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Alan Kessler
Chairman
USPS Board of
Governors

“Miller-Time” Comes to an End

On Wednesday morning, the USPS Board of Governors elected Alan Kessler as Chairman, to succeed James Miller III. At the same meeting, the Board also elected Carolyn Gallagher as Vice Chairman. It is anticipated that Chairman Kessler will conduct legislative business more akin to the way in which former Chairman David Fineman did, rather than use the tactics employed by Chairman Miller.

Miller’s 3-year tenure coincided with one of the most pivotal postal periods in 3 decades. He presided over an agency undergoing epic change. Miller opposed many of these changes and, as a result, irked key Members of Congress. Chairman Miller argued that an empowered postal regulator weakens the Board’s authority and its ability to implement Postal policy. Moreover, Miller’s reputation, dating back to his days as President Reagan’s Chairman of the Federal Trade Commission, and as Director of the Office of Management and Budget kept postal employee groups on guard against USPS efforts to privatize and subject itself to free-market conditions, irrespective of its civic mission.

The consensus is that Chairman Kessler will be more like fellow Philadelphian and former Chairman David Fineman, than Miller. Postal observers note that during Fineman’s Board tenure, he tended to low-key and contemplative, unlike Jim Miller. It would not be surprising if, during their 4 years together on the Board of Governors, they shared postal insight aboard the approximately 2-hour Amtrak commute between Philly and DC. Most importantly, Kessler is connected to Democratic politics, and does not carry the same ideological views as does Chairman Miller.

A sidebar to the election of Govs. Kessler and Gallagher is the expiration date of their terms – Kessler at the end of 2008 and Gallagher the end of 2009. Although the Chairman and Vice Chairman are elected to one-year terms, individuals tend to serve 2 or 3 years. For Kessler to serve out more than 1 year as Chairman, he would have to be re-nominated by President Bush at the end of his term, nominated by the new President, or serve for no more than one year past December 2008, pending a new appointment. The question is: What happens if the next President continues to be a Republican? Would that individual want Vice Chairman Gallagher to become the Chair? – in which case, the President would appoint someone other than Kessler to the Board, at the expiration of 2008. Mrs. Gallagher brings particular interests to the table. After all, she served as Chair of the Subcommittee on the Workforce of the President’s Commission on the USPS. Among her Subcommittee’s recommendations were: putting into practice the “last best and final offer”, as part of labor arbitration; bargaining for total compensation, including health coverage and retirement benefits; subjecting postal employee compensation to regulatory review; and implementing pay-for-performance for all employees.

Operations Good, Finances Not

At the January 30 Board of Governors meeting, USPS Vice President and Consumer Advocate Delores Killelte reported exemplary on-time performance scores for national overnight service (96%), two day service (93%), and three-day service (88%). In addition, the residential consumer satisfaction score indicates that 92% of the respondents report that their mail service was excellent, very good, or good. Immediately following Killelte's presentation, USPS Chief Financial Officer Glen Walker reported that despite operational success, there exists serious deficiencies in Postal finances.

Walker pointed out that total mail volume dropped by 3%, as compared to the same period last year. This includes an almost 4% reduction in first class mail and a 2.6% reduction in standard mail. Moreover, the country's uncertain economic times could depress further mail volume and postal revenue. The question that plagues many in the postal world is how to address the expanding needs of postal customers, with the apparent decline of resources to address those needs. Indeed, it would seem that the 1-year-old postal reform law provides some of the tools that the Postal Service needs to compete successfully – but Postal Headquarters must identify and exploit those tools. It's no longer just enough to deliver first class mail on time, reduce work hours, and cut costs. That's the old mindset – that's the old culture. It may be cliché, but "you can't cut your self into success." The operations side of the Postal enterprise must work hand-and-hand with product development and marketing side. The USPS must employ an effective and aggressive marketing strategy not just to "up-sell," but to provide innovative and competitively priced customer-desired products and services. The new "premium express" product is possibly one such service. Moreover, as part of the overall strategy, the USPS operational sector must provide the resources, in the field, to implement the marketing strategy. This will be route to Postal success. Without these tools, the USPS may be delivering on time, cutting work hours, and cutting costs; but that would be the result of less volume in the system. That's not success, and that's not what we're about.

Rep. Tom Davis to Retire

Former House Oversight and Government Reform Chairman Tom Davis (R-VA) announced that he would retire at the end of the year. Rep. Davis has been a leading voice in the moderate wing of the GOP. Rep. Davis was instrumental in shepherding postal reform legislation through the House of Representatives after a decade of languishing in Committee. Also, he was perceptive enough to read the tea leaves of the impending shift in the House partisan majority, as far back as the early spring 2006 – six months prior to the election. So, as a result of his ability to work across the aisle despite being a strong partisan, Davis deferred to soon-to-be Chairman, Henry Waxman, on a number of pivotal issues in the postal reform bill. In addition, Davis has championed federal and postal employees and retirees issue over his 14 years in Congress. He has authored legislation, which protects federal employee retirement and health benefits. Moreover, Congressman Davis is widely respected as one of the most astute political analysts in the Congress, with an encyclopedic knowledge of campaign politics. The Congressman represents a politically competitive suburban Washington district, with a large federal presence, which is now considered a toss-up in the November election.

**National Association of
Postmasters of the U.S.**

**8 Hebert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

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