

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
Legislative Report 19-2010
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With the end of 2010 quickly approaching, and the holiday season upon us, Congress is scrambling to finish up a few remaining pieces of legislation as the 111th Congress comes to an end. The 112th Congress will convene on January 5, 2011, with Republicans regaining the majority in the House, and a slimmer majority for the Democrats in the Senate.

The past year proved to be an extremely difficult one for Congress, a session in which they were unable to pass a Budget Resolution or move any of the annual spending bills. We saw the Democrats receive a vote of “no confidence” in the 2010 mid-term elections, and the government as a whole receive approval ratings in the 20s.

NCSSMA President Joe Dirago has updated you on several of the issues below through “Special News Bulletins” but this report provides additional details as the Senate and House wrap up their work this week.

Appropriations

With Congress still unable to reach any sort of compromise on the 12 outstanding Fiscal Year (FY) 2011 spending measures, both the House and Senate on Friday, December 17, 2010, approved another short-term Continuing Resolution that runs through Tuesday, December 21. The President signed the measure on Saturday. The previous CR was set to expire on Saturday, December 18 at midnight and without the extension the federal government could have potentially been shut down.

This action comes after Senate Republicans on Thursday night killed a \$1.06 trillion end-of-year Omnibus package which the Democrats were pushing, and hoping to pass before the midnight deadline on Saturday. Democrats argued that the Omnibus was a better option than the long-term CR passed earlier this month by the House, and that it would allow the federal government greater flexibility and Congress the opportunity to have greater control over funding levels. The Omnibus package recommended \$12.3 billion for SSA’s administrative expenses, an increase of \$882 million over the FY 2010 funding level. The long-term CR passed by the House recommended an increase of \$440 million over the FY 2010 funding level for SSA’s administrative expenses.

Republicans blocked the Omnibus in an attempt to force the Democrats to delay FY 2011 spending decisions until next year. Republicans will then have control of the House, and greater numbers in the Senate, allowing them to exert increased influence over spending priorities. With the demise of the Omnibus package, the Senate and House have now passed a CR that extends through March 4, 2011. This latest CR does not provide an anomaly for SSA’s administrative funding, so funding for the agency will remain at FY 2010 levels through March 4, 2011. SSA does have the ability to utilize unobligated balances from previous fiscal years, so this may lessen the impact of the current CR on the agency’s operations. The White House on Friday hinted that they would prefer a CR to cover the remaining nine months of FY 2011, avoiding a battle on spending at the beginning of the

112th Congress, but given the passage of the CR through March 4 this battle on spending appears to be unavoidable.

Accompanying this report is the release by the U.S. Senate Committee on Appropriations that provides a summary of the Senate amendment to H.R. 3082, the CR that will keep the government running until March 4, 2011.

Of particular note in the summary is that one of the anomalies included in the CR is a freeze on the pay of Federal civilian employees for two calendar years starting in 2011.

NCSSMA will continue to be active in advocating for adequate resources for SSA. Given the passage of the CR through March 4, 2011, we will continue our efforts on the Hill, with other organizations, and with SSA to make the case for SSA to receive an anomaly in the next spending measure passed, most likely a CR that covers the remainder of FY 2011. **This will not be an easy task and we will be calling on NCSSMA members to assist us in our efforts, including Grassroots Committee actions. Please continue to check your home email for important updates and requests for assistance.**

Tax Package

Early Friday morning, December 17, 2010, the House voted 277-148, with support from moderate Democrats and Republicans, to pass a tax package that would help avoid widespread tax increases for 2011. The tax cuts were those originally passed by former President George Bush in 2001 and 2003. The tax cuts were set to expire at the end of 2010.

The extension of these tax cuts has been hotly debated by Democrats and Republicans all year long. The Democrats wanted to renew the tax cuts, but only for individuals making less than \$250,000, and the Republicans wanted to renew the cuts for everyone.

The passage of H.R. 4853, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, paved the way for Congress to send the package to the President's desk, as the Senate had also passed the bill just two days prior.

The President signed the \$858 billion tax package into law on Friday, December 17, 2010.

The bill which extended the tax cuts that were originally passed in P.L. 107-16 and 108-27, included a payroll tax holiday, a host of business tax cuts, an estate tax revision back to 2009 levels, extension of transit subsidies for private and public sector employees, as well as an extension of jobless benefits. The breaks on all income brackets, under the bill, will expire at the end of 2012.

Of particular note in this bill for NCSSMA members was the fact that the legislation included a one-time two percent Social Security payroll tax reduction. Because it is a reduction of the Social Security payroll tax, the bill provides a tax reduction for FERS employees, but not CSRS employees, as they do not pay into Social Security. The payroll tax reduction also does not apply to several million state and local employees that are not covered by Social Security.

NCSSMA strongly advocated with our contacts in Congress for a provision to be included in the bill for CSRS employees. Unfortunately the final legislation only included the “tax holiday” for individuals under FERS. We will continue to raise this issue with the Hill and the Administration and we will be calling on NCSSMA members to assist us with these efforts in addition to our work on the budget. We will also be working with other organizations whose members were not included under the legislation. Please continue to check your home email for important updates and requests for assistance.

Social Security Related Bills

In the past few weeks, Congress has also taken up a number of different Social Security related bills. On Wednesday, December 8, 2010, Democrats in both the House and the Senate fell short in their attempts to pass a bill that would have provided a one-time \$250 payment to Social Security recipients next year.

The bill, H.R. 5987, sponsored by the Chairman of the House Ways and Means Social Security Subcommittee, Congressman Earl Pomeroy (D-ND), would have directed the U.S. Treasury to disburse \$250 payments to Social Security recipients to compensate for not receiving a 2011 cost-of-living adjustment. Inflation has not been high enough to trigger one. Additionally with this bill, individuals that normally receive federal disability payments would have also received the one-time \$250 payment. This is now the second year in a row that Social Security recipients will not receive a cost-of-living adjustment.

The House bill failed by a vote of 254 to 153, and the Senate vote was 53 to 45. Both chambers needed to receive a 2/3 majority to pass the bill.

In mid September, Senator Dianne Feinstein (D-CA) introduced another SSA-related bill titled the “Social Security Number Protection Act of 2010,” S. 3789. The Senate passed the bill on September 28, 2010, and the House followed suit on December 8, 2010. The bill was designed to prohibit federal, state or local agencies from: 1) displaying Social Security account numbers on any individual, or any derivative of such numbers, on any check issued for any payment by the agency; or 2) employing, or entering into a contract for the use of employment of, prisoners in any capacity that would allow them access to the Social Security account numbers of other individuals.

The President signed the bill into law on December 18, 2010.

Congressman Earl Pomeroy, Chairman of the House Ways and Means Social Security, who also introduced a similar bill, commented in a December 8, 2010, CQ article titled, ‘House Clears Measure Limiting Access to Social Security Numbers,’ that the measure would make “obvious changes that would protect millions of Americans from identity theft.”

Government Employee Legislation

In the past few weeks Congress has also taken up some issues directly related to federal employees. On Thursday, December 9, 2010, the President signed into law H.R. 1722, the Telework Enhancement Act of 2010. The bill passed the Senate the end of September and

the House the middle of November.

The bill aims to increase telework in the federal government. The Telework Enhancement Act requires agencies within 180 days to establish a policy on working outside the office, identify eligible employees and inform them of the option. The legislation also requires agencies to name an official to manage telework programs, and incorporate the policy into plans for continuing essential services during natural disasters or other emergencies.

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