NALC Bulletin
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Congress takes up postal reform

Following months of negotiations during a period of intense public scrutiny of the U.S. Postal Service, House and Senate lawmakers have introduced the Postal Service Reform Act of 2021 (H.R. 3076 and S. 1720). The bipartisan legislation encompasses an agreement made between House Committee on Oversight and Reform (COR) Chairwoman Carolyn Maloney (D-NY), Ranking Member James Comer (R-KY) and Senate Homeland Security and Government Affairs Committee (HSGAC) Chairman Gary Peters (D-MI) and Ranking Member Rob Portman (R-OH), who focused on essential provisions of consensus, setting aside matters that could undermine the bill's prospects.

The near-identical legislation addresses two of NALC's top priorities:

- The repeal of the mandate that the Postal Service pre-fund decades' worth of health benefits for its future retirees, which was enacted through the Postal Accountability and Enhancement Act of 2006, embracing the bipartisan USPS Fairness Act (H.R. 695 and S. 145).
- A reform of the Federal Employees Health Benefits (FEHB) Program to maximize participation in Medicare once active postal employees (as of Jan. 1, 2023) retire and reach age 65. Annuitants as of Jan. 1, 2023, will be given the choice of whether to remain in the existing FEHB system or participate in the postal version of the program that requires enrollment in Medicare Parts A and B, and retirees over the age of 65 who have chosen not to enroll in Medicare Part B will be given a one-time opportunity to do so with no late-enrollment penalty. Annuitants who elect to remain in the existing FEHB will not be required to enroll in Medicare. NALC also successfully lobbied to ensure exceptions to the requirement to enroll in Medicare for those covered under other insurance arrangements (such as the Veterans Affairs) and for those who live in a place where there are not Medicare-participating providers.

"NALC has worked for years to educate members of Congress on the importance of having postal reform legislation that repeals the pre-funding mandate and coordinates the proper integration into Medicare for our members," NALC President Fredric Rolando said. "We have significant work to do, but NALC's influence and advocacy on these issues is the reason they were included in this vital legislation. This influence is made possible only by the hard work of NALC's network of letter carrier activists."

H.R. 3076 and S. 1720 also include language that requires the Postal Service to maintain an "integrated" network of both mail and packages six days a week. If this bill becomes law, USPS will be required to maintain mail delivery six days a week. Since 1983, the mandate to deliver mail six days a week has required yearly renewal in the appropriations process. These bills would eliminate the need for the annual fight to maintain this mandate.

In addition, the bills require the Postal Service to provide semiannual reports to Congress on the implementation of its 10-year strategic plan; provides for a public dashboard using nationwide delivery metrics to track delivery performance; directs the Postal Service to use the most efficient means to transport mail, likely moving from air to ground; mandates a Postal Regulatory Commission (PRC) review of competitive and non-competitive products and a study of nationwide processing efficiency of flats (magazines and catalogs); provides the PRC with independent budget authority through the Postal Fund, preventing it from being directly affected by sequestration/shutdowns; provides a special postage discount for newspapers; and consolidates the Postal Service's and the PRC's Inspectors General into a single office.

While the bills have bipartisan support, that in itself will not be enough to see the bill through to the president's desk. "For letter carriers, the hard work really begins now," NALC President Rolando said. "Bipartisanship alone is not enough anymore. In today's climate, resolution of issues and good government policy are clouded by political tension and narrow margins in both the House and Senate, as well as the politicization of the Postal Service in both Congress and the public. We must overcome all of these obstacles to see postal reform legislation enacted into law."

As the bill progresses in the House and Senate, NALC will need the full engagement of letter carriers to help educate members of Congress on how this legislation will protect employees and our essential network. Keep an eye out for more information in the Government Affairs section of nalc.org and on the NALC Member App. Members are encouraged to install the app on their smartphones so that NALC can communicate with you when legislation is released and when it moves in the halls of Congress.

Explanation of the health care provisions of H.R. 3076/S. 1720

Many members may have questions about the Federal Employees Health Benefits (FEHB) Program and Medicare provisions included in these bills. Unfortunately, misinformation about them is common. Let us start with the proposed changes in FEHB.

FEHB reform

Under the legislation, postal employees and annuitants would participate in a restructured FEHB program. All the major plans now available to participants—Blue Cross Blue Shield, the NALC HBP, Kaiser, etc.—would continue to be offered to postal employees and retirees as a postal-only version of their FEHB plans. But their premiums would be significantly reduced because postal participants would be placed in a separate risk pool with new rules regarding Medicare enrollment.

The new legislation would not change a current postal annuitant's right to decide whether they want to enroll in Medicare. Although 90 percent of current postal annuitants are automatically enrolled in Medicare Part A (hospital services) and nearly 80 percent of them voluntarily enroll in Medicare Part B (medical services), no current annuitant would be required to enroll in either Medicare Part A or Part B. All active employees under the age of 64 (as of Jan. 1, 2023) would be automatically placed in the postal version of the health plan they choose, and if retired upon reaching Medicare age, they would be enrolled in Medicare (absent the exceptions discussed below).

Active postal employees (as of Jan. 1, 2023) who are 64 and older and all current postal annuitants as of that date would be given the choice of whether to join the postal-only version of FEHB plans (integrated with Medicare) or remain in the non-postal version of such plans, depending on whether they want to enroll in Medicare Part B, which currently carries a premium of $148.50 per month. The reason most annuitants already choose to enroll in Medicare Parts A and B when they turn 65 is because enrolling virtually eliminates any out-of-pocket costs such as deductibles and co-payments. However, under the proposed law, current annuitants (as of Jan. 1, 2023) would decide whether to enroll. Those who do not want to enroll in Medicare would remain in the non-postal version of their FEHB health plan—and the Postal Service would continue to pay the government's share of their premiums.

The postal-only plans in FEHB will be regulated and operated in the same way current FEHB plans are regulated and operated today. There will be an annual Open Season that will allow participants to choose among a range of plans with separate rates for postal and non-postal participants.

Special protections

NALC lobbied aggressively for the inclusion of special exceptions that are contained in the legislation. Future postal annuitants who do not need Medicare because of coverage by Veterans Affairs or by another non-FEHB program, or who cannot use Medicare because they live in a place (for example, overseas) without Medicare providers, would be allowed to enroll in the non-postal version of their FEHB plan. We also worked to include a provision to give current annuitants who did not enroll in Medicare Part B at age 65, but who now wish to do so, a one-time opportunity to enroll in Part B without the late-enrollment penalty that currently applies. That penalty, which raises Part B premiums by 10 percent for each year after age 65 that a retiree delays enrollment, is very expensive.

Why prospective Medicare integration makes sense

The reason it makes sense to create postal-only plans within FEHB and to maximize Medicare participation is that it will reduce health care costs for both the Postal Service and participants. FEHB premiums would be reduced for active and retired postal employees alike. Because Medicare is the first-payer insurer for its enrollees, the costs covered by postal-only FEHB plans will be reduced, thereby reducing the premiums for postal employees. This would reduce the Postal Service's health care expenses by hundreds of millions of dollars annually and reduce its future liability for retiree health benefits by approximately $50 billion.

Battling misinformation

Since the introduction of these bills, misinformation about the Medicare provisions included in the legislation has circulated through other outlets. Most noticeably, the National Active and Retired Federal Employees Association (NARFE) has distributed inaccurate information about the bills. NARFE has falsely claimed that these bills would cause the premiums of non-postal federal employees and annuitants to increase, allow the Postal Service to "cherry-pick" individuals who are less costly to insure, and allow the Postal Service to avoid its full financial obligation to those retirees who choose not to enroll in Medicare.

None of this is true. In fact, non-postal FEHB premiums would decline somewhat (about 1.0 percent), since the non-postal workforce is younger and less expensive to insure than the postal workforce. A recent professional actuarial analysis of the proposed FEHB reforms conducted by PRM Consulting Group for the Postal Service demonstrates this clearly. That analysis mirrors the findings of the Congressional Budget Office (CBO) review of S. 1486 (the Postal Reform Act of 2014), which also included FEHB and Medicare integration reforms. The CBO Cost Estimate for S. 1486 (July 14, 2014) states on page 14:

> *The effect of the legislation on federal on-budget payments for health insurance premiums in the FEHB program would partially offset the increase in Medicare spending. Premiums charged to non-postal enrollees in the FEHB program would be based on expected health costs of the employees, annuitants, and dependents remaining in the FEHB program after the health care costs of USPS workers, annuitants, and their dependents are shifted to the PSHB program. Because non-postal enrollees cost FEHB plans slightly less than postal enrollees, on average, CBO estimates that premiums in the FEHB program would be lower than under current law. Thus, the amount the federal government would contribute toward its share of annuitant premiums would be lower.*
>
> *CBO estimates that federal payments for health insurance premiums for non-postal annuitants enrolled in the FEHB program would be reduced by about $1.6 billion over the 2015-2024 period.*

Finally, USPS would not be able to cherry-pick who to insure—it will pay the full cost of all postal participant premiums, whether participants are in the postal or non-postal version of their FEHB plans. NALC, along with other postal unions, addressed these false claims in-depth in a letter to the president of NARFE. Read the letter on nalc.org.

Senate confirms three Postal Service Board of Governor nominees


Ronald Stroman   Amber McReynolds   Anton Hajjar

On May 13, the Senate approved the nominations of Amber McReynolds and Ronald Stroman to serve on the U.S. Postal Service Board of Governors (BOG). Two weeks later, on May 28, the Senate approved the nomination of Anton Hajjar to serve on the BOG as well.

McReynolds will hold a term that expires on Dec. 8, 2026, Stroman's term will expire on Dec. 8, 2028, and Hajjar's term will expire on Dec. 8, 2023. Hajjar's confirmation fills the final vacant BOG seat. The Postal Service now has a full BOG for the first time in more than a decade.

McReynolds is one of the country's leading experts on election administration/policy, and a co-author of the book *When Women Vote*. She is chief executive officer of the National Vote at Home Institute and Coalition and the former director of elections for Denver, CO, where she developed one of the nation's most sophisticated vote-by-mail systems.

Stroman is the former deputy postmaster general and chief government relations officer for the Postal Service. He retired in 2020. Prior to joining USPS, Stroman worked on Capitol Hill, serving the House's Committee on Oversight and Government Reform and the House Judiciary Committee. In addition, he served in the Department of Transportation and the Department of Housing and Urban Development. Stroman also led the Biden-Harris transition team for the Postal Service, which included NALC Chief of Staff Jim Sauber.

Hajjar is the former general counsel of the American Postal Workers Union. Hajjar's experience includes pro bono representation of victims of employment discrimination, including Arab and Muslim Americans after the Sept. 11 terrorist attacks. He currently serves on the American Law Institute's governing board.

Emergency Federal Employee Leave update

The Office of Personnel Management (OPM) and the Postal Service have issued guidance implementing the American Rescue Plan Act of 2021, which was signed into law on March 11. This law established an important new leave category called Emergency Federal Employees Leave (EFEL). Prior to OPM issuing the guidance, the Postal Service had been approving EFEL on an interim basis in two-week increments.

When requesting this leave, employees must submit a completed PS Form 3971, Request for or Notification of Absence, and a COVID-19 Emergency Federal Employee Leave (EFEL) Employee Notification and Leave Request Form, along with documentation supporting the need for the leave. Employees also will need to submit a signed Employee Agreement in Connection with Emergency Federal Employee Leave (EFEL), provided under Section 4001 of the American Rescue Plan Act of 2021, before the first use of EFEL.

The Postal Service has issued guidance, and a document about frequently asked questions, on EFEL. To view these documents and the forms referenced above, go to nalc.org/news/nalc-updates/emergency-federal-employee-leave-update.

NALC will continue to provide updates regarding this leave as they become available.

Task force created in new contract off to a great start

In the recently ratified 2019-2023 National Agreement, the parties agreed to a Memorandum of Understanding (MOU) Re: City Delivery and Workplace Improvement Task Force that was established for the purpose of jointly seeking methods to improve the cultural and operational environment in city delivery offices. Within the MOU, NALC and USPS reconfirm their commitment to modernizing delivery methods and processes to ensure that the Postal Service remains the provider of choice for our customers and that the parties continue their joint objective of creating an improved work environment for all employees.

Serving on the task force are NALC President Fredric Rolando, Executive Vice President Brian Renfroe, Director of City Delivery Christopher Jackson, Special Executive Assistant to the President Tim McKay and Assistant to the President for City Delivery Michelle McQuality.

For the term of the 2019-2023 National Agreement, the City Delivery and Workplace Improvement Task Force will, at a minimum, jointly explore, develop and test new work methods and concepts related to:

- Establishment of a positive work environment/culture where everyone is treated with dignity and respect
- Efficiency and use of space
- Staffing and scheduling
- Route evaluation
- Safety
- Contractual compliance
- Mentorship/improving the onboarding experience and retention rate of city carrier assistants (CCAs)
- Business growth

Immediately upon ratification of the National Agreement, the task force, consisting of members from NALC and USPS, went to work discussing ideas related to these topics. Joint subcommittees working under the direction of the task force have also been established to meet and work toward achieving our mutual goals. So far, subcommittees working on route evaluation, office time/activities, office space, complement/staffing and improving city carrier assistant (CCA) retention rates are up and running.

The route evaluation subcommittee meets on a weekly basis to jointly discuss the current route evaluation and adjustment process, as well as potential changes that may need to be made, and the exploration of the use of technology to improve operations, route evaluation, adjustment and optimization, delivery capabilities and visibility. During these meetings, the subcommittee agreed to a joint process using the principles contained in the 2014-2015 City Delivery Route Alternate Adjustment Process to facilitate evaluation and adjustment of routes in a limited number of delivery units. The subcommittee then selected two teams comprised of one NALC member and one USPS member experienced in route adjustments to evaluate and adjust routes in the chosen delivery units. The two teams also are exploring the applicability and use of certain technological advances in regard to a potential future alternate route adjustment process. The subcommittee will continue to meet weekly to oversee this process and the progress of the teams. For more information on this topic, see the June issue of *The Postal Record*.

Two additional joint subcommittees were established to address the parties' joint exploration of office efficiency and use of space. One of the committees is focused on city carriers' office activities, while the other committee is reviewing office space constraints and how to best accommodate increases in parcel volume and changing mail mix. Both committees recently began meeting; they will meet weekly to discuss these issues. The office activities and efficiency subcommittee will focus on reviewing current office activities and processes, route evaluation line items, and whether potential changes need to be made to these processes. The office use and space committee will review things like work floor setup and flow, case configuration, and any other variables that may restrict space on the workroom floor. The committee will use this information to potentially develop new ideas for a more efficient office space for the future.

The complement/staffing subcommittee has been meeting weekly since ratification. Its focus has been on the hiring of CCAs, career conversions and voluntary transfers in understaffed installations identified by the main task force. It has identified and alleviated several bottlenecks in the onboarding process for CCAs, increased the frequency of carrier academies, and authorized the processing of conversions to career and processing of voluntary transfers.

The subcommittee formed to explore improving CCA retention rates also meets at least weekly, and generally several times per week, to work on these ideas. In April, after much discussion and planning, this subcommittee submitted a draft of a pilot program to the task force with some changes to how CCAs are used, mainly in the beginning stages of their USPS careers, with the intent of improving the new employee experience and increasing retention rates.

On April 15, the parties agreed to conduct the pilot program with the signing of MOU RE: New Employee Experience and Retention Program. The pilot program involves various new and modified practices for all CCAs and part-time flexible city letter carriers in two selected offices. The pilot began on May 15 in the Warren, MI, post office and the West Milwaukee, WI, station, and will last approximately one year, unless the time frame is modified by the parties. For a detailed explanation of everything the pilot program entails, see M-01949 in NALC's Materials Reference System in the "Resources" section of the NALC website or at nalc.org/mrs.

The City Delivery and Workplace Improvement Task Force meets regularly to discuss the progress of the subcommittees and explore ideas to address each of the elements of the MOU. Additional subcommittees are in the process of being formed to further explore how we can best achieve our mutual goals.

White House releases the American Families Plan

On April 28, the White House released the American Families Plan, a $1 trillion plan that seeks to increase access to education, provide paid family and medical leave, and make health care and child care more affordable and more accessible. The American Families Plan is the second major part of President Joe Biden's economic recovery plan, following the American Jobs Plan released March 31.

As it relates to letter carriers, the plan calls for a new national program providing paid family and medical leave for all workers. By Year 10 of the program, the $225 billion investment would guarantee workers 12 weeks of paid leave with payments of up to $4,000 a month for leave required to care for a child, an ill family member, personal illness and other such circumstances.

Overall, the plan expands the scope of universal public education by proposing $200 billion for free preschool and $109 billion for two years of tuition-free community college. It also would invest $85 billion in Pell grants. The plan includes investment in child care, ensuring that lower- and middle-income families would spend no more than 7 percent of their income on child care. Additionally, the proposal includes $45 billion for nutrition programs, including free and reduced-price meals for children across the country.

The plan makes permanent elements of the short-term American Rescue Plan passed in March, including the child tax credit, the dependent tax credit and the earned income tax credit. It also proposes lowering health care premiums for those covered by Obamacare exchanges.

The White House proposes funding the American Families Plan with tax increases for high-income Americans that would raise $1.5 trillion over the next 10 years. The plan would raise the top income tax rate from 37 percent to 39.6 percent, reversing a portion of the 2017 tax cuts implemented by the previous administration. The tax increases would not affect anyone earning less than $400,000 per year. The plan also proposes full funding of the Internal Revenue Service to improve tax enforcement and auditing on the wealthiest Americans, which the White House projects would raise $700 billion over the next decade.

The American Families Plan is an ambitious proposal, and it is up to the House and Senate to craft legislation that reflects the administration's initiatives. Partisan tensions remain high in Congress, and White House officials have reiterated that President Biden is open to discussing ideas on how to fund and invest in programs in the plan.

"NALC appreciates President Biden's efforts to strengthen America's social safety net, which has been seriously weakened by state-level cuts over the past several decades," President Rolando said. "We look forward to working with both parties in Congress on legislation inspired by his plan that would improve the lives of our nation's workers and their families."

NALC Donor Drive

A reminder for NALC branches for 2021: NALC Headquarters is matching every contribution from the branch's treasury to a local food bank. Headquarters will match that donation to that same local food bank. Please mail proof of branch donations (copy of branch check and food bank receipt) and information on the food bank to: Stamp Out Hunger Food Drive, c/o NALC, 100 Indiana Ave. NW, Washington, DC 20001.

Paid family and medical leave bill introduced in Senate

On April 15, Sen. Brian Schatz (D-HI) introduced the Comprehensive Paid Leave for Federal Employees Act (S. 1158) in the Senate. The bill, which mirrors H.R. 564, introduced by Rep. Carolyn Maloney (D-NY) in the House in January, would provide up to 12 weeks of paid family and medical leave for federal employees, including Postal Service employees.

A similar bill, the Federal Employee Paid Leave Act, previously passed in the House during the 116th Congress, but the Senate narrowed the legislation to 12 weeks of paid parental leave, which ultimately did not include USPS employees.

Employees could use the paid leave for personal illness, caring for a family member, or time off work needed for a family member leaving or returning from active military duty. Currently, federal employees are entitled to 12 weeks of leave under the Family and Medical Leave Act for such reasons, but they are not guaranteed paid leave.

NALC will continue to monitor this legislation and will update letter carriers on any future actions.

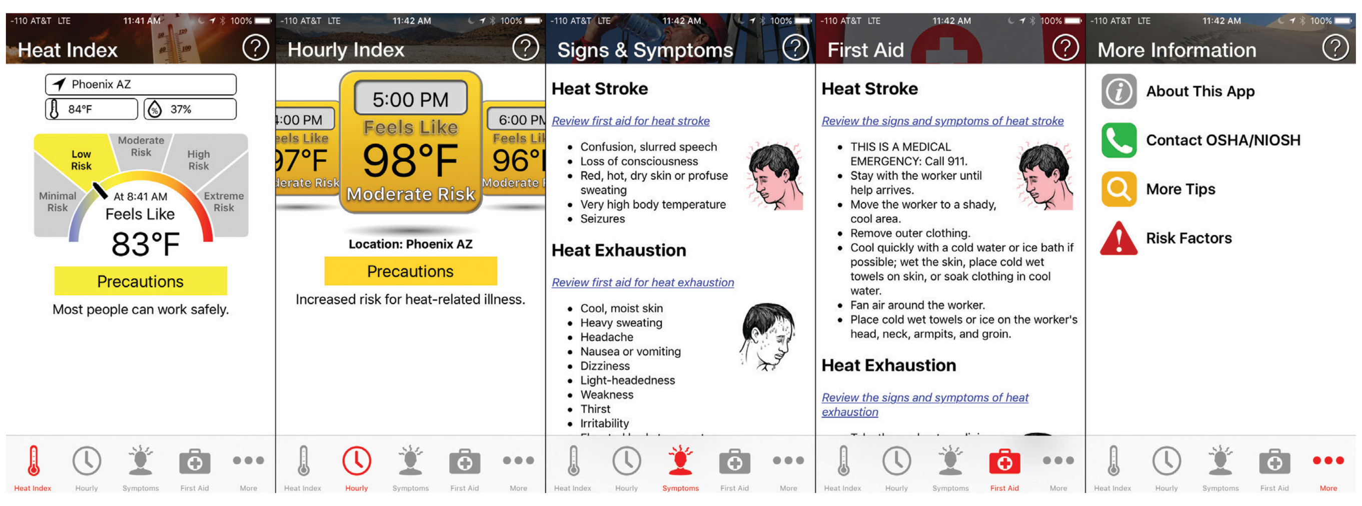
Deaf or hard of hearing?

To ensure that our deaf or hard-of-hearing members are receiving appropriate accommodations to communicate with other Postal Service employees, including their union representatives, NALC is planning to reach out to these individuals to discuss and learn more about any challenges they face. We are in the process of planning a virtual conference for this purpose. We are asking letter carriers who are deaf or hard of hearing to contact the union by going to the NALC website at nalc.org, clicking on the Members Only portal in the upper right-hand corner, and logging in. From there, you can simply check the appropriate box if you would like to be identified as deaf or hard of hearing. Doing so will let NALC know who you are, where you work and the branch of which you are a member.

What should you do in preparation for the heat of summer?

Letter carriers should first educate themselves on heat safety. One way to do this is to download and install the Occupational Safety and Health Administration (OSHA) and the National Institute of Occupational Safety and Health (NIOSH)'s Heat Safety Tool Smartphone App. Once the app is installed, it can detect your location and provide you with the current temperature, humidity and heat index (combination of temperature and humidity). It also will provide the expected heat index for the balance of the workday.

For more information on heat-related safety, see the Contract Talk column in the May 2021 *Postal Record*, available on nalc.org.



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