

# NALC responds to Issa's legislation

**I**n June, Rep. Darrell Issa (R-CA), chairman of the House Oversight and Government Reform Committee, released a "discussion draft" of a potential postal reform bill, and he asked various postal stakeholders to submit comments as part of the discussion.

"Unfortunately, the discussion draft falls short of what is needed—and in fact, it could be destructive," NALC President Fredric Rolando said. "We believe it proceeds from a false premise that the Postal Service is irreversibly failing."

In a letter to Issa about this draft, Rolando said that its proposed so-called reforms would have a devastating impact on the 7.5 million private-sector jobs that depend on a robust mailing industry, and that it would negatively affect tens of millions of American households, especially those with elderly members and those in both rural and low-income urban areas.

"We recognize the challenges associated with advancing legislation of this magnitude and we welcome the opportunity to be part of the discussion," Rolando said, adding that the NALC hopes the chairman, whose committee has Postal Service oversight, will reconsider his approach and work with the NALC and other industry stakeholders to put together bipartisan legislation that promotes postal innova-

tion and growth as the industry adapts to technological changes.

Issa had scheduled a full committee hearing for July 17, just as this *Postal Record* went to press, to discuss the draft. There was word that the chairman would formally introduce the measure shortly after the hearing and then schedule a mark-up session before Congress began its six-week summer recess.

## Little new, plenty wrong

Not much in Issa's draft distinguishes it from the one he proposed in 2011. That measure, H.R. 2309, also called for massive cuts that would drastically diminish the quality and value of the mail by eliminating Saturday mail delivery service and phasing out door-to-door delivery to nearly 40 million American households.

"Cuts such as these would drive more mail out of the postal system and send the Postal Service into a death spiral," Rolando said, "and they would cripple USPS' ability to take advantage of the booming e-commerce market."

Rolando stressed that the Postal Service's losses in recent years are largely the result of the 2006 congressional mandate to massively pre-fund future retiree health benefits—a mandate shared by no other private company or public agency in America and placed on the Postal Service just as the worst recession in 80 years nearly crashed the country's economy.

"Rather than calling for service and job cuts that will slow mail delivery, reduce the value of mail and damage the entire mailing industry," the president said, "and rather than risking the Postal Service's reputation for high-quality service by contracting out more and more of its core functions to non-government, part-time, low-wage temporary workers, Congress should instead focus on eliminating or reducing the pre-funding mandate."

The draft proposes placing into law postal management objectives that are typically the subject of contract negotiations, such as the no-layoff provision. "This kind of interference in collective

bargaining by Congress is totally unjustifiable," Rolando said. "The collective bargaining and interest arbitration processes have helped the Postal Service adapt to economic crises and respond to the rise of electronic communications.

"Successful bargaining requires the ability to make trade-offs, and limiting the options of negotiators to find win-win solutions at the bargaining table is a bad idea," the president said.

## Rays of light

The NALC does not object to everything in Issa's draft, though. "Proposals to permit advertising on postal vehicles and to provide services for state and local governments through the Postal Service's retail network are solid ideas," Rolando said, but he encouraged Issa to go even further by embracing more creative uses of the mail and postal facilities, including using the USPS as the retail foundation of a national infrastructure bank. (See Rolando's "President's Message" column in the July *Postal Record*.)

"We also support giving the Postal Service greater rate-setting flexibility," the president said, "and your proposed PRC study in this area is a good first step, although a much more fundamental reform of the existing price-indexing system is needed." One idea would be to tie postage rates to cost trends in the larger package-delivery industry.

The draft also proposes giving USPS access to its pension surpluses within the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). "Those surpluses should be measured properly," Rolando cautioned, "using modern, private-sector accounting methods, and the released funds should be used not just to pay down the liability for future retiree health benefits—they should be used to allow the Postal Service to invest in new ways to help the Postal Service build on its growing success in package delivery."

Rep. Stephen Lynch's (D-MA) H.R. 961 proposes using postal-specific

Rep. Darrell Issa (R-CA) at a postal hearing held April 17.



# Supreme Court's DOMA ruling leads to 60-day window to change benefits

**W**ith the June 26 ruling by the Supreme Court that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional, the Office of Personnel Management (OPM) has decided to extend marriage-based federal benefits under its supervision and control to federal and postal employees, annuitants and their same-sex spouses who have legally married in a jurisdiction that permitted same-sex marriages, regardless of where they currently live or work. Because this change in policy is deemed a qualifying life event, employees and annuitants are allowed to make changes to their benefits during a 60-day period (June 26 through August 26).

In a letter from USPS Manager of Labor Relations Policy and Programs Alan Moore to NALC

President Fredric Rolando, Moore stated that the Postal Service will recognize same-sex spouses who have legally married in a jurisdiction that permitted same-sex marriages, regardless of where they currently live or work, for purposes of family member definitions under the USPS relocation and leave programs. The ruling will also apply to the Family and Medical Leave Act (FMLA), though FMLA leave for a same-sex spouse who resides in a state that does not recognize same-sex marriage shall be allowed on an interim basis only, pending guidance from the Department of Labor.

A more detailed explanation of the policy changes is available on [nalc.org](http://nalc.org). PR

assumptions when evaluating USPS' FERS-account surpluses—a sensible and fair approach that the USPS Office of the Inspector General estimated would result in a \$12.5 billion postal surplus. In the last Congress, Lynch's similar H.R. 1351 attracted 230 co-sponsors from both parties.

In this 113th session of Congress, Rep. Peter DeFazio's (D-OR) H.R. 630 contains many of H.R. 1351's elements, including calls to implement the results of a 2010 private-sector audit of the postal account in CSRS. Using modern accounting methods, the audit found an estimated surplus of \$50 billion to \$55 billion. Switching to these methods would merely require a simple policy change by the Office of Personnel Management (OPM), a change that the Government Accountability Office (GAO) found to be "reasonable" and that could easily be mandated by Congress if OPM refused to do it voluntarily.

"This surplus could all but eliminate the retiree health pre-funding burden, save tens of thousands of good jobs and give the Postal Service the near-term financial stability it needs to innovate to deliver for decades to come," Rolando said.

DeFazio's H.R. 630 had 165 co-sponsors at press time, while the Lynch bill had 131 co-sponsors. "Since both of these bills are Democrat-sponsored measures in a Republican-led House, they have an extremely steep hill to climb toward becoming law," Rolando said. "Our hope is that those representatives from both parties who have signed on as co-sponsors to the Lynch and DeFazio bills will remember their pledges of support if or when Issa's bill moves forward, and that they will make their pro-letter carrier

voices heard when the time comes to offer amendments."

The Senate companion to H.R. 630, Sen. Bernie Sanders' (I-VT) S. 316, had 28 co-sponsors at press time. To date, it is the only reform measure before the Senate, although discussions appear to be taking place around a possible bill to be introduced by Sen. Tom Carper (D-DE) later this year. Carper is chairman of the Senate Homeland Security and Governmental Affairs Committee, which has oversight of USPS.

## Pre-funding and governance

"NALC continues to believe that pre-funding future retiree health benefits is a good idea," Rolando said, "but no private company would choose such a massive level of pre-funding as the one mandated by the 2006 postal reform law, especially a company restructuring itself for the future. The Postal Service simply cannot afford the current pre-funding policy."

While Issa's draft does propose giving USPS short-term cash relief by granting access to those benefits a few years earlier, the total cost of present and future retiree health benefits under the chairman's proposal would actually increase the cost of pre-funding by an additional \$1.5 billion.

"Our members want fairness," Rolando said. "No other company in the country and no other agency of the government is forced to pre-fund, and the Postal Service should not be forced to do so going forward." The pre-funding account already holds nearly \$50 billion, he said; the priority now must be on innovation and restructuring for a new business model.

One area where the NALC and Chairman Issa seem to have a meeting of minds is on the subject of the Postal Service's governance structure.

"At the Minneapolis Convention in July of 2012, we adopted a resolution to support a new governance structure for the Postal Service," Rolando said. "Delegates overwhelmingly recognized the need for the Postal Service to have a real, private-sector-style board of directors, made up of women and men with proven track records as senior business executives, successful entrepreneurs and leaders of large non-profit organizations."

But rather than offering reforms that upgrade the Board of Governors and provide a sustainable, long-term fix to the Postal Service's governance problem, Issa's draft bill instead seeks a quick fix by creating a Temporary Governance Authority and suspending the Board of Governors.

"The Postal Service needs leaders to recruit talented executives who will replace the current 'shrink to survive' strategy that's doomed to fail with a long-term growth strategy to reposition the Postal Service to meet its customers' ever-evolving needs," the president said. "A temporary board focused on downsizing to cover the cost of pre-funding is the wrong approach and the wrong strategy."

The USPS is a vital part of the nation's economic infrastructure that needs a new business model and new leadership dedicated to the long-term needs of the country, Rolando said. "We are fully aware of the difficult challenges posed by declining First Class Mail and changing technology, but technology is also producing promising new opportunities as well.

“We hope that Congress will focus on removing the pre-funding burdens and will work with stakeholders to build an innovative and dynamic Postal Service for the 21st century.”

## Democratic discussion

Rep. Elijah Cummings (D-MD), the ranking member of the House Oversight and Government Reform Committee, also has distributed a discussion draft of a possible postal reform measure of his own.

“Cummings’ draft does address many of our legislative priorities,” NALC President Fredric Rolando said, “but it ultimately falls short of what is needed.”

One of the draft’s proposals is to create a USPS chief innovation officer. “It’s indeed crucial for USPS to focus on innovation,” Rolando said, “and having someone charged specifically with this will be essential as the USPS business model evolves. But such an officer needs to be part of a larger overhaul of the Postal Service’s governance structure.”

Among the draft’s positive proposals are provisions to allow USPS greater pricing flexibility and the ability to provide non-postal services, as well as to find creative ways to use its invaluable—and unique—retail, processing and delivery networks.

Cummings’ draft includes FERS surplus refund language similar to that contained in Lynch’s H.R. 961, but the draft ignores the larger \$50 billion to \$55 billion CSRS surplus, likely because of Congress’ complicated scoring rules.

Money that goes into the USPS account in CSRS comes from the sale of postage, not from taxpayers. Even so, Congress still considers that CSRS money as revenue for the federal government. Under scoring, if Congress were to refund the surplus, it would show up as a loss on the federal balance sheet. The rules for scoring state then that, to make up for such a loss, Congress either would have to find the money to replace it (by raising taxes or by cutting spending) or vote to suspend the pay-as-you-go scoring rules in this instance—neither of which are realistic options,

especially for a gridlocked Congress that seems unable to agree on much of anything.

Cummings’ draft also doesn’t go far enough to solve the pre-funding problem. Instead, it leans far more heavily on the idea that downsizing provides a path toward prosperity.

“Rather than focusing on a ‘shrink to survive’ strategy, Congress should focus its efforts on eliminating the artificial pressure to downsize that’s caused by the pre-funding mandate,” Rolando said.

## Six-day mail

On July 9, the House Appropriations Committee released its financial services bill for Fiscal Year 2014. This is the annual spending measure containing the language that specifically mandates six-day mail delivery service, a few crucial lines of text that have been part of every such appropriations bill for more than 30 years.

Earlier this year, the six-day language was left in place when the Financial Services and General Government Appropriations Subcommittee drafted an initial version of the 2014 spending bill. The subcommittee specifically discussed the language during its mark-up session for the bill in July, but it left the text as-is.

The bill was headed to a vote by the full Appropriations Committee on July 17, after this magazine went to press. Check [nalc.org](http://nalc.org) for the latest updates.

## In the news media

Issa’s discussion draft received some coverage in the news media. The first person quoted in a June 13 story about it in *The Washington Post* was NALC President Fredric Rolando. In fact, the president was the only one quoted other than Sen. Tom Carper (D-DE).

Rolando’s June 24 letter to the editor of Northwest Indiana’s *Post-Tribune* responded to a commentary by a Postal Service district manager that defended service reductions such as elimination of Saturday mail delivery.

NALC Director of Safety and Health Manuel L. Peralta Jr. was quoted in *The Boston Globe* on July 10, in a story about the death of a Boston letter carrier who collapsed while carrying the mail on July 5, described as an “oppressively hot day.” The day before, the widow of Kansas City, MO Branch 30 member John Watzlawick spoke with KMBC-TV about her husband’s death on a hot day in 2012.

Region 10 National Business Agent Dan Toth was Ed “Flash” Ferenc’s guest on the June 19 edition of “America’s Work Force Radio,” broadcast on Cleveland radio station WERE-AM 1490 and heard throughout northern Ohio.

A postal customer’s letters to the *Belleville News-Democrat* and the *St. Louis Post-Dispatch* dated June 22 expressed his appreciation for letter carriers. A week later, the letter inspired a piece by a *News-Democrat* columnist, who described how the customer wanted to do something nice for letter carriers, and how the gesture wound up benefiting Oklahoma tornado victims. (See story on page 10.)

In a June 25 article, *FOLIO: Magazine* writer Katelyn Belyus made a number of good points about Congress’ failure to remove the pre-funding “roadblock.”

Scottsdale, AZ station KNVX-TV spoke with Arizona Merged Branch 1902 member Richard Tyler on June 28 to find out how letter carriers manage to beat the heat and get the job done.

Idaho State Association President John Paige’s letters to *Twin Falls Times-News* and *Coeur d’Alene Press* both ran on July 3.

A July 4 article for *The Contributor* explored why USPS matters in this day and age. The article mentioned NALC Chief of Staff Jim Sauber’s recent presentation at the 2013 Public Banking Conference, where he outlined the NALC’s plan to provide other services that could help save the post office, such as banking services for low-income or small-account workers.

Nalcrest, the letter carrier retirement community in Florida, was profiled in a July 9 human interest piece for *First Coast News*. **PR**