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### **Newsletter for March 2018**

There is no good news in the president's budget for 2019. The proposal calls for massive cuts in Social Security and Medicare. It gives no hard facts. He also proposes a significant cut in Social Security staff. All of the above he promised not to do while running for office. Congressional leaders say the budget is DOA. I will let you know what is going on when the budget is being debated. There is significant opposition to changes in Social Security and Medicare. So, I wouldn't worry yet.

Federal employees should be very concerned. The President is going after massive reductions in Federal employees. The Administration is trying to change the pay scale to performance-based raises. It is very difficult to measure performance as there is no clear bottom line as there is in the private sector. Reagan implemented it as "Merit Pay" and it was a disaster. It was abolished after 2 years.

The Administration is asking for cuts in pay, benefits, and retirement pay. OPM has already asked healthcare carriers to cut benefits for next year. The carriers must submit packages for calendar year 2019 by July. We will keep you informed as the contracts are approved.

The only good news is that Congress will take up voluntary retirement. They may raise the buyout amount to \$40,000. It is currently \$25,000 and has not changed since implemented a quarter of a century ago.