



REPUBLICAN CAUCUS

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REPUBLICAN SPENDING REDUCTION PROPOSAL
FREEZE GOVERNMENT PAY
(saves \$2 billion in 2011 and \$30 billion by 2020)

PURPOSE

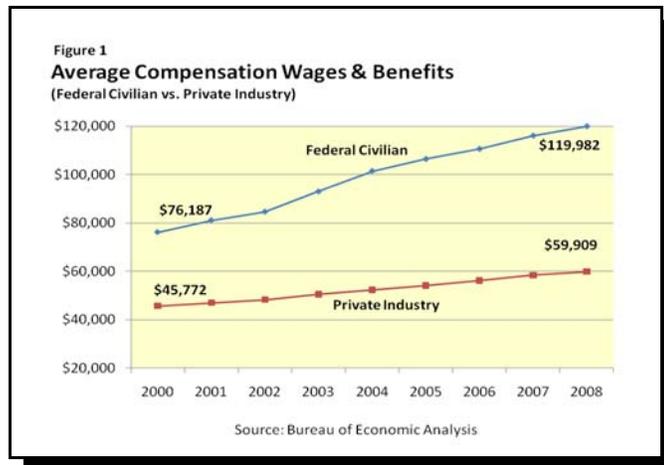
- This proposal would freeze Federal pay, which would narrow the widening gap between the compensation of employees in the Federal Government and workers in the private sector.
- The bill would save about \$2 billion in 2011 and \$30 billion over 10 years, by House Budget Committee Republican staff estimates.

SUMMARY

- The legislation would freeze Federal pay and cost-of-living-adjustments for Federal civilian employees for 1 year at the 2010 level.

BACKGROUND

- The recession has caused widespread private sector job losses. According to the Bureau of Labor Statistics, there were about 15.3 million unemployed persons in the United States in April, and the unemployment rate was 9.9 percent.



- The economy's troubles also have had a chilling effect on wage growth. Most private sector employees saw their wages frozen, and some even saw wages decline.

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- In contrast, Federal workers saw their wages increase due to automatic formulas in law that provide them with step-in-grade and cost-of-living-adjustments. Federal employees have received pay raises that exceeded inflation in all but one of the past 10 years.
 - Federal workers have consistently outpaced their private sector counterparts in average compensation by a widening margin. In fact, Federal workers earned on average 66 percent more than private sector workers in the year 2000; by 2008, this gap had risen to 100 percent (see Figure 1, previous page).
 - In 2008, the average Federal worker received \$119,982 in wages and benefits, \$60,000 more than the average private sector employee. This is likely one of the reasons that six of the 10 wealthiest counties in the United States, based on median household income, are in the Washington, DC metropolitan area, according to *Forbes* magazine.
 - This legislation would begin to address the absurdity of allowing the public sector to prosper while the private sector continues to struggle.

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.