indefinitely by FECA, a program that is designed to provide income for workers injured on the job until they recover and return to work. The senator points to hundreds of postal employees over the age of 70 who are still receiving FECA benefits, which are greater than retirement benefits provided by CSRS and FERS.

The legislation as drafted, however, is deeply flawed, and is not supported by the NPMHU. It makes no provision for the loss of regular retirement benefits under CSRS and FERS suffered by FECA recipients who are separated from the Postal Service. Remember, injured workers get no years-of-service credit over the period of their injuries once separated from service, and their annuities are based on their high-3 average salaries at the time of their injury, not at the time of regular retirement. Such employees also lose out on overtime, other premium pays, and the ability to work a second job or to earn a post-retirement livelihood from other employment.

This loss of retirement income is made worse for FECA recipients covered by FERS, because those employees are unable to participate in the Thrift Savings Plan or to accrue benefits under Social Security, which together make up a substantial portion of the retirement package earned by FERS employees.

## Senate Committee Passes USPS "Dream" Postal Act

The Senate Homeland Security and Governmental Affairs Committee on November 10 passed S. 1789, a bill which meddles in collective bargaining, and which would transition the USPS to five-day delivery within two years, allow for quickly closing postal plants and facilities. It does not adequately address the problem of mandatory payments by the USPS to an already-funded retiree health benefit plan.

Other major sections of the bill would drastically reduce the amount of compensation for injured workers once they reach retirement age. Possibly the most volatile issue is that the USPS would practically phase out all residential door delivery. The bill would return approximately $7 billion in overpayments the USPS made to the Federal Employees Retirement System (FERS).

"By dropping a provision that would have addressed the massive $50 billion to $75 billion in overpayments to the Civil Service Retirement System (CSRS), the committee failed its most important mission," noted National President John F. Hegarty. "We need to work to get that provision in, and get these other terrible provisions out.

"The devastating effect of the meat-cleaver approach to closing facilities, including processing plants, does not take into account the bad effect on service, which is critical to the USPS name. It also says that the USPS, which wrote almost the entire bill and huddled in a back room with its Senate supporters, is satisfied with a network that will shrink and never be able to respond to any stabilization or increase in volume," Hegarty added.

Two independent actuarial studies said confirmed that the USPS has overpaid the CSRS account. Bills by two of the Senators who voted for S. 1789, Democrat Tom Caper (DE) and Republican Susan Collins (ME), both addressed the over-payment issue.

The next step is for the legislation is for its proponents to try to convince Senator Harry Reid, the Majority Leader, to schedule it for a Floor vote.

## A Bi-Partisan Bill that Everyone Needs to Support

NPMHU Members from across the country have been asking their elected Representatives in the House to cosponsor H.R. 1351, which was introduced by Congressman Stephen Lynch (D-MA) as the United States Postal Service's Pension Obligation Recalculation and Restoration Act of 2011.

If passed into law, H.R. 1351 would provide much-needed financial relief for the USPS. It effectively would free up a portion of the Postal Service's vastly over-funded pension plans, and would apply those monies to a Congressionally-mandated annual payment into the USPS Retiree Health Benefit Fund and to retiring a portion of the agency's accumulated debt. This legislation also would require the Office of Personnel Management to adjust its formula for calculating USPS contributions to its pension plans to a more modern and realistic formula — which would help remedy the massive over overfunding of those plans. Specifically, H.R. 1351 would require that the Postal Service's already agreed upon FERS surplus of nearly $7 billion be refunded immediately, by applying $5.5 billion towards the Postal Service's fiscal year 2011 Retiree Health Benefits payment; $1.2 billion towards the Postal Service's upcoming workers compensation payment; and any remaining balances towards paying down the Postal Service's debt.

Lynch, the ranking member of the House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia, was the first member of Congress to author legislation last Congress to address a decades-old accounting error that led OPM to overcharge the Postal Service by billions of dollars for payments into the Civil Service Retirement System (CSRS).

The NPMHU supports swift passage of H.R. 1351. To this point, 226 Representatives in the House have co-sponsored the bill, including many Republicans, but it is not being presented for a vote. If you have not already done so, please write to your Member of Congress, urging support for this bi-partisan legislation.

## The Obama Administration Submits a Budget

The Obama Administration issued its budget recommendations in September, and seeks to provide the Postal Service with much-needed financial relief. The budget specifically "recognizes the enormous value of the Postal Service to the Nation's commerce and communications, as well as the urgent need for reform to ensure its future viability." The document goes on to note that the USPS faces a long-term, structural operating deficit that has been exacerbated by the precipitous drop in mail volume in the last few years due to the economic crisis and the continuing shift toward electronic communication.

In reaction to this financial situation, the President has proposed a comprehensive reform package that contains both good and bad measures, including proposals that would:

- Restructure Retiree Health Benefit pre-funding in order to reduce USPS payments during the next few years;
- Provide USPS with a two-year Federal Employees Retirement System employer contribution holiday to take into consideration the current $6.9 billion surplus in Postal contributions;
- Reduce USPS operating costs by giving USPS authority to reduce mail delivery from six days to five days;
- Allow USPS to offer non-postal products and increase collaboration with state and local governments; and
- Give USPS the ability to better align the costs of postage with the costs of mail delivery.

These reforms, according to the Obama Administration, would provide the Postal Service with over $20 billion in cash relief over the next several years, and in total would reduce the federal deficit by more than $10 billion over 10 years.

At the same time, the Administration also proposed to increase retirement contributions