



National Association
of Letter Carriers

Fredric V. Rolando, President

April 16, 2010 No. 10-07

NALC Bulletin

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Rolando Blasts GAO Report

'Full-Throated Attack' on Contract Document Ignores Critical Financial Issues; NALC to Deliver Truthful Facts to Congress

NALC President Fred Rolando lambasted a congressionally requested April 13 report by the Government Accountability Office (GAO) on the Postal Service's progress toward financial stability as a "full-throated attack on collective bargaining, our contractual COLA clause, our contractual limits on contracting out, and our contractual protections of full-time career positions."

Saying that the "hurried and haphazard audit report" virtually ignored the most critical ingredient in the Postal Service's current financial squeeze – the \$5.5 billion per year payment imposed by Congress in 2007 to pre-fund retiree health obligations – Rolando pledged that the NALC will spare no effort in bringing the truth to lawmakers as Congress deliberates what action to take.

President Rolando's complete statement:

"The Government Accountability Office was directed by the Congress in 2006 to produce a report by December 2011 'evaluating in-depth various options and strategies for the long-term structural and operational reforms of the United States Postal Service.' GAO was instructed by Congress in the Postal Accountability and Enhancement Act to make recommendations regarding how the 'Postal Service's business model can be maintained or transformed in an orderly manner that will minimize adverse effects on all interested parties and assure continued availability of affordable universal postal service throughout the United States.' The directive in the law also said: 'The Government Accountability Office shall not consider any strategy or other course of action that would pose a significant risk to the availability of affordable, universal postal service throughout the United States.'

The Congress outlined, in detail, what it ordered GAO to do, and how to do it. GAO ignored Congress.

Instead, it delivered an obviously hurried and haphazard audit report. GAO virtually ignored the most critical ingredient in the Postal Service's current financial squeeze, the \$5.5 billion per year payment, imposed by Congress in 2007, to pre-fund retiree health obligations. And its conclusion that the USPS business model was not viable was based on the false premise that the USPS has not been able to cut costs as much as its revenues have declined in recent years. In particular, the report states that 'USPS lost \$12 billion over this period [2007-2009], despite achieving billions in cost savings, reducing capital investments, and raising rates.'

But this assertion is completely misleading. It glosses over the critical fact that if it were not for the excessive pre-funding payments, the USPS would have been profitable over the past three years—USPS prefunding payments totaled \$12.4 billion over the past three years, more than accounting for the \$11.7 billion in reported losses. In fact, the Postal Service has been able to adjust its costs to a decline in its revenue—a decline resulting from the worst recession in 80 years, which the GAO soft-pedals as a simple 'economic downturn.'

Instead of the report requested by Congress, GAO has issued a full-throated attack on collective bargaining, our contractual COLA clause, our contractual limits on contracting out, and our contractual protections of full-time career positions. GAO outlines a series of disastrous future options, including moving part or all of USPS to 'a private corporate model;' increasing 'the percentage of part-time employees, who could work more flexible schedules' and allow the USPS to flexibly adjust to workload, 'which varies greatly depending on the day of the week and the time of the year;' and changing the law's interest arbitration rules to put a thumb on the scale for the Postal Service.

Rather than conducting the five-year 'in depth' detailed review and analysis of this key national institution that Congress directed, GAO 'conducted this performance audit from August 2009 to April 2010 in accordance with generally accepted government audit standards.' (p. 3). An 'audit,' not an 'in-depth' evaluation.

But even with that crabbed green eyeshade view of its mission, GAO cut corners: '[W]e did not assess the reasonableness of these projections [retiree health valuations] or OPM's actuarial assumptions and methodology. We utilized OPM's valuation results to analyze the financial impacts of selected options for funding USPS' retiree health benefit obligations. We

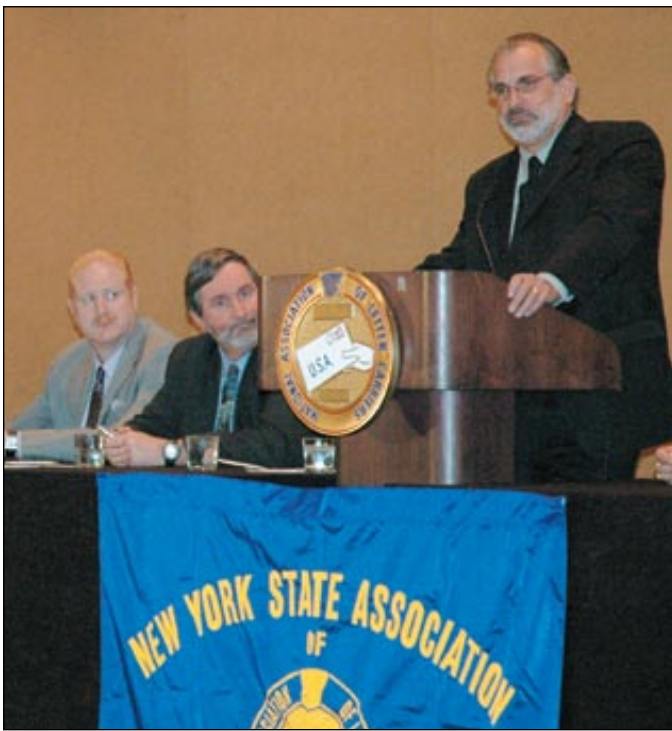
did not assess the validity of USPS' financial and mail volume projections due to time and resource constraints.' (p. 2).

The problem with this quick once-over approach is that it is precisely OPM's 'actuarial assumptions and methodology' that are at the heart of a dispute between the USPS Office of Inspector General and OPM over whether the USPS has been over-charged by \$75 billion in pension costs—funds that could be returned and transferred to the Postal Service Retiree Health Benefits Fund to relieve the USPS of the need to make crushing pre-funding payments. If the OIG is right (and NALC believes OIG is right), that \$75 billion cures USPS' principal financial problem ... and then some. And it is precisely the validity of USPS' 'financial and mail volume projections' that define the extent of the long-term challenge facing the USPS and establish what the future needs may be.

To simply accept USPS projections—notoriously and regularly off-target—due to 'time and resource constraints' is simply irresponsible—not what Congress ordered, and not what the public interest requires.

The media's appetite for news of any threatened disaster being what it is, the GAO report will make an initial big splash. But it is Congress, not the news media or the GAO, that will decide whether the Postal Service is worth saving, and how.

And it is the NALC that will spare no effort in bringing the truth—and the real data—to Congress for its deliberation. And it is NALC's membership that will rise to the challenge to make sure that the real public, their patrons, and the mailers, know the facts and act on them. The country deserves nothing less."



President Rolando discusses NALC's strategy to fight USPS's attempt to end Saturday delivery before hundreds of New York carriers in Washington on their annual lobbying excursion. Listening (l-r) are Vice President George Mignosi and Executive Vice President Gary Mullins. (Photo by Mike Shea)

Newspaper Group Opposes 5-Day!

The National Newspaper Association (NNA), a community newspaper organization of more than 2,000 members, has filed a formal opposition to the Postal Service's proposal to end Saturday mail delivery. NNA intervened on behalf of its newspapers in a proceeding before the Postal Regulatory Commission.

"We firmly believe that the solution to its financial woes will not be found in such an extreme cutback in service. We know that many small newspapers publishing Saturday issues will be deeply affected. We also believe the slowing of bill payments to small businesses will affect Main Street America at a critical time in our economy," said NNA President Cheryl Kaechele.

New York Lawmakers Join 6-Day Delivery Fight



"People depend on the mail six days a week. It's important to my constituents, but more importantly, it is important to America." – Rep. Michael Arcuri (D-NY)

"These people who are talking about ending Saturday delivery are so many of them, we've got to stop this dead in its tracks." – Rep. Carolyn Maloney (D-NY)

"We believe in Saturday delivery. It is the source of contact for so many people." – Rep. Paul Tonko (D-NY)

"I'm pretty happy with my six-day mail service, should do seven-day delivery. Instead of cutting back, maybe we should think about expanding." – Rep. Dan Maffei (D-NY)

Sens. Charles Schumer and Kirsten Gillibrand (both D-NY) pledged to help the NALC fight to retain six-day mail delivery for the American people. They made this promise when delegations of carriers from their home state visited them April 14 on Capitol Hill during the state NALC's annual lobbying trip.

Schumer and Gillibrand, who have been with letter carriers on key issues in the past, told the groups during separate visits that they would stand with them as the NALC takes on the Postal Service's plan to end Saturday delivery for Americans.

Similar commitments of support came from numerous House members, during both private visits in their Capitol Hill offices and in remarks at a congressional reception hosted by the New York State Association of Letter Carriers at the Hyatt Regency Hotel in Washington (see quotes above).

Hutson Appointed RAA in Region 3 (Chicago)

President Rolando has appointed, effective April 5, Jerry "Tony" Hutson, of Branch 88 in Galesburg, Illinois as Regional Administrative Assistant in the Chicago Region (Illinois) to fill the spot of Mack Julion, Jr., who was recently elected president of Chicago Branch 11.

Hutson, 38, has been chief steward for Branch 88 for the past six years. He was a graduate of NALC's first Leadership Academy class in 2005. He has served as an arbitration advocate since 2005. Hutson, his wife, Robin, and a stepdaughter currently reside in Galesburg.

Over 1,400 NALC Branches Primed To Help 'Stamp Out Hunger' May 8 Trucking Help Coming from Uncle Bob's Self Storage

Letter carriers in more than 1,400 NALC branches in all 50 states, the District of Columbia, Puerto Rico, and Guam are in final preparation for what is expected to be a hallmark event in the 18-year history of the NALC National Food Drive – breaking through the 1 billion pounds mark in total donations delivered to help hungry families in America.

To help transport the donations from postal locations to food banks and pantries, the NALC has received the generous support of Uncle Bob's Self Storage®, one of the largest self-storage companies in the nation.

This year also brings a new national role for our rural letter carrier counterparts with the inclusion of the National Rural Letter Carriers' Association as a national partner, along with the U.S. Postal Service, Campbell Soup Company, Valpak, the AFL-CIO, United Way Worldwide and Feeding America, the nation's food bank network.

Again this year, more than 125 million postcards sponsored by the Postal Service and Campbell Soup will be delivered to homes just before the drive, reminding residents to leave out some groceries for their carrier to pick up on May 8. Another 40 million Valpak envelopes also urged donations, and national Television and Radio public service announcements were being aired featuring entertainment stars David Arquette, Courteney Cox and Ryan Seacrest.

A memo will be sent out next week to all branch food drive coordinators explaining the process for reporting food drive results.

Uncle Bob's Self Storage® has in the past been helpful to food banks in its home area of Buffalo, New York and in Florida, and now has expanded its offer to all 24 states where it has operations – Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Missouri, Mississippi, North Carolina, New Hampshire, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas and Virginia.

A spreadsheet that lists all of Uncle Bob's locations throughout the nation, as well as the name and phone number of a contact person, has been e-mailed to all NALC food drive coordinators and is also available on the Food Drive page of the NALC website.



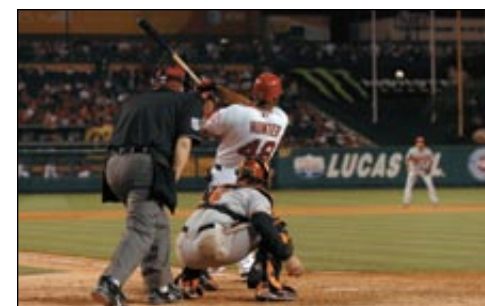
Transportation assistance is coming from Uncle Bob's Self Storage to deliver goods to food banks and pantries.

Anaheim Convention Visitors' Discounts!

For information on a special Show Your Badge and Save discount program and Disney discount tickets available for delegates to the NALC Convention, visit the convention page on the NALC website: www.nalc.org.

Less than 80 left!

Baseball Tickets Almost 'Sold Out'



Los Angeles Angels of Anaheim star center fielder Torii Hunter smashes a hit at Angels Stadium in Anaheim. (Angels photo)

All 7,000 tickets initially reserved for the special NALC Night at the August 10 Kansas City Royals-Los Angeles Angels of Anaheim baseball game during the 67th Biennial NALC Convention in Anaheim have been sold. The NALC was able to acquire an additional 250 tickets, but less than 80 of those remain unsold.

Any branch interested in acquiring any of the few remaining tickets should get their order into NALC headquarters immediately. Ticket orders and checks received from branches after the ticket allotment is exhausted will be returned.

Orders and payment must be received at NALC headquarters no later than Monday, May 3.

Designated branch officials can pick up their tickets at a special baseball booth at convention registration. Tickets are \$10 each for NALC delegates and family, with bus transportation to and from the game provided FREE of charge.

To obtain tickets, mail the form that was included in the February 12 NALC Bulletin and include with it a check (made out to "Secretary-Treasurer, NALC") for the entire amount. The forms and checks should be mailed to: NALC Baseball Night; 100 Indiana Ave., NW; Washington, DC 20001-2144.

There is limited handicapped seating at Angels Stadium. Please indicate with your order if any special handicapped seating is needed.

No Accumulation Yet for Seventh COLA

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for March, released on April 15 by the U.S. Bureau of Labor Statistics, still reflected no accumulation yet for a cost-of-living adjustment during the seventh COLA period under the 2006-2011 National Agreement. The period runs from January to July of this year.

The CPI-W stood at 636.025 in March, still below the 644.303 level attained in July 2008.

There also has not yet been any projected accumulation toward the 2011 retiree COLA based on the March CPI-W.

The projected accumulation toward the 2011 COLA for Federal Employees Compensation Act (FECA) participants, which is based on the increase in the CPI-W between December 2009 and December 2010, stood at 0.8 percent through March.