The National Council of Social Security Management Associations, Inc.

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- **Political Overview**

As we count down to the last 6 weeks before the general election, Washington has become a very expensive place to live – and I am not talking about real estate. With the White House, the Senate, and the House of Representatives, all now considered to be “in play,” political fundraising has reached a frenzied pitch. There are dozens of fundraisers every night as Members work toward the painful task of paying for their campaign media. At a recent event a senior party official freely acknowledged that the amount of money being spent on campaigns this year was “repulsive” and that “something needs to be done about campaign finance reform.” This is a remarkable statement coming from a person who is dedicated to raising money for her party’s candidate.

One (perhaps the only one) advantage in attending political fundraisers is having more one-on-one time with Members of Congress. After getting through “the dog ate my checkbook” explanation, the Members are unusually eager to talk about the most pressing public policy issue of the day: When will they get to go home? The good news is they are thinking about adjournment; the bad news is no one seems to be in charge of adjournment strategy (where is Alexander Haig when we need him?).

With FY 2001 beginning next Sunday, Congress has passed two of its 13 FY 2001 appropriations bills – Military Construction and Defense. The government will be operating on a Continuing Resolution (CR) until October 6th, and there is serious talk of at least one more. Most appropriations bills are either in conference committee or conference reports awaiting final action by the House and Senate. The bulk of the appropriations issues have been resolved, with a few major issues – both political and substantive – stalling further action. The White House is playing a crucial role in the negotiations by threatening vetoes and subsequently getting what the President wants. One House Appropriations Committee Member said earlier this week (at one of “those aforementioned events”) that the Clinton White House gets much more spending out of the Republican Congress than it ever did when the Democrats were in the majority. Go figure.

The Republican leadership continues to harbor hopes that they will pass the remaining 11 appropriations bills in an orderly fashion. However, as election day grows closer, it seems more and more likely that there will be a large wrap-up omnibus bill that will include a variety of appropriations bills, tax measures, and other legislative odds and ends. A reminder that democracy is not always tidy.

Those of you living in Virginia, Montana, Florida, New York, New Jersey, Pennsylvania, Michigan, Nevada, Minnesota, Washington, and Delaware are probably getting very tired of campaign ads for these Senate races. As this is written, contests are all very close and could tip the balance in the Senate. As Rep. Michael Forbes recently learned, every vote does count – he lost his primary election by 36 votes! As we said previously voter turnout will be the key this year.

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

Signs are still very good that Congress will fund the LAE at least at the President's request level for the first time since Fiscal Year 1993, $562 million more than in Fiscal Year 2000. The LAE is included in the Labor-Health and Human Services and Education Appropriations Bill, which technically is in conference committee. Most issues of the bill have been settled, but the White House and Congress continue to debate funding levels for education programs.

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

As you may know, the Treasury-Postal-General Government Appropriations bill was included as part of the Legislative Branch Appropriations Conference Report, totally bypassing normal Congressional procedure. The Conference Report narrowly passed the House, but failed in the Senate. It is unclear how the bill will now proceed (refer back to Page 1 regarding absence of "strategic planning"). However, we are confident that it will eventually pass the Congress.

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

- **Regional Meetings**

Rachel Emmons would like to thank the New York Region Management Society for including her in their Annual Meeting. Getting to know the NCSSMA members and learning first-hand of their concerns is essential to effective representative in Washington. Attending the regional meetings helps us find out about special relationships that managers have with their Members of Congress and assists us in constructing effective strategies for how best to tell the NCSSMA story to Capitol Hill.

- **Debt Relief and Retirement Security Reconciliation Act (H.R. 5203)**

This legislation was introduced on September 19th, by Rep. Clay Shaw (R-FL). Cosponsors of the legislation are Rep. Benjamin L. Cardin (D-MD); Rep. Ernest L. Fletcher (R-KY); Rep. Elton Gallegly (R-CA); Rep. Wally Herger (R-CA); Rep. Jim Nussle (R-IA); and Rep. Rob Portman (R-OH). The bill was considered, and passed the House (401-20) under suspension of the rules, and has been read in the Senate and placed on the Senate Legislative Calendar.

The important aspect of the bill for our membership is that it includes language in Title II which **"removes Social Security from budget pronouncements."** It also specifies that **"the excluded outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act shall be submitted in separate Social Security budget documents."**

What does this all mean? The legislation would remove Social Security from the budget caps!

H.R. 5203 incorporates an identical provision which was included in H.R. 5173. That bill was introduced by Rep. Ernest L. Fletcher (R-KY) on September 14th.

The future of H.R. 5203 is uncertain, but there is an outside possibility it could be included in the wrap-up omnibus bill. We will continue to cover the legislation and contact Members of Congress and committee staff when appropriate.

- **<u>Supervisory Overtime Legislation – New Cosponsor and Hope Springs Eternal!</u>**

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 **nine** 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); Rep. Norman Sisisky (D-VA) and Rep. Patsy T. Mink (D-HI). 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.

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. Under Congressional rules that Conference Report is unamendable.

The recent forest fires in the West have brought the issue of federal supervisory overtime to the attention of Congress through the experiences of the U.S. Forest Service firefighters. Senators from western states are discussing a legislative "overtime fix" for the firefighters, although

President Clinton has authorized bonuses to address the issue. We are discussing with our advocates on Capitol Hill the possibility of expanding the firefighter overtime issue to include the government-wide measure.

- **Long-term care insurance legislation (H.R. 4040) signed by the President with retirement fix provision included**

On Tuesday, September 19th, President Clinton signed the Long-Term Care Security Act. Under the legislation OPM is authorized to create a group long-term care insurance program for federal employees and annuitants and their families. The legislation also covers postal employees and retirees, active duty and retired military, and employees of the Tennessee Valley Authority. It is estimated that because of the large pool of approximately 13 million potential federal enrollees, OPM will be able to negotiate group rates that are expected to be 15 to 20 percent lower than individual rates. The program is expected to be operational by October 2002.

This legislation also contains provisions which will allow federal workers placed in the wrong retirement system to choose retirement coverage that best suits their needs. Federal employees who were mistakenly enrolled in the Civil Service Retirement System or CSRS-Offset, may elect to be FERS-covered, remain in CSRS, or become CSRS-Offset. It is important to note that employees who have received a payment ordered by a court or provided as a settlement of claim for losses resulting from the error are ineligible (unless the payment is waived or repaid). Employees who’ve received a refund of retirement deductions or distribution under federal civil service provisions are also ineligible.

- **The “Privacy and Identity Protection Act of 2000” (H.R. 4857) – now titled the “Social Security Number Privacy and Identity Theft Prevention Act of 2000”**

On September 28th, the full committee markup by the House Ways and Means Committee resulted in the legislation being modified and expanded. The legislation still addresses privacy protections, prevention of fraudulent misuse of the SSN, and the provision of additional safeguards for Social Security and SSI beneficiaries with representative payees, and for other purposes. It also provides for both criminal and civil monetary penalties and fee forfeiture by representative payees. The updated legislation also grants the “authority to redirect delivery of benefit payments when a representative payee fails to provide required accounting.”

The new version of the legislation is much more specific and comprehensive in addressing the use/misuse of Social Security Numbers. The updated legislation includes:

- TITLE I – PROVISIONS RELATING TO THE SOCIAL SECURITY ACCOUNT NUMBER IN THE PRIVATE SECTOR
- TITLE II – PROVISIONS RELATING TO THE SOCIAL SECURITY ACCOUNT NUMBER IN THE PRIVATE SECTOR
- TITLE III – ENFORCEMENT
- TITLE IV – PROVISIONS RELATING TO REPRESENTATIVE PAYEES
- TITLE V – MISCELLANEOUS AND TECHNICAL AMENDMENTS

- **<u>Average increase of 10.5% in Federal Employees Health Benefits Program (FEHBP) premiums</u>**

OPM has announced that effective January 2001, health insurance premiums for federal employees and retirees enrolled in the FEHBP will increase by an average of 10.5%. This is the fourth significant increase in as many years – translating to a 36% increase since 1998. OPM has stated that contributing factors are: the aging of FEHBP participants; greater use of medical services; and the rising cost of prescription drugs. OPM Director Janice Lachance described the increase as "unacceptable," but pointed out that it is better than reducing benefits or forcing retirees to pay more out-of-pocket costs. OPM has also pointed out that private-sector health insurance coverage costs are predicted to rise by an average of 12.2% for active employees and 13.3% for Medicare retirees in 2001. Similar increases are expected for public employees of many states.

Not all the plans in FEHBP will increase premiums by 10.5% -- HMOs will increase an average of 8.5%; fee-for-service plans will go up an average of 10.9%; and premiums for Blue Cross or Blue Shield plans are scheduled to increase by 8% to 14%, depending on coverage.

- **<u>EEOC/NPR Task Force Proposal</u>**

The EEOC/NPR Task Force was formed in October 1999 to study and recommend ways to improve the federal equal employment opportunity complaint process. A proposal has been put forward by the task force to create a database listing the names of federal managers accused of discrimination. This proposed database would contain 489 separate pieces of data for each case. This data could include names, Social Security Numbers, addresses, and other personal information of both managers accused of discrimination and employees who file complaints. There are considerable privacy concerns that would accompany the creation of such a database.

There has also been discussion by the task force of possible sanctions against managers whose discrimination cases are settled. SEA argued (correctly) that agencies, not managers, have the authority to settle cases, and that a settlement does not and should not imply an admission of wrongdoing.

We have been told that a report from the task force is due out in mid-October. It is most likely that nothing will be done with the report until after the November elections. Depending on the outcome of the presidential election – the report would then be picked up if Gore is elected. One concern we have is that the recommendations in the report might be implemented by President Clinton as one of his final Executive Orders.

NCSSMA will be sending a letter voicing our concerns regarding the implications of the creation of such a database. This letter will be sent to the Team Leader of the Task Force at the EEOC; the NPR; and also to the Senate Committee on Health, Education, Labor and Pensions and the House Committee on Education and the Workforce (these two committees oversee the EEOC).

We have been and will continue to work with the Senior Executives Association (SEA) on this issue. We have also discussed the Task Force proposal with the Coalition for Effective Change (CEC). Many other members of the CEC feel strongly about the issue, and the CEC will also send a "strongly worded letter."

- **<u>Coalition for Effective Change (CEC) Activities</u>**

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

- As discussed above, a letter regarding the EEOC/NPR Task Force proposal will be sent to the EEOC, NPR, and the Congressional Committees who oversee the EEOC.
- Continuing preparation of a group of "Transition Papers" stating CEC positions for the incoming Administration.

- **<u>House Social Security Subcommittee Hearing on "Social Security Notices"</u>**

On September 26th, we attended a hearing on "Social Security Notices." Witnesses presenting testimony were Deputy Commissioner William Halter and Barbara D. Bovbjerg, Associate Director, Education, Workforce and Income Security Issues, Health, Education and Human Services Division, GAO. The hearing report will be of great interest to you – watch for it next week!

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