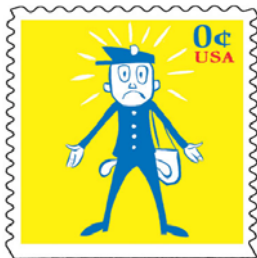




# *eNAPUS Legislative & Political Bulletin*

March 5, 2010

Volume 7, Number 2



Time for  
Congressional  
Relief

## Postal Plans Unveiled

On Tuesday morning, the USPS convened a meeting to unveil its “action plan for the future.” It is ironic that the chosen venue was the National Transportation Safety Board auditorium (aka “Disaster Theater”). It is the site where presentations are made regarding airplane crashes and train collisions. The media, postal stakeholders, and a large contingent of Postal HQ’s own personnel were in attendance to hear the gloomy news. Two USPS-retained consultants, PMG Jack Potter, and USPS Board of Governors Chair Louis Giuliano made presentations. PMG Jack Potter summed-up the message. The USPS is on an “unsustainable course” and he called for “rapid, aggressive, and fundamental change.”

For Postmasters who have been monitoring USPS congressional and PRC testimony for the past two years, there were few new revelations, other than the agency and its consultants have concluded that a substantial portion of lost mail volume will not return as the economy recovers. The Postal Service used the opportunity to lay out a series of proposals for postal stabilization; clearly, some of the policy-options will continue to be problematic.

The USPS reinforced its pleas to Congress and the White House to adjust the prefunding schedule for retiree health benefits, and correct the absurdity of the allocation of its Civil Service Retirement System obligations for pre-1971 postal employees. PMG Potter urged Congress to enact legislation in these crucial areas as quickly as possible. Adoption of these two recommendations is consistent with Postal Office of Inspector General reports and would relieve the USPS of \$4 billion per year payments into the Postal Retirees Health Benefits Fund, and would eliminate an erroneous \$75 billion pension obligation. NAPUS believes that the USPS and its allies should focus their immediate legislative efforts to correct these two unfair and lethal burdens.

The USPS also renewed its call for Congress to eliminate the six-day delivery requirement, and strike the statutory prohibition against closing a Post Office solely for economic reasons. In addition, PMG Potter indicated that, during upcoming labor talks, the USPS will seek wage and benefit concessions, and increased workplace flexibility, including the expanded use of part-time and temporary employees. Finally, the PMG reassured mailers that he would not seek a rate increase this year; however, he stated that a “moderate” postage increase is in the cards for 2011 (i.e., after collective-bargaining). The PMG indicated that the USPS would seek legislation to provide greater pricing flexibility among market-dominant classes of mail, and ensure that non-profit and periodical mail cover more of their actual costs.

USPS executives and its consultants imparted sobering projections regarding mail volume and its associated revenue. The USPS-retained Boston Consulting Group (BCG) forecasts that the total annual mail volume will shrink from 177 billion pieces in fiscal year 2009 to 150 billion pieces by fiscal year 2020, a

15% decline. Moreover, the BCG estimates that the USPS could be on track to lose about \$33 billion in 2020, for a cumulative 10-year loss of \$238 billion. The prediction assumes no operational, legislative or regulatory changes.

The USPS believes that it could save \$18 billion through fiscal year 2020 by taking actions administratively; however, it is imploring Congress to relax certain statutory requirements, so it can dramatically reduce its institutional costs. Two of the most controversial requests regard eliminating Saturday deliveries, and closing Post Offices. Obviously, NAPUS is particularly attentive to closing Post Offices, since the existing statute securely ties universal service to the existence of Post Offices: "The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where Post Offices are not self-sustaining." Moreover, the USPS has repeatedly assured the mailing public, including those present at Tuesday's meeting that Americans would continue to have access to their "Post Office" six days a week, despite a reduction in delivery days. Shuttering Post Offices would be inconsistent with that much-repeated assurance to the American public. In fact, if delivery days are reduced Post Offices will become even more important. Furthermore, the very same 2009 *Gallup Poll* that the USPS has heralded to justify the elimination of Saturday deliveries found that a clear majority of Americans oppose closing Post Offices.

NAPUS' upcoming Leadership Conference (March 21-25) could not have come at a more auspicious time. The future of the Postal Service hangs in balance. Key postal legislators and policy-makers will be speaking to our legislative activists. About 1,000 Postmasters will impart accurate information about how the present USPS predicament is impacting Post Office operations and service. And, most importantly, we will offer strategies to confront the challenges ahead.

---

## PRC Examination of Post Office Suspension Abuse Drawing to Close

As Postmasters may recall, last summer, NAPUS assisted the Hacker Valley Community in appealing the suspension of their Post Office to the Post Regulatory Commission (PRC). As a result of that case, the PRC initiated a comprehensive review about whether the USPS is abusing its suspension authority to illegally close Post Offices. As part of this exercise, NAPUS' Closing and Consolidations Committee has been providing technical assistance to communities that suffered unlawful Post Office closures in their PRC filings. As part of the docket, the PRC-appointed Public Representative shed a bright light on the USPS suspension practices.

In the original Hacker Valley filing, the USPS significantly understated the number of current suspensions. The period of time between the initial suspension and the final determination of the Post Office is significant and growing. In fact, the Public Representative reported that one Post Office has been under a *temporary emergency* suspension since 1981. Suspensions longer than 10 months have a relatively low probability of reopening. Moreover the PRC's Public Representatives has advised the PRC that the USPS has not been terribly forthcoming with the pertinent information relating to the Post Office discontinuance process. Included in the Public Representative's final remark is a recommendation that the PRC suggest legislation that would prevent USPS misuse of suspensions as *de facto* discontinuances.

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

**8 Herbert Street  
Alexandria, VA 22305**

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

**We are on the Web!**

**[www.napus.org](http://www.napus.org)**