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Appropriations Update

- **Labor-HHS Appropriations -- Limitation on Administrative Expenses (LAE) Account**

On Thursday, July 29 the Senate Appropriations Committee reported out a number of FY 2011 spending bills, including the FY 2011 Labor-HHS Appropriations measure. **Senate appropriators recommended that SSA receive the full funding level requested by the President for the agency's administrative expenses. This level of funding would result in an increase of $932.4 million over the FY 2010 level. This is VERY GOOD news.** Earlier this month the House Labor-HHS Appropriations Subcommittee also recommended that SSA receive the full funding level requested by the President. The Labor-HHS Appropriations measure has not yet been considered by the full House Appropriations Committee.

Relative to the Senate's recommendations, you may find the document at the link below of interest which was issued following Subcommittee consideration on Tuesday, July 27:

Summary: FY 11 Labor-HHS Appropriations: Subcommittee Mark

http://appropriations.senate.gov/news.cfm?method=news.view&id=5ac52a3a-5218-48fa-aa01-9264ca755118

The following are the highlights related to SSA from the Subcommittee's summary statement:

> ***Social Security Program Integrity****—The bill provides $796 million for Social Security Administration program integrity activities. This amount is a $38 million increase over fiscal year 2010. These activities have a return on investment of $9 for every $1 spent and are expected to save over $7 billion for the Social Security, Medicare, and Medicaid programs over 10 years.*
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> ***Social Security Administration****—The bill includes almost $12.4 billion for the administrative expenses of the Social Security Administration (SSA). This amount is an increase of $932.4 million over the fiscal year 2010 level and will allow the SSA to continue to work towards eliminating the disability hearings backlog by the end of fiscal year 2013 while keeping up with an unprecedented level of disability and retirement claims. It also includes $796 million, an increase of $38 million, in program integrity funding.*

Following the full Committee consideration, additional documents were released, including the Committee Report. The Report contains the following language:

The Committee recommendation also includes a rescission of $250,000,000 from unobligated balances of prior year LAE appropriated funds. SSA has authority to carry over these unobligated balances to invest in information technology infrastructure and software. The Committee supports these investments and the use of these funds for this purpose but notes a significant build-up of unobligated balances that are not expected to be used in fiscal year 2011.

We are in contact with the Hill and agency officials to discuss the language above and its potential impact on SSA. We are working under the assumption that the House Report may contain similar language, so this is definitely an issue that we will keep you up-to-date on.

This action by the Senate Appropriations Committee is another important step in the FY 2011 appropriations process. As we indicated earlier in this report, it is VERY GOOD news that both the House and Senate have recommended that SSA receive the full level of funding requested by the President. Even with this good news, we will remain active and in contact with the Hill and agency leadership. The rescission language related to the unobligated prior year LAE funds is definitely of concern, as is the tough budget environment. We are still anticipating that we will see a Continuing Resolution and no resolution of the FY 2011 appropriations process until well after the November elections.

Thank you again to all of you for your ongoing assistance and efforts to make the strongest case possible for SSA's FY 2011 funding. We will keep you updated as the appropriations process continues and we will continue to call on you for assistance as necessary!

- **Financial Services and General Government Appropriations – Pay Raise**

The bills cleared by Senate Appropriators last Thursday also included the FY 2011 Financial Services and General Government spending measure. The measure includes a 1.4 percent pay increase for federal employees. This is the figure recommended by President Obama in his FY 2011 Budget Request.

On the House side, the Defense Appropriations Subcommittee has marked up their version of the Defense Appropriations bill, which includes a 1.4 percent pay raise for service members. House authorizers included a 1.9 percent pay raise for service members in the Defense authorization bill that was passed in May. As you may know, authorization bills represent what Congress intends to spend, but it is the appropriators who hold the purse strings and have the final word on allocation of funds.

While a 1.4 percent pay raise would be below the 2.0 percent raise federal employees received for FY 2010, there have been no calls on the Hill to put forward a larger raise. In fact, there have been repeated attempts during this session of Congress to freeze federal pay (see additional information later in this report).

Federal Employee Legislation

With the August Congressional recess already underway for the House and just around the corner for the Senate, Congress continues to make progress on a number of bills related to federal employee issues. Below are just a few highlights of the federal employee bills/issues currently being considered before Congress that may be of interest to NCSSMA members.

Telework Bill

On July 14, 2010, by a vote of 290-131, the House passed H.R. 1722, the Telework Enhancement Act of 2010. The Senate passed a very similar bill, S. 707, with amendments by Unanimous Consent on May 24, 2010.

Both bills are designed to expand telecommuting opportunities government wide by creating greater flexibility for employees to telecommute when applicable. The bills also require agencies to take a number of actions to expand their telework programs.

In a GovernmentExecutive.com article entitled, "Telework bill could be near tipping point," published on July 23, 2010, Makeda Scott-Mingo, director of communications for Representative John Sarbanes (D-MD), who sponsored the House bill, stated, "We expect to get the bill to the President and are talking with the Senate about all options to do that." In the same article, Jesse Broder Van Dyke, a spokesman for Senator Daniel Akaka (D-HI), the sponsor of the Senate bill, stated, "Obviously we're nearing the end of the year, but we're hopeful that we can get this to the President before then."

The Congressional Budget Office (CBO) has estimated that implementing the bill would increase administrative costs for federal agencies by approximately $2 million in FY 2010 and by $30 million over the FY 2010-2015 period. From the start Republicans have opposed the bills because of concerns that the bills were not deficit-neutral. Democrats were able to move past this by including provisions in the motion to recommit that require agencies to certify to OPM that the telework program would not cost additional dollars but in the long run result in actual cost savings.

Supervisor Training Bill

On Wednesday, July 21, 2010, the House Oversight and Government Reform Subcommittee on the Federal Workforce, Postal Service and the District of Columbia approved legislation to improve training for federal managers. The Federal Supervisor Training Act of 2010, H.R. 5522, introduced by Representative Jim Moran (D-8th-VA), would establish a program to train supervisors on issues ranging from creating and discussing goals with employees to communicating expectations as well as conducting performance appraisals. Supervisors would also receive training on prohibited personnel practices, collective bargaining, and union participation rights.

Senator Daniel Akaka (D-HI), introduced a similar bill in the Senate, S. 674, in March of 2009. On June 24, 2010, the Senate Committee on Homeland Security and Governmental Affairs reported the bill out of committee favorably in the form of a substitute amendment. The Senate bill is now waiting for a vote from the full Senate.

Federal Employee Pay

Federal employee pay continues to be an issue that is swirling around in the political winds of DC. Given the current scrutiny on spending, and the concern over ever mounting deficits, we expect this to be an issue that will receive attention throughout the remainder of the 111th Congress and beyond.

A report issued by the Center for American Progress, entitled, "Better, Not Smaller – What Americans Want From Their Federal Government," indicates that more than half of the general public believe that federal employees are overpaid. It is this sentiment that will continue to keep the issue of federal employee compensation on the front burner.

Additionally, in a May survey of 2,523 participants conducted by Hart Research Associates it was found that greater than 65 percent of respondents believed a major source of government waste was inefficient federal employees receiving generous benefits or high salaries.

Interestingly though, respondents did not indicate a desire to cut federal pay, but instead expressed support for improved training and recruiting of federal employees to increase government efficiency. Overall, respondents to the survey said that the size of the government is not their major concern, rather the efficiency and effectiveness of it, regardless of size.

There are some on Capitol Hill though who continue to fight for not freezing the pay of federal employees. Representative Jim Moran (D-8th-VA) during an event on July 20, 2010, objected to any federal pay freeze. He stated that with many agencies and departments losing employees to retirement now is not the time to cut federal pay as it will only make it more difficult to hire and retain quality talent in the federal workforce.

Representative Moran did add that pay freezes/cuts will be increasingly difficult to fend off if national unemployment numbers remain high.

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