

As USPS announces quarterly operating profit Rolando testifies before House committee

NALC President Fredric Rolando was among those called to testify on May 11 before a House committee hearing on postal reform.

“Confusion about the relative contributions of technology, recession and public policy to the Postal Service’s financial health has obscured the reality of today’s Postal Service,” Rolando told the members of the House Oversight and Government Reform Committee, which has oversight of the U.S. Postal Service.

“It is not 2009 anymore,” he said, “when the Great Recession sent mail volume plummeting and the mandate to pre-fund retiree health crushed the Postal Service’s finances, raising doubts in the minds of some about the long-term viability of the Postal Service.

“America’s letter carriers and other postal employees never shared those doubts,” the president said.

Rolando urged the committee to consider the consensus postal reform package promoted by NALC and numerous postal stakeholders—a plan that, if implemented, would go a long way toward relieving, or even eliminating, the pre-funding burden, as well as put on firmer footing USPS’ investments in employee health care and retirement.

“There is a remarkable degree of stakeholder consensus about the principles of successful postal reform,” Rolando said. “All four postal unions, the Postal Service, and a wide range of companies and postal trade associations have agreed on reform principles for your consideration.”

One issue that the coalition still is working on is the way that postal rates are set. This is an especially timely consideration because the exigent rate increase expired in April, a fact that Rolando said complicates the task of stabilizing USPS’ finances.

If Congress does not pass effective postal reform legislation this year, he said, the upcoming PRC review of the rate-setting process will be saddled with addressing pre-funding as well as USPS’ need to make up for the deficits.

Another key component of the coalition’s postal package involves reforming the Federal Employees Health Benefits Program (FEHBP) as it relates to coverage of postal employees and annuitants, to dramatically reduce the cost of retiree health benefits by fully integrating FEHBP with Medicare—a component supported by committee member Rep. Stephen Lynch (D-MA), among others.

“We have about 25 percent of [postal] employees [solely] relying on FEHBP,” Lynch said at the hearing, “and they’re not using Medicare as their primary insurer—as they could, because they paid in.”

Full Medicare integration is a good idea, Lynch noted, because it would go so far as to eliminate USPS’ health care liability.

“The only criticism I have heard so far is that postal employees who pay into Medicare might actually use it,” he said wryly.

Lynch asked Rolando about another part of the coalition’s plan, to direct the Postal Service’s retiree health benefits fund (PSRHBF) to be invested in a mix of private-sector stocks and bonds as well as in government bonds.

“What we were talking about doing,” Rolando answered, “is having a board that would govern this, that would invest 50 percent—up to 75 percent—in something like the Thrift Savings Plan’s Lifecycle Funds.”

Going back to 2007, the president noted, the PSRHBF earned just 4 percent in Treasury securities.

“If it had been invested in a Lifecycle Fund—again, keep in mind, this would have been through the worst recession in 80 years,” he said, “we would have earned about 7 percent, which would have raised the fund another \$10 billion.”

Toward the end of the hearing, Com-





The House Oversight and Government Reform Committee

mittee Chairman Jason Chaffetz (R-UT) asked Rolando whether the postal employee unions have stepped up as the Postal Service has changed over the last several years.

“Collective bargaining is a process that’s worked well for a long time,” Rolando answered, “in terms of negotiating agreements, whether by settlement or through interest arbitration.

“There are other arenas in which we deal with the Postal Service,” the president said—for example, in the legislative arena, “along with the mailing industry, to be able to get a consensus together to move something through Congress that’s going to preserve the Postal Service in the future.”

Among others testifying at the hearing was Postmaster General Megan Brennan, who was asked by Rep. Blake Farenthold (R-TX) why some of the older postal reform ideas—such as service cuts and mandatory cluster-box delivery—had been discarded and were not still being discussed.

“My approach in the past year was to

try to build consensus around provisions, high-value, likely to generate broad support,” Brennan answered.

The postmaster general also noted in an exchange with Rep. Jody Hice (R-GA) that USPS delivered 150 billion pieces of mail last year. “Mail still works,” Brennan said. “You can’t cost-cut your way to prosperity. We need to also look at opportunities to grow.”

In his closing remarks, Chaffetz announced that his committee anticipates introducing a discussion draft of a postal bill soon.

“We are actively trying to address the pre-funding issue,” he said. “We are...trying to deal with the Medicare problem.”

Chaffetz noted that he was once a champion for cuts such as going to five-day mail delivery and implementing extra so-called postal holidays.

“I’ve migrated a long way the more I’ve studied this,” he said. “That’s not the way the economy is moving—people want to have their packages and goods delivered right to them, right now.”

The committee chairman called USPS “a vital element of our commerce here in the United States.

“They have a monopoly, and they have high fixed costs,” he said. “When you have high fixed costs, you don’t reduce services and raise rates and expect to solve your problems. What you need to do is move volume.”

Chaffetz also said that other federal and state government agencies—such as the Census Bureau or local departments of motor vehicles—should be looking at the option of using the Postal Service where appropriate.

“I think the unions would appreciate that,” the chairman said. “They’ve got the physical infrastructure unlike any other entity to be able to do that.”

The others called to testify at the hearing were Postal Regulatory Commission Acting Chairman Robert Taub, General Accountability Office Director of Physical Infrastructure Issues Lori Rectanus and Association for Postal Commerce Executive Vice President Jessica Lowrance.

Stand in solidarity with striking/boycotting union members

Since April 13, nearly 40,000 Verizon employees represented by the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) across the Mid-Atlantic and Northeastern regions of the United States have been on strike after the parties failed to reach a new joint collective-bargaining agreement to replace a three-year pact that expired last August.

“Verizon—this immensely profitable company—is putting the squeeze on hardworking men and women who just want to come to work, do their jobs and be treated fairly,” IBEW President Lonnie Stephenson said.

Among the telecom giant’s demands are sweeping health care and pension cuts, the further outsourcing of jobs (to Mexico and the Philippines) and the unfettered ability to force service technicians to commute hours away from their homes—or even to work out of state for months at a time. Also, nearly 80,000 Verizon retirees would be affected if the company is successful in its attempts to force them to pay more for health care.

Go to standuptoverizon.com for the latest updates.

Additionally, NALC has joined with other AFL-CIO unions in endorsing the Bakery, Confectionary, Tobacco Workers and Grain Millers Union’s (BCTGM)

boycott of Mondelez International snack food items made in Mexico.

BCTGM’s “check the label” campaign is designed to educate the public about Mondelez’ transfer of jobs to Mexico and to urge consumers to not buy Mondelez/Nabisco products that are made in Mexico.

BCTGM is asking for a boycott only of Mondelez/Nabisco brand products that are “Made in Mexico.” Some Nabisco snacks are still produced in the U.S. Check the label to see if the Nabisco products you buy are produced in Mexico.

The latest boycott information can be found at unionlabel.org. **PR**

NALC members lobby Congress for postal reform

More than 300 letter carrier activists from the New York, New Jersey and Pennsylvania state associations recently visited Washington, DC, to lobby their members of Congress. Many such groups visit the nation's capital and NALC Headquarters each year to learn about the latest legislative priorities and to establish relationships with their members' offices on the Hill.

During this year's meetings, the activists spoke about issues affecting letter carriers and the U.S. Postal Service, encouraged members to support sensible postal reform and NALC-supported postal resolutions, and answered questions about the recent expiration of the exigent rate increase.

"The most important thing that letter carriers can do to change Congress' hearts and minds is to meet with their members regularly," NALC President Fredric Rolando said.



The New York delegation with Sen. Charles Schumer



NY Rep. Dan Donovan (R-11)



NY Rep. Brian Higgins (D-26)



NALC President Rolando with NY Rep. Peter King (R-2)



NJ Rep. Donald Payne (D-10)



NJ Rep. Donald Norcross (D-1)



NJ Rep. Albio Sires (D-8)



PA Rep. Matt Cartwright (D-17)



PA Rep. Glenn Thompson (R-5)



NY Rep. Richard Hanna (R-22)



PA Rep. Ryan Costello (R-6)



PA Rep. Patrick Meehan (R-7)



PA Rep. Mike Fitzpatrick (R-8)



PA Rep. Charles Dent (R-15)

2nd quarter USPS operating profit continues strong trend

The day before the hearing, USPS released its financial report for the second quarter of Fiscal Year 2016, covering January, February and March, a report that revealed a sizable operating profit.

"The \$576 million quarterly operating profit is positive news for an agency that enjoys widespread public support," President Rolando said in a statement. "The continuing financial upswing shows the importance of maintaining and strengthening the unparalleled—and profitable—postal network."

USPS' second-quarter performance brought its operating profit so far this fiscal year to \$1.833 billion—without a dime of taxpayer money, Rolando noted.

"These results show the vitality—and business viability—of the Postal Service in today's economy," he said. "An improving economy has helped stabilize letter revenue, and internet-driven on-line shopping has sent package volume sharply upward. As a result, overall revenue is up by 4.7 percent."

The report, Rolando said, also validates the emerging consensus among key lawmakers, the Postal Service, postal unions, businesses, mailers and industry groups to move forward with practical reform that all stakeholders can buy into.

Press coverage of the report was largely fair, comprehensive and nuanced, with NALC, besides USPS, quoted most often. Reports appeared in *The Hill*, *The Wall Street Journal*, *Federal Times*, *Government Executive*, *FedSmith* and *The Business Journals*, as well as on Federal News Radio and in *Linn's Stamp News*. **PR**