

**The National Council of Social Security Management Associations, Inc.**

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- **Senate Subcommittee Supports 4.1% Pay Parity**

Yesterday, the Senate Appropriations Subcommittee on Transportation, Treasury, and General Government joined House appropriators in supporting a 4.1% pay raise for federal employees for 2004. In July, the House Appropriations Committee adopted the 4.1% percent pay raise instead of the 2% percent pay raise recommended by President Bush, and it is expected to vote on the measure later this week.

In a letter to Congress that was circulated last week, President Bush exercised his statutory authority to limit the 2004 pay increases to 2% due to the national emergency that has existed since September 11, 2001, which now includes Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom. (The president may implement an alternative pay plan if he believes the full adjustment is inappropriate due to national emergency or serious economic conditions affecting the general welfare.)

The same letter also asserted that a 4.1% pay raise for both the military and civil service is unnecessary because federal employee turnover is at an “all-time low.” In addition, the White House argued that agencies could use special recruitment and retention bonuses to attract or retain employees if they happen to experience hiring difficulties. Congressman Steny Hoyer (D-MD) and Senator Daniel K. Akaka (D-Hawaii) criticized the President’s support of a 2% pay raise. They explained that the President’s lack of support for pay parity could contribute to lower morale and it makes federal employees feel underappreciated.

Following a mark-up session, Senator Richard C. Shelby (R-AL), Chairman of the subcommittee, announced the decision to maintain a 4.1% pay raise for both civil and military federal personnel. Subcommittee member Senator Barbara Mikulski (D-MD) commented that federal employees play a vital role in “. . . serving and protecting America.” Elaborating, she remarked, “The buying power of their paychecks is shrinking. That’s why I strongly support a 4.1 percent cost-of-living increase. Making sure salaries keep pace with the rising costs of things like housing and health care is critical to maintain a strong, independent civil service. I’m pleased that the Senate bill includes the pay increase for most federal employees.” Roughly 1.8 million federal employees would receive the 4.1% in 2004.

According to the Washington Post, both the full House and Senate will likely approve the 4.1% pay raise for military and civil service employees. The raise would be included in an appropriations package that also includes a popular \$33.8 billion highway spending appropriation. If President Bush refuses to accept the 4.1% pay raise, he would also have to veto the highway spending measure, a move that would upset both Republicans and Democrats.

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