Proposal a first step toward fixing, repealing WEP/GPO; more congressional news

A House subcommittee recently discussed a legislative plan to fix a longstanding Social Security provision that harms the financial security of thousands of retired letter carriers.

On March 22, the House Ways and Means Committee's Subcommittee on Social Security held a hearing on H.R. 711, the Equal Treatment of Public Servants Act, a bill introduced last year that calls for altering the Windfall Elimination Provision's (WEP) formula in a way that would limit its reductions.

Rep. Kevin Brady (R-TX) introduced a bill to alter the WEP and GPO formulas to be more equitable to federal employees who have spent part of their career in the private sector.

After the hearing, NALC President Fredric Rolando submitted a statement for the record supporting the bill as a good first step, while renewing the union's call for an end to it as well as to the Government Pension Offset (GPO).

"NALC supports full repeal of both provisions of the Social Security law to protect dedicated postal and federal employees from the unfair financial impacts of both," he wrote.

Letter carriers under the Civil Service Retirement System (CSRS) are subject to a 7 percent contribution toward their annuities. CSRS employees do not earn Social Security benefits based on their time with the federal government, and they aren't required to pay the 6.2 percent Social Security payroll tax. But if they ever earn any Social Security benefits working outside of the federal government, they are subject to WEP reductions that can cut their retirement incomes by as much as $413 a month.

"WEP does not affect only employees covered by CSRS," Rolando pointed out. It also can harm employees covered by the Federal Employees Retirement System (FERS)—which in 1987 replaced CSRS—because many of these people also receive a public pension from jobs not covered by Social Security.

Then there is the GPO, which reduces or outright eliminates Social Security spousal and survivor benefits for CSRS annuitants—benefits that were earned through jobs covered by Social Security and for which annuitants' spouses paid full Social Security payroll taxes.

Under GPO, for example, any Social Security benefit for which a CSRS letter carrier is eligible as a spouse, widow or widower would be limited to an amount that exceeds two-thirds of his or her government pension. This unfair provision, Rolando wrote, typically eliminates Social Security spousal and survivor benefits altogether.

About 85 percent of the NALC's 75,000 retired letter carriers are covered by CSRS, Rolando wrote, and 90 percent of these have been adversely affected by WEP and GPO. Further, nearly 36,000 active letter carriers are still covered by CSRS and, unless the two provisions are modified or repealed, they too will be subject to the mandated Social Security benefit reductions.

Unfortunately, H.R. 711 does not call for the full repeal of WEP and GPO. Rather, the bill proposes basing Social Security calculations on earnings and work history, creating a single benefit formula for all workers.

A better bill, and one that NALC fully supports, is the more recently introduced H.R. 973, the Social Security Fairness Act. If passed, H.R. 973 would, in fact, repeal WEP and GPO, placing federal employees on a level playing field with private-sector workers. Because of its projected costs, H.R. 973 unfortunately does not seem to have the congressional support it needs to advance.

NALC thinks that H.R. 711 has the best possible chance for gaining further traction in this session of Congress, and the union recognizes the measure as a good first step toward granting federal employees a measure of fairness in the calculation of their Social Security benefits.

Despite new nominee, still no change at BOG

On March 16, the White House nominated attorney Jeffrey Rosen to the Postal Service Board of Governors for a term expiring on Dec. 8, 2021.

Rosen is a lawyer with the law firm of Kirkland and Ellis LLP. He has served as general counsel and senior policy advisor for the White House Office of Management and Budget and as general counsel at the Department of Transportation.

By tradition, the Senate's majority or minority leaders typically send the names of proposed governors to the president for his nomination. In this case, Rosen was chosen by Senate Majority Leader Mitch McConnell (R-KY).

The Postal Reporter blog noted on March 31 that Rosen had served during the administration of George W. Bush as the federal government's representative on Amtrak's board of directors.

NALC members from Florida attended a reception at NALC Headquarters in March, at which (from l to r) Reps. Ted Deutch (D-21st), Alan Grayson (D-9th) and Patrick Murphy (D-18th) spoke.

According to Postal Reporter, Rosen was among those who pushed for privatizing Amtrak.

Rosen's nomination brings to six the number of proposed Board of Governors members who are awaiting an up-or-down Senate confirmation vote. Other nominees include former board members Mickey Barnett and James Miller.

Barnett, a lawyer and a lobbyist, has advocated for the banking industry, including predatory "payday" lenders that charge high fees for services to low-income people with little access to mainstream banks.

Miller was director of the U.S. Office of Management and Budget (OMB) for President Ronald Reagan from 1985 to 1988. In that role, he strongly supported privatizing the Postal Service, a position he reiterated in 2012 during the Senate confirmation hearing on his second nomination to the board.

The White House generally must go along with the political deals made in the Senate to have any hope of its appointees winning confirmation, making it likely that GOP leaders insisted on the nomination of Miller and Rosen as part of a larger deal to approve another Obama-approved nominee to the Board of Governors or to some other office.

The Postal Board of Governors is supposed to be composed of nine presidentially appointed governors, plus the postmaster general and the deputy postmaster general, who serve as non-voting board members by virtue of their offices. For many years, regardless of which party held the White House or the Senate majority, Board of Governors' nominees usually were quickly approved. Congress' recent dysfunction, however, has led to an ongoing crisis of governance at the Postal Service—such that in late 2014, before losing its quorum, the board delegated its power to a "temporary emergency committee" made up of the remaining members.

As this *Postal Record* was being prepared, the board's temporary emergency committee consisted of Postmaster General Megan Brennan, Deputy PMG Ronald Stroman, and James Bilbray, whose term has in fact expired (although the law permits a governor to serve an extra year until a replacement can be nominated and confirmed).

The nominations of three others—Michael Bennett, Steven Crawford and David Shapira—remain in limbo mainly due to Senate leaders' requirement that all Board of Governors nominees be advanced *en bloc*. Even so, should all six nominees somehow be confirmed, the board still would be three members shy of its required nine Senate-confirmed members.

For some further perspective, at last count 178 nominations to various agencies were pending in the Senate—including Merrick Garland, President Obama's pick to fill the Supreme Court vacancy created by the death of Justice Antonin Scalia. There remains a great deal of uncertainty about whether *any* nominations will move forward before the 114th Congress ends on Jan. 3, 2017. If nothing happens, Congress' clock resets and the nomination process must begin all over again.

Good news/bad news for USPS profit picture

The U.S. Postal Service's results for the first five months of 2016 (October 2015 through February 2016) were posted on the Postal Regulatory Commission's website on March 24.

In February, USPS had a $233 million operating profit. Overall, the first five months of the Postal Service's fiscal year reflected a $1.8 billion operating profit.

This year-to-date operating profit figure was much higher than had been projected. It also was higher than the Postal Service's operating profit for the same time last year—which, at $1.4 billion, was quite good, too.

However, the 2013 exigent postage rate increase expired last month. Among other things, this expiration reduced the price of a First Class stamp from 49 cents to 47 cents and is projected to cost USPS about $2 billion this year in lost revenue. (For more details, see last month's *Postal Record*, available at nalc.org.)

Historically, Postal Service financial losses have tended to fuel Capitol Hill conversations about service and workforce cuts at the agency.

This is why one of the components of the consensus postal reform package promoted by NALC and numerous postal stakeholders is the establishment of postage rate stability.

"Our coalition's recommendations are grounded in best private-sector practice," President Rolando told a Senate committee earlier this year. "They represent the measures on which the coalition could agree while remaining confident that they would stabilize the Postal Service for years to come—which will allow the Service to adapt to meet the evolving needs of the nation."

Visit nalc.org to learn more about NALC's postal reform proposals.

SCOTUS decision is victory for public unions

The Supreme Court deadlocked 4 to 4 on March 29 in a case that had threatened to reduce the ability of public unions to collect fees from workers

who chose not to join and who also did not want to pay for their unions' collective-bargaining activities.

A ruling in favor of the plaintiffs would have affected millions of government workers and weakened public-sector unions, which stood to lose fees from those who simply chose not to join the union at their workplace while still benefiting from the unions' efforts on their behalf.

"Today, working people have persevered in the face of another attack on our rights," AFL-CIO President Richard Trumka said following the decision's announcement. "All over the country working people are showing that we won't allow wealthy special interests or their politicians to stand in our way to join collectively and make workplaces better all across America. In the face of these attacks we are more committed than ever to ensuring that everyone has the right to speak up together for a better life."

Because of the deadlock, the decision of the U.S. Court of Appeals for the 9th Circuit, which upheld the fee collections, stands. Also, the ruling will apply to this case only and will not set a precedent.

PostalVision2020 conference

In March, NALC Chief of Staff Jim Sauber participated in a panel discussion that touched on, among other things, the value of letter carriers to the U.S. Postal Service.

The panel was part of PostalVision 2020, an annual two-day gathering in the metropolitan Washington, DC, area that brings together experts to discuss a wide range of postal-related topics.

Sauber's panel also discussed the Postal Service's universal service obligation, the emerging consensus on positive postal reform, international shipping developments and USPS pricing practices.

The chief of staff noted that letter carriers are vital to the Postal Service's connection with 153 million residential and business delivery locations six—and now sometimes seven—days a week. He also reiterated NALC's commitment to positive postal reform that would help put USPS on firm financial footing for the future by means of implementing a balanced set of reforms.

Sauber explained how nationwide universal service, and the ability to affordably send a letter or parcel between any points on the postal network, are of great value to both urban and rural areas.

The panel included John Kane, senior governmental affairs advisor for Sen. Tom Carper (D-DE); USPS Acting Inspector General Tammy Whitcomb; Postal Regulatory Commission Acting Chairman Robert Taub; Joe Murphy from the U.S. Department of State; and Government Accountability Office Director of Physical Infrastructure Lori Rectanus. The moderator for the panel was Jessica Lowrance of PostCom.

NALC leaders in the news

President Rolando had a powerful letter in the April issue of *The Costco Connection*, extolling the virtues of the Postal Service.

The letter responded to the magazine's poll in the February issue, asking readers how they felt about a hypothetical privatization of USPS. (As it happens, respondents to the online poll were overwhelmingly against privatization.)

Rolando's letter put the privatization question in its proper context, calling it "a nonstarter."

"Not only do very few Americans favor it," he wrote, "but the role of the federal government in delivering the mail is based in the Constitution."

He noted that USPS' red ink has nothing to do with the mail. "In 2006, Congress mandated that the Postal Service pre-fund future retiree health benefits," he wrote. "That $5.6 billion annual charge constitutes 100 percent of the red ink and, in fact, disguises the actual profits the Postal Service is earning."

The Costco Connection is the largest monthly magazine in the country, with 8.6 million subscribers in the U.S. and millions more in Canada, the United Kingdom and beyond. Rolando's letter is posted at nalc.org under "Postal Facts."

Aurora, IL Branch 219 member Ken Christy, president of the Illinois Association of Letter Carriers, died unexpectedly on March 26.

"Ken was a very dear friend who exhibited throughout his career unsurpassed passion, dedication and loyalty to the interests of the members of the NALC," President Rolando said.

Christy, 71, had been a letter carrier in Aurora for 31 years before retiring in 2011. He had served as president of the state association since 2007. He also had served as president of Branch 219 for 25 years, and was elected to the Illinois Letter Carriers Hall of Fame in 2012.

In a story in the *Aurora Beacon News* about Christy's death, Sen. Dick Durbin (D-IL) was among the many elected officials who paid tribute to the NALC leader.

"Ken Christy was one of the strongest voices for working people," Durbin said. "He dedicated himself to the men and women who worked for the U.S. Postal Service. He worked hard to represent them at every level. He has been a best friend for 20 years and I am going to miss him." **PR**