

JANET M. GARRY
GOVERNMENT AFFAIRS CONSULTANT
P.O. BOX 749
ROCKVILLE, MD. 20848-0749
TELEPHONE (301) 770-1850/ FAX (301) 770-1852

DATE: July 27, 1998

TO: NATIONAL COUNCIL SSMA OFFICERS AND EXECUTIVE
COMMITTEE

RE: Legislative Report #26

Civil Service legislation acted on at Subcommittee and Full Committee levels:

Last week, the House Civil Service Subcommittee reported favorably four freestanding measures rather than combine these proposals and any others into a civil service reform package. Chairman Mica could not obtain sufficient votes for a comprehensive bill. The bills favorably reported were:

H.R. 2526, raising the Thrift Savings Plan contribution cap to \$10,000 per year regardless of salary (to match what private sector employees can contribute to 401(k) plans) and to allow new hires to participate immediately upon employment and to transfer 401(k) and similar retirement savings into the federal program.

H.R. 2566, expanding the reduced annuity option for re-employed federal workers who received a refund of retirement money when they left and who would not prefer to make a redeposit.

H.R. 4280, allowing appropriated salary account funds to be used to for childcare subsidies for certain federal employees (prompted in part by the need to assist welfare to work mothers)

H.R. 2943, increasing the amount of leave for a federal employee to serve as an organ donor (up to seven additional days of paid leave for bone marrow donations and up to thirty additional days paid leave for organ donors).

I understand that the full Committee subsequently also reported these bills, but I was unable to attend mark-up because of conflict with the official time hearings I was attending. At the subcommittee mark-up, Chairman Mica expressed strong disappointment that these four bills were among so few on which there was consensus for action, given the much more substantive reform initiative he had hoped to move on. He reserved the right to call additional hearings this year on some of the other provisions of his draft bill and to attempt again to move move other measures to the House floor. However, with the very few remaining legislative days before adjournment, we do not expect any of the more controversial issues to be resolved to the degree necessary to move legislation. Mica urged federal employee groups to work together to agree to civil service reforms because he believes "more radical proposals than some folks may like" -- or like even less than those he proposed -- are coming "in the next Congress."

Of the proposals the Committee reported to the House floor, Rep. Morella's bill to raise the cap on contributions to the Thrift Plan remains the most unlikely to be enacted. The Administration continues to strongly oppose it on the basis of cost (lost tax revenues).

Federal civilian pay raise: I reported last week that a final congressional decision on the FY 99 pay increase, set at 3.1% by the House Appropriations Committee and 3.6% in the Senate bill, remained to be worked out in conference. However, the House Treasury/Postal appropriations bill was amended during floor debate to drop the pay raise language because it also required the President to abide by the Federal Employees Pay Comparability Act beginning in FY 2000 in setting federal pay raises unless there were two consecutive quarters of negative GNP. "No legislation on an appropriations bill" was the official reason given. By now you all realize that rule is invoked inconsistently. Much is legislated on appropriations bills, but anything that is included on one is in jeopardy of being dropped at every step of the way. Now the House bill sets no figure for the raise, but the final amount still must be worked out in conference.

Retirement Correction: The House has passed a bill correcting the problem of federal employees having been placed in the wrong retirement program (between '84 and '87). First, under this bill they could switch to the program they signed up for or remain in the one in which they were erroneously placed. If they chose to switch to FERS from CSRS (the most common error was to be placed in CSRS instead of FERS), they would receive a lump sum payment equal to the average employee contribution, the government contribution and the earnings based on a composite rate of all contributors (if the employee has not been contributing during the years of error). The Senate bill would allow employees to make retroactive contributions with government retroactive contributions and made-up earnings on all contributions. (I don't pretend to understand these bills very well; if there is anyone who needs more details please contact me or check the Internet: www.loc.gov, searching "Thomas" under legislative research: H.R. 3249 and S. 1710.)

Medical Savings Accounts for FEHBP?:

A recent Republican add-on to H.R. 4250, the health insurance "reform" bill (the Patient Protection Act), would have allowed federal employees to choose an MSA option under FEHBP but has been dropped as the bill moves to the House floor. The maneuver which kept the provision out of floor debate was a parliamentary move involving the rule under which the bill would be considered. NARFE, some federal unions, and Members of Congress representing large numbers of federal employees believe that providing an MSA option would de-stabilize FEHBP and lead to higher premiums for older and less healthy employees and retirees. Similar proposals have been repeatedly advanced by Chairman Mica and under consideration by his Civil Service Subcommittee; this is one of the issues expected to be addressed by OPM's comprehensive review of total compensation comparability between federal and other employees.

Social Security Subcommittee hearings on union activities:

I am decyphering extensive notes concerning three days of hearings last week at which the

SSA IG appeared the first day, a panel of employees and managers (Jim Schampers of Waco and Ed Hardesty of Tulsa) appeared the second day, and Dep. Commissioner Paul Barnes and AFGE testified the third day. A separate report on these hearings will follow tomorrow. End