

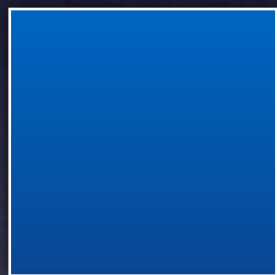
an official action

Postal Press Association

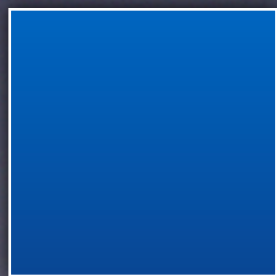
I think about my NEXT
job...



A lot



A little



None at all

Postal Service May Cut 120,000 Jobs

By THE ASSOCIATED PRESS

Published: August 11, 2011 at 6:17 PM ET

WASHINGTON (AP) — The financially strapped U.S. Postal Service is considering cutting as many as 120,000 jobs.

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The latest on President Obama, the new Congress and other news from Washington and around the nation. [Join the discussion.](#)

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- [More Politics News](#)



Facing a second year of losses totaling \$8 billion or more, the agency also wants to pull its workers out of the retirement and health benefits plans covering federal workers and set up its own benefit systems.

Congressional approval would be needed for either step, and both could be expected to face severe opposition from postal unions which have contracts that ban layoffs.

The post office has cut 110,000 jobs over the last four years and is currently engaged in eliminating 7,500

administrative staff.

But the loss of mail to the Internet and the decline in advertising caused by the [recession](#) have rocked the agency.

Postal officials have said they will be unable to make a \$5.5 billion payment to cover future employee health care costs due Sept. 30. It is the only federal agency required to make such a payment but, because of the complex way government finances are counted, eliminating it would make the [federal budget](#) deficit appear \$5.5 billion larger.





What's wrong with the US Postal Service?

How is it that UPS (UPS) and FedEx (FDX) can run profitable, successful delivery services while the U.S. Postal Service blunders its way into insolvency?

USPS brought in \$67

POST & PARCEL

NEWS, VIEWS & JOBS FOR THE GLOBAL MAIL & EXPRESS COMMUNITY

Surprise mail slump means USPS facing shut-down in 2012

The US Postal Service has been rocked by a surprising slump in mail volumes in the last few months, and is now on track for a full shut-down in 2012 – a Presidential election year.

The three months up to March 2011 saw a 7.6% drop in overall US mail volumes – double the expected drop.

COURIER, EXPRESS, AND POSTAL OBSERVER

THE COURIER, EXPRESS, AND POSTAL INDUSTRY IS THE LARGEST SEGMENT OF THE TRANSPORTATION MARKETPLACE WORLDWIDE.

Could a July 2012 Shut-down Date for the USPS Be Optimistic?

Slower economic growth is not good for the USPS as it means less revenue across all mail classes. Slower economic growth is one of the factors that CFO Joe Corbett noted which could cause a July 2012 shut down date to happen sooner when he spoke at MTAC today to the convention.

The April 2011 preliminary financial report shows losses

COURIER, EXPRESS, AND POSTAL OBSERVER

THE COURIER, EXPRESS, AND POSTAL INDUSTRY IS THE LARGEST SEGMENT OF THE TRANSPORTATION MARKETPLACE WORLDWIDE.

The USPS Has a Shut Down Date

Joe Corbett, USPS CFO, stated that "assuming no legislation, and no worse news, the USPS starts shutting down July 2012 when it runs out of operating cash."

This makes for a rather interesting political...
If Congress doesn't act, the...

Bloomberg Businessweek

The U.S. Postal Service Nears Collapse

Delivery of first-class mail is falling at a staggering rate. Facing insolvency, can the USPS reinvent itself like European services have—or will it implode?



The Post Office Is About To Go Bust

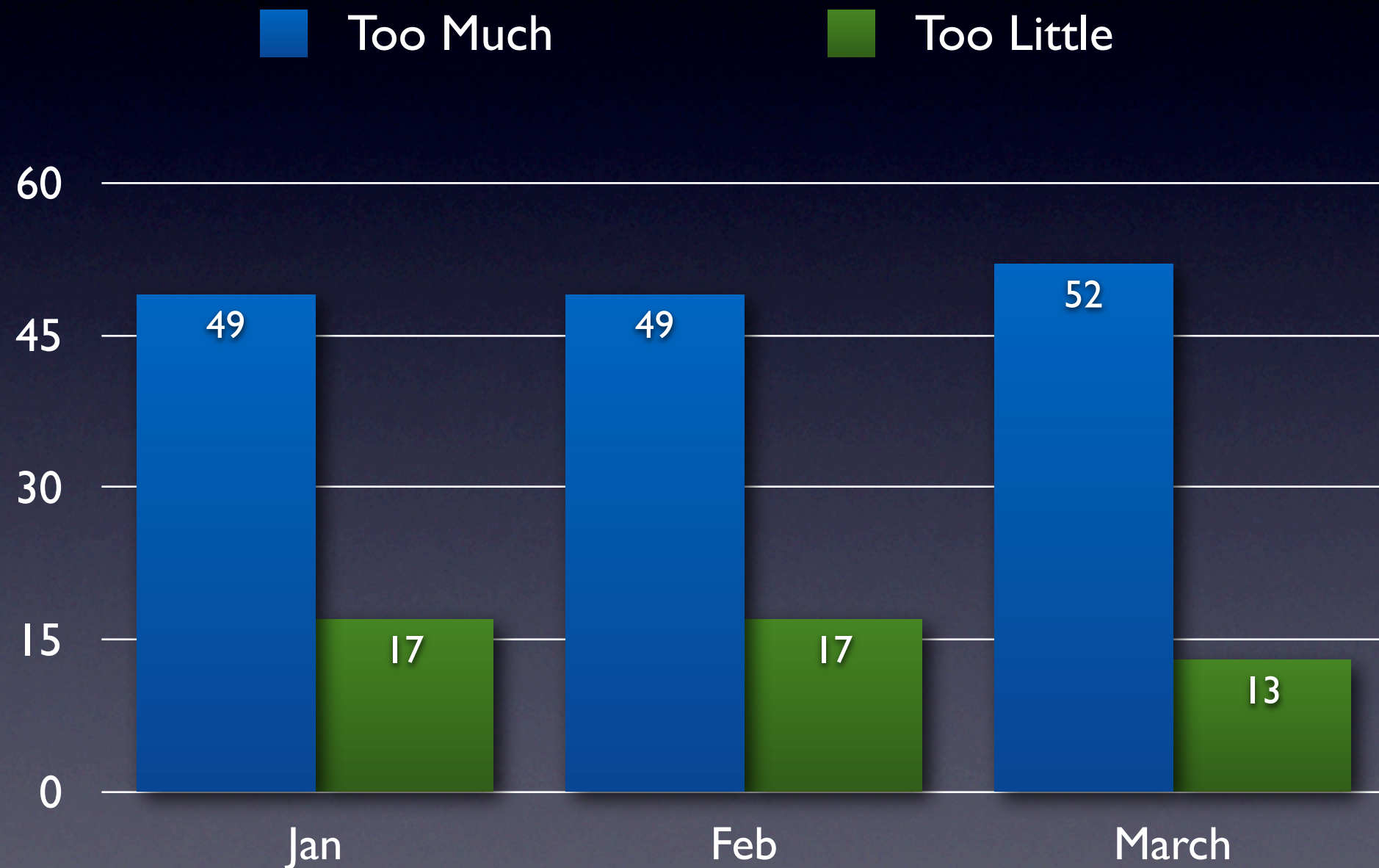
The U.S. Postal Service can't shrink fast enough. Its revenues are falling and its losses are rising as mail migrates to the Internet.

DIRECT MARKETING NEWS

Postal Service Runs \$747M April Net Loss

The US Postal Service ran a net loss of \$747 million in April, raising its total net loss for its 2011 fiscal year to more than \$3.3 billion. Volume dropped 4.5% to 13.8 billion pieces in the month, and revenue shrunk by 2.9%, compared with April 2010, to less than \$5.5 billion.

Many See Public Employees' Compensation As Too Generous





1. Repeal the Davis-Bacon Act.
(More than \$1 billion annually)

2. Require collection of unpaid taxes by federal employees.
(\$1 billion savings over 10 years)

3. Prohibit taxpayer funded union activities by federal employees
(\$1.2 billion savings over 10 years)



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a project of the economic recovery working group

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Update Federal Employee Pensions To Reflect Private Sector Practices

Saves: \$4.5+ billion over ten years

Initial pension benefits for federal civilian employees are calculated based on the average of employee's highest earnings over three consecutive years. By contrast, the private sector commonly bases benefits on a five year average. The Federal government also provides civilian employees (including Members of Congress and staff) with a benefit not normally offered to private sector employees: Federal employees who retire at age 55 or older with at least 30 years of service or at age 60 with at least 20 years of service receive an early benefit equivalent to Social Security until they reach 62. This proposal would eliminate the early retirement benefit for those who voluntarily retire early and would base pensions on the average earnings over five years.

THIS WEEK'S WINNING CUT



Taxpayer Subsidized Union Activities

Saves potentially \$120 million a year and \$1.2 billion over ten years

Currently, some federal employees spend up to 100% of their workweek, paid by taxpayers, doing work for their union. Federal employees unions collect millions in revenue each year and spend significant amounts on political activities and lobbying, should they also be subsidized by the taxpayer for their official functions? In 2008 the Federal government spent \$120 million paying employees for their time spent working on union activities (over five years this would total a minimum of \$600 million.) (Also proposed as part of the RSC Sunset Caucus.)

Approval of Labor Unions, by Political Party

Recent Trend

■ % Republican

■ % Independent

■ % Democrat



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Committee Chairpersons

Committee	112th Congress	111th Congress
Appropriations	Harold Rogers, KY [0%]	David Obey (D-WI) [100%]
-- FSGG	Jo Ann Emerson, MO [0%]	Jose Serrano (D-NY) [100%]
Budget	Paul Ryan, WI [12%]	John Spratt (D-SC) [100%]
Education & Labor	John Kline, MN [0%]	George Miller (D-CA) [100%]
-- HELP	Phil Roe, TN [0%]	Rob Andrews (D-NJ) [100%]
Energy & Commerce	Fred Upton, MI [16%]	Henry Waxman (D-CA) [100%]
Oversight & Gov. Reform	Darrell Issa, CA [0%]	Ed Towns, NY [100%]
-- Fed.Workforce,	Dennis Ross, FL [freshman]	Stephen Lynch (D-MA) [100%]
Ways & Means	Dave Camp, MI [8%]	Sander Levin (D-MI) [100%]

House Committee on Oversight & Gov. Reform

Subcommittee on Federal Workforce, USPS, and Labor Policy

Dennis Ross, FL	Stephen Lynch, MA
Justin Amash, MI	Eleanor Norton, DC
Jim Jordan, OH	Gerry Connolly, VA
Jason Chaffetz, UT	Danny Davis, IL
Connie Mack, FL	
Tim Walberg, MI	
Trey Gowdy, SC	



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Dennis Ross

Florida's 12th District

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APWU President Gets Defensive About Dennis Ross Exposing APWU Paying Union Members to Vote

Justin Amash (R-MI)

Vice-Chair, Subcommittee on Federal Workers, the Postal Service, and Labor Policy

“USPS has raised it’s rates in the last several years and now is threatening deep service cuts. I look forward to examining closely whether some of USPS’s functions could be done more efficiently through competition and the private sector.”

Debt Reduction Super Committee

Republicans	Democrats
Jon Kyl (AZ)	John Kerry (MA)
Rob Portman (OH)	Max Baucus (MT)
Pat Toomey (PA)	Patty Murray (WA)
Fred Upton (MI)	Chris Van Hollen (MD)
Dave Camp (MI)	Jim Clyburn (SC)
Jeb Hensarling (TX)	Xavier Becerra (CA)

If Cuts enacted by January 15, 2012 are:	THEN Total automatic cuts are:	AND Future debt ceiling is:
\$1.5 trillion or more 	None 	\$1.5 trillion
At least \$1.2 trillion but less than \$1.5 	None 	Amount of enacted cut
Less than \$1.2 trillion 	Difference between \$1.2 trillion and enacted cuts 	\$1.2 trillion
No legislation enacted 	\$1.2 trillion 	\$1.2 trillion

Current Makeup of the 112th Congress

	House	Senate
Democrats	193	51
Republicans	240	47
Independents	0	2
Vacancies	2	0

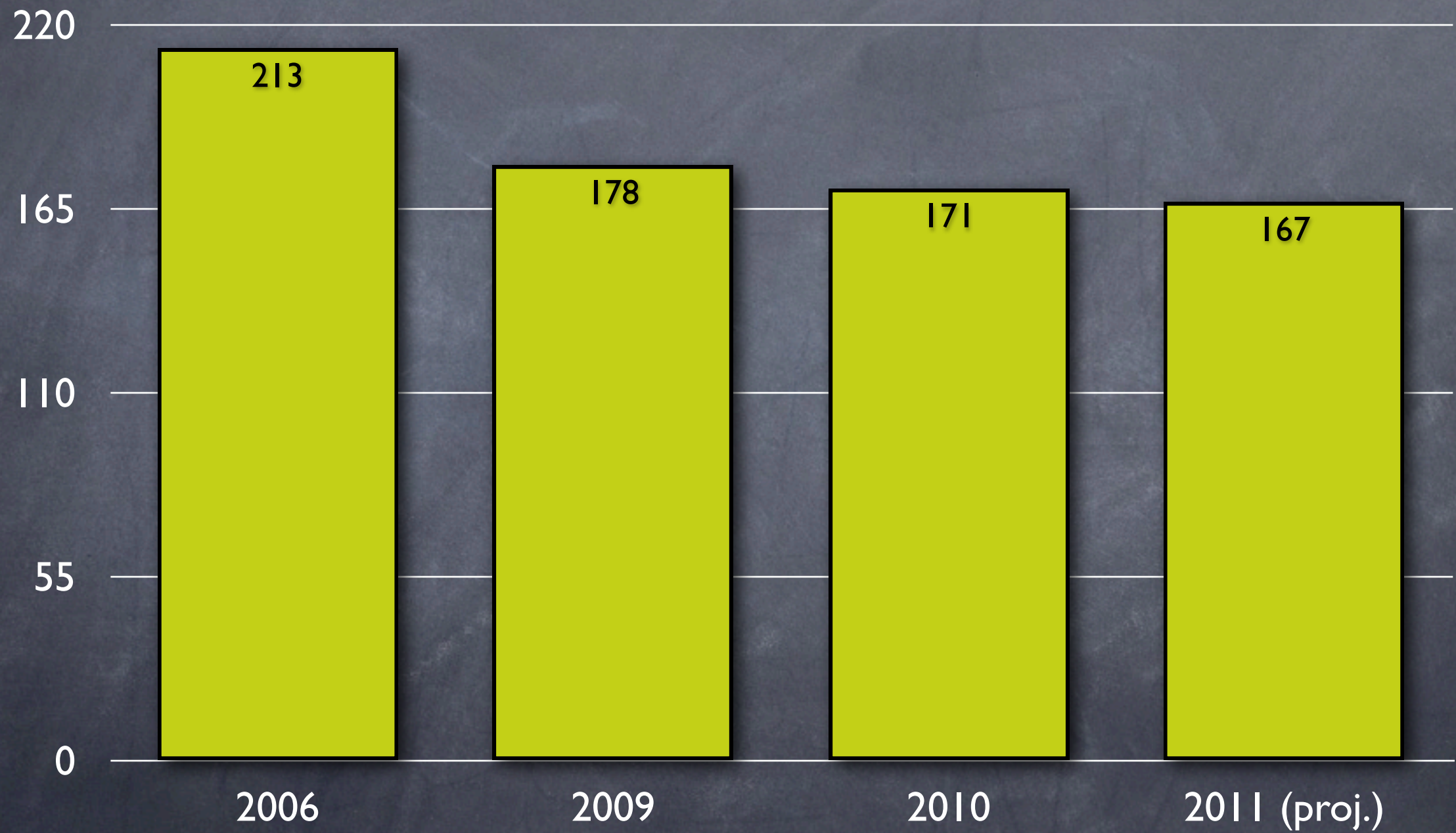
2012 Senate Class

Democrats	21
Republicans	10
Independents	2

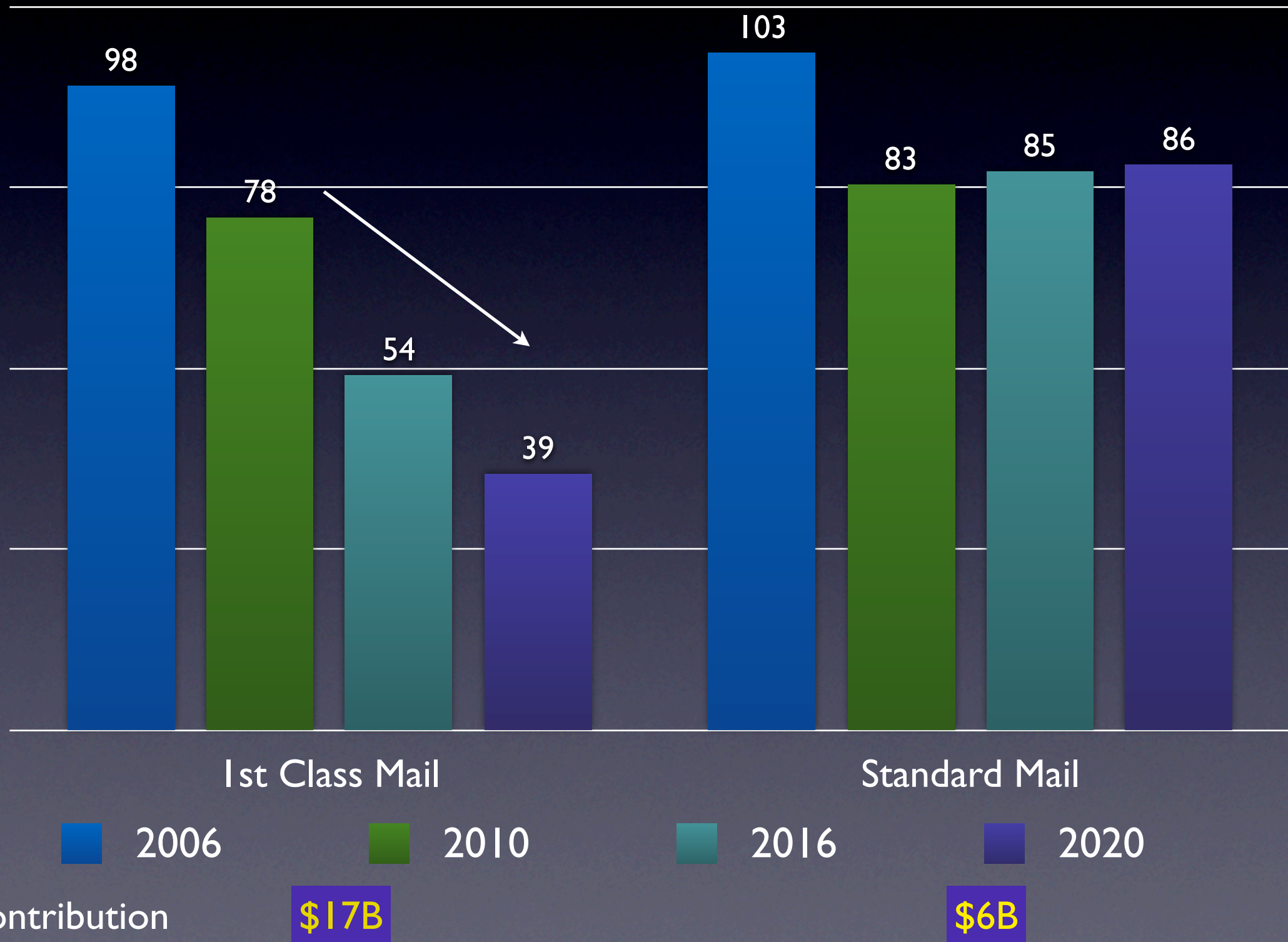
USPS Finances

USPS Mail Volumes

 Volume in billions



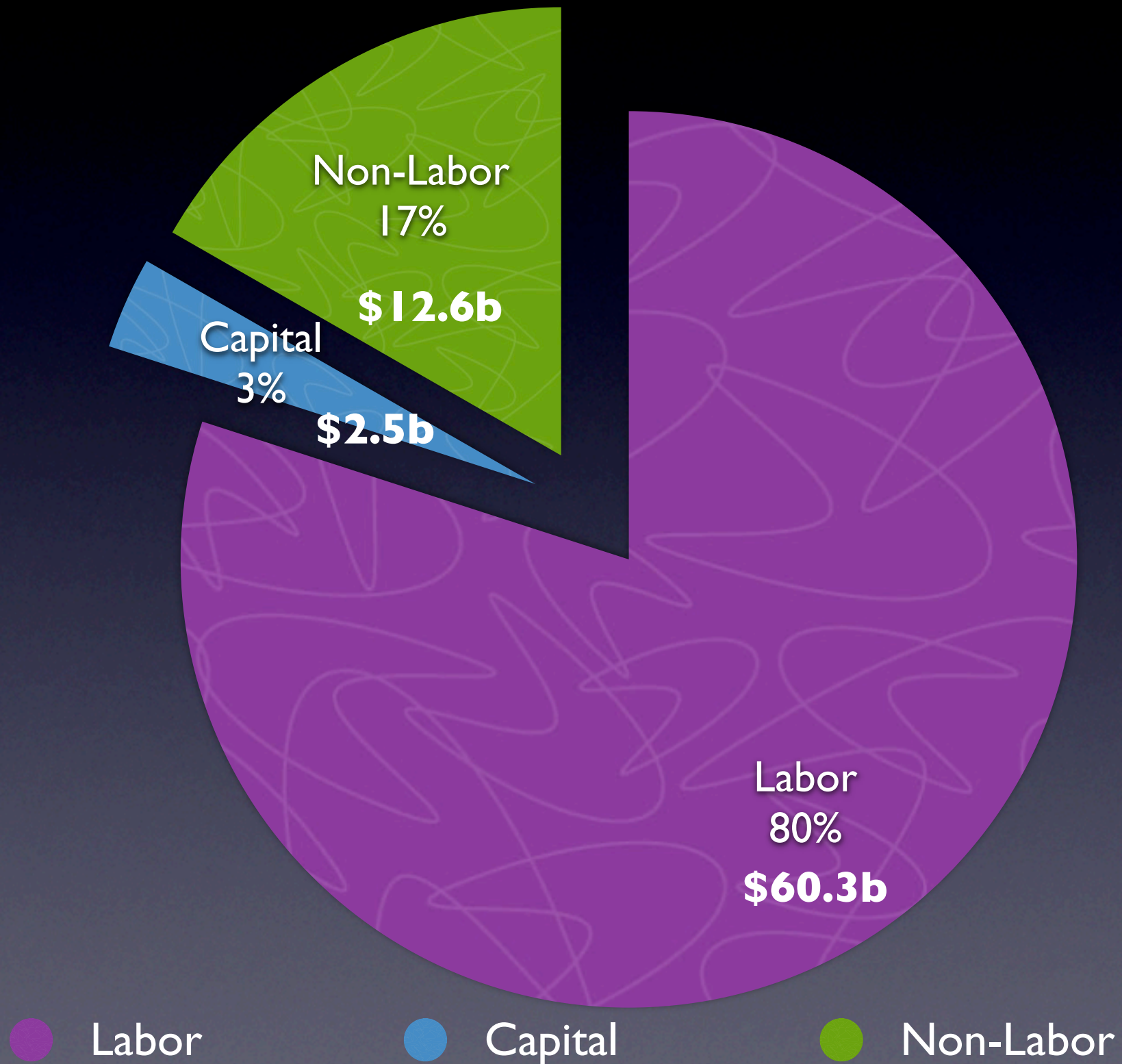
Mail Volume Shifting to Less Profitable Mix



Employee Category	2010	2000	Difference	% change
City Carriers	192,180	241,079	-48,899	-20%
Clerks	164,581	291,494	-126,913	-44%
Maintenance	42,388	47,830	-5,442	-11%
Casual, transitional	24,628	43,745	-19,117	-44%
Mailhandlers	48,650	60,851	-12,201	-20%
Total Career	583,908	787,538	-203,630	-26%

USPS Operating Expenses

Total = \$75.4 Billion



Three Months Ended June 30, 2011

Revenue	2011	2010
First-Class Mail	\$7,761	8,246
Standard Mail	4,179	4,109
Periodicals	454	468
Package Services	354	343
Other Mailing *	810	821
Total Mailing Services	13,558	13,987
Total Shipping Services	2,208	2,058
Total Operating Revenue	\$15,766	16,045

Labor Costs, 2010 (in billions)



Postal Accountability & Enhancement Act

Payments from USPS to RHBF	
\$5.4 billion	September 30,2007
\$5.6 billion	September 30,2008
\$5.4 billion	September 30,2009
\$5.5 billion	September 30,2010
\$5.5 billion	September 30,2011
\$5.6 billion	September 30,2012
\$5.6 billion	September 30,2013
\$5.7 billion	September 30,2014
\$5.7 billion	September 30,2015
\$5.8 billion	September 30,2016

USPS Finances

(in billions)

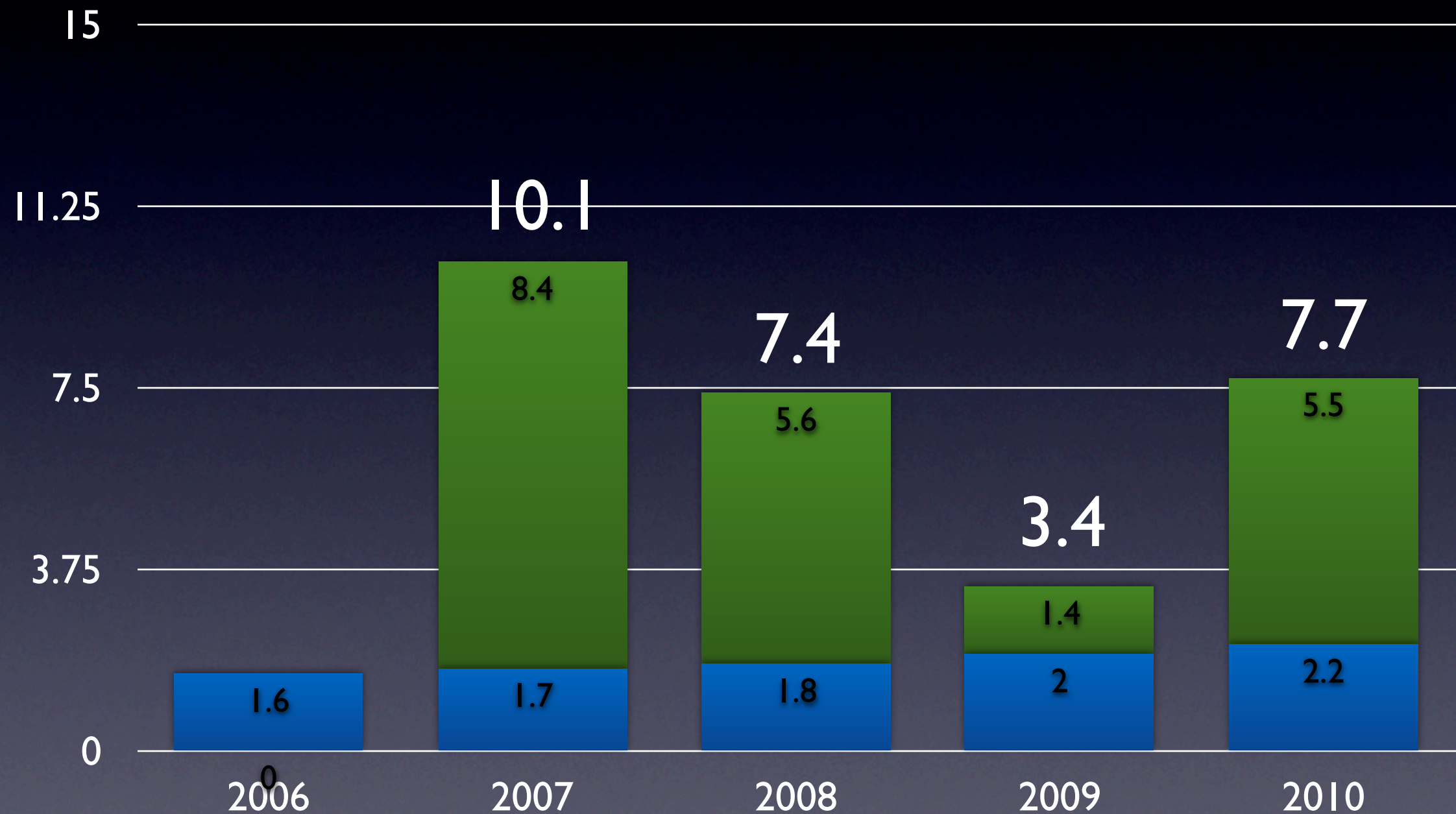
Fiscal Year	Total Revenues	Total Expenses	Net Income	Outstanding Debt
2006	\$72.8	\$71.9	\$0.9	\$2.1
2007	75.0	80.1	-5.1	4.2
2008	75.0	77.8	-2.8	7.2
2009	68.1	71.9	-3.8	10.2
2010	67.1	75.6	-8.5	12.0
2011	67.7	74.1	-6.4	15.0

Net Income w/o Prefunding

Fiscal Year	PSRHBF	Net Income	Net Income w/o Prefunding
2007	\$8.4	-5.1	3.3
2008	\$5.6	-2.8	2.8
2009	\$1.4	-3.8	-2.4
2010	\$5.5	-8.5	-3.0
Totals	\$20.9	\$20.2	\$0.7

RHB Payments Equal 12% of 2010 Revenue

■ Employer Premium ■ PAEA Scheduled pre-funding requirement



USPS: Liquidity

The Postal Service's current financial projections indicate that, as of September 30, 2011, it will have a cash shortfall. In addition, the statutory limit on borrowing will have been exhausted. Without changes in the applicable laws, the Postal Service will be unable to meet all of its financial obligations on September 30, 2011.

Pension Overpayment

ΟΛΕΙΒΓΛΩΕΥΓ

OIG Study: USPS' share of CSRS Pension Responsibility

For employees with service both before and after the Postal Service's establishment, the federal government and the Postal Service share responsibility for CSRS pensions. The federal government pays for service through 1971, and the Postal Service pays for service after 1971.

Pension Allocation

Federal Government	Pension amount calculated based on the June 30, 1971 salary
USPS	Pension amount calculated based on overall career highest 3 consecutive salaries

CSRS Basic Annuity

$1.5\% \times \text{'High 3'} \times 5$

$1.75\% \times \text{'High 3'} \times 5$

$2\% \times \text{'High 3'} \times (\text{Years over } 10)$

Example:
30-year Employee
High-3 of \$35,000

Treasury

$$1.5\% \times \$10,000 \times 5 = \$750$$

$$1.75\% \times \$10,000 \times 5 = \$875$$

$$2\% \times \$10,000 \times 5 = \$1,000$$

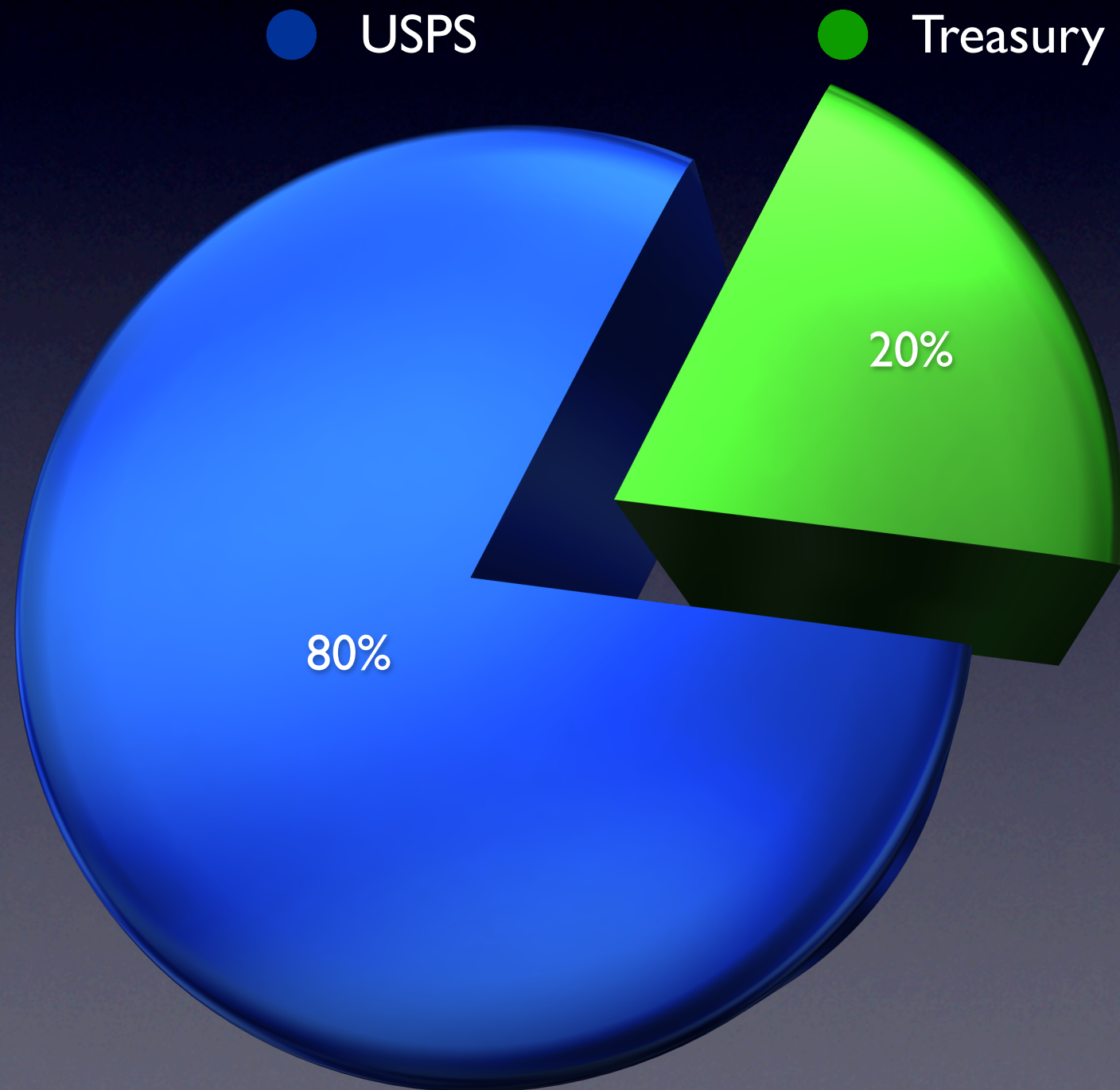
Total: \$2,625

USPS

$$2\% \times \$35,000 \times 15 = \$10,500$$

Total: \$10,500

Pension Responsibility



USPS OIG Finding

Had a more equitable methodology been used to determine the value of the Postal CSRS Fund, the OIG estimates its value on September 30, 2009, would have been approximately \$273 billion rather than \$198 billion -- a difference of \$75 billion.

OPM Methodology

Under OPM's methodology, the Postal Service is responsible for all pay increases since 1971. OPM assumes no responsibility for inflationary increases to salaries from the Post Office Department era. OPM calculates the government's share for these employees as if they retired in 1971 at their 1971 salaries.

USPS appealed to the CSRS Board of Actuaries on the use of frozen 1971 salaries for the allocation of obligations between the U.S. Post Office Department and USPS. The Board noted that the approach used was common in the private sector and upheld the use of the OPM methodology.

P.L. 93-349

The purpose of this legislation is to clearly establish the responsibility of the U.S. Postal Service to finance increases in the liability of the Civil Service Retirement and Disability Fund, caused by administrative action of the Postal Service, as apart from increases in unfunded liabilities which are incurred by an Act of Congress.

Alternatives & Options

HR 1351

Rep. Stephen Lynch (D-MA)

1. Instructs OPM to recalculate
2. Determines USPS surplus or liability
3. If surplus, transfer amount within 15 days
4. 181 cosponsors
 - 17 Republican cosponsors

USPS White Paper

The Postal Service needs the ability to right size its workforce without being limited by the layoff protections in the collective bargaining agreements.

August 2011

The Chairman



No union has or ever will lobby for a layoff, so it's up to USPS management and Congress to demand concessions.

If compromise fails, Congress has an obligation to fix the Postal Service's budget imbalance not through a bailout, but through new mandates to cut costs and revise labor agreements.

Rep. Darrell Issa, Chairman
House Oversight & Government Reform

HR 2309

Chairman Darrell Issa

- Provides for establishment of ‘Commission on Postal Reorganization (CPR).
- Establishment of the ‘Postal Service Financial Responsibility and Management Assistance Authority.
- Frequency of Mail Delivery

Commission on Postal Reorganization (CPR)

Postal Retail Facilities - not later than 120 days after enactment USPS required to submit plan providing at least \$1 billion less than the baseline year.

Mail Processing Facilities - the bill requires a report, not later than 300 days after enactment to detail cut of \$1 billion. Section also requires there be no more than 10 % excess mail processing capacity.

Congressional Disapproval

After receiving the plan, the Commission shall transmit to Congress a report of recommendations.

USPS may not carry out any closure or consolidation recommended by the Commission if a joint resolution disapproving the recommendation is enacted.

Nonappealability

Closures or consolidations as a result of the Commission's recommendations cannot be appealed to the PRC, or the subject of an advisory opinion, or judicial review.

Control Period

A control period commences whenever USPS has been in default to the Treasury of the United States, with respect to any loans, bonds, notes for a period of at least 30 days.

Treatment of USPS Executives

(A) all authorities and responsibilities of the Board of Governors, and the individual Governors of the Postal Service under title 39, U.S.C., and any other provision of law shall be assumed by the Authority.

Collective Bargaining

Notwithstanding any other provision of law --

- (1) the Authority may require the renegotiation of an existing collective bargaining agreement to achieve specific economic savings and workforce flexibility goals;
- (2) after meeting and conferring with the appropriate bargaining representative, the Authority may reject, modify, or terminate 1 or more terms or conditions of an existing collective bargaining agreement

Workforce Comparability

... any determination of 'total rates and types of compensation' or 'total compensation and benefits' shall, at a minimum, take into account pay, health benefits, retirement benefits, life insurance benefits, leave, holidays, and continuity and stability of employment.

S. 1010

Postal Operations Sustainment and Transformation Act of 2011

- Determines surplus or liability
- Transfers surplus at the discretion of USPS BOG
- Instructions to Arbitrator on financial condition of USPS
- Increased co-location of services
- Permits closure of non-profitable post offices
- Provides for \$7 billion FERS overpayment

Arbitration: Labor Disputes

(B) In rendering a decision under this paragraph, the arbitration board shall consider such relevant factors as --

(i) the financial condition of the Postal Service;

(iii) the requirement related to pay and compensation comparability included in section 1003(a) of this title.

39 U.S.C., section 1003

...the Postal Service shall classify and fix the compensation and benefits of all officers and employees in the Postal Service. It shall be the policy of the Postal Service to maintain compensation and benefits for all employees on a standard of comparability to the compensation and benefits paid for comparable levels of work in the private sector of the economy.

S. 353

U.S. Postal Service Improvements Act of 2011

- Determines surplus or liability
- Transfers surplus at the discretion of USPS BOG
- Instructions to Arbitrator on financial condition of USPS
- Review of field office structure
- Increase in co-location of post offices
- Converts OWCP beneficiaries to regular annuity

S.353

Sec. 102 - Consideration of Postal Service Financial Condition

“The arbitration board shall consider the financial condition of the Postal Service in rendering its decision.”

S. 353

Transfer of Employees on Workers Compensation to Retirement

Converts federal and postal employees on workers' compensation to retirement upon reaching retirement age if workers' compensation benefits would exceed retirement benefits.

S 261

Sen. Susan Collins (R-ME)

“Federal Employees’ Compensation Reform Act of 2011”

Requires termination of compensation when employee has reached retirement age and is eligible for an annuity under FERS or CSRS

Not later than 1 year before eligible, employee’s employing agency files an application for an annuity on behalf of the employee with OPM

How Many?

If the Postal Service were to receive additional freedoms, like six to five-day delivery, the Postal Service could function with close to 400,000 employees through streamlining its network and increasing customer access.

USPS CFO Corbett, March 2010

Rep. Darrell Issa (R-CA)



The need to downsize the labor force and reduce costs to reflect declining demand and new market conditions needs to be the first priority of both workers and management.

Labor costs account for 80 percent of USPS operating expenses. Yet because of union contracts that contain "no-layoff" clauses, thousands have less than a full day's work, and some are even paid to sit in empty rooms.

MIDDLE CLASS

States, GOP go after teachers unions in budget crisis

G.O.P. Governors Take Aim at Teacher Tenure

By TRIP GABRIEL and SAM DILLON

Published: January 31, 2011

Seizing on a national anxiety over poor student performance, many governors are taking aim at a bedrock tradition of public schools: teacher tenure.

MPRnews

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Rami

Gov. Chris Christie of New Jersey, is seen as having a good chance of winning revisions to tenure laws.

Minn. GOP takes aim at teachers' bargaining power

by Tim Nelson, Minnesota Public Radio

March 8, 2011

the century-old protections of tenure.

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MON MAR 07, 2011 AT 02:45 PM PST

Republican Governor Rick Scott joins War on Teachers

by Barbara Morrill for Daily Kos

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The Washington Times

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(ABCNEWS.com)

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For Planned Parenthood, a GOP shot across bow

Defunding in House tied to spending bill

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Government Shutdown Threatened By Republicans Over Planned Parenthood

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House GOP Declares War on Planned Parenthood

— By **Nick Baumann** | Wed Feb. 9, 2011 2:26 PM PST



Tami Shadduck, a sexual health educator for Planned Parenthood, kisses her daughter Leila Wallace at a rally in St. Petersburg, Florida. | © St. Petersburg Times/ZUMAPRESS.com.

Capitol Hill's abortion fight was already heating up, with skirmishes over federal funding for abortion, the effect of the tax code on abortion, and a controversial "forcible rape" provision. But on Wednesday, the Republican-led House of Representatives declared war.

A draft continuing resolution to fund the government, due out tomorrow from the House appropriations committee, will cut \$327 million in family planning funding that goes to organizations like Planned Parenthood but that cannot be used to pay for abortions.

The End?

It's Up To Us!