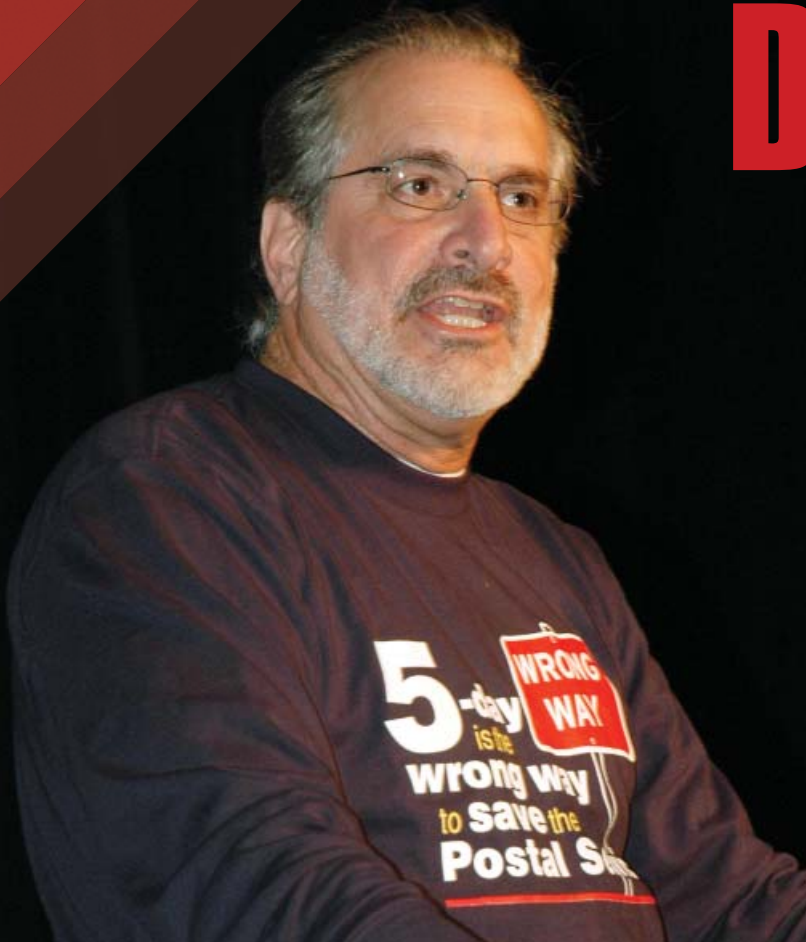


WHERE DOES IT END?



NALC rallies its allies to fight cuts as USPS ponders 4-day service

The battle to save our Service raged on through May as NALC took its message to the airways, *The Economist* magazine showed how the Postal Service is already damaging its own business—and most troubling, the postmaster general went on record about the value of cutting not just Saturday delivery, but a second day as well.

At the tail end of a 1,300-word article printed May 10 in *The Washington Post*, Postmaster General John E. (Jack) Potter waged a new offensive in the ongoing war of words.

“The value of going to four days—removing a second day—is even greater,” Potter told a Nashville gathering of the Postal Service’s largest customers, according to the *Post*. Tuesdays, the PMG noted, are the second-slowest day of the week, after Saturdays.

“Where does it end?” wondered NALC President Fred Rolando. “There is no doubt the Postal Service is at a major crossroads, one which will decide both our future and the Postal Service’s, but our duty as letter carriers—as the trusted public face of the Service—is to make sure both the postmaster general and the American public understand that cutting service is not the way to save the Service.

“If Mr. Potter gets his wish, we could eventually be looking at 100 percent savings, because there won’t be any days of delivery left,” Rolando said wryly. “Service is not only in our company’s name, it’s at the core of what we do, in delivering mail and in the countless other ways letter carriers contribute to the communities we walk through every day. If we keep cutting back on that service, it could ultimately spell the end of the USPS.”

During the Pennsylvania congressional breakfast on May 6, NALC President Fredric Rolando called on the Postal Service to stop pushing to cut Saturday delivery and to join the union in working on financial reform to fix the Postal Service’s financial woes. The breakfast was one of three such events held in recent months. Maryland/the District of Columbia went to Capitol Hill on April 21, while Texas talked to their congressional representatives on May 11.

On the air

President Rolando spread the union's message on saving six-day delivery and on the right way to fix the USPS's finances to federal and postal employees across the country on Federal News Radio's "Your Turn" program, hosted by widely known federal/postal reporter Mike Causey.

Rolando took the opportunity during the half-hour program to explain how the pre-funding obligation on the Postal Service for retirees' health care is unwarranted and has placed the Service in its current financial crisis. Rolando explained that while USPS must adapt its long-term business model, it also needs Congress to revise the requirement for funding its retirement obligations. He added that projections of a \$238 billion deficit by the Postal Service over the next 10 years "assumes that absolutely nothing is done. It's a worst-case scenario." He also dispelled the myth that a survey shows the general public is fine with the elimination of six-day delivery.

"If you tell the public the real story, I think you get different results," Rolando said. "If you ask the public, 'Would you like to pay more money for postage, would you like to give up your first born, or would you like to give up Saturday delivery?' I think they're going to have a tendency to go with Saturday delivery. But, if you tell them the truth and you give them the real options, and some of the other things that we can do, I think you get a totally different result."

Rolando added that eliminating Saturday delivery would make the Postal Service less attractive to those who want to send something during the weekend, and would undermine future revenue generation. He said if Congress reforms the funding mechanism for retiree health, which requires \$5.5 billion yearly, the USPS would no longer seek to eliminate Saturday delivery.

See "Demystified—Postal financial reform made easy" (page 9) for an easy-to-understand guide to the issues facing the Postal Service.

Congressional scrutiny

On April 22, Potter joined Postal Regulatory Commission Chair Ruth Goldway, Postal Service Inspector General David Williams, and Phillip Herr from the General Accounting Office in testifying before the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security about the future of the Postal Service. In what was largely a rerun of his testimony before a House subcommittee a week earlier, Potter restated USPS' flawed analysis that the Postal Service stands to lose \$238 billion over the next 10 years if pessimistic volume projections prove true and if nothing is done to help the Service cut its losses. (See the April 2010 Postal Record, pages 15-19, for a complete breakdown of the House testimony submitted by Potter, Goldway, Williams and Herr.)

Committee member Sen. Daniel Akaka (D-HI), a longtime friend of letter carriers and the NALC, restated his objection to the proposal to drop a day of delivery service as a way of saving the Postal Service money in the short term, and called for a closer look at what he felt was an unusually low rate of return on proposed labor cuts through attrition.

Even Sen. Tom Coburn (R-OK), the committee's ranking member and a longtime advocate of smaller government, disagreed with USPS' proposal. Noting that the Postal Service provides a vital lifeline, especially to the many rural customers in his home state, he encouraged Potter to pursue other revenue streams, such as setting up driver licensing offices in post offices, rather than cutting service.

Seeing through the smoke and mirrors, the senators focused on the positive aspects of the Postal Service's proposals to regain access to its own funds during this trying economic time. Committee chair Sen. Tom Carper (D-DE) was mainly supportive of many of the Postal Service's requests, including revisiting the PAEA's obligation to pre-fund most of the Service's future retiree health benefit costs within 10



Destroying the business one day at a time

The Postal Service's plan to cut service is already backfiring.

The Economist magazine plans to experiment with private delivery this summer in the Washington, DC, area in anticipation of what it calls "a possible end" to Saturday mail delivery. A plastic wrapper on magazines delivered in the suburbs of the nation's capital in April explains the magazine's test of taking the magazine out of the mail stream and delivering to a customer's house like newspaper delivery.

"This is a clear, tangible demonstration of how the USPS plan to cut Saturday delivery is working against us—in fact, it's pushing business out of the Postal Service," President Rolando said.





Texas congressional reception



Texas letter carriers held their congressional reception in Washington on May 11 after a long day of lobbying their members of Congress on the dangers of the proposed five-day delivery plan.

Top: President Rolando thanks the members for their efforts as Texas State Association President Micky Morris looks on.

Above: Rep. Eddie Bernice Johnson (D-30) praises the carriers for all they do.

Below: Attendees pose for a photo with Rolando and Johnson.



years—something no other government agency or private enterprise is required to do. Carper also seemed warm to the idea of studying further Inspector General Williams' claim that the Office of Personnel Management owes the Postal Service nearly \$75 billion, a debt the IG believes stems from a miscalculation of Civil Service Retirement System pension payment obligations dating back to the Postal Service's creation in 1971.

NALC continues to press for correcting this overpayment error because, if that \$75 billion were transferred to the retiree health benefits fund, it would save the Postal Service billions of dollars by canceling out the retiree health pre-funding requirement. As even Potter has acknowledged, completely removing this payment obligation would ultimately render unnecessary service cuts like dropping a day of delivery service.

Hearings underway

The PRC kicked off its formal review of the USPS proposal to eliminate Saturday delivery with seven scheduled hearings nationwide to gather feedback from mailers and the public. In the first, held in Las Vegas May 10, Nevada State Association of Letter Carriers Vice President Rich Griffin was among several witnesses at the hearing to speak out against the proposal to cut a day of mail delivery, portraying it as disastrous from an economic standpoint.

"We are a service, and unfortunately, the Postal Service forgets that," Griffin

said. "No state has been hit harder by the financial meltdown and the recession than Nevada, and we have cut lots of carrier jobs in response. But destroying more good jobs by cutting Saturday delivery at a time when we have a job crisis makes no sense."

California State Association of Letter Carriers President John Beaumont was among those who spoke up at the PRC's second hearing in Sacramento on May 12. So was Ron Jones, a member of Greater East Bay, California Branch 1111, who called Saturday delivery "critical."

"The customers on my route, I'm going to bring out all their parcels, their medications, unemployment checks," Jones said. "It's very critical that I'm there, that we're there, to deliver the mail on Saturday."

The PRC also heard from owners of businesses large and small, plus others who rely on six-day mail delivery.

Sharif Sleiman, global procurement director for San Jose-based eBay, said that Saturday service was essential to his company, noting the Postal Service handles about 80 percent of eBay's packages volume, which accounts for around \$1.7 billion in Postal Service revenue.

"A move to five-day service negatively affects a growth business," he said. "As eBay grows, the Postal Service grows."

The remaining hearings were set for later in May and in June.

Vocal support

Meanwhile, a number of experts, pundits and associations have been lining up with letter carriers to support preserving six-day delivery and to look for other ways to relieve the Postal Service of its crippling financial woes.

In *The Federal Times* on April 18, Postal Service Inspector General David Williams took his agency's case public.

"We believe the estimate of the Postal Service's future burden for retiree health care has been exaggerated because the government has assumed a health care forecast two percent higher than the industry standard," Williams wrote, adding that "the Postal Service is

currently required to fund 100 percent of its...pension obligations—more than the standard 80 percent pension funding levels found in the Standard & Poor's 500 and the federal government's own funding level of 41 percent."

Williams also noted that the Postal Service has been overcharged \$75 billion for its pension obligations since the independent agency was created in 1971.

"The Postal Service has an aggressive plan to address its financial condition," the IG said. "Fixing these overcharges will allow the Postal Service to address its real challenges and implement its plan at a safer pace."

"The Postal Service and its employees deserve justice in this matter and the ability to fix the real problems," Williams said.

Also in April, the National Newspaper Association, an advocate for small, community newspapers, filed its formal opposition to the Postal Service's proposal to end Saturday mail delivery. NNA Postal Chairman Max Heath said the Postal Service has underestimated the public's concern about a change in the number of delivery days. "This change will affect the delivery of medicines, home movies and timely bill payments," Heath said. "[It] is more of a high stakes gamble, with a lower payoff, than experts can see so far."

Writing for the April 26 edition of *The Nation*, columnist John Nichols provides a thorough, detailed look at the problems the Postal Service faces, and a number of logical solutions.

"At a time when 35 percent of all Americans and 50 percent of rural residents have no broadband Internet access at home," Nichols wrote, "the Postal Service is universal. Its 596,000 career employees travel more than 4 million miles to deliver more than a half-billion pieces of mail each day."

"If the wrecking crews are not stopped, they will tear a hole in the fabric of the nation," he added, "further isolating Americans from one another, deepening the decay of urban neighborhoods and remote villages, hiking

Demystified

Postal financial reform made easy

ONE OF THE STRONGEST WEAPONS IN THE Postal Service's arsenal for cutting a day (or two) of delivery is that the media doesn't have time to study the problem and adequately cover all the options. Instead, they hear that the Postal Service is in trouble to the tune of \$238 billion and that the fix is cutting Saturday delivery.

But there are better fixes—they're just more nuanced. So, to help you understand and be prepared to explain the situation to other members, friends and family better than the media, we've summarized the argument in three easy-to-understand talking points.

1 When the Post Office became the Postal Service, the Office of Personnel Management left the Postal Service to pick up the tab for the future benefits that Post Office employees would earn, even though some of those should have been paid for by the Post Office. Today, that amount adds up to \$75 billion that the Postal Service is owed.

2 When Postal Reform passed in 2006, the Bush administration included a clause requiring the Postal Service to pre-fund retiree health benefits (something no other federal agency or business is required to do) at an accelerated rate. Essentially the Postal Service has to set \$5.5 billion aside each year to cover retiree health benefits for the next 75 years. Almost every other business pays these costs each year as necessary, rather than paying them 75 years in advance. In this recession, setting this much money aside is crippling.

BUT REST EASY: Your health benefits are secure, no matter what. The entire debate centers around pre-funding these costs, not whether to pay them. Further, your benefits are mandated by law and are backed by the Treasury, so even if the Postal Service ceased to exist, you would still receive your benefits from the U.S. government.

3 If USPS estimates are to be believed, cutting a day of delivery does not save enough money against what needs to be spent pre-funding retiree health benefits, meaning that if cutting service is the only way the Postal Service is going to save money, they're going to have to cut at least two days to cover those costs. Of course, that doesn't take into account the business that will be lost, meaning they'll just have to keep cutting until nothing is left. Cutting service is a dead end, not a solution. ☒

Get the latest e-Activist messages at the speed of cell

With the future of the Postal Service in the balance, there has never been a more important time to become an e-Activist. By signing up for alerts from NALC, you can get the latest information on how you can join tens of thousands of other letter carriers and retirees in urging Congress and L'Enfant Plaza to fix the Postal Service the right way.

If you're not signed up, now is a great time to join the battle. If you're already an e-Activist, please take this opportunity to check that your e-mail address is correct. Also, we now have the capability to send alerts by text message to cell phones, giving you lightning-fast reports on the latest developments and how you can help.

Our numbers are our strength—we can send our message to Congress from thousands of letter carriers in every city in the nation. The future of the Postal Service is at stake—make sure your voice is heard loud and clear. Sign up using the form on the back cover of this issue or online at nalc.org/activist. ✉



Pennsylvania congressional breakfast

On May 6, members of the Pennsylvania congressional delegation urged their representatives to craft financial reform legislation to help save the Postal Service.

Above: Sen. Arlen Specter recounts his long history of working with NALC on letter carrier issues.

Left: Rep. Chaka Fattah (D-2).

Below (first row, l-r): Rep. Tim Murphy (R-18), Rep. Kathy Dahlkemper (D-3), Rep. Jim Gerlach (R-6) and Rep. Patrick Murphy (D-8).

Below (second row, l-r): Rep. Glenn Thompson (R-5), Rep. Jason Altmire (D-4) and Rep. Paul Kanjorski (D-11).

Bottom: Hundreds of carriers show their preference for six-day delivery.



unemployment in our hardest-pressed communities and accelerating the decline of newspapers and magazines, drying up content for the Internet and curtailing civic and political discourse.”

Legislative push

On the legislative front, letter carrier activists from all over the country have streamed to Washington over the last few months for the annual spring legislative lobbying visits. High on their list of priorities has been garnering support for House Resolution 173, introduced last year by Missouri Rep. Sam Graves (R-6th). H.Res. 173 is a non-binding resolution that declares “that the United States Postal Service should take all appropriate measures to ensure the continuation of its 6-day mail delivery service.” Thanks mainly to the intense efforts of NALC members, the list of co-sponsors of the House measure was rapidly growing, with nearly 200 names attached as this magazine went to press.

NALC’s hope is that once congressional leaders realize the broad-based support for preserving the Postal Service’s six days of delivery, they’ll craft binding legislation to save six-day service and help alleviate the Postal Service’s financial concerns.

“Our work is paying off and our message is getting out there,” President Rolando said. “We’re helping to steer public opinion, Congress and the Postal Service around to the notion that preserving six-day delivery is the right way—the only way—to save the Postal Service.

“But a lot can happen in a short amount of time,” he said. “Not only can we not afford to ease up now, we need to double down and push even harder if we hope to get the real, firm commitments we need from our friends on Capitol Hill and our bosses at L’Enfant Plaza.

“We need to fix what’s broken first,” Rolando said, “before anyone starts taking desperate action to gut what’s really at the heart of what the Postal Service is all about—touching every American address, six days a week.” ☒

COLCPE contest winners

Last year’s COLCPE contest separated the NALC’s branches into five groups by membership size. In each category, the branch with the highest percentage of Gimme 5 for COLCPE contributors won a laptop for branch use, plus a \$1,000 American Express gift card to be awarded in a random drawing



from the names of each of those branches’ Gimme 5 givers. Mid-Michigan Br. 256 captured top honors in the 500-999 members category and drew Margaret Newberg (at right) as its lucky gift card winner.

Other winners included Carlos Manalo of San Diego, CA Br. 70 (2,000+ members); Warren Thomas Stevens of Austin, TX Br. 181 (1,000-1,999 members); Michael Donnelly of Newport, RI Br. 57 (100-499 members); Prince Woullard of Hattiesburg, MI Br. 938 (50-99 members); and Willow Grove, PA Br. 2771’s Donald Dillon, who won in a raffle conducted among all Gimme 5 donors in branches with 49 or fewer members. Also, in the category representing the branch with the greatest overall growth in percentage of Gimme 5 members, Sioux Falls, SD Br. 491’s Dolly Jones (at left) won a \$1,000 gift card as well.



“Gimme 5” contributor has shot at Final Four

Two raffles will be held at this summer’s national convention in Anaheim as a way of saying thanks to the men and women of the NALC who give every pay period to the non-partisan Committee on Letter Carrier Political Education.

The top prize is a trip for two to the 2011 NCAA Final Four, a getaway that includes a pair of tickets to the Final Four and national championship, airfare, a three-night hotel stay and a per diem for expenses.

To be eligible to win the trip, active and retired letter carriers must be current “Gimme 5 for COLCPE” contributors. For active carriers, that means automatically contributing \$5 per pay period by electronic funds transfer (EFT) or by using one of their three payroll allotments. For retirees, “Gimme 5” is \$5 per month directly from their annuity payments or by EFT. For both active and retiree members, NALC Headquarters must receive your “Gimme 5” automatic contribution by June 30. Last-chance sign-ups will be accepted

at the Legislative Department’s booth at the Convention Center.

Additionally, “lump sum” donors who do not give automatically will be eligible to win a 42-inch flat-panel high-definition television. These donors are active carriers who have contributed at least \$120 between January 1 and June 30, or retirees

who have given \$60 in that same time period. A donation that helps a member reach those benchmarks will be also be accepted at the Legislative Department’s convention booth, allowing the member to qualify for the raffle.

“The real benefit we all get from COLCPE is job security, by helping elect and keep our friends in Congress,” said NALC President Fred Rolando. “But this is a fun way for us to recognize and show that we appreciate each member’s contribution.” ☒



Four members of San Francisco, California Branch 214 should have been listed in the recent COLCPE issue of *The Postal Record*: Ray Fong—\$190, Karen Schuler—\$180, Lili Beaumont—\$130 and Bill Thornton—\$130