

NM NARFE Advocacy Presentation May 2020

By Mark Mickelsen, Federation Exec. VP for Advocacy

Overview of Challenges and Opportunities

- The need to deal with COVID-19 may have delayed the potential consideration of congressional bills dealing with our earned benefits
- However, the threats and opportunities remain, and so we need to remain engaged
 - Once this emergency has passed, it's likely there will be renewed attempts to attack our benefits as a way to reduce the higher budget deficit
 - The biggest positive opportunities are in changing our COLAs and reducing the Windfall Elimination Provision (WEP)
 - We have numerous ways to make our voices heard with our lawmakers
 - Opportunities to get more favorable tax treatment at the State level may now be more difficult due to the need to reduce our State budget

Ongoing threats to our earned benefits

- The Administration's FY 2021 Budget Request continues to push for the following:
 - Reducing the annual CSRS COLA by 0.5% below what it would otherwise be
 - Eliminating the annual COLA for all current and future FERS retirees
 - Eliminating the FERS Annuity Supplement for all future FERS retirees. It acts as a bridge between FERS retirement and eligibility for Social Security. Law Enforcement FERS employees with mandatory retirement at age 57 would be especially hard hit before their Social Security eligibility at 62
 - Reducing the rate of return of the G Fund in the TSP to near zero
 - Increasing employee retirement contributions with no increase in benefits and moving from the current High-3 to a High-5 retirement formula

These proposed cuts are unnecessary

- The Civil Service Retirement and Disability Fund (CSRDF) is FULLY SOLVENT through the year 2090, the latest year for which projections have been made
 - FERS is a fully funded system that pays for itself each pay period, and more than 94% of all current Federal Employees are under FERS
 - Employee and agency retirement contributions are currently higher than required to maintain solvency of the Fund
 - There is enough money in the CSRDF to pay all retirement obligations to Federal Retirees through 2090 and to pay out an annual COLA of 3.25% (which we currently are nowhere near getting)!

The proposed cuts would not save money and would harm recruiting

- Because there are sufficient funds in the CSRDF to pay all obligations, there are no meaningful savings from cutting benefits
- Attempts to take away the benefits we've already paid for amount to theft
 - In the event of having them taken away, Federal Employees and Retirees may have legal recourse to recover their previous contributions from the government
- These cuts would reduce the ability of the Government to compete with the private sector for the best prospective employees
 - Recruitment has already suffered as a result of the Government shutdown in Dec. 2018-Jan. 2019

Opportunities to enhance our benefits

- Our COLAs are inadequate and do not keep up with the cost of living
- There are two bills to remedy this
 - HR 1553, the Fair COLA for Seniors Act, introduced by Rep. John Garamendi (D-CA). This would change the calculation of COLAs from the current CPI-W index to the much better CPI-E Index (E is for “Elderly”)
 - The CPI-E Index places greater weight on costs borne by the elderly, especially medical costs
 - HR 1254, the Equal COLA Act, introduced by Rep. Gerry Connolly (D-VA). This would provide FERS employees with the same COLA as CSRS employees (the FERS COLA is currently lower than the CSRS COLA)
- We need to encourage our House Reps. to co-sponsor these bills, and our Senators to introduce companion bills in the Senate

Opportunities to enhance our benefits (contd.)

- The Windfall Elimination Provision (WEP) negatively affects many CSRS retirees by reducing their Social Security benefit earned on a different job
- There are two companion bills—one in the House and one in the Senate—to eliminate the WEP entirely
 - HR 141 by Rep. Rodney Davis (R-IL) and S 521 by Sen. Sherrod Brown (D-OH)
 - These bills would not only eliminate the WEP, but would also eliminate the Government Pension Offset (GPO) which reduces the Social Security survivor benefit of spouses of CSRS Employees and Retirees
- These bills are the ideal solution and we should encourage our Senators and Representatives to work to pass these bills
- The House Bill has 245 cosponsors of both parties and the Senate Bill has 38 cosponsors from Democratic, Republican, and Independent Senators

Opportunities to enhance our benefits (contd.)

- There are also two bills to reduce the impact of the WEP
- These are the next best solution if we can't get full repeal of the WEP
 - HR 3934, the Equal Treatment of Public Servants Act of 2019, introduced by Rep. Kevin Brady (R-TX)
 - This bill would provide retirees eligible for benefits before 2022 a \$100 monthly rebate and \$50 for an affected spouse. It would also change the WEP calculation moving forward
 - HR 4540, the Public Servants Protection and Fairness Act, introduced by Rep. Richard Neal (D-MA)
 - This bill would provide retirees eligible for benefits before 2022 a \$150 monthly rebate. It would also change the WEP calculation moving forward.
- We need to encourage our House Reps. to co-sponsor these bills, and our Senators to introduce companion bills in the Senate

How to make our voices heard

- When communicating with our elected lawmakers or their staffs, please follow these guidelines from NARFE
 - Always be polite!
 - State that you are a NARFE member with a legislative concern
 - Make sure you do not contradict NARFE's legislative positions on issues
 - Make it personal: tell how the concern has affected you personally, or would affect you if enacted
 - Keep it brief, simple, and understandable
 - Ask for action, such as sponsoring or co-sponsoring a bill to enhance our benefits; or to oppose a detrimental bill
 - If you want to be kept informed of their actions, ask them to do so
 - Be sure to thank them for their efforts on our behalf

How to Contact our Legislators

- Use the NARFE Legislative Action Center link at the narfe.org website
 - Click on the “Advocacy” Tab at the top of the page
 - In the column on the left titled “Advocacy”, click on the first link titled “contact your legislators”
 - There are options to write (email), call on the phone, or Tweet the officials
 - For example, under the link “Support WEP Reform Legislation” you can click on “write” and you will go to a page where an email on the subject is pre-written for you. You may simply sign it and send that form email if you wish
 - However, it’s even better if you customize the email to include how the WEP negatively affects you personally and how these bills would help you
 - If you elect to call, the link will provide a suggested phone script to help you
 - There are also many other options for contacting listed on the page

Opportunities at the State Level

- Opportunities exist to reduce the amount of our taxable income subject to taxation by the State of New Mexico
 - The most promising opportunity has been to support a bill introduced in the last Session at the Roundhouse that would exempt Social Security benefits from State taxation
 - The bill has some momentum and support in the Legislature; however, given the current State budget crisis brought on by the oil market collapse and the financial impacts of COVID-19, we will have to see whether this can be pursued next session or must be deferred to a later time
 - Our Federation has contacted NARFE HQ and asked for information on how other State Federations have successfully supported this. Once NARFE HQ reopens, we will contact them again and pursue this further. We will keep you posted and let you know how you can help in this effort

Conclusions

- Despite the current COVID-19 emergency, opportunities to make our voices heard continue to exist and are important!
 - It's vital to stay informed on NARFE's issues that affect us
 - Good information sources include:
 - The National NARFE website narfe.org
 - The Federation website narfe-nm.net
 - The NARFE monthly magazine
 - Email updates from the NARFE HQ Advocacy Dept.
 - Our New Mexico Federation VP for Advocacy Mark Mickelsen;
 - Your Chapter President and Chapter Legislative Liaison/VP;
 - Town Halls or websites of your US Senators or Representative
- There is power in our collective action. Let's use it!
- Thank you for your efforts!