



Washington Wrap Up, 108th Congress (2003-2004)

(Formerly Federal Capsule)

Federal Legislative and Regulatory Proposals of Interest to NCTR Members

Current as of October 6, 2004 – Congress will likely recess around October 8. An update including any actions taken between now and then will be posted once NCTR Washington Counsel returns from the Annual Convention.

Any italicized font indicates change; SLG = State and Local Government

Federal Updates referenced in chart are available at <http://www.nctr.org/federal/index.html>.

Issue		Proposal	Brief Description	Latest Major Action
Bankruptcy				
	Reform		Expands current law protection of pension assets from creditors	H.R. 975, approved 3/19/03 by House of Representatives and approved it again on 1/28/04 along with S. 1920, another bankruptcy measure.
Pension				
	Post-Enron		Expands federal regulation of SLG retirement plans through mandating notice requirements	H.R. 1000, approved 5/14/03 by House of Representatives. See Federal Update 2003-8 for details.
	“Portman-Cardin III”		Makes various changes in federal pension law	H.R. 1776, as amended by the “Chairman’s Mark,” approved 7/18/03 by House Ways and Means Committee. See Federal Update 2003-13 for details.
	Employer Retirement Savings Accounts (ERSAs)		Consolidates 401(k)s, 403(b)s, 457s into new, single plan	Proposal released 2/2/04 as part of Administration’s FY 2005 Budget. See Federal Update 2004-2 for details.

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	Lifetime Savings Accounts (LSAs)	Creates accounts for any type of savings. Individuals could save up to \$5,000 per year in after-tax funds, but earnings on funds tax-free, similar to Roth IRAs. Individuals could withdraw savings at any time and for any purpose.	S. 2263, introduced 3/31/04; H.R. 4078, introduced 3/31/04. See Federal Update 2004-10 and -11 .
	Retirement Savings Accounts (RSAs)	Creates accounts for retirement savings. Individuals could save up to \$5,000 per year in after-tax funds, but earnings on funds tax-free, similar to Roth IRAs. Individuals could withdraw savings after age 58.	H.R. 4714, introduced 6/25/2004. See Federal Update 2004-2 for details.
	National Employee Savings and Trust Equity Guarantee Act (NESTEG)	Relief for SLG plans in such areas as Minimum Distribution Rules and Purchases of Service Credit as well as other changes	Senate Finance Committee approved 9/17/03; bill introduced 5/14/04 as S. 2424. See Federal Update 2003-20 for details.
Retiree Health Care			
	Affordability of health care	Allows individuals to pay retiree health care premiums on pre-tax basis	Section 1401 of H.R. 1776. Not included in Chairman's Mark, approved 7/18/03.
		Allows retired civilian and military federal employees to pay health insurance premiums on a pre-tax	H.R. 1231, approved by House Government Reform Committee 9/25/03 and report on bill issued 7/7/04.

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		basis.	S.623, introduced 3/31/03.
	Importation of Prescription Drugs	Allows Americans to import prescription drugs from other countries. Issue sometimes called “re-importation,” in the case of prescription drugs manufactured in the U.S., exported, and then imported back into the U.S. (Note, the Medicare Prescription Drug law, Public Law 108-173, allows drugs to be imported from Canada provided that the Secretary of the Health and Human Services Department, who oversees the Food and Drug Administration (FDA), certifies the safety of such practice. The Secretary has not so certified.)	S. 1974, introduced 11/25/03 S. 1992, introduced 12/9/03 S. 2307, introduced 4/8/04 S. 2328, introduced 4/21/04; hearing held 7/14/04 S. 2493, introduced 6/2/04 H.R. 2427, approved by House 7/28/03, to allow prescription drug imports H.R. 4766, approved 7/13/04 by House, includes a provision to block FDA from spending money to enforce ban on prescription drug imports
	Prescription drug coverage for Medicare beneficiaries	Provides prescription drug coverage under Medicare program and makes other changes	Signed into law 12/8/03, Public Law 108-173. See Federal Update 2003-26 .
Social Security			
	Account numbers	Limits SLG retirement systems’ use of Social Security account numbers as identifiers	S. 228, introduced 1/29/03. S.2801, introduced 9/14/04. H.R. 2971, approved by House Ways and Means Committee 7/21/04, and report on bill issued 9/14/04.

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	Mandatory Coverage	Eliminates right, under current law, of SLGs and their employees not currently participating in Social Security to decide whether to opt in. At present, decision to participate in Social Security is voluntary.	H. Con. Res. 25, introduced 1/29/03 (supports current policy of voluntary participation in Social Security by making statement in opposition to mandatory coverage).
			H.R. 3055, introduced 9/10/03, that would, among other provisions, require state and local government employees to be covered by Social Security (if their positions are not already so covered) beginning on 1/1/04. See Federal Update 2003-22 for more details.
	Offsets: Government Pension Offset (GPO) and Windfall Elimination Provision (WEP)	Modify or repeal offsets	<p>-Section 207 of H.R. 75, introduced 1/7/03 (modifies GPO)</p> <p>-H.R. 594, introduced 2/5/03 (repeals GPO and WEP); motion filed, 3/10/04, to discharge bill from committee consideration and send it to House floor. Motion requires 218 signatures. As of 9/20/04, it has 193.</p> <p>-H.R. 887, introduced 2/25/03 (modifies GPO)</p> <p>-H.R. 2011, introduced 5/7/03 (modifies WEP)</p> <p>-H.R. 4234, introduced 4/28/04 (modifies WEP)</p> <p>-H.R. 4391, introduced 5/19/04 (replaces WEP with another calculation). See Federal Update 2004-17 for more details. Hearing held 7/20/04.</p> <p>-S. 349, introduced 2/11/03 (repeals GPO and WEP)</p> <p>-S. 363, introduced 2/11/03 (modifies GPO)</p> <p>-S. 1011, introduced 5/7/03 (modifies WEP)</p> <p>-S. 2455, introduced 5/20/04 (replaces WEP with</p>

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			another calculation). See Federal Update 2004-17 for more details.
	Offsets: “Last Day” Rule	Affects SLG workers whose non-Social Security covered job may subject them to GPO. Under new law, individual exempt from GPO if his/her last five years of work in Social Security-covered job and he/she covered by the retirement system that will provide his/her pension for both the Social Security-covered and non-Social Security covered job. Previously, individual needed to work one-day in Social Security-covered job to qualify for exemption.	Signed into law 3/2/04, Section 418, Public Law 108-203. See Federal Update 2004-8 .
	GPO/WEP Enforcement	Individuals hired to fill non-Social Security-covered positions must sign notice. Notice informs them that because their positions are non-covered, their Social Security benefits from other work may be reduced. Employer responsible for carrying out requirement. Retirement system covering individuals must accept notice, but law does not impose further mandates on them. Effective for individuals hired on or after 1/1/05.	Signed into law 3/2/04, Section 419, Public Law 108-203. See Federal Update 2004-8 . Meeting on notice to took place 9/23/04 with Social Security Administration. See Federal Update 2004-24 .

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	Privatization	Establishes Social Security private accounts	<p>-Title I of H.R. 75, introduced 1/7/03</p> <p>-H.R. 3055, introduced 9/10/03, that would, among other provisions, add private accounts to existing Social Security System. See Federal Update 2003-22 for more details.</p> <p>-H.R. 4895, introduced 7/22/04, to create an Individual Social Security Investment Program.</p>