

RESEARCH DEPARTMENT

The NALC Research Department provides research and analysis for the NALC's Office of the President, Executive Council and staff of the union's major departments. Jim Holland has been NALC's research director since 2013. Sean Crosbie joined the department in 2017 as a staff assistant for economic analysis.

Examples of Research Department work include: analysis of quarterly and annual USPS financial reports; analysis of postal regulatory developments and filings; research on U.S. postal and parcel industry trends; evaluation of regulations and developments among international postal operators; representation of NALC on postal industry panels and at postal conferences; demographics and workforce analysis; and support for collective bargaining.

Since the 2018 biennial NALC convention, the Research Department has worked on a number of issues on behalf of NALC members.

USPS FINANCIAL ANALYSIS

The department monitors USPS financial results and compiles information about the results for the Office of the President. This includes the analysis of monthly, quarterly and annual financial data. Examples of items the department analyzes include: USPS product revenue and volume, workers' compensation accounting, retiree health benefits pre-funding, and the USPS balance sheet. The department works to provide useful information about the financial health of USPS at specific points in time, and over the year. The department also monitors postal products and services usage, and summarizes USPS reports about usage, such as the USPS Household Diary Study. In addition, the department reviews what others write about the USPS financial results, including reports published by the Postal Regulatory Commission, the U.S. Postal Service Office of the Inspector General and industry groups.

PAY TABLES, COLA TRACKING, ANNUITY TABLES

When USPS makes changes to the letter carrier pay tables, the Research

Department independently verifies the changes to make sure that they are correct. The department provides pay tables to the Communications Department for publication in *The Postal Record* and posting on NALC's website.

The Research Department also tracks the monthly changes in the consumer price index (CPI) and summarizes where the contract, retiree and Federal Employees' Compensation Act cost-of-living adjustments (COLAs) stand each month.

To provide letter carriers a visual representation of the progress toward a COLA, each month the department updates a CPI graph on NALC's website. The line graph shows the CPI index readings since the start of the contract, the most recently published CPI, and the CPI number that would generate a future COLA.

When actual contract COLA amounts are calculated by USPS, based on the January and July CPI releases, the Research Department independently reviews the amounts to ensure that they are correct.

Research also maintains and updates the Civil Service Retirement System and the Federal Employees Retirement System annuity projection tables that are included in *The Postal Record* and on the NALC website. Past pay tables, COLA memos and annuity projections can be found on the NALC website.

2019 PRC 10-YEAR PRICE CAP REVIEW

In December 2017, the Postal Regulatory Commission (PRC) issued a rulemaking in connection with its 10-year review of the market dominant consumer price index-based price cap. NALC submitted comments during this review. In those comments, NALC evaluated the outcomes of the Postal Accountability and Enhancement Act price cap system and determined that it had not provided USPS with the pricing flexibility it needed to cover the cost of delivering mail. The research department provided analytical support for the NALC's filing.

In December 2019, the PRC decided to issue a revised notice of proposed rulemaking, taking into consideration comments that were received after the first rulemaking and further con-

sideration by the PRC. Another comment period was opened and the NALC submitted additional comments. The union's comments noted that the PRC had made some improvements on the first rulemaking by adding a new "density-based" rate authority (authority to account for less mail spread across a growing number of addresses) and rate authority to cover some of the USPS retirement expenses. However, the union argued that this added rate authority was still not enough, because it did not account for past network density loss and would not cover all of the USPS retirement expenses. The Research Department again provided research and analysis support for this filing.

2020 INTEREST ARBITRATION WORK

The Research Department assisted NALC's chief of staff with preparation for 2020 NALC-USPS interest arbitration and participated in weekly conference calls to prepare for it. Research work included updates of previous NALC presentation exhibits and data, and development of new exhibits, to support the NALC's case. The department developed a computer program simulator to create exhibits that showed why USPS proposals for reduced compensation were unnecessary. The department also worked closely with an outside expert on parcel logistics. The department provided background information about the USPS parcel business, answered questions, and assisted the expert in identifying and locating publically available USPS and parcel market data. This helped the expert quickly develop effective testimony to support NALC in the arbitration. During the arbitration, the department continued to work under the direction of NALC's chief of staff on presentations and exhibits to respond to USPS arguments made during the hearings.

REPRESENTING NALC AT POSTAL CONFERENCES AND ON PANELS

The Research Department represents NALC at various postal conferences and on panels throughout the year, and provides input to reports produced on the USPS.

In 2019, the department attended the Rutgers University Center for Research in Regulated Industries (CRRI) 27th Conference on Postal and Delivery Economics, held in Dublin, Ireland. In 2020, the department attended the CRRI 28th Conference on Postal and Delivery Economics, held virtually via Zoom. CRRI conference attendees regularly include USPS, other postal operators from different countries, postal regulators, logistics industry representatives, academics and other unions. In 2019, the department also attended a UNI Global Union Post and Logistics conference in Brussels, Belgium.

The department has previously represented NALC as a program speaker at the CRRI Advanced Workshop on Regulation and Competition in Network Industries, and as a panelist in USPS OIG-organized forums.

Attendance at external conferences helps NALC to monitor developments the postal and logistics industries.

ANALYSIS OF PRC, USPS OIG AND INDUSTRY REPORTS

The department works to analyze and interpret reports and studies from the Postal Regulatory Commission (PRC), the U.S. Postal Service Office of the Inspector General (USPS OIG) and reports produced by other independent bodies.

The research staff reviews and summarizes annual reports and supporting material filed at the PRC. These reports include: the PRC's financial analysis of

United States Postal Service Financial Results and 10-K Statement; the PRC's Annual Compliance Determination report; and the PRC's Analysis of the Postal Service's Annual Performance Report and Performance Plan. The department also monitors other filings with the PRC to determine if they may be of interest to NALC.

An example of our USPS OIG report analysis is the summary we produced of an OIG report on staffing turnover. In 2016, the OIG produced its first report about the non-career employee retention problems at USPS. A February 2020 report titled "Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover" provided updated data on turnover, examples of what USPS has done to try to reduce turnover, and some of the possible causes of high turnover. We summarized the 2020 report, and compared it to the 2016 report to see what had changed since the last OIG report on the subject.

Other OIG report titles analyzed by the department include: "Same-Day Delivery: Implications for the U.S. Postal Service"; "Reevaluating the Universal Service Obligation"; "Customer's Perceptions of the U.S. Postal Service during the COVID-19 Pandemic"; and "A Closer Look at Postal Labor Costs."

LABOR AND THE ECONOMY

The Research Department also analyzes and produces reports on broader economic indicators and evaluates how

these indicators may affect letter carriers and the labor movement. The department seeks to understand economic developments by analyzing a wide range of economic data.

The department explores the forces that affect working people, such as: the declining real value of the minimum wage; income and wealth inequality; the gap between productivity and wages; employee compensation trends; and the latest trends in the labor market. We also analyze data related to union membership so that NALC may gain a better understanding of the state of unionized America and how NALC membership compares to that of the overall workforce.

The department also tracks the state of the economy as a whole, looking at various economic data, including the core consumer price index (CPI), CPI for delivery services and postage, GDP, delivery worker employment data, e-commerce sales, labor costs and compensation, union membership data, and any other data involving the general labor market and the market for those employed in delivery capacities. This data is released on a monthly, quarterly or annual basis and provides NALC with snapshots of how these indicators are performing at a given moment and over the year. While these indicators are often incomplete ways to gauge the health of the economy for letter carriers, they provide NALC with a sense of how the economy might affect letter carriers and USPS.