

Legislative Bulletin.....March 31, 2004

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Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 0

*Year to Date Prior to Today's Bills: 15**

Total Cost of Discretionary Authorizations: \$0

*Year to Date Prior to Today's Bills: At least \$81.4 billion[#] **over five years*

Total Amount of Revenue Reductions: \$0

Year to Date Prior to Today's Bills: \$336.5 million over five years

Total Change in Mandatory Spending: \$0

Year to Date Prior to Today's Bills: \$395 million over five years

Total New State & Local Government Mandates: 0

Year to Date Prior to Today's Bills: 10[#]

Total New Private Sector Mandates: 0

Year to Date Prior to Today's Bills: 11

*The DOJ Authorization eliminated 7 unfunded programs, and consolidated 2 programs into 1

[#] This figure does not include H.R. 3873, the Child Nutrition Improvement and Integrity Act. A CBO analysis of this bill is not yet completed.

H.R. 4062 - To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958 through June 4, 2004 (Manzullo)

Order of Business: The bill is scheduled to be considered on Wednesday, March 31st, under a motion to suspend the rules and pass the bill.

Summary:

Extends through June 24, 2004 the authority to operate programs under the Small Business Act and the Small Business Investment Act. These programs were most recently extended through April 2, 2004.

Extends the current law authority for the SBA to collect fees in order to guarantee loans to state and local development companies through October 1, 2004.

Permits SBA to guarantee an additional \$3 billion worth of loans through the 7(a) loan program during this fiscal year.

For the remainder of the fiscal year, permits SBA to guarantee so-called "piggy-back loans" meaning that the SBA can guarantee a loan even though there is already a commercial loan with senior credit position. The bill imposes a one-time fee of 0.70% of the amount of the commercial loan.

Raises the annual fee for 7(a) loans from their temporary percentage of 0.25% to 0.36% for the remainder of the fiscal year.

For the remainder of the fiscal year, for loans under \$150,000 the SBA will retain the 0.25% lender-fee currently kept by banks.

Expands for the remainder of the fiscal year, the Express Loan program (lower guarantee rate, but less paperwork for banks) to include loans up to \$2 million.

For the remainder of the fiscal year, raises the 7(a) loan guarantee limit from \$1 million to \$1.5 million, but charges an additional risk premium of 0.25% on the amount of the loan over \$1 million.

Additional Background: The House and Senate are currently working on long-term reauthorization bills for the Small Business Administration.

Committee Action: The bill was referred to, but not considered by the Small Business Committee.

Cost to Taxpayers: Any increased costs from expanding the loan program should be offset by the increased fees collected under the bill.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A Committee Report citing Constitutional Authority is not available.

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H.Res. 581 — Expressing the sense of the House of Representatives regarding rates of compensation for civilian employees and members of the uniformed services of the United States (Tom Davis)

Order of Business: The resolution is scheduled to be considered on Wednesday, March 31th, under a closed rule

Summary: H.Res. 581 has 6 findings regarding the contributions of federal civilian employees and members of the uniformed services, and states that the House (with the Senate concurring) resolves that:

“It is the sense of the Congress that compensation for civilian and military employees of the United States must be sufficient to support our critical efforts to recruit, retain, and reward quality people effectively and responsibly. It is also the sense of the Congress that to achieve this objective, the rate of increase in the compensation of civilian employees should be equal to that proposed for the military in Fiscal Year 2005.”

Additional Background: According to the resolution’s findings, “members of the uniformed services and civilian employees of the United States provide critical services and protection for our citizens and taxpayers and make other significant contributions to the general welfare of the Nation.” It is also stated that, “the pay system provided for under the General Schedule hampers the ability of the federal government” in recruitment and retention. The resolution claims “increases in the pay of members of the uniformed services and of civilian employees of the United States have not kept pace with increases in the overall pay levels of workers in the private sector, so that there currently exists: (1) An estimated 32 percent gap between compensation levels of Federal civilian employees and compensation levels of private sector workers, and (2) An estimated 10 percent gap between compensation levels of members of the uniformed services and compensation levels of private sector workers.”

Administration Position: In a March 30, 2004, letter to Speaker Dennis Hastert, OMB Director Josh Bolton writes, “**While we recognize that the proposed Sense of the House resolution has no binding effect on either the budget or appropriations processes, we urge Members to oppose the resolution.**” The letter further states, “federal civilian employees have enjoyed cumulative annual increases of 45.1 percent since 1993” and that “[w]ith respect to retention, the voluntary attrition rate is at a near historic low of 1.6 percent. Only in relatively few [federal] occupations are recruitment and retention problems an issue, and the President’s pay policy gives agencies the tools and resources to address these concerns.”

RSC Concerns: According to Rep. Istook, who opposes the resolution, over the last seven years, civil service base pay has risen \$1.66 for every \$1.00 increase in the Consumer Price Index and the Social Security COLA. While CPI has increased 18.3% from FY97-FY04, federal civil service pay has increased 30.8%.

Also according to Rep. Istook, the 32% pay disparity noted in the resolution’s findings, only covers base pay and does not include *total compensation* such as locality pay and benefits (health care, retirement, etc.). Counting locality pay (i.e. higher wages for living in high-cost areas) lowers the “gap” to 17% and counting benefits eliminates any gap.

Committee Action: The resolution was introduced on March 29, 2004, and jointly referred to the Committees on Government Reform and Armed Services. Neither Committee considered the resolution.

Cost to Taxpayers: While the resolution would authorize no expenditure, it supports giving federal workers an extra \$2.2 billion in FY05 on top of a 1.5% cost-of-living increase. The President's budget proposes a 3.5% increase for military pay, but includes 1.5 % for the civilian workforce.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

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