

UPDATE

May 10, 2018

OPM Legislation Would Slash Retirement Benefits

Happy Public Service Recognition Week! As the Washington Post reported, that's what the head of the Trump Administration's central personnel agency said on the eve of PSRW last Friday when he sent to Congress a package of unprecedented Office of Personnel Management (OPM) proposals to strip major benefits from the federal and postal employment compensation package.

In a letter to House Speaker Paul Ryan (R-WI), OPM Director Jeff T.H. Pon proposed four initiatives that, over 10 years, would significantly cut retirement benefits for 2.6 million federal retirees and survivors.

The four proposals recite previously proposed cuts to federal employee retirement programs by the Trump Administration, ones that would "bring federal benefits more in line with the private sector," Pon said.

The OPM proposals are aimed at:

- **Eliminating supplements for Federal Employees Retirement System (FERS) annuitants who retire before being eligible for Social Security benefits.**
- **Reducing federal pensions by basing them on a five-year average of basic annual pay instead of three years.**
- **Requiring employees to pay more for their retirement benefits without any increase in benefits.** The plan would increase the FERS retirement contribution by eight-fold for most federal and employees over the next seven years. Currently, employees hired before 2013 contribute 0.8 percent of their basic pay. "Under this proposal," OPM Director Pon said, "FERS employee deduction rates will increase by 1 percent per year until they reach 7.25 percent of basic pay.... This proposal would require FERS employees to fund a greater portion of their retirement benefit."
- **Reducing or eliminating retirement cost-of-living adjustments.** The legislation proposes "to reduce the cost-of-living adjustments (COLAs) under the Civil Service Retirement System (CSRS) by one half of one percent and to eliminate COLAs under the Federal Employees' Retirement System (FERS) for current and future retirees."

In response to the proposals, NAPS President Brian Wagner said, "NAPS opposes these disastrous proposals to reduce federal and postal employee retirement benefits and will work actively with its members and partner organizations to defeat them, as we did the entire Trump agenda last year."

NAPS Endorses Gillibrand Postal Banking Bill

NAPS has endorsed legislation introduced by Sen. Kirsten Gillibrand (D-NY) that would authorize the Postal Service to offer limited banking services, including affordable short-term loans.

The Postal Banking Act, S. 2755, would place a retail bank branch in each of the Postal Service's 30,000 locations — branches that would provide "low-cost, basic financial services to all

Americans," Sen. Gillibrand said. The New York Senator also said her bill would "wipe out" predatory lending and improve consumers' access to financial services.

In a May 3 endorsement letter to Senator Gillibrand, NAPS Executive Vice President Ivan Butts expressed NAPS' support for the legislation and said, "Through your legislation, the unbanked and underbanked will have access through the Postal Service to checking and savings accounts as well as small dollar loans.... The United States Postal Service and NAPS share a long history of support for the assurance of universal service of postal services to all households throughout the nation, regardless of geography or income. The involvement of the Postal Service in the delivery of banking services in communities across the country will make good on the promise of universal service and economic growth."

Two BOG Nominees Clear Senate Panel

The Senate Homeland Security and Governmental Affairs Committee on May 7 approved the nominations of David Williams and Mike Duncan to the Board of Governors of the U.S. Postal Service. A full Senate vote on their confirmation has not yet been scheduled.

The placement of Williams and Duncan on the BOG will fill the first two of nine existing vacancies on the BOG, and are still not enough to create a quorum. The nomination of a third BOG nominee, Calvin Tucker, did not move ahead due to reported financial disclosure concerns.

"The Senate has not approved any nomination to the board in eight years and the last board member left in December," according to Philadelphia lawyer S. David Fineman, who served on the postal board from 1995 to 2005. Pending postal reform legislation in the House and the Senate would reduce the size of the Board of Governors to five members.