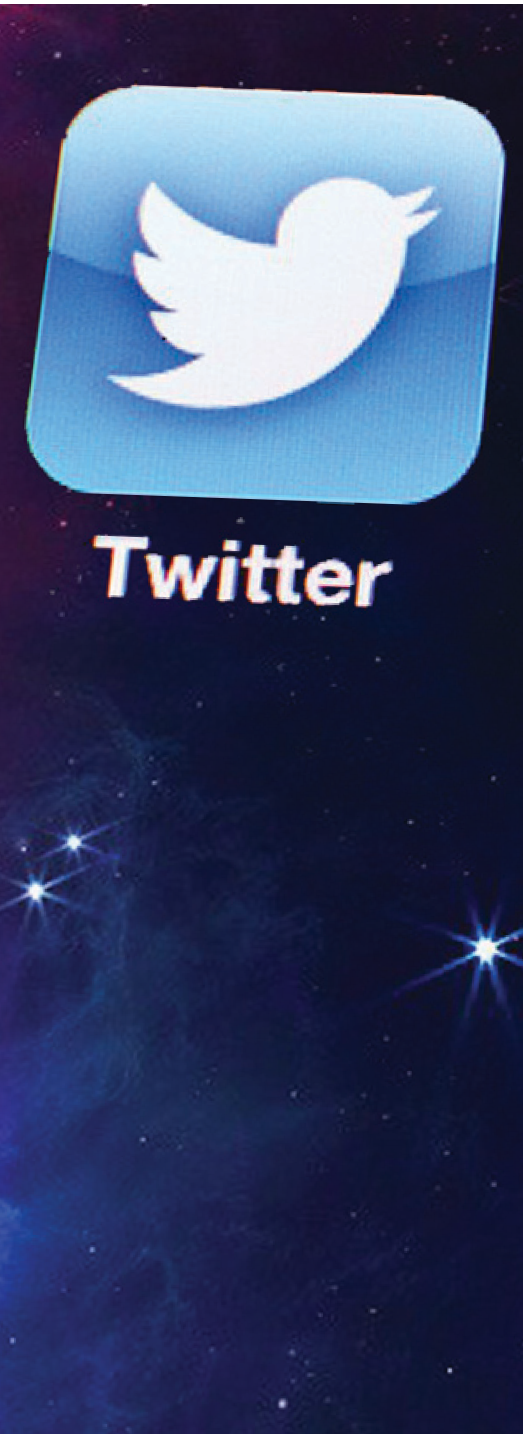
News from Washington

An executive order follows the president's postal tweets



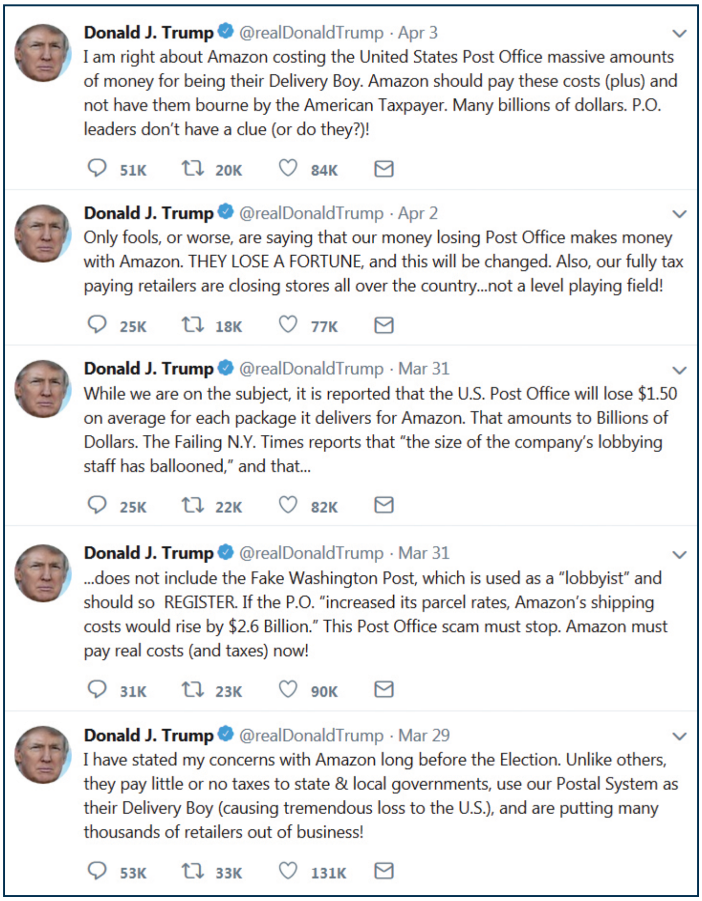
In January, NALC reported on the first of the president's tweets directed at Amazon for allegedly exploiting the Postal Service. He charged that the Postal Service loses money by setting prices on Amazon's deliveries too low. The president objects to his coverage by *The Washington Post*, which is owned by Amazon founder Jeff Bezos.

Federal law prohibits the Postal Service from subsidizing its competitive products, such as parcel delivery, including those for Amazon. The law specifically requires that the rates for parcel delivery be sufficient to cover the Postal Service's costs. The law further mandates that USPS earn a profit on its competitive products. Also, unlike UPS and FedEx, the Postal Service is required by law to deliver to every address in the country six days a week.

Between March 29 and April 3, the president unleashed a stream of five tweets repeating claims about USPS losses on Amazon packages and adding the charge that Amazon is unfairly avoiding state and local taxes.

While Amazon can certainly address the tax issue by itself, letter carriers deserve to know the facts about the Postal Service with respect to the president's tweets.

Below are the tweets that began on March 29 and ended April 3:



Donald J. Trump @realDonaldTrump · Apr 3
I am right about Amazon costing the United States Post Office massive amounts of money for being their Delivery Boy. Amazon should pay these costs (plus) and not have them bourne by the American Taxpayer. Many billions of dollars. P.O. leaders don't have a clue (or do they?)!
51K 20K 84K

Donald J. Trump @realDonaldTrump · Apr 2
Only fools, or worse, are saying that our money losing Post Office makes money with Amazon. THEY LOSE A FORTUNE, and this will be changed. Also, our fully tax paying retailers are closing stores all over the country...not a level playing field!
25K 18K 77K

Donald J. Trump @realDonaldTrump · Mar 31
While we are on the subject, it is reported that the U.S. Post Office will lose $1.50 on average for each package it delivers for Amazon. That amounts to Billions of Dollars. The Failing N.Y. Times reports that "the size of the company's lobbying staff has ballooned," and that...
25K 22K 82K

Donald J. Trump @realDonaldTrump · Mar 31
...does not include the Fake Washington Post, which is used as a "lobbyist" and should so REGISTER. If the P.O. "increased its parcel rates, Amazon's shipping costs would rise by $2.6 Billion." This Post Office scam must stop. Amazon must pay real costs (and taxes) now!
31K 23K 90K

Donald J. Trump @realDonaldTrump · Mar 29
I have stated my concerns with Amazon long before the Election. Unlike others, they pay little or no taxes to state & local governments, use our Postal System as their Delivery Boy (causing tremendous loss to the U.S.), and are putting many thousands of retailers out of business!
53K 33K 131K

First and foremost, the proud men and women who deliver the nation's mail, many of whom served in the military before coming to the Postal Service, might take umbrage with the term "Delivery Boy," but there is no doubt that all letter carriers are proud to deliver for tens of millions customers every day, including Amazon.

NALC president appoints trustee and national business agent

President Fredric Rolando appointed Javier Bernal as national business agent (NBA) for Region 10 (New Mexico and Texas) to fill the vacancy left by Kathy Baldwin, who retired.

After serving in the Navy from 1978 to 1982, Bernal joined the Postal Service as a clerk in 1983. He switched to the letter-carrier craft in 1988 and became a steward in 1991.

In 2007, Bernal was certified as a member of the dispute resolution team (DRT) and became an arbitration advocate. He also served on the route count and inspection team for Houston-area offices.

Bernal graduated from Leadership Academy Class 7 in 2009. Later that year, when Baldwin was appointed to be Region 10 NBA, President Rolando appointed Bernal to replace her as regional administrative assistant (RAA). He held this position until his appointment as NBA.

Also, President Rolando appointed Chicago Branch 11 President Mack I. Julion as a national trustee to fill the vacancy left by Randall Keller, who retired.

Julion joined the Postal Service as a letter carrier in 1997. He became a steward in 2001 and was elected sergeant-at-arms and auditor of Branch 11 in 2005. Julion also is an arbitration advocate and intervention specialist. He graduated from Leadership Academy's Class 2 in 2006.

In 2008, then-NALC president William H. Young appointed Julion to the post of regional administrative assistant (RAA) for Region 3 (Illinois). The next year, Branch 11 elected Julion as branch president. PR

Second, as noted, it simply is not true—because the law prohibits it—that USPS loses money on Amazon deliveries. So how did this notion arise? Most likely from the discredited claim by a hedge fund investor in FedEx, using unverified data from United Parcel Service—an unfortunate episode that has been chronicled by several observers and publications.

In fact, in August of 2017, the Postal Service made clear that "by law our competitive package products, including those that we deliver for Amazon, must cover their costs. Our regulator, the Postal Regulatory Commission (PRC), looks carefully at this question every year and has determined that they do. The PRC also has noted that competitive products help fund the infrastructure of the Postal Service."

Perhaps most notable from the tweetstorm are a few simple realities:

- The Postal Service, by law, is self-supporting. It has not received any taxpayer subsidies since the early 1980s.
- The Postal Service's losses since 2007 have nothing to do with parcel pricing or Amazon. As letter carriers know, nearly 90 percent of the losses since then are due to the misguided 2006 congressional mandate that requires USPS to pre-fund—i.e., to pay 75 years in advance over a decade—future retiree health benefit costs. No other enterprise in America is required to carry such a crushing burden.
- And most importantly, if the president really wants to help the Postal Service, he should focus on relieving the unreasonable pre-funding burden.

President issues executive order to evaluate USPS finances

Following the tweets, on April 12, President Trump issued an executive order to form a task force charged with evaluating the finances of the U.S. Postal Service including pricing, policies and workforce costs.

The task force has been instructed to regularly consult with the postmaster general and chair of the PRC, and will be comprised of department and agency heads or their designees, including chair of the task force Steven Mnuchin (secretary of the Treasury), Mick Mulvaney (director of the Office of Management and Budget), Jeff Pon (director of the Office of Personnel Management) and any other department and agency head the chair may designate.

In a report due no later than Aug. 10, 2018, the task force will provide a "thorough evaluation of the operations and finance of the USPS, including:

- the expansion and pricing of the package delivery market and the USPS's role in competitive markets;
- the decline in mail volume and its implications for USPS self-financing and the USPS monopoly over letter delivery and mailboxes;
- the definition of the "universal service obligation" in light of changes in technology, e-commerce, marketing practices, and customer needs;
- the USPS role in the U.S. economy and in rural areas, communities, and small towns; and
- the state of the USPS business model, workforce, operations, costs, and pricing."

Once the evaluation is completed, the task force will develop recommendations on administrative and legislative reforms to USPS. According to the executive order, recommendations will consider the views of the USPS workforce and industry.

"NALC is hopeful that the inclusion of the Postal Service workforce in this evaluation and report will provide NALC the opportunity to provide input throughout the process," NALC President Fredric Rolando said.

"We know that 90 percent of the Postal Service's losses are not due to improper pricing, but are the direct result of the 2006 congressional mandate to pre-fund retiree health benefits 75 years in advance—an onerous burden that no other private or public entity in America is required to carry. NALC looks forward to working with the administration and Congress to address this issue and to restore financial stability to the agency while protecting the employees and the universal network that is so critical to Americans and their businesses, large and small."

Bipartisan postal bill

On March 22, Sens. Tom Carper (D-DE), Jerry Moran (R-KS), Heidi Heitkamp (D-ND) and Claire McCaskill (D-MO) introduced S. 2629, "The Postal Reform Act of 2018," a bill that incorporates elements of both the House Oversight and Government Reform Committee's Postal Reform Act of 2017 (H.R. 756) and Sen. Carper's "Improving Postal Operations, Service and Transparency Act (iPOST)," which was introduced during the prior Congress. The senators will use provisions of what is known as Senate Rule 14, which will allow the bill to bypass regular committee action and instead be placed on the Senate calendar. Therefore, the bill could be called to the floor at any moment for a vote, though given congressional priorities, it appears unlikely that it will.

This bipartisan legislation contains significant improvements over prior reform efforts, including:

- Securing our country's universal delivery system by protecting six-day mail delivery.
- Rejecting unnecessary changes to door delivery service for business and residential customers.
- Calling for a two-year moratorium on changes to service standards, giving the legislation time to work in a way that will relieve the pressure for misguided service cuts.
- Granting the Postal Service the ability to innovate, including using its networks to ship beer, wine and liquor to boost revenue.
- Exempting annuitants and their eligible spouses from the proposed mandate to enroll in Medicare Part B at age 65 if they can derive no benefit from enrolling (veterans with full VA care, native Alaskans, etc.) or if enrollment would cause extreme financial hardship.

"We thank all four senators for their creativity in developing a variation of the Medicare-based approach to postal reform," NALC President Fredric Rolando said. "Assuming there is support for this approach from Sen. Ron Johnson, chairman of the Senate Homeland Security and Governmental Affairs Committee, and from the committee's GOP majority, we support using this bill as the basis for further legislative action."

The path forward for postal reform in general and this bill in particular remains uncertain, and as this issue was going to press, the financial analysis of the Postal Reform Act of 2018 had not yet been completed. NALC will monitor this bill, update letter carriers as we learn more, and continue to work with lawmakers and stakeholders through the legislative process to achieve meaningful postal reform.

Spending bill signed into law for remainder of 2018

In the same week that S. 2629 was released, Congress finalized a $1.3 trillion spending package for the remainder of fiscal year (FY) 2018.

Of note, the bill includes:

- Language preserving six-day mail delivery;
- $145 million for apprenticeship grants, $50 million more than the FY 2017 enacted level;
- $2.8 billion for Workforce Innovation and Opportunity Act grants to states, $80 million more than the FY 2017 enacted level;
- $1.7 billion for Job Corps, $15 million more than the FY 2017 enacted level;
- $295 million for Veterans Employment and Training Service, $16 million more than the FY 2017 enacted level;
- $1.6 billion for worker protection agencies at the Department of Labor (Occupational Safety and Health Administration, Mine Safety and Health Administration, Office of Federal Contractor Compliance and others), the same as the FY 2017 enacted level.

Notably, the bill does not contain:

- A rider that would block the National Labor Relations Board election rule, the joint employer standard and the board's ability to rule on the proper size of collective-bargaining units;
- A rider for S. 63, the Tribal Labor Sovereignty Act, a bill that would strip the collective-bargaining rights of more than 628,000 tribal casino workers (go to nalc.org for more information).

With FY 2018 funding now complete, Congress will turn to FY 2019, which begins on Oct. 1 of this year. As reported in previous issues of *The Postal Record*, the White House released its FY 2019 budget proposal in February; it calls for vaguely defined cuts to USPS and proposes reducing the frequency of delivery (presumably eliminating Saturday delivery) and limiting door delivery, as well as giving USPS the authority to raise rates. With regard to the federal workforce, it calls for further decreasing the government contribution to health benefit premiums, increasing FERS contributions, basing annuities on a high-5 salary computation, eliminating the annuity supplement, slashing retiree COLAs, ending defined FERS benefits for new federal employees, reducing the TSP G Fund interest rate, making cuts to the Department of Labor, instituting union monitoring and more.

While administration budget proposals typically are viewed as, at most, a starting point for legislators, both the House and Senate could draw on the plan in piecing together their respective proposals. NALC will resist any attempts by Congress to adopt any elements of the proposed budget that would target the U.S. Postal Service, its employees or its retirees.

NALC advising Congress on postal vacancies

Recently, NALC has provided input to Senate leaders about filling the vacancies on the USPS Board of Governors and the Postal Regulatory Commission.

The Board of Governors, which at full strength has 11 governors, currently has only two: Postmaster General Megan Brennan and Deputy Postmaster General Ronald Stroman. Both are on the board due to their offices. The nine others are supposed to be appointed by the president with the advice and consent of Congress. In 2016, the board delegated its authority to a temporary emergency committee made up of the two remaining governors to continue to function without a quorum.

The Postal Regulatory Commission, meanwhile, has one vacancy from its five-member leadership group. Two other commissioners' terms are set to expire this fall.

Moving nominations in the Senate is difficult because it requires agreement between the Democratic and Republican caucuses, which has been in short supply on Capitol Hill. Should nominations finally reach the Senate, the long process begins of vetting nominees, holding hearings and waiting for the Senate to vote on confirmation.

2018 primary season has begun

The 2018 congressional primary season kicked off in March with Texas leading the charge. While the general election in November is six months away, there already are signs of an upsurge in voter interest. The Texas primary, for example, showed a significant turnout increase for both parties. Stronger participation in the demo-

Congressional visits

In March, letter carrier activists from the Pennsylvania State Association of Letter Carriers traveled to Washington, DC, on their annual trip to lobby members of Congress on issues important to their fellow NALC members. Sen. Bob Casey (D-PA) and six members of the House of Representatives addressed the carriers during the congressional breakfast on March 20.

In mid-April, activists from Maryland and Washington, DC, followed suit, meeting with their representatives.

Sen. Bob Casey (D-PA)

Rep. Brendan Boyle (D-13)

Rep. Tom Marino (R-10)

Rep. Michael Doyle (D-14)

Rep. Dwight Evans (D-2)

Rep. GlennThompson (R-5)

Rep. Matt Cartwright (D-17)

cratic process is always a positive; the hope is that it will continue as the primaries progress.

If you're not sure of your state's primary date, consult the table at nalc.org, which includes each state and territory (except Puerto Rico, which has general elections every four years).

Make your plan to vote:

Verify your registration status. If you already are registered to vote, be sure to verify your registration status. This is especially important if you've moved. To check your voter registration status, go to www.vote.org/am-i-registered-to-vote.

Find your polling place. Polling place locations sometimes change between elections, and location hours can vary. To check, go to www.vote.org/polling-place-locator.

Learn whether you need identification. Make sure you know if your state requires voter identification and, if so, what type of ID you must bring to your polling place. To check, go to www.866ourvote.org/state.

Ask for help if you need it. Don't hesitate to ask for help from the people who work at the polls—that's why they're there. Check posted information signs if you have any questions or need assistance.

Consider the candidates' stances on NALC's issues. Because the people we send to Washington oversee the Postal Service and federal employees, letter carriers are encouraged to consider the following questions before casting a ballot:

- Which candidates will protect your job and help strengthen the Postal Service?
- Who will defend Social Security and your hard-earned retirement benefits?
- Which candidates will support your right to collective bargaining and our negotiated labor contract?

OIG looks at how to invest

In February, the USPS Office of the Inspector General hosted "How Best to Invest," a forum on potential investment strategies for USPS retirement funds. The forum considered Segal Consulting's recent findings, which were featured in the OIG report "Postal Service Retiree Funds Investment Strategies," released last September.

The Segal/OIG report analyzed various investment strategies to increase asset returns on the Postal Service's three retirement funds (the Civil Service Retirement System, the Federal Employees Retirement System and the Postal Service Retiree Health Benefits Fund). All three funds currently are invested in low-risk, low-return Treasury securities. While these securities are virtually risk-free, Treasury securities have much lower yields than other securities. This lack of investment return can lead to the funds not generating sufficient income to meet all the future obligations of the fund.

Segal presented several investment options, and almost all of them show a better than even chance of all three funds being fully funded after 20 years. Segal does not advocate the implementation of any one investment strategy and the report is merely intended to provide an analysis of the various options open to USPS.

The Segal analysis was augmented by presentations from the other members of the panel, including NALC Chief of Staff Jim Sauber. Sauber provided an analysis of postal reform legislation with specific emphasis on the provisions in the Postal Service Financial Improvement Act of 2017 (H.R. 760) and how the proposed legislation could affect retirement fund investments.

H.R. 760 would require the Treasury to invest between 25 and 30 percent of the PSRHBF in certain index fund investments. This could allow that portion of the PSRHBF to be invested in higher yielding funds, which would lower the unfunded liabilities caused by higher rates of medical inflation. This would free up postal funds that could be directed into capital and service improvements for USPS.

In the media

In a news feature on April 8, the *Democrat & Chronicle* took an extended look at the heroic actions of the Rochester, NY, area's letter carriers in recent years.

On April 2, Politifact checked the facts behind the president's recent tweets about Amazon and the Postal Service. NALC Chief of Staff Jim Sauber explains postal economies of scope.

KTVQ-TV aired a story on April 6 about a good-spirited letter carrier coping with the second-worst winter Billings, MT, has had.

Idaho State Association of Letter Carriers President John Paige's letters to the editor of the *Idaho Press-Tribune* and the *Coeur d'Alene/Post Falls Press* ran on April 6. His letter to to the editor of the *Idaho State Journal* ran on April 3.

Patrick Daniel, president of Athens, GA Branch 388, had a letter to the editor in the *Athens Banner-Herald* on March 16, encouraging local residents to make food donations to the Stamp Out Hunger Food Drive on May 12. PR