CALLING ON CONGRESS

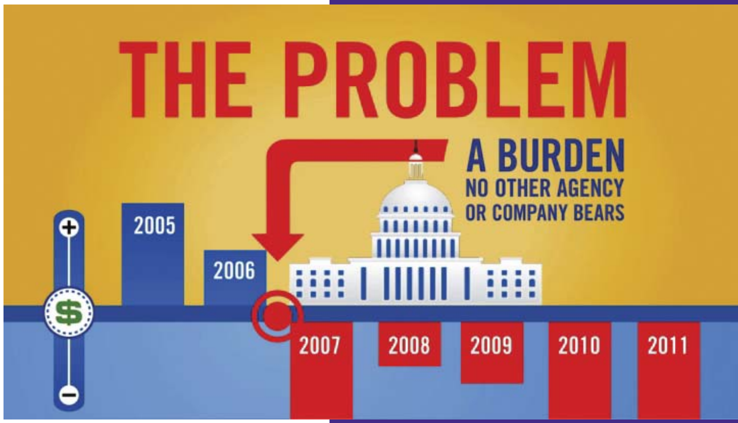
Everywhere you turn, there is so much misinformation about the U.S. Postal Service and its financial crisis. From cries that it is funded by taxpayers (it's not) to concerns that it wants a bailout (it doesn't) to explanations that e-mail is what is killing it (it's not), so much of what the American public is hearing is flat-out wrong.

Facing postal managers who want to downsize the Postal Service out of existence, ideologically driven congressional representatives who want to destroy the postal unions and a media too distracted to report the true story, NALC has mobilized using just about every mode of communication short of skywriting to try to save the Postal Service.

Active members, retired members, Auxiliary members and family members are lobbying on Capitol Hill. We're lobbying in our representatives' home offices. We're writing letters. We're making phone calls. We're buying ads. And yes, we're even sending e-mail messages.

But, we're not stopping there.

In a nearly unprecedented display of solidarity, the NALC joined forces with the three other postal unions—the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union—to rally in every congressional district in the country, to ask the nation's citizens to join with us to save America's Postal Service.



In association with the three other employee unions, the NALC in September put together a television commercial that explains the postal financial crisis and why it matters to all Americans.

The ad, which tells the truth about the postal "crisis," was scheduled to air during highly rated news programs viewed by large numbers of policymakers.

To view the ad right now, click on the YouTube icon on the NALC website.

THE RIGHT FIX

Back in March, Rep. Stephen Lynch (D-MA), the ranking member on the House Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy—and the son of a postal clerk—introduced H.R. 1351, the United States Postal Service's Pension Obligation Recalculation and Restoration Act of 2011.

H.R. 1351 calls for allowing the USPS to recover its massive surpluses in its Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) pension accounts. In a January 2010 study conducted at the request of the Postal Service Office of the Inspector General, The Hay Group, a business consulting company, found a CSRS postal pension surplus of $75 billion. Another firm, The Segal Company, used slightly more conservative assumptions in its June 2010 study for the Postal Regulatory Commission and came up with a $50 billion to $55 billion postal surplus in CSRS.

If passed, H.R. 1351 would direct the Office of Personnel Management (OPM) to calculate the USPS surplus in CSRS. OPM would then be required to transfer the surplus funds it finds there to the Postal Service Retiree Health Benefit Fund (PSRHBF)—effectively canceling out the pre-funding obligation, although a separate measure would still be needed to repeal the actual pre-funding schedule.

H.R. 1351 also calls for returning to the Postal Service a projected surplus in FERS of nearly $7 billion. The Postal Service could use these surpluses—its own money, raised entirely by selling postage and postal products, without a dime of taxpayer funds—to pay down other debts, such as its maxed-out $15 billion line of credit with the U.S. Treasury.

In turn, the Postal Service would then have the flexibility to use its line of credit to ride out the economic downturn, rather than spend it all to pay down Congress' unfair pre-funding mandate.

Lynch's bill had 206 co-sponsors, from both parties, as this issue of *The Postal Record* went to press.

MORE TALK

On Sept. 6, the Senate Homeland Security and Government Affairs Committee held a hearing to discuss some of Postmaster General Patrick Donahoe's recent, radical proposals to help return the USPS to financial solvency.

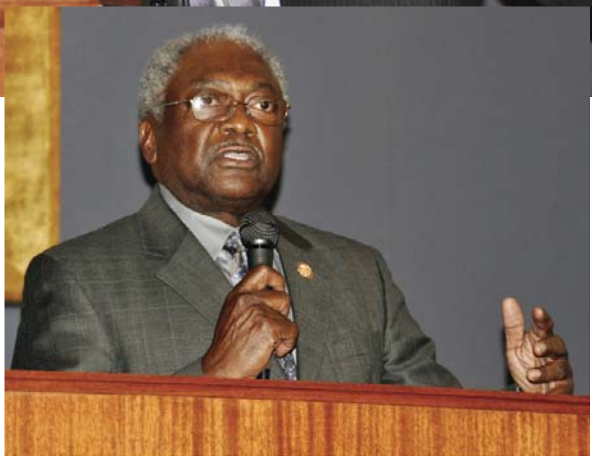
"The U.S. Postal Service is not an 18th century relic," Committee Chairman Joe Lieberman (I-CT) said in his opening statement. "It is a great 21st century national asset.

"To me, the bottom line is that we must act quickly to prevent a Postal Service collapse and then enact a bold plan to secure its future," he said.

It's well documented that the Postal Service has proposed reducing weekly mail delivery service from six days to five and closing thousands of post offices across the country. But in August, the USPS announced a new scheme: to withdraw its funds from CSRS, FERS and the Federal Employees Health Benefit Plan (FEHBP) and to create a pension and health benefit system of its own. It also took the unprecedented step of asking Congress to write legislation to allow the USPS to override postal unions' no-layoff clauses.

"We adamantly oppose the Postal Service proposal to leave the federal retirement programs," said American Postal Workers Union President Cliff Guffey,

NALC's state chairs were in Washington, DC, Sept. 12-13, to be prepped on the Save America's Postal Service campaign (pictured at bottom) and to lobby their congressional representatives to support H.R. 1351. While in Washington, many of the leaders of the union's state associations attended a reception held for Rep. James Clyburn (D-SC), pictured below; Rep. Bennie Thompson (D-MI), pictured at top on the opposing page; and Rep. William Keating (D-MA), also pictured on the opposite page.



the only representative of the Postal Service's employee unions who was called to testify during the hearing. "This is nothing more than an attempt to impose very large benefit cuts on postal employees."

On the topic of layoffs, "The Postal Service already has plans to reduce its complement by 100,000 workers by 2014," Guffey said. "If the Postal Service were serious about its claim that it needs the right to lay off an additional 120,000 workers, that would mean a reduction of 220,000 postal employees by 2014." He also pointed out that 22 percent of the Postal Service's workers are veterans.

Testifying in addition to Donahoe and Guffey were Office of Personnel Management Director John Berry; Phillip Herr from the Government Accountability Office; Thomas Levy, senior vice president and chief actuary of The Segal Company; National Association of Postal Supervisors President Louis Atkins; Hearst Magazines Editorial Director Ellen Levine and National Newspaper Association Director of Public Policy Tonda Rush.

Sen. Tom Carper (D-DE), who sits on the committee and chairs the Senate subcommittee that oversees the Postal Service, took issue with the USPS benefits proposal. "The savings generated by this approach might not materialize for several years, meaning this proposal would not address the USPS' very near-term financial problems," he said.

Carper also expressed concerns about the Postal Service's request for congressional permission to override contractual no-layoff clauses. "If this new authority would allow the USPS to overturn existing labor contracts," he said, "it would likely be costly, time-consuming and potentially unconstitutional."

The senator has introduced his own bill, containing a proposal similar to that found in H.R. 1351, to use pension surpluses to pay down the Postal Service's pre-funding obligation for future retiree health benefits. But the NALC cannot fully support Carper's measure, since it also includes language to require arbitrators in postal labor disputes to unfairly favor management's arguments.

Besides Lieberman and Carper, also addressing the hearing were Sens. Susan Collins (R-ME), whose bill contains some constructive provisions, Daniel Akaka (D-HI), Scott Brown (R-MA), Jerry Moran (R-KS), Mark Begich (D-AK), Claire McCaskill (D-MO) and Tom Coburn (R-OK).

EXPLORING ALTERNATIVES

Meanwhile, in an effort to give Congress more time to act, House

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Democrats have proposed a bill that would extend by 90 days the Postal Service's Sept. 30 deadline for making its $5.5 billion pre-funding payment. House Republicans countered with a measure calling for a six-week extension.

Rep. Elijah Cummings (D-MD), the ranking member of the House Oversight and Government Reform Committee, said a three-month grace period would keep the Postal Service from defaulting and would give Congress until the end of the year to work on other legislative solutions (such as the ones found in H.R. 1351) to the USPS' financial problems.

But politics, as usual, blocks the path toward easy passage of postal relief. Even though H.R. 1351 had more than 200 co-sponsors from both parties as this issue went to press, chances are small that Rep. Darrell Issa (R-CA), chairman of the House Oversight and Government Reform Committee, will allow Lynch's bill to move on to consideration on the House floor. Issa appears resolved only to consider his own so-called postal reform bill, H.R. 2309. *(For more about Issa's attack on the Postal Service, see "Picketing Issa," page 8.)*

This bill, which had only one co-sponsor at press time, doesn't address the destructive and unique mandate to massively pre-fund future retiree health benefits. Instead, it proposes radical changes that would recklessly downsize the Postal Service in a way that would seriously damage the $1.3 trillion mailing industry that supports almost 9 million jobs. It also calls for creation of two unelected groups authorized to take extreme steps to cut costs and reduce services: the elimination of Saturday mail delivery service; the repeal of the right of postal employees to bargain over benefits, and the restructuring of interest arbitration to give pro-management factors top priority.

Other possible avenues for achieving postal financial reform include tacking the H.R. 1351 solution onto the deficit reduction package the Obama administration must submit to the so-called "supercommittee." H.R. 1351 also could be attached to a must-pass bill such as a defense appropriations bill or a continuing resolution that keeps the government operating until a final budget is approved.

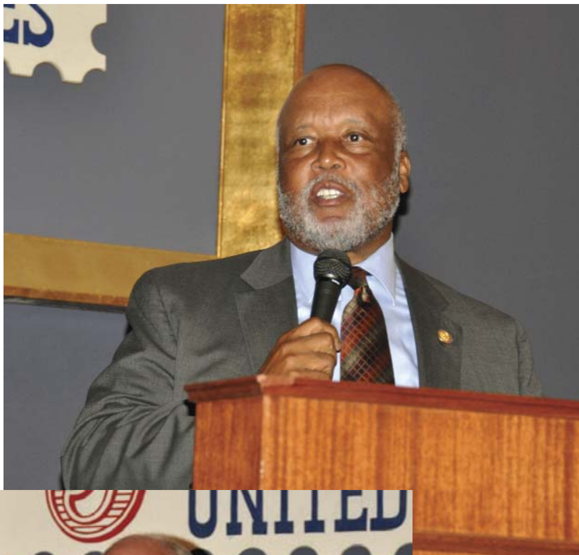
'Save America's Postal Service'

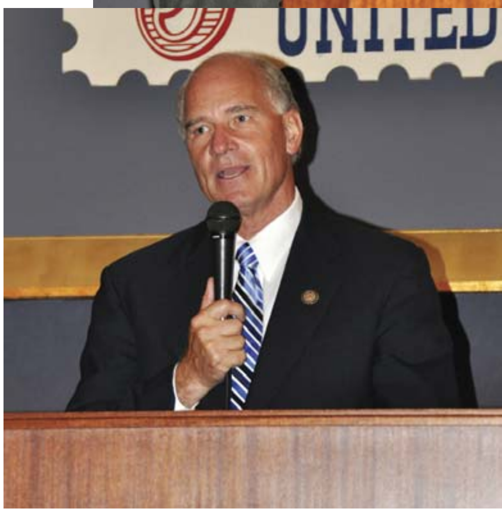
Understanding that H.R. 1351 offers the best legislative solution to the Postal Service's financial problems, the NALC, along with the three other employee unions—the APWU, the NPMHU and the NRLCA—planned rallies for the afternoon of Sept. 27 in each of the country's 435 congressional districts.

The "Save America's Postal Service" events were planned to engage the public through speeches, handouts and gatherings to make our voices heard.

"These rallies acknowledge that educating the public about the real problems facing the Postal Service is our best hope of saving it," President Rolando said. "They are not protests—they are designed to be positive and educational."

"We've tried a number of tactics to get our message out," Rolando said. "We've had some success in Congress, but for every co-sponsor of H.R. 1351





Picketing Issa

NALC members in California joined several other unions and the San Diego-Imperial Counties Labor Council on Sept. 1 to personally protest Rep. Darrell Issa's failure to represent working families and his continuing efforts to destroy the United States Postal Service.

Since he took over in January as chairman of the House Oversight and Government Reform Committee, one of Issa's main objectives has been to reduce the pay, benefits and collective-bargaining rights of postal employees. His so-called postal reform bill, H.R. 2309, does more to eliminate thousands of middle-class positions from the current Postal Service workforce than it does to solve the Postal Service's financial problems. (At press time, the bill had just one co-sponsor: freshman Rep. Dennis Ross (R-FL).)

Further revealing his agenda, Issa launched an anti-USPS website that completely misleads the public by repeatedly threatening a taxpayer bailout of the Postal Service unless the draconian cuts laid out in H.R. 2309 are implemented. Nowhere on the site is there a mention of the solution offered by H.R. 1351.

"There is more than enough 'postal money' out there to solve the Postal Service's financial hardships," NALC President Fredric Rolando said, "and no one's asking for a taxpayer bailout. Rather, H.R. 1351 calls for giving the USPS access to its own money, contained within the surpluses in the Postal Service pension accounts in CSRS and FERS."

Calling Issa's website "an abuse of taxpayer money," Rolando sent an e-Activist alert to Rep. Issa's constituents in California's 49th Congressional District and asked them to demand that Issa's website be taken down and that the congressman refrain from using his position as committee chairman to push his radical agenda on the American people.

that we've gained, there are still too many on the Hill who think the Postal Service is looking for a taxpayer bailout.

"The same goes for the media," he said. "Thanks to our activists, the letter carrier message is getting out there, but plenty of newspapers and talk shows continue to repeat reports that the Postal Service is going bankrupt—wrong, and it's all because of the Internet—wrong again.

"And as for L'Enfant Plaza, our managers may tell us they completely agree with us, yet they still pass out press releases and white papers calling for help from Congress to dismantle our universal delivery network, to drop a day of mail delivery, and to interfere with our collective-bargaining process.

"But Congress, the media and management will listen to the citizens they serve—that we serve—so it's up to all of us to make sure every American understands what's really at stake.

"Our combined dedication and activism will contribute to returning the Postal Service to solid financial footing," Rolando said.

The rallies took place after this issue of *The Postal Record* was prepared. Full coverage will be included in the November magazine.

Media battlefield

In his "President's Message" in the June edition of *The Postal Record,* Rolando foresaw a "media firestorm" when the U.S. Postal Service finally announced that it could not make this year's $5.5 billion payment toward pre-funding future retiree health benefits.

"Expect headlines declaring the USPS 'bankrupt'—even though the entire net loss recorded over the past four and a half years can be accounted

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for by the pre-funding expense," he wrote.

Many media outlets have indeed reported just that, spurred along by a USPS press release in August that declared, "If we were a private company, we would have already filed for bankruptcy and gone through restructuring." This misleading message was repeated during mandatory stand-up talks with postal employees in mid-August, and it was picked up again in a front-page article in the Sept. 5 edition of *The New York Times* bearing the headline, "Losing Billions, Postal Service Is Near Default."

"I'm here to tell you that the Postal Service is not broke," Rolando told Gwen Ifill, the host of "PBS NewsHour" on Sept. 6, before an estimated audience of 3 million viewers.

"During the last four fiscal years, the Postal Service—with the recession that we have been through, the worst recession in 80 years, and with Internet diversion—still showed an operational profit of almost $700 million during that period of time," the president said. He noted that the reported losses of about $20 billion over the last four years are due to the 2006 postal reform law's pre-funding mandate—an unfair requirement no other government agency or private enterprise is required to meet.

Further complicating matters is the reason such an aggressive pre-funding schedule exists: The Bush administration insisted that the 2006 law be "deficit neutral." To get there, the law forced the USPS to make the onerous retiree health care pre-payments to help offset the law's cost, rather than allow those payments to reflect the true cost of pre-funding future retiree health benefit obligations.

The best solution to the Postal Service's financial problems rests with Congress giving the USPS access to surpluses within its CSRS and FERS accounts, Rolando said.

"We're not looking to in any way diminish what needs to be done for future health benefits or future retirees," Rolando emphasized. "It's just that you don't have to do 75 years' worth of pre-funding in a 10-year period. You could re-amortize what needs to be done."

Postmaster General Donahoe, who also appeared on the program, stuck largely to the Postal Service's script regarding its misguided proposals to cut a day of mail delivery service, to lay off tens of thousands of workers and to move postal retirees from the federal system to a postal system. Even so, he admitted that the USPS and the NALC shared some common views.

"Fred is exactly right around the issues that we have faced in the last few years," Donahoe said. "Here's what Congress has to do: Congress has got to pass legislation that does a number of things—Number 1, that resolves retiree health benefits."

The next night, Rolando repeated the NALC's legislative agenda in another live interview watched by an audience that includes federal employees, contractors and others involved with the federal government.

Appearing on the "Capital Insider" program on Washington's NewsChannel 8, the president told host Morris Jones that the NALC is out to preserve America's Postal Service.

"No normal business would put money into pre-funding when they're going through a financial crisis like the Postal Service is," Rolando said. "You're talking about pre-funding payments for employees that don't even work for the

Stay informed

NALC members can stay on top of our latest legislative efforts with just a few clicks of a mouse by going to nalc.org and signing up to join the NALC e-Activist Network.

Your e-Activism could also net you a $100 American Express gift card. At the end of the year, the NALC will conduct a drawing for 10 such cards. To be eligible to win, you must be on the e-Activist rolls with a valid e-mail address by Dec. 1. Winners will be notified by letter mail as well as by e-mail.

Stay active

Join the NALC's grassroots effort to represent the views of carriers, and to help pro-letter carrier candidates win election to Congress, by becoming a member of the Carrier Corps.

Carrier Corps activities include phone banking, attending a rally and lobbying a member of Congress, as well as organizing a branch or state event that helps others complete any of these actions.

Activities must be NALC- or AFL-CIO-approved events for you to be eligible to receive Carrier Corps credit and an official Carrier Corps T-shirt.

Corps members who take part in three or more activities reach silver status; with five or more, they reach gold status.

Details are available at nalc.org.

Support our efforts

As the union's political action fund, the Committee on Letter Carrier Political Education (COLCPE) is the anchor for the NALC's legislative and political activities.

COLCPE helps pro-labor, pro-letter carrier candidates for Congress get elected so they can go to Washington to support us and protect our jobs.

As an incentive to join, President Rolando announced this spring a contest designed to encourage maximum participation through the Gimme 5 program, which asks active and retired carriers to give $5 or more each pay period through automatic deduction.

The contest pits branches of similar size and current Gimme 5 participation rates against each other. Branches will win prizes based on the total new Gimme 5 participants they sign up by November, as well as for the greatest increase in participation percentage. All new and current Gimme 5 participants will be entered into a raffle for additional prizes.

The competition ends in November. PostalEase contributions must be reflected in our system by the second pay period in December. Results will be published in the February 2012 issue of *The Postal Record,* along with the names of the winners of the individual raffle. Get complete details at nalc.org.

Plans set for rap session

The NALC's national rap session is set for Friday through Sunday, Oct. 14-16, at the Planet Hollywood Hotel in Las Vegas. Registration is Friday afternoon from 3 to 6 p.m. Saturday's workshops will focus on contract administration, the NALC and the postal financial crisis, branch finances and bylaws, retirement concerns and delivering the NALC's message via legislative action and media outreach. The rap session itself is Sunday morning from 9 a.m. to noon.

Both the Health Benefit Plan and Mutual Benefit Association seminars, also in Las Vegas, have been conveniently scheduled to immediately follow the rap session. Both groups' meetings will take place Oct. 16-19 just up the Strip at the Flamingo Hotel and Casino.

Postal Service yet. You're talking about employees that aren't even born yet.

"Fortunately, this is an opportunity for the Congress to actually get something done, because it is a bipartisan issue," Rolando said. "There shouldn't be any partisanship with what needs to be done, allowing [the Postal Service] access to their own money.

"The American people want to preserve their Postal Service," the president said. "Congress needs to act responsibly and allow the Postal Service access to its own funds."

THE FINANCIAL PICTURE

Meanwhile, the postmaster general released in August a number of bleak facts, notably that the USPS reported a net loss of $5.7 billion for the first nine months of FY 2011 of $5.7 billion.

Perhaps unsurprisingly, USPS noted that third-quarter revenue more or less mirrors the nation's poor overall economic situation, a trend seen worldwide in other countries' postal services *(see story, page 14)*.

"As we've said over and over again, we're not going to see a recovery in the Postal Service's finances without a recovery in the nation's economy," President Rolando said.

Of course, most of the losses can be attributed to the cash the Postal Service is required to earmark toward its pre-funding obligation. Additional losses stem from a $1.2 billion workers' compensation fund payment that the USPS said it still expects to make, at least partially.

There were, however, a few bright spots in the Postal Service's report. Donahoe noted that as USPS continues to reduce its expenses, it maintained excellent service performance during the third quarter, with the national score for overnight Single-Piece First-Class Mail arriving on time 96.6 percent of the time.

Further, the USPS reported a third-quarter increase in Standard Mail revenue by 1.7 percent, and Package Services revenue was up 3.2 percent in the same period. Revenue from Shipping Services, including Express Mail and Priority Mail, increased 7.3 percent for the quarter.

"More and more people might be using the Internet to communicate," Rolando noted, "but they're also using it to order packages and goods. And no one is better equipped to take those parcels to every corner of the country than letter carriers." Indeed, because it's not profitable for FedEx or UPS to deliver to every mailbox in America six days a week, the Postal Service increasingly provides reliable last-mile delivery for both companies.

The Postal Service can be a viable business if Congress unleashes it from the misguided policies Congress itself forced on the USPS.

It's up to us, as letter carriers, as postal workers and as citizens of the United States of America to rally our forces, convey the message and make Congress listen to our cry: Save America's Postal Service. ✉