



AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

Eric Bunn Sr.
National Secretary-Treasurer

Dr. Everett B. Kelley
National President

Jeremy A. Lannan
NVP for Women & Fair Practices

September 24, 2020

Honorable John Larson
Chairman
Social Security Subcommittee
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Honorable Tom Reed
Ranking Member
Social Security Subcommittee
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Larson, Ranking Member Reed and Members of the Subcommittee:

On behalf of the American Federation of Government Employees, AFL-CIO (AFGE), which represents more than 700,000 federal employees who serve the American people in 70 different agencies, including more than 45,000 employees at the Social Security Administration (SSA), I write to urge the Committee to support H.R. 8171 the "Save Social Security Now Act" and H.J.Res. 94. Together, these measures would overturn the deferral of payroll tax contributions under a recent Presidential Memorandum and disapprove measures to implement it. AFGE thanks Chairman Larson for his leadership in addressing this very serious mistake and thanks you for holding this hearing.

The President's Memorandum to defer payroll taxes has been forced upon federal employees. Approximately 1.3 million federal workers in multiple agencies had the deferral imposed upon them without their consent. This could have devastating effects on employees who may be unaware of the change in withholding, and then will have to pay double payroll taxes for the first four months of 2021. We are extremely concerned about employees who either retire, leave federal service, or perhaps take leave that puts them in a non-pay status who could owe penalties and interest on amounts unpaid as of April 1, a different tax year from the one in which the deferral took place.

AFGE also opposes the Old-Age, Survivors and Disability Insurance (OASDI) tax deferral because making it permanent is solely about defunding the Social Security system, so that it can be declared bankrupt and discontinued. No one should view this as anything other than an attempt to undermine Social Security.

Most federal employees earn a modest salary and live paycheck to paycheck. AFGE wrote to Treasury Secretary Steven Mnuchin and Office of Management and Budget Director Russell Vought urging them to make the deferral optional, allowing employees to choose to opt in, or at the very least be able to opt out. Since they refuse to take this action, AFGE is advising our members to save the money that would have been withheld so that they do not have to struggle to make these payments next year.

News reports have indicated that very few private employers have implemented the temporary suspension in payroll taxes. The U.S. Postal Service is not participating and Leadership in both

the House and Senate have indicated they will not defer the withholding, but federal employees are being forced to participate.

While federal workers are affected in all agencies, the employees of the Social Security Administration are particularly aware of how a delay in payment of payroll taxes affects individuals and their families. For this reason, our union members at SSA have filed a “Demand to Bargain” asserting that this change in withholding also represents a change in conditions of employment in violation of the collective bargaining agreement.

For the past 36 years, since the establishment of the Federal Employees Retirement System (FERS) federal employees have participated in the Social Security system. As such, AFGE is a strong supporter of the Social Security system not only as employees of the agency that administers this program, but also as beneficiaries. We oppose any and all efforts to diminish or harm Social Security, the most popular and successful federal program that keeps the elderly and the disabled out of poverty and comprises a substantial portion of most Americans’ retirement income security.

Thank you for considering AFGE’s views. For additional information or questions, please contact Julie Tippens, julie.tippens@afge.org.

Sincerely,

A handwritten signature in black ink that reads "Alethea Predeux". The script is fluid and cursive, with the first name and last name clearly distinguishable.

Alethea Predeux
Director, Legislative Department