



August 17, 2016

The Honorable Shaun Donovan
Director
Office of Management and Budget
Executive Office of the President
725 17th Street, NW
Washington, DC 20503

The Honorable Beth Cobert
Acting Director
Office of Personnel Management
1900 E Street, NW
Washington, DC 20415

Dear Director Donovan and Acting Director Cobert:

As we near the 122nd annual celebration of Labor Day to honor American workers' contributions to our nation, I wanted to follow-up on an earlier conversation regarding federal worker compensation for the upcoming fiscal year. As you are aware, federal employees have experienced scant wage growth in recent years—stemming from the three pay-freeze followed by approximately a 3.3 percent cumulative pay increase over the last three years. Average private sector wages have increased 10.6 percent over these same years according to the U.S. Bureau of Labor Statistics, while inflation has risen 8.5 percent. Many bargaining unit federal employees that NTEU represents are finding it harder and harder to simply 'keep up' and to pay for increased food and utility costs, as well as college tuition and health insurance premiums.

After bearing the financial sacrifice they were asked to make during a time of great economic difficulty in our country, these workers have now witnessed a rebound in private sector wages, along with an improved job market that has required employers to offer significant recruitment and retention incentives. Your August 12th memorandum, *Guidance on Awards for SES and SL/ST employees for Fiscal Year 2017*, instructs agencies on how best to compensate and reward high-performing senior executives in the upcoming fiscal year. While NTEU views this memorandum as a first step in a return to allowing agencies to fully reward high-performing individuals, we want to be assured that all federal employees-- not just less than 1 percent of the federal workforce and only its highest paid employees—will be covered by this new policy on awards for fiscal year 2017. A policy that limits the lifting of the 2010 so-called 'awards cap' and calls for "providing substantial monetary awards" solely for senior-level employees would lead to significant morale issues across the federal workplace, and quite simply would be both unfair, and misguided. Any business or human resource expert will tell you that an employer's

product is not the sole output of senior management but represents the work of all its employees, no matter their rank, position or area of responsibility.

I recognize that you have countless responsibilities managing the Federal Government on behalf of the American people, but I ask you to ensure compensation equity for the men and women of your workforce this Labor Day and lift the cap on performance awards for all federal employees.

Sincerely,

A handwritten signature in black ink that reads "Anthony M. Reardon". The signature is written in a cursive, flowing style.

Anthony M. Reardon
National President