

Testimony of William H. Young
President of the National Association of Letter Carriers
Before the Subcommittee on Civil Service and Agency Reorganization
July 9, 2003

Thank you Chairwoman Davis for this opportunity to testify before the Civil Service and Agency Organization Subcommittee. I am here representing the nearly 305,000 members of the National Association of Letter Carriers.

One of the great strengths of our organization is that a large number of our retirees, some 86,000, are also members of our union. Most of our retired members – some 63,000 in fact – are also enrolled in the NALC's Health Benefit Plan, which provides a comprehensive package of health insurance benefits. As you know the NALC HBP is offered as part of the Federal Employees Health Benefit Program.

In October of 2000, premium conversion for federal employees went into effect, enabling them to take advantage of a benefit that was already available to active letter carriers. The NALC takes great pride in having been a leader in establishing premium conversion within the federal community. Thanks to the collective bargaining process in place for postal employees, we were able to establish premium conversion for our active members nearly a decade before it became available to the rest of the federal workforce.

Over that time, this bargained for contractual provision, has saved active letter carriers throughout the country millions of dollars. I would like to commend you madam chair, as well as Chairman Tom Davis and Senator John Warner for leading the effort to expand this benefit to include retirees. H.R. 1231, which has more than 250 cosponsors will allow federal civilian, military and postal retirees to pay health insurance premiums on a pretax basis will provide significant out of pocket savings to these individuals.

As a general rule, letter carriers are a healthy group. The physical demands of delivering the nation's mail inherently supports a healthy life-style. At the same time, a full career of walking the streets and battling the elements every day also presents our retirees with some unique, and very real physical challenges. Thank goodness our members can rely on a comprehensive and affordable health plan to take care of their needs during a hard-earned retirement.

Like many of our nations' retirees, our members often confront some difficult financial decisions. In addition, as federal retirees, many of our members are also faced with obstacles unique to the federal and postal community such as the Windfall Elimination Provision and the Government Pension Offset which deprive civil service retirees of earned benefits. That makes it even more difficult for them when it comes time to pay for their health insurance premiums.

To give you an idea of how helpful your proposal will be to our retired members, consider the case of a new annuitant with 30 years of service under CSRS. That annuitant will qualify for an annual annuity of approximately \$24,000 annually, which is worth about \$20,400 after federal taxes at the 15 percent income tax bracket. If the annuitant is a union member and is enrolled in the NALC's health plan, he or she must pay premiums worth more than 10 percent of their after-

tax annuity income (some \$2,300) for family coverage. Your proposal would save that retired carrier \$345 each and every year. That may not sound like a lot, but to people who must live on a modest fixed income in the face of escalating health care costs and rising premiums, such savings are not insignificant.

Premium conversion has been a win-win for active letter carriers, both in demonstrating the value of the collective bargaining process which established it and for the resulting savings which have enabled letter carriers to pump millions of dollars back into the economy. We are grateful, that you, Chairwoman Davis, recognize the importance of expanding premium conversion to include all federal retirees. We look forward to working with you, Ranking Member Davis and the members of this subcommittee to see that it becomes law.