

UPDATE

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In this edition:

- * Feds Could End Up Paying More for Retirement Benefits Under House Budget Panel's Plan
- * House Measure Would Discipline Supervisors for Discrimination Actions
- * No More LWOP for Union Political Activities, PMG Tells Congress
- * House, Senate Panels Approve TSP Modernization Measure
- * Legislation Would Make Civil Servants, Postal Employees 'At-Will' Employees

Feds Could End Up Paying More for Retirement Benefits Under House Budget Panel's Plan

A major Congressional step toward reshaping federal retirement benefits occurred last week when the House Budget Committee adopted a [Fiscal Year 2018 budget resolution](#) that could lead to federal and postal employees contributing more for their retirement benefits.

While the proposed budget resolution is short on details, the resolution echoes the [proposal](#) earlier advanced by the Trump White House that would increase employee out-of-pocket payments toward retirement by 1 percentage point each year, for six years, until they equal the government's contribution for those in the Federal Employees Retirement System (FERS). More legislative steps remain before these proposed measures become real.

Under current federal retirement arrangements, FERS-covered federal and postal employees pay the standard 6.2 percent of salary for Social Security. In addition, they contribute toward their civil service pension, but in varying amounts depending on when they were hired. In recent years, Congress has twice increased the level of employee contribution, but applying the increases to new employees hired after a future date. Today most federal and postal employees contribute 0.8 percent of salary toward their annuity, while those first hired in 2013 must pay 3.1 percent and those hired in 2014 and afterward pay 4.4 percent.

The House Budget Committee's resolution is non-binding, and doesn't spell out how large the employee contributions will be, or who will be impacted, nor whether it will apply only to new hires or current employees as well. Those details remain to be decided -- after the House and Senate have adopted the final terms of a budget resolution and have sent instructions to designated committees to achieve budget savings within their jurisdiction and those committees have done their work. The House Budget Committee's proposed resolution last week would instruct the House Oversight and Government Reform Committee (HOCR), which oversees the civil service and the Postal Service, to develop legislative proposals achieving \$32 billion in savings over 10 years. It also proposes to eliminate the FERS annuity supplement, which provides the equivalent of Social Security benefits to those who qualify for early retirement before the age of 62..

Congress potentially could look to measures included in the Trump budget, like basing federal employee pensions on the average of the high five years of salary, rather than the current high three, or terminating cost-of-living adjustments for those in FERS and in CSRS. It's possible that the final terms of the Congressional budget resolution could direct more (or less) in savings in federal and postal employee compensation.

Overall, the House Republican plan is to include these federal retirement budget cuts in a comprehensive budget reconciliation package that paves the way for corporate and personal income tax cuts and reductions in the federal deficit.

NAPS opposes the Trump budget proposals and the House Budget Committee proposals. The federal workforce has already contributed \$182 billion towards deficit reduction since 2011 through a three-year pay freeze, reduced pay increases, unpaid furlough days due to

sequestration, and two increases in retirement contributions for new hires, without any additional benefit.

NAPS will continue to vigilantly work with other federal and postal employee groups in opposing initiatives that reduce the take-home pay and benefits of all federal and postal employees and retirees.

Please contact your Congressional lawmakers and urge them to refrain from imposing more painful budget cuts on the federal and postal workforce!

House Measure Would Discipline Supervisors for Discrimination Actions

The House of Representatives approved legislation on July 11 that would establish further procedures to discipline managers and supervisors whom Equal Employment Opportunity Commission (EEOC) found engaged in illegal discrimination or retaliation. [The Federal Employee Antidiscrimination Act of 2017, H.R. 702](#), would require the EEOC, no later than 30 days after it issues a finding of discrimination or retaliation, to refer the matter to the Office of Special Counsel, which must review the referral and decide whether to seek disciplinary action against the official who committed the illegal discrimination or retaliation. Agencies also are required by the measure to update personnel records to note any punishment taken against an official due to discrimination-related offenses. The measure now moves to the Senate.

No More LWOP for Union Political Activities, PMG Tells Congress

The Postal Service will no longer grant leave-without-pay (LWOP) for union political activities, Postmaster General Megan Brennan announced last week, after a government watchdog agency found USPS had violated federal law last year by allowing National Association of Letter Carrier (NALC) members to participate in union-funded work to help elect NALC supported candidates while the union members were on LWOP.

The PMG made the pledge in testimony before the Senate Committee for Homeland Security and Governmental Affairs, which held a [July 19](#)

[hearing](#) on investigations by the Office of Special Counsel and the USPS Office of Inspector General into election-related activity by NALC that was sanctioned by USPS by the grant of LWOP for union activities.

The OSC said the Postal Service demonstrated an "institutional bias" toward union-backed candidates and engaged in a "systemic violation" of the Hatch Act, following an OSC investigation requested by Sen. Ron Johnson (R-WI), whose chairs the Senate committee and who was opposed by the NALC during its 2016 campaign efforts. Johnson [said](#) he initially received a complaint from a Wisconsin postal supervisor who was concerned that the Postal Service "incurred unnecessary overtime costs" and "improperly coordinated" with the NALC.

According to the [OSC report](#), 97 members of the NALC requested leave without pay to participate in a program, called Labor 2016, to help elect Clinton and other union-backed candidates. Further, 82 percent of the work occurred in key battleground states, including Florida, Nevada, North Carolina, Ohio, Pennsylvania, and Wisconsin.

The OSC found that the NALC gave a list of letter carriers to participate in the campaign activity to a senior USPS labor relations official, who then emailed lists to lower-level USPS management officials nationwide, many of whom interpreted the messages from headquarters as "directives to release the carriers" on LWOP. Those union members were compensated through the Letter Carrier Political Fund, the union's political action committee.

The PMG [testified](#) at the hearing that OSC's interpretation of the Hatch Act was the first of its kind, that any Hatch Act violations by USPS were unintentional, and that USPS was committed to changing its practices based upon guidance from the Office of Special Counsel. The USPS "fully accepts and will fully implement all of the recommendations and directions of the OSC, in order to prevent any future violations of the Hatch Act," Brennan said.

House, Senate Panels Approve TSP Modernization Measure

On July 26, the Senate Homeland Security and Governmental Affairs Committee approved legislation to give federal employees more flexibility with their Thrift Savings Plan accounts. The House Oversight

and Government Reform Committee passed similar legislation ([H.R. 3031](#)) last week. The [TSP Modernization Act \(S. 873\)](#) enables enrollees to make multiple age-based withdrawals after retirement instead of the current one-time withdrawal.

Currently, federal employees can make one age-based withdrawal from TSP while they are employed, which would disqualify them from making partial withdrawals after retirement. Retirees who never made age-based withdrawals can make one partial withdrawal after retiring, but then have to move to full withdrawal options.

Aimed at providing employees with greater TSP participation flexibility, the legislation would allow active federal employees older than 59½ to take multiple age-based withdrawals. The bill also allows quarterly or annual payments, and participants could also change periodic withdrawals at any point during the year.

Legislation Would Make Civil Servants, Postal Employees 'At-Will' Employees

Future federal and postal employees could lose their jobs much more easily under legislation introduced earlier this week by [Rep. Todd Rokita \(R-IN\)](#). The radical measure is "[The Promote Accountability and Government Efficiency Act,](#)" [H.R. 3257](#), otherwise known as the "PAGE Act."

The bill would make all new employees in the civil service, including the U.S. Postal Service, "at-will employees," meaning according to the bill's language, they "may be removed or suspended, without notice or right to appeal, from service by the head of the agency at which such employee is employed for good cause, bad cause, or no cause at all." The measure also would:

Allow federal employees to be removed or suspended "without notice or right to appeal, from service by the head of the agency at which such employee is employed for good cause, bad cause, or no cause at all;"

Allow agency heads to immediately suspend federal employees for misconduct or poor performance "if the head determines that the misconduct or performance of the employee warrants such suspension;"

Place a limitation on appeal rights;
Prohibit annual pay raises if an employee did not receive at least a score of 4 or 5 out of 5 (or an equivalent rating with respect to a performance appraisal system that does provide for such a scoring system) on his or her latest performance review under the performance appraisal system;
Deny employees their CSRS or FERS annuities if convicted of a felony;
Permit an agency to transfer an individual occupying a Senior Executive Service position who is not an at-will employee to a position within the General Schedule; and,
Deny official time to an employee serving as an exclusive representative of a union when negotiating a collective bargaining agreement, and employees would be prohibited from using government property in carrying out any activities relating to the internal business of a labor organization.

NAPS opposes the measure. While the legislation is unlikely to be approved by Congress, it could contribute to defining the terms of debate on civil service reform legislation if Congress moves in that direction. Also, Rep. Rokita, the primary sponsor of the bill, is running for the Senate seat currently held by Sen. Joe Donnelly (D-IN) and is expected to be involved in a hotly contested primary against [Rep. Luke Messer \(R-IN\)](#).

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Bruce Moyer, NAPS Legislative Counsel
bruce@moyergroup.net

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Bruce Moyer, NAPS Legislative Counsel
bruce@moyergroup.net