



September 2, 2020

VIA E-MAIL

The Honorable Russell Vought
Director
Office of Management and Budget
725 17th Street, NW
Washington, D.C. 20503

Dear Director Vought,

As the federal government moves to implement for federal employees the August 8 presidential Executive Order deferring payment of Social Security taxes, there has been very little information available to those workers whose paychecks are being affected. On behalf of the employees I represent at 33 federal agencies, I have questions I hope you can quickly answer.

The Executive Order authorizes employers to defer the Social Security payroll tax from September 1, 2020, through the end of the year for employees who make less than \$3,999 per biweekly pay period. For a federal employee who makes \$70,000 a year—\$2,693 per pay period—that will result in a \$167 increase in their paychecks. It also means that the employee will need to pay back about \$1,500 in 2021, absent legislation that forgives the debt, which seems unlikely.

Can you confirm that wages federal employees are earning right now, in Pay Period 18, will not have Social Security taxes withheld? If that is accurate, federal employees deserve to be informed of that immediately. As the largest employer in the country, the federal government is failing in its responsibilities to its workforce by not adequately informing federal employees and explaining the implications and consequences of the payroll tax deferral.

There are additional questions that deserve immediate answers. Here are a few of them:

- Are there opportunities for any federal agency or federal employee to opt out of the deferral?
- How will the deferred taxes be paid back? Should employees be prepared to have extra taxes taken out of several paychecks in early 2021 or taken out in one lump sum? Will employees be able to choose how and over what period of time they can pay it back?
- Should an employee get a raise in early 2021, are the payroll processors prepared to make the 6.2 percent calculations on differing amounts (previous wage versus new wage)?
- What happens if a federal employee retires or leaves the federal service during either the deferral or during the window for repayment?
- What options are there for employees who may have trouble paying back the deferred taxes?

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I encourage you to work with the Office of Personnel Management, the Internal Revenue Service and the heads of federal departments and agencies to provide answers to these questions to the federal employees who are subject to the deferral and will feel the consequences of paying these taxes back in 2021. They deserve to be fully educated on the impact the Executive Order will have on their paychecks, and family budgets, for months to come.

I look forward to hearing back from you.

Sincerely,



Anthony M. Reardon
National President