

## House GOP Leaders Target Postal, Federal Workers, Retirees' Benefits

Accommodating massive tax cuts for wealthy citizens and special interests, the House Budget Committee on March 12 approved its blueprint for balancing the budget over the next 10 years.

While Chairman Jim Nussle's (R-IA) budget resolution is not binding, it contains the GOP's plan for finding ways to raid government workers' benefits to pay for the tax cuts.

The budget sets spending parameters for FY2004 and instructs each congressional committee to propose a total of \$470 billion in "savings" by cutting funding for various programs. Though short on specifics, the resolution instructs the House Government Reform Committee to cut nearly \$40 billion from postal and federal employee health care and retirement programs.

While the committee has not decided which programs to cut, it is likely to choose from proposals contained in a

**The House committee is likely to choose from anti-worker proposals outlined in a report by the Congressional Budget Office.**

recent report by the Congressional Budget Office, the legislative branch's nonpartisan accounting arm.

### CBO Proposed Options

■ **Change FEHB to a Voucher System.** Under this proposal, the committee would cut \$12.5 billion over five years from the amount the government contributes to Federal Employees Health Benefits premiums by replacing its percentage-based contribution with a fixed dollar amount. While the fixed amount would be adjusted annually for inflation, health insurance could wind up costing FEHB enrollees much more because premiums have been rising much faster than inflation. This proposal would affect postal retirees immediately and would reduce the government's contribution to their health plans by approximately \$1,300 over the next five years. This plan would not affect active postal workers protected through the collective bargaining agreement, but the Postal Service is likely to attempt to insert similar provisions into future agreements.

■ **Base Retirees' Health Benefits on Length of Federal Service.** This option would reduce health benefits contributions by \$1.4 billion over five years for retired workers with fewer than 30 years of service. The average new retiree would pay 40 percent of the premium rather than 28 percent, an increase of approximately \$700 in 2004. About 60 percent of the roughly 87,000 workers who re-

tired in 2002 and stayed in the FEHB program had less than 30 years of service.

■ **Limit COLAs for Federal Retirees.** This option would cut retirees' benefits by \$4.1 billion over the next five years by restricting Civil Service Retirement Service COLAs to half a percentage point below inflation, and by restricting FERS COLAs to 1 percent below the inflation when the rate exceeds 3 percent. Under the current formulas, CSRS retirees receive annual cost-of-living adjustments that offer 100 percent protection against inflation; FERS retirees receive full protection only when the annual rate of inflation is less than 2 percent.

■ **Change the Formula for Calculating Pension Annuities.** This option would cut federal retiree benefits by \$915 million over five years by using a "high four-year" instead of a "high three-year" average to compute annuities for people who retire under FERS or CSRS after Sept. 30, 2003. As a result, initial pensions would be about 1.5 percent to 2 percent smaller for most new civilian retirees. Currently, pensions are based on an employee's highest-paid three years. The new formula would have a more severe impact on future CSRS retirees, who would lose \$620 in 2004 and \$3,200 over five years. The average new FERS retiree would lose \$190 in 2004 and about \$1,000 over five years.

■ **Restructure the Government's Matching Contributions to the Thrift Savings Plan.** This option would cut \$2.2 billion from the matching contributions the government makes to FERS employees' Thrift Savings Plan accounts. Currently the government matches dollar for dollar the first 3 percent that employees contribute, then 50 cents on the dollar for the next 2 percent. Combined with the first 1 percent that the government contributes regardless of whether an employee enrolls in the program, the government now contributes a total of 5 percent when the employee contributes 5 percent. Under the CBO proposal, the various contributions would be adjusted such that the government would contribute its maximum 5 percent only when the employee contributes 10 percent. Because many employees cannot afford to contribute 10 percent, the government's overall contributions would decline, saving \$375 million in 2004.

### APWU Action Needed

All APWU members, officers, auxiliaries and retirees are urged to contact their U.S. House members to encourage them to vote "No" on the FY2004 Budget Resolution.

APWU opposes tax giveaways for the wealthy, cuts in the civil service programs for our membership, and voucher plans that eventually will affect all postal workers and retirees.

## 'Early Outs' Survey Deadline Is March 25

Since March 10, the union has been conducting an informational survey among APWU-represented postal workers about their interest in early retirement opportunities. Hundreds of you have gone to "Early Retirement Opportunities" at [www.APWU.org](http://www.APWU.org) and completed the short survey.

Filling out the survey is NOT an application for retirement. The information is being compiled strictly on a geographical basis solely to provide the union with estimates that will be used in our discussions with management. No information identifying employees who have expressed an interest in early retirement will be shared with management. The deadline for completing the online survey is March 25.

At press time, the Office of Personnel Management had not produced a written response to USPS management's request for authority to offer early retirements to eligible employees.

APWU-represented employees who are eligible for and interested in voluntary early retirement (without a monetary incentive) are asked to go to the APWU Web site and click on **Early Retirement Opportunities** in the vertical blue **INDEX** bar on the left side of the screen. After completing the requested information, simply click on **Submit**.

Employees who do not meet the eligibility criteria for early retirement should not participate in the survey.

## Postal Commission Studies High-Tech Impact on Business

Workers who process mail and consumers who send and receive the vast majority of it were excluded from all five panels testifying before the President's Commission on the U.S. Postal Service at its public hearing in Austin, TX, on March 18.

The hearing, the first of three field hearings the commission has scheduled, focused on the impact of technology on the nation's mail-delivery system. Yet those who use the new technology firsthand – as well as those who arguably benefit the most from it – were not invited to testify before the nine-member commission. Ordinary citizens who attended the hearing, however, were granted a few minutes to speak at the end of the day.

"I heard a lot today about the importance of advanced technology to helping the Postal Service get back on sound fiscal footing," said Morline Moore, the Texas APWU president. "But it doesn't matter how innovative you've become if it hasn't increased revenues."

Moore noted that panelist Judith Marks, the president of Lockheed Martin Distribution Technologies, had testified that her company's work helped make it possible for the Postal Service to offer deep discounts to large mailers. "What's been hurt is revenue," Moore told the commission. "The real problem is that even with the giveaway discounts the mailers are pushing for even more technological advances so they can better capitalize on the breaks they're already getting."

"But no matter what technology is used, workers are involved in mail processing at virtually every step. It starts with the consumer and ends with the consumer, and no matter what the technology you're going to have workers involved at some point," Moore said.

Among those giving testimony were John Nolan, deputy postmaster general, two USPS engineering and technology officials, the chief technical officer for the Office of Management and Budget, a representative from the "Future of the Global Mail Program" at the Institute for the Future, and the president of the Envelope Manufacturers Association.

Among those not giving testimony were any consumers or owners of small businesses, which the USPS acknowledges represent the overwhelming majority of its 1.7 million new delivery points each year. Not a single representative of consumers or small business has testified at any of the commission's three hearings to date.

"The commission should be listening to the elderly, rural Americans, women, African Americans, Hispanics and those in the inner cities," said William Clay, former chairman of the House Post Office and Civil Service Committee. "Those are the citizens who rely on affordable, dependable, and regular mail service. Commission recommendations will hit these American consumers the hardest."

Yet, the commissioners don't seem to want to hear from them."

"This Commission does not know whether these consumers want change; whether six-day delivery is important to them, or whether they want organizations other than the Postal Service having access to their mail, to say nothing of their mailbox," said Moore, who had asked to testify on one of the panels in Austin but was turned down. "The mailbox is a very personal thing. Customers don't want anyone but the Postal Service crossing that threshold."

"Management should pay more attention to its core business," Moore said, "and evaluate what it hears from all its

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– Morline Moore, Texas APWU President

customers, not just the ones with great financial motives for change."

Commissioners listened to members of five different panels, under the direction of its Technology Challenges Subcommittee, which is studying the impact of automation and new technologies, such as online bill payment and e-mail, on first-class letter mail. The commission is also considering how technological innovations may provide opportunities for the Postal Service to grow its business.

In addition to holding hearings, the presidential commission has established a public-comment process. Written comments had a deadline of Feb. 12. Rebuttals to those comments are due March 13. The commission's Web site ([www.treas.gov/offices/domestic-finance/usps](http://www.treas.gov/offices/domestic-finance/usps)) features many of these comments and will feature rebuttal testimony as well. The APWU submissions are also posted at [www.apwu.org](http://www.apwu.org).

Two other public hearings have been scheduled. The hearing in Los Angeles on April 4 will be on the work of the Private-Sector Partnership Subcommittee, which is analyzing the current role of the private sector in the mail-delivery system. The Workforce Subcommittee, which is looking at collective bargaining and dispute-resolution procedures, will provide the focus for the work of the commission in Chicago on April 29.

At least two other hearings are expected between May 1 and July 31, the commission's deadline to have a report to President Bush.

## APWU Board Expresses Support for Troops

The APWU Executive Board on March 11 voted to support American troops at risk in Iraq.

"The National Executive Board extends full support of the American troops placed in harm's way," said the resolution introduced by President William Burrus, "and expresses hope for their safe return home."

"Many APWU members – and sons and daughters of members – have been called to duty," Burrus said.

"Despite our feelings about the war, our hearts go out to the men and women who have been called to serve, and their families. We honor their courage and fervently await their safe return."

## Support Services Units Approve CBA Extensions

The last two APWU bargaining units eligible to do so have voted by overwhelming margins to approve extension of their national collective bargaining agreements.

The contracts were approved by Support Services units at the Information Technology/Accounting Service Centers and at Operating Services and Facility Services. There are approximately 700 IT/ASC workers located in Wilkes-Barre (PA), San Mateo (CA), St. Louis, and Minneapolis. The OSFS workers are the 66 maintenance employees at USPS headquarters in Merrifield, VA.

Ballots were mailed on Feb. 24, and a committee of three from Support Services counted the secret ballots on March 14. OSFS members approved their extended contract by a vote of 25 to 0. IT/ASC members approved the extension by a vote of 308 to 12. The election committee consisted of Gloria Hinton, chairperson, and James White-

head and Mark Edney. The OSFS contract extension runs to Nov. 20, 2005; the IT/ASC pact has been extended to Jan. 20, 2006.

Meanwhile, IT/ASC workers were heartened last week by a USPS announcement that it had decided not to close the San Mateo Information Technology Center.

The Postmaster General announced in September 2000 that the facility was slated to be shut down, possibly as early as March 2001, but was persuaded to postpone such plans pending a report by the General Accounting Office.

The GAO report, requested by Rep. Tom Lantos (D-CA), included updated economic information. Released earlier this month, the report included an analysis of the severe social costs of downsizing on displaced workers and the surrounding community.