reckless in Face of Sequestration

- Under President Obama’s sequestration proposal, automatic spending cuts totaling \$85 billion and disproportionately targeting national security are set to take place on March 1. The House of Representatives [has twice passed bills](#) to reduce spending and stop the sequestration cuts.
- Instead of working to replace sequestration cuts with savings, the President’s executive order authorizing the pay hike adds \$11 billion to the deficit over 10 years.

Pay Freeze Has Not Hurt Worker Retention

- The President’s \$11 billion pay raise attempts to address a non-existent problem: federal worker attrition.
- According to the Bureau of Labor Statistics, federal “quit rates” – the rate at which employees voluntarily separate from employment- remain the same for 2010 and 2012: four-tenths of a percent.

Federal Workers are Dissatisfied that Pay Raises are Not Tied to Performance

- According to OPM’s [Federal Employee Viewpoint Survey](#), federal employees themselves recognize the flaws in the current pay system.
- For the first time, half of federal employees report that pay raises do not depend on performance, while only 22 percent agree that performance and pay are linked.
- “Only three out of ten employees feel that their performance is recognized in a meaningful way and that promotions are based on merit,” according to the survey.

President’s Top Federal Pay Advisors Say Current System Doesn’t Make Sense

- The President’s Pay Agent, a council made up of the Secretary of Labor, the Director of OPM, and the Director of the White House Office of Management and Budget, has repeatedly stated that the current across the board increase does not make sense.
- According to the [FY2011 report](#), “As has been noted in earlier reports and as we have discussed in other venues, there is a need to consider reforms of the white-collar Federal pay system. We have serious concerns about a process that requires a single percentage adjustment in the pay of all white-collar civilian Federal employees in each locality pay area without regard to the differing labor markets for major occupational groups. In addition, we believe the underlying model and methodology for estimating pay gaps should be reexamined to ensure that private sector and Federal sector pay comparisons are as accurate as possible.”