PRESIDENT TRUMP—CONCERNED ABOUT flagging congressional support for his proposed multibillion-dollar border control barrier—is threatening to veto an upcoming debt ceiling bill that Congress must pass to keep agencies open, unless lawmakers vote to fund the wall project.

Congress must pass legislation raising the debt ceiling for federal borrowing, or the government will not be able to pay its operating costs or its obligations on federal bonds and other debt. Depending on how long such a situation lasted, according to experts, failure to act on the debt limit could throw world financial markets into chaos.

The White House’s 2018 budget proposal requested $2.6 billion for “border security”—and Office of Management and Budget Director Mick Mulvaney has noted that some of this would be used to cover next steps on building a border wall. Official cost estimates for the wall have run anywhere from $10 billion to up to $21.6 billion.

Trump has made it clear he wants significant funding in the pipeline for it as soon as possible.

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With Congress still resisting action on the matter, the President—speaking at an Aug. 22 rally in Phoenix, Ariz.—warned that he would not hesitate to shut down the federal government if he does not get what he wants from lawmakers on the issue.
“Believe me, if we have to close down our government, we are building that wall,” Trump said.

Political observers took this remark—and the immediate sharp reactions against it from many quarters in Washington—to mean a showdown may be developing between the president and Capitol Hill, though the majority of lawmakers and the president belong to the same party. The president’s threat provoked key members of Congress from both major parties to speak out against his comments.

House Minority Leader Nancy Pelosi (D-Calif.), for example, released strong condemnation in response. “The last time Republicans shut down the government, their callous recklessness cost the American economy $24 billion and 120,000 jobs,” Pelosi said. “With a Republican House, Senate and Administration, Republicans have absolutely no excuse for threatening America’s families with a destructive and pointless government shutdown.”

The Republican Party’s most powerful legislator on the House side of the Hill, Speaker Paul Ryan (R-Wis.), also spoke out strongly against the president’s threat. “I don’t think a government shutdown is necessary, and I don’t think most people want to see a government shutdown, ourselves included,” Ryan said in widely quoted remarks. “And Congress, in the House, has already done its work on this issue. There are very legitimate problems and concerns on the border that need to be addressed.”

Some Republican lawmakers whose districts are near the Mexican border also have turned a skeptical eye on the president’s plans. Rep. Will Hurd (R-Texas), for example—whose constituents live along the frontier—has introduced a bill that proposes to ban any federal funds aimed at augmenting existing border barriers until the Secretary of Homeland Security provides Congress a detailed report on the plans for the wall—critically studying exactly which technologies would be used, and whether the costs would be justified.

In addition to offering his personal opposition to using a shutdown as a tool, Ryan announced his belief that regardless of whether a majority vote to fund the wall, lawmakers will join together to pass a stopgap extension of the federal government. In other words, there will be no shutdown—if Ryan and his many Republican allies have anything to say about it.

**EXPERTS: SHUTDOWN REMAINS POSSIBLE, WITH BORDER BLOWUPS A LONG TRADITION**

“For federal employees, it has to be depressing, dispiriting and difficult for them at this point—the prospect, again, of a shutdown,” Bill Lunch, professor of American politics and public policy at Oregon State University, told FEND.

And, Lunch said, he believes the White House could follow through with the shutdown threat. But Lunch added that for various reasons he sees a higher probability that Trump would veto a government funding bill, rather than the more fundamental debt ceiling bill—because borrowing is key to paying the government’s obligations on an ongoing basis.

“It’s an open question, to my mind, whether Trump would veto a debt ceiling bill,” Lunch said. “And my guess is, he probably wouldn’t, because the financial community would be against doing that. And financial people—these are the people Trump sees as real people, it seems.”

“The financial community would not like to see a default on the public debt, to say the least,” Lunch said.

“Now on a budget bill, that’s another matter—when one is likely passed, it will have to be a continuing resolution—a ‘CR’—at this point, because there is just no time to do a full-blown set of proper funding bills between now and Sept. 30,” Lunch said. “Anyway, a spending bill might cover funding for only a few weeks.” The implication, to lunch, is that vetoing a spending bill might be something the president feels is affordable—though it would cost the government—and the economy, billions of dollars—if it gains him attention and possibly pressures Congress into funding his wall.

That’s a political calculation that, if made, could prove unfortunate for some. As Lunch noted, it is likely to financially harm and emotionally depress hundreds of thousands of government employees.

Heated political debate over the security of this country’s southern border—periodically rising to crisis levels—has happened again and again over the decades—as Sean F. McEnroe, a professor of U.S. history and expert on border history at Southern Oregon
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University—recently explained to FEND.

“The history of the border between Mexico and the United States is heavily contested, from the time of the Mexican-American War, way back in the 19th century, onward,” McEnroe said.

cautions that, like other historians, his work is highly focused—in his case on a period hundreds of years ago. But he said the southern border’s longer history is fraught over the long haul.

Still, until the last century or so, the implications of this country’s border fears touched far fewer Americans. “You have to remember, Mexico only came into being as an independent country in 1820—and before that the U.S. was negotiating with Spain over this area, to the extent they were doing that at all.”

“Back in those early days, there just weren’t many Spanish or English settlers living in what is now the border zone—it was mostly sparsely populated compared with today, and had mostly indigenous people living there,” he said. “Spanish or English people might have claimed it but it was mostly Apaches and Pimas, for instance, who lived in that space.”

“The point is, this boundary has hardened over time,” McEnroe said. “And crises over it have arisen again and again. You could flip through time, and pinpoint various moments in that.”

McEnroe encourages people to consider the history of the border over the long haul as part of their thinking on the current issue of how to best manage the southern border, including the current controversy.

First, McEnroe notes, there was the period 1845 to around 1850, when there was a great deal of political controversy—and military conflict—over how the U.S. came to control what’s now the Southwestern U.S.

The next moment of tremendous border crisis, McEnroes told FEND, came around the same time, when the U.S. was working on securing an area to run railroads and other transportation—the Gadsden Purchase was part of this period. Then, came the Mexican Revolution early in the 20th century, when some of the Mexican revolutionaries were attacking places on the U.S. side of the border. Then again, McEnroe said, there was controversy in the 1950s and early 1960s over what was called the Bracero program, which governed temporary guest workers from Mexico who worked in U.S. agriculture.

“There has long been controversy over the border—and there will be in future,” McEnroe said.

The current White House is upping the ante again—heightening our own era’s border and immigration controversies, McEnroe said. But, to his mind, this is clearly just the latest in a long line of border debates that morph into political crises.

Whatever the historical factors behind it, the veto the president is threatening could lead to a shutdown that would indeed profoundly affect feds. ■

Shut down threats create dilemmas, different problems for current feds, recruits

THIS WEEK, FEND’S NATHAN ABSE speaks with Bill Lunch, professor emeritus of political science at Southern Oregon University and longtime observer of presidential and congressional politics.

Lunch considers the latest storm in Washington: Will President Trump press his fight against a reluctant Congress to win funding for the wall—and even risk a shutdown of federal agencies if lawmakers continue to delay in pursuing his border barrier plan?

Q & A WITH BILL LUNCH

What about the president’s recent threat? Could he shut down the government by vetoing the upcoming debt ceiling or spending bills, if lawmakers don’t fund his border wall?

Lunch: Yes. Of course the president could veto either a debt ceiling or budget bill, with the consequence that he could shut down the government. That is, if he doesn’t care about the consequences of doing such a thing—stalling the government, with various effects—then, yes, he might veto either or both of those pieces of legislation. As for whether that is a real possibility here, with President Trump I just think it’s unpredictable—we just don’t know. So much is bluster and braggadocio, and threats that he does not quite follow through on. Is this just his latest eruption? Is this, as Shakespeare would say, just full of sound and fury signifying nothing? Or is the prospect more serious this time. For me, I am guessing that it is more serious, as he has put so much into this, into the wall. I think whether a veto and shutdown will happen depends on what mood he is in on the day that either of these bills—a debt ceiling bill or a CR—arrives on his desk. We also need to know: which of his advisors might be in the room when the bills arrive? The answer could lead to very different results, since this president seems very much influenced by the last advisor who talks to him before a major decision is made. It’s remains an open question what he will do regarding any shutdown.
Do you think a debt ceiling veto is a real possibility? If so, isn’t that dangerous—as many have suggested—an event that might not just hurt feds but also destabilize financial markets?

Lunch: My guess is that the financial community could have more influence on President Trump regarding the debt ceiling bill, than anyone would on a federal spending bill. That’s because the effects of a [debt ceiling bill veto] indeed could be larger and more widespread than a temporary stop to federal funding. And, I’d add here that, to the president, financial people are very real—they are the real people. They would have more influence on him than [others], in my observation.

But regarding the effects on federal workers over the years—of shutdowns and threatened shutdowns? These affect morale, right?—which means hurt productivity and recruiting?

Lunch: It has to be dispiriting to feds, as I have said. But it creates dilemmas too. Soon after Trump’s election, we saw—especially in op-ed pieces—feds writing and asking themselves out loud, ‘Is this a time for me to leave the federal government—to work someplace more comfortable or better-paying?’ They asked themselves this, given that there may be even more shutdowns and other discomforts to come—as we see now—under new leaders that include people who don’t like government and government workers. Or, the same feds asked themselves, ‘Should I stick around and try to ameliorate the impacts that the new president who wants to cut government and his cohort may have in the coming months and years?’

So, about whether to work for the government, what do you think will be their answer—from existing feds and potential recruits?

Lunch: My thinking on this is, as for existing employees, they will mostly stick it out, but some will leave. They have already faced how tough the current government is for public servants, and already asked themselves the tough questions. And, though any one government shutdown threat or shutdown, or any one insult or bad time probably doesn’t have too much effect, it does build up over time. In that sense, their dilemma could grow more uncomfortable. Their injuries could be cumulative—you know?—drip, drip, drip. Now, for some feds who have attractive opportunities elsewhere—and who now face repeated crises on top of everything else, crises...
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like these shutdown moments—I can imagine that some of them have to say, ‘You know what? It’s time for me to just leave and do something else.’

So that covers existing employees—what about potential recruits to federal employment?

**Lunch:** As for recruiting, in my observation, the problem of shutdown threats and shutdowns—and the whole matter of a difficult national government—it’s all a little more distant, regarding employment, I believe. I’ve had a number of students over time who went to work for both the state and national governments, in many different positions. I just don’t know how deeply this affects their thinking on whether or not to work for government. When you are in your early twenties, the kinds of things you are writing about today—the shutdown, and its effects—well, when you are that age and you have good prospects for your career, you might say, yes, it is going to be troublesome to work at a federal agency, for now. But you also say to yourself, hey, this guy, this president, isn’t going to last forever. I think, regarding denigrating government and making shutdown threats, the effects on recruiting are more limited than on people already working in the civil service, the real effects on their morale.

**Is there a way that Congress might preempt any move by the president to shut down the government?**

**Lunch:** Yes. They could, in the way permitted in the Constitution. They could pass the next continuing resolution to fund the government and debt-ceiling bill by two-thirds or more majorities in both houses of Congress. Now, you and I know that looks very unlikely, at the moment. But, let’s think about this. If enough Republicans change their voting behavior. Take Sen. Jeff Flake, who appears possibly inclined, or Sen. Susan Collins, who also is an outlier. If enough of your standard-issue Republicans finally throw up their hands and join these kind of Republicans in saying, ‘Enough with this!’ you could see veto-proof majorities emerge for the bills the president is threatening to veto. I would think that is more likely on the debt ceiling bill. For now, a veto-proof majority is unlikely for either bill. But, down the road, if the apparent rifts in the Republican Party in Congress widen further, lawmakers from that party could have more trouble in the 2018 elections—especially in the Senate. How so? One way is because more mainstream Republicans could run into trouble in primary contests. For now, though, it is too soon to tell. Some early indicators I have looked at recently show some of these rifts. For instance, polling shows that the kind of people most likely to be offended by the events in Charlottesville—and the president’s [muted] reaction to them—are already showing their dissent from the president. But if across more issues, more average, run-of-the-mill Republican lawmakers begin to perceive that support for Trump threatens their own reelection chances, then a growing split in the party becomes more possible, I believe. And that could mean that shutdown threats and the like just won’t be credible, later in this presidency. Thinking down the road, it is not impossible to imagine new coalitions that might emerge...
between these Republicans who dissent from the president, and Democrats—changing the power situation for this White House. For federal employees, this could mean lowered risks of future shutdowns. For now, it is too soon to know.

Lawmakers seek clarity on security clearance backlog issue

MEMBERS OF CONGRESS FROM BOTH sides of the aisle are looking for greater transparency into the situation.

FCW reported in February that the average time to process a top secret security clearance was 179 days in fiscal year 2015, and 246 days in fiscal year 2016. The Post reported as of March, that wait-time had ballooned to more than 450 days.

The Office of Personnel Management, whose nominated director George Nesterczuk recently withdrew his name from consideration, has now stopped reporting on the exact size of the backlog. The most recent figure OPM reported pegged the backlog around 570,000 applicants.

The decision to stop reporting the numbers of people waiting to receive clearance follows a June 15 Office of Management and Budget memo that discontinued various reporting standards from the Obama administration.

Members of Congress from both sides of the aisle, however, are looking for greater transparency into the security clearance backlog.

In July, the House Oversight and Government Reform Committee passed the Securely Expediting Clearance through Reporting Transparency Act, introduced by Reps. Steve Knight (R-Calif.) and Gerry Connolly (D-Va.).

The bill would require the National Background Investigations Bureau, created by the Obama administration in response to the 2015 OPM breach, to submit a quarterly report on the size of the security clearance backlog, as well as the average time to conduct security clearance investigations.

The mounting delays in clearing applicants is hampering efforts to staff projects requiring secret and top secret positions, and is making life difficult for government contractors, according to Alan Chvotkin, the executive vice president and counsel of the Professional Services Council, a trade group representing government contractors.
**Federal Benefits Q&A**

**QUESTION:** My wife is retired CSRS and receives a federal pension. I am nearing retirement under FERS and will be eligible for Social Security. Due to the government pension offset, my wife will not receive any spousal benefit from my Social Security. My question is, if my wife goes back to work and obtains the 40 quarters required, does that qualify her for Social Security?

**ANSWER:** As a CSRS annuitant, the only way your wife will qualify for a Social Security retirement benefit is for her to earn a minimum of 40 credits of Social Security. With just 40 credits, her retirement benefit will be small, and be further reduced because of the Windfall Elimination Provision (WEP). The amount of her benefit will certainly be smaller than half of your Social Security retirement benefit. But she will not be able to collect on half of your retirement benefit or all of your retirement benefit if you predecease her because of the Government Pension Offset (GPO).

“Because the value of the pension grows with the number of years of service, the pension attracts workers who anticipate a long career in the federal government but not workers who do not expect to remain in federal service for a long time.”

According to the 51-page report, in 2016, the federal government spent $91 billion on retirement benefits for most of its civilian employees; $70 billion for the Civil Service Retirement System; $13 billion for Federal Employees Retirement System; and $8 billion for contributions to Thrift Savings Plan.

These costs are expected to grow by an average of about 2.8 percent annually between 2018 and 2027.

CBO looked at several potential changes that could save money: Change employees’ pension contributions to either reduce or increase them; replace FERS with larger government contributions to TSP for new employees; and change the pension formula.

The report also looked at how recruitment and retention would be affected by any potential changes.

“The effect FERS has on recruitment depends on the career plans of the workers whom agencies want to hire,” the report states, adding, “Because the value of the pension grows with the number of years of service, the pension attracts workers who anticipate a long career in the federal government but not workers who do not expect to remain in federal service for a long time.”

In contrast, TSP likely enhances recruitment because employees are eligible for federal contributions of up to 5 percent of their salary regardless of their age and tenure, the report notes.

**OPM SUPPORTING HARVEY RELIEF EFFORT**

The Office of Personnel Management approved a special solicitation of federal employees, allowing requests for donations at the workplace to support the disaster relief effort for Hurricane Harvey.

“Many federal employees have expressed a desire to assist those in need in the region affected by this storm,” acting director of OPM Kathy McGettigan said in a statement authorizing agency heads to allow the special solicitation until Sept. 29.

Because the donations take place outside the normal Combined Federal Campaign parameters, the agency or agency component accepting the requests is response for the oversight and management of charitable collections.
Withdrawals from an inherited IRA must begin no later than December 31st following the calendar year of the account owner’s death. For example, if Charles, a traditional or Roth IRA owner died in July 2017, withdrawals are required to be taken by the beneficiaries no later than Dec. 31, 2018. Lifetime distributions are based on a beneficiary’s life expectancy and the inherited IRA balance.

Alternatively, under the “five-year” rule, beneficiaries must withdraw the full inherited IRA balance no later than December 31st of the year following the fifth anniversary of the owner’s death. That means in the example above when Charles died in July 2017, the beneficiaries have until Dec. 31, 2022 to withdraw the entire IRA balance. Distributions, including a lump sum of the account balance, can be taken at any time before the deadline. Failure to take the full required distribution from an inherited IRA can result in a 50 percent excise tax being levied against the amount not distributed.

There are questions and issues associated with inherited IRAs that need to be addressed, including:

• Who is the inherited IRA beneficiary? The IRS says that the designated beneficiary is generally determined on September 30th of the calendar year following the calendar year of the IRA owner’s death. Designated beneficiaries listed as a beneficiary as of the date of death but who disclaim entitlement prior to the September 30th deadline will not be taken into account for purposes of determining the designated beneficiary. Should the beneficiary die before the deadline without disclaiming, the deceased individual will continue to be treated as the beneficiary for determining how the IRA funds must be distributed.

• What happens if the beneficiary dies? In the event an inherited IRA beneficiary dies before the entire sum of his or her inherited IRA assets are withdrawn, then the deceased beneficiary’s heirs who have been designated as successor’s beneficiaries will withdraw the inherited IRA based on the deceased beneficiary’s life expectancy. In the example above, if Charles who died in July 2017 designated his son Andrew as beneficiary of his IRA but Andrew died before Dec. 31, 2018, then Andrew’s successor beneficiary will withdraw the inherited IRA based on Andrew’s life expectancy.

But the rules differ when a surviving spouse is the one who died. If Charles was married to Melissa and Melissa died before Dec. 31, 2018, then Melissa will be treated as if she was the owner of the IRA if she did not make Charles’s IRA her own IRA.

• What about inherited Roth IRAs? In general, distributions from a Roth IRA are qualified if they are received after a five-year period beginning with the first taxable year in which contributions were made and those distributions are made to a beneficiary or to the deceased’s estate. A distribution would not be qualified if the account holder died before five years have passed since the first taxable year in which the contribution was made or before five years after a Roth IRA conversion occurred.

The next column will discuss what happens when a surviving spouse inherits an IRA from the deceased spouse.

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