



National Association
of Letter Carriers

Fredric V. Rolando, President
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USPS Shows \$3.8 Billion Loss in FY09; 'No Way to Sugarcoat It' – Rolando Financial Plan for 2010 Retains Six-Day Delivery

Despite cutting 40,000 career employees, getting a \$4 billion break on retiree health benefit payments, and taking other cost containment measures, the Postal Service reported a net loss of \$3.8 billion for its 2009 fiscal year. The bleak report, issued November 16, showed \$1 billion more red ink than a year earlier.

The report also cited total mail volume of 177.1 billion pieces, compared to 202.7 billion pieces in 2008, a 12.7 percent decline. In making the announcement, the Service said its projections for FY 2010 are based on continuing six-day delivery.

"There is no way to sugarcoat it; it was a horrible year," NALC President Fred Rolando said. "The housing collapse and meltdown on Wall Street hit the most mail-intensive sectors of the economy, and the deep recession that followed may have accelerated the drive by many mailers to seek electronic substitutes for mail."

The Postal Service's chief financial officer, Joseph Corbett, agreed: "Our 2009 fiscal year proved to be one of the most challenging in the history of the Postal Service. The deep economic recession, and to a lesser extent the ongoing migration of mail to electronic alternatives, significantly affected all mail products, creating a large imbalance between revenues and costs."

Corbett noted that the Service reduced work hours by 115 million, or the equivalent of 65,000 full-time employees. The Service reduced overtime and pared transportation costs and virtually every other expense.

Independent auditor Ernst & Young cautioned that "there is significant uncertainty" whether the Postal Service will have enough cash on hand to make all of its payments in the year ahead, including the \$5.5 billion retiree health benefits payment due on the last day of FY 2010. That is the next installment due to pre-fund future retiree health insurance costs. The 2009 payment was reduced by \$4 billion, thanks to passage of legislation vigorously endorsed by the NALC.

With further revenue losses and mail volume declines expected, Postmaster General John E. Potter said that USPS will continue to move aggressively to meet the challenges posed by the recession.

"We realize our customers are facing the same economic challenges," Potter said, noting the Service will not raise prices for First-Class and Standard Mail and its other market-dominant products in 2010.

Looking ahead, the statement said, "The 2010 plan, which estimates a revenue decline of \$2.2 billion, a net loss of \$7.8 billion, cost reductions of more than \$3.5 billion and a reduction in mail volume of 11 billion pieces for the year, is based on the assumption that there will be no change in the number of delivery days per week, and no change in the current retiree health benefits payment schedule."

Potter said, however, that the Postal Service faces "a sobering reality" of the same financial problems in 2010 and every year in the near future as volume contracts and the Postal Service struggles with the costs of an ever-expanding delivery network.

President Rolando said the Postal Service's year-end report underscored the need to enact a long-term fix to the retiree pre-funding obligation.

"We appreciate the short-term relief provided by H.R. 22, but Congress must order the Office of Personnel Management to review the pre-funding provisions of the law to both more accurately measure the true cost of future benefits, which it now grossly exaggerated, and provide for a more reasonable and sustainable schedule for pre-funding," he said.

Rolando expressed hope that the economy will begin to turn around in 2010, but cautioned letter carriers that a full recovery will take time: "We will have our work cut out for us in the years ahead to restore the Postal Service and protect our long-term job security. We will have to fight for legislative reforms and make the right decisions at the bargaining table."

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Rolando Provides Rutgers Workshop With Visionary Look at USPS in 2020

President Rolando presented a creative and visionary picture of how jobs in the Postal Service might be saved over the next 10 years in an address November 20 in Washington to a Rutgers University Center for Research in Regulated Industries workshop on "The Future of the Postal Sector."

"We are facing the worst crisis in the Postal Service since the 1930s," Rolando said, noting that most of the decline in mail volume has been a result of the near-depression in our economy, but also aware there is no guarantee that the previous volume will ever return.

Regarding the short-term challenge, Rolando was stern in his rejection of the elimination of Saturday delivery.

"The USPS has not adequately considered the inevitable loss of business and revenue that would occur as a result of reducing service and the impact of diminishing the value of the postal network on companies like eBay, Netflix and Medco and others that will develop in the future when the economy recovers," he said.

The NALC president said that with a little imagination and a lot of innovation, a more balanced strategy can be created for a new Postal Service that can serve the needs of the American public and the American economy for years to come.

"Finding new uses of the mail and new uses of our network is crucial to a viable future," he said, noting that the Postal Service has unmatched networks: the last mile delivery network that connects 150 million households and business six days a week, and also an excellent retail branch network as well as a comprehensive logistics network.

Rolando gave the Rutgers audience a picture of what the Postal Service might look like 11 years from now — in November 2020:

- Thanks to new Vote by Mail laws, letter carriers all over America are delivering voter information packets on the hundreds of ballot initiatives before the voters.
- The USPS's National Green Bank or NGB, authorized by PAEA II to give life to the national infrastructure bank proposed by President Obama, has grown to more 20 million accounts with \$100 billion invested in green bonds issued by the National Infrastructure Board to finance home and office energy retrofitting programs, high-speed rail and other clean energy projects — including a project to replace the entire postal vehicle fleet with electric and natural gas-powered vehicles.
- Letter carriers, using more sophisticated scanners to track deliveries, are fulfilling orders for shipping materials and office supplies from the more than 18 million small home-based businesses on their routes, working in partnerships with companies like Office Depot and Staples.
- More than 10 million Americans have signed up for a USPS Twitter monitoring service — receiving messages from carriers who briefly check in on their elderly relatives once a week.

Rolando emphasized that his comments were not intended to be a prediction of changes that will occur to the Postal Service but only to present some ideas to generate meaningful discussion among various stakeholders over the next decade.

"With a little creativity, our retail network could provide low-cost financial services that banks have stopped providing in many parts of the country. Our mail processing networks could be used as warehouses for e-commerce and as recycling centers. And the last mile of residential delivery could be exploited more fully with new technology — placing letter carriers in a crucial role for businesses of all stripes, national retailers, local businesses and everyone in between," Rolando said.

1.9 Percent Wage Hike Due Nov. 21

Under the 2006-2011 National Agreement, letter carriers represented by the NALC will receive a 1.9 percent increase in their basic annual salary effective November 21, the fourth general increase in the five-year contract.

The increase will bring the basic salary for a top-step Grade 1 city carrier to \$54,618. A new wage chart is on www.nalc.org and appears in the November *Postal Record*.

The hike will be based on the basic annual salary for the grade and step in effect as of November 24, 2006, at the beginning of the contract. One general increase remains in the contract, due on November 20, 2010 at 1.85 percent.

Effective Immediately!

H1N1, Flu and Pneumococcal Vaccines FREE Under NALC HBP Administration Network

President Rolando announced today establishment of a NALC Flu and Pneumococcal Vaccine Administration Network offering FREE influenza, pneumococcal, and H1N1 vaccines to NALC Health Benefit Plan members and their eligible dependents when the NALC Health Benefit Plan is the primary payer for medical expenses.

This program is effective beginning on November 23, 2009. (FluMist is not covered through this program.)

The NALC Health Benefit Plan is partnering with more than 12,900 local NALC CareSelect pharmacies to provide this FREE and convenient service. A full list of participating pharmacies is available on the Internet at http://www.pharmacyshots.com/vaccine_network_01.pdf, or members can call Caremark Customer Service at 1-800-933-NALC (6252) to find a local pharmacy that participates in the NALC Flu and Pneumococcal Vaccine Administration Network.

Since state regulations and the policies of NALC CareSelect pharmacies vary, members are urged to contact their CareSelect pharmacy directly to see if their state requires a prescription to administer either adult or pediatric vaccines, and for the days and times the vaccine can be administered. If a prescription is required, members should ask the pharmacy if the physician's office may call a prescription in on your behalf, or if the pharmacy will contact your physician for you.

NALC Health Benefit Plan Director Timothy C. O'Malley advises that all that is necessary is for a member to present their NALC Health Benefit Plan identification card at the pharmacy. The pharmacist will verify your status as an active Plan member, eligible for 100% coverage for both the vaccine and the administration of the vaccine, and then submit an on-line claim. Your pharmacist should call the CVS Caremark Pharmacist Help Desk if assistance is needed.

If more information is needed, call the Plan toll-free at 1-888-636-NALC (6252).

Members Switching to NALC Health Benefit Plan As 'Open Season' Period Heads into Final Stretch

The NALC Health Benefit Plan is off to a great start in its Open Season campaign to attract more active and retired letter carriers into the Plan for 2010.

"We are off and running to a great start," said Health Benefit Director Timothy C. O'Malley, noting that after only 10 days into the annual Open Season period when active and retired postal and federal employees can join or change their health benefits plan, the NALC Plan shows a net increase of 533 additional members.

Open Season continues through December 14.

O'Malley urged branch presidents and Health Benefit Plan Representatives to talk to members about some of the great new benefits in the NALC Health Benefit Plan in 2010.

"It is imperative that branch leaders talk to each member," O'Malley said. "Let them know that the Plan listens to members' comments when it comes to creating our benefit structure."

Several of next year's benefits were created specifically because of members' comments.

O'Malley cited just a few, noting that NALC HBP in 2010 will provide 100% payment for covered lab services when enrollees use either LabCorp or Quest Diagnostics services, and the Plan will pay 100% for preventive services when enrollees use a PPO provider, as well as a \$15 copayment for PPO office visits.

He urged branch leaders to encourage members to try to stay within the PPO network when they visit a hospital or physician, adding that just because a hospital is in-network, it does not mean that all doctors who work there are necessarily in-network as well. By choosing care within the PPO network, members receive discounts on covered services and supplies, higher levels of benefit reimbursements and lower out-of-pocket costs, as well as preventive tests and screenings at no cost.



NALC Applauds Leadership by Reid on Health Care

President Rolando has joined AFL-CIO President Richard Trumka and other labor leaders in praising Senate Majority Leader Harry Reid for swiftly moving a health care bill in that chamber to help attain high quality, affordable health care for all Americans — including a public insurance plan option to hold private insurance companies accountable.

Rolando, however, expressed dissatisfaction with one ingredient of the legislation that is not acceptable to the NALC — a version of the excise tax from the Senate Finance Committee bill that would tax health care benefits of workers.

"Our union will work closely with members of the Senate to eliminate this provision before it comes up for final passage," Rolando said.

The bill would expand access to health care by covering 94 percent of Americans and reduce the deficit by \$130 billion over 10 years.

Still No Accumulation for Sixth COLA

There is no accumulation toward the sixth regular cost-of-living adjustment for active letter carriers based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for October, released November 18 by the U.S. Bureau of Labor Statistics.

The October CPI-W at 630.140 was still below the base month level of 644.303 for July 2008. The sixth COLA, if any, will be based on CPI-W data in the report for January 2010, released in February.

There is also no accumulation yet toward 2011 COLAs for retirees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). Retirees will not receive a cost-of-living adjustment in 2010 because of declining prices. The Obama administration has proposed a one-time payment of \$250 to seniors and the disabled to help ease the pains of the recession, but no congressional action has yet occurred.

The projected accumulation toward the 2009 Federal Employees' Compensation Act (FECA) COLA stands at 3.3 percent according to the latest data. The 2009 FECA COLA will be based on the increase in the CPI between December 2008 and December 2009 and will be effective on March 1, 2010. FECA COLAs are applicable only in cases where death or disability occurred more than one year prior to the adjustment's effective date.

Letter Carrier Heroes Appear on 'Oprah'

Five NALC members — all heroes in their own right — will appear on the Oprah Winfrey Show that will air on Tuesday, November 24 throughout the nation in a presentation by the popular television hostess dealing with unsung heroes in America.

Appearing on the show, which was pre-taped, are Walter Hayes, St. Louis, Missouri; Melissa Kelly and Patty Arismendez, both of Bakersfield, California; Alan Girard, Oakland, California, and Robert Sweeny, Sacramento, California.

Check your local television listing for time and station in your area.

Food Drive Talks Begin!



President Rolando addresses a meeting of food drive partners November 12 at NALC Headquarters as preparations begin for the 2010 national Stamp Out Hunger drive, set for Saturday, May 8. Pictured (l-r) are Doug Montgomery of Feeding America, the nation's food bank network; Rolando; Drew Von Bergen, NALC national food drive coordinator; and representatives of Campbell Soup Co., including at right, Geoff Jackson, Director – Shopper & Event Marketing. (Photo by Mike Shea)