



# NATIONAL POSTAL MAIL HANDLERS UNION

John F. Hegarty – National President

Mark A. Gardner – Secretary-Treasurer

## 2011 Contract Update #3

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Last month, in August, the Postal Service submitted to Congress two white papers (a formal proposal seeking a specific course of action) in an attempt to gain support for legislative remedies to alleviate its continuing financial woes. Specifically, the USPS hopes to create and administer its own health and retirement benefit plans, as well as put an end to the no-layoff protections afforded to USPS employees under Article 6 of the National Agreement.

This unconventional and wholly unjustified attempt to bypass the collective bargaining process in favor of Congressional mandates infuriated the NPMHU and the other postal unions. National President John Hegarty immediately released a statement calling on all mail handlers to write their respective legislative representatives and urge them to oppose the Postal Service's effort, calling it a "foolhardy scheme."

The following is a closer look at a few of the specifics proposed by the Postal Service (the full version of the white papers can be found on the NPMHU website). In particular, the Postal Service wants to:

- Withdraw all postal employees from current participation in federal health and retirement plans and place them in two newly created plans managed by the Postal Service
- Create a tiered system for allocating benefits such that current retirees, active employees, and new hires would receive different benefits according to their employment status and/or age and proximity to retirement
- Provide future employees with access to only one retirement option, a defined contribution plan

- Acquire the ability to adjust benefit plans based on "changing market conditions"
- Eliminate 120,000 career positions through layoffs by 2015

Clearly, if adopted, these measures would have broad implications for current and future mail handlers, both active employees and those who are retired. Fortunately, the extreme nature of these proposals suggests that they are likely to encounter significant resistance in both Houses of Congress.

In what appears to be a small victory for mail handlers and other postal employees, the Obama Administration has largely rejected the USPS proposals. John Barry, Director of the Office of Personnel Management – the agency charged with administering the current health and retirement plans for the federal government – testified before the Senate Homeland Security and Congressional Affairs Committee that it was unclear whether the Postal Service's withdrawal from the Federal Employees Health Benefits Program would result in any substantial savings. And President Obama's recently released deficit reduction plan does not endorse any of the Postal Service's draconian proposals.

Although the release of these white papers caused National negotiations to begin in a contentious atmosphere, the parties have been able to get back to the bargaining table and adopt a professional approach to the next few months of negotiations. The next Contract Update will provide more details about the early stages of bargaining, as well as a description of the various subcommittees that the parties have formed to encourage in-depth discussions of the pending issues.

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