Political year starts with a BANG

and a SPUTTER

Senate shake-up, campaign finance ruling, pension overcharge rattle windows in D.C.

The political year in Washington traditionally begins with the president's State of the Union address and budget proposal for the upcoming fiscal year. That calendar was knocked way out of kilter this year, first by a surprising special election and then by a startling Supreme Court decision.

By the time President Obama delivered his address on January 27, the political landscape was radically different from the one he surveyed just a year earlier when he took office amid so much optimism. And the prospects of worker-friendly legislation (and appointments)—including desperately needed health care reforms—had dimmed considerably.

The first bang came from Massachusetts, where Republican Scott Brown won the January 19 special election to fill the vacancy created by the death of Democratic Sen. Edward M. Kennedy. While Kennedy was the "liberal lion," a pro-worker stalwart and life-long advocate of health care reform, Brown made opposing the health care reform his signature issue, and his election gave Republicans a 41st vote in the Senate to block any compromise bill negotiated with the House.

Loss of the seat cracked the Democratic party's already-shaky 60-vote majority, which included two independents. Senate GOP leaders have used their ability to filibuster to demand a 60-vote super-majority for nearly every piece of Senate business, from health reform to simple presidential appointments.

As an example of the obstruction, Brown was sworn in on February 4—sooner than originally planned—so his vote could be used to prevent action on the president's nomination of a new member of the National Labor Relations Board. The five-member board, which is charged with protecting workers' rights, has been hamstrung with only two members, thanks to delaying tactics against the president's nominee.

On a larger issue, progress on health care reform has sputtered to a standstill thanks to "Senator 41," although Democratic leaders in Congress and the White House have been seeking a compromise with the GOP. If those efforts fail, Democrats say they will try to use the "majority rules" reconciliation process to enact reforms.

Wave of campaign cash

Another political shockwave came on January 21, when the Supreme Court ruled on a 5-to-4 vote that campaign spending is a form of free speech that corporations are entitled to exercise with the same unlimited rights as people.

The ruling struck down portions of the McCain-Feingold campaign finance law and also overturned more than a century of precedents and three earlier decisions dating back to a ruling that banned corporate campaign donations in the early 1900s—during the trust-busting days of President Teddy Roosevelt.

The ruling, which will be nearly impossible to modify without a constitutional amendment, has staggering implications. In the 2007-2008 election cycle, corporations injected some $1.96 *billion* in federal campaign contributions under the strict limits that the high court struck down. Labor, despite an unprecedented effort, spent just a fraction of that—$74.8 million, according to the Center for Responsive Politics.

That means corporations outspent workers by 15-to-1. Without any limits, it's certain corporations will go all out to ensure the election of anti-union lawmakers whose loyalty lies with their big donors, not working families.

As this political year unfolds, the NALC will have to work hard to protect our friends in Congress from an onslaught of corporate cash. ✉

Political year starts with a BANG and a SPUTTER

Obama gets behind six-day delivery

President Obama's budget proposal for Fiscal 2010, which begins October 1, requires the continuation of six-day delivery by the Postal Service. Also included in the section about the USPS was a pledge by the administration to work with postal unions and other stakeholders to keep the Postal Service strong for years to come.

The president's stand on six-day delivery was revealed with the same language used by every president since 1984. In setting the amount in the budget for "revenue forgone"—the amount paid to USPS to cover the costs of free and reduced rate mail—the spending plan says payments will be made "provided that 6-day delivery and rural delivery of mail shall continue at not less than the 1983 level…."

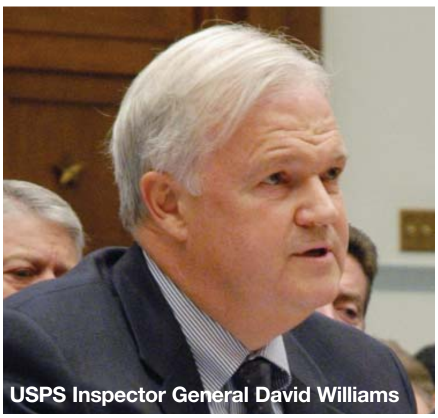
The budget proposal also states, "The Administration will work with the Postal Service, its employee unions, the Congress, and other stakeholders to make sure the Postal Service has the tools and authorities it needs to remain viable as a pillar of the American economy and a vital public resource through the current crisis and over the long haul."

While the support for six-day delivery was welcome, language in a separate section proposes changes in the Federal Employees Compensation Act (FECA) that could be a problem. The NALC is checking the possible ramifications of those proposals and will act to protect letter carriers' interests.

Further information, including a link to the appropriate budget language, is available on nalc.org. ✉

Office of Personnel Management said to miscalculate CSRS liability

$75 billion pension overcharge could bolster retiree health fund


USPS Inspector General David Williams

It's like finding some loose change down between the sofa cushions. Well, no it's not, because this is one huge handful of coins—$75,000,000,000. That's right, $75 *billion*. That's with a "B."

That astounding amount is what the USPS Office of Inspector General says the Postal Service was overcharged for pension liabilities that should be paid by the federal Treasury—not the agency—since they relate to service before Congress replaced the old Post Office Department with the modern U.S. Postal Service in 1971.

The special report from the OIG's investigative unit strengthens the case that NALC has argued for the past three years: The Office of Personnel Management badly miscalculated the postal surplus in the Civil Service Retirement Fund, money that could go a long way toward resolving the Postal Service's financial woes.

Among other things, the findings mean the multibillion-dollar annual pre-funding schedule for retiree health care costs included in the 2006 postal reform law is grossly inflated, since OPM shortchanged the USPS by $75 billion when it set up the Retiree Health Benefit Fund in 2007 with money transferred from the Postal Service's "surplus" in the CSRS fund. The surplus represented the difference between Postal Service contributions to the CSRS fund and the cost of benefits earned for work done for the USPS, not the old POD.

NALC President Fred Rolando welcomed the OIG report and said the union would make sure that every member of Congress is alerted to its findings and recommendations.

"This report by the Postal Service's own internal agency provides an easily discernable pathway toward a solid future for the Service, meeting its pension and health benefits obligations, and giving postal stakeholders the time needed to develop a blueprint for long-term continued service to the American people," Rolando said.

Rolando pointed out that the overpayment is so large that if the true surplus were credited back to the Postal Service, it could pay off all its debt as well as fully resolve the retiree health care issue.

The study demonstrates that the current system of funding the Postal Service's Civil Service Retirement System pension responsibility has resulted in USPS overpaying $75 billion to the pension fund.

The OIG estimates that if the overcharge were used to pre-pay the health benefits fund, it would fully meet all accrued retiree health care liabilities and eliminate the need for the annual payments of more than $5 billion required by the Postal Accountability and Enhancement Act of 2006. Also, the health benefits fund could immediately start meeting its intended purpose—paying the agency's annual insurance share for current retirees, which was $2 billion in 2009.

This is the third time the Postal Service has been overcharged by tens of billions in its intergovernmental dealings, the report said. In 2002, it was determined the Postal Service would over-fund CSRS by $78 billion. Legislation in 2003 corrected this over-funding. Then it was determined the Postal Service was overcharged $27 billion for CSRS military service credits. In 2006 these funds were returned to the Postal Service by Congress, and the surplus was used to fund retiree health care liabilities.

The OIG study, "The Postal Service's Share of CSRS Pension Responsibilities," undertaken in conjunction with the Hay Group, is the third paper sponsored by the OIG that delves into the financial entanglements between the Postal Service and the federal government—transactions that generally are at the expense of the Postal Service.

The new report said USPS was overcharged by $75 billion for payments to CSRS retirees from 1972 to 2009.

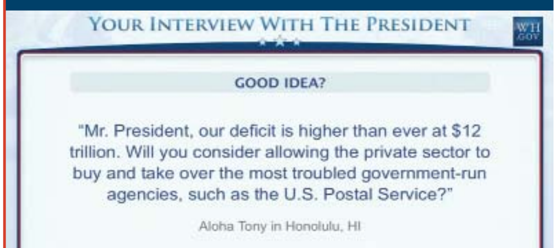
"The OIG suggests that this amount be returned to the Postal Service's CSRS pension fund. Any excess above what is needed to fund CSRS liabilities could then be transferred to the Postal Service's retiree health care fund, which would fully fund its health care liability and eliminate the need for further congressionally required payments to the fund. All of the Postal Service's current pension and health care obligations to its employees would then be fully funded," OIG said in releasing the report. ✉

Further details and a link to the full report can be found at nalc.org.

President pooh-poohs postal privatization

In a citizen question-and-answer interview posted on the website YouTube, President Obama made clear that he does not support privatization of the U.S. Postal Service.

The president was responding to the following question:



Privatization of government services is "a bad idea most of the time" —and definitely a bad idea when it comes to the U.S. Postal Service, the president said.

Obama said private firms like FedEx and UPS would love to handle profitable deliveries, such as business-to-business, but "those companies would not want to provide universal service," such as delivery of a postcard to a remote location.

A link to the YouTube interview is available on nalc.org. ✉