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June 14, 2012

Dear Brothers and Sisters,

I want to bring you up to date on an action that the AFGE National Executive Council (NEC) took on May 10<sup>th</sup>. The NEC voted to endorse President Barack Obama for re-election against the Republican nominee for President, former Governor of Massachusetts Mitt Romney.

I am writing to discuss that decision.

When you boil it all down, we believe President Obama, while imperfect, is the far better choice to lead our country through the next four years. It's fair to ask why we decided that.

### ***AFGE Member Survey***

Of the AFGE members who participated in our online Presidential endorsement surveys, 66% supported President Barack Obama, 22% supported Mitt Romney, and 12% were undecided.

### ***Federal Budget Proposals – Impact on Agencies and Jobs***

Mitt Romney has endorsed the budget authored by Budget Committee Chairman Paul Ryan (R-WI) which has passed the Republican-controlled (Tea Party-dominated) House of Representatives. This draconian bill would destroy most agencies because of its sole reliance on budget cuts to reduce the deficit. Key programs like Medicare and Social Security would be drastically cut back, pushing tens of millions of future seniors into poverty and cutting back drastically on Medicare. As agency budgets are slashed, so are the jobs of our members.

At the same time, taxes for wealthy Americans and corporations would be reduced significantly. Romney has proposed even larger tax cuts than Ryan, meaning lower revenues and even deeper program cuts. The estimate on the job cuts of the Ryan/Romney budget is thirty percent, or 600,000 federal employees. For a large portion of our members, this loss of their livelihoods would be real and devastating.

President Obama has taken a balanced approach to budget reductions and new revenues. He insists that the Bush tax cuts expire for those with higher incomes. Agency budgets would be significantly tighter but without destroying vital federal programs which employ our members.

The austerity measures in Europe, which are composed of extremely large cuts in government programs and benefits, have already thrown parts of Europe back into a recession. The Ryan/Romney budget plans would have a similar impact here in America. We cannot afford to slip back into a recession. That would be devastating to America and it would create even larger deficits used to attack government and government employees.

### ***Federal Retirement and Pay***

On May 10th, the House of Representatives passed Ryan's budget reconciliation bill which would permanently raise taxes on federal employees, by forcing you to pay an additional **five percent of your salary** into your pension. This would be equivalent to a permanent five percent pay cut. The Ryan budget resolution, which passed the House March 29th on a party-line vote, would also extend the current two-year pay freeze for an additional three years. Mitt Romney has been "very supportive" of the Ryan budget plan, calling it "a bold and exciting effort."

In addition to the vicious attacks on federal employees, these budget measures also shred the safety net for our country's most vulnerable populations, cutting back on food stamps for the needy, housing for the homeless, and health care for the poorest of the poor, **yet Ryan and Romney categorically refuse to raise taxes on those who can most afford it – millionaires and billionaires.** Fortunately, these Ryan/Romney budget measures will go nowhere in the Democratic-controlled Senate, but even if they got to his desk, President Obama will veto them.

**On the night Mitt Romney clinched the nomination, he essentially declared war on government employees: "We will stop the unfairness of government workers getting better pay and benefits than the taxpayers they serve."**

### ***Jobs: Outsourcing/Insourcing***

For the first time ever since the 1950's, the President has implemented an insourcing program in which jobs previously contracted out are now performed by federal employees. In addition, the agencies, for the first time ever, are creating inventories of all their contracts so they can be reviewed for possible insourcing in the future. These are achievements that AFGE won.

Mitt Romney has a different plan. On May 15<sup>th</sup> in Iowa, he said, "Wherever we have the option of returning functions back to the states, to local governments, or, better still to the private sector, that's what we will do." In other words, after destroying most agencies through radical budget cuts, Romney will dismantle what few jobs are left and hand them over to contractors.

For these reasons alone, AFGE's NEC has endorsed President Obama. Nothing is more important to the federal workforce than their pay, pensions, and jobs. The last year has taught us that with the control of the House in the hands of people who truly hate federal government employees, and the Senate's pro-federal employee majority hanging by a thread, re-electing Barack Obama would be vastly preferable to electing Mitt Romney.

But there's more. Much, much more.

### ***The 2008 Economic Crisis***

After President Obama was sworn in on January 20, 2009, he immediately went to work trying to staunch the hemorrhaging from the open wound of an economic crisis the likes of which no one had seen since the Great Depression. When he took office, two million Americans had lost their jobs in the prior three months. The economy was in free fall. His approach was aggressive and hands on, and we and the rest of the labor movement strongly supported his proposals for

stimulus spending, including the American Jobs Act and the Recovery Act, which helped prevent even more layoffs of Americans in the private sector and state and local governments.

President Obama also acted swiftly to help our brothers and sisters in the United Auto Workers (UAW) by doing everything possible to save General Motors and Chrysler. These corporations have negotiated with the union good compensation packages for their employees since 1935, including defined benefit pensions and decent health insurance benefits, similar to those of federal employees. Those companies are now thriving, and thousands of auto workers are back on the job as a result of President Obama's intervention.

Governor Romney opposed the federal rescue of the auto industry because he favored forcing the companies to go through bankruptcy proceedings. The problem with his notion is that there was no private financing available to allow the companies to undergo the regular bankruptcy process. The rescue of the auto industry had to be government-driven, or the companies would have been destroyed, and over a million jobs with them.

By January 2010, twelve months after the President took office in the middle of the economic meltdown, the private sector began producing more jobs than it was losing, and it has continued to do so for 23 straight months, creating a total of 3.7 million private sector jobs.

### ***The Federal Deficit***

The economy wasn't the only challenge facing President Obama when he took office. Eight years of Bush tax cuts, two unfunded wars, and then the financial collapse created a large federal deficit. The House Republicans seized on the deficit as being the primary culprit behind the shaky economy, rather than the failure of President Bush to reign in Wall Street abuses. They flatly refused, as did Senate Republicans, to agree to any additional stimulus spending, despite numerous requests by the President. Conservative Republicans consistently blocked every proposal put forward by the Obama Administration or Democratic leaders in the Congress to stimulate the economy.

The political agenda behind their obstructionism is not subtle: Senate Republican Leader Mitch McConnell (R-KY) stated unequivocally to the *National Journal* in late October 2010 that **"the single most important thing we want to achieve is for President Obama to be a one-term president."** If that means impeding the President's efforts to improve the economy and put Americans back to work, so be it.

### ***Preventing another Financial Collapse – Wall Street Reform***

After the financial banking collapse that led our country into the Great Depression of the 1930's, President Franklin Roosevelt and Congress enacted laws aimed at preventing the risky gambling that was at the core of the crisis. But over time and under pressure of Wall Street and the banking industry, these laws and protections have been greatly watered down or eliminated. In 2008, after ten years of that "deregulation," our financial system collapsed, leading America into the worst economic crisis we have faced since the Great Depression.

President Obama fought hard to pass the Dodd-Frank Wall Street Reform and Consumer Protection Act, which protects consumers from predatory lenders, holds corporate leadership accountable and helps prevent future bank bailouts. While more regulations are still necessary and being written, this legislation was a major step forward in curbing the wild excesses that created the financial collapse and our current economic situation.

On the side of Wall Street and Big Banks – instead of Main Street – Mitt Romney has vowed to overturn the Dodd-Frank legislation, saying it is an example of regulatory excess. Mitt Romney's deregulation policy would set our country back on the path to another collapse. The "bad bet" losses of billions of dollars announced recently by J.P. Morgan is a clear example of the need for more safeguards rather than removing those that now exist.

### ***Economic History of the Bush Administration***

The economic crisis and the resulting deficits are the basis for those who attack the value of government, government employees and public employee unions. So it is important we understand it.

In 2000 we had full employment, the higher and fairer Clinton era tax levels, and a federal budget surplus which could have been used to pay off the U.S. debt. Instead of paying off the debt, President Bush and the Republicans in Congress cut taxes (mostly for the wealthy) which created the largest deficits in history. In addition, our nation has fought two wars that have not been paid for, substantially adding to the deficit.

During the eight years of the Bush Administration, there was a massive transfer of manufacturing jobs overseas. Millions of Americans lost their good paying jobs while corporate profits reached all-time highs and CEO pay continued to soar. Communities across America were devastated as local and state governments faced higher unemployment payments, lower tax revenues and the beginning of the home foreclosure crisis.

The tax cutting/supply side/trickledown economics practiced since the 1980's, not only created massive deficits, but shifted more income and wealth to the very wealthy—the top 1%. When added to the outsourcing of good paying jobs overseas and the attacks on unions and collective bargaining in the private sector, middle class wages and wealth were further reduced. Meanwhile corporate profits rose to all-time highs. Corporate CEOs and major wealthy stockholders received the bounty from these economic policies.

### ***Going Forward: How to Improve the Economy and Reduce Unemployment***

President Obama says, "What drags our economy down is when there's an ever widening chasm between the ultra-rich and everybody else. In this country broad-based prosperity has never trickled down from the success of a wealthy few. It has always come from the success of a strong and growing middle class."

President Obama continues to press for legislative and regulatory efforts which will put more Americans back to work, including tax credits for companies which move operations back to the

U.S., eliminating tax incentives that allow companies to deduct the costs of moving their business abroad, passing legislation that will extend the Production Tax Credit to support American jobs and manufacturing in the clean energy industry, passing legislation that creates a Veterans Jobs Corps to help Afghanistan and Iraq veterans get jobs as police officers and firefighters, and by passing legislation to help responsible homeowners refinance.

Governor Romney has stated, "We're struggling because our government is too big. I will repeal burdensome regulations, and prevent the bureaucracy from writing new ones...Instead of growing the federal government, I will shrink it." He believes that lower corporate taxes, less regulation and more trade deals will spur economic growth. He has not proposed a specific job plan for the private sector.

### ***Tax Fairness***

President Obama supports the "Buffet Rule" which guarantees that the wealthiest of Americans pay at least 30% of their income in taxes. He would repeal Bush-era tax cuts – except for individuals making under \$200,000 per year and couples making under \$250,000 – which would generate more than \$700 billion over ten years for critical federal services and job creation. The President would also give companies a 20% income tax credit for moving operations back to the United States, eliminate tax incentives for companies that move American jobs overseas, and give businesses that create new jobs or increase wages a 10% tax credit.

Governor Romney would, instead, make the Bush tax cuts permanent. He would not ask the wealthiest individuals or profitable corporations to pay a fairer share of taxes. Instead he would "cut tax rates across the board" by lowering the effective corporate tax rate from 35% to 28% and by dropping all individual tax rates by 20%, including for the wealthiest whose rate would drop from 35% to 29%.

### ***Employee Rights, Collective Bargaining and Unions***

President Obama appointed supporters of federal employees and their unions in key federal agencies. In particular, we were quite pleased with his nominees to the Federal Labor Relations Authority (FLRA) and the Federal Services Impasses Panel (FSIP), as well as the Merit Systems Protection Board (MSPB). With rare exception, the Obama appointees for positions in those agencies have lived up to our hopes and expectations. After eight years of outright hostility from those agencies under the Bush Administration, there is no doubt that our concerns have been dealt with fairly by the Obama appointees to those agencies. Each of these three agencies has issued important decisions supporting employee and union rights. By putting good people in charge of the MSPB, FLRA and the Impasse Panel, President Obama has created the opportunity for these agencies to challenge unfair actions by managers.

Governor Romney has consistently criticized unions, stating that he has "taken on union bosses before" and is "happy to take them on again." If elected President, he has promised to sign a federal "right-to-work" law if it reaches his desk. So-called "right-to-work" laws are in effect in 23 states, and they are specially designed to drive down union membership, which result in

much lower wages and benefits for working families. Romney would expand those laws to cover the entire country.

Mitt Romney has stated he stands with Governor Scott Walker in Wisconsin on his attacks on public employees, their unions and collective bargaining. President Obama, on April 27, 2011 stated his disapproval of Walker's statements blaming public employees for the financial crisis as well as his acts aimed at eroding bargaining rights.

### **Conclusion**

In summary, brothers and sisters, AFGE has made a choice between two candidates for President. The challenger, Mitt Romney, has made it perfectly clear from his business dealings and his statements in his run for office that he has little respect for working people, especially those who work for the federal government, and virtually no respect for the labor movement. His economic policies would be at least as bad as those of President Bush, and he is eager to lead the attack on the economic livelihoods of federal employees.

By contrast, President Obama believes in the American labor movement and its values, and he also credits public servants with providing for the nation's security and well-being. We believe his heart is in the right place. But there is no doubt that he has occasionally disappointed and frustrated us. However, the election is not about our expectations, but is instead a choice between two very different futures for our members.

We considered making no endorsement. But a wise local president said to me that if AFGE failed to endorse, it would send the wrong message to our dedicated members: that it doesn't really matter who is the President of the United States. And of course it does matter. It matters profoundly: for our job security, our pay, our retirement benefits, and the very nature of our proud work for America.

The AFGE National Executive Council has endorsed President Obama for re-election. I strongly urge you and your local brothers and sisters to examine the records of the two candidates. I believe when you have done so, you will reach the same conclusion.

In solidarity,

A handwritten signature in black ink that reads "John Gage". The signature is written in a cursive, flowing style.

John Gage  
National President