



AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

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March 24, 2015

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the American Federation of Government Employees, which represents more than 650,000 federal employees, I urge you to support *The People's Budget*, the FY 2016 budget proposed by the Congressional Progressive Caucus, when the House considers it during the week of March 23.

The People's Budget, according to a comprehensive analysis performed by the Economic Policy Institute, would have significantly positive fiscal and economic impacts. Specifically, it would:

- **Accelerate the economic recovery.** *The People's Budget* would sharply accelerate economic growth, boosting U.S. gross domestic product by 3.9% within one year of implementation while ensuring that fiscal support lasts long enough to avoid future "fiscal cliffs" that could throw recovery into reverse.
- **Promote job growth and achieve full employment.** *The People's Budget's* near-term economic stimulus measures would create 4.7 million jobs in calendar year 2015 alone and an additional 3.8 million jobs over the following two years.
- **Make necessary public investments.** *The People's Budget* would finance roughly \$528 billion in job creation and public investment measures in calendar year 2015 alone and roughly \$1.34 trillion over calendar years 2015-2017. This fiscal expansion is consistent with the amount of fiscal support needed to rapidly reduce labor market slack and restore the economy to full health.
- **Facilitate economic opportunity for all.** *The People's Budget* would boost economic opportunity for all segments of the U.S. population by expanding tax credits and other programs for middle- and working-class workers, boosting public employment, and incentivizing employers to create new jobs.
- **Strengthen social insurance.** *The People's Budget* would strengthen the social safety net and propose no benefit reductions to social insurance programs. Instead, it would use government purchasing power to lower health care costs and build upon efficiency savings from the Affordable Care Act. *The People's Budget* also would expand and extend emergency unemployment benefits and increase funding for education, employment, and social services as well as income security programs.

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- **Ask everyone to contribute his or her fair share of taxes.** *The People's Budget* would restore adequate revenue and push back against income inequality by adding higher marginal tax rates for millionaires and billionaires, equalizing the tax treatment of capital income and labor income, eliminating inefficient corporate tax loopholes, restoring a more progressive estate tax, levying a tax on systemically important financial institutions, and enacting a financial transactions tax.

Of course, assembling any serious budget proposal requires a multitude of difficult decisions and trade-offs. While AFGE does support *The People's Budget*, we cannot endorse its steep reductions in defense spending, which would prevent the Department of Defense (DoD) from performing its mission. The level of defense spending in the President's own budget represents the bare minimum required to meet the national military strategy. AFGE also dissents from *The People's Budget* with respect to Overseas Contingency Operation (OCO) spending. Until the nation is prepared to pay for our overseas operations out of the base budget and increase that budget accordingly, OCO funding will remain necessary to ensure that we maintain a ready military and a strong civilian workforce.

At the same time, *The People's Budget* includes excellent language on insourcing, which would bolster the civilian workforce while reducing costs to taxpayers: "The proportion of private contractor personnel would be significantly reduced and their work transitioned to civilian personnel, curbing needless 'outsourcing' that creates excessive cost overruns." DoD service contract costs exploded by 116% between 2000 and 2012, according to the Congressional Budget Office in a report issued last week, several times the increase in spending on civilian personnel. Former DoD Secretary Robert Gates told *The Washington Post* in 2010 that civilian employees cost 25% less than contractors. Former Comptroller Robert Hale told the Congress in 2013 that civilian employees are significantly cheaper than contractors, particularly with respect to long-term performance, a point conceded earlier this month by Army Secretary John McHugh. In fact, the use of insourcing by the Army led to dramatic reductions in service contract spending in a short period of time.

Thank you for your kind consideration of our request. Please feel free to contact Alan Kadrofske in our Legislative Department (202-639-4000; kadroa@afge.org) if or your legislative staff have any comments or questions.

Sincerely



Beth Moten
Legislative and Political Director