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TO: NATIONAL COUNCIL SSMA OFFICERS AND EXECUTIVE
COMMITTEE

RE: Legislative Report #32

Note: There will be no legislative report the week of October 5, due to my attendance at the NC annual conference in Buffalo. The next report will be the week of October 12.

FY 99 Government Funding:

This is the week many funding compromises must be made if a number of appropriations bills are to be concluded and sent to the President for signature by October 9, the target date for adjournment (or recess, if Speaker Gingrich keeps the House in pro forma session until later this year) and the expiration date for the short-term CR already enacted. While there is still optimism for finalization of several bills, at least five now appear slated for coverage by a long-term CR: Labor/HHS/Ed (containing SSA's funding); Foreign Operations; District of Columbia; Interior; and Commerce/State/Justice. There is still discussion as to whether this will be a six month extension of, generally, FY 98 funding levels or an omnibus bill which establishes new funding levels for all of FY 99. Members of Congress are generally loathe to come back to face two sets of funding decisions -- in this case FY 99 and FY 2000 -- so there remains some impetus for full year spending for all agencies and programs including those covered by a long-term CR. NCSSMA has contacted all members of the House and Senate Labor/HHS Education Appropriations subcommittees urging full funding for SSA; as reported previously, some of the funding which was cut in the House was restored during Senate committee deliberations. However, Sen. Lott stated last week that time had run out for Senate floor consideration of this bill; in the House, there are still insufficient votes to pass it on the floor. So there will be no conferees to contact in support of the highest possible funding level for SSA. Although I remain in touch with appropriations staff, there is nothing more we can do now except wait to see how the politics involved in development of the CR play out.

A major wrinkle for enactment of a long-term CR has developed over the question of whether Congress will attach to a long-term CR the controversial **tax relief bill** which Republicans would like to move prior to election day and which the President has said he will veto. That bill, with a price tag of \$80 B, would (among other things): increase the standard deduction for a married couple filing jointly (making it two times the single deduction); exclude from taxable income \$200 for singles and \$400 for married couples of interest/dividends; expand the application of personal tax credits; allow private colleges to

establish prepaid tuition programs; speed up liberalization of exemptions in estate and gift taxes; make permanent income averaging for farmers; create new tax incentives for urban "renewal communities"; extend the work opportunity tax credit and extend welfare-to-work tax credits for employers -- and more. Of particular interest to SSA, **effective in 1999, the bill would increase the SS earnings limit** for individuals who are between full retirement age and age 70: the increase would raise the limit from \$17,000 in 1999 to \$39,750 in 2008. After 2008, the annual exemption would be indexed to average wage growth. Those between 65 and 70 who earn over the limit would continue to lose \$1 in benefits for every \$3 earned.

The President continues to maintain that we cannot spend the budget "surplus" in this way before Social Security reforms are determined; Republicans contend that the President has already "spent" part of the surplus on his own education and health care priorities and they are merely trying to give some of the surplus back to the Americans who paid it. Attachment of this speeded-up tax bill to a long-term CR and presented to the President just as Congress is ready to head for the campaign trail would mean the inevitable eleventh hour showdown which has become standard operating procedure for the budget and funding process. The best scenario: a deal is cut before the bill goes to the President to include only a modicum of the tax cuts. But compromise here could be doomed because it would rob so many of seeming-justification for planned campaign stump rhetoric and finger-pointing.

Have you noticed a quietening in debate and discussion surrounding the Social Security reform questions in recent weeks, now that elections are drawing near? Some Hill staff speculate that how the movement goes forward will be influenced by what happens with the Presidency in the aftermath of the Starr report, since it is one of the President's stated priorities. Logic dictates that Social Security reform is everybody's business and preservation of the program should be everybody's concern and therefore proceed as a bipartisan effort -- but there is a sense that nothing for which the President could take credit would be willingly advanced by the Republican majority. I understand that plans for the December **White House conference** on the future of Social Security are underway, but only in the most preliminary stages. The number of attendees, who they will be, and how the agenda will be structured appear to be open questions.

Technical Corrections to the Welfare Reform law:

Congress is also now acting speedily, however late in the game, to enact H.R. 4558, which permanently extends the eligibility of all "nonqualified" aliens who were receiving SSI when the welfare reform law was passed in August 1966. (As you know, these benefits had previously been extended only through Sept. 30, 1998.) I believe SSA has circulated a legislative bulletin (on 9/23) containing the details of this legislation. The House-passed bill, now pending before the Senate, also includes provisions to: exclude (retroactively for two years) from SSI determinations in-kind gifts not converted to cash and the first \$2,000 annually of gifts made by tax-exempt organizations to those under 18 with life-threatening illnesses; and to expand SSA's ability to recover SSI overpayments from Social Security benefits.

Life goes on, even in Washington:

While the overriding focus in Washington is unquestionably on the funding bill debates, the upcoming elections, and the future of the Clinton Presidency, serious work-a-day life goes on here in Washington --

- * in our civil service authorizing committees and with legislators who support federal employees, we continue to work for supervisory overtime relief (and at OMB, very stiff opposition to supervisory overtime relief is rumored, which will constrain OPM in making their promised recommendations to ameliorate the problem);
- * at OPM, where Janice LaChance has announced Administration opposition to creating Medical Savings Accounts within FEHBP (a popular cost-cutting measure advanced by Chairman Mica and others and about which NCSSMA has raised concerns);
- * with the Coalition for Effective Change, where we are currently working on position papers on staffing/hiring and EEO reforms and also considering development of our own broad civil service reform proposals to bring to the ongoing debate about the future of the federal government;
- * within the NPR, where we were briefed on the roll-out of a "Hassle Free Communities" project intended to partner federal, state and local agencies to streamline direct service to the public;
- * with our fellow management and professional associations (such as FMA's good work to correct problems unleashed at FAA by their personnel flexibilities: need for restoration of MSPB appeal rights and public safety questions related to potential reductions in the supervisory ranks);
- * within GAO where a broad study regarding federal supervisors which will cover downsizing impacts and span of control issues is getting underway, to which NCSSMA will have an opportunity to contribute.
- * at the Social Security Advisory Board, which continues to seek NCSSMA assistance in pursuing issues related to service delivery at SSA.

After we move through the legislative end-game weeks and into a period of recess, I plan to report in more detail on some of these projects and how NCSSMA participation in Washington helps to advance good government principles and the interests of SSMA members across the country.

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