

**H.R.
2309**

**POSTAL
REFORM'S
DEAD
END**

Ordinarily, if a wrong turn leads you onto a dead-end street, you turn around and figure out your mistake and avoid making it again. But with the 112th Congress—considered the most do-nothing body since Congress during the Truman administration—nothing is simple or ordinary.

For example, with a number of roadmaps to effective postal reform at their disposal, leaders in the House of Representatives seem determined to stick with the one reform bill that would clearly send the U.S. Postal Service down a dead end: H.R. 2309, the so-called “Postal Reform Act,” introduced by the chairman of the House Oversight and Government Reform Committee, Rep. Darrell Issa (R-CA).

NALC is committed to fighting H.R. 2309 and finding the right way to save the Postal Service.

NALC fights legislation that would destroy USPS

“Congressman Issa claims H.R. 2309 addresses the Postal Service’s undeniable financial crisis,” NALC President Fredric Rolando said. “The key problem, though, is that his bill ignores the actual cause of the Postal Service’s recent financial problems—the part of the 2006 Postal Accountability and Enhancement Act that requires the Postal Service to pre-fund 75 years’ worth of future retiree health benefits on a needlessly aggressive schedule.”

That mandate, enacted into the law by a lame-duck Congress in December of 2006, has since weakened the agency substantially by forcing it to set aside about \$5.5 billion a year through 2016. No other company or government agency is required to pre-fund such benefits at all, let alone at this level. Astonishingly, pre-funding accounts for 85 percent of the \$32 billion in losses USPS has reported over the last five-and-a-half years.

“Repealing the pre-funding requirement is the simplest way to solving the Postal Service’s financial problems,” Rolando said. “Besides, thanks to the pre-funding payments USPS has already managed to make, the retiree health fund has nearly \$45 billion in it. That’s enough money to cover health care costs for future retirees for decades to come, and letting that sum accrue market returns from here on out would bring the account to a fully funded status within just 20 years.”

Since the Postal Service is an off-budget federal agency that sustains itself through the sale of postage and postal products and services, all of the money geared toward pre-funding comes from customers, not taxpayers. Even so,



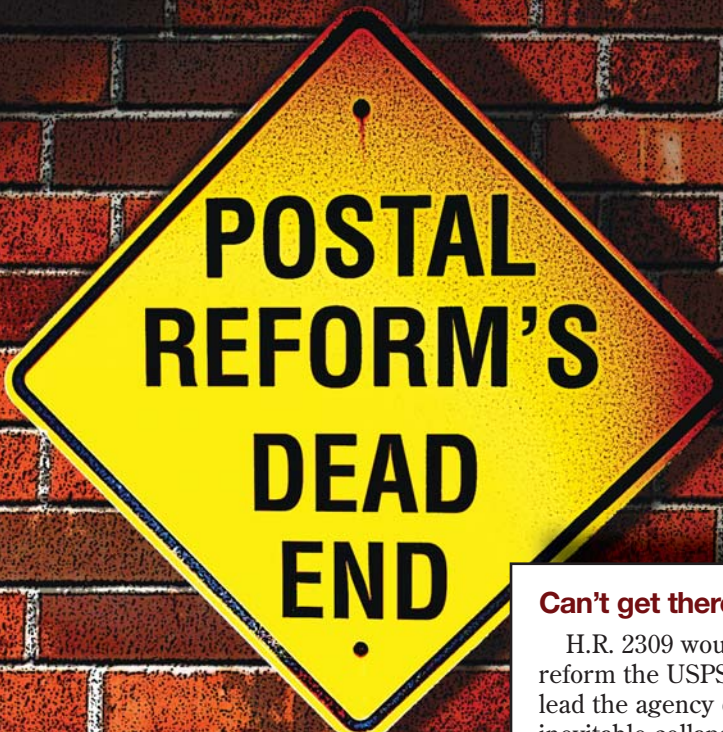
under the Congressional Budget Office’s complex “scoring” rules, reducing or eliminating pre-funding still would be considered an increase in the federal government’s budget deficit—which many fiscal conservatives on Capitol Hill consider unthinkable. This CBO policy, then, is what gives them the cover they need to erroneously equate getting rid of pre-funding with a taxpayer bailout for the Postal Service.

So instead of shifting emphasis away from pre-funding, Issa’s H.R. 2309 pretends to offer the USPS short-term relief by dropping to \$1 billion last year’s pre-funding payment obligation (which Congress deferred to this summer). By 2015, though, the annual pre-funding schedule rockets to an unimaginable \$8 billion.



Top: Rep. Darrell Issa (R-CA) at a congressional hearing in 2011

Above: NALC President Fredric Rolando



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Can't get there from here

H.R. 2309 would not actually reform the USPS but rather lead the agency down a path to inevitable collapse.

"There is nothing to like about this bad, unfixable bill," President Rolando said. "The House needs to scrap it, go back to the drawing board and come up with one that not only prioritizes the preservation of this country's only universal delivery network, but also strengthens it for the future."

Besides ignoring the pre-funding elephant in the room, Issa's bill calls for adding new layers of bureaucracy, starting with creation of a board of five unelected appointees who would oversee the closure of thousands of post offices and other facilities, a proposal similar to the military's recent Defense Base Realignment and Closure (BRAC) Commission. This new board would be tasked with finding \$2 billion in costs—almost certainly resulting in elimination of tens of thousands of good middle-class postal jobs. And language recently added to the bill calls for renegotiating no-layoff clauses in existing collective-bargaining agreements and keeping such clauses out of future contracts.

Another section of H.R. 2309 provides for turning over control of USPS' operations to yet another level of appointed bureaucrats, which would operate separately from the Postal Board of Governors and the Postal Regulatory Commission. This new authority's mission would be to reduce the number of delivery points over the next four years through the conversion of front-door mail delivery to delivery via centralized cluster boxes,

inconveniencing 90 percent of postal customers. Also, it should come as no surprise that, if enacted, H.R. 2309 would almost immediately put Saturday mail delivery service on the chopping block, eliminating our unique competitive advantage over private delivery companies such as FedEx and UPS, which charge premiums for Saturday service.

And exposing Issa's anti-labor intentions, H.R. 2309 contains provisions that would mandate pay standards—something for which we currently bargain collectively. Going a step further, the bill would write into law the absurd notion that management's financial status deserves privileged consideration during arbitration, effectively rendering good-faith bargaining impossible.

Alternate routes

"The main problem is that Congress has been trying to craft postal reform around what it thinks is USPS' business plan," Rolando said, "when it's clear that the Postal Service doesn't actually have a business plan."

Trying to create a reform bill that starts with cutting service and degrading USPS' networks is a recipe for disaster, Rolando said, that ultimately will drive more business out of the postal system and send the agency into a death spiral.

"No business has succeeded by degrading the services it provides," the president said, "yet that's exactly what the Postal Service is trying to do, and it might explain why the postmaster general told a House panel in April that he supported almost everything in H.R. 2309."

Instead, a fresh perspective is called for, Rolando said, one that will provide

USPS with the room it needs to reinvent itself for the 21st century. “Vermont Senator Bernie Sanders’ postal reform bill contains a great idea: the creation of a blue-ribbon commission made up of small- and large-business owners, entrepreneurs and postal professionals—letter carriers included, of course. A motivated group such as this would be best suited to figure out ways to take full advantage of America’s only truly universal delivery network over the long haul, rather than focusing on short-term destructive measures like the ones contained in H.R. 2309.”

Signpost up ahead

“NALC’s most urgent goal is to prevent this devastating bill from ever becoming law,” Rolando wrote in an e-Activist Network alert on Friday, July 6, asking members to phone their representatives and to tell them to keep H.R. 2309 from reaching consideration on the floor of the House. “The future of your job could depend on it,” he said.

Two nights later on, July 8, the president held a tele-town hall call with thousands of NALC members to discuss the looming danger that the House of Representatives would soon take up H.R. 2309. As this magazine went to press, there were some positive signs that the House had decided to hold off considering the Issa bill until at least after its summer recess.

“This delay presents a great opportunity for letter carriers,” Rolando said. “It gives us more time to keep the pressure on our representatives, and it will give us all a chance to deliver to our House members in person—such as at town hall meetings and campaign

stops throughout August—the message that H.R. 2309 is a bad bill that needs to go.”

Rolando also encouraged those active and retired NALC members who still aren’t signed up as e-Activists to join the network. “All letter carriers need to stand ready to act on a moment’s notice, and one of the easiest ways for us to reach you, fast, is via e-mail through the e-Activist Network.” (The sign-up form is available at nalc.org.)

Cities’ Readiness Initiative

A July 11 story in *The Washington Post* covered the Postal Regulatory Commission’s meeting the day before, where a discussion of letter carriers’ role under the Cities’ Readiness Initiative took center stage. The CRI is designed to use the Postal Service’s universal delivery network and the voluntary participation of letter carriers to deliver medicines to Americans in the aftermath of a biological event, such as a terrorist attack.

During the meeting, officials from the Department of Health and Human Services, as well as USPS and the PRC, praised President Rolando and rank-and-file carriers for their role in the program tests that have taken place in Louisville, Minneapolis/St. Paul, Philadelphia, Boston and parts of San Diego County.

The Cities’ Readiness Initiative “proves that the Postal Service is about more than delivery of hard-copy mail,” PRC Chairman Ruth Goldway said. “One of the [postal] network’s strengths is that it’s better suited than other delivery methods, with letter carriers familiar with every street.



Rep. Dennis Ross (R-FL)



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“Even during the recent heat wave,” she noted, “letter carriers got the mail through,” something she said demonstrates the importance of the USPS’ unique infrastructure. “I hope we can build on this network in other not-so-dramatic situations, such as fires, floods and food-poisoning outbreaks.”

On July 12, San Diego’s KGTV Channel 10 aired a story about CRI and interviewed Branch 70 President Ricardo Guzman. “We know exactly where the mailboxes are, and to provide this service, no one can provide this service faster than a letter carrier,” Guzman said. “That’s essential in [this] type of emergency.”

In the media

An op-ed piece by President Rolando, published in *USA Today* on July 17, outlined the real causes behind the Postal Service’s financial situation. “In fixing a problem, the key is to understand its causes,” he wrote. “Otherwise, you get the policy wrong. Congress must devise a thoughtful plan, not a destructive, slash-and-burn approach.”

Rolando’s July 3 letter to the editor of Lakeland, FL’s *The Ledger* provided readers some context regarding USPS’s financial situation—and also pointed out some conflicting messages from Lakeland’s own Rep. Dennis Ross (R), who is the only other representative (besides Rep. Darrell Issa) signed on to H.R. 2309. The bill, Rolando wrote, “ignores the artificial crisis Congress created—instead reducing services for Floridians. Further confusing matters, Ross said in a May 21 article that ending Saturday delivery would hurt residents and businesses. Does he know what’s in his bill?”

“If Congress truly wants to fix the Postal Service, instead of needlessly dismantling the world’s best delivery network,” Rolando wrote, “Ross and his colleagues must start over.”

Rolando also penned a letter to the editor for the June 25 *Federal Times* explaining how an earlier story in the paper misled readers on some critical points. “Dropping Saturday delivery would be destructive to the Postal Service,” he wrote. “The Postal Service needs a business plan, not a congressional dismantling of the world’s best delivery network.”

On July 12, *The Denver Post* published a letter by Branch 47 Congressional District Liaison Cindy Kirby calling on Congress to repeal the pre-funding requirement. “It should encourage the Postal Service to invest in new products and services and to continue providing efficient and affordable delivery to even the most remote locations six days a week,” she wrote. “Drastic cuts will only hasten the Postal Service’s demise.”

South Florida’s *Sun Sentinel* quoted Region 9 RAA Kenneth Gibbs in a July 8 story about proposed mail service cuts. “To eliminate services wouldn’t be wise,” he said. “We live in South Florida, where we have a large community of elderly people. We certainly don’t want to make it more difficult for them to get to and from the boxes.”

On June 18, the NALC sent out to 690 radio stations around the country a news feed recorded by Director of Community Services Pam Donato that discussed the Carrier Alert program, the free community service program that allows carriers to help their elderly or homebound customers when something may be amiss. ☒