And the winner is?

With the National Commission on Fiscal Responsibility and Reform's recent release of its final report on balancing the budget that includes a deficit reduction, it appears my worst fears may be realized as it relates to the public work sector and retirees.

While the release did not have the necessary 14 of 18 members' approval required to send it directly to Congress for passage, it did have 11 of the members voting for its recommendations. Though the proposals are just that and will require legislative action for any to become effective, they will most assuredly become target actions in the near future.

Most of the recommendations have a huge impact on us as active and retired letter carriers. Reductions for future retirement benefits, COLAs, and the basis for our retirement would all decrease the annuity of public workers. Additionally, increases in employee contributions for these benefits, as well as in health benefit costs, would further erode the financial footing of active and retired workers. Changes to retirement and Social Security benefits would mean even less money for most public employees, as well as an increase in age requirements for regular retirement and those benefits.

As written in previous columns, it appears that the cause of the financial mess of our country has been determined by many to be the public workers. The greed of Wall Street and the financial institutions has been given a free pass (not to mention billions of dollars in bailouts), but workers will be asked to do more for less now and in the future. I urge each member to stay educated and informed on the activities of our elected officials as they work to "fix" the mess that most of them helped create.

COLA determination

My office receives many phone calls concerning the lack of a cost-of-living allowance for retirees and Social Security recipients. While each of us continues to feel the effect of higher costs with the same income, I will attempt to explain how the COLAs are derived. While not providing any additional funds to anyone, hopefully it will offer answers to some of the questions we receive.

By law, the Bureau of Labor Statistics is responsible for determining annual cost-of-living adjustments. For federal retirees and Social Security recipients, the COLA is based on the last three months of the government fiscal year (July through September). Cost for these three months is compared to the same period for the last year in which a COLA was paid. Recently, July through September 2010 was compared with those same months for 2008.

The BLS gathers information around the country from employees, retirees, the unemployed, the self-employed and the poor to generate the Consumer Price Index for Urban Consumers (CPI-U). That information is gathered from people covering approximately 87 percent of our population.

Information is gathered about spending patterns, which encompass almost 200 categories based on these individuals. These categories are then formed into eight major groups: food and beverage; housing; apparel; transportation; medical care; recreation; education and communication; and other goods and services. Included are almost all normal purchases and expenditures.

The recent absence of COLAs is caused by a steep drop in the price of oil and other goods in November 2008 after the January 2009 COLA was determined. If the 2008 COLA had been figured one month later, the 2009 COLA would have been closer to 1 percent. We have, in effect, been receiving a COLA for the past 12 months that has yet to be fully earned.

In January 2010, and again this month, the CPI is still below the 2008 basis for the 5.8 percent COLA that we received in January 2009. While each of us can see the recent price increases in the goods we buy, when compared to those same costs in July through September 2008, we are still receiving part of 5.8 percent that has not been earned. Regional discrepancies in the cost of goods are part of the final average, so some see increases greater than the average used.

Retiree membership

All new retirees are reminded to complete their Form 1189 to continue their NALC membership. With the increasing delay in "finalization" of annuities, it is important to submit the form now and have it processed here at Headquarters later. ✉