

# A special message from NALC President Fredric Rolando

## Members are greatest asset in budget battle



**Fredric V. Rolando**

**W**ith NALC Headquarters situated in the heart of Washington, DC—just over a mile away from the White House and a stone’s throw from the U.S. Capitol—we’re just about as “inside the Beltway” as anyone can get. So it’s probably no surprise that we tend to live and breathe political news here. But there’s another important reason why we do it—because we simply must.

The people we elect to serve us in Congress are the Postal Service’s *de facto* board of directors: 535 men and women who have tremendous power over our future, our jobs and our employment rights. As our

ongoing “Budget Battle 2017” reminds us, they are also in charge of many of our benefits, including health care and retirement. And while it’s true that we just recently negotiated and ratified another contract with the Postal Service, Congress can easily take away our right to bargain collectively with our employer.

I understand how busy every one of us is. After a full day of delivering the mail, it’s hard to make time to stay on top of the ever-changing cycle of news about the political and legislative goings-on in DC. It’s even tough for those whose job it is to do so. But make no mistake: It’s extremely critical, now more than ever, that all of us pay close attention to what’s happening in Washington.

**Fortunately, we have two powerful tools at our disposal** that help make that responsibility a little easier to bear. The first is the NALC Member App, which allows letter carriers to instantly engage with our members of Congress when they’re preparing to vote on legislation.

As we saw with the recent nationwide grassroots campaigns to knock down the ultimately unsuccessful efforts in the House and Senate to repeal and replace the Affordable Care Act, when large amounts of constituents call their members of Congress to lobby for or against an issue, those members often listen and act accordingly.

The power of the free NALC Member App for Apple and Android smartphones is that it makes it even easier for you to connect with your elected representatives. The app also lets us get in touch with you at a moment’s notice when we need you to call your representatives and ask them to support

(or continue supporting) our legislative priorities, or to vote against harmful proposals.

Thousands of active and retired letter carrier activists have already downloaded the app to help them stay informed about what’s been going on in Washington. Push notifications sent from NALC Headquarters reach your smartphone app instantly, connecting you to the NALC website to give you the latest news and letting you know how you can call and take immediate action, if necessary. Visit [nalc.org/app](http://nalc.org/app) to get started.

The other tool we have in our arsenal is our political action committee (PAC)—the Letter Carrier Political Fund (LCPF). The Political Fund helps pro-letter carrier candidates in two important ways: by donating money directly to pro-working family candidates’ campaigns to help them cover the cost of campaign operations, and by devoting resources that allow for the release of a number of letter carriers to work on select races to get out the vote for letter carrier-friendly candidates.

If every one of our 280,000 active and retired members donated just a few dollars a week, the NALC would have an amazing, multimillion-dollar war chest at our disposal to help us not only support get-out-the-vote campaigns all over the country, but also back those candidates for Congress who have our back.

It doesn’t matter where you fall on the political spectrum—whether you consider yourself on the right, on the left, somewhere in the middle or even nowhere. And no matter what your level of political engagement is, you have a stake in how things play out in Washington.

**As I’ve said many times, it takes hard work to make change** in our democracy, and there are no shortcuts to making progress. No one is going to do it for us, so it’s up to all of us to help elect and educate those 535 individuals on Capitol Hill and to make them understand the value of the Postal Service and its letter carriers to all Americans.

We are, indeed, a diverse union—a cross-section of America. Coming together and speaking with one voice is what a union is all about. There are a lot of big challenges ahead for us. The time to get to work on them is right now.

*By making a contribution to the Letter Carrier Political Fund, you are doing so voluntarily with the understanding that your contribution is not a condition of membership in the National Association of Letter Carriers or of employment by the Postal Service, nor is it part of union dues. You have a right to refuse to contribute without any reprisal. The Letter Carrier Political Fund will use the money it receives to contribute to candidates for federal office and undertake other political spending as permitted by law. Your selection shall remain in full force and effect until canceled. Contributions to the Letter Carrier Political Fund are not deductible for federal income tax purposes. Federal law prohibits the Letter Carrier Political Fund from soliciting contributions from individuals who are not NALC members, executive and administrative staff or their families. Any contribution received from such an individual will be refunded to that contributor. Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 per calendar year. Any guideline amount is merely a suggestion, and an individual is free to contribute more or less than the guideline suggests and the union will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.*



## News from Washington

### USPS, letter carrier benefits remain targets in ongoing budget battle

**A**s this edition of *The Postal Record* arrives in your mailbox, members of the House of Representatives and the Senate are just returning to Washington, DC, following their annual summer recess.

With the 2017 fiscal year ending on Sept. 30, in theory these legislators should be hitting the ground running in a concerted effort to wrap up and approve a Fiscal Year 2018 federal budget—with only 12 legislative days to do so—to ensure that the government will continue to operate as of Oct. 1.

However, it appeared as this magazine was being prepared that Congress was resigned to the idea of instead passing a short-term continuing resolution—a temporary measure designed to give legislators more time to work out various issues with the 12 spending bills that form the overall federal budget, to give them more time to craft and approve a permanent measure.

Under the Constitution, budget bills originate in the House, and early in the FY2018 budget process, the Republican-led chamber planned to combine all 12 bills into a single measure—a so-called “omnibus” budget. The idea was to help avoid scrutiny and debate over each individual bill, to get the measure passed with only a simple majority needed, and to help avert a budget filibuster in the Senate when the bill came up for consideration there.

In reality, the House managed to pass in July a four-bill, security-related appropriations package—a “minibus”—after members couldn’t agree on a way forward on an omnibus plan. House leaders were hopeful that the remaining eight spending measures could get passed after the August recess.

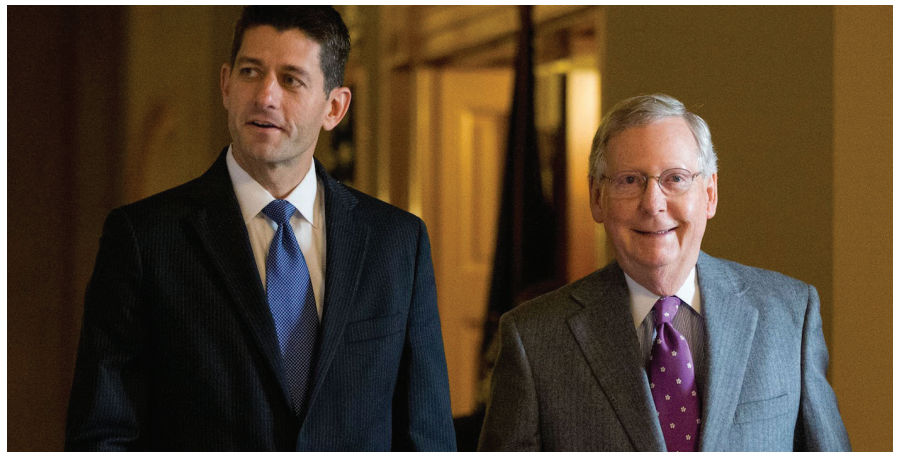
Meanwhile, over the past few months senators have been working on spending bills of their own, none of which had made it to the Senate floor for consideration before that chamber’s recess began in mid-August.

The House and Senate are supposed to reconcile any differences between their spending bills and get them signed by President Donald Trump by midnight on Sept. 30 to avoid a shutdown of the federal government. Since meeting that deadline looks highly unlikely, talk of crafting a continuing resolution by that deadline has increased.

#### The debt ceiling

There also is talk on Capitol Hill of a continuing resolution to deal with another, more pressing deadline: all signs point to the government hitting its debt ceiling—its legal limit for borrowing money—by Sept. 29, unless Congress approves raising the ceiling.

That is not as easy as it might seem, because some conservative Republicans have come out against raising the ceiling unless drastic spending cuts are made first. Most Democrats



Speaker of the House Paul Ryan (l) and Senate Majority Leader Mitch McConnell will need support from Democrats to raise the debt limit and prevent a government shutdown.

It’s worth noting here that although letter carriers are indeed federal employees, the U.S. Postal Service would remain open, with letter carriers on the job as usual, even if a government shutdown occurred. That’s because USPS is a self-sufficient federal agency that sustains itself fully from the sale of postage and postal products, without taking a dime of taxpayer money.

However, as we’ll discuss shortly, the budget still could affect letter carriers and USPS.

oppose such cuts, since they tend to target social programs such as education and Social Security—and while it’s true that Republicans hold the majority in the House and the Senate, those majorities are slim enough that Speaker of the House Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) will need Democrats’ support on any measure that calls for raising the debt ceiling to offset any Republicans who might vote against their party leaders’ wishes.



Failure to raise the debt ceiling would place the federal government in default on some of its spending obligations, which could wind up hurting the government's overall credit rating and cause chaos for financial markets. A separate continuing resolution to deal with the debt ceiling, then, is likely as well.

## Budget problems persist

Continuing resolutions provide cover for federal employees—including letter carriers—for only so long. The House Budget Committee has targeted the benefits of all federal employees and proposed massive Postal Service cuts in a non-binding policy statement approved in July that draws inspiration from the budget proposal released by Trump in May, as well as from a 2010 presidential commission on deficit reduction.

Trump's budget plan includes an alarming call to raise all federal employees' pension contributions by up to 6.45 percent of pay over the next seven years, an increase that

would cost active letter carriers up to \$3,600 per year. The president also wants to eliminate cost-of-living adjustments (COLAs) for current and future retired letter carriers under the Federal Employees Retirement System (FERS), cut COLAs for letter carriers under the Civil Service Retirement System (CSRS) by 0.5 percent each year, and eliminate the annuity supplement that covers the gap for employees who retire under FERS before they qualify for Social Security benefits at age 62.

As if that weren't enough, Trump wants to slash the CSRS and FERS pension benefits for new retirees by basing annuities on employees' highest average pay over five years (high-5) instead of the current three-year average (high-3).

More broadly, the Trump budget proposal seeks \$46 billion in vaguely defined Postal Service cuts and revenue changes through reducing the frequency of delivery—presumably, by eliminating Saturday delivery—and through scaling back door delivery.

Another of the Budget Committee's troubling proposals calls for folding the financially independent and off-budget Postal Service into the formal federal budget. Doing so would dangerously expose the agency to across-the-board spending cuts under the Budget Control Act of 2011—better known as “sequestration.” Such a move also might tempt members of Congress to pay for their spending priorities using USPS cuts that would threaten postal employees' jobs and the agency's quality of service. (It was these kinds of threats that prompted Congress in 1989 to move USPS off-budget.)

Budget Committee staffers have suggested to NALC and others that the Postal Service might be protected from such threats, but there are, of course, no guarantees. Regardless, any change in USPS' budget status would require the House Oversight and Government Reform Committee to draft legislation calling for such a change—legislation that does not yet exist in any form.

Beyond these threats, another bad idea being floated once again in the budget debate is to cut the rate of return on Thrift Savings Plan (TSP) retirement savings invested in the plan's government securities index fund (the G Fund). Such a cut would cost retirees and other savers up to \$32 billion in income over the next 10 years, not to mention destabilizing the TSP and the retirement security of its participants.

NALC members are encouraged to regularly check the “Budget Battle 2017” page at [nalc.org](http://nalc.org) for the latest updates, and to monitor the NALC Member App for possible calls to action.



## USPS' FY2017 Q3 financial report

The Postal Service released on Aug. 10 a report on its financial results for the third quarter of Fiscal Year 2017, covering April 1 through June 30.

"Today's financial report shows the underlying business strength of the U.S. Postal Service," President Rolando said in a statement following the release, "while also indicating the need to address external matters beyond USPS control."

The quarterly report showed a USPS operating loss of \$587 million, which puts the agency in the red by \$55 million three-quarters through the 2017 fiscal year.

"These figures reflect the impact of last year's rollback in stamp prices," Rolando said. Without that two-cent reduction in stamp prices, this most recent quarter's revenue would be \$500 million higher and the year-to-date revenue would be \$1.5 billion higher.

"The figures would be on a par with those of the past three years, which had a combined operating profit of \$3.2 billion," the president said.

The April 2016 rollback in stamp prices was the first since 1919, and made little financial sense, Rolando said because the Postal Service already has the industrial world's lowest rates.

"The rollback reduces revenue at USPS—which gets no taxpayer money—by \$2 billion a year," he said.

The president noted that the Postal Regulatory Commission (PRC) is in the midst of a legally mandated review of the postage rate-setting system, and that it intends to issue a report later this fall.

"USPS is constricted in its ability to adjust postage rates by more than the Consumer Price Index (CPI)," Rolando said, "but the CPI is an economy-wide

measurement of consumer goods and services that doesn't fit a transportation and delivery provider. The PRC has the ability to correct this mismatch and relieve the resulting financial pressure."

Rolando also renewed NALC's calls for Congress to address the pre-funding burden it imposed in 2006, which requires USPS—alone among all public and private entities—to pre-fund future retiree health care benefits decades into the future. This produces an onerous annual burden of billions of dollars.

"Addressing these external financial burdens would allow USPS—which is based in the Constitution and which enjoys broad public and political support—to continue providing Americans and their businesses with the industrial world's most affordable delivery network," the president said.

News media coverage following the report's release was robust. A generally balanced and thorough report by the Associated Press was widely run by a number of prominent news outlets, such as ABC News and *The Philadelphia Inquirer*. Stories about the report also appeared in *USA Today*, *Washington Examiner*, Federal News Radio and FedSmith.com. President Rolando and NALC were prominently quoted.

### Senate committee holds hearing on Hatch Act

On July 19, the Senate Homeland Security and Government Affairs Committee conducted a hearing that examined NALC's political program and questioned the Postal Service's decades-long policy of approving leave without pay (LWOP) for letter carriers to participate in political activity, most recently in 2016 campaigns.

Committee Chairman Ron Johnson (R-WI) called for the hearing to investigate whether granting such leave requests in some way violated the Hatch Act, a 1939 law (amended in 1993) that forbids all federal employees from engaging in certain political activities.

The hearing determined that, in fact, no letter carrier or other postal employee had violated the Hatch Act. However, the Office of Special Counsel (OSC), which protects federal employees and applicants from prohibited personnel practices, concluded that USPS' approval of LWOP for political activism as "union leave" constituted an "institutional violation" of the Hatch Act, a conclusion that NALC's lawyers and others have questioned.

Postmaster General Megan Brennan, who was among those called to testify before the committee, said that the Postal Service would adhere to the recommendations of the OSC and the USPS Office of the Inspector General.

Although NALC was not invited to testify before the committee, the union is continuing to monitor further proceedings on this matter and will continue to legally and contractually protect the ability of letter carriers to exercise their political rights. **PR**



Sen. Ron Johnson (R-WI)