# News from Washington

## NALC calls for sensible postal reform in the House

**On April 30, NALC President** Fredric Rolando testified and answered questions at a hearing of the House Committee on Oversight and Reform. His testimony centered on the urgent need to pass postal reform legislation and to address pre-funding, the primary source of USPS financial losses over the last 12 years.

"I'd like to urge the committee to aggressively pursue postal reform this year, but to do it with caution and humility," Rolando told the committee in his opening statement. "As we learned in 2006, it is hard to predict the future. Long-term economic forecasts are notoriously inaccurate—and the cost of misconstruing the future can be high. Indeed, the internet did not destroy the Postal Service as predicted. Just imagine if we had given in to those advocating the end of Saturday delivery in 2011 or 2012—we would have missed out on the e-commerce boom. Worse, we would have unnecessarily eliminated tens of thousands of good jobs and weakened the Postal Service, which is a true national treasure."


NALC President Fredric Rolando testifies at the April 30 hearing.

Rolando testified for NALC and also on behalf of the other three postal employee unions: the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union. Also testifying were Postmaster General Megan Brennan; Margaret Cigno, director of the Office of Accountability and Compliance at the Postal Regulatory Commission (PRC); President and CEO of Quad/Graphics Joel Quadracci; and Cato Institute Director of Tax Policy Studies Chris Edwards.

Committee members from both parties spoke of the desire to pick up where the last Congress left off, with a bill being voted out of committee. They acknowledged the difficulty in getting such a bill to the House floor for a vote of the full chamber but were determined to continue the effort in the current Congress.

"It is our responsibility to move further than we did in the past," committee Chairman Elijah Cummings (D-MD) said. "We now have a whole new Congress. We now have members who are new to this committee and new to this issue. I hope today's hearing will be an opportunity for all of our members, new and old, to get an overview of the challenges faced by our Postal Service and to get an update on its current financial condition and to hear about the many different proposals that have been made for reform."

Rolando took the opportunity to lay out objections to the previous legislation, and to offer refinements to make the concepts fairer to employees as well as more politically palatable.

"A simple repeal of the pre-funding mandate remains the most obvious solution to the postal financial crisis," President Rolando said. "A repeal, in combination with a more sensible rate-setting system from the PRC's 10-year review, would go a long way toward stabilizing the Service's finances. In fact, Reps. Peter DeFazio and Tom Reed on Monday introduced a pre-funding repeal bill [the USPS Fairness Act, H.R. 2382]. If enacted, we would still have 12 to 13 years of funds set aside for retiree health premiums—a total of $47.5 billion.

"We recognize that some members of Congress would prefer to maintain the pre-funding policy but focus on ways to reduce its burden by fully integrating with Medicare," Rolando said. "Unfortunately, that approach has failed to advance in Congress for a number of reasons—most notably the refusal of other committees of jurisdiction to take up measures containing Medicare proposals, and the lack of certain safeguards. Even more problematic was language to ban new door delivery service and to require the conversion of existing door delivery to curb-line and centralized delivery."

Rolando pointed out that a bipartisan majority co-sponsored a resolution opposed to eliminating door delivery in the last Congress. A similar resolution, H. Res. 23, has 174 co-sponsors in the current Congress. Postal stakeholders, including the employee unions and coalitions of mailers, share a consensus over necessary reforms, he said.

Those proposed reforms include:

- Adjusting the pre-funding target to levels in the private sector based on vested liabilities (the costs to cover current retirees and employees near


**On April 30, at a House Committee on Oversight and Reform hearing, committee Chairman Elijah Cummings (D-MD) spoke about the need to move legislation forward while (at l) Ranking Member Jim Jordan (R-OH) listens on.**

retirement age who are eligible for such benefits).

- Phasing in Medicare integration in a way that limits the impact on the trust funds and current retirees.

During heated questioning, committee members indicated that they were surprised by Postmaster Brennan's revelation that the Postal Board of Governors (BOG)—which currently has only four members—is working on a 10-year business plan that would include eliminating Saturday mail delivery. The committee wanted to know when the business plan would be available for review. President Rolando urged the committee to address the pre-funding requirement before acting on the BOG business plan.

"Let's address the most important issue first—the misguided pre-funding burden," he said. "Let's implement the PRC's new rate-setting system. Let's fill the seven vacancies on the Board of Governors with talented people who are capable of developing a workable business plan. And then let the Postal Service and its employees adapt and innovate to meet the evolving needs of our nation."

See the President's Message on page 1 for more on the hearing.

## USPS Fairness Act (H.R. 2382)

On April 28, Reps. Peter DeFazio (D-OR), Tom Reed (R-NY), Xochitl Torres Small (D-NM) and Brian Fitzpatrick (R-PA) introduced the USPS Fairness Act (H.R. 2382), which would repeal the mandate—enacted through the Postal Accountability and Enhancement Act (PAEA) of 2006—that USPS pre-fund decades' worth of health benefits for its future retirees.

As letter carriers know, the pre-funding mandate has cost an average of $5.4 billion annually since 2007 and is responsible for 92 percent of USPS losses over the last 12 years, as well as 100 percent of losses over the past six years. Absent this burden, which applies to no other agency or company, USPS would have recorded a surplus of nearly $4 billion since 2013. (For more on how this mandate came about, see the cover story in the May *Postal Record*.)

Moreover, the mandate has prevented the Postal Service from properly investing in its networks and infrastructure. Even worse, the resulting financial losses are still used to both threaten core services that Americans rely on—such as door-to-door service, six-day delivery and convenient post office hours—and to advance proposals to privatize the Postal Service and attack the jobs and rights of America's postal employees.

Through its universal delivery network, the Postal Service helps unify this vast nation while linking 159 million U.S. households and businesses to each other seven days a week. The centerpiece of a $1.4 trillion mailing industry that employs 7.5 million Americans, it also is essential to our nation's voting systems and to millions of small businesses, as well as tens of millions of citizens in rural, suburban and urban communities across the country. It also is critical to numerous industries, including e-commerce; prescription drugs; and the nation's paper, publishing and advertising businesses.

"NALC applauds Reps. DeFazio, Reed, Torres Small and Fitzpatrick for introducing this bipartisan legislation as a crucial first step toward bringing financial stability to the most trusted and highest-rated agency in the federal government," President Rolando said. "The USPS is a national treasure and an essential part of the nation's economic infrastructure. Congress caused this crisis when it passed the PAEA in 2006 and Congress can begin to fix it by passing the USPS Fairness Act."

Should this legislation progress through the House and Senate, and then be signed into law, it will significantly improve the financial situation at the Postal Service. NALC is committed to working with Congress on any and all options that can bring financial stability to the agency, so it can then focus on much-needed improvements to its networks and infrastructure (such as fleet replacement), as well as on developing or improving new and existing products and services.

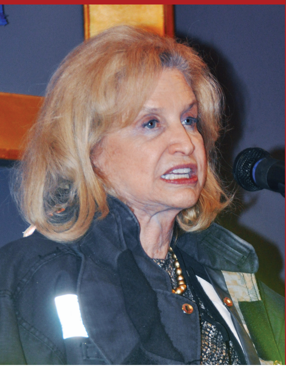
Letter carriers who want to urge their representative to become co-sponsors of the bill can call the U.S. Capitol switchboard at 202-224-3121, provide their ZIP code and be connected to their representative's office.

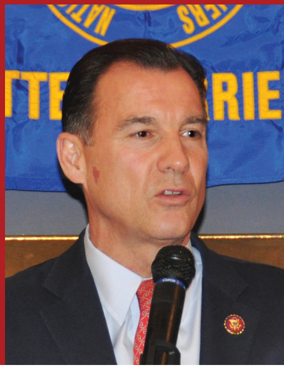
## Two of five NALC priority resolutions hit majority of support

Two of NALC's five priority resolutions have hit a majority of support in Congress. Thanks to the hard work of letter carriers nationwide, H. Res. 33, opposing the privatization of the Postal Service, and H. Res. 54, supporting the continuation of six-day delivery, have passed that 218 co-sponsor mark.

"There is still a lot of work to do," President Rolando said. "We need to continue to get as many co-sponsors as possible for each of our priority resolutions, even where majority support has been reached."

In the effort to reach a bipartisan majority on all resolutions, NALC encourages all letter carriers to check on the NALC Member App and on nalc.org to see whether their representative already is a co-sponsor of H. Res. 23, H. Res. 33, H. Res. 54 or H. Res. 60, and also






## New York state legislative visit

**Letter carriers from New York went to Capitol Hill on May 16 to stress the importance of strengthening the Postal Service. At an event that night, Reps. Carolyn Maloney (D-12) and Tom Suozzi (D-3) pledged their support for letter carrier issues (pictured at left).**

whether their senators are co-sponsors of S. Res. 99, before reaching out and asking them for their support.

### Retiree Health Benefits Fund investment bill reintroduced

Reps. Stephen Lynch (D-MA) and David McKinley (R-WV) reintroduced the Postal Service Financial Improvement Act (H.R. 2553) early last month in the House. The bill is identical to versions introduced in previous Congresses and would strengthen the Postal Service's finances by raising the long-term rate of return on the assets of the Postal Service Retiree Health Benefits Fund.

It would allow the Fund to be invested in higher-returning safe investments, rather than restricting it to low-yielding Treasury bonds. NALC believes that this bill is part of a series of pieces of legislation that contain the building blocks for successful postal reform.

### USPS quarterly report

The Postal Service released its 2019 Quarter 2 financial report on May 10. The Q2 report showed the Postal Service's underlying business strength while also indicating the need to address external matters beyond USPS control. Despite increased revenue of $555 million in the first six months of Fiscal Year 2019 compared to the same period last year, USPS reported an operating loss of $909 million for the first half of 2019.

"The numbers show the need for policymakers to address two public policy issues—the stamp price rollback and the congressional mandate that USPS pre-fund future retiree health benefits decades into the future," President Rolando said in a statement.

"In April 2016, the price of a stamp was rolled back by 2 cents, reducing postal revenue by $2 billion a year. That was the first rollback since 1919 and it makes little financial sense because USPS already has the industrial world's lowest rates. Without this decrease, the $909 million operating loss in the first half of FY 2019 would be an operating profit of about $90 million—without a dime of taxpayer money.

"Fortunately, the Postal Regulatory Commission is in the midst of a legally mandated review of the postage rate-setting system. At present, USPS is constrained 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," Rolando said.

"Additionally, Congress should address the pre-funding burden it imposed in 2006, which requires USPS—alone among all public and private entities in the country—to pre-fund future retiree health care benefits at an annual cost of about $5 billion," he said. "It's important to note that this goes on the books as red ink whether or not it's actually paid in a given year.

"Fixing the external financial burdens posed by the price rollback and pre-funding will put postal finances on a stable footing and allow USPS—which is based in the Constitution, funds itself through earned revenue, and enjoys broad public and political support—to continue providing Americans and their businesses with the industrial world's most-affordable delivery network."

### Federal Retirement Fairness Act reintroduced with notable changes

On May 2, Reps. Derek Kilmer (D-WA) and Tom Cole (R-OK) introduced the Federal Retirement Fairness Act of 2019 (H.R. 2478). The bill would provide certain federal employees with the opportunity to make catch-up retirement contributions for time spent as temporary employees after Dec. 31, 1988, thus making such time creditable service under the Federal Employees Retirement System, as well as for other purposes.

The key difference between H.R. 2478 and the version introduced in the previous Congress is that temporary postal employees, such as letter carriers who spent time as casuals, transitional employees (TEs) or city carrier assistants (CCAs), are specifically covered in the new bill's language. This clarification would help postal employees plan for their retirement, should the legislation be signed into law.

NALC supports the Federal Retirement Fairness Act and will keep letter carriers posted on the legislation's progress.

### Bipartisan bill introduced to allow USPS to ship alcohol

Rep. Jackie Speier (D-CA) and 12 bipartisan colleagues introduced the USPS Shipping Equity Act (H.R. 2517) in early May to provide the Postal Service with the authority to ship beer, wine and other alcoholic beverages directly from licensed producers and retailers to legal consumers.

Under current law, the Postal Service is prohibited from shipping alcoholic goods. Private shippers such as FedEx and UPS are the only means for wineries, breweries and other producers to have their goods delivered directly to American consumers.

"The National Association of Letter Carriers is proud to endorse the bipartisan USPS Shipping Equity Act," President Rolando said. "Passing this legislation into law would make excellent use of the unique and existing postal network. It would allow the Postal Service to better serve its customers and would generate much needed revenue for the agency."

### Protecting the Right to Organize Act aims to help U.S. workers

Democrats introduced the Protecting the Right to Organize (PRO) Act in both the House and the Senate. The legislation would increase protections for workers' rights to organize and bargain for higher wages, better benefits and safer working conditions.

The introduction of this bill follows years of stagnant wages for the majority of Americans, poor working conditions, and attacks on unions and workers' rights in general by corporate special interests and their representatives.

"All Americans deserve the right not simply to stand together and negotiate a fair return on our work, but to have that right protected and enforceable through the court of law," President Rolando said. "For too long, corporations and the wealthiest few have been prioritized to the detriment of our nation's labor force. NALC supports the PRO Act and encourages Democrats and Republicans alike to stand up for the American people by passing this legislation."

### Vote-by-mail expands in California

In 2016, the California legislature passed voluntary vote-by-mail, allowing voting by mail or dropping the ballot at secure drop boxes. While only five of California's 58 counties opted for the change last year, 10 more will switch before the 2020 elections, including Los Angeles County.

According to research done in the five counties, voting at home increased turnout by 3 percentage points in the midterm elections and by 4 percentage points in the primaries before the midterms. Among young voters, Latinos and Asian Americans, turnout increased by as much as 7 percentage points.

Under California law, those who want to vote in person can go to vote centers, which are open for several days before the election in counties that choose to participate. There, voters can fill out a ballot or simply drop one off, update their registration, or get a replacement ballot if they've lost the original. President Rolando commented in a Feb. 8 Federal News Radio article, emphasizing the importance of addressing the pre-funding mandate. **PR**

## NALC standing committees members

**Public Relations Committee**
Dan Garhofer, Br. 28
Paul Glavin Jr., Br. 4
Michelle Kool, Br. 390

**Convention Site Committee**
Howard Komine, Br. 860
James Korolowicz, Br. 4374
Glenn Norton, Br. 2502

**Nalcrest Trustees**
Matthew Rose, Br. 1071
Don Southern, Br. 1779
Tom Young, Br. 1100

**Scholarship Committee**
Sandra Laemmel, Br. 1
Larry Kania, Br. 3
Kimetra Lewis, Br. 132

**Uniform Committee**
Stafford Price Jr., Br. 11
Greg Klopfer, Br. 562
Lisa Schleich, Br. 913

**Retirement Committee**
Douglas Gulley, Br. 78
Ernie Kirkland, Br. 361
Jo Ann Pyle, Br. 79
Mike Sheridan, Br. 4374
John Walsh, Br. 29

## NALC files three national-level grievances

**NALC has filed a national-level grievance regarding the Postal Service's unilateral implementation of the consolidated casing initiative that began in the Annandale, VA, post office last month. The Postal Service plans to expand the initiative to more than 200 additional locations this summer. The letter initiating this grievance and NALC's questions to the Postal Service on this initiative can be viewed on nalc.org. NALC will provide assistance to branches involved in this test. Branch officers, representatives and members with questions should contact their national business agent's office. NALC will provide updates on this test as they become available.**

**NALC also has filed a national-level grievance regarding the Postal Service's continuing non-compliance with the contractual caps on the employment of city carrier assistants (CCAs). Article 7, Section 2 of the National Agreement and the Memorandum of Understanding Re: Sunday Delivery – City Carrier Assistant Staffing limit the number of CCAs the Postal Service may employ in each USPS district. The letter initiating the grievance can be viewed at nalc.org. Branch officers, representatives and members with questions should contact their national business agent's office.**

**Additionally, a national-level grievance has been filed on management's failure to implement Arbitrator Goldberg's Award, issued Aug. 6, 2018, which ordered the Postal Service to rescind the changes it had made in Exhibit 514.4 of the *Employee and Labor Relations Manual (ELM)* and PS Form 3971. The change made by USPS was to exclude the use of union leave without pay to participate in partisan political activity. The Postal Service has filed a lawsuit in federal court to vacate the award. In the absence of a court order, it is NALC's position that the Postal Service cannot suspend compliance with the Goldberg Award. PR**