

‘Impressive’ financial turnaround continues for the Postal Service

Bill to ship alcohol moving forward in Congress, and more news

On Aug. 10, the U.S. Postal Service released its financial report for the third quarter of Fiscal Year 2015, a period covering April, May and June. The figures in the report revealed an operating profit for USPS of \$1.2 billion so far this fiscal year, compared with \$1 billion at the same point last year.

“These results show the impressive Postal Service financial turnaround continuing in full force,” NALC President Fredric Rolando said in a statement. “The relatively small operating loss of \$197 million for the third quarter isn’t unexpected—the third quarter is typically the slowest—but it doesn’t change the fact that 2015 is turning into one of the USPS’ most impressive annual performances since the Great Recession.

“Moreover, this reflects the positive trend in operating profits that began in 2013 and that includes last year’s \$1.4 billion operating profit,” Rolando said, adding that when the report was released, USPS officials said that they expect “positive controllable income for the fiscal year.”

The report showed that as the economy improves, letter-mail revenue has stabilized. Meanwhile, rising on-line shopping has produced skyrocketing package income—a striking 10.6 percent rise over the same three-month period in 2014.

“Because these operating profits stem from structural factors, they augur well for the future,” Rolando said. “This three-year trend in operating profitability makes clear the need

to strengthen, not degrade, the now-profitable postal networks.”

The president said that the NALC hopes to continue working with lawmakers from both parties, with the White House and with postal officials at L’Enfant Plaza to build on progress made in the last Congress, within the mailing industry and with other interested parties toward consensus on a legislative postal reform package that promotes a strong and vibrant USPS.

In the overall news coverage of the report’s release, Rolando was quoted more than anyone else.

For example, Associated Press’ stories run in thousands of newspapers, TV stations and news websites around the country, and almost a third of its story—used by *U.S. News & World Report*, *The Washington Post* and NBC News, among others—consisted of Rolando’s comments. AP used the word “improvement” in the story’s headline

and the phrase “big improvement” in its lead paragraph.

The story in *The Hill* quoted Rolando and reported that “of late, there have been some signs the Postal Service is recovering. Through three quarters, profits are up slightly from 2014, even after posting the third-quarter loss.”

USA Today’s story included Rolando’s comments as well as a mention of USPS’ operating profit. The story helpfully explained that the Postal Service’s “controllable income” excludes certain costs—for example, those associated with the 2006 congressional law requiring USPS to set aside billions of dollars a year over a 10-year period to pre-fund decades’ worth of future retiree health benefits. “As the industry has changed since 2006,” *USA Today* reported, “the Postal Service has called on Congress repeatedly to draft new legislation adjusting this requirement.”

Congress was in recess as this issue of *The Postal Record* was being prepared.





Photo by Justin Kern

A thorough story in *Federal Times* was topped by a good headline: “USPS still turning a profit, despite recent dip.” The publication, which also quoted Rolando, wrote that “USPS’s controllable profit trend is now in its third year, not reporting an overall loss since 2012.”

Government Executive mentioned the \$1.2 billion in year-to-date operating profits in its coverage, quoting Rolando and noting that USPS Chief Financial Officer Joseph Corbett said the agency is on track to turn a controllable profit for fiscal 2015.

A piece in *Linn’s Stamp News* quoted President Rolando extensively, ahead of quotes from Corbett and Sen. Tom Carper (D-DE). A short item in *The New York Times* condensed AP’s story, using the word “improvement” in the headline and quoting only Rolando directly.

Recess, but no break

Congress’ traditional five-week late-summer recess saw most of the nation’s representatives and senators spending time away from Washington and in their respective districts and states, meeting with constituents, holding town hall meetings and listening to voters.

“These recesses provide a perfect opportunity for all letter carriers to educate and engage members of Congress about what is important to the NALC and its members,” Rolando said. “Because when Congress comes back to Washington in September, there’s a

good chance that some type of postal-focused bills could get introduced in both chambers.”

Such meet-and-greet events with lawmakers take place at various times throughout the year, and the president encouraged active and retired letter carriers to visit nalc.org to find a listing of such gatherings happening near them. Members of Congress’ websites and Facebook pages often list upcoming events as well.

“Members of Congress need to hear how issues affect you as a constituent and affect their districts as a whole,” Rolando said. “Consistent communication with local congressional staff members in each district is crucial.”

Open the taps?

On July 29, Rep. Jackie Speier (D-CA) introduced the Shipping Equity Act, a bill that calls for granting the Postal Service authority to ship beer, wine and other alcoholic beverages directly from licensed producers and retailers to consumers over the age of 21 in accordance with state laws. Current law prevents USPS from sending these types of items directly to consumers.

“Prohibition is history, and this ban should be, too,” Speier said. “It’s ridiculous that we’re allowing UPS, FedEx, and other companies to ship spirits, wine and beer to consumers, while banning the U.S. Postal Service from doing the exact same thing. We need to lift this dated ban to give consumers more shipping choices when they check out.”

The bill, H.R. 3412, had 24 co-sponsors from both parties as this magazine went to press; it is similar to legislation that was introduced in the last Congress.

If USPS is given the authority to do so, the Congressional Budget Office estimates that the Postal Service could generate an additional \$50 million in annual revenue.

“NALC endorses this bill,” Rolando said, “because it provides a common-sense way for the Postal Service to use its existing network to meet public demand and to generate revenue. It’s a win-win.”

Lean and green

Legislation aimed at enhancing environmental and safety standards in Postal Service vehicles was introduced on July 30 in the House and Senate.

Reps. Earl Blumenauer (D-OR) and Jared Huffman (D-CA) were the initial co-sponsors of the House’s Postal Innovation Act (H.R. 3319); in the Senate, the bill is S. 1854, introduced by Sen. Cory Booker (D-NJ).

The measures identify a number of requirements for USPS as it prepares to enter into contracts with vendors to upgrade its 190,000-vehicle fleet. For example, both bills call for requiring postal vehicles to be outfitted with collision-averting technology.

They also instruct the Postal Service to comply with Clean Air Act standards, with a goal of getting USPS to reduce its reliance on oil, gas and other petroleum products by at least 2 percent each year through 2025.

Further, the House bill would allow the Postal Service to implement pilot programs in five postal districts to provide or market-test non-postal services, such as financial services, public wireless broadband Internet access, experimental postal products, warehousing and Internet voting. The Senate's version would give USPS authority to expand these services upon enactment, without having to perform pilot programs first.

And both measures call for permitting the Postal Service to ship beer, wine and spirits, similar to Rep. Speier's H.R. 3412.

"NALC commends our friends in the House and Senate for taking an important step toward Postal Service innovation," President Rolando said. "While we have not yet endorsed either of these bills, we pledge to continue working with Congress and the Postal Service to address the issues they raise."

In the news media

In a national *Bloomberg Politics* story on Aug. 7, President Rolando was quoted following an Iowa panel discussion with four of the Democratic presidential candidates: Sen. Bernie Sanders of Vermont, former Maryland Gov. Martin O'Malley, former Rhode Island Gov. Lincoln Chafee and former Sen. Jim Webb of Virginia. The story also quoted Central Iowa Merged Branch 352 member **Mark Fallis**, who sits on the board of the Iowa chapter of the AFL-CIO.

A lengthy op-ed by Rolando ran in the Aug. 4 *Washington Examiner*. The op-ed rebutted a piece that the paper ran on July 10 that sought to discredit USPS, written by the executive vice president of the Lexington Institute, a Beltway think tank that is primarily focused on defense but that has recently ventured into

postal issues. The *Examiner* circulates heavily in the DC area and is read closely on Capitol Hill—especially among Republican members of Congress and their staffers—and Rolando used this opportunity to drive home the Postal Service's appeal to conservatives, noting its role in unifying the country and promoting neighborhood and national security, its lack of taxpayer funding, its constitutional roots, its status as the largest civilian employer of veterans, its importance to rural areas and small businesses, its importance to UPS and FedEx, and more. And the president localized the issue by explaining the role Congress has played in creating the Postal Service's red ink, and what lawmakers should do to fix the mess they created.

Rolando had a letter to the editor on Aug. 4 in *The Journal News*, a newspaper that covers three suburban counties north of New York City: Westchester, Rockland and Putnam. The president's letter corrected a staff columnist who attributed the USPS' financial woes to the Internet, and it noted that the Postal Service is operationally profitable, even with the Internet. Flawed public policy out of Washington is instead the problem, Rolando said, and readers can do plenty about that.

The president also had an op-ed in the Aug. 4 edition of Cedar Rapids, IA's *The Gazette*, explaining why urban and rural residents are together in the same battle to retain quality postal services.

On Sunday, Aug. 2, Rolando had an op-ed in Missouri's *Joplin Globe*. Here, he responded to an editorial that the paper ran on July 28 that praised lawmakers, and especially Sen. Roy Blunt (R-MO), for looking at rural mail issues such as the slowing of the mail. The president provided additional context, including the importance of Saturday

and door deliveries as well as USPS' actual financial situation.

An op-ed from Rolando on Aug. 1 in New Hampshire's *Concord Monitor* was in response to a piece that the paper ran from a Virginia think tank that has been trying in recent months to pit big city residents versus small-towners vis-a-vis USPS.

The president also had an op-ed on Aug. 1 in Minnesota's *Morris Sun Tribune*. He responded to a piece by the National Newspaper Association that ran on July 27, discussing the slowing of mail in small towns and rural areas and the need for Congress and the postmaster general to improve the quality of service. The piece gave Rolando the opportunity to add some context, including the threats to Saturday and door deliveries, and to mention the good work letter carriers do in terms of our annual national food drive and our Heroes of the Year, as well as USPS' constitutional roots and the agency's employment of so many military veterans.

NALC Director of City Delivery Brian Renfroe was quoted in a July 30 *Bloomberg Business* article about the Postal Service's partnerships with Amazon and how they could lead to work with other e-commerce giants.

On Aug. 6, NALC Region 11 National Business Agent Dan Toth was quoted in a story in Tennessee's *Knoxville News Sentinel*, about the Postal Service's plan for profitability. "Every year they make it sound as if the Postal Service is losing money, the Postal Service is going away, that we're a dinosaur," he said. "Nothing could be further from the truth."

Idaho State Association President **John Paige** had a letter to the editor in the Aug. 2 *Twin Falls Times-News*. The letter also ran in the *Idaho Statesman* on Aug. 7. **PR**