

FEDERAL-POSTAL COALITION

January 31, 2012

United States Senate
Washington, DC 20510

Dear Senator,

On behalf of the nearly five million federal and postal workers and retirees represented by the national member organizations of the Federal-Postal Coalition, we respectfully urge you to oppose reductions to federal workers' compensation contained in S. 1789, the 21st Century Postal Reform Act of 2011. While our member organizations have diverse, nuanced positions on the many provisions of the bill, this letter focuses on the undersigned organizations' opposition to the unfair reduction in compensation at retirement age for public servants who are no longer able to work due to a job-caused injury or illness.

Federal Employees' Compensation Act (FECA) benefits are intended to compensate federal employees for work-caused injuries and illnesses – to fairly make up for income they would have received had their public service not been cut short by an unforeseen, job-related injury or workplace-induced illness. In exchange for their benefits, FECA recipients lose their right to sue the government for their work-related disability. Of course, reimbursed medical expenses and monetary compensation will never be able to reverse the permanent damage of a debilitating injury or illness. But we should do our best to ensure that FECA benefits provide injured employees the income security they would have received without their injury or illness.

Unfortunately, if the FECA provisions of S. 1789 become law, injured employees would not be afforded the level of income security they deserve. Under the provisions, employees currently receiving FECA benefits will experience a 25 or 33 percent reduction in benefits at retirement age (between ages 65 and 67, depending on year of birth). This would affect significantly a disabled, 61-year-old former federal civil servant in just four years. Current FECA beneficiaries who are married or have dependents will see an 11 percent reduction in their compensation. This would affect significantly a disabled 75-year-old former federal civil servant in just three years after enactment. Employees who become permanently and totally disabled in the future will face a 25 percent reduction in compensation at retirement age.

The legislation's reductions in retirement-age compensation fail to take into account the disadvantages in preparing for retirement faced by those employees unfortunate enough to suffer a debilitating injury or illness as a result of their public service. Specifically, injured employees lose the ability to increase the salary upon which compensation is based through raises and promotions. They also can no longer receive matching contributions into their Thrift Savings Plan accounts, and they lose the ability to earn credits toward their Social Security benefits.

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Furthermore, the bill's reductions in augmented compensation for dependents ignore the diminished tax advantage available to recipients who are married or have children at home. Because these FECA recipients have lower average tax rates, the difference between the FECA benefit and the after-tax pay they would have received had they not been injured is greater than for individuals who are not married or who do not have dependents.

FECA reforms should focus on saving money by improving the workers' compensation process and structure, not by reducing compensation to employees injured or made ill by their jobs.

For these reasons, we urge you to oppose the FECA provisions (Title III) of S. 1789.

Sincerely,

American Federation of Government Employees (AFGE)
American Federation of State, County and Municipal Employees (AFSCME)
American Foreign Service Association (AFSA)
American Postal Workers Union (APWU)
National Active and Retired Federal Employees Association (NARFE)
National Association of Letter Carriers (NALC)
National Association of Postal Supervisors (NAPS)
National Council of Social Security Management Associations (NCSSMA)
National Federation of Federal Employees (NFFE)
National Postal Mail Handlers Union (NPMHU)
National Rural Letter Carriers Association (NRLCA)
National Treasury Employees Union (NTEU)
Organization of Professional Employees of the U.S. Department of Agriculture (OPEDA)
Professional Aviation Safety Specialists (PASS)
Professional Managers Association (PMA)

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