



Written by [Brian Koenig](#) on January 10, 2012

White House Proposes Half-percent Pay Raise for Federal Workers

The modest, but rather untimely, pay increase will mark the first uptick since before the two-year federal pay freeze enacted in 2010, which was branded by the White House as a joint effort in which federal workers would [share](#) in the "sacrifice" with the private sector, as the economy remained persistently stale.

"A permanent pay freeze is not an acceptable policy," [said](#) a senior administration official, noting the impact of the two-year pay freeze on the two million workers currently on the federal payroll. "While modest, a 0.5 percent increase reflects the belt-tightening we must do in these difficult times."



Although the compensation boost rests far below the recent 3.6-percent cost-of-living adjustment for Social Security, the mere deed of inflating public-sector compensation may hatch some negative sentiment among private-sector workers, as well as the army of unemployed Americans who have yet to find work.

The White House's proposal still requires congressional approval, and it is almost sure to meet resistance from Republicans who have called for extending the pay freeze another year as a medium to finance the hotly debated payroll tax extension. GOP lawmakers have proposed using the savings to help subsidize the [\\$120-billion](#) cost of extending the payroll tax cut through the end of the year.

Proponents of the White House's measure point to inflation and private-sector wage growth as an indication that it is time to dissolve the current pay freeze. As previously noted, the pay bump is much lower than the 3.6 percent adjustment that was applied last week for Social Security benefits and federal retirees. It is also well below earning adjustments in the private sector, which climbed about two percent in 2011, according to the Bureau of Labor Statistics.

Federal union leaders expressed positive, but halfhearted, support for the measure, as they claim that the 0.5-percent increase is far too modest. While William Dougan, president of the National Federation of Federal Employees, called the White House's proposal "a breath of fresh air," John Gage, president of the American Federation of Government — the country's largest federal employee union — said it "doesn't make me yell and cheer."

"Clearly I don't think it comes close to paying federal employees what they're worth, but at the same time, it also breaks this terrible pay freeze that has been put on us," Gage contended. "And hopefully it will carry through, and we will avoid any pay freezes that might come from the payroll tax deduction negotiations."

Lawmakers and federal employees in Maryland, home to 286,810 federal workers and an array of



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government agencies — including Social Security, the National Institutes of Health, and the National Security Agency, among others — have voiced a mixture of both support and concern.

"They are already operating under a pay freeze, they are already facing deep cuts at their agencies, and they have been targeted all year by Republican plans to extend their pay freeze or pass backdoor pay and benefit cuts," [asserted](#) Sen. Barbara Mikulski (D-Md.), who said she still plans to review the White House's plan. Employees "should be paid at a rate that keeps their salaries in line with inflation," she added.

However, despite the seemingly effective argument of rising inflation and private-sector pay increases, lobbying for a steeper federal pay hike will be onerous, as federal worker compensation has become a political hot potato, and a key target in recent deficit reduction efforts — not to mention, federal worker compensation has soared in recent years. *USA Today* notes these [facts](#):

- A 20- to 24-year-old auto mechanic started at an average of \$46,427 this year, up from \$36,750 five years ago. The government hires about 400 full-time auto mechanics a year.
- A 30- to 34-year-old lawyer started at an average of \$101,045 this year, up from \$79,177 five years ago. The government hires about 2,500 lawyers a year.
- The portion of federal workers earning \$100,000 or more grew from 12 percent in 2006 to 22 percent in 2011.
- A mechanical engineer, age 25 to 29, started at \$63,675, up from \$51,746 in 2006. The government hires about 600 mechanical engineers a year.

Not only have promotions and within-grade increases continued with "business as usual" under the pay freeze, but federal workers already benefit from salaries and perks that far surpass what private-sector workers receive, a key component proponents fail to note. James Sherk of the *Heritage Foundation* validated this fact in a research [report](#) dated February 22, 2011: "The average federal employee earns 57 percent greater cash pay and 85 percent greater total compensation (which includes benefits) than the average private-sector worker."

Sherk concedes that this is an "apples-to-oranges" comparison, because federal workers generally are better educated and have more experience than private-sector workers. However, controlling for observable skills and professional experience allows economists to conduct an "apples-to-apples" analysis of private-sector and federal worker pay:

- Doing so shows that the federal pay system gives the average federal employee hourly cash earnings 22 percent above the average private worker's.
- Including benefits raises the average compensation disparity to between 30 and 40 percent.
- Federal workers receive automatic seniority-based raises irrespective of performance. President Obama's suspension of the annual cost-of-living adjustment does not affect these raises.
- Despite these average pay differences, many federal employees are not overpaid. The General Schedule does not connect pay with performance. Many of the hardest-working and most highly skilled federal employees receive at or below market compensation.

In light of those statistics, and countless other studies of the issue, it appears conceivable that if Congress or the Obama administration want to fiddle with federal worker pay, they should do so in a more comprehensive manner that factors compensation in line with performance. Also, these facts don't take into consideration the actual usefulness of the work that federal employees do. Most federal work is redundant with and overlaps work done at the state level — where the work constitutionally belongs



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— therefore, cost-saving measures should begin by eliminating any unconstitutional functions of the federal government.



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