



***(December 14, 2011)***

In order to further improve the lines of communication and to respond to the concerns between the National VA Council and you our members, I have established a National VA Council Briefing. This NVAC Briefing will bring you the latest news and developments within DVA and provide you with the current status of issues this Council is currently addressing. I believe that this NVAC Briefing will greatly enhance the way in which we communicate and the way in which we share new information, keeping you better informed.

**Alma L. Lee**

National VA Council, President

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**In This Briefing: House passes bill that includes extending federal pay freeze**

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**House passes bill that includes extending federal pay freeze**

By Kellie Lunney [klunney@govexec.com](mailto:klunney@govexec.com) December 13, 2011

The House on Tuesday passed legislation that [extends the federal pay freeze](#) and requires government employees to contribute more to their pensions. In a 234-193 vote, House lawmakers approved a bill ([H.R. 3630](#)) to extend the payroll tax holiday for most Americans. To help finance the tax cut, the legislation includes provisions extending a pay freeze for federal employees and members of Congress through 2013. It also increases the amount feds and lawmakers contribute to their government pensions by 1.5 percent over three years, starting in 2013. Federal employees currently are under a two-year pay freeze that took effect in January; lawmakers have voted the past two years to freeze their own salaries.

The White House said President Obama would veto the legislation if both chambers pass the bill. "H.R. 3630 seeks to put the burden of paying for the bill on working families, while giving a free pass to the wealthiest and to big corporations by protecting loopholes and subsidies," said the statement of policy. The statement

did not specifically address a prolonged pay freeze for federal employees or provisions that would increase the amount feds contribute to their retirement benefits. Obama and many Democrats supported the original two-year pay freeze and the president also recommended federal employees pay more into their pensions as part of his deficit reduction plan.

Republicans, however, maintain that the payroll tax extender plan is a [balanced package](#) that is offset by necessary spending cuts and includes provisions providing tax relief to many Americans and businesses while protecting [Social Security](#). The GOP plan says freezing federal pay through 2013 will save \$26 billion, while changing the pension contribution rates will save \$36 billion.

The payroll tax holiday faces more of an uphill battle in the Senate. Obama and Senate Democratic leaders [reportedly](#) want to link the fate of the payroll tax cut extension to an omnibus spending bill that would keep the government running after Dec. 16. Obama is adamant that both chambers agree on a payroll tax cut deal before they leave for the year. The House and Senate are close to an agreement on the spending bill, so the politics of the payroll tax extender package have prompted speculation over another possible government shutdown.

White House Press Secretary Jay Carney dismissed the possibility of a government shutdown during his press briefing on Tuesday, saying there was "ample time" to complete the necessary legislative work that remains. "If there is the need, come the end of the week, for Congress to pass another short-term CR [continuing resolution], as it has done seven times this year, then they should do that to avoid a shutdown," he said. "We don't need to get that point, but if we do, this is certainly not an exceptional action that Congress would have to take to ensure that there is time to get the work done that it needs to get done."

Carney also said the administration was "confident that Congress will not leave town without extending the payroll tax cut for 160 million Americans, because the president is going to insist that they stay here until they get it done." That sets up a scenario in which Congress could remain in session up until the Christmas holiday.

Federal employee unions criticized the proposals affecting federal pay and benefits to finance the payroll tax cut extension, calling it an attack on government workers.

Sen. Ben Cardin, D-Md., and Reps. Chris Van Hollen, D-Md., and Jim Moran, D-Va., are participating in a conference call Wednesday with the National Active and Retired Federal Employees Association to speak out against the proposals affecting federal pay and benefits. The three lawmakers have large federal employee constituencies.

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