

The National Council of Social Security Management Associations, Inc.

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- **Overtime Pay Cap Modification Comes Through Conference**

We have been working with the House and Senate all year in an effort to get the supervisory overtime issue addressed. It seems as if all the hard work by NCSSMA members and the Grassroots Committee has paid off!

The Department of Defense Authorization Conference Committee has adopted the provision that provides at least the regular rate of pay for overtime hours. In this environment where the possibility exists that over 8 million American workers are facing the loss of overtime eligibility (see below) this is a huge victory! It is not anticipated that there will be any issues with this bill as it crosses the President's desk for signature.

We are continuing to work with the House and Senate regarding an SSA-specific overtime fix. The modification to the overtime cap included in the Defense Authorization legislation is an enormous step in the right direction!

- **Bush Administration Refuses Compromise on Overtime Regulations**

The Bush Administration has announced that it will not sign any Labor-HHS spending bill into law that includes the Senate amendment blocking the Labor Department's proposed overtime regulations. The proposed overtime rules could exempt as many as 8 million more people from receiving overtime pay; many within that group earn more than \$65,000 per year or are management level employees. The Senate amendment, which was sponsored by Senator Tom Harkin (D-Iowa) in September, stipulated that no funds provided in the Labor-HHS spending bill could be used to implement proposed regulations that would exempt more workers from receiving overtime pay. Though the House failed to pass a similar amendment, it did pass a nonbinding resolution telling Labor-HHS conferees to retain the Senate overtime language during negotiations.

According to *CongressDaily*, Senate Labor-HHS Appropriations Subcommittee Chairman Arlen Specter (R-PA) met recently with Labor Secretary Elaine Chao in order to try to resolve the overtime matter. Sen. Specter, who is expected to face a tough reelection in a very "labor-friendly" state, supports the overtime amendment; however, he has now offered to strip the amendment from the Senate bill if the administration promises to drop other proposed rules affecting labor unions. Labor Secretary Chao has declined his offer. The deadlock over the Labor-HHS bill and other spending bills has sparked speculation that Congress may have to pass an omnibus spending bill as it did last year. If Congress decides to place the remaining spending

bills into an omnibus package, it will most likely strike the overtime amendment from the language.

- **Senate Approves 4.1 Percent Pay Raise for Civilian Federal Employees**

The Senate has passed their version of the Transportation-Treasury Appropriations bill. The measure included a 4.1 percent pay raise for civilian federal employees in 2004. The bill includes language mandating pay parity between civilian employees and the military. The House approved similar language in September. Because there is no disagreement between the two chambers it is most likely that the full percentage will survive the conference.

We are also continuing to monitor the progress of the Transportation-Treasury Appropriations measure during conference negotiations in regard to the creation of the Human Capital Performance Fund. As the measure is considered in conference, differences remain in the two chambers. The Senate has not provided any appropriations for the creation of the Fund and the House has specified \$2.5 million their bill and \$15.0 million in their report – either number is a far cry from the \$500 million requested by the Bush Administration.

- **Federal Salary Council Meets: Supports Pay Raise and Maintains Locality Pay Zones**

The Federal Salary Council, which is comprised of pay policy experts and labor relations experts, convened a meeting recently to discuss 2004 federal pay raises and the possibility of redesigning locality pay zones in reaction to OMB's recently redrawn Metropolitan Statistical Areas (MSAs). After hearing testimony from federal employees, Members of Congress, and congressional staff, the Council recommended an average 4.1 percent across-the-board pay raise and decided to rework its policies on locality pay boundaries to ensure that federal employees in current locality pay zones do not lose their established pay.

Most of the discussion at the Council's meeting centered on whether or not the locality pay zones should be redrawn in light of OMB's redrawn Metropolitan Statistical Area (MSAs) boundaries. Some federal employees are concerned that they could lose a portion of their income if the OMB boundaries are strictly adopted. For example, federal employees in Monterey, California have been worried that they could lose their locality pay if they are excluded from the San Francisco locality pay zone. Under the Council's proposal, none of the current locality zones would lose their affiliated cities or areas, yet some cities or areas may be added to the current zones. The Council has now recommended that Monterey County should remain in the San Francisco zone and that areas such as King George County, Virginia, Washington County, Maryland, and Berkeley County, West Virginia should also remain in the Washington D.C. zone. Additionally, the Council recommended adding Morgan County, West Virginia to the Washington D.C. zone, adding Barnstable, Massachusetts to the Boston zone, and adding Monroe, Florida to the Miami zone. The Council's locality pay zone recommendations would not take effect until 2005.

- **Senate Governmental Affairs Committee Approves S. 129, Measure Includes Compensatory Time for Travel**

The Senate Governmental Affairs Committee has approved S. 129, the Federal Workforce Flexibility Act of 2003. Sponsored by Sen. George Voinovich (R-OH), S. 129 includes the following provisions:

- Allows agencies to pay recruitment and retention bonuses that exceed the current cap of 25 percent of an employee's annual salary. Additionally, the bonuses may be paid in installments instead of one lump sum.
- Allows work performed outside government to count as federal service for the purpose of accruing annual leave.
- Requires agencies to establish management succession programs and train managers in how to address poor performers. The measure also establishes a training officer at each agency.
- Requires part-time service performed before April 7, 1986, to be credited as full-time service for annuity determination purposes.
- Allows OPM to fix rates for critical pay and to provide for special locality pay rates.

Senator George Voinovich and Senator Daniel Akaka (D-HI) proposed an amendment to S. 129 that would allow federal employees who travel frequently to collect compensatory time for hours spent traveling during nonstandard working hours. For example, a federal employee who must leave Sunday night to get to a Monday morning meeting would be allowed to apply those Sunday hours to their calculation for compensatory time. Many federal employees who travel frequently are not entitled to overtime pay because they hold management positions, and currently, the only form of compensation for time spent traveling is a per diem, which does not necessarily cover an employee's full cost of travel. Providing compensatory time will help offset travel costs for these employees.

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