

Discussion Document

NAPS Legislative/Political Affairs: An Overview

October 2011
NAPS Headquarters,
Alexandria, VA

“A healthy Postal Service is vital to Americans who depend on timely, affordable, reliable mail delivery. The dual strategy of raising rates while cutting Saturday delivery is no way to sustain customer loyalty or encourage use of mail. It also overlooks the dependence many — including small businesses and rural customers — have on six-day delivery.”

*-Donald J. Hall Jr.
CEO
Hallmark Cards, Inc.
October 2011*

"The Postal Service has a record of delivering affordable, reliable mail through rain, snow, sleet, hail, heat and darkness. Protecting this service is going to require real business model changes and not just another blank check from taxpayers."

***- Chairman Darrell Issa
Interview, National Review
October 2011***

Where We
Stand.

2011 Legislative & Political Challenges

- Likelihood of Republican control of House, possibly Senate
- Rep. Darrell Issa – chair of House Oversight & Gov. Reform?
- “Big Fix” postal reform in 2011
- PRHBF Pre-funding restructuring & CSRS overpayment
- Five-day delivery
- Wider USPS authority to close post offices, facilities
- Expanded USPS product authority
- Collective bargaining arbitration change
- Budget/entitlement reform could hit federal pension benefits

5 Narratives Influencing Postal Jobs and Benefits

- USPS Path to Bankruptcy
- USPS Cost Containment (irrespective of legislative relief)
 - Processing and Transportation Network Realignment
 - Post Office Closures
- Postal Reform II
- Debt Reduction - “Supercommittee” and Scenarios
- Political Landscape – 2012 WH/Cong Elections
- Unprecedented public anger at Washington & global unrest
 - Economic backlash against federal and postal employees, deep resentment and fear
 - More divided government? Senate Dems: 24/33

Recent Developments

- USPS Nonpayment of 2011 FERS contribution
- USPS Proposals to Secede from Fed Retirement and FEHBP
- NAPS Testimony to Senate Postal Oversight Committee
- Extension of \$5.5B RHBF Payment Deadline to Nov. 18 (as part of appropriations Continuing Resolution)
- President’s Proposals on USPS (as part of recommendations to House-Senate Fiscal ‘Supercommittee’)
- USPS Proposal to Revise First Class Delivery Standard and Realign Processing and Transportation Network
- “Save the Postal Service” Rally on Sept. 28
- GAO Report on USPS “Overpayment”
- House Oversight Committee Markup of HR 2309

Postal Reform Legislation

- HR 1351 (Lynch)
- **HR 2309 (Issa-Ross)**
- HR 2967 (Cummings-Lynch – “Innovate to Deliver Act”)

- S 353 (Collins – “USPS Improvements Act”)
- S 1010 (Carper – “POST Act”)
- S 1625 (McCain – “Postal Reform Act”)

- President’s USPS Proposals to Fiscal Supercommittee

President's Postal Reform Proposal to Supercommittee

- Restructure RHBFF prefunding payments
- Refund USPS overpayments to FERS (\$6.9 B over 2 years)
- Authorize five-day delivery
- Allow USPS to offer non-postal products and increase collaboration with State and local governments
- Permit one-time exigency postage increase

HR 2309 – Key Provisions

- Create Solvency Authority (displace BOG) with authority to rescind labor agreements and require retirement-eligible employees to retire
- Create Postal BRAC Process and eliminate obstacles to PO closures
- Allow USPS to move to five-day delivery
- Permit one-time exigency postage increase
- Require USPS transition away from door delivery
- Provide USPS extra \$10B in debt financing
- Require USPS employees to pay same health life insurance premiums as civil servants
- Require labor arbitrators to take USPS financial condition into consideration and wages/benefits in total compensation comparability
- Require all market-dominant products to cover costs, while maintaining the CPI price cap
- Authorize USPS to sell advertising space on its facilities, vehicles and provide services for state governments

Likely Components of “Big Fix”

- Restructure RHBF prefunding payments
- Refund USPS overpayments for FERS
- Authorize five-day delivery
- Greater product authority, fed/state services
- Authority to cut unprofitable mail products
- Recognize USPS financial condition in arbitration
- Emphasize co-location of post offices
- Monitor network realignment
- Incent retirement

Debt Reduction and Supercommittee Scenarios

- One-time committee created by debt ceiling law
- 12 members (6 House, 6 Senate – 6 D's, 6 R's)
- Tight Deadline on Recommendations – Nov. 23
- Ambitious Goal: At least \$1.2 B over 10 years (covering both discretionary and mandatory spending)
- Streamlined, fast track Congressional approval
- If Supercommittee deadlocks, across-the-board cuts required in discretionary spending (including defense) beginning in 2013
 - Will not touch mandatory spending (including federal retirement benefits)

Harmful Proposals on Federal Workforce Benefits

- Increase employee FERS contribution from 0.8% of pay to 6.25% of pay. (Obama recommended 1.2% increase over 3 years)
- Change federal pension formula from high-3 to high-5 average salary base.
- Calculate FERS annuity using a lower rate
- Eliminate the government contribution to FERS for new hires
- Freeze retiree COLA for duration of civil service pay freeze
- Base retiree COLA on “chained CPI measurement”, lowering COLA
- Eliminate FERS minimum supplement for employees retiring before 62
- Reduce government share of FEHBP premium by 2% for each year of service less than 20 years
- Provide FEHBP enrollees a voucher for FEHBP premiums

Fed/Postal Coalition/NAPS Message to Supercommittee

- Take reductions already made into account
- “Shared Sacrifice” means true shared sacrifice
- Increase in employee FERS contribution is a payroll tax increase, contrary to payroll tax decrease to other Americans
- Opposition to FERS annuity supplement for new hires
- Cap contractor salaries at \$200,000
- Streamline the FEHBP pharmacy benefit program
- Strengthen tax enforcement and compliance efforts
- Opposition to arbitrary downsizing

Alan Simpson on Tackling the Nation's Debt

“If you hear a politician get up and say, ‘I know we can get this done. We're going to get rid of all earmarks; all waste, fraud and abuse; all foreign aid; Air Force One; all congressional pensions.’ That's just sparrow belch in the midst of the typhoon. That's about six, eight, ten percent of where we are. So, I'm waiting for the politician to get up and say, ‘There's only one way to do this: You dig into the big four -- Medicare, Medicaid, Social Security, and defense.’ And anybody giving you anything different than that, you want to walk out the door, stick your finger down your throat, and give them the green weenie.”

Where We Are:

SPAC 2011

Amount raised for SPAC as of October, 2011:

\$126,601

SPAC 2011:

How are members giving?

- \$6,230 via cash
- \$21,759 via credit cards
- \$62,649 via checks and money orders
- \$915 via Account Debit (via PNC)
- \$35,048 via Payroll Deduction
 - Compare to 21,841 at same time last year

SPAC 2011 Payroll Deduction

- As of the 10/1/2010 Pay Period:
 - 166 members contributing \$2,249
 - (Compared to 74 members contributing \$1,421 in 10/10)
 - \$58,474 per year at this level;
 - Averages to \$14.63 a member
 - (\$380 for whole year)

What has NAPS Given?

- During the course of the 2012 Cycle, NAPS has given \$143,400.

Donation Breakdown

- Between 1/1/2011 and today we have:
 - Made 65 contributions to 52 candidates:
 - 12 Candidates from the United States Senate
 - 40 Candidates for the United States House of Representatives
 - Made contributions made to candidates in 33 states.
 - \$123, 800 to Democrats
 - \$19,600 to Republicans

NAPS Political Engagement

- September’ s “Save the Postal Service” events
 - NAPS Members from across the country actively engaged Members of House of Representatives regarding H.R. 1351 through;
 - Distribution of Petitions;
 - Discussions with House Members and their Staffers;
 - Joined with other Postal Employee Organizations in informational public rallies to inform the public about the difficulties facing the USPS.

NAPS Political Engagement (cont.)

- Knowlegis Congressional Advocacy Software
 - NAPS has used Knowlegis to openly engage both members of the House and Senate through constant communication;
 - Almost 20 letters distributed to members of the House and Senate on various topics such as;
 - » H.R. 1351
 - » H.R. 2309 (aka “The Issa Bill”)
 - » USPS Infrastructure changes
 - » Overall Federal Employee Issues
 - Letters are distributed to the specific issue area staff members in each Congressional Office.

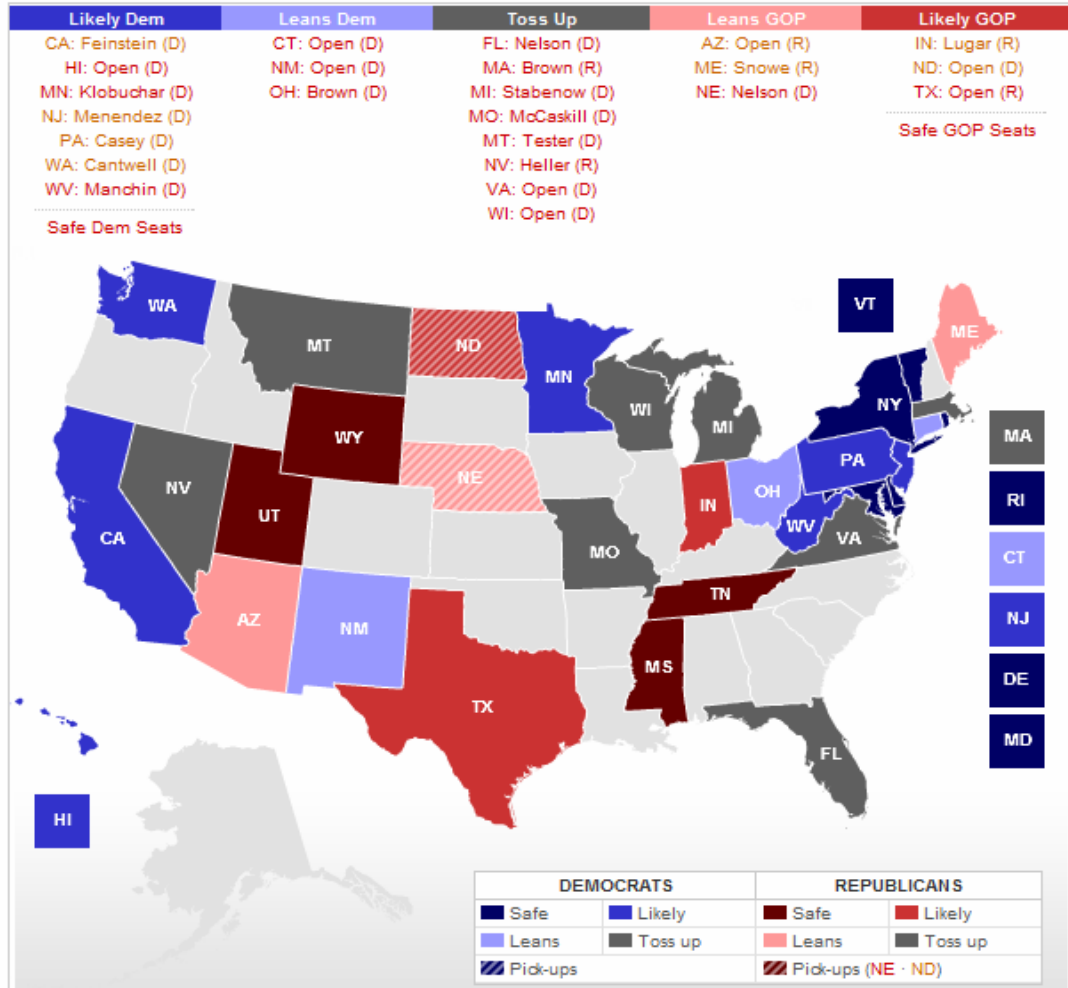
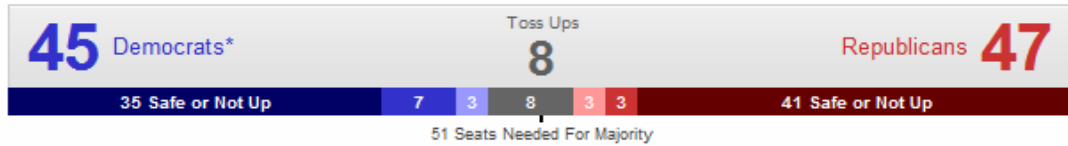
What's Next?:

Battleground 2012

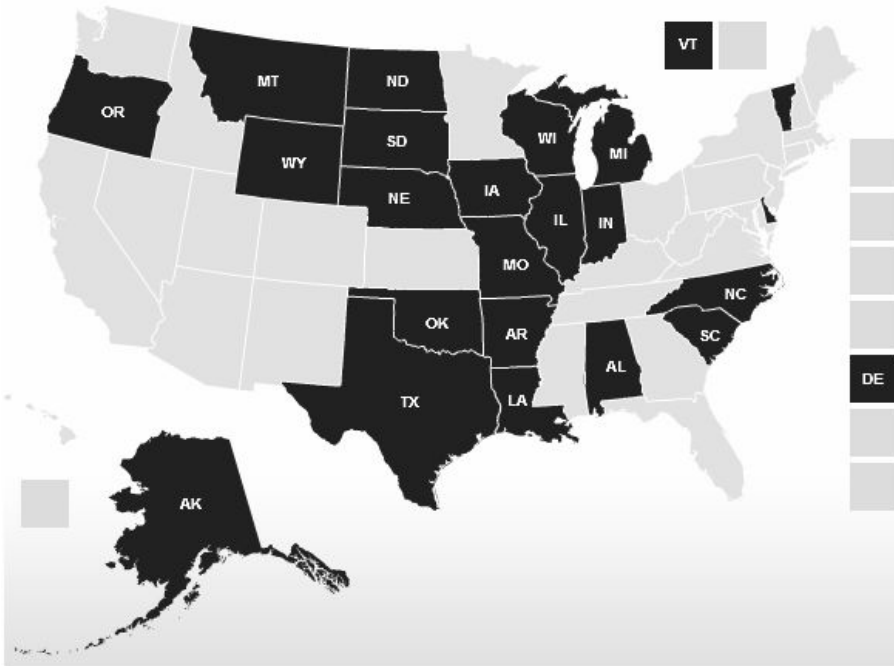
- All House Seats and 1/3 of the Senate is up for election;
 - Senators elected in the 2006 “Democratic Revolution” are up for reelection;
- House redistricting;
 - Could shape direction in either direction;
- Political Atmosphere is in “flux”;
 - Tea Party momentum has cooled;
 - Democrats have not ceased any momentum;
- Issue #1: The Economy;
 - General Frustration with system as a whole;
- Presidential Election;
 - Obama’s numbers struggling;
 - No clear frontrunner from GOP;

BATTLE FOR THE SENATE

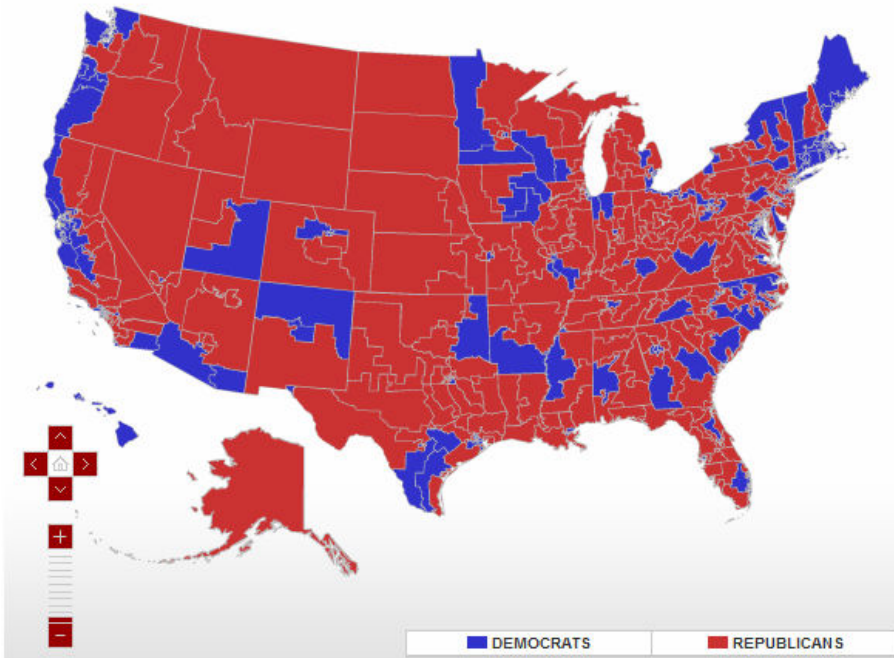
Current Senate: 53* Democrats | 47 Republicans



STATES WITH FINALIZED CONGRESSIONAL DISTRICT LINES



CURRENT U.S. HOUSE: 242 REPUBLICANS, 193 DEMOCRATS



Enhance Congressional knowledge of postal issues

- Target contributions to members of committees that oversee postal affairs
- Prepare position papers for members of Congress and the media. Use media resources, i.e. PostalNews.com and print media to extend our messaging
- Communicate with the elected officials both on and off our committees on postal matters
- Respond to all negative statements/speeches and writings of critics of the USPS

Partner with the Federal/Postal Coalition

- Coordinate meetings with committees and their staffs to brief on postal issues
- Sponsor events for elected officials
 - Rep. Louise Slaughter
 - Rep. John Yarmuth
 - Rep. Michael Capuano
- Identify opportunities for member to attend local fundraisers for elected officials
- Meet regularly with coalition members to develop strategies and best practices

Increase SPAC participation

- At LTS provide on-line opportunities to sign-up for payroll deduction;
- Initiate OPM SPAC allotments for associate members;
- Raffle prizes for those who sign-up or who have already signed-up;
- Increase communications on SPAC through The Postal Supervisor magazine

Increase NAPS visibility in Washington, D.C.

- Attend all events sponsored by mailer groups in the Washington D.C. Area
- NAPS Testimony in the United States Senate
- Submitted written remarks to the Congress

2012 Legislative Training Seminar

- Return to the Crystal Gateway Marriott
- Continue Arlington National Cemetery visits
- Sunday evening “Town Hall Meeting”
with resident officers (2 hours)
- Sunday evening dinner for State Legislative Chairs
- Luncheon on Monday in lieu of dinner and entertainment
- Monday evening - SPAC reception for key donors
- Monday evening free for delegates
- Narrow focus of agenda to key issues
 - Financial Health of USPS
- Plan changes in the debriefing process after visits on Capitol Hill