

Trump administration proposes reducing injured workers' benefits



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As our country has grappled with the coronavirus pandemic, our federal government has struggled to provide widespread coronavirus testing, gloves, masks and ventilators. Letter carriers have been on the front lines, risking infection while working to keep America connected.

NALC has been working hard to make your workplaces safer by coordinating with the Postal Service to get much-needed supplies distributed where needed. This is a crisis with no precedent.

Somehow, in the midst of all the shortages, the Trump administration found

time to propose radical changes to the Federal Employees Compensation Act (FECA), which protects injured letter carriers.

On April 10, Good Friday, the administration released a proposal for the “Federal Employees’ Compensation Reform Act of 2020.” The bill would make several changes to FECA that reduce the wage-loss compensation provided to federal employees who are injured in the performance of their duties.

FECA has been protecting federal employees since 1916. Over the last 104 years, there have been a series of amendments to the act that continually improved medical and wage-loss benefits for injured workers.

For example, FECA originally required workers get treated at public health clinics, wage-loss compensation was a fixed dollar amount, not a percentage of the employees’ wages and the ability to appeal decisions was limited.

Over the years, Congress steadily amended the act, with the ideal that FECA would be a model act that the states should emulate. Today, injured workers can see the doctor of their choice, wage-loss compensation is a percentage of an employee’s wages, and there are multiple appeal routes for OWCP decisions.

In 1974, the Act was amended to provide continuation of pay (COP) so that injured workers would not suffer a financial loss while waiting for OWCP to make a decision. Injured letter carriers have generally benefitted from the changes to FECA.

The Trump administration’s proposal would affect injured workers’ wage-loss compensation in the following ways:

FECA currently provides wage loss compensation in two ways: for individuals who are single, compensation is paid at 66 and 2/3 percent of the employee’s wages. Injured workers with dependents receive augmented compensation at 75 percent of their wages.

The Trump administration proposal eliminates augmented compensation so every injured worker would get the 66 and 2/3 rate.

While wage-loss compensation is non-taxable, the injured worker gets no Social Security credit for time spent on compensation. Injured workers on wage-loss compensation also get no contributions to the Thrift Savings Plan,

effectively reducing retirement benefits. Seriously-injured workers can remain on wage-loss compensation past the date of their retirement age.

The Trump administration proposal would reduce the benefits for injured workers when they reach “retirement age” as defined in Section 216 of the Social Security Act. The Social Security retirement age begins at 65 and increases depending on your birth date.

The Trump Administration proposal creates a “conversion benefit,” which reduces a workers’ compensation benefit based upon the worker’s age at the date of injury:

- (A) at age 15-34 shall receive a conversion benefit of 65 percent;
- (B) at age 35-54 shall receive a conversion benefit of 58 percent;
- (C) at age 55-65 shall receive a conversion benefit of 50 percent; and
- (D) at age 66 or older shall receive a conversion benefit of 45 percent.

In other words, the older you are on the date of injury, the less compensation you receive at retirement age.

The Trump proposal does make nominal increases to FECA benefits for disfigurement and burial expenses. It also prevents employing agencies from forcing vocational rehabilitation on compensably-injured workers who have reached retirement age.

But the real impetus for the changes is budgetary. As an accompanying letter from OWCP Director Julia Hearshway flatly states:

These reforms would produce 10-year net savings of approximately \$212 million. This legislative proposal is included in the President’s FY 2021 budget. The Administration will work with Congress to ensure fiscal discipline with the President’s budget.

There is little doubt that FECA could be improved. Injured workers often suffer wage loss and further injury as their doctors struggle to write medical reports that meet FECA requirements. Delays in treatment often increase the costs to workers, the Postal Service and the Department of Labor. FECA could be changed to make the claims process easier and less costly for everyone.

The agency responsible for adjudicating claims, the Division of Federal Employee’s Compensation (DFEC), remains vastly understaffed, causing delays in claim adjudication, injury treatment and benefit payments. If the Trump administration really cared about injured workers, it could increase DFEC’s budget and provide better service.

Yet, in an economy reeling from a viral pandemic where letter carriers find themselves risking exposure to the coronavirus every day, the administration’s priority is in reducing injured worker’s benefits.

As the late John Prine wrote, “It’s a big old goofy world.” Be safe and keep up the good work.