

'Fantastic' first quarter helps USPS start 2015 on a positive note

On Feb. 6, the U.S. Postal Service announced it had made \$1.1 billion in operating profit in the first quarter of Fiscal Year 2015.

The agency's quarterly financial report revealed that for USPS' historically busy months of October, November and December, postal revenues for the last three months of 2014 were up by \$765 million over the same period in the previous year.

"The Postal Service's financial turnaround is continuing into its

Letter mail volume increased over the quarter as well, by 600 million pieces over the same quarter in FY 2014. First Class Mail revenue was up 3.7 percent while volume declined by just 1.1 percent, the best showing since the Great Recession of 2007-2009. Meanwhile, Standard Mail revenue was up 7.6 percent, thanks to a volume increase of 3.5 percent.

But as most letter carriers can attest, the real success story over the quarter was the ongoing growth of package

to drag down the otherwise bright financial news from L'Enfant Plaza. No other government agency or private enterprise must pre-fund such benefits at all, let alone to the extent required of USPS.

Most of the news media coverage of the quarterly report accurately reflected the positive financial trend at USPS while raising many of the issues NALC has long voiced. And much of the coverage was positive and on target, with President Rolando heavily quoted, often more so than anyone other than Corbett or Postmaster General Megan Brennan.

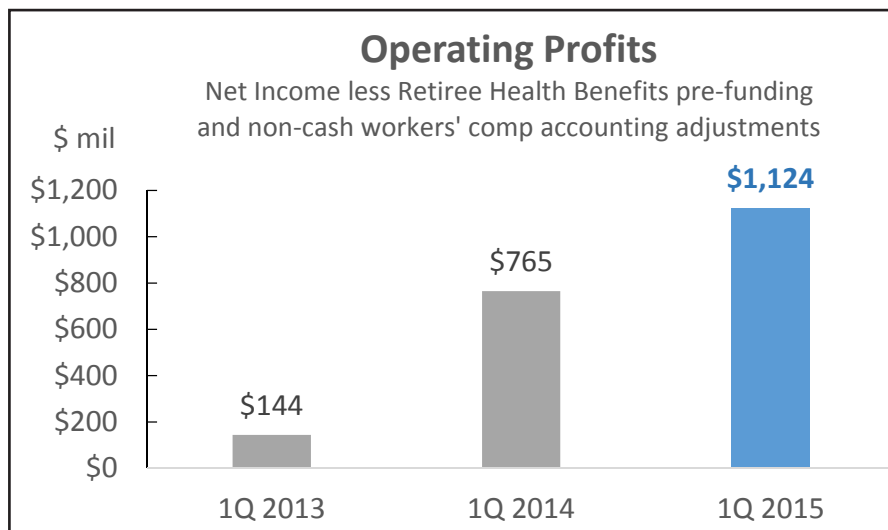
For example, *Federal Times'* story quoted Rolando and prominently noted pre-funding's effect while noticeably picking up on Corbett's "fantastic" comment. A *New York Times* story led with record package deliveries and rising revenues, and also quoted Rolando and Brennan.

Government Executive's story explained how the pre-funding obligation has hurt USPS and quoted Rolando as well as Brennan, while Reuters' coverage focused on the positive impact that package delivery revenue has had on USPS' bottom line.

Meanwhile, *The Wall Street Journal's* story led with the Postal Service's "upbeat results," noting that "higher prices and a record number of packages delivered drove revenue growth across both its first-class and standard-mail segments."

The Hill's story also was largely positive and noted the impact pre-funding has had on postal finances. "The USPS's losses in 2014 were largely driven by costs beyond its control," the paper reported.

And the Associated Press story focused mostly on the actual results in



third year of operating profitability," NALC President Fredric Rolando said in a statement following the release of the report. "With the \$1.1 billion in operating profit and with an increase to \$7 billion in available cash, it's no wonder that Postal Service Chief Financial Officer Joe Corbett called this most recent quarter 'fantastic.'

"These numbers are great news for Americans throughout the country and for the millions of businesses that rely on a strong Postal Service," Rolando added.

shipping revenue, up 10.5 percent on a volume increase of 12.8 percent.

"This continuing rise in both letter and package revenue—and now even in overall mail volume—should be a clear sign to everyone that now is the time to strengthen the Postal Service's now-profitable networks, not to degrade them," Rolando said in his statement.

Of course, the 2006 mandate that USPS set aside more than \$5.5 billion a year to pre-fund decades' worth of future retiree health expenses—and do so over a 10-year period—continues

the quarterly report, weaving in both the good and bad news in it, which allowed the reader to get the full story all at once.

A few news media outlets—mainly, *The Washington Post*—chose to focus on USPS’ \$754 million in reported losses for the quarter, losses caused both by the pre-funding charge and by an accounting adjustment for workers’ compensation costs. (*The Post* did quote Rolando as well as Brennan.)

For more about President Rolando’s reaction to the report, see his President’s Message on page 1. Meanwhile, Research Director Jim Holland’s report on page 12 covers in greater detail the issue of the Postal Service’s assets and liabilities, another topic that was briefly touched on during the quarterly report’s release.

Another disappointing White House budget proposal

The Monday before the Postal Service’s quarterly report was released, the Obama administration introduced its \$4 trillion budget proposal for the federal government in Fiscal Year 2016, which begins on Oct. 1.

NALC was saddened to learn that the budget’s postal reform section once again embraces the doomed business strategies that were devised in the midst of the Great Recession. One of the proposals calls for an eventual shift to five-day mail delivery only if annual mail volume falls below 140 billion pieces of mail, mirroring language that was included in S. 1486, the deeply flawed bill introduced in 2013 by Sens. Tom Carper (D-DE) and Tom Coburn (R-OK).

The White House’s budget plan calls for eliminating Saturday mail service despite the fact that the two senators

agreed last December to drop it from the final version of their bill, a measure that failed to move to the full Senate for consideration before the 113th Congress came to an end in December.

“We are disappointed that Obama’s budget once again has embraced an outdated philosophy that the Postal Service can and should cut its way to prosperity by targeting services,” President Rolando said in a statement.

“Given the turnaround in postal finances,” Rolando said, “degrading services to residences and businesses isn’t only unnecessary, it’s counterproductive because it will drive mail—and revenue—away.”

The budget also proposes allowing USPS to begin shifting away from door-to-door mail, and it fails to reflect the progress made during the last Congress toward a consensus multi-point approach to fixing the retiree health pre-funding mandate—an approach embraced by the postal unions, major mailers and key legislators in both parties.

Rolando called the budget “misguided” in light of the Postal Service’s recent strong financial performance and rising revenues. But the NALC president noted that Obama’s budget serves as the starting point for a months-long debate in Congress.

“None of these budget proposals will become law until approved by Congress and signed by the president,” he said. “The NALC is committed to working with Congress, the new postmaster general and the administration on

comprehensive postal reform that reflects the new reality the Postal Service faces, that captures the support of all major stakeholders, and that rejects outdated and misguided proposals.”

Capitol Hill takes on some of USPS’ issues

On Feb. 5, Rep. Rosa DeLauro (D-CT) introduced H.R. 784, The

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Overnight Delivery Act. The legislation aims to reverse the effects of the Postal Service’s recently implemented service reductions that not only have slowed mail delivery to many rural and metropolitan areas, but also have eliminated overnight First Class Mail delivery nationwide. H.R. 784 had 65 co-sponsors—Republicans and Democrats—as this issue of *The Postal Record* went to press.

Reversing those service reductions also is the focus of H.Res. 54, a non-binding resolution introduced on Jan. 27 by Reps. David McKinley (R-WV) and Paul Tonko (D-NY) that had 40 co-sponsors from lawmakers of both political parties at press time.

As reported in last month’s magazine, in early January Reps. Susan Davis (D-CA), David Joyce (R-OH) and Peter King (R-NY) introduced a resolution to preserve door-delivery, H.Res. 28, while Reps. Sam Graves (R-MO)

and Gerry Connolly (D-VA) introduced H.Res. 12, which calls for the preservation of six-day mail delivery. H.Res. 28 had 128 co-sponsors from both parties at press time, and H.Res. 12 had 31 from both parties.

The NALC Department of Government Affairs has prepared fact sheets on this bill and these resolutions, as well as documents on such topics as the negative effect that pre-funding has had on postal finances and the need for postal innovation and growth.

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Visit nalc.org and check out “Legislative Activities” under “Government Affairs.”

Building coalitions and alliances

On Jan. 19, President Rolando announced that the NALC has joined the Campaign for Postal Banking, a coalition made up of consumer advocates, community groups, worker representatives, faith-based groups and civil rights organizations whose mission is to explore ways the Postal Service could provide affordable financial services to the tens of millions of Americans who lack access to such services.

“The Postal Service already provides several affordable financial services,” Rolando noted, such as money orders, Treasury check cashing and international electronic money transfers.

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According to the latest Federal Deposit Insurance Corporation (FDIC) “National Survey of Unbanked and Underbanked,” 28 percent of U.S. households—or nearly 100 million people—are underserved by currently available banking options.

“This coalition will help us explore opportunities to close this gap and help move millions of Americans away from payday lenders and other

predatory alternative financial services,” the president said. “Our nationwide post office network, combined with its highly skilled and dedicated workforce, could help solve this serious public policy problem.”

And as this *Postal Record* was being prepared, Rolando announced that NALC also was joining a wide range of progressive national organizations in a coalition known as “A Grand Alliance to Save Our Public Postal Service.” The group’s stated goal is to fight for the protection and enhancement of a vibrant USPS, both now and for generations to come.

This alliance is made up of a broad group of postal and other labor unions, progressive policy advocates, and civil rights and religious organiza-

tions that support high-quality public services for all Americans.

“This new alliance is a good complement to the one the NALC and the other postal unions have been working closely with over the past 18 months,” Rolando said, “a group made up of postal union and mailing industry stakeholders with a mission to advance in Congress a multi-point postal strategy that includes a comprehensive solution to pre-funding, freedom to offer new products, fair treatment on pension valuations, strengthened service standards and a moratorium on plant closings.”

In the news media

President Rolando had an op-ed in the Feb. 13 *Nogales International*, a newspaper that covers Santa Cruz County, AZ, responding to a recent editorial that ran in that paper. A second Grand Canyon State newspaper, *Green Valley News and Sun* in suburban Tucson, ran the editorial as well—and also carried a responding op-ed from Rolando on Feb. 8. And the same editorial ran in *Today’s News-Herald*, a paper that serves the greater Lake Havasu area of Arizona; on Feb. 6, the *News-Herald* also ran the op-ed response from Rolando.

In a Feb. 11 op-ed, Rolando responded to a news story in *The Dodgeville [WI] Chronicle* that lamented the slowing of the mail but recycled USPS’ talking points about the need to close 82 mail processing plants in 2015. His letter to the editor in Jan. 30’s *The Detroit News* responded to two recent op-ed pieces that painted incomplete pictures of USPS’ financial situation.

The president’s strong op-ed in the Jan. 29 *Worcester [MA] Telegram &*

Gazette provided some context to the paper's reporting on Postal Service plans to close the region's mail processing plant. He also noted that Worcester was home to Branch 12's **Robert George**, the 2014 Eastern Hero of the Year.

President Rolando's op-ed for the *Lexington [KY] Herald-Leader* ran on Jan. 26. The piece helped educate readers about why the Postal Service's plans to close the region's mail processing plant make no sense. On Jan. 15, he was a guest columnist in southwestern Ohio's *Xenia Daily Gazette*, a Pulitzer Prize-winning publication that serves communities near Dayton. His column responded to an earlier opinion piece that misstated the financial situation at the Postal Service.

The NALC president was widely quoted in stories about Postmaster General Patrick Donahoe's Jan. 6 speech at the National Press Club. In *The Hill*, the only other person quoted in the story besides Donahoe was Rolando. *Washington Post* columnist Joe Davidson's Jan. 6 piece about the postmaster general's speech also included a quote from Rolando, and *Linn's Stamp News* quoted the president as well in its January story about the speech.

A Jan. 15 editorial in *The Washington Post* used Donahoe's speech as an excuse to blast postal unions and to call for reduced service. But in a letter to the editor of the *Post* that ran on Jan. 19, NALC Executive Vice President Timothy O'Malley used Donahoe's own words from that speech (words unreferenced in the *Post's* editorial) to demolish the newspaper's argument.

A Jan. 6 *Washington Post* story—about a paper by the Postal Service's



NALC is finishing up the arrangements for holding the 2015 national rap session (also known as the national conference) in Houston, TX, from July 17 to 19. Registration and a reception will be held on Friday, July 17, with workshops on Saturday and the rap session held on Sunday.

Article 3 Section 4(b) of the *NALC Constitution* states:

The National President shall, once each year except in the year of the National Convention, call a national conference. This conference shall be voluntarily attended by only State and Branch Presidents or their designees, with their expenses to be borne by the State Association or Branch represented.

Information on hotel accommodations will be available at a later date. Please check nalc.org for updates. **PR**

inspector general calling for more flexible rules to produce a more flexible workforce—contained a quote from President Rolando, who said that such a push for flexibility at the USPS is trying to “solve a problem that doesn't exist.” The day before, an opinion piece by Rolando ran in *The Denver Post*—one of the dozen biggest U.S. newspapers.

On Feb. 5, Idaho State Association President **John Paige** explained to a Pocatello TV station the impact of USPS' plans to cut services in eastern Idaho and route mail through Utah. The busy Paige's letter to the editor of the *Idaho Statesman* ran on Jan. 21, he was interviewed by Pocatello NBC affiliate KPVI-TV on Jan. 15, and his letter to the editor in the *Twin Falls Times-News* was published on Jan. 8.

In her Feb. 12 commentary in Racine, WI's *The Journal Times*, Racine Branch 436 letter carrier **Jody Spencer** asked readers to contact their congressional

representatives to support pro-postal legislation. The day before, Carmel, IN Branch 888 letter carrier **Ronnie Roush** had a letter to the editor in *The Indianapolis Star*.

Chattanooga, TN Branch 62 letter carrier **Clarence Holland** was featured in a Jan. 22 news story on local NBC affiliate WRCB-TV. “I've always enjoyed carrying mail,” Holland said, adding that he and his wife have raised three children and two grandchildren, “which wouldn't have been possible without the Postal Service.”

And an outstanding column by *Chicago Tribune* staffer Phil Rosenthal ran on Sunday, Jan. 18. “Our mail delivery system is a miracle, yet too many of us take it for granted,” he wrote. “Worse, it is so underappreciated by some that they see it as superfluous and unnecessary in a pay-online, email and digital newspaper world.”

Find links to these stories and more on nalc.org under “Postal Facts.” **PR**