

Sen. Daniel Akaka (D-HI) questions NALC's Ron Watson (pictured below) during the hearing.



NALC provides expert testimony at Senate FECA hearing

On July 25, the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held a hearing to examine some proposals to reform the federal workers' compensation program for injured employees. Subcommittee chairman Sen. Daniel Akaka (D-HI) said the hearing was needed because the rules for the program have not been updated in 40 years.

"The NALC welcomes the idea of reform to the Federal Employees' Compensation Act, provided reform is fair and doesn't harm the injured workers that the FECA was designed to protect," NALC President Fredric V. Rolando said.



"In our view, some of the reform proposals being considered meet this test, but others appear to unfairly harm injured workers."

Among those called to testify at the hearing was Ron Watson, a member of Corvallis, WA Branch 1274 and a retired NALC national director of compensation who now serves the union as a consultant. His many years of working on compensation issues have made him a nationally recognized expert in the field.

The compensation rate for injured workers with one or more dependents is currently calculated at 75 percent, while the rate for those with no dependents is calculated at 66-2/3 percent.

The Department of Labor has proposed leveling the rate of wage-loss compensation to a flat 70 percent of salary on the date a qualifying injury occurs. And earlier this year, Sen. Susan Collins (R-ME) separately introduced a bill that proposes automatically converting workers under FECA over to federal retirement systems once they reach Social Security eligibility.

Proponents of the changes argue that FECA benefits often exceed an injured worker's pre-injury take-home pay, which allegedly creates a significant disincentive to return to work. But Watson told the subcommittee that reform proposals "rely on an over-simplified view of the matter."

"They are completely at odds with NALC's experience, and they could unfairly harm injured workers," he said.

In addition to a potential loss of benefits, Watson said, consideration also must be given to "the fact that in the Postal Service today, the problem is that hundreds, even thousands, of injured workers who are able, willing and eager to return to work are not being allowed to do so."

When federal employees are placed in a leave without pay (LWOP) status, they lose out on benefits, as well as overtime and other pay-increase opportunities, Watson noted. And the picture worsens if they are ultimately separated, with a potentially devastating loss of access to step increases, union-negotiated contractual protections and various retirement credits, coupled with higher health benefit and life insurance rates.

Also, in many cases where the Office of Workers' Compensation Programs (OWCP) determines a lost wage-earning capacity (LWEC), an injured worker's wage-loss compensation can be significantly reduced by 50 percent or more.

"There is a need to address OWCP policies that could foster disincentives for employing agencies to allow injured workers to continue working and/or to return to work," Watson said.

Watson's full testimony is available for download at nalc.org/depart/owcp. ☒