

for active federal and postal employees. More specifically, the budget would increase the employee contribution toward accruing retirement costs by 1.2 percent over three years beginning in 2013. Under the plan, the employee pension benefit would remain unchanged. In addition, the President's proposal would eliminate the FERS Annuity Supplement for newly hired employees.

Issuance of GAO Report Complicates Congressional Deliberations

For many years, most postal stakeholders have argued that the Postal Service has seriously overfunded its retirement accounts. Studies by the Office of Inspector General and by the Postal Regulatory Commission found that between \$50 billion and \$70 billion of USPS monies have been put into the CSRS retirement trust fund unnecessarily.

A recent report issued by the General Accountability Office, however, has cast some doubt on this argument. The GAO found that OPM's prior actions in calculating how much

the Postal Service owed for its CSRS obligations were "consistent with the law," regardless of the fairness of the allocation of CSRS payments between the Postal Service and the Treasury. In other words, although the Postal Service may have overfunded these accounts, the agency acted in accordance with the governing legal standards.

The GAO has made it more difficult to argue that the Postal Service should be given access to these billions of dollars. But the GAO's findings do not mean that the Postal Service will not receive a refund for any overpayment of its CSRS obligations. To be sure, even before the GAO Report, there were significant political and budget-scoring barriers that were making it difficult to convince Congress to provide a refund of CSRS overfunding to the Postal Service. The White House also rejected the notion that CSRS assets should be returned to the Postal Service, if only because of budget-deficit concerns.

But the GAO Report does not mean that H.R. 1351 is dead before passage. Getting H.R. 1351 approved by the Republican-controlled House of Representatives always was an uphill

struggle, as many Republicans have resisted H.R. 1351 because of its potential impact on the federal deficit. In the Senate, however, pending postal bills introduced by Sen. Tom Carper (S. 1010) and Sen. Susan Collins (S. 353) would deal with the overpayment issue, just as H.R. 1351 does. They would require OPM to recalculate the Postal Service's CSRS payments since 1971 using a different method that is more fair and favorable to the Postal Service. The GAO Report certainly will make it more difficult to secure Senate approval of these bills, as even Senator Carper has suggested that the CSRS issue should be set aside this year to craft a bill with greater chances of approval by the full Senate.

But the schedule of payments governing these massive retiree health prefunding obligations still must be changed by Congress. The NPMHU continues to urge Congress to revise the retiree health payment schedule mandated by the 2006 postal reform law, as a way of preserving or restoring the Postal Service's near-term financial stability.

Ohio Voters Reject Radical Right

On Election Day 2011, voters in the State of Ohio said "No" in a loud and clear voice to Governor John Kasich's (R) plans to destroy public sector collective bargaining.

Buoyed by a strong union backbone including efforts from many Mail Handlers in Ohio, even the most "red" and conservative counties in Ohio rejected the plan, which had been passed by the Republican-dominated legislature, by nearly a two-to-one margin. "The results show what a united effort can do," noted National President John Hegarty. "The message from both union and non-union voters was both loud and clear: Don't blame firefighters, teachers, police and other public servants for this country's

economic woes."

In order to get the measure on the ballot, opponents needed to collect several hundred thousand signatures on petitions. They amassed over one million. They also overcame millions of dollars spent on ads by right-wing supporters of gutting collective bargaining. Those ads were funded mainly by millionaires, such as the Koch Brothers. Some of the ads were so misleading that newspapers and radio/TV stations refused to run them.

Sensing that the tide has turned, unionists in Wisconsin are beginning a similar campaign. The difference is that their campaign is aimed at recalling Governor Scott Walker.

