News from Washington

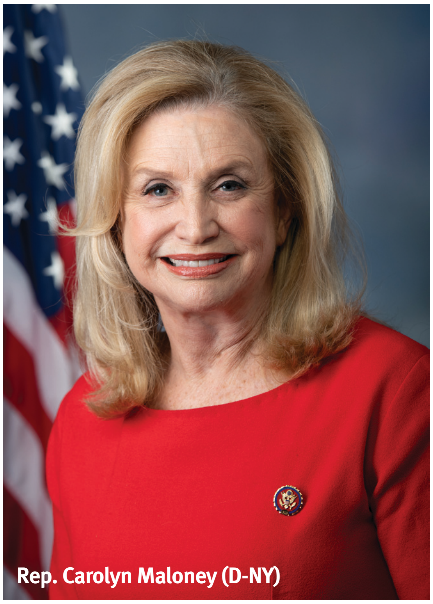
House Committee on Oversight and Reform leadership shake up

On Nov. 20, the House Democratic Caucus voted to elect Rep. Carolyn Maloney (D-NY) as the new chairman of the House Committee on Oversight and Reform. Maloney is the committee's first female chairman and previously had been functioning as the committee's acting chairman following the death of Chairman Elijah Cummings (D-MD) in October.

"I am deeply humbled and grateful to my colleagues for entrusting me with the chairmanship. I'm honored by this opportunity to do more for the American people and will do my best to follow the honorable example that Chairman Cummings left for us all," Maloney said. "There's much work to be done, and I can't wait to get started."

Maloney has championed a number of issues throughout her career, including women's health, consumer protections and the September 11th Victim Compensation Fund Act, which was finally fully funded through 2090 and signed into law on July 29. On the postal front, she's committed to ensuring that "the Postal Service remains solvent and continues its presence in our communities," she said.

This change in leadership marks an opportunity for letter carriers to reassert our priorities with the committee, including repealing the burdensome pre-funding mandate and passing meaningful postal reform legislation.



Rep. Carolyn Maloney (D-NY)

Government funding

A late-November shutdown of the federal government was averted when lawmakers agreed to a short-term funding package known as a continuing resolution (CR) to keep the government open through Dec. 20 so long-term spending talks could continue. Since the start of the new fiscal year (FY) on Oct. 1, the federal government had been working on a CR that was set to expire on Nov. 21. Congress and the White House agreed that a third shutdown in three years should be avoided, and the president signed the CR on Nov. 21.

Congressional leaders have a few days to hash out their disagreements over FY 2020 appropriations before voting on the final packages in each chamber and sending them to the president's desk for a signature, should he choose to sign it. If this is not achievable before the Dec. 20 deadline, they may adopt another short-term extension.

Momentum grows for USPS Fairness Act

All across the country, letter carriers have been reaching out to lawmakers and their staffs, scheduling meetings, calling in and speaking in person on the importance of repealing the onerous pre-funding mandate via the USPS Fairness Act (H.R. 2382). This popular bipartisan bill had almost reached NALC's goal of 300 co-sponsors as of press time.

With such strong support, the bill could see House floor action in the coming months. In addition, as this article was going to print, a Senate companion bill was being finalized for introduction. Be sure to check NALC's Government Affairs web page for the latest information and for what steps letter carriers should take to ensure that NALC's message is properly delivered to both chambers of Congress.

FY 2019 financial report

On Nov. 14, the U.S. Postal Service announced the financial results for Fiscal Year 2019. The large loss posted by USPS ($8.8 billion) is largely the result of external factors, not the normal operations of the agency.

More than half the loss stems from the 2006 congressional mandate that requires the Postal Service, alone among all public agencies and private companies, to pre-fund future retiree health benefits decades in advance. This accounted for $4.564 billion in red ink this year.

A large portion of the remainder of the reported loss is explained by historically low interest rates that have resulted in huge non-cash actuarial adjustments to the Postal Service's projected liabilities for future workers' compensation costs and pension benefits. Under accounting rules, the adjustment of future liabilities results in increased expenses in 2019, even though actual workers' compensation cash expenditures for the year declined and the agency's pension funds remain well funded:

- The workers' compensation adjustment for the year—$2.155 billion—was particularly onerous in 2019.
- Falling interest rates also inflated future retiree pension liabilities, causing amortization expenses for CSRS and FERS to rise to $2.677 billion.

Excluding these pre-funding expenses, workers' compensation adjustments and retiree amortization costs, the Postal Service's revenues from the sale of postage exceeded the costs of processing and delivering the mail by $583 million.

The agency's loss in 2019 also was inflated by the 2016 rollback in postage rates (-4.3 percent) ordered by the Postal Regulatory Commission (PRC), which costs the Postal Service $2 billion annually.

Legislative and regulatory action needed

"The 2019 financial results demonstrate the need for legislative and regulatory actions regarding factors beyond USPS control," NALC President Fredric Rolando said in a statement. "Lawmakers should repeal the 2006 congressional mandate to pre-fund retiree health. It has accounted for nearly 90 percent of the Postal Service's accumulated losses since 2007. Fortunately, there is strong support for this action in Congress. A bipartisan majority of 284 members of the House of Representatives has co-sponsored a bill (H.R. 2382) to repeal the pre-funding mandate.

"Congress also should permit the Postal Service to invest its massive retirement funds more sensibly—they are currently restricted to low-yielding Treasury bonds.

"Meanwhile, the PRC should expeditiously complete its ongoing review of the postage rate-setting system. At present, USPS is constricted in its ability to adjust rates by no more than the Consumer Price Index, 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. It also should revisit its misguided decision to roll back the price of stamps by two cents in April 2016, the first rollback since 1919.

"Overall, the financial results underline the need to strategically address the key public policy factors described above. Doing so would allow USPS—which is based in the Constitution and which enjoys broad public and political support (90 percent in a recent Pew Research poll)—to continue providing Americans and their businesses with the industrial world's most-affordable delivery network."

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Numerous media outlets covered the financial report and quoted President Rolando, including *Bloomberg*, Federal News Network, *Federal Times*, *Government Executive* and Press Associates Inc. **PR**

President Rolando appoints RGAs

NALC President Fredric Rolando appointed two letter carriers as regional grievance assistants (RGAs).

Jim Burke

Jim Burke started his postal career in 1998 as a PTF letter carrier in Chehalis, WA. He since has served as secretary/treasurer, vice president and president of Centralia, WA Branch 1266. Burke also was an executive board member of the Washington State Association, a backup Step B team member and a local business agent and arbitration advocate for Region 2 (Alaska, Idaho, Montana, Oregon, Utah and Washington). He graduated from the NALC Leadership Academy in 2012.

Jeff Hartman began carrying mail in Aurora, CO, in 1986 and joined Centennial, CO Branch 5996. He has served the branch in various capacities, including as food drive coordinator, steward, trustee, recording and financial secretary, vice president and president. Hartman worked in Region 4 (Arizona, Arkansas, Colorado, Oklahoma and Wyoming) as a local business agent, Step 3 representative and arbitration advocate, and was activated as a backup on the Colorado/Wyoming District Step B team. **PR**

Jeff Hartman