



April 29, 2025

Chairman James Comer  
Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Ranking Member Gerry Connolly  
Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Comer, Ranking Member Connolly, and Members of the House Committee on Oversight and Government Reform:

On behalf of the National Treasury Employees Union (NTEU), I write today respectfully urging you to oppose the proposed budget reconciliation package scheduled for markup on April 30, 2025. NTEU represents approximately 160,000 federal employees in 37 agencies nationwide, from frontline revenue agents and scientists to clerks and law enforcement personnel. These dedicated public servants have committed their careers to our nation. We are deeply concerned that the budget reconciliation package under consideration unfairly targets them by cutting their earned retirement benefits, pay, and rights. In particular, we object to provisions that would raise Federal Employees Retirement System (FERS) contribution rates, eliminate the FERS annuity supplement, alter the FERS pension formula, and attack employee rights and protections. Taken together, these changes ask federal workers to bear an unreasonable burden – on top of sacrifices they have already made in recent years.

**Raising FERS Contribution Rates:** The reconciliation proposal would require many current federal employees to pay a higher percentage of their salaries into their FERS pensions (increasing the rate to 4.4% of pay for most employees). In effect, this is an across-the-board pay cut for federal workers. Unlike private-sector pensions that are largely funded by employers, federal employees already contribute significantly from each paycheck toward their retirement. For employees hired before 2013, the FERS contribution is currently 0.8% of salary – but newer hires (2014 onward) are required to contribute 4.4%, nearly five times more, with no additional benefit in return. Forcing all employees to pay 4.4% would similarly reduce take-home pay for millions of middle-class federal workers. According to the Federal Salary Council, federal employees already earn roughly 25% less than their private-sector counterparts in comparable jobs. Shrinking their pay even further by increasing pension contributions will exacerbate this pay gap and worsen financial strain on employees. It will also send morale plummeting. Simply put, asking federal workers to shoulder what is essentially a pay reduction, after years of below-market pay raises, is unfair and unjustified.

**Elimination of FERS Annuity Supplement:** Another provision in the package would eliminate the FERS annuity supplement, a benefit that many retiring federal employees rely on until they become eligible for Social Security at age 62. It was established as an essential part of the FERS retirement system to bridge the gap for those who retire at the minimum retirement age or who serve in positions with mandatory early retirement. While the underlying proposal seeks to exempt those who are subject to mandatory retirement, it would still affect countless other career federal employees who have made retirement planning decisions on the availability of this supplement. As currently written, the underlying bill only exempts employees once they hit the retirement ceiling established under current law. If an employee, like a law enforcement officer, reaches their required age to retire with the requisite years-of-service before they turn 57 then they will not be covered under this exclusion. The annuity supplement is not a luxury, it's a promised component of federal retirement benefits that employees have counted on after decades of service. Stripping away this supplement would inflict significant financial hardship on dedicated public servants. This change would break faith with employees who entered federal service with the understanding that this bridge to Social Security would be there for them. It would be grossly unfair to renege on that commitment, and we urge you to reject this proposal.

**Changing the FERS Pension Calculation (High-5 instead of High-3):** The budget package would alter the formula for calculating federal pensions by using the highest five years of salary instead of the highest three years. While this may sound like a minor technical change, it would in fact significantly reduce the pension annuities for federal retirees. The FERS pension is a deferred benefit that employees accrue over long careers; it is a key part of the compensation that attracts people to public service despite lower salaries. Basing pensions on a "high-5" average salary instead of a "high-3" means that for every retiring employee, two additional lower-salary years will be factored into their pension calculation, lowering their annual benefit. This change would directly cut the retirement income that employees have been planning on, potentially by thousands of dollars over the course of their retirement, and it is particularly harsh on those nearing retirement and those who just took the government's deferred resignation offer to retire at the end of the year since they cannot easily adjust their plans or savings at this late stage. Altering the pension calculation in this way would break the government's commitment to its long-serving employees and undermine confidence in the stability of the federal retirement system. NTEU urges the Committee to reject this unfair reduction in federal retirement benefits.

Beyond the retirement-related provisions discussed above, NTEU is equally alarmed by two additional sections of the reconciliation package that threaten to undermine fundamental civil service protections and employee rights. Section 90004 would allow new federal hires to elect "at-will" employment status in exchange for higher take-home pay, and Section 90005 would impose a new filing fee on federal employees who appeal adverse personnel actions to the Merit Systems Protection Board. We strongly urge the Committee to reject both of these harmful proposals.

**At-Will Employment Option for New Hires:** This section would allow newly hired federal employees to opt out of the normal civil service protections and serve as "at-will" employees, able to be fired for "good cause, bad cause, or no cause at all," in exchange for higher immediate take-home pay. NTEU is adamantly opposed to this concept. The civil service protections that Congress established over the past century exist to ensure that federal employees are hired and

retained based on merit and can only be removed for just cause, with due process. By making positions "at-will," Section 90004 would strip away these critical job protections for any employee who accepts the offer, leaving them vulnerable to arbitrary dismissal without the procedural safeguards that currently apply in the competitive service.

Undermining these protections opens the door to exactly the kinds of political retaliation and patronage abuses that the merit-based civil service was designed to prevent. If new hires can be fired at any time for any reason, even a "bad" reason or no reason, it becomes far easier for supervisors or political appointees to push out employees for unjust or partisan reasons. Employees could be dismissed not for performance issues, but for having the "wrong" political affiliation, for speaking truthfully about agency operations, or for refusing to go along with illegal directives. Such a system would have a chilling effect on employee candor and whistleblowing, as at-will employees would fear that raising concerns or reporting wrongdoing could cost them their jobs overnight.

Section 90004 also threatens to weaken the overall merit system by creating a two-tier federal workforce. New employees might feel pressured to sacrifice their civil service rights for a modest pay incentive, especially if they are led to believe that "at-will" status is the norm or is expected by management. This would create an inequitable workplace where some employees have full due-process rights and others do not, eroding morale and teamwork. Over time, a growing faction of at-will workers could enable a de facto return to the spoils system, where employment decisions hinge on favoritism or political loyalty rather than competence and experience. NTEU maintains that the strength of the federal workforce lies in its career professionals who can serve the public interest without fear of political interference. We urge you to reject Section 90004 to preserve the integrity of the merit-based civil service.

**Filing Fee for MSPB Appeals:** This section would require federal employees to pay a filing fee in order to file an appeal with the Merit Systems Protection Board (MSPB) challenging an adverse personnel action (such as an unjust firing or suspension). NTEU unequivocally opposes the imposition of such fees. Access to the MSPB's adjudication process is a cornerstone of the merit system, ensuring that employees can seek justice and review of agency decisions without undue obstacles. By adding a financial barrier to this process, Section 90005 would undermine federal employees' right to due process and discourage them from defending themselves against unfair or discriminatory treatment.

Requiring a fee to appeal an adverse action creates an unacceptable barrier to justice. Federal employees facing removal, suspension, or other serious penalties are often already under significant financial strain; some may be out of a paycheck entirely while their case is pending. Imposing a filing cost would make many employees think twice about filing an appeal, even when they have meritorious claims. It would undeniably chill legitimate appeals: employees might forgo challenging a wrongful termination or discipline simply because they cannot afford the fee or do not want to risk additional financial loss. This means some violations of merit system principles (such as whistleblower retaliation or other prohibited personnel practices) would go unchecked, as the employees affected are deterred from seeking the MSPB's intervention.

Such a fee would, in effect, penalize dedicated public servants for attempting to defend their rights. It is fundamentally at odds with the principles of fairness and equal access to justice that should govern federal employment. The MSPB was established to provide a neutral and accessible forum for resolving personnel disputes and upholding merit system protections; erecting a paywall around this forum betrays that mission. NTEU urges you to reject Section 90005. Federal employees should not have to pay a toll to exercise their appeal rights—especially not when their livelihoods and reputations are at stake. Maintaining free and open access to MSPB appeals is essential to ensure accountability and fairness in the federal workplace.

In conclusion, the provisions discussed above would collectively have a profoundly negative impact on the federal workforce and, by extension, the quality of government services delivered to the American people. Taken together, these measures send a message of disregard to federal employees, undermining their financial security, morale, and the merit-based principles that have long guided our civil service. They would make it far more difficult for agencies to attract and retain the skilled professionals our country needs, and they risk politicizing and weakening the institutions that citizens rely on every day.

For all of these reasons, I urge you to vote **NO** on the budget reconciliation package. Federal employees have dedicated their careers to serving the nation, and they deserve Congress's support and gratitude; not policies that break promises and erode their rights. Thank you for considering NTEU's views on this critical matter.

Sincerely,



Doreen P. Greenwald  
National President