



# The voice of reason

## NALC and allies make voices heard as part of campaign to 'Save Saturday Delivery'

Above (l-r): Sen. Tom Carper (D-DE) and Rep. Stephen Lynch (D-MA) combined their Senate and House committees to question labor and business leaders on the Postal Service's proposed "Action Plan."

Below: Roughly 150 letter carriers, clerks, mail handlers, union allies and community supporters picketed the Main Post Office in Portland, Oregon, in favor of saving Saturday delivery.

**T**here comes a time in any debate, after the angry outbursts and deceptive claims have left the opponents winded, when a simple voice of reason explaining a logical plan of action can carry the day. In the debate over the future of the United

States Postal Service, we've seen wild claims (losses of \$238 billion predicted over the next 10 years) and threats from postal management (eliminating not only Saturday, but a second day of delivery) that could tear the entire institution apart.

Now it's time for us to raise our voices and make sure our voice of reason is heard. And you can be part of that by joining the "Save Saturday Delivery" campaign.

From explaining to Congress the real financial issues plaguing the Postal Service to recruiting local businesses to help the Postal Regulatory Commission understand how the nation values Saturday mail delivery, NALC members participating in the campaign are spreading the message.

The PRC and Congress seem to be listening to our voices as they consider sensible solutions to fixing our employer's financial problems. These proposals would not only put USPS on much firmer financial footing, but would finally put to bed the ludicrous idea that cutting Saturday mail deliveries is a viable strategy for preserving the Postal Service.

But, as you'll read through the following pages, the debate is far from over. We need your help and your voice to make sure reason will win.







## Rolando calls on Congress to reject five-day delivery

**N**early four full months after the Postal Service announced its “action plan for the future”—which includes cutting Saturday delivery—NALC President Fredric V. Rolando joined a number of other labor and business leaders to testify before a congressional committee hearing June 23 to share their thoughts on USPS’ plan.

While he admitted that there are parts of the Service’s plan that letter carriers either can agree to or would be willing to work with the Postal Service to refine, Rolando soundly rejected the key, headline-grabbing component of the proposal—the elimination of the congressional mandate to provide six-day mail collection and delivery services.

“We think this would be a blunder of the first order,” he said, “saving very little money and risking the loss of much more revenue over time.”

“Cutting service is not a way to strengthen the Postal Service. In America, business is conducted 24 hours a day, seven days a week.”

The members of the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security who conducted the hearing seemed warm to much of what Rolando and his colleagues

had to say. The committee, which has jurisdiction over the Postal Service, invited members of the corresponding House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia to take part.

Rolando told lawmakers that there were many problems with implementing such a misguided and short-sighted business strategy. “At a time when the nation is suffering an acute jobs crisis, throwing another 80,000 decent [postal] jobs away in a moment of panic does not make sense,” he said.

President Obama’s budget includes the preservation of mail delivery service six days a week, Rolando said, and scores of House members have signed on as co-sponsors of House Resolution 173, which specifically calls for keeping Saturday mail service. (The number of co-sponsors stood at 232 as this article was written; see [nalc.org](http://nalc.org) for the latest figure.)

In addition to NALC President Fredric V. Rolando (c), National Rural Letter Carriers’ Association President Don Cantriel (l) and American Postal Workers Union President William Burrus were among the labor and business leaders who were called to testify before a June 23 congressional subcommittee hearing on the Postal Service’s plan to cut Saturday mail delivery.

OUT THERE





**Members of Congress who attended the joint committee hearing included (top row, l-r): Rep. Jason Chafetz (R-UT), Rep. Gerry Connolly (D-VA), Sen. Claire McCaskill (D-MO), Sen. Dan Akaka (D-HI), (second row) Del. Eleanor Holmes Norton (D-DC), and (third row) Rep. Dennis Kucinich (D-OH).**

## Fault lines

Congress shares most of the responsibility for USPS' current economic woes, Rolando said, thanks to measures enacted by the 2006 postal reform law, the Postal Accountability and Enhancement Act.

"Even if the economy had not crashed, hard-wiring a 10-year schedule to pre-fund 80 percent of a 75-year liability was, in hindsight, a mistake," he said. "This decision by Congress, not the recession and not the impact of the Internet, is primarily responsible for the financial crisis faced by the Postal Service in recent years.

"If not for these payments, the USPS would have been profitable in three of the past four years—despite the deepest downturn since the Great Depression.

"There is no way to sugar-coat this: Congress must undo the unintentional error of 2006."

Rolando said that Congress held the keys to fixing the mistake without sacrificing what he called the "laudable goal of pre-funding retiree health benefits."

"The USPS Office of Inspector General has found that the USPS was overcharged by the OPM for \$75 billion in pension costs associated to service performed for the taxpayer-funded Post Office Department before the Postal Service was reorganized in 1971," Rolando said. The report provides a roadmap for reform, calling for Congress to direct the Office of Personnel Management to recalculate the allocation of pre-1971 pension costs and to transfer the resulting surplus to the Postal Service Retiree Health Benefit Fund.

"This would correct the grossly unfair allocation of costs, allow Congress to repeal the hard-wired and crushing pre-funding schedule in the PAEA, and grant the Postal Service the financial space to restructure itself for the Internet age," he said. (See page 6.)

## Lending a hand

In the meantime, letter carriers continue to do their part to help stabilize the Service, Rolando said. One of the biggest ways has been in the ongoing negotiations between NALC and USPS toward finding a fair way to adjust mail delivery routes in light of fluctuating mail volumes—the latest being the Joint Alternate Route Adjustment Process, which Rolando said has saved the Postal Service hundreds of millions of dollars.

"JARAP is a major breakthrough and will allow us to adjust most routes in the country for the fourth time in two years," he said. "It used to take five years to adjust all routes just once.

"Going forward, we are committed to doing what is necessary to promote new, innovative uses of the Postal Service's networks even as we lose some traditional mail to electronic alternatives."

Also testifying at the June 23 hearing were Don Cantriel, president of the National Rural Letter Carriers' Association; William Burrus, president of the American Postal Workers Union; Richard Collins, assistant to the president of the National Postal Mail Handlers Union; Louis Atkins, EVP of the National Association of Postal Supervisors; Charles Mapa, president of the National League of Postmasters; and Robert Rapoza, president of the National Association of Postmasters of the United States.

Perhaps not surprisingly, the business leaders called to testify were split on the issue of dropping a day of mail delivery. That panel included H. James Gooden, board of directors chair of the American Lung Association; Donald Hall Jr., president and CEO of Hallmark Cards; Allen Abbott, EVP and COO of MenStyle; Keith McFalls, VP of operations at PrimeMail and Triessant Prime Therapeutics; Paul Misener, VP of global public policy at Amazon.com; and Andrew



Rendich, chief service and DVD operations officer of Netflix.

While some of the business leaders testified that they would rather lose Saturday mail delivery rather than see a rate increase, many, like Hall, testified in favor of saving Saturday delivery. "Delaying mail delivery would hurt," he said, "and the trade-off in people leaving the mail stream would cause further business erosions." Also, Hall said, "people wait until the last minute to mail cards because they're used to the immediacy the Postal Service provides."

"We need to look for innovative ways to get people to use the mail," Hall said.

Amazon's Misener said that most of his company's third-party sellers were parcel shippers who depended not just on Saturday delivery but even Sunday Express Mail. "Our parcel volume is increasing," he said. "Ending Saturday delivery would be a bad idea, and would hurt our rural customers in particular."

Rendich, whose Netflix distributes movies both by mail and online, said his firm basically supported the USPS plan as long as it solidifies the Postal Service's financial woes. "Ending Saturday service is just one piece of the puzzle," he said, although he admitted that while digital delivery of movies is growing, "DVDs are growing about 18 percent a year."

"We expect to ship DVDs for another 20 years," he said.

## Gaining traction

Correcting the pension overpayment was a unifying theme among the lawmakers, with Rep. Stephen Lynch (D-MA), chair of the House subcommittee, saying that the future retiree health benefits fund already contains \$35 billion.

"Fixing this error would improve the Postal Service's financial standing and would put pre-funding on a more normal schedule," he said.

"There's an active dispute going on between Congress and the OPM over the amount and aggressiveness of the pre-funding schedule," he noted, "but there's a fair case to be made that repaying the overcharge could cure the Postal Service's short- and middle-term pre-funding requirements."

Lynch hoped that would end talk of cutting delivery days: "Five-day delivery would spell the end of universal service."

Sen. Claire McCaskill (D-MO), whose state is home to Hallmark's headquarters, told the business panel that she preferred getting a card from someone through the mail. "E-mailed greetings feel like 'spam' to me," she said.

Senate committee chair Tom Carper (D-DE) observed that finding the answer to USPS' problems would not be easy. "For every complex problem, there is a solution which is simple, neat, and wrong," he said, quoting H.L. Mencken. "Five-day mail delivery is wrong." ☒



**Above: President Rolando told Congress that cutting Saturday deliveries "would be a blunder of the first order, saving very little money and risking the loss of much more revenue over time."**

**Below: Members of the business community weighed in on the debate.**



# Media coverage continues

Appearing on Federal News Radio July 29, Director of Capital Investments for the Postal Service Office of Inspector General Michael Thompson helped lend some credibility to the NALC's strategy for saving the USPS. "The Postal Service, since 1972, has overfunded by \$75 billion its share of civil service retirement," Thompson said, noting that it's probably not going to change the way it does things unless Congress directs it to.

If the Postal Service got the refund, "the postmaster general has already testified that there would be no reason to go to five-day delivery for at least 10 years," Thompson said.

Our brothers and sisters in the National Rural Letter Carriers' Association helped make the point at the Postal Regulatory Commission's June 23 hearing in Rapid City, South Dakota, on the proposal to drop Saturday mail delivery service. *The Rapid City Journal* quoted Brad Duffy, president of the South Dakota rurals' state association, who testified that farmers who order a part, but don't receive it by Friday will have to wait until Monday, which can mean lost money.

Tom Kiley, a senior adviser at the Economic Policy Institute, rebutted a recent *Washington Post* editorial that "blithely argued that the fact that the Postal Service 'cannot afford [\$5.5 billion a year in retiree health benefit fund pre-payments] only reinforces the wisdom of the requirement.'

"One should draw the opposite conclusion," Kiley wrote on June 23. "This requirement is excessive and unreasonable, particularly during a severe economic downturn."

Besides, he said, "The Postal Service's retiree health obligations are already 41 percent pre-funded, enough to cover all benefits through 2025.

"Why should the Postal Service be held to a different standard than are other employers when it meets its current retiree health obligations every year?" Kiley asked.

## Report: OPM owes USPS \$50 billion–\$55 billion

**O**n June 30, the Postal Regulatory Commission released a report that shows the Postal Service has been overcharged by anywhere from \$50 billion to \$55 billion—if not more—for Civil Service Retirement System pension costs related to work performed by the taxpayer-supported Post Office Department before it was replaced by the self-sufficient U.S. Postal Service in 1971.

"The Commission is pleased to provide this expert and timely perspective to assist Congress and OPM as they work to resolve an issue that has far-reaching consequences for the financial health and viability of the nation's universal mail system," said PRC Chairman Ruth Y. Goldway.

The Postal Service had asked for the study, whose findings were also presented to the Office of Personnel Management and to Congress.

NALC President Fred Rolando applauded the report. "It supports a broadly shared conclusion in the postal industry that the Postal Service has massively over-funded its pension liabilities," he said, "and that the surplus funds in the Civil Service Retirement System postal account could be used to meet its obligations to pre-fund its future retiree health benefits.

"Congress now has all the evidence it needs to quickly correct this error in the accounting within the CSRS. Doing so would help put the Service back on more profitable footing and enable the USPS to maintain its excellent level of service to its customers without having to resort to radical, short-sighted cost-



cutting measures such as eliminating Saturday mail delivery service."

By law, OPM, which is responsible for calculating the Postal Service's CSRS pension liability, must now take another look at its calculation of the Service's pension assets in light of this report and submit the new results to the PRC, the Postal Service and Congress.

"Given that the \$5.5 billion annual cost of pre-funding retiree health costs—not the recession and not the Internet—is responsible for the Postal Service's recent financial losses," Rolando said, "we call on Congress and the Obama administration to act this year on legislation to relieve the Postal Service of this unfair burden.

"This report is great news for letter carriers and the Postal Service. We expect both Republicans and Democrats to work with the Obama administration to fully fund the Postal Service's retirement obligations while it continues to provide the most affordable and high-quality postal service in the world, even as it adapts to the most challenging economic times in generations." ✉

## Contact the PRC by mail

The Postal Regulatory Commission is asking Americans to comment on the proposal by the Postal Service to cut a day of delivery. While they have asked for comments to be sent online, anyone wishing to send a message by first-class mail can do so at the following address:

Postal Regulatory Commission  
 Attention: Office of Public Affairs & Government Relations  
 901 New York Avenue NW  
 Suite 200  
 Washington, DC 20268-0001

# Postage rate increase shouldn't be a labor issue

**O**n July 6, the Postal Service announced its intent to ask the Postal Regulatory Commission to approve an emergency increase in postage rates next year. Large mailers and other business leaders almost immediately criticized the request, arguing that blame for the request lies with USPS' labor costs, a charge NALC President Fred Rolando quickly refuted.

"At stake here is finding a long-term, common-sense solution to the financial problems plaguing the Postal Service," Rolando said in a press release, noting that a postage rate increase is just one possible option.

"The smartest solution is to reform the congressional mandate to massively pre-fund future retiree health benefits. The answer is not to be found by making

false and misleading claims about postal labor costs to avoid a postage rate increase, as some mailers are now doing.

"The Postal Service has reviewed its operations repeatedly over the past three years and has reacted quickly to the changing economic landscape. Jointly with the NALC, it has evaluated and adjusted letter carrier routes four times in the past 18 months. These hard-nosed reviews have saved the Service over a billion dollars and have significantly reduced its workforce while it reached record levels of productivity.

"To make this a labor issue ignores the larger financial issues at play. We are committed to making changes that are in the best interest of consumers. But to address the problem, we should not resort to knee-jerk reactions and criticisms." ✉

## USPS still 'most trusted'

**F**or the sixth consecutive year, a study by the Ponemon Institute has found that Americans still trust the U.S. Postal Service above all other government agencies when it comes to safeguarding their personal information.

Nearly nine out of 10 Americans surveyed by the Institute's 2010 Privacy Trust Study of the United States Government ranked the USPS first among 75 federal government agencies.

"Six days a week, the men and women who deliver letters and packages to every mailbox in America work hard to keep our customer's private information safe and secure," said NALC President Fred Rolando. "Our customers know us by name and see us as trusted

members of their communities."

The Postal Service has ranked No. 1 since the first privacy trust survey of the federal government was completed in 2004. Also, the Service has consistently improved its privacy trust score, from 78 percent six years ago to its current rating of 87 percent.

"While overall trust in the government declined this year, trust in the U.S. Postal Service remains at an all-time high," said Larry Ponemon, chairman and founder of the Ponemon Institute. "By offering consumers a sense of security that their privacy is protected and limiting the amount of personal data that is collected, government agencies like the Postal Service are able to strengthen the public's trust." ✉

OUT THERE



"Out There" cartoons are reprinted courtesy of Fred Acedo of Bakersfield, California Branch 782. A collection of Acedo's cartoons will be sold at the Anaheim Convention, with proceeds going to the Muscular Dystrophy Association.