

MEMORANDUM

To: FMA Regional Directors

From: Greg Stanford and Katie Maddocks

Re: FMA Government Affairs Update for March 2014

Date: April 11, 2014

The purpose of this memorandum is to provide a brief narrative and status of ongoing government relations and public affairs activities the FMA government relations department worked on in March 2014 on behalf of FMA members. Please share this information with chapter presidents, legislative action team leaders and others in your region.

FMA Responds to President Obama's FY15 Budget Proposal

On March 4, 2014, President Barack Obama released his budget proposal for FY15. As we expected in the days leading up to the official release, the budget proposed another 1% raise for all General Schedule and Wage Grade federal employees in FY15.

Unlike last year's budget request, the FY15 proposal does not include a 1.2% increase of pension contributions. Obama's request also does not include a switch to chained-CPI calculation, which would reduce the annual cost-of-living adjustments for social security recipients and veterans. However, the proposal leaves chained-CPI on the table for future budget negotiations. FMA appreciates that the President saw fit to remove the proposal from his FY15 budget, and advocate for the harmful calculation method to be taken off the table for good.

The proposal also includes language concerning the President's second term management agenda. FMA agrees with the President's overall goal of 'building a Government that focuses on results and draws on evidence-based practices to ensure that every taxpayer dollar is used wisely and to the maximum effect' and we asked that FMA has every opportunity to participate in the process and influence the details of its implementation. At this time, the Administration has not released details on how to accomplish these goals.

Shortly after the President introduced his budget, House Budget Committee Chairman Paul Ryan (R-WI) introduced a non-binding budgetary plan for FY15. In it, he called for increases to employee contributions for those enrolled in the Federal Employee Retirement System (FERS); reforms to the FERS Annuity Supplement; and, a reduction to the federal workforce through a ten percent attrition plan. Keep in mind that Congress and the President already agreed to financial amounts for FY15 with the Bipartisan Budget Plan (P.L. 113-67) in December 2013.

REDUCE Act would cut the Civilian DOD workforce by 15%

On March 14, Representative Ken Calvert (R-CA) introduced the Rebalance for an Effective Defense Uniform and Civilian Employees (REDUCE) Act (H.R. 4257), which calls for a fifteen percent reduction to the civilian defense workforce by fiscal year 2020. The Pentagon and President already called for departmental reductions.

Federal Managers Association (FMA) National President Patricia Niehaus wrote to the Representative expressing deep concerns for the drastic cuts the bill calls for. In her letter, she commented, "The Pentagon already proposed a five percent reduction to civilian personnel, a twenty percent reduction at the Pentagon, as well as another round of Base Realignment and Closure. While cuts can be difficult, the enormous 15 percent cut proposed in the REDUCE Act would jeopardize the mission at DOD."

H.R. 4257 currently has seven cosponsors and has been referred to the House Committee on Armed Services. While this legislation is unlikely to move forward, we are opposed to the cuts it proposes and we will continue to monitor its progress.

GPO/WEP Means Test

Working with FMA National Secretary Pat Spade and FMA member John Priolo, the FMA government affairs office is presenting a new approach to bringing some relief to those impacted by the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Repealing both the GPO and WEP has long been an FMA unfairly reduce benefits. While bipartisan legislation to repeal GPO and WEP is offered in every session of Congress, the bill is never considered because of its cost.

FMA has developed a new approach to secure sensible relief to those who need it most. We propose that, instead of a total repeal, Congress establish a means test of 185% of the federal poverty threshold. If the retiree's annual gross pension is at or below the appropriate threshold both GPO and WEP would be waived.

We provided this language has been provided to targeted Members of Congress and asked for their feedback. The government affairs office will reach out to targeted offices that support full repeal of the GPO and WEP over the next quarter.

Flexible Spending Accounts: Carryover or Grace Period?

In October 2013, the Internal Revenue Service modified the rules change concerning the use-it-or-lose-it provision that covers health flexible spending accounts, which requires unused benefits or contributions remaining at the end of the plan year be forfeited. Currently, there is a 2 ½ month grace period to use funds. The modification allows plans to keep the grace period or allow the use of up to \$500 of unused amounts in a health FSA to be carried over and used in the immediately following plan year.

The \$500 carryover does not count against or otherwise affect the \$2,500 one can contribute per year to their FSA. A plan that adopts the \$500 carryover provision is not permitted to also provide the 2 ½ month grace period. Additionally, if a plan adopts the carryover, the same limit applies to all participants in the plan.

The Office of Personnel Management (OPM) is currently analyzing whether to keep the 2 ½ month grace period or adopt the carryover of up to \$500. FSAFEDS is also conducting a survey into whether federal



employees support the grace period or the carryover. FMA welcomes all feedback regarding preferred approach, and will inform OPM of our members' interests.

Day on the Hill

Wednesday, March 12, was FMA's annual Day on the Hill. FMA members from around the country met with their Representatives and Senators to present FMA's 2014 issue briefs and discuss issues of importance to their agency and installation. FMA members met with more than 40 Representatives and 20 Senators, as well as committee staff members, during the day.

FMA Endorses Legislation to Provide a 3.3% Raise for Federal Employees

On March 26, Representative Gerry Connolly (D-VA) and nine cosponsors introduced the Federal Adjustment of Income Rates (FAIR) Act (H.R. 4306), which would provide for a 3.3 percent raise for federal employees in 2015. FMA National President Patricia Niehaus endorsed this legislation in a letter to Rep. Connolly.

Combat Zone Tax Parity

Representative Gerry Connolly (D-VA) is pursuing legislation to provide tax parity for federal employees serving alongside the military and contractors in combat zones. Katie Maddocks met with Rep. Connolly's staff to discuss this effort. Connolly is currently examining the cost of the legislation as well as seeking a Republican cosponsor of this proposal before he moves forward with introducing legislation.

Members of Congress Request GAO Study on federal employee morale

On March 27, three members of the House Oversight and Government Reform Committee, led by Rep. Elijah Cummings (D-MD), sent a letter requesting that the Government Accountability Office (GAO) study federal employee engagement and recommend steps the federal government can take to improve it.

When asked for comment by *The Washington Post*, FMA National President Patricia Niehaus wrote:

"Any discussion about federal employee engagement and ways to improve it is beneficial. That is why FMA is involved with the Employee Engagement Workgroup at OPM, which combines talent from the Chief Human Capital Officers Council and the National Council on Federal Labor-Management Relations. FMA's primary mission is advocating excellence in public service, so we embrace any effort that seeks to improve the efficiency and effectiveness of the federal government. Low morale has a significant negative impact on keeping good workers and attracting the best and the brightest to federal service, so identifying ways to improve morale is in the best interest of the country's economic growth and national security. Federal managers work daily to keep aircraft carriers and nuclear submarines active, process Social Security checks and tax returns, protect our borders, and care for our nation's veterans, to name only a handful of the services they provide on behalf of all Americans.

"Our members are primarily front-line managers. By focusing attention on morale and engagement with a GAO study, our hope would be that Congress and all federal department and agency leaders keep managers involved at the outset of discussions on budgets and other priorities. It is our members who are charged with implementing the vision and keeping their team engaged on their congressionally-



mandated missions, so it makes sense that they should be involved in each step of the decision-making process.”

Federal-Postal Coalition

Greg Stanford and Katie Maddocks met with other representatives from the Federal-Postal Coalition (FPC), which brings together more than 30 unions, management organizations and postal groups to discuss and collaborate on issues including President Obama’s FY15 budget request, Rep. Connolly’s pay raise legislation, and other issues.

Government Managers Coalition (GMC)

Katie Maddocks represented FMA at a meeting of the Government Managers Coalition (GMC), which is comprised of FMA, the Senior Executives Association (SEA), the Professional Managers Association (PMA), the National Council of Social Security Management Associations (NCSSMA), and the FAA Managers Association (FAAMA). The GMC discussed topics of mutual interest and efforts to work together on topics of mutual interest, including extension of the probationary period, which resulted in a meeting between Rep. Derek Kilmer (D-WA), FMA, and NCSSMA regarding the issue. While Kilmer’s office expressed interest, there is hesitation due to union opposition. This is the concern with most Democratic offices.

National Council on Federal Labor-Management Relations

In preparation for the meeting of March 19 meeting of the National Council Federal Labor-Management Relations, Greg Stanford participated in several meetings of the Council’s Agenda and Problem Resolution subgroups. The agenda subgroup discusses and prepares topics of discussion for council meetings, while the problem resolution subgroup works on tools and other initiatives to address friction between management and labor.

The March 19 Labor-Management Council meeting heard presentations from both the Employee Engagement Workgroup and the problem resolution subgroup. FMA participates in both of these efforts. Additionally, the Council heard an employee engagement success story from the Bureau of Engraving and Printing.

The Council meeting concluded with a reminder of Public Service Recognition Week, May 4-9, 2014. For information on events across the country and how to participate, please visit: <http://publicservicerecognitionweek.org/>.