

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

The Committee on the Future of the National Postal Mail Handlers Union, first created by the National Executive Board in 1996, engages in long-range planning and strategic thinking on behalf of the Union and all mail handlers employed by the U.S. Postal Service.

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

At its first meeting of 2011, in February, the Committee focused on several crucial issues facing the NPMHU, including the financial status of the USPS and the Union's 2012 legislative agenda.

A crucial concern of the NPMHU is the ongoing economic status and future economic prospects of the Postal Service. Not only is the financial uncertainty facing the Postal Service having an adverse impact on mail handlers currently, but also that uncertainty is likely to affect the NPMHU, its Local Unions, and future negotiations against the Postal Service for many years to come. For this reason, the Committee spent a considerable portion of its recent meetings analyzing and discussing these complex financial issues.

Economic Status of the USPS

The current state of USPS finances remains extremely poor, although the economic

results directly attributable to mail processing and delivery is improving. During the 2010 fiscal year, ending on September 30, 2010, mail volume continued to decrease, and the end of year deficit was \$8.5 billion. But that deficit was primarily caused by (a) the required annual payment to the Retiree Health Benefits Fund, which was imposed on the USPS by the budget deficit reduction provisions of the 2006 Postal Accountability and Enhancement Act and (b) a large increase in the costs attributable to workers compensation programs through the U.S. Department of Labor, which was caused mostly by a drop in interest rates. Moreover, with regard to the RHBF, Congress did not provide any last minute relief to the Postal Service, as it did in the closing minutes of the prior fiscal year on September 30, 2009, when \$4 billion in payments to the RHBF was deferred into future years.

The financial situation

is not expected to improve significantly during the current 2011 fiscal year. Once again, the Postal Service is projecting a huge deficit in the neighborhood of \$7 billion. Mail volume continues to fall, and future volume is dependent on the general state of the American economy. At the same time, the actual mail processing and delivery operations of the Postal Service are producing a break-even or even a surplus situation, and it is mostly payments to the RHBF that are causing the deficit.

To deal with this financial crisis, the Postal Service has implemented and/or proposed a series of operational and financial actions, some of which are supported by the NPMHU, and some of which are opposed by the NPMHU. For example, the Postal Service proposed an above-inflation increase in postal rates, but that increase has been rejected after review