

**The National Council of Social Security Management Associations, Inc.**

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- **Political Overview**

In spite of good intentions (okay, you can be the judge of that) Congress departed Washington in late July for a five-week recess without completing work on most pending legislation. This means the remaining legislative session (September 5<sup>th</sup> to early October) will likely be a blur of activity as appropriations bills, trade relations with China, tax legislation, Medicare prescription reform, and other legislation will be considered. Factor in the post-convention politics and September and October on Capitol Hill promise to be very contentious.

Due to the crunch of unfinished work in an election year, Majority Leader Lott has decided that the Senate will meet in day and evening sessions on Tuesdays, Wednesdays and Thursdays to allow for campaigning at home on Mondays and Fridays. This also provides an opportunity for NCSSMA members to meet with their representatives during these extended weekends.

For political junkies and those otherwise interested in politics and government, the year is shaping up to be very exciting. At the risk of alienating both Democrats and Republicans, the Presidential contest is somewhat evenly matched and unless something catastrophic (use your imaginations) happens, the contest is likely to be close all the way to Election Day. We have invited representatives from both campaigns to address the National Council meeting in Seattle in October. In terms of the specific interests of NCSSMA, the overriding questions are: Who would these candidates choose as the next SSA Commissioner and who do you think should be considered for the job?

Congressional elections should also be exciting this year as the Democrats now consider both the House and Senate within striking range of a majority for them. The Democrats need to pick up five seats in the Senate and twelve seats in the House. Some pundits are saying that Gov. Bush won't be investing a lot of his energy in Congressional races since a Democratic Congress would clearly make him the national Republican leader setting the party's agenda if he won. Also, it is easier to fight with the opposite party on Capitol Hill than it is with your own.

Voter turnout will be the key to all these national contests. Your leadership in your communities makes you a very important element in the electoral process. Go for it!

- **Limitation on Administrative Expenses (LAE)**

Good news! Although it is not yet final, it appears that Congress will fund the LAE at least at the President's request level for the first time since Fiscal Year 1993. This is \$562 million more than in Fiscal Year 2000. Increases such as this do not just happen by themselves; NCSSMA's activities on Capitol Hill through the presentation of testimony and meetings with Members of Congress, as well as a good working partnership with the Social Security Advisory Board and SSA have been extremely important to the budget process.

The LAE is included in the Labor-Health and Human Services Appropriations Bill, which will be one of the most contentious pieces of legislation this fall due to President Clinton's demands for increases in funding for education. The bill passed both the House and Senate earlier this year and is currently in conference committee. The conferees have agreed on most parts of the bill but will not complete it until they return from summer recess. Interesting to note that: 1) the bill significantly exceeds the dastardly budget caps; and 2) that the conference funding level for LAE is higher than it was in either the House or Senate-passed bills. Something clearly happened on the way to conference...could it have had something to do with the NCSSMA Lobbying Day and other grass-roots activity?

Getting the President's budget level is significant, but it still falls \$222 million short of the Commissioner's request. Although it is a long shot, we are actively working with NCSSMA members in the states of key Members of Congress to increase the LAE to the Commissioner's request level.

- **Supervisory Overtime Legislation**

There are bills in both the House (H.R. 2696) and Senate (S. 1885) to provide overtime equity in the federal workplace. Both bills would increase the overtime cap for managers and supervisors to GS-12, step 1 and ensure that no one is paid less for overtime work than their regular rate of pay. H.R. 2696 was introduced by Rep. Tom Davis (R-VA) and currently has **eight** cosponsors: Rep. Neil Abercrombie (D-HI); Rep. Benjamin A. Gilman (R-NY); Rep. Maurice D. Hinchey (D-NY); Rep. Walter B. Jones, Jr. (R-NC); Rep. Zoe Lofgren (D-CA); Rep. Barney Frank (D-MA); Rep. Jim Moran (D-VA); and Rep. Norman Sisisky (D-VA). S. 1885 was introduced by Sen. Charles S. Robb (D-VA) and currently has two cosponsors: Sen. Barbara A. Mikulski (D-MD) and Sen. Paul S. Sarbanes (D-MD). Most of these sponsors are directly related to NCSSMA's efforts.

At this point it appears unlikely that the legislation will be passed this year. We had hoped that the bill would be attached to the Treasury-Postal-General Government Appropriations bill as part of an end-of-year omnibus measure. However, in a highly unusual move literally hours before Congress adjourned for its summer recess, the Treasury bill was attached to the Legislative Branch Appropriations Conference Report without it ever being considered on the Senate floor. That Conference Report will be pending in the House when Congress returns in September but under Congressional rules will be unamendable.

We will try to identify a legislative vehicle for the overtime bill, but it is important to continue to seek cosponsors as it will enhance our prospects if there is an “opening” later this year, and/or will set the stage for reintroduction in the next Congress.

- **Treasury-Postal-General Government Appropriations Bill**

As previously mentioned, the Treasury-Postal-General Government Appropriations bill is now pending in the House as part of the Legislative Branch Appropriations Conference Report. The situation is reminiscent of the adage: “If you like laws and sausages, you should never watch either one being made.” The bill includes:

- Extension of the federal child-care subsidy program for low-income government employees
- Rollback in retirement benefits contributions for federal employees and Members of Congress
- 3.7% pay raise for federal employees in 2001

- **SSA FY2000 Supplemental Appropriation**

One of the two appropriations bills now passed by Congress and signed into law, the Military Construction Appropriations Bill, included a \$35 million in supplemental FY2000 funding for SSA. The supplemental was intended to accommodate the workload resulting from the elimination of the retirement earnings test. The funding did not have smooth sailing and fluctuated from \$50 million to zero back up to \$35 million during the course of the budget negotiations. The timing of the negotiations fit perfectly with NCSSMA Executive Committee Lobbying Day, as we were able to alert several Members of Congress critical to the budget process of the need for this funding.

- **Regional Meetings**

Sara Garland would like to thank the Atlanta Region Management Association and the Philadelphia Region Association for including her in their regional meetings in Biloxi, MS and Canaan Valley, WV. Getting to know the NCSSMA members and learning first-hand of their concerns is paramount to effective representation in Washington. It was a perfect opportunity to find out about special relationships that managers have with their Members of Congress and to construct effective strategies for how best to tell the NCSSMA story to Capitol Hill. Not only were members willing to help, but eager to be part of the Washington effort.

In one case, she heard the story of a woman with close ties to an SSA Field Office who – many years ago – was one of the first supporters of a young fellow from the “other side of the tracks” who was making his first run for Congress. Today that young man is one of the top four leaders in the United States Congress and has never forgotten his old friend from home. Sara was assured that this woman would be more than willing to let him know of the need for increased LAE funding!

Are there more of those stories out there? Please let us know.

- **Long-term care insurance legislation (H.R. 4040) passed with retirement fix provision included**

The long-term care insurance legislation has passed both the House and the Senate and has been sent to the President. The legislation included the provision that would restore benefits for workers placed in the wrong retirement system. It is expected that the President will sign the legislation.

The bill directs OPM to invite bids from private insurers to offer coverage for employees and their spouses, children and other close relatives, at discounted group rates. OPM will screen the insurance providers and make sure that employees receive all necessary information regarding options and benefits. Federal workers, active-duty military personnel and both civilian and military retirees are all covered. Purchase of the coverage is optional, and employees and their eligible family members would pay the premiums, but the rates are expected to be discounted.

The retirement fix corrects an error in which workers who should have been added to the Federal Employees Retirement System (FERS) were placed or left in the Civil Service Retirement System. Because FERS relies in large part on worker contributions to the Thrift Savings Plan, these workers lost thousands of dollars in retirement income.

The legislation requires workers to contribute what they would have to the savings plan, with the government offering its match and lost earnings on investments.

- **The “Privacy and Identity Protection Act of 2000” (H.R. 4857)**

On July 13<sup>th</sup>, Rep E. Clay Shaw, Jr. (R-FL), Chairman, House Social Security Subcommittee introduced H.R. 4857. This legislation amends the Social Security Act to enhance privacy protections, to prevent fraudulent misuse of the SSN, and to provide additional safeguards for Social Security and SSI beneficiaries with representative payees, and for other purposes. The legislation provides for both criminal and civil monetary penalties and fee forfeiture by representative payees. The measure was referred to the following House Committees: Ways and Means; Judiciary; Banking and Financial Services; and Commerce.

On July 20<sup>th</sup>, the Subcommittee on Social Security marked up the legislation and reported it out of the subcommittee by unanimous vote. The markup by the full committee will not happen until after the August recess.

- **Coalition for Effective Change (CEC) Activities**

We continue to play an active role in the CEC and the following are recent activities:

- We took the lead on a letter sent to OPM in support of providing federal agencies the authority to re-employ annuitants for a limited number of hours each year without a reduction in their salaries.
- Letter sent to Congress supporting Rep. Tom Davis's (R-VA) legislation – Supervisory Overtime (H.R. 2696).
- Letter sent to Congress supporting Rep. Tom Davis's (R-VA) legislation – H.R. 4277 – which extends the pre-tax health insurance premiums benefit to federal retirees, legislative branch employees and members of the armed services.
- Letter sent to Congress supporting a legislative proposal concerning cash-out of annual leave –employees would be able to cash out their annual leave when they need the money the most, instead of having to wait until they leave their federal employment. Employees would be required to accept a permanent reduction in the carryover cap of an amount equal to the amount cashed out.
- Letter sent to Senator Fred Thompson, Chairman, Senate Committee on Governmental Affairs, regarding **general** support of proposed legislation entitled “Federal Personnel Enhancement and Flexibility Act of 2000.” The proposed legislation would grant broad authority to OPM to approve agency requests for waivers from personnel authorities now required by Title 5 of the U.S. Code. It would also authorize broader authority to OPM to approve the establishment of more and larger demonstration projects in agencies, and to allow the implementation of programs that were part of a demonstration project in agencies other than where the project was initiated.

- **Transportation subsidies update**

In July the White House sent a memo to agency chiefs of staff asking them about their plans to comply with the President's April executive order regarding transportation subsidies by October 1, 2000. Under the executive order, federal employees in the National Capital Region will receive a transit benefit equal to their commuting costs, up to \$65 per month. Starting in January 2002, the monthly tax-free transit limit will increase to \$100.

For federal employees outside the National Capital Region, the executive order applies different rules. Field offices will buy transit passes for employees if they sign up for the program and agree to have pretax dollars withheld from their paychecks. Some field offices may decide that taking part of an employee's salary is unfair or that tracking pretax dollars will be too complicated – if so, agencies can use their appropriated funds to provide monthly transit passes or vouchers worth at least \$30 and give them as a benefit to employees.

- **Pre-tax health insurance premiums**

Beginning October 1, 2000, federal employees will be able to pay their Federal Employees Health Benefit Program premiums with pre-tax dollars, allowing them to benefit financially by

lowering their taxable income. This is the date that OPM's "premium conversion" plan goes into effect. The plan is authorized under Section 125 of the Internal Revenue Code. Participation in the program is automatic, but employees can choose to waive participation. Employees who plan to change health insurance premiums may not want to convert. It also important to note that the conversion can reduce Social Security benefits because Social Security is based on taxable income. The pre-tax premiums do not affect the amount of an employee's health insurance premium, life insurance or the Thrift Savings Plan.

Rep. Tom Davis (R-VA) has proposed legislation (H.R. 4277), that would extend this pre-tax benefit to federal retirees, legislative branch employees and members of the armed services. The bill currently has 64 cosponsors.

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