



**SUMMARY: The Administration released the President's Fiscal Year (FY) 2021 Budget Request, proposing a 1% across the board pay increase in addition to cuts to most federal agencies and employee benefits.**

On February 10, the President released his FY 2021 Budget Request, calling once again for cuts to most federal agencies and employee benefits.

## **BENEFITS**

The budget request once again calls for many of the same changes to employee retirement benefits that we have seen in the past, including: (1) significantly increasing Federal Employee Retirement System (FERS) employee contributions by about 1 (one) percentage point each year until they equal the agency contribution rate, (2) basing future CSRS and FERS retirement benefits on the average of the high five years of salary instead of the current high three, (3) eliminating the FERS supplement which approximates the value of Social Security benefits for those who retire before their Social Security eligibility age, (4) eliminating the annual cost of living adjustments (COLA) for the pensions of current and future FERS retirees, (5) significantly reducing the COLA for the pensions of current Civil Service Retirement System (CSRS) retirees, and future CSRS retirees, by about 0.5 percent annually, and (6) reducing the G Fund interest rate under the TSP, thereby lowering the value of this TSP option.

In addition, the President's budget once again proposes to significantly modify the Federal Employees Health Benefits Program (FEHBP) by tying the government contribution rate to each plan's performance rating. For many FEHBP enrollees, this would mean that the government's overall contribution rate will be lower than it is now, requiring enrollees to pay significantly higher premiums.

The budget request also retains previous years' proposals to combine annual and sick leave, in addition to paid federal holidays, into a general paid time off category and reducing the total leave days. The budget request also proposes changes to the recently enacted paid parental leave law. Specifically, while the Administration does propose to ensure that other groups of employees are covered, it also proposes to limit the benefit so that it may only be used after the birth or placement of a given child, limit the use of the benefit for foster care placements, and clarify when annual and sick leave may be substituted for unpaid FMLA.

Once again, the budget request calls for the elimination of the Public Service Loan Forgiveness Program. It also calls for reforms to the Federal Employees' Compensation Act by "simplifying" FECA benefit rates and modernizing benefit administration. Specifically, the proposal would, among other things, provide a single injury rate of compensation limited to approximately 66% of the injured worker's

pay, remove injured workers from the program at retirement age, and establish a waiting period before beneficiaries could begin to collect needed benefits.

Furthermore, the budget request seeks to change the Federal Service Labor-Management relations statute by allowing government-wide regulations to trump existing collective bargaining agreements.

## **HIRING**

The budget request also states that the Administration will seek further statutory flexibilities to the hiring process, including changes that would (1) enable the temporary hire of highly qualified experts; (2) create an industry exchange similar to that which allows nonprofit employees and academics to serve temporarily on government projects; (3) expand the limits of temporary and term hires; and (4) modernize qualification requirements.

## **AGENCY FUNDING**

As in last year's request, a number of federal agencies are set to receive very limited funding increases, while many would see steep cuts if the President's request is enacted. For example, the FY 2021 request includes a 26 percent cut to the Environmental Protection Agency, the Department of Health and Human Services is recommended for a 9 (nine) percent cut, and Department of Energy programs outside the non-represented National Nuclear Security Administration would be slashed by 28.7 percent.

Once again, the President has proposed unrealistic and untenable proposals to fund the federal government, risking critical agency services and undermining the government's ability to recruit and retain skilled employees. NTEU strongly opposes these efforts and will work with Members of Congress to ensure that federal employees receive a fair pay raise for 2021, to protect employee benefits, and to provide agencies with the funding needed to serve the American people.

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