Averting a 'postal' train wreck

The Postal Service is like a bus stalled at a railroad crossing, its gas having been siphoned off by thieves, with a train coming round the bend headed straight for it. No matter who the thieves are in this little metaphor, Washington politicians or the Office of Personnel Management, there is no doubt who the stranded passengers are: you and I. If Congress and/or the Obama administration do not act promptly, there is going to be a train wreck in September that could cause serious damage to the Postal Service and put at risk the country's economic recovery.

If that strikes you as a bit melodramatic, think again. On Sept. 30, the Postal Service is scheduled to make another $5.5 billion payment to pre-fund future retiree health benefits. It doesn't matter that the USPS already has put away more money for retiree health than any other enterprise in America ($42.7 billion), enough to cover retiree health premiums for decades. It doesn't matter that two outside studies have concluded that the USPS has overfunded its pensions by tens of billions of dollars that might be used to cover these retiree health costs. It doesn't even matter that USPS no longer has the money to make such payments or that it is about to exhaust its $15 billion borrowing authority. The payment is mandated by law.

But Postmaster General Patrick Donahoe announced in May that the USPS would not be able to make it. In fact, due in part to a slowing economy in the first quarter of 2011 that further depressed first-class mail volume, the PMG also suggested that USPS might not be able to make a scheduled workers' compensation payment in October.

Rest assured, the PMG made it clear that the USPS would continue to provide timely, affordable universal mail service as required by law and the Constitution, while working with us to effectively adapt postal operations in response to the Internet and economic conditions, as we have for years. Workers and vendors will be paid. But the exorbitant and grossly unfair costs of pre-funding 75 years' worth of future retiree health benefits (which no other agency or firm is required to do) are no longer affordable. And since the USPS can no longer pay, it will not pay.

That leaves two questions: Why would this be a train wreck, and what can we do about it?

It would be a train wreck because there is sure to be a media firestorm when the Postal Service fails to make the required payment. Expect headlines declaring the USPS "bankrupt"—even though the entire net loss recorded over the past four and a half years ($22.6 billion) can be accounted for by the pre-funding expense ($23.75 billion) over that period. This kind of irresponsible reporting and ignorance of the facts is all too common in today's media universe.

Unfortunately this kind of "news" coverage would only worsen the financial damage to the USPS as mailers reconsidered their plans for fall and winter mailings with exaggerated fears about the solvency of the Service. Politically, it would empower demagogues in Congress who want to massively downsize the Postal Service and attack the collective-bargaining rights of postal employees. Economically, a crisis affecting the nation's second-largest civilian employer and the damage it would do to the $1.3 trillion mailing industry is the last thing we need in America. At a time when the economic recovery remains weak and mass unemployment (9.1 percent) continues, a funding crisis at the Postal Service could tip the economy toward a new recession.

We must do all we can to avert this train wreck. Political and legislative action will be the key to doing so. But we must also try to shape the public's views about the Postal Service by engaging in the public debate about the future of our employer.

On the legislative front, there are now bills pending in both houses of Congress to address the Postal Service's problems. In March, Rep. Stephen Lynch (D-MA) introduced H.R. 1351 to recover our pension surpluses and to prevent a financial crisis in September. You can do your part by going to our website to see if your member of Congress has endorsed the Lynch bill. If he or she has not, call or write today to ask them to co-sponsor this bipartisan legislation. If your representative is a Republican, it is doubly important that you act today. The Postal Service is not a partisan issue.

On the Senate side, Sen. Tom Carper (D-DE) introduced a new version of his Postal Operations Sustainment and Transformation Act. The POST Act (introduced as S. 1010) would fairly resolve the pension and retiree health pre-funding burdens that have crippled the Postal Service's finances in recent years. It would require the Office of Personnel Management to accurately calculate the postal surpluses in the CSRS and FERS pension plans and allow the USPS to use the recovered funds to pay the heavy cost of pre-funding future retiree health. The bill also would provide greater freedom to use the USPS's networks to offer new products and services to generate new revenue, including the delivery of beer and wine and the provision of services for state and local governments.

NALC strongly supports the POST Act's retirement-cost provisions and the new commercial freedoms it offers. These provisions would go a long way toward restoring the long-term viability of the Postal Service. Unfortunately, the bill is marred by two provisions that we cannot support—the elimination of six-day delivery and the addition of pro-management changes to the law governing collective-bargaining disputes.

The bill would allow the USPS to unilaterally cut the number of delivery days from six to five—or even to four or three days—without congressional authorization. And it would permanently mandate the consideration of three pro-management factors by interest arbitrators (with no balancing worker factors) before issuing an arbitration decision to resolve contract impasses in the future. We believe that the delivery-frequency provision is unwise and that the arbitration changes are both unfair and unnecessary.

The Carper bill's introduction follows the tabling of a similar bill by Sen. Susan Collins (R-ME) earlier this year. The Postal Service Improvement Act of 2011, or S. 353, includes the core retirement-cost reforms in the Carper bill—along with other provisions we can't support. NALC believes a narrow finance bill that enjoys the broad support of the postal industry and wide bipartisan backing in Congress has the best chance of enactment. We look forward to working with Sens. Carper and Collins, and with a growing bipartisan group in the House that has endorsed the Lynch bill, to ensure the continued provision of universal postal services.

NALC has unleashed the full resources of the union's grassroots network (including state legislative chairs, congressional district liaisons, e-Activists, etc.) to convince Congress and the administration to act to prevent a postal financial crisis. But we also have to reach out to the broader public.

In the weeks ahead, I will distribute media talking points to every NALC branch president. At the national level, we will do all we can to get the facts out to the American media and to key decision-makers in Congress and in the administration. In conjunction with all the postal unions and management associations, we will create a media fund through which we will seek to shape the debate about the future of the Postal Service and to get the truth out about the real causes of this crisis. The employee groups also are working together to build a labor-business coalition to support financial reform. We are aggressively reaching out to allies in the mailing industry and business community to back a strong and healthy Postal Service.

It's time to gas up the Postal Service bus, get it off the railroad crossing and back on the road to financial stability. If we all work together, I am confident that we can succeed.