

As Congress buckles down, NALC issues start moving

The 111th Congress got to work in earnest after lawmakers enjoyed their Memorial Day recess—and before they headed off for a Fourth of July break. Major issues like health care reform and the economy drew much media attention, but several items of special importance to letter carriers were acted upon, including the ones reviewed on the following pages.

OIG report backs NALC on key H.R. 22 issue

A study by the USPS Office of Inspector General of the Postal Service's future retiree health obligations supports the NALC's contention that the schedule for pre-funding such costs contained in the current law is based on flawed assumptions and creates an onerous burden.

Indeed, the OIG report found that under the payment schedule dictated by current law, the USPS will set aside enough money by 2016 to "over-fund" its health care costs for the next 75 years. This backs the testimony offered by President Bill Young at a House subcommittee hearing last March on postal finances.

At that time, Young argued the Office of Personnel Management was grossly overstating these anticipated costs because "(t)he OPM assumes FEHBP premiums will rise by 7 percent annually over the next several decades, while the Centers for Medicare and Medicaid and most corporate benefit experts assume a more sustainable 5 percent long-term

inflation rate." The Postal Service would save tens of billions of dollars if the flawed pre-payment schedule were amended to correct for the OPM's miscalculations.

The OIG report provides strong new evidence in support of H.R. 22, a bill that would reduce the USPS's payments for retiree health benefits by billions, as the Postal Service seeks to overcome the worst economic climate since the 1930s.

Rep. Stephen Lynch, the chairman of the House subcommittee that oversees the Postal Service, and H.R. 22 co-authors Rep. John McHugh and Rep. Danny Davis have asked the Postal Regulatory Commission to examine the OIG's report and to investigate the validity of the OPM's assumptions (*see letter at right*).

NALC has urged Congress to pass H.R. 22 as a first step toward avoiding a financial meltdown that could lead to crippling service cuts by the Postal Service. The union is also working with the House and Senate, as well as the Obama administration, on other retirement cost issues to secure the long-term viability of the USPS. H.R. 22 had more than 330 co-sponsors as *The Postal Record* went to press.



Inspector General David C. Williams testifies before a congressional subcommittee in 2008.

New law makes changes in TSP

Congress adopted landmark legislation last month to give the Food and Drug Administration new authority to regulate tobacco products. Although NALC took no position on that aspect of the measure, it aggressively supported an unrelated section of the bill, H.R. 1256, that included several improvements to the Thrift Savings Plan.

As *The Postal Record* went to press, President Obama announced his intention to sign the measure into law. Among the key changes to the TSP are:

■ Automatic enrollment and immediate employing agency contributions

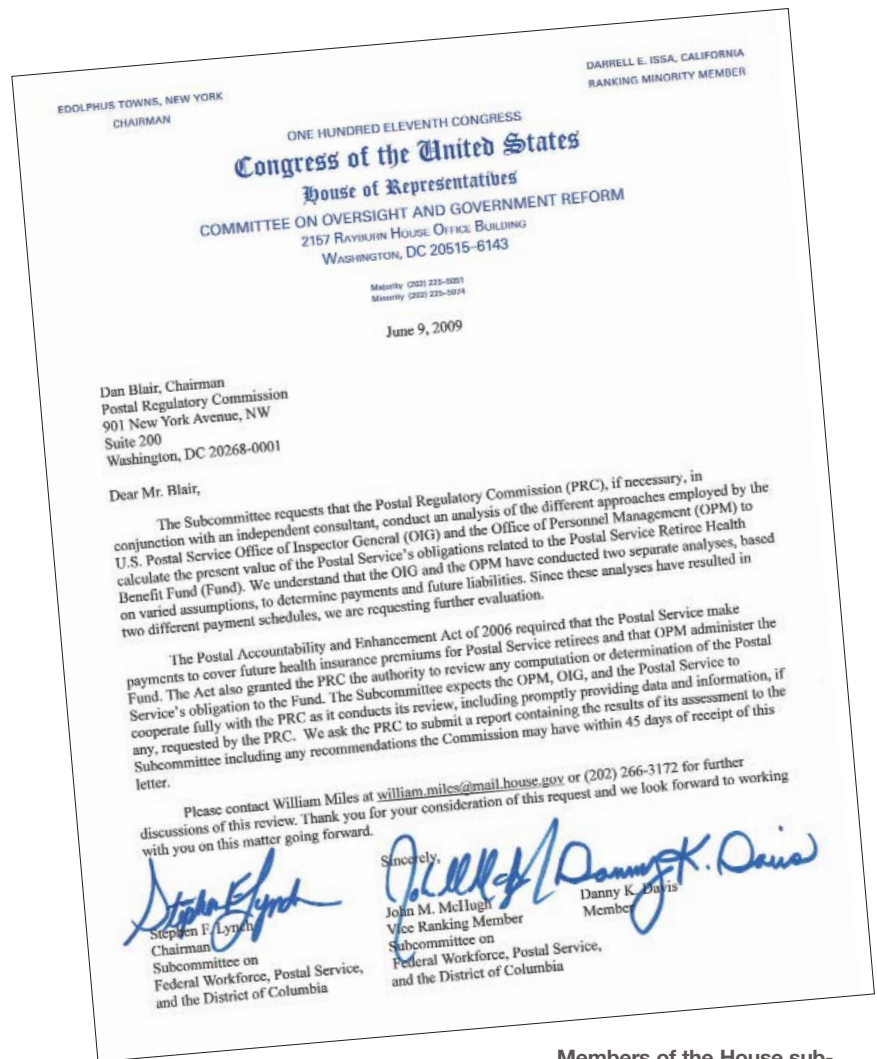
Under the new law, newly hired employees of the Postal Service and other federal agencies (excluding members of the uniformed armed forces) will be automatically enrolled in the TSP unless they opt out of making contributions. The Federal Retirement Thrift Investment Board has been given the authority to set the initial employee contribution level at between 2 and 5 percent, which it will do by regulation in the next few months. The provision will likely boost participation among young workers who often delay enrollment and lose out on agency matching contributions and investment earnings. Under the old law, new employees had to “opt in” to the TSP, which is a major component of future benefits under the Federal Employees Retirement System (FERS).

The new law also requires agencies to begin matching contributions for new employees immediately, eliminating the

six- to nine-month waiting period that applies under current law. Matching contributions for junior employees now in the waiting period may begin as early as August 1, pending regulatory action by the Thrift Board.

■ TSP Roth option

The Thrift Board is directed to add a “qualified Roth contribution plan” to the TSP, enabling participants to make contributions to the TSP in after-tax dollars, which means their withdrawals are tax-free when they retire. Under normal TSP rules, contributions are made with pre-tax dollars and the earnings are taxed when withdrawn. The Roth option is suitable to certain classes of workers (such as members of the armed forces) who expect to pay higher marginal tax rates in retirement than while they work. The Board estimates that it will be one to two years before TSP’s systems can be modified to handle both regular and Roth option contributions. ▶



Members of the House subcommittee that oversees the Postal Service have asked the Postal Regulatory Commission to study the prefunding of retiree health benefits.



Letter carrier issues on Capitol Hill

■ Authority to create a “mutual fund window”

The new law gives the Thrift Board the authority to create, although it does not mandate, a mutual fund window in the TSP if it concludes such a window is in the best interests of TSP participants. If created, such a window would allow TSP participants to invest a portion of their savings in a whole range of commercially available mutual funds, provided the costs of such funds are borne only by those TSP mutual fund investors. The Board is to thoroughly study the costs and benefits of the mutual fund window and is to fully consult with the Employee Thrift Advisory Council, currently

chaired by the NALC, before making any decision on the matter.

■ Maintain accounts for surviving spouses

Under current law, if a participating employee or a TSP member dies, any funds contained in a TSP participant’s account must be transferred into another qualified plan by the surviving spouse within 60 days. The new law permits spouses designated as beneficiaries to keep the funds in the TSP, giving them the benefit of the TSP’s low administrative costs, excellent investment plans and multiple withdrawal options, while relieving them of the need to make difficult financial decisions in a state of grief.



FERS sick leave credit stymied

Aparliamentary monkey wrench tossed by a South Carolina Republican senator blocked Senate passage of an amendment to allow letter carriers and other workers under the Federal Employees Retirement System to receive credit toward their annuities for their unused sick leave.

Despite the setback, NALC President William H. Young said the union will not relent in its effort to win congressional passage. “This legislation must be passed by Congress this year,” he said. “It is grossly unfair to have Civil Service Retirement System annuitants receiving credit for unused sick leave, but to deny the same benefit to FERS retirees.”

The measure was tacked on as an amendment in H.R. 1256, the bill giving the FDA the power to regulate tobacco, which passed the House in early April by a 298-112 vote.

Sen. Joseph Lieberman (I-CT) tried to include the provision in the Senate

version of the tobacco bill, but the language was removed when Sen. Jim DeMint (R-SC) objected. Under Senate rules, any amendments had to be agreed to unanimously.

The leadership of the House of Representatives decided not to press the issue in a House-Senate conference committee and accepted the Senate version, which headed to the White House for President Obama’s signature.

Supporters of the FERS sick leave credit hope to piggyback the amendment on another piece of legislation in order to win congressional approval later this year.

The FERS annuity measure, sponsored in the House by Chairman Edolphus Towns (D-NY) of the Oversight and Government Reform Committee, would provide FERS postal employees and survivor annuitants with the same retirement benefit for unused sick leave as retirees under the Civil Service Retirement System (CSRS).

Mail balloting bills advance

The House Administration Committee approved three NALC-backed bills on June 10 that are designed to expand voter access and impartiality of elections by use of mail-in absentee ballots.

Interest in voting by mail has grown since the voting snafus of 2000 and 2004, when faulty counting procedures and intolerably long waits at the polls undermined citizen confidence in the electoral system. NALC has taken the lead in promoting mail balloting, both as a way to strengthen our democracy and to promote the value of the Postal Service as a trusted American institution.

In the latest action on Capitol Hill, the committee endorsed H.R. 1604, sponsored by Rep. Susan Davis (D-CA), which amends the Help America Vote Act of 2002 to allow eligible voters to use mail-in ballots for any reason for all federal elections. Currently, 28 states have “no-excuse” absentee balloting, but 22 states and the District of Columbia restrict voters’ right to vote by mail.

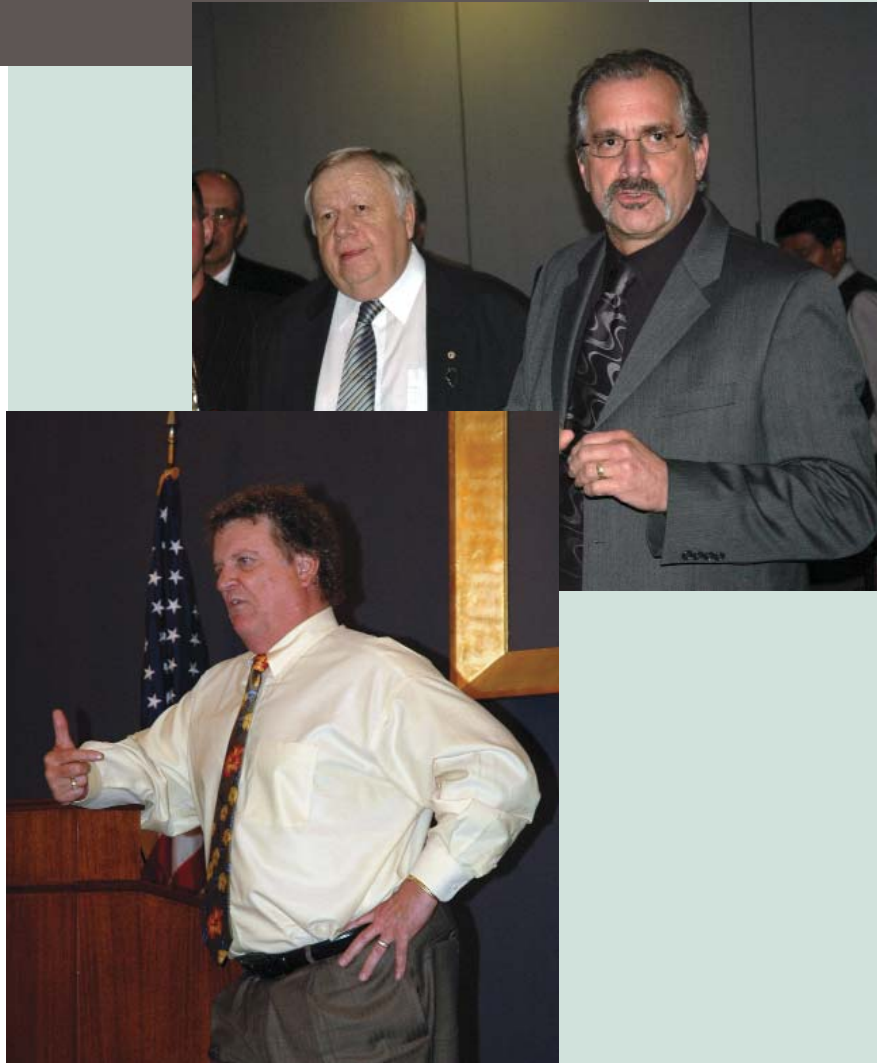
“Democracy flourishes when all Americans have a fair chance to participate in elections and have confidence that the process is fair,” Davis said following the committee action.

Committee Chairman Robert A. Brady (D-PA) added that the ability to exercise the right to vote and participate in the electoral process “is a defining element of our democracy.”

“We must make every reasonable effort to protect the integrity of our system and ensure that all Americans enjoy equal and unencumbered access,” Brady said.

Also approved were Davis’ bill H.R. 2510, to reimburse states for the expense of establishing a tracking and confirmation system for absentee ballots in federal elections, and H.R. 2393, sponsored by Rep. Kevin McCarthy (R-CA), to enhance procedures for delivery and collection of absentee ballots for the military overseas, and to work on ways to track overseas absentee ballots.

The committee action clears the bills for consideration by the full House. ☒



Legislative activists from Illinois, the District of Columbia and Maryland worked the halls of Congress to discuss letter carrier issues with their representatives and senators. Executive Vice President Fred Rolando (top) speaks at an Illinois congressional reception May 21 as state president Ken Christy looks on. President Young (above) addresses a Maryland/DC rap session at NALC Headquarters June 4, attended by carriers (below). At that session, Maryland/DC State Association President Tonya Detrick (opposite page) gave marching orders for lobbying on the Hill.

