

Testimony for
Oversight and Government Reform
Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy
Representative Mike Coffman
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Mr. Chairman and Ranking Member: Thank you for the opportunity to appear before you today and discuss a subject of great importance to me - congressional benefit reform.

Approval ratings for members of Congress are at an all-time low. A Gallup poll last month found only 11 percent of the American public approves of how Congress conducts itself. In the 35 year history of polling Americans on Congress, this is the lowest approval rating they have measured.

We have to ask ourselves, why? There are certainly a lot of contributors to low approval ratings, but I think a large part is because of the disconnect between taxpayers and the government that represents them. Washington, DC, simply does not have the same financial pressure that squeezes the rest of America. The federal government has the power to continually borrow and spend money that we do not have, federal lawmakers receive annual pay raises automatically unless they act to stop it, and the congressional pension system is vastly superior to what is available to the average American.

I appreciate that we are here today to discuss civil service retirement. My own particular focus is on Congressional reform, but I certainly don't want to forestall any broader action. The language the House passed last December, HR 3630, was a good step towards necessary reform. But I believe that Congress must take a bolder step. Whatever reforms we enact for civil service retirement should be based on a platform that involves the end of the Congressional pension plan.

I served my country in both the U.S. Army and in the Marine Corps and I was taught from the beginning of my military career that a fundamental tenet of leadership is to lead by example. I learned that leaders should never ask others to do anything that they themselves would be unwilling to do. Since it is obvious that we will have to enact reforms to government spending, which includes changes to the civil service system, we also must address congressional pay and benefits in a strong and meaningful way.

Accordingly, last September, I introduced HR 2913, which would terminate the defined benefit pension plan available to members of Congress. It is important for members of Congress to demonstrate that, during these challenging economic times, we have “skin in the game.” Our citizens need to understand and appreciate that as a precursor to significant spending reform, Congress is willing to curb their perks and will start by eliminating a benefit which is not available to the vast majority of Americans.

I am sure you are all familiar with the background on the move away from pension plans in our nation. As former OMB Director Peter Orszag has pointed out, the rest of the country, the part that has to balance its books, has moved away from defined benefit plans towards defined contribution plans. Twenty five years ago, 89 of the Fortune 100 companies offered a traditional defined-benefit pension plan. Today, only 13 of the Fortune 100 companies offer a traditional defined-benefit plan, and 70 offer only a defined-contribution plan.

The real blow here is that Congress has both. Congressional pensions are supplemented by the Thrift Savings Plan, a defined contribution program. We should be able to get by on this, as the rest of the country seems to do.

It is my belief that our founding fathers envisioned Congress as a body of citizen legislators, people who were successful outside elected federal office and who would not be beholden upon their service in Congress to provide for them for the rest of their lives. If we vote to end the Congressional pension plan and demonstrate to the American people that we understand we are servants of the people and not a political elite exempt from the challenges felt by most Americans today, it will do much to restoring the trust we should have.

Under my bill, members of Congress will still be required to pay into Social Security and may still participate in the defined contribution Thrift Savings Plan available to all federal employees. My legislation would also honor any retirement benefits already accrued by members of Congress prior to its enactment. In addition, it would reimburse members who will have served for less than five years for the 1.3% of salary contributions already paid into the pension plan from which they will never collect.

The issue of the congressional pension is easily understood by the voting public. It always generates immediate enthusiasm. My bill also enjoys the support of three prominent taxpayer advocacy groups: Americans for Tax Reform, Citizens Against Government Waste and the National Taxpayers Union have come out to publicly support my legislation.

Given our 15 trillion dollar national debt, ending the congressional retirement plan may be little more than a symbolic move toward fiscal responsibility. However, it will be viewed as important by the American people, as it is a step toward changing the culture of Washington, D.C.

We in Congress have to make tough decisions to find a way out of this crisis. This will involve asking the American people to make sacrifices related to their reliance on a government that has grown much larger than our economy will ever be able to support. In these extremely difficult economic times, Congress needs to set an example for the country and I think that ending our pension plan would be a good start.