

October 22, 2013

The Honorable Patty Murray
154 Russell Senate Office Building
Washington, DC 20510

Dear Senator Murray:

On behalf of the over 200,000 managers and supervisors in the federal government whose interests are represented by the Federal Managers Association (FMA), I respectfully ask that you reject efforts that would switch to a chained Consumer Price Index (CPI) as the formula for determining annual cost-of-living adjustments (COLAs) as part of the ongoing budget conference.

Proponents of chained-CPI argue it is a more precise calculation that reflects nuances of substituting purchases as commodity prices change. A common example to illustrate the concept is that if the price of beef rises, people will buy a less expensive alternative, such as chicken or pork. However, items such as necessary medications cannot be easily substituted. Senior citizens often face rising health care costs with no alternatives. With a change to utilizing a chained-CPI, seniors could be forced to make decisions between food and prescription drugs.

Additionally, chained-CPI would result in lower COLAs for federal retirees, disabled military retirees, and women, among others. While the COLA cuts are often described as “modest” or even “harmless,” the cuts would dramatically affect those who can least afford to sustain yet another hit to their limited income. And these “modest” cuts quickly add up. The switch to chained-CPI is estimated to save the government more than \$127 billion, with little benefit to the public. The average federal retiree would lose \$48,000 and retired military would lose \$42,000 over 25 years.

FMA strongly opposes this proposed shift, which was not included in either the House- or Senate-passed 2014 budget resolutions. Retirees worked hard over a dedicated lifetime of service to earn their benefits. As difficult and necessary decisions regarding the budget are made, we urge you to protect the benefits America’s retirees worked so hard to obtain.

Should you have any questions or concerns, please contact FMA’s Government Affairs Director Greg Stanford at gstanford@fedmanagers.org or (703) 683-8700. Thank you for your time and consideration of our views.

Sincerely yours,



Patricia J. Niehaus
National President