NALC Bulletin
Number 16-06
July 20, 2016

Celebrate!

'Postal Heritage Day' is July 26

The 2014 NALC Convention in Philadelphia approved a resolution to observe July 26 as "Postal Heritage Day."

The resolution, introduced by San Francisco Branch 214, noted that the U.S. Postal Service traces its roots to an act of the Second Continental Congress on July 26, 1775, establishing a United States Post Office and naming Benjamin Franklin as the first postmaster general.

Also pointed out in the resolution is that the Postal Reorganization Act of 1970—a direct result of the Great Postal Strike in March of that year—further affirmed USPS' constitutional DNA.

"The Post Office has been the governmental agency that interacts most with the citizenry," the resolution stated, "a basic part of the infrastructure of this country.

"The Postal Service is a national treasure," the resolution continued, "that belongs to the people of this country, that should not be crippled or dismantled, and whose artificial financial crisis was caused by legislation advanced by business interests and prolonged by federal budget politics."

According to the resolution, many groups already hold public events on this July 26 date in defense of USPS as a public institution.

"This union knows well that the Postal Service is a vital institution belonging to the American people," NALC President Fredric Rolando said. "We support events and campaigns, on our own and in alliance with others, in defense of the Postal Service—on July 26 and whenever else the opportunity arises."

In Los Angeles, Aug. 15-19

Convention news and updates

NALC's 70th biennial convention will be held at the Los Angeles Convention Center from Monday, Aug. 15, through Friday, Aug. 19. Here are some important news items and updates:

Housing: July 29 is the first day that you may contact the hotels directly for all changes, cancellations and new reservation requests.

Convention guests: Guests of delegates or NALC members who are not registered delegates may register to receive a guest badge at the registration area at the national convention.

Delegates: Branch presidents and secretaries both must sign credential/nametags of delegates and alternates who will be registering at the convention and bring the signed credential/nametags to Los Angeles for on-site registration. Under the *NALC Constitution*, before an alternate delegate is registered as a replacement for a regular delegate, written evidence must be presented stating that the duly elected delegate is unable to attend the convention. Article 4, Section 3 reads in part: "An alternate delegate before being admitted to the National Convention shall present either his/her certificate of election or written evidence from the Secretary of his/her Branch, or from the delegate for whom he/she is elected alternate, that the elected delegate is unable to attend the meeting of the National Association."

Grievance moratorium: NALC and the U.S. Postal Service have agreed to a 31-day moratorium on time limits for the processing of all grievances at the local, regional and national levels due to the 70th biennial NALC Convention. Under M-01874 (available for review under the Materials Reference System at nalc.org), the moratorium starts on Aug. 7 and concludes on Sept. 6.

Tours: Information on tours that will be available for delegates and their families during the convention was published in the June issue of *The Postal Record* and is available on the convention page of nalc.org.

Blood drive: A blood drive will take place on Thursday, Aug. 18, 8 a.m. to 3 p.m. at the convention center. Sign up in advance at redcrossblood.org using sponsor code NALC16. On-site appointments will be based on availability.

Bargaining for a new National Agreement continues

NALC and the U.S. Postal Service announced on May 20 that the bargaining period would be extended beyond the midnight expiration of the 2011-2016 National Agreement. This development came after 90 days of bargaining over the terms of a new agreement, culminating in a week of intense negotiations. As bargaining continues during this extended period of negotiations, the terms and conditions of the 2011-2016 contract remain in effect.

Deadline approaching for FEGLI open season

In September, career letter carriers will have a rare chance to increase their federal group life insurance, without undergoing a major life event, through an open season for Federal Employees Group Life Insurance (FEGLI) that begins on Sept. 1 and runs through Sept. 30.

During open season, the first in 12 years, career carriers and most other federal employees may enroll in FEGLI for the first time, or increase their coverage, without taking a physical exam or waiting for a "qualifying life event," such as marriage, divorce, death of a spouse or the joining of the family by an eligible child.

Career letter carriers automatically are enrolled, when hired, in the basic FEGLI coverage and pay the premiums through payroll deduction, unless they decline the coverage. Carriers who are happy with their existing FEGLI coverage don't need to do anything during open season to continue their coverage. Carriers can reduce or cancel their FEGLI coverage at any time without waiting for an open season.

For a postal employee, the cost of basic insurance is covered completely by the Postal Service. The basic insurance amount is equal to the greater of a) the employee's annual rate of pay (rounded up to the next $1,000) plus $2,000, or b) $10,000, plus an extra benefit for certain employees based on their age.

There are three optional forms of coverage available for those who already have basic coverage, and employees must take action to elect any of these options—they are not automatic. They are Option A, with a straight $10,000 benefit; Option B, with a benefit of up to five times basic salary; and Option C, coverage for a spouse and eligible children.

With the three optional insurance choices, including options for spouse and family coverage, employees pay the full cost, which depends on their age.

Enrollment during open season requires submitting a completed Form SF-2817. For complete information about FEGLI and the choices available during open season, go to opm.gov/life. For retirees weighing their options, see Director of Retired Members Ron Watson's column in the April 2016 issue of *The Postal Record*, available at nalc.org.

Outside of open season, eligible employees can enroll or increase their coverage by taking a physical exam or having a qualifying life event and by filling out Form SF-2822. Once approved for basic coverage, an employee can enroll in Option B and/or Option C within 60 days.

MDA news

'Muscle Walk' with President Rolando in Texas

To help recognize and support NALC's fundraising efforts for the Muscular Dystrophy Association, Dallas/Fort Worth-area branches will be participating in an MDA Muscle Walk in Arlington, TX, on Saturday, Sept. 24.

NALC President Fredric Rolando also is scheduled to participate in this walk.

"Donate to our Muscle Walk and you'll help support NALC's dual goals," Rolando said: "to raise awareness of muscle diseases, and to raise funds for MDA, our only official charity."

Visit nalc.org/mda to learn more.

If you would like to become part of the team with President Rolando in September, call Geneva Kubal at NALC Headquarters in Washington, DC, at 202-756-7403, or send an e-mail to mda@nalc.org.

House leaders introduce, mark up bipartisan postal bills

On July 12, the House Committee on Oversight and Government Reform (OGR) advanced two postal reform measures: the Postal Service Reform Act of 2016 (H.R. 5714) and the Postal Service Financial Improvement Act (H.R. 5707).

The introductions followed a couple of weeks of consultations with stakeholders, groups—including NALC—that provided written comments on earlier discussion drafts of the bills. No amendments to either bill were formally proposed or adopted; both received committee approval by unanimous voice votes.

Before the bills can be considered by the full House of Representatives, the Congressional Budget Office (CBO) must analyze the bills to determine their costs—their "CBO scores." That analysis will occur over the summer recess, and Congress could take up the two bills when it returns to Washington, DC, after Labor Day.

Postal Service Reform Act of 2016 (H.R. 5714)

H.R. 5714 is a comprehensive postal reform bill that includes many of the consensus reform provisions backed by NALC, the Postal Service and a business coalition representing a cross-section of the mailing industry. It also embraced a number of NALC's suggested changes to the discussion draft released in June.

The committee-passed measure contains several key provisions, including:

Medicare integration: Seeks to reduce the unfunded liability for future retiree health benefits (under the Federal Employees Health Benefits Program, or FEHBP) by increasing participation in Medicare. The bill would create a separate risk pool for postal employees and postal annuitants within FEHBP and within their current plans.

The bill provides low-cost prescription drugs authorized by the Medicare Part D law to FEHBP plans covering postal annuitants enrolled in Medicare, while mandating enrollment in Medicare Parts A and B for postal annuitants. For eligible annuitants (65 or older) who have not enrolled in Medicare Part B, the bill waives the late enrollment penalty. Together, this integration with Parts A, B and D of Medicare will significantly reduce the cost of FEHBP health insurance premiums paid by all active and retired letter carriers.

Retiree health care benefit funding reform: Reduces pre-funding costs by amortizing the Postal Service's unfunded retiree health benefits liability over 40 years (instead of 15 years, as will be required under current law).

Pension funding reform: Directs the Office of Personnel Management (OPM) to use postal-specific demographic and economic assumptions in its valuations of the Postal Service's Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) pension accounts. (Currently, OPM uses federal government-wide assumptions that artificially and inaccurately inflate USPS liabilities.)

Converting door delivery to curb-line or centralized delivery: The bill requires the Postal Service, within one year of enactment, to identify residential and business delivery points that are suitable for conversion to centralized or curbside delivery. It would then mandate the conversion of identified business addresses to centralized delivery (cluster boxes) over a five-year period—requiring 20 percent of conversions by 2018, 40 percent by 2019, 60 percent by 2020, 80 percent by 2021, and all identified business delivery points by 2022. Conversions of residential door delivery points to other modes would be voluntary.

Non-postal services: Authorizes the Postal Service to provide non-commercial, non-postal services to state, local and tribal governments and other federal agencies.

Governance and oversight: Reduces the USPS Board of Governors from nine members to five, but retains the board's authority to appoint the postmaster general and the deputy PMG.

Exigent rate: Restores half of the recently-expired exigent rate increase—2.15 percent of the 4.3 percent emergency surcharge that ended in April.

Other provisions: A study of cost-allocation guidelines for competitive products; the establishment of a chief innovation officer to manage the development and implementation of innovative postal and non-postal products and services; a measure to allow some non-bargaining unit employees the right to appeal to the Merit Systems Protection Board; and a provision clarifying the factors to be considered in the Postal Regulatory Commission's (PRC) scheduled review of the rate-setting system for market-dominant products.

NALC evaluation of H.R. 5714:

Unacceptable door delivery cuts: The bill proposes significant cuts in door-to-door delivery, a major reduction in the quality of service that would undermine the Postal Service's health in the future. It would give USPS the discretion to mandatorily convert 5.5 million business delivery points from door delivery to centralized delivery. It also would allow the Postal Service to convert a significant number of residential door deliveries to cluster-box or curb-line delivery on a voluntary basis. Such conversions not only would place the Postal Service at a competitive disadvantage in the delivery of parcels, but it also would undermine the value of direct mail. Indeed, read-and-response rates are four times higher for Standard Mail pieces delivered to doors rather than to cluster boxes. The resulting loss of package and direct-mail volume, and the associated revenue loss, likely would overwhelm any cost savings.

NALC will mobilize its allies on Capitol Hill to oppose these door delivery cuts. More than 200 representatives in the House of Representatives have co-sponsored a resolution (H.Res. 28) calling for the preservation of door delivery services. We will seek to increase this number over the summer recess and work to pass an amendment to remove the door delivery provision (Section 202) from the bill.

Medicare hardship exception needed: More than 90 percent of Medicare-eligible retired letter carriers already enroll in Part A (hospital insurance), and more than 80 percent enroll in Part B (medical insurance). The bill would require the 10 percent to 20 percent minority to enroll in Parts A and B of the Medicare program (except for those covered by FEHBP plans with fewer than 1,500 postal participants).

Although there is no cost to enrolling in Part A, and while many non-enrolled Medicare-eligible retirees will welcome the chance to enroll in Part B with no late-enrollment penalty (which is to be waived under the bill), NALC has urged the OGR committee to do more for the minority of non-enrolled seniors to ensure that no retiree will face a financial or medical coverage crisis as a result of the mandate. Indeed, we will urge Congress to provide for a "hardship exemption" process that would allow the Postal Service to grant waivers to the requirement to enroll in Part B to current non-enrollees under special circumstances.

A hardship exemption would complement the bill's Medicare Transition Fund, which will subsidize (over three years) the Part B premiums of current non-enrolled Medicare-eligible seniors who would be required by the bill to enroll.

Excessive pre-funding target: Under current law, USPS is required to amortize 100 percent of its unfunded liability. NALC has urged the committee to adopt an 80 percent funding target, as proposed by the Senate's legislation (S. 2051). This would lower the cost of pre-funding.

Investing the PSRHBF: Although a separate legislative proposal to better invest the Postal Service Retiree Health Benefit Fund (PSRHBF) was adopted by the oversight committee on July 12 (see below), NALC had hoped it would be included in H.R. 5714. We will continue to push for that.

Postal Service Financial Improvement Act (H.R. 5707)

H.R. 5707 would authorize the Treasury Department to diversify the investment of the Postal Service Retiree Health Benefits Fund (PSRHBF), which covers the Postal Service's premiums for retiree health insurance.

Specifically, the bill would allow 25 percent to 30 percent of the PSRHBF to be invested in private-sector stocks and bonds through index funds such as those offered by the Thrift Savings Plan (TSP). The legislation also would establish a PSRHBF Investment Committee to advise the Secretary of the Treasury on investments made from the fund.

The union applauds the introduction of H.R. 5707, although we hope to strengthen it by raising the percentage of assets in the PSRHBF that may be invested more sensibly.

Under current law, 100 percent of the PSRHBF must be invested in low-yielding Treasury bonds that are now earning just 1 percent to 2 percent annually—far below the rate of health care inflation. Over the past 10 years, the long-term Life Cycle Funds in the TSP have earned 6 percent to 7 percent annually on average. Investing the PSRHBF in a diversified portfolio of stocks and bonds, following best practice in the private sector, would make sense. Doing so also would reduce the burden of pre-funding in the future by reducing the PSRHBF's unfunded liability.

"The committee's action on H.R. 5714 and H.R. 5707 is step one in a very long process for Congress," President Rolando said. "As it is currently drafted, we would oppose final passage of H.R. 5714, and we definitely want to improve H.R. 5707. But there will be plenty of opportunity to address the deficiencies in these bills. NALC will remain intimately involved in their progress, and we will continue to work with stakeholders and committee leaders to achieve sensible legislation."

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NALC Bulletin is published semi-regularly by the National Association of Letter Carriers. Postage paid at Washington, DC, and at additional mailing offices.

POSTMASTER: Send address changes to Membership Department, NALC, 100 Indiana Ave. NW, Washington, DC 20001-2144.

CHANGE of ADDRESS? Contact the Membership Department.

Circulation: 10,000. Union-printed using soy-based inks.

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