2003-2014

MEETING THE CHALLENGES OF A DIGITAL AGE

That the digital revolution was destabilizing the Postal Service and the union was obvious when William H. Young was installed as the NALC's 17th National President in December 2002. Beginning in 1998, electronic mail and electronic commerce were diverting high-revenue first-class mail volume from the postal mail stream. Yet with the Postal Service delivering to new addresses each year, additional strains were being placed on the Service's resources—and on letter carriers. What was crippling the Service, however, was the outdated Postal Reorganization Act of 1970 that limited the USPS' ability to compete fairly with corporate rivals. The union's support for legislation granting the Postal Service more flexibility and commercial freedom had not borne fruit when Young took office, and the future of the reform effort was uncertain. NALC was presented with a new challenge when George W. Bush created the President's Commission on the Postal Service days before Young's installation. Fearing the Commission would advocate the privatization of the Postal Service, the elimination of private express statutes and even the abolition of collective bargaining, Young drew a line in the sand in early 2003. He informed the Commission that NALC's support for reform legislation required the Service's gaining commercial freedom to survive in a challenging environment, while leaving intact the collective-bargaining process and the Postal Service's universal mandate to provide delivery to every household and business in America six days a week. When the Commission's report attacked the pay, benefits and collective-bargaining rights of carriers and other craft employees, the NALC quickly and loudly opposed the Commission's regressive proposals while acknowledging the report contained positive recommendations.

In early 2003, as the NALC parried with the President's Commission, the U.S. Office of Personnel Management, acknowledging the Service had been "overpaying" its obligations to the Civil Service Retirement Fund, drafted legislation to recalculate the USPS' funding requirements. In support, NALC secured the assistance of its allies in the postal community, including postal management and organizations representing large mailers. The union also mobilized its grassroots legislative network to let Congress know its views. As a result, a funding reform bill estimated to save the Postal Service $77 billion over 40 years emerged from Congress in late winter of 2003 and was signed by Bush that April.

Postal reform legislation did not gain the full attention of Congress until 2004. Young testified before House and Senate committees, but bills that passed both committees unanimously in the spring were never brought to the floor of the House or the Senate. Legislation was re-introduced in both chambers in early 2005, with the NALC, its grassroots legislative network and political action fund revitalized, well-positioned to influence the debate.

Ironically, electronic mail, one of the major threats to the Postal Service, proved to be a lifeline for the union. In 2003, soon after he assumed the presidency, Young created an electronic legislative network of "e-Activists" to receive e-mail messages on legislative developments. Through links to congressional offices, the network also enabled e-Activists to communicate the union's positions on key legislative issues to their representatives and senators. In the two years prior to the summer of 2006, Young sent 24 messages, mainly about postal reform and NALC-endorsed candidates, to over 72,000 e-mail addresses, with another 70,000 legislative activists mobilized by postal mail.

As committed as he was to employing technology to further the union's legislative goals, Young recognized the value of "boots on the ground." In January 2006, he unveiled a new grassroots infrastructure—a "Field Plan" to enhance the legislative program the union had created in the early 1980s. Marrying NALC's grassroots lobbying with political activism, the union would work with elected officials on pending legislation and with candidates pledged to support the NALC. Like the earlier effort, the Field Plan placed congressional district liaisons, appointed by the state legislative chairs, in every congressional district. Under the new plan, liaisons would work with NALC's National Business Agents and state chairs on a broader agenda—organizing phone banks, recruiting volunteers for precinct walks, and managing get-out-the vote campaigns with state political parties and other unions. When the need arose, the network would mount demonstrations to call the public's attention to letter carrier concerns.

Since in politics money talks, Young understood that intermittent direct mail solicitations for the union's political action fund—the Committee on Letter Carrier Political Education, or COLCPE—did not provide a consistent stream of contributions. Beginning in 2003, members could choose to contribute to COLCPE by payroll and annuity deduction and directly from checking accounts. A better-funded COLCPE would prove invaluable as Congress struggled to craft legislation satisfactory to the postal community and the Bush administration.

By late July 2005, the full House of Representatives had passed a reform bill, and a similar bill had been voted out of committee in the Senate. Although USPS' Board of Governors delayed Senate action with last-minute objections to a number of governance provisions, the Senate unanimously

In 2003, NALC created an "e-Activist" network to quickly generate e-mail messages updating legislative activists on the latest developments on Capitol Hill and to allow e-Activists to communicate NALC's positions electronically to their elected representatives. As of mid-2014, approximately 54,000 e-Activists were receiving some 30 messages a year, with approximately a quarter of the e-Activists contacting their representatives and senators when asked.

COLCPE

The evolution of NALC's activities since 1974, soliciting voluntary political contributions from the union's members, tracks the explosive growth and sophistication of political fundraising in general.

Spurred by the 1974 amendments to the Federal Election Campaign Act defining how political action committees could operate, NALC formed a small political fund that year to raise voluntary funds to contribute to House and Senate candidates. The fund was formally named the Committee on Letter Carrier Political Education, or COLCPE, the next year. At first, the union solicited contributions largely through announcements in the *NALC Bulletin* and *The Postal Record* as well as collections at NALC events, raising only a small amount of money—a solicitation in the August and September 1977 *Postal Records* garnering $34,000 was COLCPE's most successful effort to that point. Normally, individual checks and envelopes with cash would arrive at Headquarters, where they would accumulate for weeks before being deposited.

It was not until 1981 that the union initiated its first direct-mail COLCPE campaign—"Budget Battle '81"—which raised over $250,000. Subsequent direct-mail campaigns soon followed, and by the mid-1980s, COLCPE was raising more than a $1 million nearly every year. But in July 2003, with political campaigns increasingly expensive and fundraising more sophisticated, the union was able to put into effect what it had first proposed at 1978 negotiations—a system for allowing voluntary contributions to be deducted automatically from active members' paychecks. This was followed the next year by provisions for automatic voluntary deductions from retirees' annuities as well as contributions directly from members' checking and savings accounts through electronic funds transfer.

Since 2003, the amount of money raised for COLCPE as well as the number of members contributing have both increased dramatically. Close to $7 million was projected to be raised in the 2013-14 election cycle (calendar years), compared with $1,390,000 in the 2001-2002 cycle, the last full election cycle before automatic contributions became available to NALC members. During the 2001-2002 cycle, over 17,500 active and retired members contributed to COLCPE, but for the 2013-2014 cycle, at least 30,000 members were projected to contribute to the union's political action fund, with well over 90 percent of the contributors utilizing one of the automatic contribution methods.

Of those members contributing to COLCPE, the percentage contributing via automatic deductions has increased every election cycle since 2003-2004, as has the average contribution, with more and more members embracing the union's "Gimme Five" program, created in early 2006, to encourage members to contribute $5 each pay period. Nevertheless, for COLCPE to raise the ever-increasing amounts of money necessary to further the union's legislative goals, many more active and retired members must contribute automatically through payroll and annuity deductions as well as directly from their checking and savings accounts.

passed a reform bill in February 2006. Yet the union was not satisfied with either the House or Senate bills because the rate-setting mechanism limited future rate hikes to the rate of inflation. Because the bills had to be blended into one bill that could pass both houses of Congress and meet NALC's concerns, the union worked with House and Senate staff, mailer representatives and other stakeholders to forge by the end of September a compromise that included a process for implementing emergency rate increases above the rate of inflation and a one-time special proceeding to adjust postage rates before the inflation index went into effect.

The Bush administration then proposed provisions to tilt the interest arbitration process toward management's favor. Although these were defeated, the union rejected the bill because two provisions in the Senate bill unfairly singled out postal employees receiving workers' compensation. When one provision was dropped after the November elections, Young reluctantly decided neither to endorse nor oppose the compromise bill, and the Postal Accountability and Enhancement Act became law in late December 2006. Despite its limitations, the bill protected bargaining rights for letter carriers and other postal employees, preserved the USPS in the public sector and retained universal service for the American people, funded by a regulated postal monopoly. The NALC president also assumed, as did Congress and virtually the entire postal community, that the legislation's limited pricing and product flexibility provisions would stabilize the Service's finances. Unanticipated circumstances and a largely overlooked provision dashed these modest expectations.

PRESERVING CARRIER JOBS

While Young was aggressively championing postal reform legislation, he was faced with workplace issues arising from the impact of the digital revolution on USPS finances. As revenue decreased, management cut the number of postal employees, including city carriers who were delivering to more addresses. Routes became longer, overtime ballooned, and the carrier's job grew much more difficult—leading to heightened workplace tensions. Fortunately, the 2001-2006 National Agreement had incorporated the alternative dispute resolution process Young had earlier nurtured. By streamlining the grievance-arbitration procedure and giving the local parties the tools to resolve the bulk of their disputes themselves or with the aid of joint dispute resolution teams, arbitration became an alternative for only the most intractable problems.

Nonetheless, in some post offices, animosity on the workroom floor and between branch leaders and management created "war-zone" workplaces. Young recognized a more direct approach was needed. In 2003, the union and the Postal Service designed an "intervention" process that by the end of 2005 was helping local parties reduce workplace acrimony.

Historically, arguments about overburdened routes and whether route inspections and adjustments were conducted fairly had been the major sources of workplace tensions and local union-management conflict. As the number of routes declined because of postal automation and, beginning in the late 1990s, eroding mail volume, fair and appropriate route inspections and adjustments were crucial. In early 2003, a national joint route inspection task force was formed to improve route adjustments and inspections. Although the task force reached tentative agreements, by early 2004 NALC had concluded local management was a roadblock to progress, and in April, Young negotiated an agreement to halt route inspections for five months so local parties could verify counts of cased mail.

With much of the mail arriving at the carrier's case in delivery point sequence, the union believed an entirely new method for inspecting and adjusting routes was necessary and that union must be involved in shaping and implementing the new method. At the union's National Convention in Honolulu in July 2004, delegates authorized NALC's Executive Council to build upon Young's idea that route adjustments be based on the average of letter carrier's street and office times over a specified period of weeks or months selected by the local union.

Although not endorsing NALC's approach, management agreed to work with the union to develop a fair process. In early August, the parties extended for a year the joint task force and the April moratorium on traditional inspections to allow local parties to develop joint methods to adjust routes as the national parties created a new USPS-wide system. Unfortunately, in December 2004 the Service

In testimony before the President's Commission on the Postal Service in late April 2003, NALC President William H. Young addressed labor relations and collective-bargaining rights.

Hundreds of NALC members, joined by a contingent of rural carriers, marched through Washington, D.C., on April 17, 2007, to USPS' headquarters to protest the practice of contracting out.

terminated the 21-month joint effort, reaffirming its position that any new process must incorporate the Delivery Operations Information System (DOIS), a highly subjective computerized mail measurement system the union had already rejected. In response, the union created a "Route Protection Program"—a reprise of the "Truth Squad" initiatives of 1991 and 1994—to help branch officers and stewards monitor management's actions. Simultaneously, Young tried to revive negotiations for a fairer route evaluation system, but management rebuffed his efforts throughout 2005 and into 2006. As a result, when the parties opened negotiations in late summer of 2006, whether an agreement could be reached accommodating the additional physical and mental demands placed on letter carriers by automation and the digital revolution's impact on USPS finances remained in doubt.

NALC's main bargaining goals were clear: Win wage increases to reward carriers for their contributions to the USPS and find a way to evaluate and adjust routes accurately. The union also wanted to address the growing threat of Contract Delivery Service, a more insidious version of Highway Contract Routes. Young was blunt: If the Service wanted good relationships with the union, management would have to agree to substantial improvements in the contract's outsourcing provisions. But NALC also understood management wanted relief from skyrocketing health care costs and offered to discuss the creation of a letter carrier-only health plan within the Federal Employees Health Benefits Program.

As talks progressed during the fall and progress was made on several route inspection issues, the parties recognized the sticking point was subcontracting. As an alternative to outsourcing, to accommodate management's desire to cut costs, the union proposed moving most carriers to a Monday-Friday schedule while creating a Saturday workforce of new carriers and retired letter carriers. It appeared a deal could be reached, but the Postal Service's governing body—the Board of Governors—rebuffed any subcontracting limitations. Negotiations were extended briefly, but by early December, negotiations had broken down, and the union prepared for interest arbitration while informing the membership of the stakes in the outsourcing battle.

In late January 2007 in Los Angeles, 1,500 NALC activists heard Young describe how management had expanded outsourcing by increasing the use of Highway Contract Routes in 2005 for delivery work and then re-branded the program in 2006 as Contract Delivery Service to insert low-paid delivery into growing urban and suburban areas. Young announced the union would respond by aggressively enforcing contract provisions restricting subcontracting, strengthening these restrictions through interest arbitration of the new contract, and using congressional allies to pressure management to reverse course.

During the late winter and spring of 2007, waves of letter carrier activists swarmed Washington, D.C., bringing the union's messages to their elected representatives. The union also cranked up its relatively new e-Activist program to generate letters, e-mails and phone calls asking legislators to oppose USPS outsourcing. Young testified before Congress, and the union rallied in front of postal headquarters in Washington, sparking waves of rallies and protests around the country. This activism led to the introduction in the Senate of an outright legislative ban on, and bi-partisan majority support for a sense of the House Resolution opposing contract delivery. Facing massive political opposition on Capitol Hill and waves of negative publicity throughout the country, the Postal Service sued for peace and in June returned to the bargaining table.

Within weeks, the parties agreed to a five-year tentative contract that maintained the traditional pattern of wage increases and semi-annual cost-of-liv-

LEADERSHIP ACADEMY

To equip the next generation of union leaders with the skills and knowledge necessary to meet the union's future challenges as well as enhance the capabilities of those already holding branch and state association leadership positions, the NALC initiated a national Leadership Academy in the summer of 2005. The first class consisted of 30 branch activists selected from a pool of more than 300 applicants, each sponsored by a local mentor—in most cases, their branch presidents.

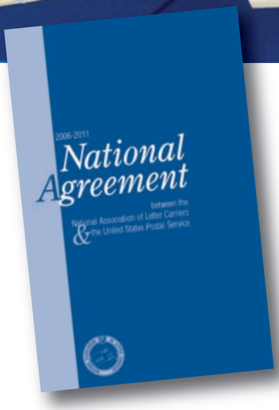
Since that initial class, the union has brought two classes each year to facilities in the Washington, D.C.-area for three separate weeks of classroom learning spread over a sixth-month period. Between the sessions, students are expected to spend at least 80 hours of their time pursuing take-home assignments and special projects back home under the tutelage of their mentors—established NALC leaders such as branch presidents and national business agents who continue monitoring them after the conclusion of the formal program.

Retired national officers have coordinated the Academy's program and curriculum, tapping into the expertise of a number of NALC resident officers, Headquarters staff, and outside experts to teach classes on a variety of topics during the three weeks of formal instruction. Although the subjects have changed over time, staples include labor history, group dynamics, negotiating techniques, union finance and administration, effective teaching, postal economics, workers' compensation, contract interpretation, and strategic planning.

Although each week also emphasizes effective written and oral communication skills, the second week especially hones these skills, requiring written reports and oral presentationsfrom students about their take-home projects. In addition, students are required to make repeated oral presentations to prepare them to perform in such forums as membership meetings, awards ceremonies and dinners. Although challenging for many participants, public speaking is a key skill for future union leaders.

The 16th Leadership Academy class graduated in December 2014, and the 17th class in June 2014, with additional classes scheduled for the future. In all, approximately 500 activists had graduated from the Leadership Academy by mid-2014.

Although many graduates have filled leadership roles both as officers at all levels of the union and in other union capacities, the Academy's main purpose is to provide students with the tools and information necessary to assist their local leaders in fulfilling the goals of the branch.



Postmaster General Jack Potter and NALC President William H. Young signed the 2006-2011 National Agreement.

ing adjustments. NALC reluctantly accepted a reduced employer contribution for health benefits based on the pattern previously set by two sister postal unions. The contract also replaced casuals with bargaining-unit transitional employees to facilitate the implementation of the flats sequencing system, and it set the stage for the joint development of a new route evaluation system. But for Young, the most important accomplishments were the new protections against subcontracting, specifically a Memorandum of Understanding prohibiting contracting out of existing letter carrier work for the life of the contract and a ban on outsourcing new delivery in offices where only city carriers work. A second memorandum created a task force to develop a long-term understanding on contracting out and established a six-month moratorium on new delivery outsourcing in offices otherwise not protected. In all, the contract contained the first new restrictions on subcontracting in more than 30 years, and in September 2007, the membership ratified the contract by a margin of 9 to 1.

USPS IN TROUBLE

As NALC negotiators preserved carrier jobs and the integrity of the bargaining unit, the Postal Service was facing financial problems the Postal Accountability and Enhancement Act of 2006 was not equipped to ameliorate and had, in fact, exacerbated. Although by late 2007, the economic downturn later dubbed "The Great Recession" was underway, although not apparent to either economists or the American public, the "postal recession" had started in mid-2007 as e-mail and electronic bill-paying cut into the volume of high-revenue mail. From January through March 2008,

PRESERVING NALC'S PAST

Although the history of letter carriers and their union reaches way back into the 19th century, it's only been in recent decades that NALC has taken concrete steps to preserve the union's records and artifacts to allow both members and researchers explore the history of one of America's oldest labor unions.

Since the early 1980s, the union's Information Center has maintained a comprehensive records system to safeguard NALC's working papers and historic legacy. Toward this end, each year unnecessary or redundant files are destroyed and recent and vital records are routinely stored in a climate-controlled records storage area in the Headquarters building. Branch officers also receive information and training on retaining, storing, and correctly disposing of paper and electronic records.

Not all of the union's records retained for possible use in the short term for legal and administrative purposes are deemed of historical importance. Those judged to have possible long-standing historical value for members and scholars alike are shipped to the union's official archival depository, the Archives of Labor and Urban Affairs at the Walter P. Reuther Library at Wayne State University in Detroit, the union's official archival depository since 2001 and widely regarded as the nation's foremost repository of records of the American labor movement.

In many ways, NALC's extensive collection at the Reuther Library is a legacy of the large, comprehensive exhibit at NALC's Centennial Celebration in Milwaukee in August 1989, which displayed the union's original historic documents, photographic and video images of letter carriers and union events, as well artifacts related to the history of letter carriers and the NALC. Many of these valuable historical materials are now located at the Reuther Archives where, augmented periodically by more recent materials sent from Headquarters, they are being professionally preserved for posterity, research, and future display by the NALC, the Archives, the National Postal Museum, and other museums for historic exhibits.

first-class mail volume fell 3.5 percent, steepest drop since the 9/11 attacks. Overall mail volume for all of Fiscal Year 2008 declined by 4.5 percent from the previous fiscal year—the worst decline since the 1930s. As the nation's economic downturn became painfully obvious at the end of 2008 and the beginning of 2009, the decrease in mail volume and thus revenue continued. Advertising mail dried up, and transactions volume fell sharply because the crisis had hit such mail-intensive industries as housing, real estate and banking. Overall mail volume plummeted by 24.2 percent from Fiscal Year 2007 to Fiscal Year 2010, with first-class volume declining at approximately the same rate. Postal Service employment, already decreasing, continued to contract, dropping by roughly 14 percent between mid-2007 and mid-2010, and the number of city carriers fell from 222,000 in March 2007 to under 210,000 three years later.

As the USPS' financial condition deteriorated, a fatal flaw in the 2006 reform law became apparent. NALC knew the legislation would have to be amended—it was "too little, too late" since the postal industry was changing and Republicans in the 109th Congress had blocked many of the provisions NALC believed essential. Yet at the time of passage, NALC's major concern was the unfairness of a workers' compensation provision imposing on only injured postal employees a mandatory three-day waiting period before OWCP benefits could begin. What had not especially concerned the union nor most postal stakeholders was the requirement that the Postal Service "pre-fund" the health benefits of future retirees according to an amortization schedule requiring the Service to pay $5.6 billion per year for 10 years. Hard-wired into the law without regard to economic conditions, the pre-funding mandate was a burden no other company in the nation shouldered. This did not appear to be an immediate problem when the law was enacted. Postal revenues were increasing, and management was able to build the cost of pre-funding payments permanently into postage rates during the special rate proceeding authorized by the law to occur within one year of enactment. But as the nation's economy fell apart in 2007 and 2008, the Service chose not to raise rates. As a result, the Service paid more than $12 billion between the beginning of 2007 and the end of 2009 to pre-fund future retiree health benefits, turning its healthy balance sheet deep red.

For Fredric V. Rolando, who in July 2009 had assumed the union's helm as its 18th president upon the retirement of William H. Young, confronting the postal financial crisis was his top priority. In September 2009, following a summer of grassroots lobbying led by NALC, Congress enacted a one-year $4 billion reduction in the scheduled pre-funding payment, which helped the USPS survive the worst year of the Great Recession. Nonetheless, by early 2010, the Postal Service was still suffering the double-whammy of pre-funding expenses and declining mail volume. With no visible signs of robust economic growth necessary to prop up mail volume and revenue, postal management saw an opportunity to slash jobs. In March 2010, the Service publicly unveiled an overall recovery plan that included legislative and operational changes, most notably a proposal eliminating Saturday mail delivery. The plan assumed dramatic and unrealistic mail

William H. Young installed Fredric V. Rolando as the 18th NALC president on July 2, 2009.

NALC members rallied with other postal workers nationwide on September 27, 2011, as part of an initiative called "Save America's Postal Service." The multi-union effort was designed to generate support for a legislative proposal that would help the USPS without degrading service. Pictured above are carriers in Lincoln, Nebraska.

volume decreases, a worsening mail-mix and, with delivery points increasing, enormous financial losses.

For Rolando, the Service's plan contained the "good, the bad, and the ugly." The new NALC president applauded the legislative proposals repealing the pre-funding mandate, developing new products and services, and employing flexible demand-based pricing. Unequivocally opposed to the Service's veiled call to hire more low-wage, part-time workers and close small post offices, he was enraged by the Service's intention to eliminate Saturday mail collections and delivery, a move he knew would lead to a "vicious cycle" of reduced service driving mailers away, thus increasing revenue short-falls requiring further cost-cutting measures. In fact, in May 2010, Postmaster General Jack Potter admitted his real goal was four-day delivery.

To save Saturday delivery, Rolando, his fellow officers and the NALC legislative staff, joined by thousands of letter carrier activists, lobbied Congress throughout 2010 and 2011 to guarantee the Fiscal Year 2011 budget would retain a "rider" requiring the USPS to maintain six-day delivery—a provision first adopted in 1983 and renewed every year afterward.

The union also intervened in the Service's case before the Postal Regulatory Commission seeking approval for eliminating Saturday delivery, and argued in local and national media outlets for retaining Saturday delivery. In March 2011, the Commission, citing union evidence, concluded the USPS had overstated future savings from cutting Saturday delivery. The PRC's opinion and NALC'S recruitment of small businesses to support Saturday delivery persuaded Congress to retain the six-day delivery mandate in the Fiscal Year 2011 budget.

Although buoyed by its success, NALC understood the Postal Service's financial crisis required legislation to relieve the Service of its pre-funding burden and to grant it flexibility to develop and price fairly new products and services. This task was made all the more difficult by the election of an anti-government and anti-worker majority in the House of Representatives in the 2010 mid-terms elections. In April 2011, a bill was introduced in the House to dramatically reduce the impact of the pre-funding mandate, and in the fall, the union organized more than 500 rallies at the field officers of House members rallying support. Yet the legislation faltered as the anti-labor, pro-privatization House Oversight and Government Reform Committee moved ahead with a bill offering the Service no relief from the pre-funding requirement, eliminating Saturday delivery as well as door-to-door delivery to 40 million households and businesses, and the closing of thousands of post offices—a death sentence for the USPS.

Despite substantial opposition, H.R. 2309 was jammed through the committee on a party-line vote in October. Tossing fuel on the fire, Postmaster General Patrick Donahoe in March 2012 endorsed "practically everything" in the bill, consistent with his announcement weeks earlier to eliminate overnight delivery of first-class mail by shutting over half of the Service's mail processing plants. NALC immediately intervened before the Postal Regulatory Commission, arguing that cutting speed and quality of service would drive away business. Nonetheless, without waiting for the Commission's advisory opinion, the Service implemented its plan in May.

Spurred by the PMG's announcement to close plants, the Senate resuscitated S. 1789, a reform bill first drafted in 2011. NALC opposed the legislation when it came before the full Senate in the spring of 2012 because it provided insignificant relief to the Service from the mandate to pre-fund future retiree health benefits, permitted the elimination of Saturday delivery within two years if postal management decided it was necessary, and slashed workers' compensation benefits for postal employees. Despite NALC's opposition, which included national rallies at Senate field offices in all 50 states, the Senate passed S. 1789 in April 2012.

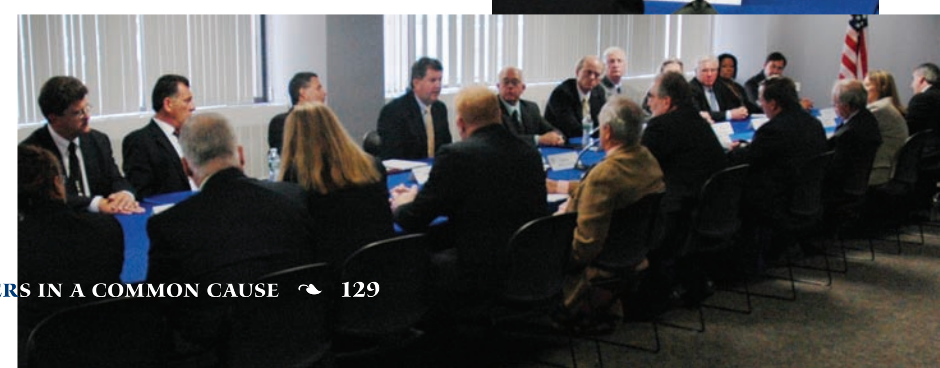
With the Senate having passed harmful legislation, and the more destructive House bill awaiting a vote of the full body, the union acted. In July, Rolando employed the union's rapid-fire e-Activist network to ask members to lobby their representatives to prevent H.R. 2309 from reaching the House floor. Almost simultaneously, the union president held a tele-town hall with thousands of letter carriers to discuss the crisis, which soon became more precarious. The postmaster general announced on August 1 that the Service would not make its $5.6 billion fiscal year pre-funding payment for future retiree health benefits due September 30—a "default," congressional critics and an uninformed media corps claimed. In response, Rolando, joined by other resident officers, national business agents and branch presidents in key media markets, explained to the public that no other agency or company in America had to pre-fund future retiree health benefits, the payment comprising the bulk of the Service's losses for that fiscal year. Nonetheless, the Service's failure to make the September 30 payment ignited another barrage of negative media stories and calls to end Saturday delivery.

BARGAINING UNDER DURESS

For the NALC, savoring its success in negotiating the 2006-2011 contract was short-lived. Due to the economic recession and the pre-funding mandate in the 2006 reform legislation, the Postal Service's financial condition deteriorated rapidly in 2008 and 2009. Fortunately, the 2006 contract's sub-contracting provisions provided a bulwark against outsourcing good city delivery jobs, but these provisions required implementation and monitoring.

Under the 2006 National Agreement, the parties established a six-month moratorium on new Contract Delivery Service contracts while a committee would develop a long-term understanding of the issues. The moratorium was extended twice, and in October 2008, the union and the Postal Service banned new CDS routes for the remainder of the five-year contract, thus guaranteeing that, for the first time in more than 30 years, the majority of new deliveries would be delivered by city carriers. The October agreement also set rules for assigning new deliveries in offices where city carriers worked alongside rural letter carriers and individuals delivering highway contract routes. By the spring of 2010, NALC's share of all delivery work, which had

Even as NALC was working to guide legislative solutions for its fiscal crisis, the union entered contract negotiations with the Postal Servce on August 18, 2011.



NALC MEMBERSHIP
1889-2014

The numbers below shed light on one important aspect of the history of the NALC—the union's growth and contraction.

No official record gives the exact number of branches in 1895, but in the early years of the union, branches were numbered sequentially, and Norristown, PA Branch 542 was founded on May 27, 1895, with additional branches chartered during the rest of the year. The number of branches grew over the next several decades as population centers sprung up throughout the country—especially in the years after World War II. But in 1970, convention delegates, recognizing that collective bargaining required larger branches with the resources to better represent the membership, amended the NALC Constitution to allow branches to merge. Ever since, the number of branches has declined sharply.

The uneven growth in the number of NALC members requires more explanation. The 60-members figure in 1889 reflects the number of delegates attending the union's Milwaukee, Wisconsin organizing meeting. Almost immediately, the organization increased its membership significantly, as local letter carrier groups formed into branches aligned with the new national union. The growth in membership increased irregularly for several decades in reaction to changing economic conditions affecting rates of household formation and mail volume and thus the number of city carriers on the USPS rolls. Membership increased dramatically in 1960 when the NALC Health Benefit Plan became part of the Federal Employees Health Benefit Program, and tens of thousands of letter carriers joined the union to take advantage of the Plan. An upsurge in mail volume in the 1980s and 1990s was accompanied by a parallel increase in union membership, peaking in the late 1990s. But as mail volume plummeted during the early 21st century, the union's membership also declined. The surge of city carrier assistants into the craft beginning in the spring of 2013 suggests the possibility of a leveling-off in the union's membership, and even a possibility of growth in future years. Ultimately, however, mail volume trends and the fate of Saturday delivery and door-to-door delivery will largely determine the number of NALC members.

Year	Members	Number of Branches
1889	60	—
1895	8,000	541
1900	14,000	760
1905	17,000	1,056
1910	27,000	1,385
1915	32,000	1,694
1920	35,000	1,876
1925	49,000	2,400
1930	58,000	3,483
1935	59,000	3,084
1940	67,000	3,784
1945	68,000	3,871
1950	103,000	4,234
1955	104,000	4,610
1960	115,000	5,532
1965	174,000	6,312
1970	212,000	6,605
1975	232,000	5,379
1980	235,000	4,656
1985	279,000	3,933
1990	312,000	3,554
1995	314,000	3,141
2000	313,000	2,803
2005	301,000	2,500
2010	280,000	2,232
2014	271,000	2,047

declined from 85 percent in the 1970s to 70 percent in 2005, had stabilized.

Nonetheless, the sharp decline in mail volume in 2008 and 2009, coupled with the financial burden of the pre-funding requirement had led to a shedding of carrier jobs despite population growth adding delivery points. With letter carriers under increasing stress, evaluating and adjusting their routes fairly was crucial. A provision in the new contract had established a joint route evaluation task force, which by the time of the union's 2008 convention in Boston was fully operational and ready to begin testing the union's and the Postal Service's alternatives. As a result, three alternate route adjustment programs were implemented over the next three years, all intended to ensure fair route adjustments and reduce stress and conflict.

Common to all three programs was an effort to adjust routes as nearly as possible to eight hours based on the regular letter carrier's actual average office and street times over a period of time. Declining mail volume led NALC and USPS to use data from May and September 2008, and about 90,000 routes were adjusted. Beginning in April 2009, a second process with slight modifications was used to adjust some 150,000 routes. In May 2010, the union and the Postal Service established the Joint Alternate Route Adjustment Process that, like its predecessors, gave carriers a role in the evaluation and adjustment process and also provided that no adjustment be made without the consent of both local parties. A subsequent version of JARAP improved training and placed more authority at the local level. Together, these joint processes saved the USPS billions of dollars by adjusting routes substantially faster than had been the case.

Unfortunately, management reverted to its adversarial stance when, in August 2011, just days before talks were to begin for a new contract, USPS called upon Congress to eliminate the no-layoff provisions in union contracts to facilitate massive downsizing, and also to permit the Postal Service to unilaterally replace federal pension and health benefit programs with the Service's own programs. President Rolando and his negotiating team responded at the bargaining table that, although the NALC was open to cost-saving innovations, the union would fight to preserve wages and benefits achieved over decades. NALC also made it clear it would accept no contract that did not preserve COLAs and the subcontracting restrictions won in the 2006 contract.

All through the fall, the parties explored the complex issues inherent in establishing a postal-only health plan. They also discussed USPS proposals to significantly increase the size of the non-career workforce, following a pattern set in the APWU contract. NALC resisted the Service's demands while also insisting that non-career carriers have a path to career jobs. As the November 20 expiration of the existing contract neared, postal management cut off the talks and pulled out of the Joint Alternate Route Adjustment Process, then 18 months old, thus eroding the gains in mutual cooperation and cost savings that had been achieved. Although the contract was extended three times, when the parties failed to reach an agreement by January 20, 2012, the USPS declined to continue bargaining, triggering in mid-February a 60-day mediation period. With management refusing to accept NALC's demands on subcontracting and a career path for non-career letter carriers, mediation failed, and by early April the parties began to prepare for interest arbitration.

With Shyam Das, a highly respected and experienced arbitrator, as chair, joined by arbitrators representing the USPS and the NALC, the three-person arbitration panel heard the parties opening statements in early September. During the following months, both the NALC and the USPS submitted written testimony from key officials as well as outside expert witnesses, and the arbitrators conferred frequently. In January 2013, the panel issued its final and binding award for a four-and-a-half year contract. In addition to providing for general wage increases and maintaining cost-of-living adjustments, the panel preserved the no-layoff clause and extended the subcontracting ban in the 2006 contract, while adding a provision ensuring that new delivery work arising from the development of new services on city carrier routes would be assigned to city carriers. The arbitrators also reduced the starting wages for new career letter carriers while maintaining the career letter carrier top-step pay and maintaining the 12.4 years necessary to reach he top step, and reduced the Service's share of the health care premium over a five-year period. The panel's most significant decision was to replace non-career transitional employees with a new and larger category of non-career letter carriers—city carrier Assistants. In creating the new position, the arbitrators also accepted the union's proposals to create an all full- time career workforce by phasing out part-time flexible carriers and giving CCAs the opportunity to fill available full-time career positions, an option transitional employees never had.

By extending the restrictions on subcontracting and ensuring that city carriers would be delivering new products and services on their routes, the union had succeeded in preserving letter carrier jobs. Although the Das board followed the APWU pattern and ordered the creation of city carrier assistants and lower steps for career carriers, the job of a letter carrier remained a good job with good pay and benefits. If the early years of CCA employment would not be as remunerative as they had been for career letter carriers in the immediate past, the new

contract provided a pathway to career wages and benefits. With the American economy staggering and the USPS itself recording massive losses, the panel had nevertheless thrown a lifeline to tens of thousands of future letter carriers, even if the lifeline was longer than both the city carrier assistants and the union would have preferred.

City carrier assistants began to enter the workforce in March 2013, and by late June 2013, the CCA workforce numbered over 27,000, leading the union to demand mechanisms for converting CCAs to career status as required by the arbitration award. Key was an August 30, 2013, memorandum that established specific steps and a timeline for filling vacancies, including the conversion of CCAs to full-time career status.

By mid-2014, thousands of city carrier assistants had been converted to career positions and acquired the entire slate of benefits provided career letter carriers, including sick and annual leave, health benefits, group life insurance, and participation in the Federal Employees Retirement System. That CCAs were entering the workforce in droves was a mixed blessing for the union. For the first time in years, the Postal Service was hiring new carriers, thus lessening the pressure on career letter carriers. In addition, CCAs' lower wage helped the Service's bottom line. On the other hand, as had been the case with transitional employees, NALC faced the difficult challenge of organizing city carrier assistants, a growing non-career segment of its bargaining unit. In response, the union tailored an organizing campaign specifically for CCAs that led to an influx of new members into many of the NALC's struggling branches. Despite this success, President Rolando and his fellow national officers understood that if Congress eliminated Saturday delivery, degrading the USPS' delivery network, the union's total active membership, career and CCA, would plummet dramatically.

SAVING SATURDAY DELIVERY

Although efforts to eliminate Saturday delivery had faltered when the 112th Congress adjourned in early January 2013 without the House considering the slash-and-burn legislation passed in committee, postal management picked up the cudgels. In early February, Postmaster General Donahoe announced that the Postal Service would unilaterally end Saturday delivery by August, despite the congressional mandate requiring six-day delivery. Six weeks later, Rolando rallied thousands of NALC activists and their families in all 50 states to protest. Two days later, Congress adopted, and President Barack Obama signed, a continuing resolution keeping the government open through the end of the fiscal year and also mandating six-day delivery, necessary even though the Government Accountability Office had issued a legal opinion that USPS had no legal authority to reduce delivery unilaterally. The GAO opinion, plus the mandate in the continuing resolution, forced the Board of Governors to announce in April it would "follow the law."

With the Postal Service stymied, congressional efforts to end Saturday delivery resumed. In July, the chairman of the House Oversight and Government Reform Committee introduced a new bill, H.R. 2748, calling for an immediate end to Saturday delivery and to front-door delivery for 35 million Americans and for allowing non-federal employees access to the mailbox. The NALC responded that even though the bill contained positive provisions on price flexibility, it failed to adequately address the pre-funding requirement, and its delivery provisions would have a devastating impact on the mailing industry and

THE CHANGING FACE OF THE NALC

ALL ACTIVE LETTER CARRIER MEMBERS 1987 AND 2013

Numbers are percentages unless otherwise noted.

	1987	2013*
Male	82.6	70.7
Female	17.4	29.3
White	74.1	56.1
Black	15.5	21.2
Hispanic	7.1	12.4
Asian	2.6	9.0
Others	0.7	1.3
White Males	62.2	41.3
Veterans	49.2	19.5
Avg. Age (years)	40.0	48.2
Avg.Tenure (years)	11.0	16.8

*2013 data includes both career and non-career carriers

A quick look at the photographs in the first several chapters of this history makes it abundantly clear that, for many years, the city carrier workforce consisted mainly of white males. But the pictures in the last few chapters tell a different story, with a growing percentage of minorities and women carrying the mail at the end of the 20th century and into the 21st. All signs point to an even more diverse workforce, and thus NALC membership, in the years ahead.

The top table at right tells the tale: A far greater proportion of the active membership in 2013 consisted of women and minorities than in 1987. As a result, white males comprised only 41.3 percent of active letter carrier members in 2013, compared with 62.2 percent in 1987.

In 2013, as compared with 1987, the active membership was also far older on average, had carried mail far longer, and had a far smaller percentage of military veterans, even though the United States had fought two wars since September 11, 2001.

A closer look at the 2013 active carrier membership of the NALC suggests even more diversity is likely in the years ahead.

The second table compares the racial, gender and age characteristics in July 2013 of non-career letter carrier members (almost all city carrier assistants) with both career letter carriers and those with 25 years or more of service. To a great extent, carriers with 25 years of service or more in 2013 resembled the entire active carrier membership of 1987, while the entire 2013 career letter carrier membership was more diverse. The most significant difference, however, was between career carriers and non-career carriers. Since an even larger percentage of the active membership in future years will consist of minorities and women, a more diverse leadership will be necessary to maintain union solidarity and commitment.

ACTIVE LETTER CARRIER MEMBERS BY CAREER STATUS AND TENURE JULY 2013

Numbers are percentages unless otherwise noted.

	Non-Career	All Career	25 Years + Only
Male	61.9	71.8	77.4
Female	38.1	28.2	22.6
White	42.9	57.7	69.0
Black	34.9	19.5	15.2
Hispanic	14.8	12.2	10.0
Asian	5.2	9.5	4.9
Others	2.2	1.1	0.9
White Males	29.2	42.8	54.3
Veterans	10.3	20.6	21.5
Avg. Age (years)	34.5	49.9	56.1
Avg.Tenure (years)	—	18.9	28.9

NALC has honed its grassroots legislative program to push Congress to maintain Saturday delivery service, as it did during its nationwide rallies on March 24, 2013.

American households and prevent the Service from taking advantage of the growing e-commerce market. Nonetheless, the committee passed HR 2748 on a party-line vote.

A proposed Senate bill introduced on August 1 was also designed to destroy the Service, if perhaps more slowly. S. 1486 provided for a three-year moratorium on the pre-funding requirement paid for by major downsizing and worker benefit cuts, and would eliminate Saturday delivery after a year while granting the postmaster general the authority to eliminate future days. It also mandated drastic reductions in door-to-delivery for millions of households and businesses, and a discriminatory change to compensation for injured federal workers. Almost immediately, NALC denounced the legislation, and in late September, Rolando testified before the Senate, criticizing the bill for failing to adequately address the 2006 pre-funding mandate, for providing for the end of Saturday delivery and door-to-door delivery and for creating a two-tier workforce.

While Congress dithered, the USPS released figures in the summer of 2013 supporting NALC's position that the Service's financial problems were largely a result of the pre-funding requirement and the economic recession that had started in 2007. For the third quarter of the fiscal year, USPS posted an operating surplus—with Internet-powered package delivery increasing significantly and with advertising mail holding its own even as first-class mail declined more slowly.

In late 2013, the union's fight to preserve the Postal Service increasingly became entangled with congressional budget politics, but thanks in part to pressure brought by NALC's grassroots network, a joint House-Senate budget plan for the remainder of FY 2014 that passed Congress in December did not call for the elimination of Saturday delivery.

Nonetheless, in early 2014, efforts to eliminate Saturday delivery, either immediately or within a few years, remained alive in the relevant committees in the House and Senate despite the Service's operating profit in first quarter of Fiscal Year 2014. In February, the Senate Homeland Security and Governmental Affairs Committee moved first, passing a revised S. 1486 that merely delayed some of the service cuts contained in the original bill introduced the previous summer

By late spring of 2014, the future of the Postal Service—and reform legislation—was far from settled. The union's position was bolstered by the Service's improving financial picture, sparked by the growing package delivery business that compensated in part for the continued diversion of first-class mail due to digital alternatives. Yet the union was aware that as long as the Service was burdened by the unfair and unaffordable pre-funding mandate contained in the Postal Accountability and Enhancement Act of 2006, and management remained obsessed with its "shrink to survive" strategy, the future of the Postal Service and the jobs of letter carriers were at risk.

President Rolando vowed before a Senate committee on September 26, 2013, that NALC could not support any legislation that didn't fix pre-funding.