News from Washington

COVID-19 relief and recovery update

The 117th Congress convened on Jan. 3, and while it will be spending much of January configuring operations, leadership, committee assignments and priorities for this Congress, it will remain responsible for responding to the needs of Americans as COVID-19 cases spike and relief and recovery needs remain pressing.

Prior to adjourning the lame-duck session of Congress just days before Christmas, lawmakers passed a $2.3 trillion combined omnibus/relief pack-age that included $900 billion for COVID-19 relief and $1.4 trillion to keep the government funded until Sept. 30, 2021. The deal, which at press time had been sent to the president for his signature, came together after months of failed negotiations between the leaders of the Senate and the House of Representatives.

House Democratic leaders previously had called for a comprehensive $3.4 trillion deal in additional relief funding, while Senate Republican leaders failed to advance two packages in the $600 billion to $900 billion range.

In the end, it was the efforts of a bipartisan group of senators, prompted to act by the House Problem Solvers Caucus (a group whose influence has risen in Congress with its ability to identify areas of commonality and elevate legislation on those issues) that led to the deal. In fact, the Problem Solvers Caucus was instrumental in passage of the Postal Service Fairness Act (H.R. 2382), which moved to repeal USPS's mandate to pre-fund retiree health benefits. That bill was passed in the House earlier this year but was not taken up in the Senate.

Regarding the Postal Service, the deal reached days before Christmas—the Emergency Coronavirus Relief Act of 2020—included language converting the $10 billion loan previously approved in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) into a grant. That is a far cry from the $25 billion public-service appropriation NALC supported to help the Postal Service cover COVID-19 expenses. On the appropriations front, the government funding measure preserved six-day language for mail delivery.

Unfortunately, the COVID-19 deal failed to include hazard pay for letter carriers and other front-line employees. The deal also failed to include an extension of paid Family and Medical Leave Act (FMLA) leave provisions for employees whose school or child care is closed due to COVID-19, or the mandate for emergency paid sick leave, which provided up to 80 hours of paid leave for COVID-19-related absences. Both provisions went into effect in April under the Families First Coronavirus Response Act (FFCRA) but expired Dec. 31, 2020. Instead, lawmakers included a tax credit for employers who choose to extend emergency paid sick leave, thus ending the mandate.

"Members of Congress will need to step up to the plate in the next Congress for letter carriers and the Postal Service," NALC President Fredric Rolando said. "NALC remains steadfast in ensuring that letter carriers and the network are protected, and we expect the new administration and Congress to do the same as we remain on the front lines of this pandemic."

General provisions of the deal also include $166 billion for another round of direct payments—$600 per adult making under $75,000 adjusted gross income and $600 per child; $120 billion for a 10-week extension of unemployment insurance in the amount of $300 per week; $325 billion for small businesses, mostly for an extension of the Paycheck Protection Program (not including unions); $12 billion for community banks; $45 billion for transportation—including $14 billion in airline payroll support; $69 billion for vaccine testing, tracing and distribution; $82 billion for schools; $25 billion in rental assistance and an eviction moratorium through Jan. 31, 2021; $26 billion for nutrition assistance and agricultural losses; $10 billion for child care assistance and $7 billion to expand broadband.

The deal also makes COVID-19 relief funds available for states and localities for another year, includes an extension of employee retention tax credit, allows lower-income Americans who experienced wage loss in 2020 to use earned income tax from 2019 to receive larger refunds, and allows agencies to reimburse contractors who were unable to work due to COVID-19-related facility closures.

Notably absent from the deal were two points of major contention between the parties. Democrats ended up dropping demands for nearly $1 billion in additional state and local funding, while Republicans abandoned their demand for liability protections for corporations worried about COVID-19-related lawsuits from sick workers. Both issues are expected to re-emerge in the next round of relief and recovery negotiations in the new Congress.

Relief and recovery efforts are far from over. Check the Government Affairs section of the NALC website to get the latest news on this and all NALC priorities this Congress.

Postal Regulatory Commission adopts new rulemaking

On Nov. 30, the Postal Regulatory Commission (PRC) released its "Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products" (Docket No. RM2017-3). The rulemaking stems from the requirement imposed by the Postal Accountability and Enhancement Act of 2006 (PAEA), which directed the PRC to implement a new rate-setting system and review that system 10 years after enactment to evaluate whether it meets the statutory objectives of the PAEA.

The PRC noted that the objectives of the PAEA were "to create a flexible, stable, predictable, and streamlined ratemaking system that ensures the Postal Service's financial health and maintains high quality service standards and performance. As adopted, these rules are necessary to enable the Market Dominant ratemaking system to achieve the statutory objectives set forth... ."

In its review, the PRC determined that while the PAEA's rate-setting system was largely successful in streamlining the process, it did not increase pricing efficiently, had not achieved short- and long-term financial stability measures, and did not ensure high-quality service. The revised rulemaking provides the Postal Service with additional rate authority to address the Postal Service's largest deficiencies—financial losses from declining mail volume and the cost of pre-funding retiree health care—while maintaining a CPI-based price cap system. The price cap is liberalized to allow for rate adjustments to address declining mail density, which increases the per-piece cost of delivering mail. The PRC's order also allows for rate authority to address the amortization costs of certain retiree liabilities. According to the PRC, the rulemaking gives the USPS Board of Governors the decision-making authority to ensure operational efficiency and quality service standards.

The PRC noted its removal of a proposed performance-based rate authority, opting to instead issue a separate rulemaking to study rate-setting effects on service.

The PRC will review this new system after five years of implementation to determine if it is meeting objectives that include:

> *(1) To maximize incentives to reduce costs and increase efficiency. (2) To create predictability and stability in rates. 8 (3) To maintain high quality service standards established under section 3691. (4) To allow the Postal Service pricing flexibility. (5) To assure adequate revenues, including retained earnings, to maintain financial stability. (6) To reduce the administrative burden and increase the transparency of the ratemaking process. (7) To enhance mail security and deter terrorism. (8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail. (9) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.*

The final rulemaking will go into effect 30 days following publication in the Federal Register.

Biden agency review team includes NALC chief of staff

NALC Chief of Staff Jim Sauber has been serving on the Biden-Harris transition's Agency Review Team for the United States Postal Service.

On Jan. 20, President-elect Joe Biden will be inaugurated and become the 46th president. As is customary, the president-elect has been using the time between Election Day and inauguration, known as the presidential transition, to prepare for the new administration.

Part of this preparation involves creating a formal transition team to work with the outgoing administration on the peaceful transfer of power. The goal is to ensure the continuity of government services and a smooth handoff between administrations, which is especially crucial this year with the pandemic and the associated economic crisis.

Immediately following the election, Biden also established agency review teams, pulling together top experts "responsible for understanding the operations of each agency, ensuring a smooth transfer of power, and preparing for President-elect Biden and Vice President-elect Harris and their cabinet to hit the ground running on Day One," Biden said in a statement announcing the agency review teams. "These teams are composed of highly experienced and talented professionals with deep backgrounds in crucial policy areas across the federal government. The teams have been crafted to ensure they not only reflect the values and priorities of the incoming administration but reflect the diversity of perspectives crucial for addressing America's most urgent and complex challenges."

In his role on the agency review team, Sauber is joined by former Deputy Postmaster General Ron Stroman, New York University's Xavier Briggs, Care Journey's Aneesh Chopra and Boston Consulting Group's Mat Hernandez. **PR**

President-elect Joe Biden