NALC Bulletin
Number 19-10
Nov. 30, 2019

# Update on contract negotiations

NALC and management negotiators have reached the end of the 60-day mediation period following the Sept. 20 expiration of our National Agreement with USPS. The parties remain at impasse and are discussing the selection of a neutral arbitrator.

Although NALC will continue to bargain in good faith, we will not delay the interest arbitration process.

Under the law, both NALC and postal management will name one arbitrator and select a third neutral arbitrator to serve as the chairman of the arbitration board. Both sides will present evidence and testimony to the arbitration board, which will, following hearings, issue a final and binding decision on the contents of our next collective-bargaining agreement. While these impasse procedures are taking place, the terms of our 2016-19 National Agreement remain in effect.

# Momentum grows for USPS Fairness Act

All across the country, letter carriers have been reaching out to lawmakers and their staffs, scheduling meetings, calling in and speaking in person about the importance of repealing the onerous pre-funding mandate via the USPS Fairness Act (H.R. 2382). This popular bipartisan bill has reached 289 co-sponsors as of press time, and is closing in on NALC's goal of 300 co-sponsors.

With such strong support, the bill could see House floor action in the coming months. In addition, as this article was going to print, a Senate companion bill was being finalized for introduction. Be sure to check NALC's Government Affairs web page for the latest information and for what steps letter carriers should take to ensure that NALC's message is properly delivered to both chambers of Congress.

# FY 2019 financial report

On Nov. 14, the U.S. Postal Service announced the financial results for Fiscal Year 2019. The large loss posted by USPS ($8.8 billion) is largely the result of external factors, not the normal operations of the agency.

More than half the loss stems from the 2006 congressional mandate that requires the Postal Service, alone among all public agencies and private companies, to pre-fund future retiree health benefits decades in advance. This accounted for $4.564 billion in red ink this year.

A large portion of the remainder of the reported loss is explained by historically low interest rates that have resulted in huge non-cash actuarial adjustments to the Postal Service's projected liabilities for future workers' compensation costs and pension benefits. Under accounting rules, the adjustment of future liabilities results in increased expenses in 2019, even though actual workers' compensation cash expenditures for the year declined and the agency's pension funds remain well funded:

The workers' compensation adjustment for the year—$2.155 billion—was particularly onerous in 2019.

Falling interest rates also inflated future retiree pension liabilities, causing amortization expenses for CSRS and FERS to rise to $2.677 billion.

Excluding these pre-funding expenses, workers' compensation adjustments and retiree amortization costs, the Postal Service's revenues from the sale of postage exceeded the costs of processing and delivering the mail by $583 million.

The agency's loss in 2019 also was inflated by the 2016 rollback in postage rates (-4.3 percent) ordered by the Postal Regulatory Commission (PRC), which costs the Postal Service $2 billion annually.

"The 2019 financial results demonstrate the need for legislative and regulatory actions regarding factors beyond USPS control," NALC President Fredric Rolando said in a statement. "Lawmakers should repeal the 2006 congressional mandate to pre-fund retiree health. It has accounted for nearly 90 percent of the Postal Service's accumulated losses since 2007. Fortunately, there is strong support for this action in Congress. A bipartisan majority of 289 members of the House of Representatives has co-sponsored a bill (H.R. 2382) to repeal the pre-funding mandate.

"Congress also should permit the Postal Service to invest its massive retirement funds more sensibly—they are currently restricted to low-yielding Treasury bonds.

"Meanwhile, the PRC should expeditiously complete its ongoing review of the postage rate-setting system. At present, USPS is constricted in its ability to adjust rates by no more than the Consumer Price Index, but the CPI is an economy-wide measurement of consumer goods and services that doesn't fit a transportation and delivery provider. The PRC has the ability to correct this mismatch and relieve the resulting financial pressure. It also should revisit its misguided decision to roll back the price of stamps by 2 cents in April 2016, the first rollback since 1919.

"Overall, the financial results underline the need to strategically address the key public policy factors described above. Doing so would allow USPS—which is based in the Constitution and which enjoys broad public and political support (90 percent in a recent Pew Research poll)—to continue providing Americans and their businesses with the industrial world's most-affordable delivery network."

Numerous media outlets covered the financial report and quoted President Rolando, including *Bloomberg*, Federal News Network, *Federal Times*, *Government Executive* and Press Associates Inc.

## Penalty Overtime Exclusion

As referenced in Article 8, Sections 4 and 5 of the USPS-NALC and USPS-APWU national agreements, the December period (during which penalty overtime regulations are not applicable) consists of four consecutive service weeks. This year, the December period begins Pay Period 25-19—Week 2 (Nov. 30, 2019)—and ends Pay Period 01-20—Week 1 (Dec. 27, 2019).

# Open Season update

As we are in the midst of the 2019 Open Season, an important topic that needs to be addressed is the cost difference between "Self Plus One" and "Self and Family" premiums. When making your decision regarding which plan option to choose, the NALC HBP High Option Self Plus One employee premiums are higher than the Self and Family premiums. As a result, we are encouraging our enrollees with only one dependent to enroll or stay in the Self and Family option. The Plan's High Option Self and Family premium for an active letter carrier is $181.15 (bi-weekly). Even if you have one dependent, you should choose the NALC High Option Self and Family Plan.

If you encounter any issues with HRSSC when enrolling in your plan of choice, please notify your union official to initiate a grievance immediately.

# Giving Tuesday for MDA

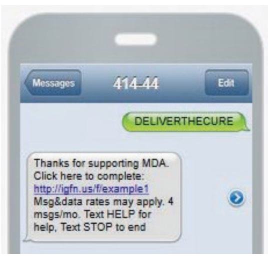
NALC is partnering with the Muscular Dystrophy Association to #DeliverTheCure during its Giving Tuesday campaign.

"No events, no equipment, no bags and no going anywhere—you don't even need to get dressed, unless you want to," NALC Assistant to the President for Community Services Christina Vela Davidson said. "Just sit on your couch and hold your phone in your hand; it's that easy. It is what we do every day: texting. With one text, you can help transform the lives of people living with muscular dystrophy, ALS and related neuromuscular diseases."

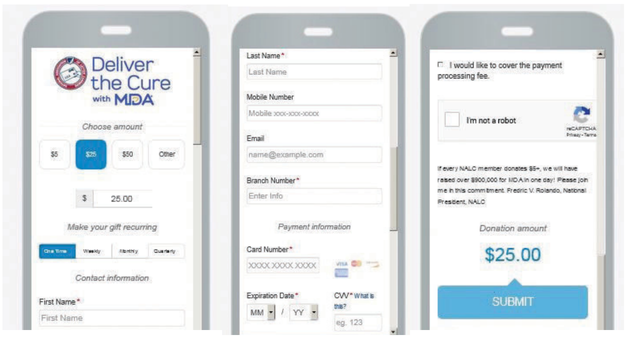
Giving Tuesday was established as a hashtag campaign (#GivingTuesday) in 2012. Giving Tuesday season will begin Nov. 5 and run through Dec. 3. NALC and MDA are asking letter carriers and their friends and family to support #DeliverTheCure on Giving Tuesday, to assist those kids and adults afflicted with muscular dystrophy, ALS and related diseases.

**The following steps show you how easy it is to donate:**

1. Text "DeliverTheCure" to 41444, and click on the link provided.




2. Complete the donation portion.



3. Once you have completed the donation, you will receive the following "thank you" note.


**National Association of Letter Carriers**
100 Indiana Ave. NW
Washington, DC 20001-2144
202-393-4695 | www.nalc.org

**Fredric V. Rolando, *President***

**EDITORIAL STAFF:**
Philip Dine, *Director of Communications and Media Relations*
Mike Shea, *Designer/Web Editor*
Rick Hodges, *Writer/Editor*
Jenessa Wagner, *Writer/Editor*
Clare Foley, *Editorial Assistant*

*NALC Bulletin* is published semi-regularly by the National Association of Letter Carriers. Postage paid at Washington, DC, and at additional mailing offices.

POSTMASTER: Send address changes to Membership Department, NALC, 100 Indiana Ave. NW, Washington, DC 20001-2144.

CHANGE of ADDRESS? Contact the Membership Department.



Circulation: 10,000. Union-printed using soy-based inks.

Follow us on Facebook, Twitter and YouTube by going to NALC.org.