News from Washington

NALC weighs in on proposed service standard changes

In comments filed with the Postal Service on June 22 as part of the Postal Regulatory Commission's (PRC) review of USPS's proposed changes in service standards for First-Class Mail and Periodicals, NALC argued against slowing the delivery of such mail. The union noted the overwhelming opposition of the mailing community and the damage the slowdown would have to the Postal Service's brand, particularly at a time when rates are going up to fund investment in the agency's vital networks.

"As a stakeholder in the Postal Service, we are not in favor of the proposed slower service standards for three reasons," NALC said in the comments.

"First, the Postal Service's major customers and the American public have expressed strong opposition to the changes proposed, as measured by the high number of public comments submitted.

"Second, the potential damage to the Postal Service's brand of reducing the quality of service at a time when the agency is using its much-needed expanded authority to raise postage rates, could be significant and could trigger greater volume losses than those suggested by price elasticities calculated many years ago. The Postal Service's high favorability rating with the American public, which exceeded 90 percent across all major demographic categories in 2020, is one [of] the agency's greatest assets. It should not be squandered.

"Third, the operational changes to be implemented under the new service standards will generate, at best, minimal cost savings—just $169 million annually, which represents a fraction of 1 percent of current operating costs. As a matter of long-term strategy, these paltry savings do not justify the potential damage to the agency's brand.

"The Postal Service argues that it is impossible to reliably meet its current service standards with its current operational footprint—and that the cost of expanding this footprint to do so is too costly. That may or may not be true. However, it is hard to argue that mailers are better off if 100 percent of their cross-country mail gets slower service than they are currently, when a much smaller percentage of cross-country mail fails to arrive in three days. Adopting more realistic performance targets (to less than 95 percent) for cross-country mail would seem to make more sense for the USPS than downgrading its service standards for First-Class Mail and Periodicals—at least until new ways are developed to reach the higher targets.

"NALC urges the Board of Governors to reconsider these proposed new service standards as it continues to implement the Delivering for America strategic plan. As it seeks to balance service quality and cost considerations going forward, we call on the Board to revisit the 10-year plan and to aim higher for revenue-generating product innovation. It should also look to further public policy reforms to strengthen the Postal Service's finances. Improving the way we invest the Postal Service's $330 billion in retirement fund assets, now by law invested in low-yielding Treasury securities, would generate far greater reductions in USPS operating expenses (via reduced pension amortization payments and a bolstered Postal Service Retiree Health Benefits Fund) than the proposed service standard changes. NALC supports the main elements of the strategic plan and is working with the Postal Service to innovate and improve service. But the Postal Service should reconsider these proposed service cuts."

White House releases FY 2022 budget proposal

The Biden administration released its Fiscal Year (FY) 2022 budget proposal on May 28. The $6 trillion budget proposal is $1.2 trillion more than the FY 2021 request put forward by the previous administration, and it draws heavily from two initiatives that President Biden released earlier this year, the American Jobs Plan and the American Families Plan. In a major departure from previous budget requests, Biden's proposal does not include any cuts to the Postal Service or measures that attack federal employees' wages or benefits.

For the Postal Service, the budget includes a proposed $800 million allocation for Fiscal Years 2022, 2023 and 2024 to enable the Postal Service to electrify its vehicle fleet. As letter carriers recall, the Postal Service estimates that it would cost $8 billion to electrify its fleet and provide charging infrastructure to support those vehicles. The $800 million per year, spread over 10 years, totals the $8 billion figure. President Biden has made it a priority to electrify fleets for the 18 federal agencies, including the Postal Service, and his budget request is a clear signal to Congress of this priority,

As it relates to the federal workforce, the budget does not contain proposals aimed at attacking the health and retirement benefits of the federal workforce. Letter carriers may recall that those prior proposals included pay freezes for federal workers, increases in federal employee contributions for health care and retirement, as well as cuts in cost-of-living-adjustments and

Kiran Ahuja

investment returns—all non-starters in Congress over the years. Instead, the administration proposed a 2.7 percent pay increase for federal workers and noted that it would release a management agenda later this year with agency specific guidance. Federal employees have received a total of 10.5 percent in pay increases over the past 10 years.

"NALC appreciates President Biden's strong support for the federal and postal workforce," NALC President Fredric Rolando said. "This budget will set a positive tone for Congress. It also demonstrates respect for postal employees, who continue to rank as the most trusted of federal employees, especially on the heels of a pandemic that solidified our role as essential, front-line workers."

Overall, the budget proposes $1.5 trillion in discretionary spending, a 16.5 percent increase in non-defense spending and a 1.6 percent increase in defense spending. This includes $14 billion for agencies and programs to combat climate change, $133.7 billion for Health and Human Services spending, $800 billion in new spending and tax cuts for clean energy, $36.5 billion for high-poverty schools, $13.2 billion for the Internal Revenue Service (IRS) to enforce collections on corporations and the wealthiest individuals, and increased funding for the Centers for Disease Control and Prevention and the National Institutes of Health.

For the Department of Labor (DOL), the budget also scrapped budget and training cuts and union monitoring funding in favor of a 14 percent increase for the department. Overall, the DOL budget restates the administration's commitment to "protect workers' rights, health and safety, and wages; strengthen the Federal-State unemployment compensation program; support training opportunities that provide pathways to the middle class; fully enforce employment anti-discrimination laws; and more." Of primary interest to letter carriers, the budget request includes $183 million for the Office of Workers' Compensation Programs, which reflects an increase of $26 million over FY 2021. The request also includes $664 million for the Occupational Safety and Health Administration, which reflects a $74 million increase from FY 2021.

NALC will update letter carriers as the House and Senate begin their budget considerations.

Federal Retirement Fairness Act reintroduced in House

On June 30, Reps. Derek Kilmer (D-WA) and Tom Cole (R-OK) reintroduced the Federal Retirement Fairness Act (H.R. 4268). The bill, identical to previous legislation introduced in the 116th Congress, would provide certain federal employees with the opportunity to make catch-up retirement contributions for time spent as temporary employees after Dec. 31, 1988, thus making such time creditable service under the Federal Employees Retirement System, and for other purposes.

Notably, this bill would cover postal employees, such as letter carriers who spent time as casuals, transitional employees and city carrier assistants, making planning for their retirement easier.

"Many federal employees begin their careers in temporary positions before transitioning to permanent status, so we need to have their backs," Rep. Kilmer said. "This bill will ensure that all federal workers have the opportunity to retire on time, regardless of how they started their careers."

"Whether first hired under temporary status or not, civil service should be recognized, and these workers should have the option to pay toward retirement credit for the entirety of their employment," Rep. Cole said. "I am proud to join in re-introducing the Federal Retirement Fairness Act that allows this buy-in benefit to give these civil employees earned time credit toward retirement."

"Letter carriers who began their careers as non-career employees will benefit from the ability to make catch up contributions toward their retirement," NALC President Rolando said. "NALC strongly supports the Federal Retirement Fairness Act and appreciates Reps. Kilmer and Cole for continuing to reintroduce this important legislation."

Ahuja confirmed as OPM director

On June 22, the Senate approved the nomination of Kiran Ahuja to serve as the director of the Office of Personnel Management (OPM). Vice President Harris broke the 50-50 party-line vote to confirm Ahuja.

Ahuja will fill the federal agency's top position, which has been vacant since March 2020. OPM provides human resources policy and manages health care, life insurance, and retirement benefits for federal employees and retirees. The agency makes decisions that affect letter carriers, including providing policy direction and oversight for human resources systems, and administering many of the benefits for active and retired letter carriers.

Ajuha, a lawyer, served as the chief of staff to the OPM director from 2015 to 2017 and served six years as the director of the White House Initiative on Asian Americans and Pacific Islanders.

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"NALC congratulates Kiran Ahuja on this important confirmation," NALC President Fredric Rolando said. "After a long vacancy, we are pleased to see a new director confirmed to lead OPM."

House committee holds hearing on paid family and medical leave for federal employees

On June 24, the House Committee on Oversight and Reform held a hearing on the Comprehensive Paid Leave for Federal Employees Act (H.R. 564). This bill, which Chairwoman Carolyn Maloney (D-NY) introduced in January, would provide up to 12 weeks of paid family and medical leave for federal employees, including Postal Service employees. This paid leave could be used for personal illness, caring for a family member, or time off work needed when a family member is leaving or returning from active military duty. Federal employees are currently entitled to 12 weeks of leave under the Family and Medical Leave Act for such reasons, but it is not guaranteed paid leave.

"This is a policy that is long overdue for the federal workforce and for our nation," Chairwoman Maloney said in her opening statement. "The federal government has the opportunity to lead the way on paid leave and fostering a family-friendly workplace. While providing access to paid parental leave is critically important and long overdue, it's just as important to provide access to paid family and medical leave, too."

The hearing included five witnesses: Lelaine Bigelow, interim vice president for economic justice and congressional relations, National Partnership for Women and Families; Hadley Heath Manning, director of policy, Independent Women's Forum; Everett Kelley, national president, American Federation of Government Employees; Vicki Shabo, senior fellow, paid leave policy and strategy, Better Life Lab, on behalf of New America; and Eric Sorkin, co-owner and chief executive officer, Runamok Maple.

The hearing grew tense at times, with numerous Republican representatives expressing opposition to the bill. "Oversight Democrats have called a hearing on enhanced work perks for federal bureaucrats," Ranking Member James Comer (R-KY) said. "That's right, more benefits for federal employees who already enjoy job security and a lavish set of benefits not afforded to most American workers."

Rep. Jody Hice (R-GA) echoed the ranking member's remarks, emphasizing the unknown costs of such a policy. "We're looking at ways to get federal employees even more time off on the backs of the American taxpayers," he said. "Combined with federal holidays and annual leave, federal employees now only have to work about eight months out of the year."

During questioning, Kelley refuted this claim, stating that it is unlikely that all federal employees would fall into a category allowing them to use the full 12 weeks of paid leave. "Every federal employee would not be able to take four months of leave," he said. "That's not what this is all about, and to propose that would be a lie."

Democratic representatives emphasized that paid medical and family leave policy could help recruit and retain the federal workforce while keeping employees safe. "We don't want people going to work when they're sick, and you would have thought COVID-19 would have taught us that," Rep. Jamie Raskin (D-MD) said.

In response to a question from Rep. Ayanna Pressley (D-MA) regarding why it is important to establish a federal paid leave program that covers diverse needs, Bigelow said, "Comprehensive paid leave improves health outcomes for those who need care and prevents people from having to make impossible choices between being there for their families...and their jobs and income. As the workforce ages, a comprehensive paid leave policy is just smart economics to ensure older workers can continue working and can manage work with caring for an aging parent or loved one."

The partisan tensions surrounding the bill do not provide it with an easy route through Congress. A mirroring Senate bill, S. 1158, was introduced in April. NALC will continue to monitor this legislation.

Bipartisan bill would allow alcohol shipments through USPS

On May 17, Reps. Jackie Speier (D-CA), Dan Newhouse (R-WA) and 17 other bipartisan co-sponsors introduced the USPS Shipping Equity Act (H.R. 3287). The bill would allow the Postal Service to ship beer, wine and other alcoholic beverages directly from licensed producers and retailers to legal customers. Sen. Jeff Merkley (D-OR) introduced a companion bill in the Senate (S. 1663).

Currently, the Postal Service is barred from shipping alcoholic goods. Private shippers such as FedEx and UPS are not prohibited, and therefore are the only option for wineries, breweries and other producers to have goods delivered directly to customers.

If passed into law, the bill would give USPS two years to develop regulations to ensure that the Postal Service

Julie Su

is prepared to safely deliver alcoholic beverages to adult consumers with appropriate identification checks. The bill also would expand access for direct-to-consumer alcoholic shipments. While USPS delivers to every address in the nation, private carriers do not. The current ban on alcohol shipments limits access to these products for many Americans, especially in rural areas. Additionally, shipping these products would provide a new source of needed revenue for USPS that could generate tens of millions of dollars in the coming years.

"In 2019, California wineries shipped 275.6 million cases of wine, yet consumers and manufacturers are prohibited from using the U.S. Postal Service to ship or deliver these everyday products. In most states, private carriers such as FedEx and UPS are already delivering alcoholic beverages," Rep. Speier said. "It makes no sense to create a competitive disadvantage for the USPS by barring them from these kinds of shipments, especially given the Postal Service's dire financial condition."

"The USPS Shipping Equity Act would give rural producers access to another option for shipping alcoholic beverages, thereby increasing market access and enabling Central Washington businesses to continue to invest in our communities," Rep. Newhouse said.

"All American businesses deserve the same access to the U.S. Postal Service when it comes to delivering their products to their consumers—and we all have a vested interest in making sure the USPS thrives," Sen. Merkley said.

"NALC supports the bipartisan USPS Shipping Equity Act," President Rolando said. "This legislation would allow the Postal Service to expand its service opportunities while providing much-needed revenue for the agency."

In addition to lobbying for this legislation, NALC sent a letter to Congress, co-signed by other postal unions and state and national unions and associations that distribute alcohol, in support of the USPS Shipping Equity Act.

FSGG Appropriations bill advances out of committee

The Financial Services and General Government Appropriations bill advanced out of the House Committee on Appropriations on June 29 on a voice vote of 33-24 after a committee markup.

Regarding the Postal Service, the draft bill would continue six-day delivery, increase funding for the PRC and the USPS Office of Inspector General, provide funds for zero-emission electric vehicles for the USPS fleet, and budget for a pilot postal banking program in select areas. In response to recent concerns regarding rates and service, the bill also calls on the PRC to study the potential impact of increased rates and analyze ways to improve service.

Overall, the bill includes $29.1 billion in funding for FY 2022, an increase of $4.8 billion from FY 2021. It increases funding to the Small Business Administration and Community Development Financial Institutions and provides funds to rebuild the IRS to enforce collections on corporations and the wealthiest individuals and provide better customer service for Americans navigating the tax system. It also focuses on workers, with increased funding to the Consumer Product Safety Commission and the Federal Trade Commission, and it aims to combat climate change with funding to fully electrify the federal vehicle fleet, including the Postal Service fleet.

"The investments in the Financial Services and General Government bill start putting the government on the side of small business, the middle class, and the vulnerable, not the wealthy and big corporations," said Appropriations Committee Chairwoman Rosa DeLauro (D-CT).

During the markup, Rep. Steve Womack (R-AR) introduced an amendment that would strike the pilot postal banking program that is included in the bill. Several members spoke in opposition to the amendment, and it did not pass.

This bill is one of many appropriations bills currently moving through Congress that reflect objectives included in Biden's budget proposal. NALC will continue to monitor the budget and appropriations process.

Julie Su confirmed as deputy secretary of labor

On July 13, the Senate voted 50-47 to approve the nomination of Julie Su to serve as the deputy secretary of labor, the No. 2 position in the Department of Labor after Secretary of Labor Marty Walsh.

Su, a graduate of Stanford University and Harvard Law School, is known for her legal work specializing in civil rights and workers' rights. She served as the California labor commissioner from 2011 to 2018 and most recently was the secretary for the California Labor and Workforce Development Agency.

Su's confirmation comes at a critical time as the Department of Labor continues its response to the COVID-19 pandemic.

"NALC congratulates Julie Su on this important confirmation," NALC President Rolando said. "We look forward to working with her and Secretary Walsh on issues that affect letter carriers and all workers." PR