

REPORT OF THE COMMITTEE ON THE FUTURE OF THE NATIONAL POSTAL MAIL HANDLERS UNION

The Committee on the Future of the National Postal Mail Handlers Union engages in long-range planning and strategic thinking on behalf of the Union and all mail handlers employed by the U.S. Postal Service. The ongoing events of the last few months have clearly demonstrated the importance of engaging in such forward thinking.

For over fifteen years, the Committee has focused on a wide-ranging agenda that includes key issues facing the NPMHU: privatization of the Postal Service; the NPMHU's legislative relations program; USPS automation and other technological changes; financial planning; and membership recruitment. The members of the Committee in 2011 include all members of the National Executive Board and Local Union Presidents Tim Dwyer of Local 301, Ernie Grijalva of Local 302, Steve Taylor of Local 312, Anthony Davis of Local 314, Nick Mosezar of Local 318, and Michael Hora of Local 321.

At its first meeting of 2011, in February, the Committee focused on several crucial issues facing the NPMHU, including

the financial status of the USPS and the Union's 2012 legislative agenda. At its second meeting this year in July 2011, the Committee focused on both of these issues again; indeed, because of the substantial interplay between these topics, the future financial status of the Postal Service and the need for Congressional action are essentially melded into one issue.

The biggest concern of the NPMHU—especially with the 2011 round of National negotiations just starting up—is the current economic status and future economic prospects of the Postal Service. Not only is the financial uncertainty facing the Postal Service having an adverse impact on mail handlers currently, but also that uncertainty certainly will affect the NPMHU, its Local Unions, and future negotiations against the Postal Service for many years to come. For this reason, the Committee spent a considerable portion of its recent meetings analyzing and discussing these complex financial issues.

Economic Status of the USPS.

The current state of USPS finances remains extremely poor. Last year, which was Fiscal Year 2010 ending on September 30, 2010, the USPS end of year deficit was \$8.5 billion. Based on the first nine months of Fiscal Year 2011, which ended on September 30, 2011, the Postal Service is projecting a loss this year of \$9.2 billion. Even if Congress were to provide complete financial relief against the \$5.5 billion payment due at the Retiree Health Benefits Fund (RHBF), the projected deficit would be almost \$4 billion.

At bottom, the non-RHBF portion of the deficit (\$4 billion) is caused primarily by the continual decline in first-class mail volume. Even as standard mail volume improves slightly, the volume of first-class mail—the largest contributor to the USPS bottom line—continues to decline. Indeed, only seven months ago, at the time of the last report from this Committee, the projected deficit for Fiscal Year 2011 was “only” \$7 billion, so in that short time, the Postal Service has reduced expectations by more than \$2 billion.

As of July, when the Committee last met, the Postal Service had implemented and/or proposed a series of operational and financial actions to deal with this financial crisis. Some of those actions were supported by the NPMHU, and some of them were opposed by the NPMHU. For example, the Postal Service proposed an above-inflation increase in postal rates, which the NPMHU supported. That increase first was rejected by the Postal Regulatory Commission, but a review of the decision by a federal appellate court has put that issue back into the hands of the PRC. The Postal Service also is proposing to stop residential deliveries on most Saturdays, which the USPS is claiming will save \$2.5 to \$3 billion per year. This proposal also has been reviewed by the PRC, resulting in a split advisory opinion, and now the five-day delivery decision can only be implemented if approved by Congress. The NPMHU opposes that change, and at this point it is impossible to predict whether there will be any action by Congress. Third, the Postal Service continues in its efforts to close or consolidate existing USPS facilities, including major plants and a host