

## 2015 Rap Session

# The future in focus

## NALC prepares for contract negotiations and broadening the political network



NALC President  
Fredric Rolando

**T**he future was very much on the minds of the nearly 1,500 letter carriers activists who were present for NALC's 2015 National Conference in Houston July 17-19.

"None of what we do as a union works without you, the brothers and sisters of this union who step up as leaders," NALC President Fredric Rolando said as he opened up the rap session portion of the weekend-long conference on Sunday.

Such conferences are called for by the *NALC Constitution*, which states that in years in which there is no national convention, the president must call a national conference for state association and branch presidents or their designees.

Attendees began arriving and checking in on Friday afternoon. On Saturday, these branch and state leaders attended a selection of educational workshops (see page 7).

On Sunday at 9 a.m., President Rolando called the rap session to order in the Hilton-Americas Houston's Grand Ballroom, and he asked Houston Branch 283's Rita King to come to the podium to sing an *a capella* rendition of "The Star-Spangled Banner." Retired Region 10 National Business Agent Gene Goodwin, also a Branch 283 member, next led the Pledge of Allegiance, which was followed by an invocation led by Bennie Lewis and Darel Hunt of Branch 283.

The president said that although Presidents Emeriti James Rademacher and William Young could not attend this year's rap session, he had spoken to both of them and they sent their regards. He also noted that Rademacher had celebrated his 94th birthday the day before.

## A numbers game

“Howdy and welcome to Houston!” said Rolando, who explained that the Space City had been chosen for this year’s conference partly because of its central location in the United States.

“We also wanted to go someplace we don’t normally go,” he quipped, “someplace that reaches 125 degrees in July.”

Getting down to business, Rolando told the audience that the legislative arena is the most important thing that we as letter carriers must deal with.

“In Congress, we have a 535-member board of directors,” he said. “They don’t all have the same agenda that we do, and that’s why we have to be so vigilant.”

Pre-funding—the 2006 law that requires the Postal Service to set aside billions of dollars a year to pre-fund the health benefits of future retirees decades in advance—gave privatizing-minded ideologues an “in,” Rolando said. “The billions of dollars that began to show up as red ink on the Postal Service’s balance sheets gave them an opportunity to say, ‘We have to fix the Postal Service.’ But instead of fixing the pre-funding problem, they moved to attack the institution and its employees.

“The good news for us is that we are profitable and we have been for a while now,” he said. By the end of May, USPS’ year-to-date operating profit was \$1.5 billion, about \$370 million ahead of the Postal Service’s operating profit for all of 2015, and about \$200 million more than the results at the same point last year.

The conventional wisdom—that the Internet is the enemy of the Postal Service—is a myth, he said. “What the Internet taketh away, the Internet turned around and giveth,” he said with a laugh. “Customers nowadays want the ability to use their smart-

phones to buy things and to have them delivered tomorrow.

“And one thing that all of these big-box online companies—Amazon, Walmart, Google—have in common, whether they know it or not, is that they need a delivery network,” he said. “They need us.”

## Changing tactics

“We’ve done a great job of playing political defense over the last five years,” Rolando said, “but fighting off the bad stuff isn’t enough.”

NALC has taken the lead, and continues to do so, in what postal employees are doing to go on the offense. “We know we can’t do it alone,” he said, “and that’s why we have worked so closely with the other three postal employee unions to ensure that we are on the same page.”

“Our union also has worked closely with other stakeholders—including mailers and other parties interested in the postal industry,” he said. “We’ve worked hard to get this fragile group of 50 to 60 different organizations on board to develop a Postal Service for the future.”

One piece of the puzzle that had been problematic was a Postal Service under the leadership of Postmaster General Patrick Donahoe, who retired in February.

“Donahoe had a ‘shrink to survive’ agenda from Day 1,” Rolando said. “His successor, Postmaster General Megan Brennan, has taken a different approach. She has been willing to sit down and work with us on reform, and she understands that we must build a broad consensus to get anything done.

So now that we’ve built these coalitions, Rolando said, “The trick is fixing pre-funding without dismantling the network.

“Our pre-funding account is basically a low-interest loan to the federal government,” he said, “so getting rid of the mandate to pre-fund will be difficult.” As a result, NALC has had to look for more creative ways to address the cost of pre-funding, such as calculating our pension and health fund account liabilities using more reasonable corporate best practices.

Another way to reduce the overall pre-funding liability for retiree health benefits could be to integrate postal employees’ health care with Medicare and to create postal-only health plans within the Federal Employees Health Benefit Program (FEHBP). And shifting the pre-funding savings account away from investments in Treasury bills and into a Thrift Savings Plan (TSP) investment account, such as the Lifecycle Account, would make for a better investment bet, where our money would grow.

“Our goal is to develop a narrow bill that fixes the basic problems and grows the networks,” Rolando said.

## Shifting priorities

For NALC to be successful in getting such a bill drafted, Rolando said, we must deal with a number of dynamics in play. The legislative process is complicated by the pending exigent rate case proceeding at the Postal Regulatory Commission and the ongoing debate in the appropriations process concerning the restoration of the overnight delivery service standards.

“We know the Senate Homeland Security and Governmental Affairs Committee is working on a postal reform bill,” the president said, “and we will do everything we can to influence what’s in it.”

In the House of Representatives, “Rep. Darrell Issa may be gone from the committee that oversees the Postal



Service, but his ideology remains,” Rolando said.

Nevertheless, the president expressed hope that any bill from Issa’s successor, Rep. Jason Chaffetz (R-UT), will be a major improvement from last Congress’. “Either way, we would like to get ahead of all of them and build consensus around a bill that can actually pass,” he said.

Rolando explained the need to balance competing interests within the postal industry, even as we fight to overcome the legacy of Donahoe’s “shrink to success” strategy. “The Postal Service couldn’t keep closing plants and still maintain existing service standards,” Rolando said, “so before he retired, he reduced service standards in all processing plants—and, in doing so, he eliminated overnight local delivery.”

The good news is that remaining plant closures have been delayed for at least a year. “However, Brennan has indicated that there is no way that service standards reductions can be reversed,” Rolando said. “Instead, she’s focused on service performance, working through the rough spots of the bad transition to make things better.”

Then there are the mailers who give pricing provisions in postal legislation top priority. Rolando explained that the PRC decision in the exigent rate case will affect how this issue is resolved in the legislation.

“With the various interests of stakeholders in advancing postal reform, it all comes down to counting votes, at the committee level and on the floors of the House and Senate,” the president said.

Fortunately, our issues aren’t partisan issues. “Serving all Americans,

# Workshops

Several workshops were held on Saturday, with most of them offered twice, giving attendees plenty of opportunity to learn before the rap session held on Sunday. NALC members attended the following classes:

- “Government Affairs and the NALC Network,” led by NALC Executive Vice President Timothy C. O’Malley
- “Advanced Formal Step A & Beyond” training program preview and Dispute Resolution Program/Contract Administration Unit workshop, led by NALC Vice President Lew Drass
- “Branch Officer Training” preview, led by NALC Secretary-Treasurer Nicole Rhine and Assistant Secretary-Treasurer Judy Willoughby
- City Delivery workshop led by NALC Director of City Delivery Brian Renfroe
- “Preserving the Right of Letter Carriers to be Treated with Dignity and Respect,” led by NALC Director of Safety and Health Manuel Peralta Jr.
- “Retire or Work Until Death?” (in the morning) and “NALC Tools for Injured Workers” (in the afternoon) led by NALC Director of Retired Members Ron Watson
- A joint workshop on NALC’s Mutual Benefit Association, led by Director of Life Insurance Myra Warren, and NALC’s Health Benefit Plan, led by Plan Director Brian Hellman

“The best union activists are the best informed union activists,” President Rolando said, “and education will continue to be a priority as we do more trainings through the fall and into next year, leading up to the 2016 national convention.”



# 2015 Rap Session

servicing rural communities, employing veterans—these are things all political parties can agree on,” he said.

## Letter Carrier Political Fund

“As many of you know,” the president told the gathering, “our political action committee—our PAC—has a new name: the Letter Carrier Political Fund. We changed the name from the often misunderstood COLCPE to help make it more understandable and to help boost participation among our members.

“We know that not all letter carriers feel comfortable giving to the PAC, since not all members make political decisions or vote on the basis of workplace interests alone,” Rolando said. “But I believe that many more letter carriers will contribute to the fund if we educate them about the stakes in Washington.” For those who don’t contribute, he said there is still plenty of opportunity to help the NALC on the legislative or political fronts.”

Our political diversity, Rolando explained, is an advantage. “Politically, we mirror America,” he said. “You find any point on the political spectrum and we have members on it,” Rolando said, emphasizing that there is a role for everyone despite their individual politics.

There is no reason that conservatives—even Tea Party conservatives—can’t support letter carriers and the Postal Service, he said. The issues related to the future of the Postal Service

are non-partisan issues. “We know our conservative members understand our issues,” the president said. “We have to take advantage of this to educate politicians of all stripes.”

The Political Fund is an extremely important part of the plan, Rolando said: “It’s vital for us to support letter carriers’ friends in Congress, helping them get elected or reelected. Indeed, a strong and growing political fund, combined with a strong and effective grassroots network, gives us the best chance for legislative success.”

## A board of one?

Turning his attention to the Postal Service’s Board of Governors, President Rolando gave rap session attendees an overview of where things currently stand with the board.

The board, he explained, is supposed to be made up of nine people, nominated by the president and confirmed by the Senate, with staggered seven-year terms plus one rollover year. No more than five are to be from one political party, and they are supposed to be qualified. (The postmaster general and deputy PMG also sit on the board.)

“Right now, we have only three governors,” Rolando said, “meaning six vacancies. Two of those are in their rollover year; when they’re done, they’re done.

“So in December, there will only be one—a Board of *Governor*,” he said.

Five people have been nominated to the board, but the entire block of nominations is on hold because two of the candidates face deep opposition from several senators, Rolando said.

One is a former board member, Jim Miller, an advocate for privatizing USPS. Because Miller realizes that Congress has no appetite for privatization, he has instead led a charge for downsizing the Postal Service and contracting out our work.

The other is Mickey Barnett, another former board member and a prominent advocate for payday lenders. “With an institution that may someday get into financial services, that’s not good,” Rolando said. (Read more in the May 2015 *Postal Record* about the ongoing struggle to get a functioning Board of Governors.)

## For further consideration

The president also discussed a number of other key issues:

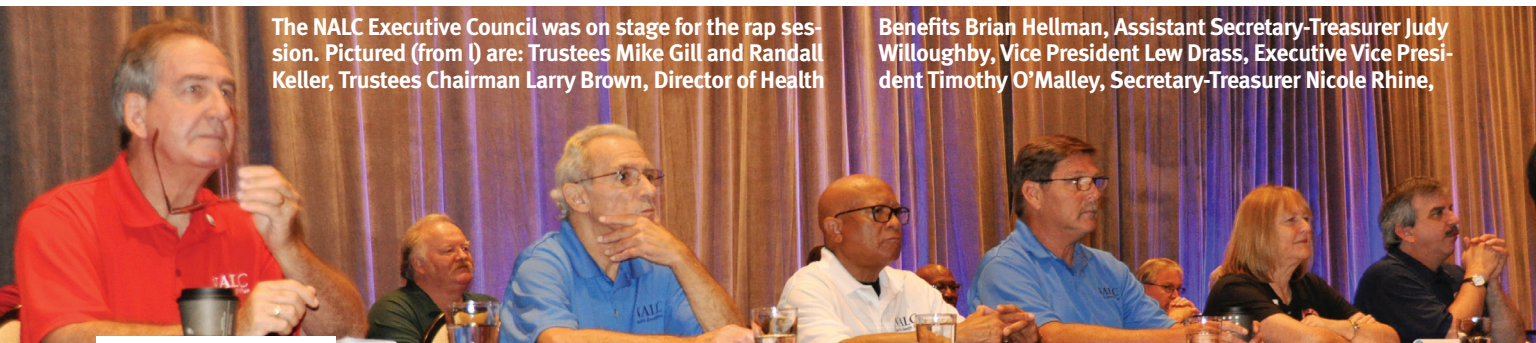
### New products (e.g., Amazon Fresh grocery delivery, water delivery):

“We welcome the growth that has come from booming e-commerce deliveries,” Rolando said, “but we must also be concerned about achieving growth at the expense of a ‘race to the bottom’—bargain-basement rates for an ever-growing list of top-notch postal services, for Amazon and for others.

“It’s important that the Postal Service doesn’t put all of its eggs in Amazon’s

The NALC Executive Council was on stage for the rap session. Pictured (from l) are: Trustees Mike Gill and Randall Keller, Trustees Chairman Larry Brown, Director of Health

Benefits Brian Hellman, Assistant Secretary-Treasurer Judy Willoughby, Vice President Lew Drass, Executive Vice President Timothy O’Malley, Secretary-Treasurer Nicole Rhine,



New light blue T-shirts were sold to attendees and will be made available to members and used for a variety of purposes, including new member orientation.



basket,” Rolando said, “because Amazon would dump us if they could come up with their own delivery service. That’s why it’s essential to expand our services to retailers, big and small, from mom and pop stores to major chains such as Macy’s and Target.

**Organizing:** “Our organizing rate for career carriers has always been good,” the president said. “Recently we have made real progress organizing CCAs, thanks to all of you. You know that CCAs are not the TEs of the past: they will fill every career vacancy and they are the future of our union. We must continue to organize all letter carriers.”

**Bargaining:** “We enter collective-bargaining talks in February, with our contract expiring in May,” Rolando said. “But as always, we began preparing for this next round of negotiations from the moment the last contract began,” with the Das arbitration award in January 2013. “It’s a long, difficult process.”

The president reported that NALC representatives have met with APWU and the National Rural Letter Carriers’ Association (NRLCA), both of which are in their own contract talks now. (See the July *Postal Record*.) “We’re all aware that what one union does can affect us all, so we must do all we can to assist our brothers and sisters in other unions. As we have on the legislative front, we will embrace solidarity and common ground.”

**CCAs:** “We’ve converted 18,000 CCAs to career since the Das award,” the president said, adding that we will continue to pursue all possible conversion opportunities and maximize the number of CAA conversions.

**City Delivery Route Alternative Adjustment Process (CDRAAP):**

“Halfway through this process, we’ve seen a thousand routes added,” Rolando said. “We are committed to engaging with management as long as this memo is in effect to properly adjust every route in America.”

**Dispute Resolution Process (DRP):**

“We must focus on achieving the best results for our members, especially in areas of the process under our control. At the same time, we will work with and engage management to jointly improve the process over time.”

**Workers’ compensation:** NALC’s seven Regional Workers Compensation Assistants (RWCAs) show the union’s commitment to helping members navigate the workers’ compensation maze, Rolando said. “It’s a complicated process with a lot of potential bureaucratic pitfalls for the injured workers. NALC is the one source of help injured workers can count on. Bottom line: If you get hurt, call your NBA’s office to get some guidance.”

**Insurance vendors:** Rolando said he still hears about various insurance vendors showing up at branch or state functions to peddle their services. “Here

are some things to ask yourself,” he said: “Does the NALC endorse this? Can these cause harm to our members? Does the union already provide these services?”

It’s best to steer clear of these vendors, he said. “NALC has you covered—with help for workers’ comp, life and health insurance, and retirement.”

Rolando then took questions from audience members for the last hour of the meeting. One of the first questions addressed the issue of an NALC endorsement in the 2016 presidential campaign. Rolando explained that the union’s government affairs department had nearly completed candidate questionnaires for both presidential and congressional candidates. The union will distribute the questionnaires and report on the responses, he said, before adopting a process to solicit the views of members and before any endorsements are made.

Members also asked about workroom floor issues, concerns over local management’s handling of actions related to the “Stamp Out Hunger” Food Drive, vehicle problems (and how best to deal with them), overtime-desired list issues, worries over letter carrier safety and health in extreme temperatures, and more.

The president adjourned the national conference shortly before noon.

The next national gathering of letter carriers will be at NALC’s 70th Biennial National Convention, Aug. 15-19, 2016, at the Los Angeles Convention Center. **PR**

Director of City Delivery Brian Renfroe, Director of Safety and Health Manuel Peralta Jr., Director of Retired Members Ron Watson and Director of Life Insurance Myra Warren.

