

National Legislative Report
Judy Park, NARFE National Legislation Director

President Zajac: it is an honor and a privilege for the Chair to introduce our next speaker, Judy Park. She always gives our conventions that added spark and this is her 24th visit to our California convention. Judy has been our legislation director representing us on Capitol Hill for more than 35 years. She is well known and respected on Capitol Hill and is probably personally responsible for being the catalyst for the many successes NARFE has had over the years with Congress.

Thank you very much, and I am thrilled to be here. I know Rolland Hamilton was at the first convention, which I went to in California, 25 years ago. Was any one else there that long ago? Lou Burgelin and Joe Sullivan, there are a few of us left, "the survivors." We may have not been the first survivors here, but the California Convention is usually at the end of my convention circuit where I see many, many, old friends and always have the opportunity to meet new ones. It's a pleasure for me to be here and the hospitality you've always extended is most appreciated. The hospitality here is unsurpassed, so I thank the Host Committee, President Baptiste, Regional Vice President Forney Lundy and Federation President Helen Zajac. I have never called Southern California "La-La Land," but some people do, and I'd like to take a few minutes this afternoon to talk about just the opposite--about today's realities. In particular, the primary mission of NARFE -- our legislative issues. There are some who say that NARFE is not gaining members at the rate we once did and perhaps not retaining members at the rate we once did, because we aren't doing anything legislatively. That is not a reality. The reality is that we have had a number of legislative successes over the past several years. There are few things that outline them better than this brochure that your Federation has just produced. And while it has been done for recruitment purposes, it might be a good idea for our current members to review it themselves.

I think the simplest way to realize that NARFE has been legislatively active over the years is to recognize the fact that in more than a decade now, no federal retiree and no federal employee has lost a benefit. That's due to diligent work on the behalf of all federal employees and retirees, from people like you and NARFE members across the country. It is not simply because we have a grateful government. Time and time again someone has come forward from both political parties with proposals to reduce the benefits you currently have. And time and time again, with the help of our membership across the country, we have staved off those efforts. So when people say we haven't done anything legislatively, ask them what they've lost. And then tell them, that is what we've done. I can tell you they won't be able to tell you anything they've lost in the past 13 years. That's the reality for you to carry forward when you're doing your recruitment efforts, and when you're calling members who might be thinking about dropping out. We have lots of people--far too many who have worked for and now benefit from federal service--who are riding on the backs of your efforts, putting forth none of their own. But let's not let our current membership drop without knowing the facts of what NARFE is doing for them, and what of those in NARFE who have gone before have done.

We now have a new Congress, not only a new Congress but also a new majority at one end of Pennsylvania Ave, on Capitol Hill. Surely, nobody in this room is unaware of the fact that as a result of the 2006 elections the Republicans became the minority and the Democrats the new majority. When that happened, in many areas, there was great rejoicing about the fact that now everything was going to change. Now all the bills we've been watching are going to slide through Congress. The reality is that this new congress has to deal with the same realities that

the old congress had to deal with, and they're not all perfect realities. There is policy making established by the needs of the nation that applies to whichever party is in power.

The needs of our nation, at least since 2001, and even before, have changed drastically. The country has had to change both the way the government itself operates, and the way it regulates businesses in this country. That continues to change and change very quickly. New policies that allow us to react more quickly to external threats, natural disasters within our own borders, and indeed the fiscal stability of this country; are realities with which this current Congress have to deal. They have policies that they have to work with, and they also have to try to resolve and come up with these new and better policies for today's world. They have to work within a process, a legislative process, that has to be adhered to whether the Republicans or Democrats are in control. For instance, the nation has to have a budget. The first thing that usually comes up when a new session of Congress meets, the White House submits their budget. The Congress then determines how theirs might differ from the White House, and then-- and just last week—a federal budget must be agreed to between the House and the Senate. Then starts the appropriations process. The Appropriations process is absolutely essential because it provides the money to the various agencies which operate the many functions of the government. You have that process that has to be followed to keep the government functioning, and then you have the legislative process. whereby committees review and debate issues and proposals. First one chamber, lets say the House, must pass it, and that's fine. Then it has to go over to the Senate and go through the same process. If you get it passed over there, that's even better. But, it still has to go down to the other end of the avenue, to the White House, and it could be blocked right there. You have to have all these bases covered: the House, the Senate and the White House. That's the reality. So you have policies, you have processes, and then, if we don't have agreement between both ends of the avenue--and more often than not right now we don't--then we have the politics. You never have legislation outside the political arena. And the politics at play right now are for very high stakes. They are for control of the nation's policy, not only for today, but also for tomorrow.

This Congress, the 110th is really going to be a Congress of sound bites on both sides of the political aisle, with everybody getting ready for-- you know what-- in November 2008. Do you ever remember a time when Presidential Candidates were debating this early in the game? I mean, debating on TV, this early in the game? Very high stakes are in play for next year's election. And almost everything that's happening on Capitol Hill is being influenced by that election of next year. I think they may find there's a reality that the American people simply weary of politics that go on for two years. But they're there. They are the reality of the day and they're going to stay there through the remainder of this Congress. This year there is a new wrinkle in the budget process--it was gone for awhile but returned this year—which is part of the reality of dealing with the legislative process. That is a system that the new majority adopted very early this year called PAYGO (Pay as you go). PAYGO is a shortened form of a process that Congress established within the budget which stipulates that if you adopt legislation that requires new spending, you must, at the same time, adopt legislation that saves the same amount. So if you want a program that's going to cost five billion dollars, then you also find a way to save five billion dollars. In other words, you need a wash. That's a reality, that's PAYGO, and that's in place right now.

I want to move to some of our own legislation, where it is in this new Congress and the realities we are that we're facing today. The first one was introduced on the first day of the new Congress. It was HR-82, sponsored by your own California Congressmen Howard Berman and Buck McKeon, and in the Senate, S-206, by your Senator Dianne Feinstein. You recall the GPO-WEP repeal bill in the last Congress was by McKeon-Berman now it's Berman-McKeon.

It's the same bill; it's the same two guys; but it's who's in the majority and who's in the minority. That's who gets top billing here. Yesterday, like you, I heard Senator Feinstein's local representative talk about the senator's introduction of the bill and then his prediction, which was somewhat challenging, that this Congress was not going to adopt that bill. Well I think the reality is he's right. This Congress is not going to adopt repeal of the GPO-WEP. Someone asked if it's not going to happen, why did Senator Feinstein introduce it? The same could be said, "Why did the two representatives introduce the bill in the house?" The reality is that these are bills will help keep that issue alive. They are simple bills. Simple in that it's easy for affected individuals and interested individuals to understand the legislation that says we will repeal the Government Pension Offset and the Windfall Elimination Provision.

If you're contacting a member of Congress on behalf of these issues you don't have to remember a lot of technical jargon or formulas or dollar figures. You just have to say "the bill to repeal the two social security offsets." So you have a vehicle in both the House and Senate that individual citizen lobbyists can deal with easily. Now when I say and I think probably when Mr. Molanari yesterday said, this Congress is not going to adopt that bill, it was THAT bill. I'm not here to tell you that Congress will not move on one or both of those issues, in one way or another, because there is great political pressure to do so. And the bills that are there right now can serve as vehicles to amend if you will. Some one can sit out there and tell me we shouldn't do anything but support total repeal. And I can say to you the reality is that I could also walk back here and just keep slamming my head against the wall. That wall is not going to move. But if I walk down the steps and move around a little bit and go through some of those chairs I'm going to get somewhere. At least I'll be a little further ahead than trying to walk through this wall back here. If I angle through, maybe I can find a new direction between those two tables and I may finally get out. That's the reality of the legislative process. You can't just say that there's one way to go and if we can't go that way we're just going to keep banging our heads against the wall.

So that's where we are with the GPO-WEP. We have a bill that calls for total elimination of two provisions which have a dire adverse affect on many public retirees, including many civil service retirees. We have new figures on GPO-WEP that have recently come out and while \$62 billion used to be the ten year cost for total repeal, that is now up to \$67 billion. But, It's not much difference, 62 or 67, if you don't have either one! But for the GPO, according to the new report, and this is just the GPO that has to do with survivor benefits from social security, the average cost to the individual affected by the GPO is \$409.00 a month.

The new study says, 75 % of affected people are women, 42% are widows or widowers and 25% are men, and in total 401,200 people are affected right now. That's about one percent of the total social security beneficiary block. Under the Windfall Elimination Provision, which affects an individual's own earned social security benefit, the average loss is \$340.00 a month. 66% of the people affected by the WEP are men, 34% are women. and the total affected by WEP is 625,000 people. So 625 thousand by WEP, 401 thousand by GPO, and over one million people are affected by the GPO and WEP. A million people are a lot of people, but a million people are not a large percentage of the 42 million beneficiaries on the social security roll. And that's where you get into this problem with the Congress adopting total repeal at a cost of 62 or 67 billion dollars. You're spending this money, or debiting it from the social security trust fund-- that's where the money would come from. It's going to be a debit against the accounts of social security. That's a big debit, even for the Federal government for something that affects a small percentage of social security beneficiaries. And whether an individual is a Republican or a Democrat they have to deal with the cost efficiency of spending that much money for that many people. That's the reality they're dealing with.

There are more than enough people on both sides of the political aisle who want to get rid of this issue if they could figure out how to do it without accruing that kind of new cost to the system. But we don't find many that are willing to approve that cost to the system under the current circumstances. And so everyone's looking for ways to bring about relief to as many people as possible for a lesser cost. Some of those proposals are coming forward now in things like the recent bill introduced in the Senate by Senator Barbara Mikulski which applies only to the GPO. It would not apply the GPO until after \$12 hundred dollars of combined income per month per individual. That has about an \$8 billion price tag on it-- so considerably less-- but that too could be amended. We're looking at things like the Windfall Elimination Provision (WEP) where instead of needing 30 years of substantial employment earnings before you're eliminated from the WEP that figure is brought down to 15 or 20 years. And what are the costs on those things? There are lots of people looking for ways to bring relief without the cost of the \$67 billion price tag. The Berman, McKeon and Feinstein bills serve well as the starting point on those issues. There are many other organizations working with NARFE to find workable solutions to this, including the National Education Association-- teachers are the biggest block affected nationwide--the American Federation of State County & Municipal Employees and some of the other federal employee organizations. The NEA, NARFE and AFSCME are the lead groups on these issues. A lot of work is going on and, as I said earlier, the political pressure certainly is keeping the issue alive and in the forefront of the minds of Members of Congress, seeking to deal with issues important to their own constituents before the 2008 elections. So keep talking about it, it's there, keep it simple, make it sweet and as we I work out details, we'll keep you informed.

Another bill that has long been a priority is Premium Conversion. I'm beginning to think we need to find a new name for premium conversion. No one even knows what it is unless you're one of us, and you deal with it all the time. Its title doesn't tell you anything. What premium conversion really does is let you pay health insurance premiums with non-taxable dollars. Now I don't know what we'd call it. Maybe we need to have a contest to figure out what to call it. But premium conversion? We know what it is because we made it up, and we have to deal with it. Lots of other people don't. And, it's today's federal employee who have as much to lose as anybody on this. As the lady said yesterday, they now pay their health premiums with non-taxable dollars, but the day they retire, they lose that benefit. I would wager that 85-90% of today's employees don't even know they have this benefit. And they don't know because they didn't have to sign up for it. It's automatic unless they said they didn't want it. So you'll talk to employees anywhere in the federal government and mention "premium conversion," and they don't know what it is. And even if they knew what it was, they don't know that they have it. We're finding the same thing with the Members of Congress. They grasp the idea very quickly, and by now most of them know about it, but it's that simple concept and again, you have to keep it simple to deal with it most effectively, of paying your health care premiums with non-taxable dollars, non-reportable dollars, which would make about \$500-\$800 dollars annual tax savings for the average federal retiree.

Yesterday in Washington D.C., NARFE was the only federal community representative asked to testify before a hearing on the Senate Sub-Committee on the Federal Work Force, part of the Homeland Security and Governmental Affairs Committee. No other federal group was asked to testify, but NARFE. The Government Accountability Office and the Office of Personnel Management were on the first panel testifying. Blue Cross Blue Shield, and NARFE legislative counsel, Alan Lopatin, testifying on our behalf comprised the second panel.

As soon as the hearing was over I had a call from one of the people in the Legislative Department who had been in the hearing saying, "It's a marvelous hearing, our position was put forth very well." This hearing, when you talk about bringing down costs, specifically was looking at the issue of the Office of Personnel Management not applying for Medicare subsidy that they're allowed to get. And for two years now they haven't applied for it. GAO said there is about a billion dollars there that could be used to help hold down, or put some reins on, increasing health premium costs for everybody--not just retirees. And while it is indeed intergovernmental transfer and OPM says that's why they're not taking it, it's still a billion dollars and that billion dollars could help offset some other costs. All the better that's its intergovernmental transfer, which means it's not a new budget cost. They're just shifting it around. That was, in essence, the position that NARFE was testifying on behalf of at the hearing yesterday. Right before I came out here I spent sometime on the phone with Senator John Warner's office to make sure Senator Warner, a member of that committee, was going to be at the hearing. I was assured he would be. He did show up. He didn't show up for OPM and GAO, but he did show up for Blue Cross Blue Shield and NARFE; because we wanted to also talk about premium conversion at this hearing. Premium conversion is not before the Governmental Affairs Committee; it's a Finance Committee issue because it affects taxes, but we have friends on that committee. Senator Warner of course is the primary Senate sponsor for Premium Conversion. We wanted to get all the support we could for premium conversion as long as we were talking about health benefits. So, we killed two birds with one stone.

The report that I got was that not only did Senator Warner take advantage of that opportunity to plug his bill, but all of you, not just those in Virginia, should be proud because he apparently said that NARFE was probably the best advocacy group that he worked with on Capitol Hill. And then Senator Akaka felt he should say something too, so he said, "I agree." Everybody agreed with it. We got some perks too. A reality again.

I don't think if we took the Premium Conversion bill in the house, to the floor, on its own, that it would pass. It has to start in the house because it's a tax bill. I don't think it would pass, not because people think it's a crazy idea, but because it affects only the federal community civilian and the military, but still only the federal community. No other retiree in the country has premium conversion, most employees do, and no retirees do. The question we hear most often is, "why does this just affect the federal community?" Our answer is, "because we're the ones that came up with the idea, its our bill, this is our cost, we've done this work, but we surely have no problem with the rest of the retirement community sharing in what we think is a program, designed to make health care more affordable for all of the nations retirees. The thing to do right now to get this thing moving and all of the strategists, from both Members of Congress themselves and staff, agree it needs to be rolled into a bigger tax bill as they look at broader issues such as the alternative minimum tax . Move this into a bigger tax bill and it doesn't shine bright either in cost or in effectiveness, get it through and then we'll work from there. So a lot of this is not just take this bill, get it to the floor, get a vote, it's strategizing the movement of the bill as it goes onto the floor, how it can best be shaped and presented and then finally down to the Congress. I don't know how George Bush feels about Premium Conversion; he probably doesn't know what it is either. But I can tell you he's not going to veto a bill simply because of Premium Conversion. President Baptiste said yesterday, what our priority legislative issue would be in this Congress. I'm sure she meant it, and I will say it again--it probably will be holding on to what we have. And that always has to be our first issue and it is more important now than ever, as I hope you realize.

I said in the beginning that there was a reality that the past 13 years the federal retirees and employees have lost nothing. In the past 13 years millions of Americans in private

companies, retirees and private corporations have lost a lot. They have lost not only their jobs, but even those already retired have lost pension benefits. Millions more have lost-- or had reduced--health care benefits that they never dreamed would be lost. Retirees who worked under almost ideal union contracts with the auto companies and the airlines and others have seen their benefits decimated in the last decade or so as American corporations do all they can to cut costs and become competitive in this global economy. I'm not going to go into details there, but it is a reality. You have held on to your benefits as a result of your own work. But millions of others have lost the very same benefits and they are beginning to be annoyed about it. This is resulting in what can be called, I guess, "pension envy". This understandable "pension envy" from the private sector is being voiced to members of Congress. The public sees members of Congress as the ultimate federal employee, and they say, "You have all these benefits, you haven't lost them, but I'm losing mine. What are you going to do about it?" And if you think that members of Congress aren't going to start reducing benefits, because they get those benefits, then you don't know the power of political pressure. Because the reality is, if the call gets strong enough from constituents for Congress to start reducing benefits, even though they'll call for it first for them, it's going to affect the whole federal community. If you don't believe that, then you're not dealing with the realities of politics.

Therefore, as said earlier, we have gone for more than a decade without losing anything, because we worked at it. It is going to be even more essential that we work at keeping what we have and that we bring more into the fold to help us do that in the years ahead. I have no doubt at all that it can be done. But it has to be on a commitment from me, and you, and our President, and your President and members of NARFE all the way across the country, that this is our top legislative priority. So I think if you leave here with nothing else today from my remarks, that's what I would ask that you remember. ***The commitment is to hold on to what we've got, it's our biggest challenge.***

There is no way that we can have a strong legislative presence in Washington without having a strong voice and visibility in the political arena. I've been out here for 24 years and every year I say, "What gives us visibility and voice in the political arena?" NARFE-PAC. Nowhere have people been more willing to volunteer their dollars for NARFE-PAC than here in this state, and again I stress to you, it is simply essential that we are taken as serious, or "real players" in the political arena. NARFE-PAC gives us the access to that place. It allows us to be where the big boys are making the big decisions at the right time, in both political parties. President Baptiste and I have been to several Washington events this year with leaders of the new Congress. And there are others coming up within the next month or so. We are always, as your federation officers know, willing to help friends here in California, friendly members of the California delegation, by sending you, their own constituents, to their fund raisers where they see NARFE and they know NARFE is a serious player in the political arena. That's what NARFE-PAC allows us to do. There is a NARFE-PAC table out there. Vaudis Pennell is at the table, and will be handing out the NARFE-PAC pins. You need that pin and we need that pin money. and NARFE needs it. I hope all of you have plenty of dollars to give to NARFE for various things. But if you only have \$1.00, go out and give it to Vaudis to back up our legislators. You can also buy a copy of the Congressional Directory for the 110th Congress, for the discounted price of \$15.00.

For a good while, when we had the Legislative Conference in Washington, we coordinated it with a NARFE lobby day in the various congressional districts in states around the country. Then last year we went to Lobby Week. We broke it away from the Legislative Conference and that worked pretty well, so we figured if a week was good, a month would be better, and this year we are having NARFE lobby month. It's going to be the month of August.

But it's not too soon to get started. Any of you who already have the June magazine might have seen Save the Dates notice in there. That means, get ready. July magazine has "Get Set" and in July we will be doing conference calls from the National office with Field Vice Presidents, Federation Presidents, and Legislative Chairs through out the country in blocks of time during the second week of July to lay out the procedures. All of this will be put on the NARFE's website to give you marching orders for meetings with your members of Congress during the month of August 4th through September 4th-- summer recess. That's the time when most members of Congress take family vacations but they also have time for town meetings, District office meetings and so forth. So make those appointments now. August will be "GO" month for NARFE lobby month. You'll be seeing more about it in the days ahead, but I'm just pre-warning you.

Again, I want to thank all of you for the hospitality that you've always exhibited. It's fun to be with you, and I always enjoy it. Thank you, Helen, very much.