

THE CHALLENGES OF NATIONAL BARGAINING

Paul V. Hogrogian, National President



On April 30, 2019, Postmaster General Megan Brennan testified before the House Oversight and Government Reform Committee on the Financial Condition of the United States Postal Service. During that testimony, Brennan reported that mail volume has declined by 31% since 2017. First class mail, the most profitable mail product, declined by 41% during that same period. The Postmaster General projected a \$125 Billion cumulative loss over the next 10 years in the absence of legislative (Postal Reform) and regulatory (Postal Regulatory Commission Rate Case) reforms. A large percentage of this projected deficit can be attributed to the ill-advised mandate that requires the Postal Service to “pre-fund” several decades of retiree health benefits for future retirees. The Postmaster General declared that without Postal Reform and without a favorable outcome of the Rate Case, the Postal Service is “likely to run out of cash in 2024.”

The Postmaster General also announced that the USPS is working with the Board of Governors to formulate a “10-year plan” to return the organization to financial stability. While the details of the 10-year plan are still being worked through, the plan could include some of the following:

- [Postal Reform Legislation](#)
- [Rate Flexibility](#)
- [Closing and Consolidation of Mail Processing Facilities](#)
- [Closing of Post Offices](#)
- [Reduction in Delivery Frequency](#)
- [Increased Centralized Delivery](#)
- [Reduced wages and benefits of future employees](#)

Nothing is definite yet. Many elements of this plan would require legislative action. The Postmaster General has stated that she will be meeting with all stakeholders, including the Unions, to discuss the plan once it is finalized.

The NPMHU believes that the 10-year plan as described above is premature. This is a classic case of putting the cart before the horse. We should first address the pre-funding requirement through legislative action and implement the PRC's new rate system before developing any 10-year plan. The

implementation of any such plan could adversely affect the current coalition's efforts to achieve meaningful postal reform.

The NPMHU, along with the other Postal Unions, believes that the most immediate step that must be taken to secure financial relief and sustainability for the USPS would be to address the 2006 Congressional mandate to pre-fund retiree health benefits 75 years in advance—an onerous burden that no other private or public entity is required to carry.

The bi-partisan USPS Fairness Act (H.R. 2382) was recently introduced by Representatives Peter DeFazio (D-OR), Tom Reid (R-NY), Xochitl Torres Small (D-NM), and Brian Fitzpatrick (R-PA). The legislation would repeal the 2006 mandate that requires the USPS to pre-fund its future retirees' health benefits. The NPMHU, along with the APWU, NALC and the NRLCA, supports this legislation. The pre-funding mandate accounts for 100% of the financial losses of the Postal Service since 2013. If not for this mandate, the USPS would have recorded surpluses of nearly \$4 Billion during the past 6 years.

The NPMHU remains committed to a more comprehensive Postal Reform bill which would include Medicare integration (Parts A, B and D), restoration of the exigent rate increase, and more rate flexibility.

There are other bi-partisan postal reform bills and resolutions currently pending in both the Senate and the House that address this issue. For more details on these bills, please see National Political and Legislative Director Bob Losi's report on page 24.

President Trump submitted his proposed Fiscal Year 2020 budget to Congress. As with his prior budget proposals, the President attempts to pay for his tax cuts for the wealthy on the backs of postal and federal workers. The President's budget proposals contain the following:

- [Increase employee FERS contributions by 1% per year for the next 6 years \(this amounts to an up to 6% pay cut for affected employees\)](#)
- [Eliminate COLAs on FERS pensions](#)
- [Reduce CSRS COLAs](#)
- [Eliminate FERS Social Security Supplemental Annuity](#)

- Change retirement formula from a high 3-year to a high 5-year basis
- Reduce the interest on the TSP G-Fund

In short, the proposed budget would increase employee contributions while at the same time reducing employee benefits. The NPMHU opposes the proposed budget and will work with our allies in Congress from both sides of the aisle to ensure that these budget proposals are dead on arrival.

The conversion of MHAs to career employee status remains a priority for the NPMHU. More than 12,000 MHAs have now been converted to career status. The MOU on Filling Residual Vacancies, which we signed in August 2015, continues to produce results. The MOU was incorporated into our National Agreement during the last round of bargaining. This MOU has provided significant opportunities for our MHAs to achieve career status while also providing transfer opportunities for those Mail Handlers who desire them.

The NPMHU continues its preparations for the next round of bargaining. Our National Agreement is set to expire on September 20, 2019. A bargaining strategy session was held during the August SAMLU in Washington, DC. Mail Handler representatives from throughout the country discussed the priorities for these negotiations. The Field Negotiating Committee met in Washington, DC during the first week of February. Negotiations will officially open on June 27th. The entire National Executive Board as well as the National CAD staff will be attending the opening session.

Our priorities in bargaining include:

1. Obtain a fair and just general wage increase
2. Continue of our current Cost of Living Adjustments (COLAs)
3. Keep the No Lay Off clause
4. Improve the wages, rights and benefits for our MHAs
5. Increase MHA conversions to career status
6. Return subcontracted work to the Mail Handler Craft and stop future subcontracting
7. Minimize the dislocation and inconvenience to Mail Handlers subject to involuntary reassignments
8. Fight any USPS proposals to implement any new lower wage scale and reduced benefits for future career employees
9. Address the issue of MHAs serving as 204Bs and
10. Achieve an MOU on Sexual Harassment and Discrimination in the USPS.

This is not a particularly opportune time during which to bargain. The Postal Service's financial situation, the Postmaster General's 10-year plan, the political stalemate in

Congress, the President's Task Force on the Postal Service, the OMB privatization recommendations, and the continuing uncertainty about Postal Reform legislation lead us to believe that these negotiations will be extremely difficult.

The NRLCA, whose contract expired in May 2018, just announced the terms of a new 3-year agreement, which will be subjected to ratification votes this summer. The APWU, whose contract also expired in May 2018, has declared an impasse and appears to be heading for interest arbitration. The slow progress, or lack thereof, in these negotiations indicates that we have a difficult path in front of us.

If the APWU negotiations are any indication, we expect that the USPS will submit regressive and draconian proposals which may include:

- A wage freeze for current employees
- Lump sum payment(s) in lieu of raises
- Increasing the non-career workforce
- Current employees with less than 6 years of service must work 15 years of service to achieve no lay off protection
- Elimination of no layoff clause for future employees
- Pay and benefits substantially cut for all future career hires, including MHAs who are converted to career.

While the NPMHU prefers and will strive to reach a negotiated agreement, we are not afraid to fight in arbitration for a fair and just contract that our members deserve.

Whether in negotiations or in arbitration, I am confident that the NPMHU bargaining team is up to the task at hand and will work tirelessly to achieve a fair contract for all Mail Handlers. Through the work of our Contract Administration Department and our legal team, and through the hard work of our Regional, Local, and Branch representatives, we can and will successfully meet any and all challenges that lie before us. But we must remain united in the face of the Postal Service's attacks on our jobs.

In these and other endeavors, the continuing support of all Mail Handlers is very much appreciated. The NPMHU will keep the membership informed of the progress of the negotiations in the coming weeks and months. Watch your bulletin boards for the latest developments.

Fraternally,



Paul V. Hogrogian
National President