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TO: NATIONAL COUNCIL SSMA OFFICERS AND EXECUTIVE
COMMITTEE

RE: Legislative Report #22

House Civil Service Subcommittee hearing on reform proposals:

Hill staff and federal employee union/association meetings were held last week to discuss the draft of Chairman Mica's proposals; NCSSMA quickly provided background information and talking points on some major issues covered by the proposals -- demonstration project expansion, appeals streamlining, and performance management. I also submitted suggested questions to be asked of OPM at the June 24th hearing regarding the supervisory overtime problem. We will be preparing a formal statement to submit for the record of the hearing. Although Mica hopes to fast track a civil service reform bill, it became clear last week that many of the proposals are controversial or lack consensus even among the unions. Few of the proposals are spelled out in specific language -- so there are a great number of questions to be answered before positions can be taken on many issues.

Rumored deletions to be taken from the first cut of the bill include: authority to conduct demonstration projects involving benefits; a section requiring agencies to report on the amount of resources devoted to unions' employee representation and prohibiting lobbying, political activities, and the conduct of internal union business at government expense; a provision prohibiting federal employment of persons who have been convicted of use, possession, or sale of narcotics and also requiring termination of federal employees who are convicted of narcotics violations; a provision strengthening ability of managers to limit within grade increases and eliminating appeal to MSPB.

It is impossible to know at this point whether any of the above would be included in modified form, it is equally impossible to know which of the following will remain in the bill:

- * increased size and number of demo projects with some limits on bargaining;
- * additional hatch act violation penalties;
- * formal procedures for disciplinary measures imposed on federal managers as a result of appeals agency decisions;
- * additional retention credit for employees based on performance in RIFs;
- * group awards for teams;
- * a prohibition of two-tier evaluation systems;
- * limitation on the number of PIPs an employee can be placed on

(i.e., enhanced ability to remove "poor performers."

- * mandate for or other strengthening of Alternate Dispute Resolution;
- * requirement that federal employees appealing personnel actions must choose a single appeal before only one appellate agency;
- * other agency-specific appeals issues which Mica's staff indicate GAO has recommended;
- * provide annual increases for ALJs "consistent with other federal personnel" and change pay rates so that appellate judges at SSA are paid at least equal to the ALJs whose cases they review.
- * require "full disclosure" of all the government's costs of employment on payroll statements (retirement contributions, FEHBP and unemployment insurance, FICA, etc.)
- * establish a new retirement system beginning in 2001 in which some (and later, all) of CSRS employees' retirement contributions are diverted into FERS Thrift Savings Plan;
- * authorize employees to begin participating in the thrift savings plan when first hired; allow new hires to roll 401(k) funds into thrift plan; allow contributions up to the IRS limit of \$10,000/yr.

(I recognize that lots in the above is confusing; I cannot answer questions to clarify anything at this point.)

One section indicates that Rep. Davis' bill regarding supervisory overtime would also be included. The National Federation of Federal Employees raised objections at a very informal meeting of interested parties last week, but indicated they were unaware of the fact that the current supervisory overtime cap was over 30 years old. I have provided them with the relevant information; PMA and FMA have also spoken with them, and we are hopeful that a fuller understanding of the problem and needed correction will alter their view. However, we were told by Democratic staff that the issue of cost, and the unknowns about cost (since the bill has not yet been scored by the Congressional Budget Office) may be a serious obstacle. The support of Civil Service Ranking Member Cummings on this issue is very important, and I will do my best to fully inform his staff.

(**Note:** Since the introduction of the bill, I have heard from SSMA members only regarding Rep. Barney Frank's agreement to become a co-sponsor of the bill and Rep. Kasinich's contact with Chairman Mica in support of action on the issue. **NCSSMA is working work very hard to get additional co-sponsors on H.R. 3956** -- the fact that it may or may not be included on a larger Civil Service reform bill which may or may not advance this year does not change that mandate for us.)

Mica's "discussion" draft also includes provisions regarding postal employees and the EEOC process; White House job conversions; firefighters training pay; extension of MSPB appeal rights to FBI agents; retirement and portability issues for the Federal Reserve Board, Railroad Retirement Board, Secret Service and political appointees and congressional staff; miscellaneous bills affecting survivor annuity benefits, children's health benefits under court orders, and organ donor leave extension; voluntary reduction in force; OPM reporting requirements on agencies' training activities; federal employees right of first refusal to

positions with contractors when their jobs are converted to contract; and more!

Within the next two weeks, I hope to have a far better idea of what some of these provisions mean, whether a bill will actually move, which proposals will survive to be on it, and whether there is any chance that the Senate would take up any civil service reform proposals which might make it to the House floor this session.

Through informal channels, I have heard that OPM continues to work on its Human Resource Management flexibility proposals but will not have a revised version until mid-July. They are not at this time rushing to ask Chairman Mica to include those proposals on his currently-developing bill (although some of the provisions in it are based on earlier recommendations from OPM).

On the Social Security front: Due to the need to attend to the front-burner civil service proposals and to prepare to meet with NCSSMA in Baltimore this week, I will delay until next week an update on the many hearings regarding solvency and reform which have been held the last few weeks. Senator Roth postponed a hearing, scheduled for last Thursday, at which Treasury Secretary Rubin and Commissioner Apfel were to testify regarding personal savings accounts. Roth's series of four hearings on the related issues of SSA solvency, PSAs, private sector retirement programs, and national incentives for individual savings now may not begin until after the July 4th recess. Roth still plans to introduce legislation establishing PSAs funded by investing the overall budget surplus.

Meanwhile, House Ways and Means Ranking Minority Rep. Rangel requested from the Congressional Research Service an analysis of the impact on future Social Security benefits of several of the current proposals which divert part of the SS contribution into personal savings accounts invested in market based funds. The plans analyzed included the Moynihan-Kerrey bill and the Gregg-Breaux plan. According to a report in USA Today, CRS determined that total benefit losses would be as much as 21% for the average worker, even after considering the benefits from the personal accounts. The Heritage Foundation reportedly has issued a counter analysis which points to errors and incorrect assumptions made by CRS. This controversy created quite a stir last week at the time of Social Security Chairman Bunning's hearing on the effects individually-owned accounts would have for retirees as well as for financial markets and investment businesses. I will obtain both the CRS analysis and the Heritage Foundation report for Ron Niesing.

End

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[6] From: WILLIAM BLOMBERG at ~KC726 7/2/98 10:15AM (33176 bytes: 1 ln, 1 fl)
 To: DAVID ANDERSON, barbara Bagby at ~KC690, BRUCE BUNDE, SUSAN ENGLE at ~S2D7-2, Elizabeth Gildea at ~KC690, DOROTHY GREENING at ~S6B-F7, John Hale at ~KC697, Greg Heineman at ~KC730, Richard Holder at ~KCB35, Bill Hunot at ~KCE75, Bob Leiter, Sherry McCrory at ~KC778, TOM MCGINNESS at ~S2D7, BUD NOLKER at ~S2D7-2, Shelia ORourke at ~S2D7-2, Nancy B. Parker at ~KC778, Thomas Pollard at ~KCB37, Ray Powell at ~KC697, Sherry Purcell at ~KC690, Darla Rayburn at ~KC747, Doris Saathoff at ~KC731, don schoening at ~MAMPSC2, VANCE SNIVELY at ~S2D7-2, Ted Spencer at ~KC739, Toni Vaughn at ~KC701, James Yenck at ~KC690, |IA FO Burlington at ~KC699, |IA FO Cedar Rapids at ~KC696, |IA FO Clinton at ~KCB40, |IA FO Creston at ~KC700, |IA FO Davenport at ~KC691, |IA FO Decorah at ~KCB42, |IA FO Des Moines TSC at ~KCE43, |IA FO Dubuque at ~KC695, |IA FO Iowa City at ~KCB34, |IA FO Marshalltown at ~KCB36, |IA FO Mason City at ~KC698, |IA FO Oskaloosa at ~KCC56, |IA FO Ottumwa at ~KC694, |IA FO Sioux City at ~KC692, |IA FO Spencer at ~KC780, |IA FO Storm Lake at ~KCC55, |IA FO Waterloo at ~KC693, |KS FO Dodge City at ~KC771, |KS FO Emporia at ~KCD16, |KS FO Hays at ~KC776, |KS FO Hutchinson at ~KC774, |KS FO Independence at ~KC775, |KS FO Johnson County at ~KC779, |KS FO Kansas City at ~KC, |KS FO Lawrence at ~KCD15, |KS FO Pittsburg at ~KC773, |KS FO Salina at ~KC770, |KS FO Topeka at ~KC768, |KS FO Wichita at ~KC769, |MO FO Chillicothe at ~KC097, |MO FO Clayton at ~KC742, |MO FO Columbia at ~KC, |MO FO Gladstone at ~KC777, |MO FO Hannibal at ~KC741, |MO FO Independence at ~KC, |MO FO Jefferson City at ~KC740, |MO FO Joplin at ~KC, |MO FO KANSAS CITY GATEWAY at ~KC098, |MO FO Kansas City South at ~KC736, |MO FO Kansas City TSC at ~S2D7, |MO FO Kennett at ~KC752, |MO FO Kirksville at ~KC, |MO FO Lebanon at ~KCC52, |MO FO Maryville at ~KCC53, |MO FO MERAMEC VALLEY at ~KCC51, |MO FO PARK HILLS at ~KC, |MO FO Poplar Bluff at ~KC749, |MO FO Rolla at ~KC750, |MO FO Sedalia at ~KC743, |MO FO Sikeston at ~KCD77, |MO FO Springfield at ~KC738, |MO FO ST. Joseph at ~KC737, |MO FO ST. Louis Central West at ~KC099, |MO FO ST. Louis Downtown at ~KC735, |MO FO ST. Louis North County at ~KCE76, |MO FO ST. Louis Northeast at ~KC, |MO FO ST. Louis Northwest at ~KCE75, |MO FO ST. Louis Southside at ~KC745, |MO FO ST. Louis TSC at ~KCE13, |MO FO St. Peterss at ~KC734, |MO FO SUNSET HILLS at ~KC, |MO FO Union at ~KCB38, |MO FO Warrensburg at ~KCD17, |MO FO West Plains at ~KC, |NE FO Council Bluffs IA at ~KCC49, |NE FO Grand Island at ~KC728, |NE FO North Platte at ~KC727, |NE FO Omaha at ~KC725, |NE FO Scottsbluff at ~KC

Subject: Legislative Report

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Text item 1:

Attached is the latest Legislative Report Nancy