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Rep. Jim Moran

FERS Sick-Leave Provision In Defense Conference Agreement

Yesterday, the House passed H.R. 2647, the Conference Agreement on the Fiscal Year 2010 Defense Authorization Act, by a 281-146 majority. The legislation includes a number of provisions that affect Postmasters, including a provision that would provide postal and federal employees participating in the Federal Employees Retirement System (FERS) the opportunity to credit unused sick-leave towards retirement. The Senate is expected to take up H.R. 2647 next week; Senate passage seems likely and the President has indicated that he will sign the measure.

The sick-leave section of the Conference Agreement is the result of a compromise struck between House and Senate conferees, as they attempted to resolve differences between the House-passed and Senate-passed versions of the defense bill. House Armed Services Chairman Ike Skelton (D-MO) led the House team and Senate Armed Services Chairman Carl Levin (D-MI) led the Senate team. The differences included a number of provisions in the House bill that would benefit postal and federal employees.

Specifically, the sick-leave provision permits FERS employees to credit unused sick leave toward their retirement annuity. In order to reduce the cost of this provision, the credit would be phased in over the next four years. FERS employees retiring from the date of enactment through December 31, 2013 would accrue a 50 percent credit for unused sick leave; those retiring on January 1, 2014 and later would receive 100 percent credit. While the measure does not provide full retirement credit from the outset, it represents a tremendous step forward for FERS employees. NAPUS is a longtime proponent of sick-leave equity, explaining that the current policy encourages FERS employees to exhaust their sick leave, prior to retirement – if they do not use it, they lose it. This situation can exacerbate staffing problems at postal facilities. NAPUS appreciates Rep. James Moran's (D-VA) perseverance in advancing the issue for the past few years, and are grateful to the Conferees.

Another provision in the Conference Agreement would affect Postmasters and postal employees who work in states and territories that are not contiguous to the U.S. mainland (e.g., Alaska, Hawaii, and Puerto Rico). The provision would alter the way in which territorial cost-of-living-adjustments (T-COLAs) are calculated. The new formula would use the same method as will be used to determine the locality-based pay adjustment for non-postal federal workers in those areas. Nevertheless, there will be a different tax and retirement consequence for postal and federal employees. Postal T-COLAs will NOT be taxed, while the federal locality adjustment will be taxable; and the postal T-COLA will not be credited towards retirement, while the federal employee adjustment will count towards the retirement annuity.

PMG Potter Wants “Public Dialogue” on Future of USPS



PMG Jack Potter at National Press Club

On Thursday, the PMG addressed a luncheon at the National Press Club about the future of the Postal Service. NAPUS President Dale Goff was in attendance.

The PMG outlined the fiscal and operational challenges facing the USPS in this economic environment. He also referenced \$6 billion in Postal cost-cutting; however, Potter also indicated that it is imperative for the Postal Service to maximize the use of its facilities and use them to provide the public with services and products that foreign posts provide to their customers. Within this context, the PMG wants the American public to take a fresh, long-range look at the role of the agency and the services that it provides. PMG Potter acknowledged that two weeks ago the Postal Regulatory Commission (PRC) invited a wide-variety of Postal stakeholders to begin discussions about the future of the USPS, and that the Government Accountability Office has undertaken a major review of the Postal Service’s business model. (The GAO report will be delivered to Congress at the end of March.)

After the PMG completed his remarks, the audience posed a number of questions, including queries about rate increases, 5-day mail delivery and facility closures. In response to a question about whether the USPS would raise rates above inflation, the PMG remarked that he did not believe that the USPS will ask the PRC to approve a postage increase greater than the consumer price index. In addition, the PMG was asked about whether the Postal Service would request increased borrowing authority to address its budget shortfall: Potter said no!

The PMG was asked about postal facility closures, including the process and the timing. The PMG indicated that he relies on local management in conducting the process and that retail traffic is a determining factor in closure decisions. He also expressed a bit of frustration that the public is focusing on an aspect postal operations (i.e., closing retail facilities) that could potentially save only \$20-\$100 million, while there continues to be a \$5 billion budget shortfall. Later in the program, the PMG answered his implicit question about the focus on facilities. In response to a question, the PMG heralded public opinion polls, which found that 90 percent of Americans do not want their Post Office closed. The PMG latched onto this finding and suggested that America’s love affair with their Post Office provides prime opportunities for the USPS to reach out into new commercial areas, like its foreign counterparts. One area the PMG would like to explore is banking, but volunteered to the audience that banking was an unlikely venture because of “politics.”

In response to a question about a staffing inadequacy and long lines at particular post office, PMG Potter asserted that the problem is the result of “hiccups” from a large number of retirements. Postmasters know that staffing problems predates the current retirement exodus. The PMG also suggested that the increased deployment of Automated Postal Centers would relieve the situation.

The issue of 5-day mail delivery was brought to the fore when the PMG referred to polling data that supported reduced delivery frequency, in light of the USPS’ financial crisis. The USPS claims that it could save up to \$3.5 billion by reducing delivery by one day.

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