

The National Council of Social Security Management Associations, Inc.
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As summer continues in Washington, Congress, seemingly at a snail's pace in the scorching weather, is trying to tackle as many issues as possible before the month-long August recess and the November elections. Below is a brief overview of important issues related to funding for the Social Security Administration (SSA).

FY 2013 Appropriations

On Wednesday, July 18, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, released their Fiscal Year (FY) 2013 funding bill. The legislation includes funding for the Department of Labor, Department of Health and Human Services, Department of Education, and SSA just to name a few.

Overall, the bill provides approximately \$10.7 billion for SSA's administrative activities. The base administrative funding recommended by the House is \$10.241 billion. Additionally, the bill recommends \$170 million in SSI fees, and \$272 million to address program integrity. Only the bill text and press releases from both the Republicans and Democrats on the Appropriations Committee are available at this time, but it does not appear that the House has included cap adjustment language related to program integrity funding made available as part of last summer's Budget Control Act. There is bill language that allows for up to one-half of a percent of the base Limitation on Administrative Expenses (LAE) funds to be transferred and used for program integrity workloads.

As the spending bill's accompanying report and tables have not yet been released, we have not had the opportunity to thoroughly study and compare the House's recommendations with the FY 2012 enacted funding levels or the recommendations made earlier this year by Senate appropriators. The report and tables should be available following consideration of the measure by the full House Appropriations Committee. At the time of the Subcommittee markup it was anticipated that full Committee consideration would happen this week. Our sources indicate this may still happen, but it's unlikely there will be any further action before the November elections.

Given the information currently available, the base LAE amount from the House appears to be approximately \$304 million less than the base proposed by the Senate Appropriations Committee, which was passed back on June 14. Additionally, the \$272 million funding level provided for program integrity in the House version of the bill, plus a transfer of roughly \$50 million, is some \$700 million less than the \$1.024 billion recommended by the Senate.

According to the press release from Democratic appropriators in the House, the bill put forward by the Republican majority in their chamber for consideration is over \$700 million below the FY 2012 enacted level and more than \$1.0 billion below the President's FY 2013 budget request for SSA.

Looking ahead, the path forward for this bill is anything but straightforward as it contains countless contentious issues for both Republicans and Democrats, one of which is the health care reform bill, which House Republicans remain determined to defund, readily apparent given not only the text of this bill, but the tone of the Republican press release. The bill may not even be brought up on the House floor. Most likely, a compromise will need to be worked out when the bill goes to conference, probably as part of a larger funding package. It is unlikely that we will see passage of this measure as a “stand alone” bill, something that has not occurred since 2007. It is also unlikely that we will see passage of this bill anytime in the near future and a Continuing Resolution (CR), perhaps more than one, seems to be unavoidable.

Sequestration

With no apparent resolution in the near future, and ever-increasing partisan wrangling, severe across-the-board budget cuts are set to take effect in January of 2013. According to a recent academic report commissioned by the Aerospace Industries Association, which was released last week, these severe cuts would result in a sharp uptick in both federal and private sector unemployment.

These looming budget reductions are a result of the Budget Control Act of 2011. Enacted last summer, this legislation set in motion the use of a budget-cutting tool known as sequestration, which according to the academic report mentioned above would reduce the nation’s gross domestic product by \$215 billion, decrease personal earnings of the workforce by \$109.4 billion, and cost the economy 2.14 million jobs. Specifically, the automatic cuts under sequestration would be a reduction of some \$56.7 billion in defense spending and \$59.0 billion in non-defense spending. In terms of SSA’s administrative funding, which would be included in the \$59.0 billion in non-defense spending, we are gravely concerned as we could see a significant reduction, perhaps as high as \$1.0 billion based on our estimates utilizing data from the Congressional Budget Office (CBO) and the Center on Budget and Policy Priorities (CBPP).

Of the 2.14 million jobs projected to be lost, the report indicates roughly 270,000 of those will be in the public sector. Specifically, an estimated 48,000 would be lost at the defense agencies, and 229,000 at non-defense agencies. Additionally, as part of the 2.14 million jobs, 340,000 of those will include contractor jobs, certain federal support jobs, and jobs that rely on federal employees.

As always, we will keep you updated on significant information related to SSA’s administrative funding.

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