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TO: NATIONAL COUNCIL SSMA OFFICERS AND EXECUTIVE  
COMMITTEE

RE: Legislative Report #25

**Civil Service Reform bill delayed:** The scheduled mark-up of Chairman Mica's proposals was postponed last week due to lack of consensus; it has been re-scheduled for subcommittee consideration on July 21. Many of the more controversial provisions are expected to be dropped. Since the Senate Governmental Affairs Committee will not take up any provisions other than the most non-controversial ones no matter what passes in the House, and since Mica could not muster the subcommittee votes needed for major portions of his bill, it appears that Mica will agree to a significantly downsized version. NCSSMA continues to advocate inclusion of a correction for the supervisory overtime pay cap. Ranking Member Cummings included H.R. 3956 on a short list of provisions he felt were adequately consensual to be included in an amended bill; however, Chairman Mica did not agree to that list. If the mark-up occurs this week, I will report in the next report which provisions are moving forward.

**Modified contracting out bill advances:** The Senate Gov. Affairs Committee reported an amended S. 314. NCSSMA had previously raised questions and concerns with committee members about the impact of the original bill. It now requires each federal agency to list functions (exempting "inherently governmental" ones) which could be contracted out to the private sector, and to submit the list to a new office to be created within OMB. Agencies are expected to review those functions and make decisions as to whether they should be open to competitive bid by the private sector; a process for public or private organizations to question agency decisions will be developed. This represents a bi-partisan compromise worked out by the committee leadership, taking into account the positions of federal employee groups, the Administration, and private contractors. The counterpart house bill, H.R. 716, which still has not advanced out of the Gov. Reform Committee due to lack of sufficient votes, would require agencies to both identify functions which could be contracted out and then put them out for bid.

**Federal civilian pay raise:** The Senate Treasury/General Government Appropriations bill contains an FY 99 pay raise (average combined national plus locality increase) of 3.6%.

The House counterpart stipulates 3.1%. The final decision will not be worked out until these bills are conferenced in September. I have not heard any reliable report that the President will advance a more generous alternative.

**IRS Restructuring legislation goes to President:** The IRS will have dramatic new flexibility in human resource management of over 100,000 under the reform bill which goes to the President for signature this week. IRS will be able to offer buy-outs until 2003 as it restructures. New pay and performance management systems are coming for IRS employees -- with the congressional intention that pay and performance be more closely linked and that the performance be more responsive and friendly to taxpayers.

**Social Security Subcommittee hearings on union activities:** Chairman Bunning has scheduled three short hearings for this week to consider questions concerning union activities and the use and cost of official time. Since the audits and analyses formerly performed by GAO were inconclusive and contained no substantive recommendations, Bunning had asked SSA's IG to investigate. At the first hearing, Mr. Williams will testify concerning four aspects of the study: a broad evaluation; results of a survey of field locals and managers; partnership; and results of a headquarters survey. The second hearing is to hear from Social Security employees, and the third is to provide AFGE and SSA an opportunity to respond. These hearings were scheduled very quickly; to my knowledge, NCSSMA was neither notified in advance nor asked to participate. I have no further details at this time. I plan to attend and provide a summary of the proceedings.

Many congressional hearings are being scheduled at a rapid pace as Congress tries to fit in as much as possible in the waning days of the 105th. The postponed Senate Finance Committee hearing at which Comm. Apfel is expected to testify along with Treasury Sec. Rubin and Deputy Sec. Summers on retirement funding of the future from SS and other sources has been rescheduled for this week, the next three in the series should be set soon. The House Human Resource Subcomm. hearing on SSI as "high risk" for fraud and abuse was re-scheduled but again postponed. I will try to cover as many as I can, but we are now running into problems with simultaneous scheduling and multiple scheduling changes with which it is hard to keep up.

There is a strong sentiment on the Hill, particularly among some Democratic Members and staff who are staunch supporters of Social Security and SSA's services, that any hearing focusing on Social Security -- whether it be about possible program changes such as personal savings accounts or operational issues such as official time and partnership -- can become an opportunity for those who would like to see widespread privatization of operations in the federal government to argue that SSA is not competent to manage SS programs. There is an undercurrent of uneasiness that, having enacted IRS reforms, the Republican majority may move next to SSA. At the same time, key Republican leaders, such as Chairman Porter (ILL) of the House Labor/HHS/Ed appropriations subcommittee and Chairman Horn (CA)

of the House Gov. Reform Subcommittee on Gov. Management are publicly and privately supportive of SSA and its employees as well as its financial management, its efforts to tackle the year 2000 problem, etc. While it is hard to read the tea leaves, it is important that we keep in mind the need to advance at every possible opportunity the idea that SSA, while it may be struggling with challenges caused by growing workloads coupled with diminished resources, is rising to those challenges and is providing both admirable stewardship for taxpayer dollars and a spirit of public service which cannot be matched by the private sector.

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