

# Shutdown breakdown

## Postal issues struggle for attention amid congressional chaos

**O**n Oct. 1, Congress failed to do its job: keep the federal government operating. That's because a radical fringe group in the House of Representatives used its influence to delay discussions on funding the federal government for the next fiscal year, a desperate and futile attempt to defund the Affordable Care Act and somehow reverse the results of last November's election.

The ensuing shutdown of the federal government adversely affected many federal agencies and departments—but not, of course, the U.S. Postal Service. As letter carriers know, USPS is funded by postage, not by taxes.

So while the shutdown continued, the mail still got delivered to every address in America, six days a week, while many of our brothers and sisters in the federal workforce wondered how they were going to pay their bills and support their families.

"This disgraceful, brazen move was bad enough in that it closed parts of the government and furloughed 800,000 workers," NALC President Fredric Rolando said. "And then this right-wing faction went a step further by threatening to refuse to raise the debt ceiling and pay our bills unless it got what it wanted—thus holding our country's economy and credit rating hostage."

The closure had no effect on the benefits of active letter carriers, and retired letter

carriers were still receiving their CSRS or FERS pension payments. However, new retiree claims processing was delayed, adding to an already worrisome backlog within the Office of Personnel Management.

Down to the wire on Oct. 16, Congress approved—and President Obama signed—a measure that ended the shutdown and raised the debt ceiling.

### Before the shutdown

Five days before the threatened shutdown became official, President Rolando testified before the Senate Homeland Security and Government Affairs Committee, which has Postal Service oversight. This was the second of two hearings to focus on S. 1486, a postal bill introduced this summer by Sen. Tom Carper (D-DE), committee chairman, and Sen. Tom Coburn (R-OK), ranking member.

"We appreciate very much your hard work in putting together S. 1486," Rolando told the committee on Sept. 26, "but we feel that the bill fails to permanently address the primary cause of the Postal Service's current financial crisis—the unaffordable 2006 mandate to pre-fund future retiree health costs."

This unique mandate, required of no other federal agency or private enterprise, is responsible not just for 80 percent of USPS' losses incurred since 2007, but for

100 percent of the agency's recorded loss so far this year. In fact, according to the Postal Service's own financial reports, USPS would have reported a \$660 million profit for the third quarter of Fiscal Year 2013 if not for the pre-funding payments.

But there are many other problems with the bill besides its so-called pre-funding reforms, Rolando said.

"That inadequate pre-funding proposal, combined with the elimination of Saturday mail delivery and business door delivery, the phase-out of household door delivery and the promotion of a morale-killing two-tier postal workforce, would drive the Postal Service into a death spiral," he said.

While Internet diversion of the mail has indeed caused a decline in first-class mail volume, thanks to increased reliance on e-mail and online bill payments, Rolando said that "the Internet is also creating new business opportunities for the Postal Service"—such as online shopping and, with that, surging package revenues.

President Rolando was on the hearing's second panel, along with National Postal Mail Handlers Union President John Hegarty, National Association of Postmasters President Robert Rapoza, and economists Douglas Holtz-Eakin and Dean Baker.

The panel repeatedly emphasized to the committee that the Postal Service's financial picture is gradually improving—that the benefits of Internet commerce and package delivery are not just offsetting the declines in First Class Mail, they're generating an operating profit. Most of those who testified alongside President Rolando agreed with him that S. 1486 represents a destructive approach to postal reform that, if passed, would degrade the postal network—and that meaningful reform requires either



Sens. Tom Coburn (l) and Tom Carper (r)



The committee hearing held on Sept. 26 was well attended.

repealing or dramatically reducing the pre-funding mandate.

In closing the hearing, Sen. Carper admitted that S. 1486 is not perfect. “But it can be improved,” he said.

Carper did leave the door open for finding a way to preserve six-day mail delivery. “If there’s a true interest on the part of our friends in organized labor to be able to preserve six day a week service,” he said, “I don’t know if there’s some way you can negotiate a compensation package maybe for the folks that are delivering on that sixth day that makes this competitive, that makes the Postal Service able to do it and not do it at a loss.”

NALC will work to improve the legislation, Rolando said later. “This is an opportunity for NALC’s activists to get even more involved, while the committee is still working on the measure,” he said. “All of us have a stake in what will happen with this bill over the next few months.”

### Few surprises in the first hearing

The Senate committee held its first hearing on S. 1486 a week earlier, in a session that focused mainly on rates and revenue. Among those called to testify on Sept. 19 were Donahoe, Postal Regulatory Commission Chairman Ruth Goldway, USPS Inspector General David Williams, American Postal Workers Union President Cliff Guffey and National Rural Letter Carriers’ Association President Jeanette Dwyer.

During that hearing, the postmaster general told the committee that the Postal Service’s package business continues to grow dramatically and substantially, even as first-class mail revenue has declined.

But it’s probably no surprise that even armed with this information, Donahoe

said he still fully supports S. 1486.

PRC Chairman Goldway noted that the Postal Service is the address-master for America, with a database relied upon by first-responders as well as online markets.

“It’s a vital network,” she said, one committed to providing universal service to all Americans, especially the one-third of postal customers who lack access to broadband Internet.

Toward the end of the hearing, Sen. Coburn, who hasn’t exactly been seen as the biggest fan of the Postal Service’s employee unions, said: “We can make USPS viable, but we can’t do it on the backs of the people who work for USPS.”

“The Postal Service can’t shrink to survive,” he added.

A fact sheet and talking points that outline the provisions of S. 1486, and why they are so damaging, are available on the Legislation and Politics page at [nalc.org](http://nalc.org).

### Stay alert for e-Activist messages

A mark-up session on S. 1486, tentatively scheduled to take place in late October, was postponed indefinitely because of the government shutdown.

This uncertainty is one of the reasons why President Rolando urged members of the NALC e-Activist Network to keep a sharp eye on their e-mail inboxes in the coming weeks—and he renewed his push



NALC President Fredric Rolando said that any postal legislation must first fix the pre-funding requirement.

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for all members to sign up for the union’s electronic alert system.

And consideration of S. 1486 is not the only thing letter carriers have to worry about, Rolando said. “A provision in Paul Ryan’s proposed budget calls for requiring all federal employees to pay 5.5 percent more toward their retirement benefits,” the president said. Ryan (R-WI) is chairman of the House Budget Committee.

“Ryan thinks the federal budget should be balanced on the backs of America’s hardworking federal employees, many of whom already have suffered through nearly three years of frozen wages—never mind through a weeks-long shutdown,” Rolando said.

Using the e-Activist Network, the NALC can let active and retired letter carriers know at a moment’s notice when it’s time to call your representatives on Capitol Hill and inform them of how we would like them to vote on these and other legislative items important to letter carriers and the Postal Service.

Signing up is as easy as going to [nalc.org](http://nalc.org), clicking on the e-Activist Network



## PMG in the hot seat

Above: Sen. Jon Tester  
Right: Postmaster General Patrick Donahoe



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Postmaster General Patrick Donahoe was a witness on the Sept. 26 hearing's first panel, along with representatives from the Office of Personnel Management (OPM) and the Government Accountability Office (GAO).

At one point during the hearing, Sen. Jon Tester (D-MT) asked Donahoe to clarify something the postmaster general had said in his testimony during the prior hearing a week earlier.

"You stated that it was your belief that under the current [law], an arbitrator cannot consider the financial health of the United States Postal Service," Tester said.

"I misspoke," Donahoe replied. "What I should've said was, they can consider it but they're not required by law...to consider it. I think that's where I misspoke."

Tester replied, "Because I think the last three arbitrations there was a lot of financial information brought forth by the Postal Service."

In fact, arbitrators are required to consider every exhibit and piece of evidence presented during proceedings before rendering a decision, and the financial situation of the USPS has always been presented during hearings. **PR**

## Little fanfare over USPS pre-funding 'default'

Sept. 30 was the deadline for the Postal Service to make another payment toward the pre-funding of future retiree health benefits, a \$5.5 billion deposit that the agency had indicated again this year that it couldn't afford.

A few news media outlets took notice of this missed payment, but the story seemed to get lost amid coverage of what was then an impending government shutdown.

"Thanks in part to our members' efforts, reporters are starting to get the message that missing a pre-funding payment is only one small part of a larger narrative," NALC President Fredric Rolando said. "More and more, we're reading reports that include a prominent mention of how no other agency or private enterprise is required to pre-fund those benefits at all, let alone at the levels demanded of the Postal Service.

"And perhaps even better, a growing number of news reports seem to reflect an understanding that the Postal Service would be profitable in the first three quarters of this year without the pre-funding requirement," he said.

"We need to continue to build on this momentum," Rolando said. "I urge all letter carriers to keep up the good work in getting our message out there—that the solutions to the Postal Service's financial problems don't lie in service cuts, but rather in allowing our employer to grow and to build on our unique delivery network." **PR**

on the home page, and typing in your contact information.

### In the news media

President Rolando had a number of op-ed pieces make it to print: in the *Fairmont [MN] Sentinel* on Sept. 21, in the *Lexington [KY] Herald-Leader* on Sept. 23, in the *Idaho Statesman* on Sept. 27, and in the *Aberdeen, SD American News* on Oct. 1.

National news coverage of the Sept. 26 Senate committee hearing on S. 1486, in outlets such as McClatchy and Associated Press, prominently included quotes from the postal union leaders called to testify: President Rolando and National Postal Mail Handlers Union President John Hegarty.

In August, President Rolando recorded a radio news feed that was timed to reach representatives' home districts while Congress was in recess. It explained USPS' good financial performance in the recent third quarter and urged lawmakers to address pre-funding rather than dismantle a successful network. A report showed that the feed aired 1,241 times on hundreds of mostly small radio stations—where there's high credibility with local listeners—as well as on the USA Radio Network and on Fox News Radio.

Meanwhile, other national officers as well as rank-and-file letter carrier activists and NALC staff members continue to use the power of the press to deliver our message.

Oklahoma State Association President John Browne's op-ed piece about the USPS' financial situation and importance ran in Oct. 10's *Tulsa World*.

On Oct. 2, Ohio University's *The Post* carried a story about Athens, OH Branch 997's Charlie Rose, the recipient of the NALC's 2012 Special Carrier Alert award. The same day, *U.S. News & World Report's*

Susan Milligan wrote a column supportive of the Postal Service.

CBS News on Sept. 27 covered a Government Accountability Office report that found dog bites still to be the greatest on-the-job threat for letter carriers. The story extensively quoted NALC Director of Retired Members Ron Watson, a noted compensation expert who pointed out that USPS workers' compensation claims are paid entirely by the sale of postage.

Kansas State Association President Emeritus Rod Holub's letter to the editor of *Manhattan, KS' The Mercury* ran Sept. 25.

Idaho State Association President John Paige's letter to the editor of the *Twin Falls Times-News* ran Sept. 20, and his letter to the editor of the *Idaho Statesman* ran Sept. 30.

On Sept. 12, Columbus, OH's WSYX-TV reported on the remarkable progress made by Columbus Branch 78 member Doug Poole, who was hit in January 2012 by an SUV while unloading mail from the rear of his vehicle. After 16 surgeries and several months of physical therapy, Poole is walking once again. (See story on page 26.)

On Sept. 11, the website Truthout posted a thorough piece about the Postal Service and quoted NALC Chief of Staff Jim Sauber.

On Sept. 9, a letter carrier in Pompano Beach, FL, was robbed at gunpoint of the keys to his LLV. Investigators believed the gunman was after the carrier's master, or arrow, key. Region 9 National Business Agent Judy Willoughby was quoted in a story about the incident in the Sept. 14 edition of the *South Florida Sun-Sentinel*.

On Aug. 3, the *Boulder Daily Camera* published a letter to the editor by Denver Branch 47's Cindy Kirby. **PR**