

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
Legislative Report 13-2012
August 20, 2012

As Washington swelters in the August heat, lawmakers have left town for their respective states and districts for the multi-week summer Congressional district work period. Below, are a few items of interest that were either addressed prior to their adjournment, or that will most like be brought up following the Congressional return to session on Monday, September 10, 2012.

Appropriations

With the start of FY 2013 quickly approaching, and no indication that Congress will move the 12 annual spending bills, both House and Senate leaders agreed to a framework for a continuing resolution (CR), to fund the government through March 2013, at levels in line with the top-line funding level of \$1.047 trillion. The deal was reached before lawmakers left for the August recess.

“This agreement reached between the Senate, the House and the White House provides stability for the coming months, when we will have to resolve critical issues that directly affect middle class families. The funding levels in the six-month CR will correspond to the top-line funding level of \$1.047 trillion. I hope that we can face the challenges ahead in the same spirit of compromise,” stated Senate Majority Leader Harry Reid (D-NV) in a July 31, 2012 press release.

Speaker of the House of Representatives, John A. Boehner (R-OH-8th), and Senate Majority Leader Harry Reid (D-NV), announced they will seek to clear a CR that will do little more than keep federal agencies running at roughly their current budget level from October 2012 through March 2013. Many House conservatives have said they will support such a measure, as long as it doesn’t contain too many exceptions or “anomalies.”

House and Senate leaders said they agreed to the CR in part to remove the potential distraction during the lame-duck session, in which they are expected to focus on the sequester and expiring tax cuts, both of which are slated to hit in January 2013, unless Congress acts to stop them.

Fiscal Cliff – Sequestration and Taxes

It is expected that Congress will address the “fiscal cliff” issues in the lame-duck session, following the November 2012 elections. The “fiscal cliff” issues are the automatic spending cuts, known as sequestration, and the expiration of tax cuts, both of which are scheduled to go into effect/expire in January 2013. One of the biggest battles in the “fiscal cliff” debate/negotiations relates to the tax cuts currently set to expire. Republicans would like an extension of the current income tax law, and Democrats would like to renew the cuts, but only for families whose income is less than \$250,000.

With little movement by Congress on a resolution to sequestration and the corresponding automatic spending cuts set to take place in January 2013, Office of Management and Budget (OMB) Acting Director Jeffrey Zients released a memo on July 31, 2012, to help agency heads plan for the cuts. In the memo, Acting Director Zients stated that, “If allowed to occur, the sequestration would be highly

destructive to national security and domestic priorities, as well as to core government functions.” The memo also stated that in the coming months, OMB will be holding discussions with agencies and departments on how the automatic cuts will impact their core missions, on relevant reporting requirements, and on which agencies and departments may be exempt.

Acting Director Zients concluded the memo by adding, “sequestration is a bad policy, was never meant to be implemented, and should be avoided through the enactment of bipartisan, balanced deficit legislation. The Administration urges Congress to take this course.”

If Congress does not act on an alternative or find a resolution, sequestration would mean federal agencies will face \$109 billion in cuts starting in January 2013.

Also of note, President Obama signed H.R. 5872, the Sequestration Transparency Act of 2012, into law on August 7, 2012. The Public Law directs the White House to spell out what kinds of reductions at the “program, project and activity level” would result from allowing the slated across-the-board cuts scheduled to take place in January. It currently appears that the Administration should issue a report on reductions at the “program, project and activity level,” to Congress when lawmakers return to session in September.

Good Neighbor Social Security Office and Community Protection Act of 2012

On Thursday, August 2, 2012, Senator Scott Brown (R-MA), introduced the “Good Neighbor Social Security Office and Community Protection Act of 2012.” When introduced, the bill was read twice and referred to the Senate Committee on Finance. The legislation, as currently written, proposes that there be restrictions placed on the process by which the Social Security Administration (SSA) closes offices. The stated purpose of the bill is to protect senior citizens, disabled persons, veterans, and other beneficiaries and customers of the Social Security Administration. At this time, the bill has no cosponsors.

You can view, and read, the proposed legislation in its entirety, by clicking on the link below:

<http://www.gpo.gov/fdsys/pkg/BILLS-112s3489is>

Phased Retirement

The Moving Ahead for Progress in the 21st Century Act, H.R. 4348, which President Obama signed into law on July 6, 2012, includes language that allows federal employees to ease into retirement by working part-time and collecting a partial annuity.

The Office of Personnel Management (OPM) has not announced a specific startup date for the program, but the agency hopes that it will get it up and running as soon as possible. If you are interested in additional details related to the program, the link below will take you to a fact sheet that was issued by OPM:

www.public.navy.mil/donhr/Benefits/Retirement/Documents/Phased%20Retirement%20OPM%20QsAs.pdf

The fact sheet states that participation in the program is optional, and will require the mutual consent of employees and their agency. Not all workers will be eligible for the program, namely those who are subject to mandatory retirement.

Early Retirement Offered

On August 6, 2012, the Social Security Administration offered early retirements to 9,000 employees, which is approximately 14 percent of SSA's 65,000-person workforce. SSA did not say how many employees the agency expects to take the offer.

As we all know, SSA has been dealing with significant staffing losses in recent years. In 2011 SSA's staff dropped by nearly 4,500 employees, and in the first quarter of 2012 the agency has lost another 650. These losses come as workloads are on the rise due in large part to the economy and demographics.

In an August 12, 2012, Federal Times article titled "SSA offers early-out deals to 9,000," NCSMA President Steve Clifton stated that he is afraid that the early retirements could hit small offices around the country unevenly.

Clifton also stated that he could not predict how many of the 9,000 eligible employees might take the early retirement offer. But that some employees in offices that have already lost several people and are struggling to handle the workload with fewer resources may choose to throw in the towel.

"Is there going to be a tipping point to this?" Clifton said. "In this economy, it's anybody's guess. But if my neighbor goes, and I'm eligible, maybe I go, too, because I'd have to process the same workload with fewer people," President Clifton stated in the Federal Times piece. If you are interested in reading the article in its entirety you can access it at the following link:

<http://www.federaltimes.com/article/20120812/PERSONNEL03/308120006/SSA-offers-early-out-deals-9-000>

Greystone Group LLC
418 C Street, NE
Washington, DC 20002
202-547-8530/FAX 202-547-8532
Contact: Rachel Emmons or Aaron Hunter
E-mail: rachele@greystone-group.com or aaronh@greystone-group.com