SAVE SATURDAY DELIVERY

Clearing up what needs to be fixed

NALC sets the record straight on how Congress can help the USPS

In the waning weeks of 2010, as Congress tried to cram months' worth of business into mere weeks, the National Association of Letter Carriers continued to lobby hard to gain passage of postal financial reform legislation proposed by Rep. Stephen Lynch (D-MA), chairman of the House subcommittee that oversees the Postal Service.

Lynch's bill, H.R. 5746, calls for refunding the decades of Postal Service overpayment into the Civil Service Retirement System—between $50 billion and $75 billion—and transferring it into the Postal Service Retiree Health Benefit Fund to offset the onerous pre-funding requirement mandated by the 2006 Postal Accountability and Enhancement Act. The prospects for passage of Lynch's legislation during the Congress' lame duck session in December remained up in the air as this magazine went to press.

Lobbying like this would be a sufficient challenge by itself for the NALC. However, as is so often the case, our union's leaders were also called upon again and again throughout December to dispel recurring myths about the Postal Service and to educate postal management on the best strategies to keep the Service on the path to long-term prosperity.

Getting the facts straight

On Dec. 1, President Barack Obama's bipartisan Commission of Fiscal Responsibility and Reform released its outline of a comprehensive set of recommendations for reducing the federal deficit and controlling the growth in our national debt.

Among the commission's recommendations, however, were two erroneous statements on the Postal Service, and NALC President Fredric V. Rolando wrote Commission Executive Director Bruce Reed to set the record straight.

One recommendation hinged on the notion that, in 2010, USPS "maintained an operating deficit of $8.5 billion, even after receiving a '$4 billion bailout' from Congress the previous year."

"The Postal Service did not receive a 'bailout' from Congress, which suggests that taxpayer funds were transferred to the USPS," Rolando wrote. "Rather, the Congress allowed the Postal Service to reduce a scheduled pre-funding payment for future retiree health benefits in 2009 from $5.4 billion to $1.4 billion.

"No taxpayer funds were involved in this relief," he said.

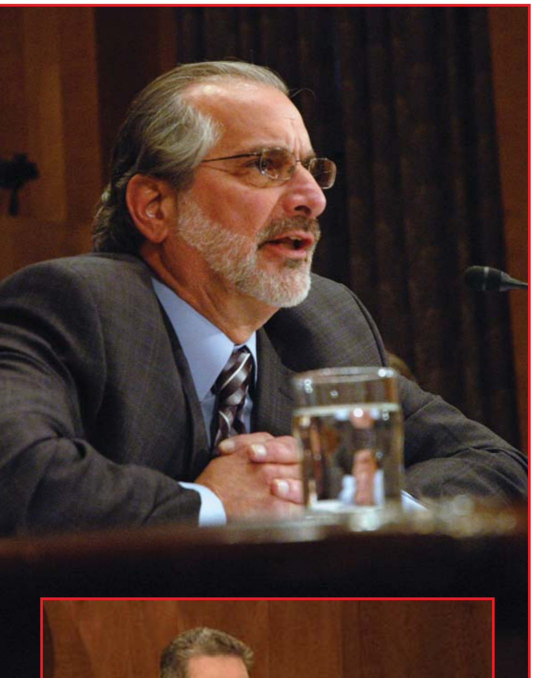
Another commission recommendation argued that eliminating Saturday delivery and downsizing the post office network are needed to avoid "even more federal funding in the future."

"This too is inaccurate" Rolando said. "USPS did not receive 'federal funding' in 2009. The $4 billion in relief enacted by Congress simply allowed USPS to hold onto its own money," letting the Service pre-fund future retiree health benefits at a lower rate. The Postal Service Retiree Health Benefit Fund already contains enough cash to cover current and future retiree health benefits for decades to come.

"The USPS has not contributed a single dollar to the federal deficit," he wrote.

President Rolando talks with Sen. Tom Carper (r) before the Senate subcommittee hearing on Dec. 2 while new Postmaster General Patrick Donahoe looks on.

Committee Chairman Carper listens to testimony from Postal Regulatory Commission Chairman Ruth Goldway.



Top: Rolando explains that eliminating Saturday delivery would cost 80,000 jobs during a time when the country cannot afford any more strains on the economy.

Above: Postmaster General Patrick Donahoe testified that the Postal Service has made great strides toward efficiency during the past few years.

"I believe the members of the Commission deserve accurate information before voting on the recommendations in the report."

Senate testimony

Then, on Dec. 2, Rolando testified before the Senate Subcommittee on Federal Financial Management, which oversees the Postal Service. Committee Chairman Thomas R. Carper (D-DE) had called the hearing to discuss solutions to the financial challenges facing the Service, and the NALC president seized the opportunity to also comment on the postal reform bill Carper introduced earlier in the year, S. 3831, The Postal Operations Sustainment and Transformation (POST) Act.

Pointing out some of the bill's positive features, Rolando noted in his submitted testimony how the POST Act seeks to provide immediate relief to the excessive burden of pre-funding future retiree health benefits imposed by the 2006 Postal Accountability and Enhancement Act, by allowing the USPS to use the $50 billion to $75 billion surplus built up in its Civil Service Retirement System pension account over the past 40 years to cover those pre-funding payments.

Rolando also noted that "the POST Act would clear the way for the Postal Service to develop new uses of its existing networks to serve the needs of businesses and the public by permitting the Postal Service to partner with companies, non-profits and state and local governments to better use its retail, processing and delivery networks to offer new services."

"NALC believes that such innovation can help spur economic growth and create jobs inside and outside the Postal Service," he said.

But there are some aspects of the Carper bill that the NALC cannot support, Rolando said, including the notion that the arbitration process needs revising to help management's case—an absurd idea that continues to pop up again and again.

"Arbitrators are required to consider all the evidence presented to them by the parties," Rolando said. "There is no way for an arbitration board to avoid considering the finances of the Postal Service in their decisions. And even if the law did not require arbitrators to consider all evidence, they would do so as a matter of well-established professional practice."

"We don't think Congress should put its thumb on the scale in favor of management," he said.

Rolando also emphasized his strong opposition to another of the bill's proposals—to give the Postal Service the power to reduce the frequency of delivery from the currently mandated six days per week, Monday through Saturday.

"Eliminating Saturday delivery would be a mistake of the first order. It would save very little money and risk the loss of much more revenue over time," he said.

"Cutting service—and inconveniencing customers—is not a way to strengthen the Postal Service," Rolando said. "In America, business is conducted 24 hours a day, seven days a week. Many businesses rely on Saturday delivery, and reducing the speed and quality of service will simply drive customers away."

Rolando told the committee that Congress needs to consider the potential for massive job losses should Saturday mail delivery be taken away. "At a time when the nation is suffering an acute jobs crisis, throwing another 80,000 decent jobs away in a moment of panic does not make sense," he said.

In this regard, Rolando said, "the POST Act is especially dangerous because Congress would essentially be outsourcing an important public policy decision on the scope of universal service to whoever occupies the position of postmaster general at any given time."

"There would be no way to prevent the Postal Service from dropping two or even three days of delivery per week to meet short-term cost-cutting targets if this provision is adopted," he said. "This would destroy the Postal Service."

Among those also testifying were Postmaster General Patrick Donahoe and Postal Regulatory Commission Chairwoman Ruth Goldway.

In the meantime, Maine Sen. Susan

Top: Both Sen. Carper and Sen. Susan Collins have put forward legislation to reconcile the CSRS overfunding.

Above: Oklahoma Sen. Tom Coburn proposed contracting out all of the rural letter carrier positions if they don't agree to a new contract with the Postal Service.

Collins has introduced her own postal financial reform measure, which builds on the idea of transferring the pension surplus into the retiree health benefit fund by adding a suggested, measured structure for moving that money—the Postal Service's own money—from one account to another over the next few years. Unfortunately, however, Collins' bill also includes the completely unnecessary requirement for arbitrators to give special consideration to the Postal Service's financial health when rendering decisions about collective bargaining agreements. The bill was unlikely to be taken up by the Senate before the end of the year (after this *Postal Record* went to press) but will probably be re-introduced in 2011. In the coming months, the NALC will continue to work with Collins to refine and improve the bill.

The Post gets it wrong

Despite NALC's best efforts, *The Washington Post* keeps getting the postal crisis wrong, a fact it demonstrated on at least four occasions in 2010.

The latest demonstrations of the paper's postal ignorance were contained in an editorial published Dec. 8, an article President Rolando calls "remarkable in its ability to get even the most basic facts wrong."

The first falsehood deals with the Postal Service's financial losses in recent years and billions in mounting debt. None of this, Rolando pointed out, "is due to postal labor costs or the Internet. All of the losses and the entire debt are due to the massively unrealistic and unaffordable payments to pre-fund future retiree health benefits."

Rolando pointedly noted that "no other public agency or company in America, including The Washington Post Company (which does not pre-fund its retiree health benefits at all), is required to pre-fund such benefits."

"The fact that labor costs represent 80 percent of total costs, as the *Post* editorial cites, does not mean that labor costs are excessive," he continued. "It simply means that the USPS provides a labor-intensive service—we serve 150 million households and businesses each day, six days a week.

"Even so," Rolando said, "labor costs as a percentage of total costs have declined (to 78 percent excluding the pre-funding costs) over time from a peak of 86 percent in 1979. Moreover, as new Postmaster General Pat Donahoe has testified before the Senate, postal productivity has increased dramatically over the years. That allows the USPS to provide universal service at among the most affordable postage rates in the world."

The editorial went on to assert that postal unions are lobbying Congress to release the Service from its requirement to pre-fund about $5 billion in retiree health benefits. This, also, is false.

"As we told the editors in a recent face-to-face meeting," he said, "we are simply asking Congress to allow the USPS to use its massive pension surplus to cover the cost of the pre-funding payments."

"If we were allowed to transfer these funds to our retiree health benefit fund, which currently has more than $42 billion in it, we would have fully funded all our future liabilities—currently estimated to be $92 billion over the next 75 years," Rolando said.

The paper doesn't stop there, however. "The *Post* has exposed its gullibility by swallowing hook, line and sinker the bogus claim by postal management that 'federal law gives unions the edge in collective bargaining with postal management,'" Rolando said.

However, the paper offers no evidence of this whatsoever—for one very good reason, Rolando said: "Because there is no evidence.

"We have corrected the editors in published letters and we have met with the editorial writers," he said. "Yet the paper refuses to learn and appears to accept postal management's bogus talking points with an utter lack of skepticism.

"Understanding the financial crisis facing the Postal Service is not easy," he admitted. "But it is not rocket science. Shame on *The Washington Post* for misleading its readers." ✉