

# Postal legislation stalled

## Pension contribution increase could be looming

**A**s this issue of *The Postal Record* was being prepared, the major postal bills in the House of Representatives and in the Senate had barely budged since the federal government reopened for business on Oct. 17, following the 16-day partial shutdown.

“And for that, we couldn’t be more thrilled,” NALC President Fredric Rolando said. “The Issa bill in the House and the Carper-Coburn bill in the Senate are not the ‘postal reform’ bills they claim to be.”

The president was talking about H.R. 2748, introduced in July by Rep. Darrell Issa (R-CA), chairman of the House Oversight and Government Reform Committee, which has Postal Service oversight, and about S. 1486, the Senate measure introduced jointly by Senate Homeland Security and Government Affairs Committee Chairman Tom Carper (D-DE) and ranking member Tom Coburn (R-OK).

Both bills proceed from the absurd notion that the only way to save the Postal Service is to cut one service after another, from eliminating a day of mail delivery to eliminating door-to-door delivery.

And neither measure satisfactorily addresses the unfair pre-funding mandate, adopted in the 2006 postal reform law, that requires USPS to pre-fund the health benefits of future retirees decades in advance, and to do so within a 10-year time frame. No other private enterprise or government agency is required to pre-fund future retiree health benefits at all; those who do so voluntarily do so at levels nowhere near those required of the Postal Service.

Pre-funding is the true source of the Postal Service’s financial problems, accounting for 80 percent of the Postal Service’s losses since the payments began in 2007 and for 100 percent of its losses in Fiscal Year 2013, which ended on Sept. 30

“If you took away pre-funding, you would find that the Postal Service made \$600 million in profit delivering the mail in fiscal 2013 on the strength of surging e-commerce package deliveries and a stabilization of letter mail volume,” Rolando said. “Obviously, the Postal Service needs real relief from the crippling pre-funding mandate as well as intelligent reforms to help generate new revenue as it adapts to changing needs. But it won’t be able to adapt if Congress succeeds in slashing services and cutting tens of thousands of postal jobs as these House and Senate bills propose.”

Issa’s bill passed his committee—with no support from Democrats—shortly after he introduced it in July, but it has not yet been scheduled for consideration by the full House of Representatives. Meanwhile, the Carper-Coburn bill in the Senate has been scheduled for committee markup several times since Oct. 1—and each markup has been canceled, probably because the bill lacks the crucial support of key committee members.

Committee members Jon Tester (D-MT) and Claire McCaskill (D-MO), for example, told *The Hill* on Nov. 3 that S. 1486 would slow mail delivery and hurt USPS’ competitive advantages in other areas, such as universal delivery and Saturday mail service.

“There’s probably a dozen things that need to be fixed with that bill,” Tester said. “I just think without some changes, it’s going to take the Postal Service in the direction the postmaster general wants—which is the wrong direction.”

“In fact, Congress needs to go back to the drawing board on postal reform,” President Rolando said later, “because S. 1486 is not fixable.”

A good way to start fresh, the president said, would be to sit down with the NALC and the other postal stakeholders—the

ones who represent the 7.5 million private-sector jobs that rely on a robust USPS—and try to come up with some innovative ideas for saving money and growing the business, ideas that don’t rely on service cuts that harm customers. (Read more about Rolando’s ideas in his “President’s Message” on page 1.)

### USPS and the budget battle

While postal reform legislation seems to be sitting on Congress’ back burner, letter carriers and other federal employees still need to stay alert in the coming weeks to another threat—this one to our wallets.

The partial government shutdown ended when Congress passed a continuing resolution (CR) to fund federal operations through Jan. 15. Budget committee members in the House and the Senate subsequently were working toward this new deadline to come up with a spending measure that could pass a gridlocked Congress.

Unfortunately, the House seemed intent on including in such a bill a 5.5 percent increase in federal workers’ pension contributions. Somewhat dishearteningly, the Obama administration’s budget proposal asked for a similar increase in contributions over three years, albeit smaller at 1.2 percent.

“These aren’t just new pension contributions,” President Rolando said. “They’re pay cuts, pure and simple. Federal workers have already had to suffer through one round of pension contribution increases, not to mention a pay freeze. So it’s unacceptable for Congress to come to the federal workforce yet again as it looks for ways to balance its books.”

Complicating matters for letter carriers, though, is that the budget committees also might warm to the idea of including several positive postal reform measures that the NALC would otherwise support.

“So, to say the least, it’s going to be an interesting December and January for all of us,” Rolando said, “which is why all active and retired letter carriers need to pay attention to what’s happening on Capitol Hill in the coming weeks—through the NALC website, through our Facebook and Twitter pages, and through our e-Activist Network.”

Links to all of these avenues of communication can be found at [nalc.org](http://nalc.org). And for more about the ongoing budget talks, see the staff report by NALC Director of Legislative and Political Affairs Jennifer Warburton on page 12.

### Paper rebuts flawed USPS analysis

On Nov. 4, the Economic Policy Institute (EPI) released a research paper in support of a number of positive postal reforms. EPI is a non-partisan think tank that, as its name suggests, focuses on economic policies with an emphasis on how those policies affect America’s workers.

The paper called on Congress to end the unfair pre-funding requirement, to free the Postal Service to innovate and explore traditionally non-postal services, and to allow USPS greater freedom in price-setting.

The paper also urged Congress to recalculate the postal surpluses within the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) using postal-specific assumptions, and to return those surpluses to the Postal Service. Actuarial studies have estimated the FERS surplus at anywhere between \$3 billion and \$12 billion, the CSRS surplus as much as \$75 billion.

Sen. Bernie Sanders’ (I-VT) S. 316 deals with these surpluses, as does the bill’s counterpart in the House, Rep. Peter DeFazio’s (D-OR) H.R. 630. S. 316 had 30 co-sponsors at press time; H.R. 630, 169.

The EPI paper was drafted in response to a flawed review of USPS published

by the Heritage Foundation think tank, whose disastrous recommendations included the end of universal mail delivery service. The author of the Heritage report also wrote a commentary piece for the Oct. 24 *Washington Times* (see “Carriers in the news media” below).

### ‘Exigent’ rate increase requested

On Sept. 26, the Postal Service Board of Governors formally asked the Postal Regulatory Commission (PRC) for permission to raise postage rates above the

postal reform legislation” as justification for seeking price changes above inflation. However, Barnett said the board would reconsider the request if postal reform legislation were to pass.

“The Postal Service wouldn’t be in this ‘precarious financial condition’ were it not for pre-funding,” President Rolando said. “This move by the Board of Governors provides another reason why it’s crucial for Congress to pass postal reform legislation that repeals this onerous and unfair mandate.”

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inflation-based price cap. This “exigent” rate increase request calls for raising the price of a first-class stamp by 3 cents, to 49 cents, or 2 cents higher than the projected inflationary increase. Prices on other single-piece and commercial mail products would go up as well. The board estimates that such an increase could bring in \$2 billion in additional revenue in 2014.

By law, the Postal Service can raise prices on its market-dominant products, such as First Class Mail, only by the annual growth in inflation. But the law allows USPS to ask the PRC for a price increase above inflation for “exceptional or extraordinary” circumstances.

Board of Governors Chairman Mickey Barnett described the “precarious financial condition” of the Postal Service and the “uncertain path toward enactment of

The PRC has until Dec. 26 to issue an opinion on the Postal Service’s exigent price increase proposal.

### Embracing e-commerce

On Sunday, Nov. 9, President Rolando announced that letter carriers had begun delivering Parcel Select packages on Sundays in more than 900 ZIP codes nationwide, as part of a new initiative to provide Sunday delivery of packages from online retailer Amazon.com.

“We’re excited about the potential of the rapidly growing e-commerce market and what it means for the Postal Service,” Rolando said. “It’s important to take advantage of the universal postal network, which already delivers to 151 million homes and businesses throughout the nation six days a week—and which could do

so on Sundays as well. That would benefit the economy, consumers, businesses and the nation as a whole.

“There is unlimited potential for growth in Sunday and same-day package delivery, which increases revenue for the Postal Service while providing more services to the American people,” he said. “NALC has been involved in and fully supports this effort, and we will continue to work with the Postal Service to grow this business in the future.”

A few days after Rolando’s announcement, the NALC called on Congress to clarify the definition of the term “small business” as it related to the proposed Marketplace Fairness Act (MFA).

The bill, as originally written and passed by the Senate earlier this year, would subject many small e-commerce retailers to an Internet sales tax by leaving them unprotected within the “small business” exemption in the MFA, potentially devastating the thousands of home businesses that rely on the Postal Service and that have collectively become the biggest users of the USPS. President Rolando said so in a letter to key members of the House of Representatives, which was set to take up the bill as this *Postal Record* was being prepared.

“The Postal Service serves millions of small, home-based businesses six days a week, and letter carriers serve as an economic linchpin for hundreds of thousands of merchants who sell goods and services through the mail,” he wrote. “More than \$2.5 billion in sales revenue is generated by eBay merchants alone, producing some \$1 billion in postage revenues for the Postal Service. As a result, the NALC strongly supports small business, especially those in home-based offices.”

While Congress is debating postal reform, “the last thing the Postal Service and the economy need is a flawed provision of

the MFA that would severely damage hundreds of thousands of small home-based businesses,” the president wrote.

### Carriers in the news media

President Rolando had a commentary piece published in the Nov. 13 Palm Springs, CA *Desert Sun* that effectively rebutted an earlier anti-postal piece in that paper. He was also quoted in a Page 1 *Washington Post* story about the Postal Service’s partnership with Amazon to deliver packages on Sundays (see “Embracing e-commerce,” above), in a story that was mainly about the cultural shift toward conducting business every day of the week, not just Monday through Saturday.

Rolando’s letter to the editor of *The Washington Times* ran on Friday, Nov. 1. Here, the president used facts to refute the claims made in an earlier piece by a writer from The Heritage Foundation (see “Paper rebuts flawed USPS analysis,” above).

On Oct. 15, the University of Arizona’s *Daily Wildcat* ran a piece on the USPS that was full of inaccuracies. After NALC contacted the newspaper to set the record straight, it removed the offending online story, ran corrections online and in print, and published a letter by President Rolando on Oct. 17.

Letter carriers from Key West, FL Branch 818 were among those taking part in a Veterans Day parade there on Nov. 11. A parade announcer informed spectators that USPS is America’s largest civilian employer of veterans, a fact that was noted in a story about the parade published on Nov. 12 in *Florida Keys News*.

Idaho State Association President **John Paige** had a letter to the editor published in the Twin Falls *Times-News* on Nov. 10.

A *Huffington Post* article provided a link to a story by Detroit Fox affiliate WJKB-TV about Detroit Branch 1 letter carrier **Dar-**

**rian Crutcher**, who was delivering mail on Oct. 22 when he saw a house on fire while the homeowner was inside. Crutcher found a garden hose, rushed inside and used it to battle the blaze, getting it under control until firefighters arrived. And as soon as the fire was in the firefighters’ hands, Crutcher went back to delivering the mail. *The Huffington Post* article then went on to describe other heroic deeds by letter carriers, and mentioned 2013 Humanitarian of the Year **John Dick** and NALC’s 2013 Special Carrier Alert Hero **Jason Jones**. Jones was the subject of an Oct. 28 *Men’s Health* magazine web story, part of a series on “Every Day Heroes.” (For more about the Heroes of the Year, see the November 2013 *Postal Record*.)

Kentucky State Association President **Bob McNulty’s** letter to the editor of the *Lexington Herald-Leader* ran on Oct. 22. “Six-day mail delivery is vital for Central Kentucky,” he wrote. “Kentucky depends upon the Postal Service to swiftly deliver letters, papers and packages.”

On Oct. 22, South Florida Branch 1071 letter carrier **Jesus Malvarez** was delivering mail when he heard one of his regular customers screaming for help inside her home, saying that she was having chest pains. Her door was open, so Malvarez entered, dialed 911, and took instructions from emergency personnel until an ambulance arrived. Malvarez’ story aired in the Miami/Ft. Lauderdale area on CBS affiliate WFOR-TV and on Fox affiliate WSVN-TV, as well as on Charleston, SC CBS affiliate WCSC-TV and Lake Charles, LA NBC affiliate KPLC-TV.

On Oct. 13, Mason City, IA CBS affiliate KIMT-TV carried a story about Mason City Branch 471 letter carrier **Joe Kuennen**, who had recently rescued a woman being attacked by two large dogs while she was on a walk with her own dogs. **PR**