

## *Advocating Excellence in Public Service*

1. Congress should pass all appropriations bills in a timely manner.
2. Congress should protect federal employees' compensation, health and retirement benefits.
3. Congress should pass meaningful hiring reforms for the federal workforce, including expanding direct hire authority.
4. Congress should authorize capital investments across the federal government to restore and/or modernize facilities to meet their operational needs.
5. Congress should allow Federal Employees Retirement System (FERS) employees to make deposits for non-deduction federal service performed, in the same manner as Civil Service Retirement System (CSRS) employees and former military personnel.
6. To significantly reduce costs to American taxpayers, as well as reduce the federal government's footprint, agencies should effectively utilize and expand telework options for employees across the federal workforce, as successfully demonstrated during the Covid-19 pandemic.
7. Congress should pass legislation to establish and fund initial and ongoing mandatory training requirements for all managers and supervisors across the federal government, and provide for a dual-track system to allow technical experts to rise without taking on management roles.
8. Congress should preserve due process for all federal employees, including restoring the Merit Systems Protection Board (MSPB) to being fully functional.
9. Congress should pass legislation to make cost-of-living-adjustments (COLAs) more accurate and fair, and allow FERS employees access to the Voluntary Contribution Program available to CSRS employees.
10. Congress should pass legislation to repeal or mitigate the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).
11. Congress should allow federal employees expanded tools and options for managing their Thrift Savings Plan (TSP) investments, in line with what private sector employees enjoy.
12. Congress should take steps to ensure better compliance of anti-discrimination and equal pay laws.

## 1. PROVIDE AGENCY FUNDING REFLECTIVE OF MISSION IN A TIMELY FASHION

*Congress should provide adequate funding in a timely manner to allow agencies to procure the resources and staffing levels necessary to execute their missions.*

- **Continuing resolutions (CRs) and government shutdowns cost all American taxpayers and hamstring managers.**
- **FMA implores Congress to stop using the appropriations process and government shutdowns as political tools, and fund the government in a timely, steady fashion.**

If Congress is sincere in its commitment to provide American taxpayers with federal services in an efficient and cost-effective manner, lawmakers must navigate the annual appropriations process in a timely fashion. Federal agencies are unable to provide managers and supervisors the resources necessary to achieve their missions when Congress delays passage of comprehensive spending bills.

Enormous stress is placed on federal programs when continuing resolutions, instead of traditional appropriations measures, are used to fund operations. Agencies are prevented from obtaining the necessary resources required to handle rising workloads. Budget uncertainty forces managers and supervisors to focus more on short-term operations and less on their core missions, impeding efficiency and ultimately costing the government and American taxpayers significantly more money in the long run. It results in egregious costs and wastes, and it takes significant time and resources for agencies to prepare for and recover from a shutdown.

The impact is debilitating before, during and after a lapse in funding. And CRs are not much better. Officials at the Pentagon have warned that a full year CR would reduce available funding for the Department of Defense (DOD) by more than \$20 billion<sup>1</sup>. A CR keeps funding for all programs at last year's levels, meaning that large amounts of money could not be spent productively. For example, three billion dollars are earmarked for the Afghan National Security Force, which no longer exists, and cannot be spent on anything else.

FMA implores Congress and the Administration to pass Fiscal Year 2023 appropriations in a timely manner. FMA also supports the Prevent Government Shutdowns Act (S. 2727), [bipartisan legislation](#) that would prevent shutdowns by automatically instituting a 14-day CR when funding lapses. During this automatic CR, official travel for legislators and congressional staff would be forbidden, with the exception of one covered trip back to DC. Campaign funds could not be used to supplement travel budgets under this arrangement. Neither the House nor the Senate could be put into recess for more than 23 hours, and there would be mandatory quorum calls at noon every day to keep all legislators in town. Finally, no matter other than funding bills could be considered, with limited exceptions for Supreme Court and Cabinet nominees.

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<sup>1</sup> <https://federalnewsnetwork.com/defense-main/2022/01/pentagon-says-full-year-cr-would-cut-its-2022-spending-by-more-than-20b/>

## **2. RETURN TO ANNUAL CALCULATION OF CIVIL SERVICE PAY ADJUSTMENTS AND PROTECT BENEFITS**

*To attract and retain the best and brightest to public service, Congress must stabilize the pay and benefits structure of federal employees.*

- **FMA Supports the FAIR Act, which would provide a 5.1 percent pay raise in 2023.**
- **Rising salaries and budgets of the public sector are not the cause of economic hardships in this country, rather, federal employees contribute more than their fair share of taxes paid despite making up less than two percent of the country's workforce.**
- **FMA opposes any arbitrary cuts by Congress to federal pay and benefits, which greatly affects feds morale and competitiveness with the private sector.**

Federal managers, and indeed all feds, deserve to be treated with respect for their efforts and the work they have performed over many years. Every job they hold and perform daily is because of a congressional mandate. It is not too much to ask that, in return, feds be given the ability to maintain a living wage that keeps up with inflation and that provides for them and their families.

Pursuant to this, FMA supports the 5.1 percent pay raise for 2023 included in the Federal Adjustment to Income Rates (FAIR) Act (H.R. 6398 / S. 3518), as introduced by Representative Gerry Connolly (D-VA) in the House and Sen. Brian Schatz (D-HI) in the Senate.

Additionally, FMA notes the federal pay ceiling cap has not kept up with the higher cost of living in many cities across the United States. This issue plays a role in recruitment and retention to the federal workforce, which already has hiring issues. If an employee is offered a promotion at a higher level, with more responsibilities, but no corresponding salary increase, will they take on the new role? Technology employees who are now capped may be tempted to leave the government for the private sector, where there is no pay cap. Congress must address this problem before it grows exponentially.

In recent years, Congress targeted the pensions of new hires as a means to rein in spending, increasing employees' contributions without improving upon pension benefits or increasing the government's contribution.

Even more troubling are proposals to change retirement benefits for existing employees and retirees, such as: A six percent increase for employee payroll contributions toward retirement, with no added benefit; Elimination of the Federal Employee Retirement System (FERS) cost-of-living-adjustment (COLA); Reduction of the Civil Service Retirement System (CSRS) COLA; Elimination of the FERS annuity supplement; and, a shift from a "High 3" to a "High 5" for annuity calculations.

Proposals such as these amount to nothing more than broken promises to workers who are currently vested, or at or near retirement age, and a tax on federal employees and annuitants. They callously shift the goalposts and eliminate earned benefits for employees who dedicated a career of service to the country. If enacted, they would cripple recruitment and retention to the federal workforce, at a time when only seven percent of the workforce is made up of employees aged 30 or younger. This number is even more alarming when considering the same age group makes up 24 percent of the private sector workforce. FMA urges Congress to not consider such proposals.

### 3. HIRING REFORM

*Congress should pass meaningful hiring reforms in order to attract the best and brightest to public service.*

- **Hiring for the federal workforce is too lengthy and cumbersome compared to the private sector, and FMA supports measures to enhance the talent pipeline in the federal workforce.**
- **FMA supports providing managers with more tools, including direct hire authority, to help reduce the average time-to-hire.**
- **FMA supports discussions about reducing the complexity of veterans' preference.**

Hiring, recruitment and retention to the federal workforce are often talked about in Washington, D.C. The federal workforce faces a concerning comparison with the private sector with regard to time to hire. In Fiscal Year 2018, the average time it took to hire a new employee in the federal government was 98.3 days, which was down from 105.8 days in Fiscal Year 2017. The Office of Personnel Management's goal across the government is 80 days. And according to the Society for Human Resource Management, the average time-to-fill in the private sector is 36 days.

FMA supports commonsense hiring reforms and giving managers other tools to enhance the talent pipeline in the federal workforce. We are proud to support the Chance to Compete Act (S. 3423) and are grateful for Senators Kyrsten Sinema (D-AZ), James Lankford (R-OK), and Bill Hagerty (R-TN) for their leadership on hiring reform. This bill builds off the lessons learned as part of the hiring pilot, bringing managers and subject matter experts in early in the hiring process, and extends those successes across the federal workforce. This important bill gives managers more tools and strengthens the competitive hiring process to help hire the best talent as quickly as possible for all agencies. FMA will work to build support for and pass the Chance to Compete Act.

FMA strongly supports our nation's veterans. We are proud to have originated the idea and worked to create disabled veteran leave for new hires in the federal workforce. However, we recognize the current veterans' preference system often blocks other qualified new hires to the federal government. While FMA remains steadfast in support of veterans who continue to serve the country as federal employees, we also support evaluating potential reforms to how veterans' preference is applied in the future, including: applying veterans' preference as a tiebreaker between equally qualified candidates; limiting veterans' preference to candidates within 10 years of discharge; or, allowing veterans' preference to obtain an initial job within the federal government (one bite at the apple).

#### **4. PROVIDE CAPITAL INVESTMENTS TO RESTORE AND MODERNIZE FACILITIES**

*Congress should authorize capital investments across the federal government to restore and modernize facilities to meet operational needs.*

- **Facilities and infrastructure across the government are in dire need of significant restoration and modernization, and many are not meeting operational needs.**
- **FMA urges Congress to appropriate the necessary resources and funds to facilities and infrastructure across the country.**

The four public shipyards perform prodigious work to maintain the fleet that helps keep our country safe. Unfortunately, all four of them are in “poor condition,” and are not meeting the Navy’s operational needs. GAO Report GAO-17-548,<sup>2</sup> released in September 2017, details many of the infrastructure issues, and it is certainly not only the shipyards that face challenges.

The costs of upgrading, restoring and modernizing facilities and infrastructure run in the billions. The Navy currently estimates \$21 billion over twenty years for dry dock investment, facilities layout and optimization investment, and capital equipment investment at the shipyards. The Naval Sea Systems Command submitted a long-range plan to Congress on the current needs in a [March 2019 report](#). Simply put, investments are needed now for the shipyards to support the USS Gerald Ford Class aircraft carriers and the USS Virginia class submarines.

To address this issue, FMA urges Congress to pass the strongly bipartisan SHIPYARD Act (S. 1441 / H.R. 2860), sponsored by Sen. Roger Wicker (R-MS) in the Senate and Rep. Rob Wittman (R-VA) in the House. This legislation provides the \$21 billion to improve and modernize infrastructure at the four public shipyards, allowing them to carry out their mission with the tools and resources critically needed for the job.

The GAO reported in 2020 that between 2015 and 2019, the average idle time where nuclear aircraft carriers and submarines had to wait for maintenance had increased from 100 days to 1019, an increase of 919 percent. The GAO also found that some shops at the four public shipyards were forced to rely on up to 45 percent overtime to complete their scheduled maintenance, and that the average lifespan of the heavy equipment needed for maintenance at the shipyards had expired in 2015. CBO projections estimate that “projections of the shipyards’ workload and capacity indicate that the submarine fleet’s size will exceed the yards’ capacity to maintain it, not only over the next several years but in 25 of the next 30 years.”<sup>3</sup>

It is important to note that restoration and modernization, including information technology, are issues that apply to agencies across the federal government, including the Social Security Administration, the Internal Revenue Service, and others. As the frontline managers who work in these aging facilities and strive every day to complete our agencies’ missions, FMA urges Congress to make necessary investments in facilities and infrastructure at the four public shipyards and across the government.

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<sup>2</sup> <https://www.gao.gov/products/GAO-17-548>

<sup>3</sup> <https://www.cbo.gov/publication/57083>

## 5. ALLOW ALL FEDS TO MAKE DEPOSITS FOR NON-DEDUCTION SERVICE

*Congress should allow Federal Employee Retirement System (FERS) employees to make deposits for non-deduction service performed, in the same manner as Civil Service Retirement System (CSRS) employees and former military personnel.*

- **Currently, a FERS employee can make a deposit for non-deduction service performed before January 1, 1989, and receive credit toward his or her annuity computation, yet non-deduction service performed on or after January 1, 1989, generally is not creditable under FERS for any purpose.**
- **FMA encourages legislation to correct this inequality and allow FERS, FERS-Revised Annuity Employee (RAE), and FERS-Further Reduced Annuity Employee (FRAE) employees to make deposits for non-deduction service performed in the same manner as CSRS employees.**

Under the Civil Service Retirement System, non-deduction civilian service performed after September 30, 1982, is creditable for retirement annuity computation purposes, other than average salary, only if the employee pays a deposit for that service. Service on or before September 30, 1982, is creditable for annuity computation without a deposit; however, 10 percent of the deposit owed will be permanently deducted from the annual annuity.

Currently, a Federal Employee Retirement System (FERS) employee may make a deposit for non-deduction service performed before January 1, 1989, and receive credit toward his or her annuity computation; however, non-deduction service performed on or after January 1, 1989, generally is not creditable under FERS for any purpose.

In June 2021, Representatives Derek Kilmer (D-WA) and Tom Cole (R-OK) introduced the Federal Retirement Fairness Act (H.R. 4268), which would allow FERS employees to buy back years served as temporary employees to credit toward their retirement. FMA urges Congress to pass this legislation in the second session of the 117<sup>th</sup> Congress.



## 6. CONTINUE AN EMPHASIS ON TELEWORK IN THE FEDERAL WORKFORCE

*To significantly reduce costs to American taxpayers, as well as reduce the federal government's footprint, agencies should effectively utilize and expand telework options for employees across the federal workforce, as successfully demonstrated during the Covid-19 pandemic.*

- **Covid-19 has demonstrated the federal workforce has the technology and is capable of sustaining productivity while teleworking.**
- **Telework has many benefits, including cost savings and environmental benefits. Managers should be trained, and Congress should support a continued emphasis on teleworking.**

The Covid-19 pandemic has undoubtedly hastened the rise of telework as a viable and sustainable option for many in the federal workforce, even after the country defeats Covid-19.

Many of the benefits of telework are well known, including a reduction of the federal footprint, environmental benefits from less commuters on the roads, and potentially increased productivity. Toward that end, the Government Accountability Office provided testimony in November 2019<sup>4</sup> listing key practices that can help ensure the success of telework programs. Of course, there will always be jobs where telework simply is not an option. You cannot turn a screwdriver on an aircraft carrier from your couch in your living room.

However, given the flexibilities that technology allows us, it is critical that the federal government continue to adapt and take advantage of the opportunities telework provides. Congress and the administration should commit to a maximum telework posture throughout the Covid-19 pandemic. FMA supported the bipartisan Pandemic Federal Telework Act (S. 4518), introduced in the 116<sup>th</sup> Congress, which would have mandated all agencies put all telework-approved employees on a maximum telework status, and re-evaluating those not approved for the opportunity. S. 4518 also looked to a post-Covid-19 workforce taking advantage of telework lessons learned. The bill would have required the executive branch to “develop a plan for telework in the event of another public health emergency,” allowing funds granted under the Technology Modernization Fund to be used for improving telework capabilities, and requiring all managers to take training on how to manage telework employees within six months of the bill’s passage. For years, FMA has stated that managers are often blamed for impeding implementation of telework among their employees, but this could be remedied with managerial training on how to best supervise teleworkers. This training would go a long way toward easing concerns of managers and create a fair and transparent situation for both the manager and employee.

Government must invest in its managers so that they are empowered to confidently and fairly administer a telework program that seamlessly meshes with the ongoing work of all employees with the overriding goal of accomplishing agency missions. FMA urges legislators to reintroduce the Pandemic Federal Telework Act in the 117<sup>th</sup> Congress.

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<sup>4</sup> <https://www.gao.gov/assets/720/710740.pdf>

## **7. MANDATE AND FUND FEDERAL SUPERVISORY TRAINING PROGRAMS**

*Congress should pass legislation establishing initial and ongoing mandatory training requirements for all managers and supervisors across the federal government.*

- **Current law allows managerial training throughout the federal workforce to be among the first to be eliminated when facing a lean budget or continuing resolutions.**
- **Studies show that many federal employees are promoted to managerial positions based on their technical performance and lack the soft, managerial skills needed for their expanded positions.**
- **FMA calls for legislation establishing mandatory training programs across the federal workforce focusing on certain management aspects such as mentorship, career development, prohibited personnel practices, and collective bargaining rights.**

Current law requires agencies to establish training programs for managers and supervisors focusing on how to address poor performing employees, enhance mentoring skills and conduct accurate performance appraisals. However, there is no requirement for managers to participate in these training programs, and when budgets are tight or CRs are in place, these discretionary programs are often the first to see their funding cut.

Studies have shown that agencies often promote individuals to managerial status based on technical prowess, but then fail to develop their supervisory and leadership skills. In doing so, agencies severely jeopardize their capability to achieve their missions. The development of managerial skills is one of the greatest investments an agency can make, both in terms of productivity gains and the retention of valuable employees. Following the scandal within the Department of Veterans Affairs (VA) that brought to light falsified patient wait times and improper care, it was noted that if managers better knew how to address poor performers and encourage efficiency and effectiveness throughout the VA, many of those problems could have been avoided.

An agency's ability to meet its mission directly correlates to the quality of workforce management. There is a clear need for training if a manager is to be fully successful. Too often, if an agency promotes an individual to managerial status based on technical prowess, but then fails to develop the individual's supervisory skills, that agency then severely jeopardizes its capability to deliver the level of service the American public expects and does a disservice to both the manager and to the employees supervised by that inadequately developed manager.

FMA endorsed legislation introduced in the 112<sup>th</sup> Congress, H.R. 1492 / S. 790, requiring agencies to provide supervisors with training on various management topics, including mentorship, career development, prohibited personnel practices, and collective bargaining rights. More recently, FMA endorsed the Federal Supervisor Training Act of 2016 (S. 3528), offered by Sen. Heidi Heitkamp in the 114<sup>th</sup> Congress, which included a dual-track system to allow technical experts to advance in their careers without taking on managerial or supervisory roles. FMA urges Congress to introduce and approve similar legislation in the 117<sup>th</sup> Congress.



## **8. PROTECT DUE PROCESS FOR ALL FEDERAL EMPLOYEES**

*To prevent a return to the spoils system, Congress must not eliminate or erode due process for federal employees.*

- **Any infringement, limitation or elimination of due process puts employees in the unjust position of possibly losing their job without proper cause and creates a strained relationship between labor and management.**
- **FMA opposes legislation that would eliminate or erode the right to due process.**
- **Congress must restore a fully functioning Merit Systems Protection Board (MSPB).**

A federal employee's right to due process is fundamental and constitutional, and Congress must not take steps to eliminate or erode this right. In *Cleveland Board of Education v. Loudermill*, the Supreme Court held that the Constitution guarantees that if there must be a cause to remove a public employee from his or her job, then there is automatically a due process requirement to establish that the cause has been met.

Regrettably, the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 (P.L. 115-41), signed into law in June 2017, has significantly eroded due process and appeals rights for all federal employees in that department. The legislation dramatically reduces an employee's ability to appeal a decision that would deprive that employee of their job and salary. Preventing an employee from understanding charges against them or preparing a meaningful defense undermines an employee's due process and is wrong. At the same time, limiting the number of days to process an action may result in findings of legal insufficiency and no action being taken, rather than taking the necessary time to resolve any documentary issues. Many in Congress are working to extend the same attacks on due process across the federal government. FMA opposes legislative efforts to reduce or eliminate due process for federal employees across the government.

The Merit Systems Protection Board (MSPB), whose mission is to “protect the merit system principles and promote an effective federal workforce free of prohibited personnel practices” was forced to operate without a quorum for more than five years, and without any board members from March 2019 to March 2022. This resulted in a backlog of more than 3,500 cases as of January 2022. After years of direct advocacy, FMA welcomed the Senate's unanimous March 2022 vote to confirm Tristan Leavitt and Raymond Limon to the MSPB to restore a quorum.

While we are relieved the MSPB finally has a quorum, and can begin to resolve the backlog of cases, the board still needs its third member, the Chair, for leadership and to make determinations in the event of a 1-1 tie vote. FMA urges the Senate to act on the remaining nomination and ensure a fully functional MSPB.

## **9. COMMONSENSE MODIFICATIONS TO MAKE COLAs MORE ACCURATE AND FAIR**

*Congress should pass legislation to provide a fair COLA for FERS retirees and to modify the method used to calculate all COLAs to more accurately reflect actual spending.*

- **Congress should pass the Equal COLA Act (H.R. 304), which would remove the cap on FERS retirees' COLAs.**
- **Congress should reintroduce legislation such as the Fair COLA for Seniors Act, to shift the calculation from the current CPI-W, which covers the general population, to the CPI-E, which creates a price index for Americans aged 62 and above.**

FMA supports legislation that would fix unfair and arbitrary policies that limit cost-of-living-adjustments (COLAs) for Federal Employee Retirement System (FERS) retirees and seniors.

In 2022, the COLA for the Civil Service Retirement System (CSRS) is 5.9 percent, while it is 4.9 percent for FERS retirees. Under current law, FERS retirees only receive a full COLA if the difference in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is 2 percent or less (as in 2021). If the difference is between 2 percent and 3 percent – as was the case in 2019 – FERS retirees receive a 2 percent increase. If the change is 3 percent or higher, such as 2022, FERS participants receive 1 percentage point less than the full increase.

To correct this inequality, Representative Gerry Connolly (D-VA) introduced the bipartisan Equal COLA Act (H.R. 304), which would align FERS COLAs with those of CSRS and Social Security beneficiaries. Regarding the built-in difference between CSRS and FERS COLAs, which began when FERS was created in the 1980s, Rep. Connolly said, “we now realize that this two-tiered system fails to protect FERS retirees who are living on a fixed income. This legislation will rectify this unfair system and ensure these dedicated public servants are protected throughout their retirement.” FMA agrees and encourages Congress to pass H.R. 304.

Annual cost-of-living-adjustments (COLAs) for federal civilian retirees and Social Security benefits are currently set based on the CPI-W. When COLAs first became automatic, the CPI-W was the only price index available. However, the CPI-W does not accurately account for seniors' spending, particularly on health care. Seniors spend nearly double the amount on medical expenses than younger citizens. The Consumer Price Index for the Elderly (CPI-E), created in 1982, calculates a price index for those aged 62 and older, and is a more precise index for seniors.

In July 2021, Representative John Garamendi (D-CA) introduced the Fair COLA for Seniors Act (H.R. 4315), which would require Social Security to use the CPI-E to calculate a more accurate and fair COLA that reflects their actual spending, particularly on prescription drugs and other medical care, and lifestyle. FMA urges Congress to introduce and pass this commonsense legislation to yield more sensible COLAs for seniors.

## **10. REMOVE INEQUITIES IMPOSED BY GPO AND WEP**

*Congress should pass legislation to repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).*

- **The Government Pension Offset reduces the dependent/survivor benefit.**
- **The Windfall Elimination Provision penalizes those who have two jobs; one that earned a Social Security retirement benefit, and one that entitled them to a separate pension.**
- **Congress should repeal both of these unfair and harmful laws.**
- **FMA realizes a full repeal of GPO and WEP is cost-prohibitive and also supports partial repeals.**

The Social Security Government Pension Offset law prevents government retirees who receive a government pension but did not pay into Social Security from collecting both a government annuity based on their own work and Social Security benefits based on their spouse's work record. This is unfair to many spouses, especially widows, who often lose the Social Security protection their spouse provided for them. Under current law, a Social Security widow's benefit is reduced by \$2 for every \$3 earned if the widow is eligible for a pension based on a public sector job that was not covered by Social Security. A total of 465,000 Social Security beneficiaries are affected by the GPO, seventy-five percent of whom are women and over forty percent are widowed. No offset affects spouses receiving pensions from private sector employers.

The Windfall Elimination Provision is another inequity that disadvantages many federal retirees receiving Social Security benefits and a federal pension which did not require payment into Social Security. It reduces the Social Security benefits federal retirees receive based on the number of years they served in a federal position that did not require their payment of Social Security taxes. Nearly one million Social Security beneficiaries are affected, and roughly twenty percent paid into Social Security for more than twenty years.

FMA supports the Social Security Fairness Act of 2021 (H.R. 82), legislation introduced early in the 117<sup>th</sup> Congress by Representative Rodney Davis (R-IL), which would repeal GPO and WEP. Contemporaneously, we recognize that full repeal of both GPO and WEP would be costly and full repeal is unlikely at this time. FMA therefore also supports legislation that seeks partial repeal, including the Equal Treatment of Public Servants Act (H.R. 5834) and the Public Servants Protection and Fairness Act (H.R. 2337). These bipartisan bills would create a new formula for WEP, calculating benefits by taking into account the actual wage and work history of public sector employees. FMA welcomes both bills, and would be happy to see either of them pass into law and address this fundamental issue of fair treatment for federal employees

## **11. CONGRESS SHOULD PROVIDE FEDS WITH GREATER FLEXIBILITY AND CHOICE WHEN MANAGING THEIR TSP**

*Congress should allow federal employees expanded tools and options for managing their Thrift Savings Plan (TSP) investments, in line with what private sector employees enjoy.*

- **Congress continues to add flexibility to 401k and 403b retirement savings accounts; adding the Roth option in the Economic Growth and Tax Relief Reconciliation Act of 2001 and adding the Roth rollover in the Small Business Jobs Act of 2010.**
- **The Thrift Savings Plan remains unnecessarily restrictive. A modern TSP is needed to align with Congress' intent and to remain competitive with industry 401k and 403b plans.**
- **Federal employees need this flexibility and choice to manage their personal retirement goals.**

The Federal Retirement Thrift Investment Board (FRTIB) administers the Thrift Savings Plan (TSP), a tax-deferred defined contribution plan, similar to private sector 401(k) plans, providing federal employees an opportunity to save for retirement security. The board's mission is "to administer the TSP solely in the interest of participants and beneficiaries."

The Small Business Jobs Act of 2010 allowed 401(k)-to-Roth rollovers, and Congress continues to add flexibility for these retirement savings accounts. FMA is proposing to expand options and give federal employees the same tools private sector employees already have for managing their contributions. These non-Roth contributions are common in industry 401(k) and 403(b) plans. TSP participants should enjoy that same flexibility and choice, and be able to execute a rollover without waiting until after retirement. A modern TSP should align with Congress' intent and be competitive with retirement savings account options available in the private sector.

The FRTIB has considered this idea in the past but declined it claiming a concern about potential tax complexities for TSP participants. FMA argues employees should be empowered to manage their individual tax complexities as they are comfortable – and in line with how private sector employees are already able to do – without the FRTIB restricting choice because it is deemed too complex. Employees would not be required to participate in any of these options, but they should have the ability to do so if it makes financial sense for them and their families.

FMA urges Congress to consider this proposal which would provide federal employees additional choices and flexibility to plan for and manage their retirements.

## **12. RECOGNIZING GENDER PAY DISPARITY AND PROMOTING PAY EQUITY IN THE FEDERAL GOVERNMENT**

*Congress should formally recognize that gender pay disparity exists in the federal government and pass legislation to address the situation.*

- **The Office of Management and Budget (OMB) should direct the Equal Employment Opportunity Commission (EEOC) to reinstate pay data collection.**
- **FMA urges Congress to pass the Paycheck Fairness Act and other legislation aimed at eliminating the gender pay gap.**

According to the Government Accountability Office (GAO), the gender wage gap for federal employees is eleven cents on the dollar. While better than the twenty percent gender wage gap experienced by the workforce as a whole, this disparity is clearly unfair and the goal should be to eliminate it. While some measures, such as agency-specific data collection, are unique to the federal government, other means of addressing this problem apply more broadly.

In 2016 the EEOC announced new pay data collection criteria that broke down wage data on the basis of sex, race, and ethnicity for entities consisting of 100 or more employees in their Employer Information Report form (EEO-1). The purpose of this comprehensive reporting was to allow EEOC to better identify wage discrimination, and encourage broad spread compliance to equal pay laws, in an effort to overcome barriers to equal pay. While this information is not currently collected, FMA implores the Biden administration to require future EEO-1 forms to contain pay data collection, in order to ensure federal contractors are held to an appropriate standard.

Several bills were introduced in the 116<sup>th</sup> Congress aimed at addressing the gender pay equity issue in the United States. These included the Paycheck Fairness Act (H.R. 7 / S. 270), to provide stronger penalties for equal pay violations, and support wage data collection and research, and the Pay Equity for All Act (H.R. 1864), which sought to prohibit the use of past salaries to set current ones. While the House passed H.R. 7, it did not advance in the Senate in the previous Congress.

On January 28, 2021, Representative Rosa DeLauro (D-CT) reintroduced the Paycheck Fairness Act (H.R. 7) in the 117<sup>th</sup> Congress. As House Majority Leader Steny Hoyer (D-MD) said upon introduction, “It is long past time for women to receive equal pay for equal work.” Colorado Senators Michael Bennet (D) and John Hickenlooper (D) introduced the measure in the Senate. FMA urges the House to again pass this vital legislation, and for the Senate to consider and pass the bill in this session.

FMA notes a lack of paid parental leave unfairly affects women and single mothers and contributes to the wage gap over a lifetime. We at FMA were proud to endorse paid parental leave for the federal workforce, as provided in the Fiscal Year 2020 National Defense Authorization Act, providing 12 weeks of paid leave for the birth, adoption or foster placement of a child. In the 117<sup>th</sup> Congress, we urge legislators to pass the Comprehensive Paid Leave for Federal Employees Act (H.R. 564), which would expand on that coverage and provide feds with 12 weeks of paid leave for all circumstances covered by the Family and Medical Leave Act.