Down to the wire

Time running out for Congress to enact pre-funding reform

For most Americans, this time of year marks the beginning of a cool-down heading into the shorter days and longer nights of fall and winter. But while the seasons may have changed, it was still pretty much business as usual in September and October in Washington for Congress and the U.S. Postal Service. Even so, letter carriers held their ground and kept up the fight to save both Saturday mail delivery service and the Postal Service, even as anti-postal forces flexed some muscle both on Capitol Hill and in the news media.

California Rep. Darrell Issa

NALC pulls endorsement following editorial

At the start of what turned out to be a busy couple of weeks for the National Association of Letter Carriers, President Fredric V. Rolando announced on September 21 that the union had been forced to withdraw its endorsement of California Rep. Darrell Issa (R-49th) following publication of the congressman's op-ed piece in *The Washington Times.*

"Congressman Issa previously had taken very positive positions on issues pertaining to letter carriers and the challenges facing the United States Postal Service," Rolando said. "We endorsed him because he had pledged his support on numerous occasions to work with the NALC and the Postal Service to find alternatives to eliminating Saturday mail delivery. He made statements in committee hearings in opposition to any efforts to move to a part-time workforce. And during several meetings with NALC staff, he indicated his interest in reforming Postal Service finances to help put them on more secure footing—without the use of taxpayer funds."

Issa is the highest-ranking Republican on the House Oversight and Government Reform Committee, which has jurisdiction over the Postal Service.

"The fact that he stands to become the next chairman of the oversight committee if Republicans take control of the House of Representatives made this endorsement a matter of national importance," Rolando said. (This issue of *The Postal Record* went to press before the elections on November 2.)

It was Rep. Issa's op-ed commentary in the September 21 edition of *The Washington Times* that forced the NALC to reconsider and ultimately withdraw its endorsement.

"[Issa] falsely claims that the USPS is seeking a 'taxpayer bailout' and he proposes that Congress get involved in collective bargaining to force concessions from postal labor unions," Rolando wrote in a message to the NALC's e-Activist Network to announce the endorsement withdrawal.

Three days later, the *Times* printed President Rolando's response to Issa's article.

"Politicizing one of America's great institutions by getting Congress involved in the collective bargaining process is the last thing we should do," Rolando wrote. "The Postal Service has not received a dime of taxpayer support in more than 25 years and offers the best, most affordable service in the world."

Above: President Fredric Rolando testified in September in front of the Postal Regulatory Commission on the need to save Saturday delivery.

Rolando talks on 'Money Rocks'

Moving from print to cable, President Rolando appeared on Fox Business Network's "Money Rocks" program September 23 to continue his campaign to educate Americans that seeking relief from the annual $5.5 billion retiree health prefunding requirement mandated by the 2006 Postal Accountability and Enhancement Act is not a "taxpayer bailout."

"Nothing could be further from the truth," Rolando explained to "Money Rocks" host Eric Bolling, adding that the Postal Service is simply seeking a transfer of money from the Civil Service Retirement System to the Postal Service Retiree Health Benefit Fund—"none of which is taxpayer money," Rolando said.

There is no disputing that the Postal Service has overpaid into its retirement account in the Civil Service Retirement System by billions of dollars. A January study commissioned by the Office of the Inspector General places the figure at nearly $75 billion, while in June, a separate set of independent experts working for the Postal Regulatory Commission found that this decades-long Office of Personnel Management (OPM) accounting error had resulted in an overcharge of at least $50 billion.

"Fully funding the retiree health benefit account this way will help lay the groundwork for Congress to amend the 2006 postal reform law and remove the requirement that the Postal Service pay more than $5 billion a year to pre-fund that account," Rolando said later. "At $41 billion, the account is now nearly 50 percent funded and is already able to handle current and future postal retirees' health care needs for decades to come.

"If the Postal Service hadn't been forced to make that pre-funding payment, it would have shown a profit in three of the last four years," he said.

On "Money Rocks," Rolando also pushed back on the subject of privatization. "The Postal Service is set up to have a universal delivery network to the most remote areas of the country for the same price," he said. "And that's exactly what they do. It is not designed to squeeze dollars out for personal profit.

"The men and women that I represent are highly trained and are very dedicated, [and] take their work seriously," he continued. "They happen to be in every neighborhood and have the privilege of saving lives and stopping crime and protecting property, which is why, for the sixth year in a row, Americans have voted [USPS] the most trusted federal agency." In July, a Ponemon Institute survey found that Americans continue to trust the Postal Service above all other government organizations when it comes to safeguarding their personal information.

Carper's Senate bill overshoots the mark

On September 23, Delaware Sen. Tom Carper (D) introduced a bill that targets the issue of the U.S. Postal Service's more than $50 billion overpayment into the Civil Service Retirement System (CSRS) over the last 40 years, as well as the aggressive schedule for prefunding the Postal Service Retiree Health Benefit Fund (PSRHBF) mandated by the 2006 Postal Accountability and Enhancement Act (PAEA).

In a message to the union's e-Activist Network, President Rolando acknowledged that the Postal Operations Sustainment and Transformation (POST) Act of 2010 "addresses the financial

Below: A scene from a recent "Money Rocks" episode on Fox Business Network.

The **states** of the **union** 'address' **COLCPE's** clout

The 2010 contest to encourage more letter carriers to contribute to our union's political action fund, the Committee on Letter Carrier Political Education (COLCPE), is heading into the home stretch.

This latest competition pairs states of similar membership size, pressing each to try to sign up more active and retired NALC members to give to COLCPE.

Across the country, the presidents of the various state associations have been working with the branches in their states (plus the territories and the District of Columbia) to help all members understand just how crucial letter carrier political activism is.

Contest results will be tabulated to include all contributions made through the end of November. The state in each pairing that has the highest percentage of "Gimme 5 for COLCPE" contributors will be declared the contest winner.

The "Gimme 5" program encourages active carriers to automatically contribute at least $5 per pay period to COLCPE by electronic funds transfer (EFT) or by using one of their three payroll allotments. Retirees are "Gimme 5" givers when they donate $5 or more each month directly from their annuity payments or by EFT. These automatic contributions provide a steady, dependable flow of money, which in turn helps the NALC's Legislative and Political Affairs Department more effectively plan and budget its resources.

Winning state associations will each conduct raffles to draw, at random, the names of three "Gimme 5" automatic contributors. Raffle winners will receive a $200 American Express gift card.

Also, the top three states will receive a plaque and a $500 American Express gift card that can be used as prizes in future COLCPE raffles in those states.

State associations can track their progress on the union's website, nalc.org. Final, official results will be published in the special COLCPE edition of *The Postal Record* in February.

Absolutely no union dues money is used to support political candidates. Contributions to COLCPE are entirely voluntary.

reforms the Postal Service needs in a comprehensive and commendable way," but cautioned that "the legislation also includes a number of provisions that the NALC cannot support, including the elimination of Saturday delivery and directions to arbitrators to consider certain management objections when rendering their decisions.

"We are hopeful that we can work productively with Senator Carper and the other members of his Senate Homeland Security and Governmental Affairs Committee to amend S. 3831 in a way that will result in NALC support for the legislation," Rolando wrote.

Meanwhile, Massachusetts Rep. Stephen Lynch's bill, H.R. 5746, introduced in July, calls for transferring "our own money—excess pension funds amassed over decades...to pre-fund our future retiree health benefits," Rolando said. "And contrary to the irresponsible rhetoric of hyper-partisan leaders in the Republican party, the Lynch bill does not involve any taxpayer money and cannot reasonably be called a 'taxpayer bailout.'"

With the clock winding down on the 111th Congress and a jam-packed agenda for the so-called "lame-duck" session between Election Day and adjournment in December, it's doubtful that Sen. Carper's bill will advance very far. There is a bit more momentum behind Rep. Lynch's measure, which was still awaiting action by the full Oversight and Government Reform committee as this issue of *The Postal Record* was prepared.

PRC rejects USPS' rate increase request

Noting that the Postal Service had successfully adapted to the adverse effects of the Great Recession by cutting costs enough to more than offset the recession-related loss in mail revenue, the Postal Regulatory Commission on September 30 rejected the Service's July request for a 5.6 percent "exigent," or emergency, rate increase.

The PRC did not dispute that the severity of the recession constituted "extraordinary or exceptional" circumstances, but it concluded that the Postal Service had failed to demonstrate that its recent financial losses were "due to" the Great Recession. Rather, the Commission's argument hewed closely to the NALC's—that the Service's recent large financial losses are the direct result of the congressional mandate to massively prefund retiree health benefits under PAEA.

"The Commission finds that the Postal Service has shown the recent recession to be an exigent circumstance but it has failed both to quantify the impact of the recession on its finances and to show how its rate request relates to the resulting loss of mail volume," said PRC Chair Ruth Goldway. "Therefore, we unanimously deny its exigent rate request."

"Congress and the Obama administration should sit up and listen to what the PRC is saying," President Rolando said. "The time for delay is over. We must adopt Congressman Stephen Lynch's bill and repeal the pre-funding provisions of the law as soon as possible."

Although NALC did not take a formal position for or against the exigent rate case, it did intervene to ensure the proper implementation of the exigent rate case provision of the law. In so doing, the union argued that the events of recent years clearly complied with the definition of "extraordinary or exceptional" circumstances set out in the law.

In July, the Postal Service had asked for the PRC's permission, under the terms of the PAEA, to raise postage and parcel rates to offset revenue shortfalls it said were brought on by the "extraordinary or exceptional" mail volume declines resulting from the Great Recession. The Service had argued that without such an increase, it would be unable to make its scheduled pre-funding payments into the Postal Service Retiree Health Benefit Fund as mandated by the PAEA.

For the next three months, the Commission heard testimony on the subject from a variety of sources and reviewed hundreds of comments from the public. Ultimately, the PRC concluded in its findings "that the recent recession and its impact on postal volumes" indeed qualified as "an 'extraordinary or exceptional' circumstance" as defined by the PAEA.

A delegation of NALC members from Indiana came to Washington on September 15 to lobby their congressional representatives on the need for pre-funding reform.

However, the Commission determined that the Service would have had serious money problems even if the recession had not occurred, thanks to what it called the "overly ambitious requirement for the Postal Service to pre-fund its future retiree health benefit premiums" mandated by the PAEA.

"The Commission's ruling confirms what we have been saying for more than a year now," President Rolando said, "that the key to the Postal Service's financial future lies in relieving the onerous requirement to fully fund its retiree health benefit fund within a 10-year time frame by paying $5.5 billion a year—a requirement foisted upon no other corporation or government agency in America."

The Postal Service "has been unable to fund this obligation from operations, and has instead used up all of its retained earnings and drawn down from its $15 billion borrowing authority," the Commission's report noted. "Even with the requested increase, the Postal Service would be unable to meet this annual obligation either in 2011, or in succeeding years."

The report wasn't all gloom and doom, however. Indeed, the Commission recognized that the USPS had slashed expenses by $6 billion last year, and that Postal Service cost-cutting has stayed ahead of mail volume declines over the last 12 months.

"The Postal Service is making up lost ground, reducing hours far in excess of the declines," the report said. "This offers a positive outlook for the future." The Commission also sounded another upbeat note—that as the effects of the recession are fading, mail volume appears to be rebounding.

USPS fumbles, Congress denies pre-funding waiver

When it seemed as if the Postal Service's financial picture couldn't get any worse, just days before the clock wound down on Fiscal Year 2010, Senate Republicans pulled the rug out from under the Service by blocking a plan to include in an emergency spending bill a $4 billion reduction in the PAEA-required $5.5 billion PSRHBF payment due September 30.

The deferment proposal was crafted to allow Congress more time to work on reforming the flawed prefunding provisions of the PAEA and to help bolster the Postal Service's recession-ravaged financial health. Last year—notably not an election year—a nearly identical waiver attached to a similar emergency spending measure was approved with little controversy or fanfare.

The deferral was deleted from a continuing resolution to keep the federal government open for business through early December. And in what has, sadly, become a partisan norm, no Republican senator would agree to vote on the overall spending resolution unless the pre-funding deferral and other provisions were dropped from consideration. GOP leaders in the House of Representatives took a similar position.

Even so, Congress is not solely at fault for this financial fiasco.

"The postmaster general and his top executives wasted the entire year seeking unpopular measures to eliminate Saturday delivery and stack the deck against employees in collective bargaining rather than focusing on the pre-funding reform backed by mailers and the entire postal community," President Rolando said.

In fact, the Postal Service waited until mid-September to begin preparations for the waiver request. And even though the Service has publicly maintained that making the full $5.5 billion PSRHBF pre-funding payment would jeopardize its financial position, Capitol Hill staffers told the NALC that postal management had indicated that the Service could still make the pre-funding payment even if the relief request was rejected.

And so, on September 30, the Postal Service complied with the law and made the $5.5 billion payment, raising the balance in the PSRHBF to more than $41 billion. That action reduced the Postal Service's end-of-year cash position to just $2 billion, exposing it to unnecessary financial risk and raising its projected loss this year to nearly $7 billion. ✉