



National Association
of Letter Carriers

Fredric V. Rolando, President

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NALC Bulletin

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It's payback time

Report: OPM owes USPS \$50-55 billion

The Postal Regulatory Commission (PRC) submitted a report on June 30 that showed that the Postal Service has been overcharged by at least \$50 billion-\$55 billion for Civil Service Retirement System pension costs related to work performed by the taxpayer-supported Post Office Department before 1971. The report confirmed a similar finding in January by the Service's Office of the Inspector General, though the PRC estimate was about a third less than the \$75 billion found by the IG.

"The report supports a broadly shared conclusion in the postal industry that the Postal Service has massively over-funded its pension liabilities," said NALC President Fred Rolando, "and that the surplus funds in the CSRS postal account could be used to meet USPS' obligations to pre-fund its future retiree health benefits."

"Congress now has all the evidence it needs to quickly correct this accounting error," Rolando added. "Doing so would help put the Service back on more profitable footing and enable it to maintain its excellent level of service without having to resort to radical, short-sighted cost-cutting measures such as eliminating Saturday mail delivery service."

By law, the OPM, which is responsible for calculating the Postal Service's CSRS pension liability, must now recalculate the Service's pension assets in light of this report.

"Given that the \$5.5 billion annual cost of pre-funding retiree health costs—not the recession and not the Internet—is responsible for the Postal Service's recent financial losses," Rolando said, "we call on Congress and the Obama administration to act this year on legislation to relieve the Postal Service of this unfair burden."



PRC Chairman Ruth Goldway



In addition to NALC President Fred Rolando (c), National Rural Letter Carriers' Association President Don Cantriel (l) and American Postal Workers Union President William Burrus were among the labor and business leaders who were called to testify before a June 23 congressional subcommittee hearing on the Postal Service's plan to cut Saturday mail delivery.

Rolando to Congress: Cutting Saturday would be 'a blunder of the first order'

For the first time since the Postal Service announced its so-called "action plan" for the future, NALC President Fred Rolando testified before a congressional committee and soundly rejected a key component of the Service's proposal—the elimination of six-day delivery—calling the idea "a blunder of the first order, saving very little money and risking the loss of much more revenue over time."

"Cutting service is not a way to strengthen the Postal Service," Rolando said. "In America, business is conducted 24 hours a day, seven days a week."

Rolando's remarks were among those submitted by labor and business leaders who were called to testify before the Senate subcommittee that has jurisdiction over the Postal Service. Members of the corresponding House subcommittee were also invited to the June 23 hearing.

Rolando pointed out the economic impact of implementing the flawed business strategy. "At a time when the nation is suffering an acute jobs crisis, throwing another 80,000 decent [postal] jobs away in a moment of panic does not make sense," he said, noting that President Obama opposes eliminating Saturday mail delivery service, as do at least 225 House members who have signed on as co-sponsors of House Resolution 173, which supports the preservation of six-day service.

The NALC president blamed measures enacted by the 2006 postal reform act for the Postal Service's sorry economic state. "Even if the economy had not crashed, hard-wiring a 10-year schedule to pre-fund 80 percent of a 75-year liability was, in hindsight, a mistake," Rolando said. "This decision by Congress, not the recession and not the impact of the Internet, is primarily responsible for the financial crisis faced by the Postal Service in recent years."

"If not for these payments, the USPS would have been profitable in three of the past four years—despite the deepest downturn since the Great Depression," Rolando said. "There is no way to sugarcoat this: Congress must undo the unintentional error of 2006."

Rolando asked Congress to call on the Office of Personnel Management to refund the \$75 billion it overcharged the Postal Service for pension costs dating back to 1971, a major accounting error that the USPS Office of Inspector General revealed in a report in January. Recalculating those pension costs and moving the resulting surplus into the Postal Service Retiree Health Benefit Fund would give the Service the financial space it needs to restructure itself for the Internet age, Rolando said. (See Report: OPM owes USPS \$50-55 billion, at right.)

Rep. Stephen Lynch (D-MA), chair of the House subcommittee, noted that the future retiree health benefits fund already contains \$35 billion. "There's a fair case to be made that repaying the overcharge could cure the Postal Service's short- and middle-term pre-funding requirements," he said.



Rep. Stephen Lynch

Sen. Robert C. Byrd November 20, 1917–June 28, 2010

Sen. Robert C. Byrd (D-WV), the longest-serving member of Congress in American history, died June 28. He was 92.

Elected to the House of Representatives in 1953, Byrd moved to the Senate six years later and began what would become an unprecedented 52-year career there.

Byrd was a strong supporter of unions and the NALC. Included among his accomplishments as majority leader during the 1970s was breaking a Republican filibuster against labor law reform.

"Letter carriers across America and in the Mountain State have lost a long-time friend," said NALC President Fredric V. Rolando. "Throughout his remarkable half-century of service in Congress, Senator Byrd never wavered from his support for working people."

The search for a replacement to serve the remainder of Byrd's term through 2012 was still under way as this *Bulletin* was prepared.



Sen. Robert C. Byrd

Anaheim Convention updates!

Change is coming for the MBA workshop

The Mutual Benefit Association has announced that its workshop format at the NALC's 67th Biennial Convention in Anaheim will be different from those held in prior convention years. The MBA will now hold an early morning workshop on Tuesday, August 10, instead of a breakfast.

"Due to an overwhelming demand for a more comprehensive training on our insurance products, my staff and I will be facilitating in-depth product information training," said NALC Director of Life Insurance Myra Warren. "You asked and we're going to deliver, with a hands-on workshop about MBA's products and services."

This training is exclusively for branch MBA representatives or potential reps as designated by their branch president. Information will be presented in a small-group format, with the hope that this will allow for a greater interaction between the attendees and the staff. "We believe this will also increase the comprehension of information and the overall enjoyment of the session," Warren said.

Those interested in attending should complete the reservation coupon below and return it to the MBA as soon as possible. Once your reservation is received, your name will be placed on the confirmation roster. Seating is limited.



MBA Workshop Training Registration

NALC's 67th Biennial Convention
Tuesday, August 10, 7:30-9:30 a.m.
Anaheim Convention Center, Anaheim, California

Name _____ Branch number _____

Are you the branch MBA representative? Yes No

Are you the branch president's designee? Yes No

Branch president's signature _____

Mail to: United States Letter Carriers Mutual Benefit Association,
Attn: Dianne Williams, 100 Indiana Avenue NW, Suite 510, Washington, DC 20001

It doesn't add up

Making postage rate increase a labor issue ignores USPS' bigger financial problems

NALC President Fred Rolando quickly responded to charges that the blame for the recently announced postage rate increase lies with USPS' labor costs.

"At stake here is finding a long-term, common-sense solution to the financial problems plaguing the Postal Service," Rolando said in a press release July 7, noting that the answer is not "to be found by making false and misleading claims about postal labor costs to avoid a postage rate increase, as some mailers are now doing."

"The smartest solution is to reform the congressional mandate to massively pre-fund future retiree health benefits."

"The Postal Service has reviewed its operations repeatedly over the past three years and has reacted quickly to the changing economic landscape. Jointly with the NALC, it has evaluated and adjusted letter carrier routes four times in the past 18 months. These hard-nosed reviews have saved the Service over a billion dollars and have significantly reduced its workforce while it reached record levels of productivity."

"To make this a labor issue ignores the larger financial issues at play. We are committed to making changes that are in the best interest of consumers. But to address the problem, we should not resort to knee-jerk reactions and criticisms."

Sixth straight year!

USPS is 'most trusted government agency'

For the sixth consecutive year, a study by the Ponemon Institute has found that Americans still trust the Postal Service above all other government agencies when it comes to safeguarding their personal information.

Nearly nine out of 10 Americans surveyed by the Institute's 2010 *Privacy Trust Study of the United States Government* ranked the USPS first among 75 federal government agencies.

"While overall trust in the government declined this year, trust in the U.S. Postal Service remains at an all-time high," said Larry Ponemon, chairman and founder of the Ponemon Institute.

Rolando names new RAA for Region 4

NALC President Fred Rolando has named Dan Versluis the new regional administrative assistant for Denver Region 4, which serves letter carriers in Arizona, Arkansas, Colorado, Oklahoma and Wyoming. The appointment is effective July 12.

Versluis, the president of Tucson, Arizona Branch 704 since 2003, replaces Al Linde, who retired June 25.

"We're grateful for the many years of service Al has provided to NALC members," said President Rolando, "and I'm sure I join all letter carriers both in wishing him well in his retirement and in wishing good luck to Dan."

Another tool to keep members informed

NALC President Fred Rolando has announced the launch of *NALC Activist Alert*, the union's legislative and political action blog.

"For the NALC to continue to be successful in both the legislative and political arenas, it is imperative that we keep our members up-to-date with the most current information," Rolando said. "This blog is another tool we intend to use to help make sure that happens."

The NALC Activist Alert blog is online at nalcactivistalert.com.

Requirement for convention alternates

Secretary-Treasurer Jane E. Broedel advises that alternates seeking to replace delegates at the NALC National Convention must adhere to the following requirement:

"Article 4, Section 3 of the *National Constitution* requires written evidence from any delegate being replaced or from the branch secretary stating that the delegate is unable to attend the convention. This document should be presented at registration by the alternate delegate."

Signed credential cards needed at registration

Delegates and any alternates replacing delegates are reminded that the credential cards previously sent to branch secretaries must be in alphabetical order and signed by both the branch president and branch secretary before being presented at registration. Branch secretaries should also bring their delegate eligibility list and any correspondence related to delegate registration with them to registration.

Registration will be held in Exhibit Hall C on Level 1 at the Anaheim Convention Center during these hours:

Saturday, August 7, 12 noon to 5:30 p.m.

Sunday, August 8, 9 a.m. to 5:30 p.m.

Monday, August 9, 8 a.m. to 12 noon

After 12 noon on Monday, August 9, registration will continue in the NALC Headquarters Office on Level 2 of the Convention Center.

Open captioning on convention screens

General session video presentations, including podium and floor action, will be open-captioned so that hearing-impaired delegates can sit with their delegations.

If a delegate needs other special accommodations for the disabled, including a need for a signing interpreter in workshops, contact the Secretary-Treasurer's office at NALC Headquarters by **July 26**.