SAVE SATURDAY DELIVERY

Glass half-full

Despite setbacks, NALC fights to 'Save Saturday Delivery'

Despite some significant changes in recent months, both on Capitol Hill and at Postal Service Headquarters, little has changed in the NALC's fight to save Saturday delivery—and that includes letter carriers' resolve to make sure Americans continue to receive mail six days a week.

Congress recessed in early October, and most members spent the weeks leading up to the mid-term elections on November 2 campaigning for their own re-election or stumping for their parties' candidates. During the 111th Congress' final four-week session (which wrapped up after this edition of *The Postal Record* went to press), lawmakers had their hands full with a number of legislative priorities. There was hope that Rep. Stephen Lynch's H.R. 5746 could be attached to any number of these measures to help gain that bill's passage.

H.R. 5746 calls for transferring the USPS' own money—estimated to be anywhere from $50 billion to $75 billion that has been overpaid into the Service's account within the Civil Service Retirement System since 1971—into the Postal Service Retiree Health Benefit Fund. Getting this money back would be a key first step in our efforts to repeal the burdensome retiree health benefit pre-funding mandate written into the 2006 Postal Accountability and Enhancement Act.

As this issue was prepared, members of the National Association of Letter Carriers' Department of Legislative and Political Action were scheduled to meet with House and Senate leaders to discuss strategies to get H.R. 5746 passed in some form.

Postal Regulatory Commission

The Postal Regulatory Commission was still gathering public commentary and reviewing testimony on the Postal Service's proposal to eliminate Saturday mail delivery service, a misguided 17 percent across-the-board service cut proposal that would save the Service only about four percent of its operating costs. The PRC plans to release a report on its findings by the end of the year.

Board of Governors

On November 12, the U.S. Postal Service released a report stating that it had lost $8.5 billion in Fiscal Year 2010, which ended September 30.

Media coverage of the report predictably focused on its negatives—the historically high figure is undeniably a headline-grabber—and news stories, shying away from the somewhat harder analysis the report demanded, blamed the losses on the ever-rising use of e-mail, text messaging and paying bills online as a substitute for communicating via postal mail.

But take away two key complications that are beyond the Service's control, and you're left with the real story: that postal losses instead amounted to about $500 million—still a lot of money, but considerably lower than $8.5 billion, not to mention down by more than 50 percent from last year's $1.1 billion.

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>
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The first complication is one that should sound familiar to all letter carriers by now. The 2006 postal reform act legally bound the USPS on September 30 to once again make a $5.5 billion payment toward pre-funding its Postal Service Retiree Health Benefit Fund. This 10-year mandate to front-load the PSRHBF is both highly unusual (no other corporation or agency is required to pre-fund benefits at such an onerous level) and unnecessary (before September 30, the fund already contained enough cash to cover current and future retiree health benefits for decades to come).

Last year, a postal-friendly Congress voted to help the USPS and allowed a one-time, significant reduction in its 2009 payment requirement. In September, that same Congress, this time around perhaps preoccupied with election-year politicking, rejected a similar measure. (Though, to be fair, the Postal Service shares some of the blame here for wasting time on the campaign to cut out Saturday mail delivery and waiting until almost the last-minute to press for this much-needed relief.) And so, a Postal Service already short on cash was forced to make the full $5.5 billion payment.

But this year, a second complication entered the equation. An adjustment was made in how workers’ compensation costs are calculated, based on the government’s assumptions about interest rates and long-term predictions regarding compensation and health care costs. Even though no actual money changed hands, generally accepted accounting practices forced the Postal Service to recognize on its balance sheet a non-cash expense of $2.5 billion.

Using simple math, take the $5.5 billion for pre-funding the PSRHBF, add $2.5 billion for future workers’ compensation costs, and there’s an $8 billion loss. Add the actual half-billion dollars’ worth of business losses, resulting mainly from still-struggling mail volume (thanks to the country’s deepest recession in nearly 80 years), and that’s where the marquee $8.5 billion figure comes into play.

(It’s worth noting that, under very trying circumstances, the Postal Service is actually doing well. Over the last four years, if it hadn’t been for that pre-funding requirement, the Postal Service would have recognized a net $700 million profit.)

Looking ahead

“Our union’s focus continues to be on getting Congress to authorize the transfer of that $50 billion to $75 billion CSRS overpayment to the retirement health benefits fund,” President Fredric V. Rolando said. “Toward that end, the NALC will continue to press for passage of Rep. Stephen Lynch’s bill, either in this Congress or the next.”

If we’re successful, and the retiree health fund becomes fully funded, we will be well positioned to fight for the repeal of postal reform’s pre-funding mandate. Our hope is to pick up a newspaper next November that carries a headline, “Postal Service recognizes solid profits.” ✉