

April 11, 2002

Senator Kent Conrad
Chairman
Senate Budget Committee
SD-624
Washington, DC 20510

Dear Chairman Conrad:

The Coalition for Effective Change (CEC) represents 32 managerial, executive and professional associations with a combined membership of approximately 600,000 current and former public employees. CEC is committed to the goal of assisting the federal government devise and implement constructive changes that lead to management improvements in government operations and services.

I am writing in my capacity as President of the CEC to express our appreciation of your decision to reject the administration's proposal requiring agencies to budget for the full retirement and health benefits of future retirees. Although not all members of the CEC agree with this position, there is consensus from the majority of the groups. As you know, agencies would be required to pay these costs out of their annual appropriations. CEC is greatly concerned that if adopted this provision would force cash-strapped agencies to choose between ensuring payment of retiree health and retirement benefits or the reduction of essential agency services, staff and training programs.

The CEC believes this new mandate has the potential to create an artificial funding shortfall that does not exist. These costs are already accounted for through mandatory payments to the retirement fund. This shift from the mandatory accounts to discretionary accounts would undoubtedly restrict federal agencies in the performance of their missions and creates a needless uncertainty for the retirement and health benefits of future retirees.

Thank you again for your attentiveness to this important issue.

Sincerely,

Rosslyn S. Kleeman