

REPORT OF THE NATIONAL OFFICERS

PREPARED FOR THE DELEGATES

TO THE

2012 NATIONAL CONVENTION

OF THE

NATIONAL POSTAL MAIL HANDLERS UNION

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The National Constitution of the National Postal Mail Handlers Union – in Article XII, Section 9 – requires the National President, acting on behalf of the entire National Executive Board, to present a report to the delegates describing all of the activities and accomplishments of the National Union since the last Convention. To comply with that constitutional requirement, this written report is being distributed to all delegates attending the 2012 National Convention, and will be made available to all other Union members over the coming weeks. The entire National Executive Board sincerely hopes that all delegates and other Mail Handlers will take the time necessary to review the entire report, for the NEB strongly believes that an informed membership is crucial to the continued success of the NPMHU.

Overview

For the NPMHU, the 2012 National Convention is an extremely significant milestone in the history of our great Union. It marks the centennial anniversary of the founding of the NPMHU, which was initially recognized by the Post Office Department exactly 100 years ago – on August 6, 1912 – as the National Association of Post Office and Railway Mail Laborers representing postal laborers in

the mail handler craft. Twenty-five years later, in 1937, our Union affiliated with the American Federation of Labor, and thus 2012 also marks our 75th anniversary in the united AFL-CIO. And finally, in 1968, our Union became an autonomous Division of the Laborers' International Union of North America, and thus next year will mark the 45th anniversary of our affiliation with the Laborers.

Four years ago, at our last Convention in August 2008, we told the delegates assembled in Orlando, Florida that the state of the National Union was excellent, that the Union and all of its officers, representatives, and members at the National, Regional, and Local levels had reason to be proud about their accomplishments over the prior four years; and that every Mail Handler had reason to be optimistic about the future. At the time, the Union and all Mail Handlers were enjoying the early stages of the wage increases and non-economic improvements contained in the 2006 National Agreement, the nation was in the throes of an upbeat and forward looking election for a new U.S. President and a new U.S. Congress after suffering from eight years of the George W. Bush Administration's failed economic and foreign policies, and the U.S. Postal Service had only recently completed one of its best years in history, with mail volume peaking at 213 billion pieces.

Since then, the surroundings certainly have changed. The Great Recession of 2008 – brought about because of greed in the banking industry and on Wall Street, an out-of-control housing market, and eight years of disastrous economic strategies – has been longer lasting than even the so-called experts could have

predicted; the American voters had a crisis of confidence, and in 2010 cast their votes to put anti-worker, tea-party, right-wing Republicans in charge of the House of Representatives; the American government collapsed into a stalemate on most of the crucial economic and social issues on the domestic agenda of the United States; and the Postal Service – as a result of both the 2008 recession and ongoing electronic diversion of the mail to the internet, email, and social media – has been dealing with its first, sustained, and (at least, in part) probably irreversible decline in mail volume.

The challenges facing our nation, the Postal Service, and this Union cannot be overstated. We find ourselves, on this 100th anniversary of the founding of our great Union, facing many challenges and many obstacles. We are about to enter lengthy and complex arbitration hearings that will determine the terms of our 2011 National Agreement. We continue to battle on Capitol Hill and in the Executive Branch to preserve not only our statutory benefits and our collective bargaining process, but also to guarantee the important and sustained role that the Postal Service must continue to play in the future of our American communications system. We need to marshal our forces, along with the rest of the American labor movement and other like-minded organizations and individuals, to ensure that this November the maximum possible number of pro-worker, pro-union, pro-working family candidates are elected into office by the American people. And, as if these challenges were not a sufficient test, we must continue to fight all of these battles while, at the very same time, the National Union and all of its affiliated Local Unions

struggle against the internal effects of declining membership, rising expenses, and more intense disputes with the Postal Service, most notably relating to the potential dislocation of our members through the closing and consolidation of postal plants.

If there are visitors and guests at our 2012 Convention, they might be wondering how the Union is able to deal with all of these important issues, any one of which might lead to catastrophic results for Mail Handlers, and how the Union is able to deal with all of these issues at the very same time. But the delegates and other Mail Handlers who have gathered at this centennial National Convention know how the Union is coping, because we know that the NPMHU has been growing stronger and better for the past 20 years. The NPMHU is ready; it is prepared; indeed, it is anxious to confront these challenges, and to Shape the Future of this great Union and all of the Mail Handlers we represent.

Our common goals can be simply stated: on this, the 100th anniversary of the National Postal Mail Handlers Union, our Union pledges not only to Honor the Past, but also to use the lessons learned from our past to Shape the Future. We will dedicate whatever time and effort is needed; we will expend whatever resources are demanded; we will implement whatever strategies are appropriate; and together we will do whatever it takes to ensure our Union's continued success, and the continued success of all Mail Handlers. Whether it is arbitrating over the 2011 National Agreement, lobbying on Capitol Hill; electing pro-worker candidates to federal office; dealing with the ill-advised closings and consolidations of postal plants; or

representing Mail Handlers during grievance meetings or in arbitration hearings, the NPMHU and its Local Unions are prepared to act on behalf of Mail Handlers, now and in the future. Our goal is not simply to deal with these events or address these issues, but to act proactively, to lead by example, to respond aggressively, and ultimately to help Shape the Future.

Before addressing how and what the NPMHU must do to Shape the Future, it is fitting to look back, and Honor the Past, with special emphasis on the past four years.

Collective Bargaining

As always for the NPMHU, the primary focus of the National Union must be at the bargaining table against the Postal Service, especially during rounds of National negotiations, but also between periods of direct negotiations, when the Union must enforce the National Agreement at the National level.

When the 2008 National Convention convened in Orlando, Florida in August of that year, the NPMHU was in the second year of the five-year National Agreement that was negotiated with the Postal Service in late 2006 and ratified by the membership in early 2007. The membership's decision to ratify the 2006 National Agreement – by an overwhelming margin – proved to be the right decision.

The 2006 National Agreement contained a continuing stream of base wage

increases, in the form of both general wage increases and cost-of-living adjustments. All Mail Handlers covered by that agreement received six general wage increases in November 2006, November 2007, February 2008, November 2008, November 2009, and November 2010, totaling 6.6% of pay, and continuing COLA payments – calculated using the historical formula and immediately rolled into base pay – that were negotiated for March and September of each year from 2007 through 2011, depending on inflation increases. In addition, the contract included a new Step P that was instituted for the benefit of all senior mail handlers, offset in part by a lower entry step for new hires. During the five years of that contract, the COLA payments totaled \$3,640, including extremely large COLAs in September 2008 (\$1,477) and September 2011 (\$978). Thus, over the life of the five-year contract, a Level 4 Mail Handler at top step received guaranteed wage increases totaling \$6,989 or 15.2% of base pay, and even larger percentage increases were provided to mail handlers at earlier steps of the pay scale. Significantly, the total wage increases that occurred under the entire five-year contract were better than the predictions issued by the National Office at the time of the contract ratification vote in December 2006, and exceeded the total wage increases obtained by other postal bargaining groups. In addition, the current contract locked in other key economic protections, including rules on overtime, night differential, and Sunday premium pay, and although it contained increases in employee health care contributions, the contract nonetheless provided all Mail Handlers with substantial wage improvements during the five years covered by the agreement.

On noneconomic issues, the 2006 National Agreement extended the no-layoff protection for all mail handlers. It also continued several memoranda related to Article 12, one of which created an Article 12 Task Force so that the National parties could seek agreement on contentious reassignment issues. And it contained a host of other noneconomic improvements on important issues like casual reporting and enforcement, arbitration scheduling, and the automatic conversion of part-time flexibles into residual vacancies.

For the past two years, the focus of the National Office has been on National negotiations over the terms of the 2011 National Agreement. As always, the bargaining process has been lengthy, beginning with the solicitation of proposals from the membership. Both the Field Negotiating Committee comprised of Local and National officers and the National Negotiations Team worked endlessly to develop and analyze proposals, to prepare and present those proposals at the bargaining table, and to make the compromises and adjustments that are part of any negotiations.

Negotiations continued until the end of January 2012, when the Postal Service declared statutory impasse under the Postal Reorganization Act. Efforts at mediation followed in the period from March through May, but those efforts were unsuccessful, with the Postal Service more interested in trying to obtain legislative solutions to its congressionally created financial problems and trying to finalize its arbitration over the terms of its 2010 agreement with the rural letter carriers. In that

arbitration, the Postal Service argued that it essentially is a bankrupt entity, now defaulting on legally required payments into the Retiree Health Benefits Fund that total more than \$5.5 billion per year, and therefore should be able to avoid all improvements in wages in its future contracts. That contention was soundly rejected by the arbitration panel.

As this report is being written, the NPMHU and the Postal Service have started the interest arbitration process that ultimately will determine the terms of the 2011 National Agreement. In accordance with a striking procedure implemented by the parties, the Federal Mediation and Conciliation Service has appointed Herbert Fishgold as the neutral arbitrator to head the three-person arbitration panel that will issue the final arbitration award, after extensive hearings on the issues that continue to divide the parties. Each party also will appoint one of the remaining arbitrators. The actual hearings have not been scheduled yet, but are expected to occur as soon as possible following the conclusion of this National Convention, with a decision sometime later this year or early next year.

Delays in the completion of National negotiations are not uncommon, and delays in the completion of arbitration as the final procedure in National negotiations are inevitable. Nor are the ongoing delays in the current round of bargaining surprising, given the central role that Congress and the financial condition of the Postal Service have played, and will continue to play, in this round of bargaining. At this point, however, the final stage of this extended bargaining process has begun,

and the end result is getting closer and closer. The National Office has the skills and resources necessary to achieve a fair and equitable result for all mail handlers, and the NPMHU remains dedicated to do whatever may be necessary to reach that result.

Early Retirement Incentives

On two separate occasions during the past four years, first during the fall of 2009 and then during the summer of 2012, the NPMHU has negotiated terms for the implementation of retirement incentives for mail handlers who may want to decide that leaving the Postal Service and collecting their retirement benefits is the right personal choice. In 2009, approximately 2,500 mail handlers made that choice, and a larger number of mail handlers, probably around 3,000, are likely to be retiring or otherwise separating from the Postal Service on or before August 31, 2012.

These incentives were made available (with certain restrictions) to all Mail Handlers who were currently eligible for regular retirement or voluntary early retirement, and all other employees who may have wanted to separate from the Postal Service. Although the NPMHU does not like to reduce the total number of mail handlers employed, or to lose active members of the Union, these retirement agreements with the Postal Service were intended to provide a financial cushion, and added peace of mind, for mail handlers who might be prepared to move on to the next chapter of their lives by leaving the Postal Service. Of equal importance,

with many reassignments, consolidations, and even plant closings being implemented at mail processing facilities during the past four years, the agreements also produced important side benefits for remaining mail handlers, by ensuring that they experience less excessing and, if excessed, have more landing spots and bidding opportunities to protect themselves from the adverse effects of reduced staffing.

The NPMHU wishes a long, enjoyable, and well-deserved retirement to all of our departing brothers and sisters.

Contract Administration

Between rounds of formal bargaining with the Postal Service, the Contract Administration Department (CAD) of the National Union – comprised of Mail Handlers working in both the National Office and our Regional Offices – works to improve the interpretations and implementation of the current National Agreement. These dedicated representatives are available to assist and consult with Mail Handlers and Mail Handler advocates from around the country on the endless contractual topics that arise each and every day. It often is easy to overlook this important function, but the National and Regional CAD is in constant and direct communication with Mail Handlers throughout the country.

In addition to these routine communications, the CAD continues to produce a

host of reports, publications, and memoranda that are intended to keep the Local leadership and membership informed about contract developments.

First, the National CAD continues to produce a series of semi-annual reports – released in conjunction with each Semi-Annual Meeting of the Local Unions and then distributed to all Local Union officers and representatives – that describe all of the ongoing activities of the CAD since the last report. These reports, together with a constant stream of mail communications with the Local Unions, help to keep all NPMHU advocates apprised of the most recent contractual developments.

Second, more than six years ago, the National Office began to publish Union Time, a newsletter aimed directly at NPMHU officers and shop stewards who take on the tough, and often thankless, job of representing Mail Handlers on a day-to-day basis. The newsletter contains articles that are meant not only to be informative, but particularly useful in an officer's or shop steward's day-to-day dealings with postal management.

During the past four years, issues of Union Time have included articles analyzing a host of important topics, including seniority and status after excessing under the National Agreement; sick leave documentation and the "deems desirable" provision; the enforcement of Weingarten rights before the National Labor Relations Board; the reassignment of mail handlers in excess of the needs of a section under Section 12.6C4 of the National Agreement; incumbency rights under Section

12.3B3; and an entire issue devoted to the Contract Interpretation Manual (Version 3). Also included in each and every issue are summaries of recent arbitration decisions that should prove helpful to our NPMHU advocates.

The CAD also routinely distributes proposed and final revisions to USPS postal handbooks, manuals, and regulations (as well as any challenges that the Union may have filed on those changes); copies of the dozens of training and resource manuals that have been developed over the years; and NPMHU interpretations of various contract provisions.

Aside from these day-to-day communications, the CAD also takes primary responsibility for a host of other activities of the National Union:

Contract Interpretation Manual (CIM): After several years of meetings and discussions with the Postal Service, the NPMHU and the USPS were able to issue their Version 3 of the Contract Interpretation Manual, together with a Resource Manual that contains each and every arbitration award, memorandum of understanding, letter of intent, and Step 4 agreement that is cited in the CIM. This revised version of the CIM includes all updates necessary under the 2006 National Agreement, as well as matters that have been settled at the National level during the past few years.

Feedback on the publication and utilization of the CIM has been extremely positive. The manual took years to write, and each revision also takes a very long

time to produce, but the bottom line is that, for the first time in the history of collective bargaining between the NPMHU and the Postal Service, the parties publishing the CIM have set forth, in a comprehensive manner, their substantive agreements about the appropriate way to interpret the National Agreement. To be sure, the CIM has not resolved all work-related disputes; but it has helped the parties at the Local and Regional levels to narrow their disputes by concentrating on the facts underlying particular grievances or issues that are not covered by the CIM.

Reports from the Union's Regional representatives show that the number of Step 3 appeals has decreased, and that management representatives at Step 3 are resolving those cases where local management is not adhering to the requirements set forth in the CIM. The CIM also is being used as a resource to cite when Step 3 decisions are being issued at the Regional level. And a review of the arbitration decisions being issued – at both the Local and National levels – demonstrates that many of the interpretations included in the CIM are being enforced and implemented, and often provide the common rules from which eventual decisions are reached.

Thus, the CIM continues to be used to settle or resolve cases at a much earlier stage of the grievance process, saving the Local Unions from expending resources that can then be used to represent members in other cases. In previous years we have reported that there has been a tremendous decrease in the number of cases pending Regional arbitration: eight years ago, the NPMHU had more than 5,600 open cases pending arbitration; four years ago, that number was down below

2,000; today, that number remains below 2,000, for a reduction of more than 65%.

It is safe to say that the development and publication of the CIM has had an extremely positive impact on the entire grievance-arbitration process. The document has proven to be far more substantive, and therefore far more useful, than prior efforts at joint interpretation of the National Agreement. The National Office will continue to update the CIM and its supplements, to ensure that these manuals pay dividends for many years to come.

Contract-Based Training Programs: Throughout the past four years, the National Union has continued to develop and conduct a series of comprehensive training programs on a host of contractual and statutory issues important to all members. Each of these programs has been aimed at assisting Union officers and representatives from the Local Unions to advocate for Mail Handlers more effectively. Education and training is a crucial component of the National Union's overall program for improving the representation of Mail Handlers; indeed, the importance of this training can hardly be overstated, as educated Union representatives – at both the National and Local levels – are the lifeblood of the effective representation constantly being pursued by the National Union. That is why training during the past four years has been extensive, as reflected by these examples:

(1) Training Around the Local Unions is held continuously, to ensure that the first-line Union representatives are properly filing and processing grievances. These

training programs, conducted by National Shop Steward Trainer and Eastern Regional Vice President Sam D'Ambrosio, often accompanied by Northeastern Regional Vice President and Local 300 President Paul Hogrogian, are invaluable, and include not only basic shop steward training, but also a series of advanced training programs, with special emphasis on defending Mail Handlers who are being disciplined, challenging the hiring and use of casual employees, arbitration advocacy, and reassignments under Article 12.

(2) Arbitration Advocacy training was held in Washington, DC in December 2010, and included a comprehensive review of the procedural and evidentiary rules that govern local arbitrations, strategies for dealing with grievants and witnesses, and approaches to settlement, among other topics.

(3) Article 12 training was held in conjunction with the Semi-Annual Meeting of the Local Unions in March 2012, to provide Local Union representatives with the tools needed to deal with seniority, reassignment, relocation, and excessing issues that arise in the context of plant closings and consolidations.

(4) QWL Training for coordinators has been held at various locations, in order to encourage the continued success of the Quality Work Life process for those Local Unions that choose to participate.

To prepare for each one of these training programs, and well as prior

programs on casuals, the Family and Medical Leave Act, and occupational safety and health, the National Union has developed comprehensive manuals or handbooks on the specified topics, including outlines of the covered material and relevant documents needed by stewards and other advocates. Supplementary materials often are developed to include relevant arbitration decisions and case law. Of most importance, these manuals or handbooks also are circulated by mail – in either hard copy or on compact disc – so that the benefits of each training program is shared with thousands of Union representatives across the country.

Jurisdictional Disputes and Regional Instruction 399: For more than five decades, since the 1950s, no area involving the job rights of Mail Handlers has been more difficult for the NPMHU than its ongoing jurisdictional battles with the APWU and the Postal Service. Seen in that light, the National Union has made consistent progress during the past four years.

With regard to the RI-399 arbitration docket, cases are moving forward, both Nationally and Regionally, albeit at a slow pace. At the National-level, Arbitrator Joseph Sharnoff ruled that the Postal Service properly assigned the mail handler craft as the primary craft to load and sweep mail on the Small Parcel and Bundle Sorter (SPBS). The award not only ruled in favor of the NPMHU, but also agreed with several important principles and arguments that have been made on behalf of Mail Handlers, including a favorable standard of review that should be of benefit to the NPMHU in future cases.

Perhaps of greater long-term significance, the National Union has prevailed upon the Postal Service to make several extremely favorable craft determinations at the National level, thereby awarding what will prove to be thousands of jobs to employees represented by the NPMHU. Our string of successes in this area date back many years, with the most recent examples including the determination that the mail handler craft is the primary craft for the Flat Sequencing System (FSS) and for the Integrated Tray Converter position (ITC Groomer) on the FSS. A less favorable position was issued by the Postal Service with regard to the Automated Parcel Bundle Sorter, and additional jurisdictional determinations are pending for the latest version of Advanced Facer Cancellor System (AFCS 200) and for various universal sorter systems.

To be sure, the RI-399 dispute resolution process remains extremely frustrating, often because it operates so slowly. But the FSS determination on jurisdiction is an excellent example that hard work and patience more often than not produce positive results for all Mail Handlers.

National-level Arbitration: The past four years also have seen substantial progress on the National arbitration docket. A host of issues have been resolved in pre-arbitration settlements, and other unresolved issues have been arbitrated at the National level.

Here is a sampling of final arbitration awards issued during the past four years:

-- the NPMHU prevailed in a case determining that the USPS may not force mail handlers and other postal employees to use only Department of Labor forms to submit medical certifications for leave under the Family and Medical Leave; to the contrary, the Postal Service cannot prohibit mail handlers from using forms developed and designed by the NPMHU, provided that the required information is contained on those forms;

-- an earlier case on the FMLA, decided in late 2008, determined that a host of form letters developed by the Postal Service were improper under the governing statute, and also strictly confined the actions that the USPS may pursue when it determines that there are potential problems with an employee's medical certifications;

-- the Postal Service prevailed in a decision concluding that Section 12.6C5a2 of the National Agreement means that the separation of casuals prior to excessing, which must be accomplished "to the extent possible" to minimize impact on bargaining unit mail handlers, is only required in the affected craft, and not in other crafts within the installation;

-- the Postal Service prevailed in the so-called casual "flip-flop" case, determining that the durational limitation in Article 7.1B of the NPMHU-USPS National Agreement "applies only to those 90-day periods in which an individual casual employee is designated as a mail handler casual or performs mail handler work assignments"; at the same time, the decision recognized that the 90-day

limitation applies with full force to work performed in the mail handler craft, over which the NPMHU has exclusive bargaining authority, and thus, if an individual casual employee is either “designated as a mail handler casual” or is designated as a casual in another craft but “performs mail handler work assignments,” then the casual’s work during that 90-day period counts toward the overall durational limitations set forth in Article 7.1B;

-- the NPMHU challenged the Postal Service’s refusal to allow employees to use voting leave to attend the 2008 presidential party caucuses that were used in several states to choose delegates to the Republican and Democratic National Conventions, but right before the hearing the unions and the USPS settled their dispute with an agreement to pay the individual employees involved, and to preserve the underlying legal issue for another day;

-- the NPMHU intervened in a National-level arbitration on whether postal employees should receive Sunday premium pay when they are placed on administrative leave for a tour on which they would otherwise receive Sunday pay. Although the NPMHU previously had prevailed on whether postal employees receive night differential when they are placed on administrative leave for a shift for which they would otherwise receive night differential, this arbitration resulted in a contrary decision, based on different language in the ELM provision regarding Sunday premium pay;

-- the NPMHU prevailed in another National-level arbitration, concerning the impact of an untimely Step 2 decision issued by the Postal Service after it failed to schedule or hold a Step 2 meeting with the appropriate union representative within

the time provided under the National Agreement. The arbitrator agreed with the NPMHU arguments, and concluded that where a grievance challenging a 14-day suspension is properly moved to Step 3 under Article 15.3C of the National Agreement based on a procedural default by the USPS at Step 2, the USPS may not thereafter issue a belated Step 2 decision for the purpose of triggering the grievant's service of the 14-day suspension under Article 16.5. The Arbitrator did not rule on whether a USPS procedural default at Step 2 was a waiver by the USPS – pursuant to Article 15.3B – of any timeliness objection to the grievance that the USPS had failed to assert in a proper manner while the grievance was still at Step 2.

Here is a listing of arbitration cases currently being heard, and awaiting either the completion of briefs or the issuance of a decision:

-- hearings started in March 2011 on the long-standing dispute between the NPMHU and the Postal Service concerning whether employees on light-duty, after they are placed in a light-duty assignment, have work hour guarantees.

-- whether the MOU on Layoff Protection allows employees in other crafts to be reassigned to or transfer into the mail handler craft and retain their no-layoff protection from another bargaining agreement, when mail handlers are not themselves covered by a no-layoff clause.

National-level MOUs and Step 4 Agreements: The National CAD also plays a major and continuous role in the handling and settlement of Step 4 grievances, and

the development of new National agreements and memoranda of understanding. The volume of such agreements during each four-year period makes it difficult to mention all of these activities, but key subjects addressed by the National Union included the following:

- the expansion of transfer opportunities for mail handlers facing potential excessing from their installation.

- an MOU on excessing issues under Article 12, giving mail handlers who are subject to involuntary reassignment to mail handler positions in other installations, as well as senior volunteers, the opportunity to be reassigned as unassigned Full-Time Regulars to installations nearer to their current installations rather than being reassigned only into those installations that have residual vacancies. The MOU also provides that all excessing will be by strict inverse seniority within the employee category (Full Time Regular, Part Time Regular, and Part Time Flexible) rather than by inverse seniority within pay levels.

- a pre-arbitration settlement concerning the NRP or National Reassessment Program, providing that (a) “[t]he NRP has not redefined or changed the Postal Service’s obligation to provide limited duty or rehabilitation assignments for injured employees.” The parties also have agreed that ELM Section 546 “has not been amended and remains applicable to all pending grievances,” recognizing that ELM Section 546.142 refers repeatedly to “adequate work” and “adequate work available” as the governing standard, not “necessary work”; (b) “[t]he Postal Service has not developed new criteria for assigning limited duty,” and that “[i]njured employees will continue to be assigned limited duty, in accordance with the requirements of ELM

546 and 5 C.F.R, Part 353”; and (c) “[e]mployees on existing non-workers’ compensation light duty assignments made pursuant to Article 13 . . . will not normally be displaced solely to make new limited duty or rehabilitation assignments unless required by law or regulation.”

-- implementation of the VERA or Voluntary Early Retirement Authority during both 2009 and 2012.

Other Major CAD Activities: The past four years have presented several major tests of the CAD’s oppositional skills, because of aggressive and unilateral management actions aimed at reducing the number of career Mail Handlers. The following are some of the major initiatives of the Postal Service that have been contested by the NPMHU, with the direct involvement of the CAD and others:

a. National Reassessment Process: The Postal Service instituted its so-called National Reassessment Process (“NRP”) in 2007, under which it claimed to be re-evaluating all limited duty and rehabilitation positions held by Mail Handlers and other postal employees who have been injured on the job. Earlier, the National Office distributed a comprehensive memorandum to all Local Union officers and representatives, to assist the Local Unions in understanding the NRP process, and to offer ways in which to help members affected by this process. The first section of the memo set forth the NRP Process, step by step, and suggested specific action points for the Locals. The second section set forth suggestions for grieving NRP-related issues.

Although the USPS claims to have ended the NRP program, the National CAD continues to monitor any residual effects of NRP, and to assist Local Union representatives in challenging adverse actions taken against mail handlers by abusive managers, whether under NRP, the ELM, or by any other means.

As noted above, at the National level, an arbitration scheduled over the Postal Service's use of the term "necessary work" led to a successful settlement of several NRP-related claims.

b. Plant Closings and Consolidations and Network Optimization: It was in 2005 that the Postal Service began to notify both the National Union and the Locals about its plans to consolidate or close certain postal facilities, but those actions did not take hold until the past four years, as the Postal Service has claimed that it is compelled to reduce the size and scope of its network because of reduced mail volume.

During the past four years, the Postal Service proposed and sought public input, via public hearings, over several hundred AMP studies under Handbook PO-408 (Area Mail Processing Guidelines), at which hearings many NPMHU and Local Union representatives testified and/or objected to the USPS plans. The Postal Service also has proposed, both in the Federal Register and before the Postal Regulatory Commission (PRC), to change its governing service standards, thereby

proposing to reduce drastically the locations and situations in which first-class mail will be delivered overnight or in two days, and substantially extending the time for processing and delivering other mail. Indeed, in December 2011, the Postal Service submitted a formal request to the PRC, which must issue an advisory opinion on the reasonableness of the Postal Service's plans, and is expected to do so before the end of this summer. The NPMHU was a full participant in the evidentiary hearings held before the PRC, and eight National and Local Union officers and representatives testified during those proceedings. A lengthy brief setting forth the NPMHU position was recently filed, and distributed to all Local Unions.

Even before these legal proceedings, the National Union had convened emergency meetings of the National Executive Board and the entire Contract Administration Department, at which all officers and representatives were in attendance. Acting together with the National Union's legislative and legal staff, these mail handlers discussed a host of issues raised by the potential closings and consolidations, and developed strategies that could assist the Locals in responding to these proposals.

The result of these meetings was a comprehensive package of materials that was prepared and distributed to assist the Local Unions with responding to these proposed actions. Included were answers to questions about strategy, the proper application of the National Agreement, and suggestions for legislative and political activities as a possible response to a particular closing or consolidation. These

written materials have been updated on several occasions.

It also was agreed during the NPMHU's early strategy meetings that not every notice of a consolidation or closing is going to require the same response – every situation is different. In some cases – such as where the proposal concerns a facility that currently has no Mail Handlers, or where the Mail Handlers in that facility do not object to the consolidation – the Local Union may decide not to get involved. In other cases, the best approach may be to “wait and see.” In every case, however, communication between and among the National Office, the relevant Regional Office, and the affected Local Union(s) and Branch(es) is critical. Of even more importance, it is crucial to communicate with the affected or potentially affected members. The package of materials circulated by the National Office was designed to assist each Local Union in making the determination about what is the appropriate response in a particular situation, and to assist the Local in deciding what to do once it has made that determination. The National and Regional CAD continue to assist, on a case-by-case basis, when requested to do so by the Local Unions.

With the reality of declining mail volumes and recent changes in the mail mix, these proposals for “network rationalization” will continue. In their latest incarnation, 48 closings and consolidations are set for August 2012, and another 90 are scheduled for early 2013. Thereafter, the Postal Service is currently planning more closings and consolidations for 2014, but intervening legislative action certainly could change the plans for either 2013 or 2014.

From a contractual perspective, the NPMHU has in place many provisions in Article 12 of the National Agreement, in related memoranda, and in Local Memoranda of Understanding, all of which will have to be enforced, and the Union will remain vigilant as closings and consolidations continue to occur. The Union at all levels must continue to address each particular closing or consolidation, or each proposed closing or consolidation, using a combination of contractual and political responses. For the former, issues under Article 12 must be raised, to minimize to the greatest extent possible any dislocation or inconvenience to mail handlers. On the legislative front, NPMHU representatives are coordinating with other postal unions and community groups that may be working either to oppose or to mitigate the effects of a proposed closing or consolidation. Together, these contractual and political efforts have proved useful, at least in some places, to defeat or limit or delay a closing or consolidation, and in other places to reduce any adverse impact on mail handlers.

c. Conversion of Bulk Mail Centers into Network Distribution Centers. Mail handlers in attendance at the 2008 Convention will remember that a crucial issue at that time was the potential subcontracting out of mail handler work from the Bulk Mail Centers. A resolution was unanimously passed to create a Task Force to address the issues and combat the ill-advised plans, and representatives from each BMC were selected to join forces with the National Union in a nationwide effort to protect the BMCs. Fortunately, the hard work paid off, and the Postal Service

decided to maintain the BMC network, slightly revised, as an in-house USPS network, now called Network Distribution Centers.

Subcontracting. The past four years have seen a continuation of the Postal Service's efforts to subcontract or outsource Mail Handler work under Article 32. Most troubling has been the project aimed at bedloading trucks for cross-country trips by using low-paid private contractors instead of mail handlers, with claims that the Postal Service has neither the money nor the equipment to perform the work with career postal employees.

It makes absolutely no sense to the NPMHU for the Postal Service to give away mail volume to the private sector, when nearby postal plants are suffering from a major loss of mail volume themselves. If the Postal Service decides that bedloading of trucks makes the transportation of mail more efficient and less costly, then it would make perfect business sense to relocate that work to the nearby plants to be performed by Mail Handlers. There simply is no need to outsource this work. We have challenged this ill-advised plan, and will fight to get this work back where it rightfully belongs, in the Mail Handler craft.

Safety and Health in the Workplace: During the past four years, the National Union has continued its efforts to protect the on-the-job safety and health of all Mail Handlers. From a historical perspective, two key events have dramatically changed the landscape in this area. First, in 1998, Congress enacted the Postal Employees

Safety Enhancement Act, which applied private-sector rules under the Occupational Safety and Health Act to Mail Handlers and other postal employees. And second, beginning in 2001, the Postal Service and its employees fell victim to a series of bio-terrorist attacks, starting with anthrax in October 2001, and continuing with the mailing of ricin and other harmful agents since that time. Both of these developments have significantly changed the postal landscape.

Bio-Terrorism and the Mail Security Task Force. As always, a paramount concern of the NPMHU is the safety and well-being of all Mail Handlers and other postal employees. To this end, the National Union has been an active participant in the Mail Security Task Force (renamed the Homeland Security Advisory Group) – which includes representatives of postal management, as well as all unions and employee associations. This group has been meeting on a routine basis to ensure that all reasonable measures are being taken to prevent any further infection from anthrax, ricin, or other biological agents. With union support, the Postal Service was able to obtain funding for the installation of new bio-detection technology, and more recently, the focus of the Group has turned to planning for an outbreak of pandemic flu and similar natural disasters. Only by planning in advance can the safety and security of all Mail Handlers be maximized.

Ergonomic Risk Reduction Process and Voluntary Protection Program. Almost ten years ago, the National Union signed a historic agreement with the Postal Service and representatives of the Occupational Safety and Health

Administration aimed at reducing musculoskeletal risk factors in the postal workplace. The partners agreed to work cooperatively to implement an Ergonomic Risk Reduction Process to identify musculoskeletal disorders and control the associated risk factors. After implementation of the program for five years, the results were terrific. The program was launched at more than 160 postal facilities, and in those facilities in which studies were conducted, there was a substantial reduction in reportable injuries. Given this success, the Union had hoped that ERRP would be expanded into every postal facility so that the protection offered by this process could be afforded to all Mail Handlers.

The National Union also partnered with the Postal Service and with OSHA to implement the prestigious Voluntary Protection Programs, a long-standing program with a proven record of reducing injuries and illnesses. Data showed that sites utilizing the VPP had a 13% reduction in recordable injury and illness incidents, resulting in 60% fewer injuries and illnesses than the industry average.

Unfortunately, the financial crisis facing the Postal Service has caused unjustified cuts in these safety and health programs. For the USPS to be penny-wise and pound-foolish when it comes to safety is unacceptable to the NPMHU; thus, the National Union is seeking to resurrect the joint efforts, as the well-being of Mail Handlers cannot take a back seat to financial concerns.

Quality of Work Life: The QWL or Quality of Work Life process continues to

succeed, for those Local Unions that choose to participate. There have been several meetings and training programs to highlight the QWL process, which seeks to develop good working relationships between labor and management. To foster this program, the National Union remains an active participant on the National Joint Steering Committee, and hundreds of Mail Handlers from around the country are still participating in QWL. Unfortunately, in many areas – again in an ill-advised attempt to save money – the Postal Service has cut back on QWL. At a recent National Joint Steering Committee meeting, we made it clear to our counterparts on the NJSC that this was counterproductive, and that QWL should be encouraged in the field. We are hoping to have a “National Commitment letter” sent out to the field shortly. We also have discussed having a National QWL Conference in the not-too-distant future.

Lead Clerks: In a recent development, reports from the field have indicated that the newly designated “lead clerks” in the APWU craft are being assigned to “lead” mail handlers. We have exchanged correspondence with Postal Headquarters expressing our objections to being supervised, directed, or guided by clerical employees, and we will be filing a National-level appeal on this issue if it cannot be resolved.

Protecting the Mail Handler Craft

For reasons described earlier, there has been a substantial drop in mail

volume, and this has caused an equally substantial, if not alarming, drop in the number of career Mail Handlers employed by the Postal Service. Four years ago, in August 2008, there were 56,300 mail handlers, whereas today that number has dropped to only 45,000, meaning that the Mail Handler craft has seen a decrease of almost 20% in the total number of Mail Handlers. In addition, the NPMHU expects another 3,000 Mail Handlers to retire on or before August 31, 2012, putting the total reduction at approximately 25% of complement.

As the Postal Service continues to downsize through attrition, Mail Handlers must continue to battle to preserve their jobs against jurisdictional challenges, against subcontracting to private entities, and against the free riders who take union wages and union benefits without paying their fair share of union costs. The NPMHU has waged these battles – with great success – for the past 100 years, and must continue these efforts without fail.

Legislative Lobbying and Political Action

The National Union often tells Mail Handlers that, with one stroke of a pen, decades of progress can be obliterated by an uncaring Congress and an unfriendly White House. That is why legislative and political action are both so critical to the future of all Mail Handlers. And never in the 100 year history of the NPMHU has this been more true than today, when anti-worker forces are in control of Congress, and draconian proposals are being introduced, with the claim that they are deficit-cutting

measures, but in reality they are aimed directly at postal and federal employees, and at the Postal Service as a government enterprise.

The entire American labor movement has come to recognize that the political arena holds the key to many of its most important goals. This is more true for Mail Handlers represented by the NPMHU than for most American workers, for our very jobs and most important benefits are dependent on actions taken by Members of Congress and the current occupant of the White House. There is no other group of employees – besides other postal or federal employees – for whom retirement benefits, health insurance, workers' compensation, and life insurance are determined by the actions or inactions of the political branches of our National Government. Nor is there any other employee group whose employer is also so dependent on the views and actions of these political branches. It necessarily follows that all Mail Handlers, and certainly the Union that seeks to provide effective representation for Mail Handlers, must maximize their involvement in the political processes that control the Federal Government.

Put simply, that is why the National Union has remained so focused on its legislative and political programs during the past four years. Under the leadership of the National Executive Board, our Legislative and Political Director, and the Committee on the Future of the NPMHU, the National Union has strengthened its legislative lobbying efforts, while increasing its involvement in the electoral political process.

First and foremost, the bi-annual Legislative Conference, most recently held in 2009 and 2011 to coincide with the first session of each new Congress, has become the focal point of the NPMHU's legislative efforts. Not only are hundreds of Mail Handler activists educated about current legislative issues and the legislative process, but their visits with Members of Congress and professional staff have continued to, quite literally, open the doors for the NPMHU. It is now commonplace for important Senators and Representatives to seek the views and opinions of NPMHU officers and other activists on the key postal and related issues pending before Congress. Leadership in these ongoing efforts has been provided by Bob Losi, who serves as Legislative & Political Director for the NPMHU, and also by Senior Legislative Advisor Roger Blacklow.

The NPMHU also has greatly expanded its efforts – and its results – in raising money for its Political Action Committee. Because many members do not realize that the Union's dues revenues may not be contributed to political candidates, it has taken some time to increase the rates of participation in the Mail Handler PAC. But recent trends are extremely encouraging. Using the salary allotment program that the NPMHU implemented through the Postal Service, members have chosen to apportion a small amount of their paycheck each pay period for direct allocation into the PAC. Many Local Unions also have done a superb job of encouraging their officers and stewards to contribute to the PAC, as a means of demonstrating leadership by example to the rank and file. As a result, the numbers of Mail

Handlers routinely contributing to the PAC, while still small, has increased geometrically in the last few years. Thus, our total contributions have increased each and every year, and we expect an all-time record to be set during 2012. Each and every one of those dollars will go toward supporting our friends on Capitol Hill.

All of these efforts are aimed at one objective: to ensure that the NPMHU is able to influence legislation or impact congressional oversight that will directly affect the work lives of the Mail Handlers that the Union represents. The upcoming federal elections in November 2012 promise to be another watershed in American political history, and the NPMHU's political efforts must continue.

Postal Reform: For almost twenty years, ever since 1995, the NPMHU's principal legislative issue has been amendment of the Postal Reorganization Act of 1970, often called postal reform. Our work always is centered around two important objectives: to ensure that the Postal Service can survive amongst the modern system of communications in the 21st century, and to guarantee that the right to collective bargaining and the resulting wages and benefits of postal employees are preserved.

With these goals in mind, the NPMHU became a key player in the debate and ultimate enactment of postal reform legislation in December 2006, in the form of the Postal Accountability and Enhancement Act (PAEA). To be sure, the PAEA was not a perfect bill. It capped price increases at the rate of inflation by class of mail,

subject to exceptions for unexpected conditions and price increases previously banked, thereby potentially creating a wage cap for future negotiations. It also included an unjustified cut in OWCP benefits that was aimed only at postal employees. That provision – moving the 3-day waiting period so that it applies before an injured employee receives 45 days of COP or Continuation of Pay – was enacted without any evidence or hearings to justify the cut in benefits.

But the PAEA also made clear that collective bargaining will remain the touchstone of labor relations in the Postal Service for decades to come. Congress correctly rejected the most onerous recommendations issued by President Bush's Commission on the Future of the Postal Service, and also provided the Postal Service with additional flexibility in developing products, setting rates, and entering competitive markets. The NPMHU was able to provide direct input into certain legislative language important to Mail Handlers. Throughout the legislative process, the NPMHU remained an active participant because, notwithstanding the Union's reservations about certain aspects of postal reform, to do otherwise would have been to risk the wages and benefits, and perhaps even the jobs, enjoyed by our members.

After the passage of postal reform legislation in 2006, of course, America experienced the Great Recession of 2008. It therefore has become clear that one of the key features of that law, the required pre-funding of retiree health benefits, has become outdated and unjustified. In times of financial distress, it simply makes no

sense for Congress to require the Postal Service – and only the Postal Service – to prefund one hundred percent of its future health care costs. As of today, the Retiree Health Benefits Fund (RHBF) already contains \$45 billion, more than enough to pay for all of the expected retiree health care costs for decades into the future. The currently effective law that requires ongoing annual contributions of \$5.5 billion needs to be repealed. Congress created this problem, and Congress needs to fix it.

Just this past week, the Postal Service for the first time in modern history has now defaulted on its financial obligations, mostly because the full House of Representatives has refused to debate amendments to the PAEA that have been adopted by the full Senate, while also refusing to adopt another extension of the RHBF payments. This is an outrage, and a complete dereliction of duty – indeed, the uncertainty surrounding the financial future of the Postal Service is by itself having an adverse impact on mail volume, as mailers consider alternatives and reduce their long-term plans for using the U.S. mail.

It therefore is essential that the attention of the NPMHU's legislative operations remain focused on postal reform. The full Senate adopted S. 1789 in April 2012, and although it is not perfect legislation (among other potential problems, it contains wholly unjustified cuts in workers compensation benefits), it would reduce funding requirements for the RHBF by spreading out the payments over 40 years and by requiring that the fund only contain 80% of the long-term unfunded liability. The Republican leadership in the House, however, refuses to consider S. 1789.

Instead, Representatives Darryl Issa (R-CA) and Dennis Ross (R-FL), who chair the relevant committee and subcommittee, continue to pursue their own legislation – H.R. 2309 – which contains a host of draconian proposals and will never be supported by the NPMHU or the rest of the postal community. It is not surprising that the Issa/Ross efforts have so far garnered no additional co-sponsors.

While NPMHU representatives continue to work behind the scenes on these issues, National President Hegarty and other NPMHU officers continue to testify on Capitol Hill or appear before the Postal Regulatory Commission. Their testimony has focused on general issues of PAEA implementation, on the NPMHU's opposition to the contracting out of postal career jobs to private companies, on the possible closing or consolidation of postal facilities, on the economics of universal mail service after the PAEA, and on continuation of the universal service obligation.

The NPMHU must remain vigilant, and must continue to expend a tremendous amount of time and effort on legislative relations over the coming four years. That is why the NPMHU continues to urge each and every Mail Handler, including but certainly not limited to all officers and representatives, to stay informed and to stay involved. This means each member must read The Mail Handler magazine and the monthly bulletins, and each member must be sure to log on to the NPMHU website and become a legislative activist. If any member reading this report has not already done so, please join – and encourage your officers, stewards, members, friends, and family members to join – the NPMHU e-activist network.

Your future, and the future of all Mail Handlers, very well may depend on your active involvement.

Nor are these efforts limited to postal reform, as there are a host of other crucial issues of direct interest to all Mail Handlers pending in Congress.

Other Legislative Proposals: Although postal reform has occupied a large portion of the NPMHU legislative agenda, there are other important issues also pending. In prior years, the NPMHU has organized legislative efforts to oppose the subcontracting of Mail Handler work, and more recently legislative attention has turned to placing limitations on the closing and consolidation of postal facilities. On these and other issues, the NPMHU and its legislative staff work behind the scenes to garner support for positive proposals or to amend and/or defeat unwanted legislation.

Other legislative proposals currently being monitored by the National Union include the following:

-- legislation that would repeal or reduce the Windfall Elimination Provision (WEP), which currently reduces the Social Security benefit of postal or federal employees who spend most of their working years in Civil Service Retirement System jobs not covered by Social Security. If the WEP is applicable, then the amount of a retiree's Social Security benefit is reduced when the retiree becomes eligible for that benefit (after age 62 or thereafter)

-- legislation that would eliminate or soften the impact of the Government Pension Offset, which as currently in effect could eliminate spousal or survivor benefits for thousands of postal or federal employees. Under current law, CSRS employees who receive a pension annuity after December 31, 1982 will have an offset (by two-thirds of the amount of their government pension) of any Social Security benefits that they otherwise would be eligible to receive as a dependent of their spouse or widow or widower

-- legislation that would allow postal and federal retirees to pay their health care premiums on an after-tax basis, thereby reducing the effective cost of such contributions

-- various proposed improvements in the TSP or Thrift Savings Plan

-- efforts, mostly at the State level, to require "Do Not Mail" lists similar to the "Do Not Call" list generated by Congress several years ago. Some legislators do not appreciate the important economic role played by the Postal Service and have not been able to distinguish between the value of mail and unwanted telephone solicitations.

-- legislation that would allow vote-by-mail in all fifty States and the Territories, thereby increasing voter turnout and increasing mail volume.

On a positive note, during the past few yearsthere, the NPMHU has successfully worked with like-minded organizations to obtain retirement credit for unused sick leave under FERS, the Federal Employees Retirement System. The NPMHU had been proposing a financial incentive for unused sick leave under the

FERS program in national negotiations since 1994, and finally these provisions have been enacted into law.

When all is said and done, the renewed prominence that the National Union is giving to its legislative and political program is an especially important, and hopefully effective, means of representing all Mail Handlers.

Internal Operations of the NPMHU

Ever since 1992, the National Union has focused a large part of its efforts on improving its own internal operations. That emphasis has continued unabated for the past four years. The NPMHU remains a well-run labor organization, with overall excellence in overall financial management, membership recruitment and maintenance, and internal communications.

Financial Management at the National Union: As has been true since 1992, for three of the past four years, the National Union continued its remarkable financial recovery, during which it managed to spend less each year than its annual income. With recent and significant declines in membership, however, that string of surpluses has now come to an end. In 2011, and continuing into the foreseeable future, the National Union will be running a deficit. Thus, although the National Union now enjoys a large surplus, approaching \$40 million, a compelling argument can be made that the Union's fund balance is now more important than ever.

Like most unions, the NPMHU must continually preserve its funds so that it has the resources necessary to effectively represent, and ultimately fight for, all of its members, without fear of financial collapse when such fights become necessary. Moreover, given the ongoing costs of the Union's activities, and the increasing share of the National Union's revenues that are being shared with the Local Unions, it is likely that the National Union will be operating at a deficit on a year-to-year basis. Thus, the maintenance of the NPMHU's general fund balance will become an ever-increasing internal priority.

The need for such a large fund balance should be obvious. If the National Union is to continue to obtain favorable agreements in collective bargaining, it is imperative that the Postal Service know that the NPMHU has the financial resources necessary to take the USPS through a complicated (and extremely costly) interest arbitration if bargaining does not produce an agreement, as is the case with the current deadlock in bargaining over the terms of the 2011 National Agreement. Likewise, each time that the parties at the National level engage in National grievance arbitration, or threaten to file litigation against the other party, it is essential that USPS officials understand that the Union does not have to make strategic judgments based on its financial well-being. Without these financial resources, therefore, the Postal Service – which never has to worry about such financial limitations – will try to take advantage of the NPMHU, as it was last able to do successfully in the 1990 round of National negotiations.

Nor is there any risk that the operating fund maintained by the National Union will be squandered or expended inappropriately. The National Executive Board has authorized a conservative investment portfolio of government bonds and treasury notes. And in 2007 and 2008, the NPMHU was subject to a lengthy and in-depth audit by the U.S. Department of Labor, which determined that the National Office and its accounting office were appropriately managing the membership's money.

Financial Assistance to the Local Unions: Notwithstanding the continuous need to preserve National Union resources, the National Executive Board also has routinely recognized that the Local Unions have their own financial requirements that need to be met. That is why, on several occasions, the National Officers have supported – and, in fact, voluntarily adopted – programs designed to share large amounts of dues revenue with all of the Local Unions. At prior National Conventions, with the support of the National Union, the delegates adjusted the amount of per capita taxes retained by the National Union from both regular and associate members, transferring millions of dollars each year to the combined treasuries of the Local Unions. The National Executive Board also has adopted a Revenue Sharing Program, which in the ten years since it was started in 2003 has provided the Local Unions with nearly \$28 million in additional tax-free revenue. No other National Union has implemented such a voluntary effort to provide direct financial assistance to all of the Locals.

Stated another way, the improvement in the National Union's financial resources has had positive and wide-ranging effects, not the least of which has been to provide all 37 Local Unions with additional revenues with which to operate. Under the governing constitutional provisions, the Local Unions affiliated with the NPMHU currently receive more than 70% of all dues collected, and thus the Local Unions and members being represented at the Local level are the principal beneficiaries of these revenues. Here, the bottom line speaks for itself: In 1992, the National Union remitted a total of \$13.6 million to the Local Unions; by 1999, that amount had increased more than 50% and was up to \$21.7 million; and during the past four years – from 2008 through 2011 – the amount of money remitted to the Local Unions reached an all-time high, at approximately \$23 million per year. In the past twenty years, therefore, the Local Unions have seen their revenues increase by very large margins.

Membership and Organizing: The National Union continues to maximize Union membership to the greatest extent possible. In 1998, at the peak of postal employment, the Union made history by reaching 50,000 members for the first time. Membership remained over 50,000 for several years, but because of recent downsizing in the postal workforce and a substantial number of retirements, the total membership today is down to approximately 38,000. As a percentage of all Mail Handlers, however, membership remains high, at almost 90%.

These membership numbers have not occurred by happenstance. For many

years, the National Union, working in cooperation with the Locals, has made concerted efforts to sign-up new members and to convince many former members to give the NPMHU another try. On occasion, financial and other incentives are provided to members who helped in the recruitment efforts, and these campaigns will continue, especially with regard to new members of the bargaining unit who transfer into the mail handler craft from other USPS positions.

Communications: One area in which the National Union constantly works hard to improve is communications with the membership. The quarterly magazine – The Mail Handler – has successfully implemented its new look and larger proportions, allowing more substantive coverage of the major issues facing the Union. Monthly bulletins continue to be circulated to all Local Union officers and representatives, for posting on all bulletin boards. As discussed earlier, a quarterly newsletter – Union Time – has been published on contract-related issues important to Local Union officers and stewards. And the NPMHU website at www.npmhu.org is an increasingly important source for the timely circulation of information, especially in the legislative and political arena. Indeed, less than a year ago, the NPMHU website was completely revamped and updated, with announcements and developments now appearing on a routine and timely basis. Not too many Mail Handlers remember that, in 1995, the NPMHU was the first major national or international union with an operating website that contained searchable archives of arbitration decisions, and to this day the NPMHU website remains a leader in that area as well.

Mail Handlers In the Community

Within the Labor Movement: The National Union remains an active participant in the trade union movement, both in America and on a world-wide stage.

Relations between the NPMHU and its international parent body, the Laborers' International Union of North America, continue to be strong. Under the leadership of General President Terry O'Sullivan, who is recognized as one of the mainstays in America's next generation of labor leaders, LIUNA has become a staunch supporter of the NPMHU, offering its assistance and cooperation when advisable, but otherwise allowing the NPMHU to operate under its own autonomy. Mail Handlers also have a direct say in the operations of LIUNA, as Mail Handlers receive their fair share of delegates at all LIUNA Conventions, and the NPMHU National President is an automatic member of the LIUNA General Executive Board.

In 2005, when the labor movement represented by the AFL-CIO split into two, a new federation of unions known as Change to Win was founded. LIUNA decided that it would, at least temporarily, withdraw from the AFL-CIO, but the NPMHU wanted to stay put within the traditional house of labor. Significantly, LIUNA provided its full support for the NPMHU's independent decision, and was a major proponent of the decision by the NPMHU to directly affiliate with the AFL-CIO while also remaining a part of LIUNA. Now that LIUNA has re-affiliated with the AFL-CIO,

the NPMHU continues to benefit from all of the activities conducted by that labor federation.

The NPMHU also continues as an active participant in UNI Global Unions (UNI) – formerly known as Union Network International, which includes a Postal Sector representing the interests of postal workers from across the globe. As the American economy continues to globalize, especially in the postal and communications sectors, the NPMHU's involvement in UNI provides the National Union with valuable information about postal technology and trends in postal employment.

In the Greater Community: The National Union continues to recognize that giving to those less fortunate is a significant part of the Union's legacy.

In the past four years, the NPMHU Scholarship Program has awarded more than \$400,000 in college scholarships to more than 300 Mail Handlers and family members who seek a university degree. For many of the recipients, this financial aid makes it possible to continue their higher education, and allows the Union to encourage members and their families to take advantage of such educational opportunities. It is especially fitting that the Vallone Scholars chosen by the scholarship program are named in memory of Arthur S. Vallone, the former Northeastern Regional Vice President and Local 309 President who died suddenly in 2005. His memory and good works will forever live in the minds of these scholars.

The NPMHU also remains an active sponsor of the Juvenile Diabetes Research Foundation, which is the official charity of the NPMHU and LIUNA. Both the National Office and many Local Unions participate in walkathons and other fundraising activities to help pay for research to find a cure for this disease.

The NPMHU also continues to contribute, both time and money, to PERF or the Postal Employees Relief Fund. This joint project of all postal unions, management associations, and postal management provides timely loans and grants to postal employees who suffer financial losses from natural disasters such as hurricanes, tornadoes, and wildfires. With the support of the NPMHU, PERF has liberalized the criteria for eligibility and the dollar amounts of the grants available to postal employees in need. The PERF fund has made hundreds of payments to postal employees, including scores of Mail Handlers, during the past few years.

Providing Value to the Members: The National Union also sponsors and in part administers important benefit programs aimed at giving Mail Handlers and other NPMHU members excellent benefits at a good value.

The Mail Handlers Benefit Plan, which has been sponsored by the NPMHU since the early 1960s, remains one of the largest health insurance programs under the Federal Employees Health Benefit Program. Although the past four years have seen some significant reductions in associate membership in the MHBP, both

premium rates and membership rates seem to be stabilizing. Our partners at Coventry Health Care continue to serve as the underwriter and administrator for the program, and they are working hard to ensure the MHBP's continued success.

Equally important to the everyday lives of many Mail Handlers are the programs made available through Union Privilege, including the Union Plus Credit Card, and mortgage and educational services. These benefits of NPMHU membership make our job of organizing new members easier, while enhancing the NPMHU's ability to serve our current members.

Committee on the Future of the NPMHU

The aptly named Committee on the Future of the NPMHU has continued to engage in long-range planning and strategic thinking on behalf of the Union and all Mail Handlers employed by the Postal Service. The Committee is comprised of all members of the National Executive Board and several Local Union Presidents representing a cross-section of the NPMHU membership.

The agenda of the Committee remains wide-ranging, and includes long-term issues such as privatization of the Postal Service, the NPMHU's legislative relations program, USPS automation and other technological changes, financial planning; and membership recruitment.

It is extremely difficult to measure the benefits of strategic planning, at least over the short term, but all Mail Handlers should rest assured that their National Union and its Committee on the Future are very much focused on the long-term interests and anticipated needs of all members.

Conclusion

As the NPMHU celebrates its 100th anniversary in 2012, all Mail Handlers should take pride in the accomplishments and activities of their Union, not only over the past four years, but for the ninety-six year history that came before. It therefore makes sense to Honor the Past during this year's National Convention.

But remembering the past cannot substitute for the Union's need to Shape the Future. The entire National Executive Board remains focused on the challenges that lie ahead. We believe that the NPMHU is stronger, tougher, quicker, and smarter than it has been at any point in its long and colorful history, and these attributes will help all Mail Handlers face the difficult issues that must be confronted over the next four years.

Although it often is difficult to predict exactly what challenges may develop in future years, 2012 presents one of those rare situations in which the future challenges can be easily identified. We know that the Union is about to enter into lengthy and complex arbitration hearings that will determine the terms of our 2011

National Agreement with the U.S. Postal Service. We know that the Union must continue to battle on Capitol Hill and in the Executive Branch to preserve not only our statutory benefits and our collective bargaining process, but also to guarantee the important and sustained role that the Postal Service must continue to play in the future of our American communications system. We know that the Union needs to work with the rest of the American labor movement and other supporters to ensure that this November, and in future elections, the maximum possible number of pro-worker and pro-union candidates are elected into office by the American people. We know that the Union must continue to address, on a pro-active basis, the potential dislocation of our members because of the expected closing and consolidation of postal plants. We know that the Union will have to continue its battles over subcontracting, over craft jurisdiction, and over maintaining the well-being of the American working class.

We also know many of the obstacles that lie ahead. Of most importance, we know that the Union, and all of its Local Unions, must continue to fight all of these battles while dealing with the internal effects of declining membership, rising expenses, and more intense disputes with the Postal Service.

But we also know that the NPMHU starts its second hundred years with the ability to address all of these challenges and confront all of these obstacles. Working together, in solidarity with all Mail Handlers and in cooperation with the entire labor movement, the National Postal Mail Handlers Union is ready, willing, and

able to deal with all of these challenges and obstacles, no matter where or when those future battles may take place. The National Officers firmly believe that the National Union – with the continued support of all 37 Local Unions and all 40,000 Mail Handlers – is well situated to Shape its own Future.