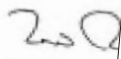


Fortunately, your administration has recognized the need to review the Bush-era policy on pre-funding and is working closely with NALC and the other postal unions to find both short-term and a long-term solution to the challenges facing the Postal Service. Indeed, the Office of Management and Budget has drafted a proposal to address the immediate deficit issue without costing the taxpayer a dime. That proposal formed the basis of a bill that is now before the Senate (S. 1507), a bill that is similar to bi-partisan legislation before the House (H.R. 22) that has 240 co-sponsors. We wish to thank you for this effort and look forward to working with you in the months and years ahead to find ways to strengthen the Postal Service and to preserve affordable universal postal services for decades to come.

Like Social Security and Medicare, the Postal Service is often maligned by radical right-wing political activists representing corporate special interests with deep financial pockets. But all three of these programs and the agencies behind them have the broad support of the American people. They prove that the federal government can provide high quality, affordable services for the American people. That's why we will continue to work with our brothers and sisters in the labor movement to help you enact health insurance reform this year.

Sincerely,


Fredric Rolando
President



National Association of Letter Carriers

Fredric V. Rolando, President

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August 17, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

On behalf of the 300,000 members of the National Association of Letter Carriers, I write to respond to the comments you made on August 11 in Portsmouth, N.H. comparing the U.S. Postal Service to the private courier companies UPS and FedEx. Although NALC strongly supports you and your laudable efforts to reform the nation's health care system, we wish to bring your attention to certain critical facts regarding your remarks.

Television reports show you saying, "If you think about it, UPS and FedEx are doing just fine. No, they are. It's the Post Office that's always having problems." While we understand the intent of your remarks was to make it clear that a public option in health care posed no threat to private insurance companies, they inadvertently offended postal employees across the country, many of whom have written me this week. Your statement also led the House Republican Conference to unfairly smear the Postal Service (see attached) in a feeble attempt to discredit health care reform.

In any comparison with UPS and FedEx, it is important to note that the Postal Service makes 10 times more deliveries each day than the private companies and our USPS delivery employees deliver letter mail, books, magazines, and small packages as well as express mail and parcels. Also note that:

- As a factual matter, UPS and FedEx are not "doing just fine." The severe economic recession you inherited has been punishing the entire delivery industry—in fact, revenues of both UPS and FedEx are down much more than the revenues of the Postal Service (15.2% and 20% respectively vs. 8.4% for the USPS).
- The Post Office is not "always having problems." The Postal Service provides affordable, universal service to 148 million homes and businesses six days a week for postage rates that are among the lowest in the world. It enjoys a customer satisfaction rating of 93 percent, and it has been routinely voted the most trusted agency in the U.S. government (according to the Pew Research Institute).
- Before the current recession hit in 2007, the Postal Service had successfully met its mandate to break even financially over the 35 years since it was reorganized in 1971, while keeping stamp price increases below the rate of inflation even as all taxpayer subsidies were eliminated in the 1970s.

It is true that the Postal Service is struggling with the record drop in mail volume caused by the economic right-down in 2008 and it does expect to record a \$8 billion financial statement deficit this year. However, the worst recession in 80 years is not the most important cause of the deficit. The most significant cause is a policy developed by the Bush administration (included in postal legislation enacted in 2006) that requires the USPS to pre-fund 80% of its future retiree health benefits, a 75-year liability, in just 10 years. This costs the USPS more than \$5.5 billion per year, a cost that no other company in America is required to make (including UPS and FedEx). In the absence of this cost, the USPS would have recorded a \$2.8 billion surplus in 2008 and would be able to link the projected loss expected this year to a manageable level.

Above: NALC President Fredric V. Rolando's letter to President Obama explaining why his off-hand remarks about the Postal Service were incorrect.

Obama slips,

Sometimes, even a great communicator gets tripped up trying to make a point. That was the case last month when President Obama got carried away during a health care "town hall" meeting and unintentionally dumped on the Postal Service.

While trying to make the point that private insurance companies should have no difficulty in competing with a "public option" plan, he repeated some misinformation and implied some unfair criticism of the USPS and its nearly 700,000 employees.

On August 11 in Portsmouth, New Hampshire, Obama told a skeptical questioner, "If you think about it, UPS and FedEx are doing just fine, right? No, they are. It's the Post Office that's always having problems."

Wow, was he wrong—on both counts. FedEx and UPS are not "doing just fine"—their revenues have fallen twice as much as the Postal Service's as a result of recession and, as letter carriers know, the Post Office is not "always having problems." Before the recession began in 2007, the USPS had successfully met its mandate to break even since postal reorganization in 1971.

The NALC legislative staff immediately contacted the White House to set the record straight and President Fred Rolando followed up with a letter to President Obama, giving him all the facts of the matter.

In the letter, Rolando reminded the president that the main cause of the Postal Service's current deficit is a requirement that USPS pre-fund future retiree health benefits at a cost of \$5.4 billion per year—something UPS and FedEx most certainly do not do.

In an e-Activist message on August 19, President Rolando said, "I do not believe the President intended to offend letter carriers or other postal employees

but **GOP** unit kicks **USPS**

and I believe we should give him the benefit of the doubt” as he fights for reforms that will benefit the middle class. The NALC leader also urged activists to voice their support for meaningful health care reform at “town halls” and in other contacts with lawmakers.

That’s not the end

That should be the end of the story. Instead, the House Republican Conference—the organization for all 178 GOP members of the House—decided to exploit Obama’s slip in their drive to block health care reform at any cost. It launched a grossly inaccurate and misleading attack on the Postal Service by publishing a one-page briefing paper called “An Ominous Model for Government Takeover of Health Care.”

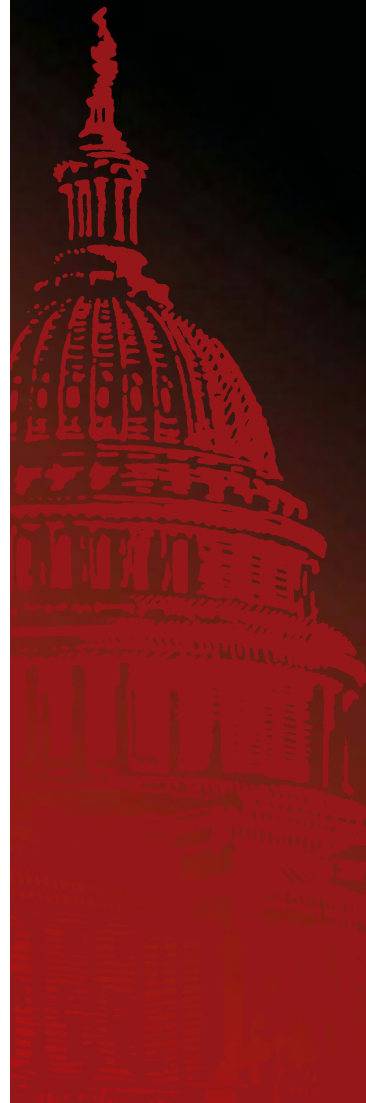
The paper, which included a half dozen deceptive—and sometimes entirely false—“bullet points,” was circulated inside the Beltway and online. The NALC fired back with a point-by-point rebuttal (available on the union website, nalc.org). Among the anti-USPS charges and the NALC’s responses:

“Uncontrollable Debt”—The Postal Service has a debt of \$10.3 billion. The main reason is the Bush-era policy on pre-funding retiree health benefits. Before that policy change, the USPS had a debt of zero. Without the pre-funding requirement, the Postal Service would have earned a profit of \$2.7 billion in 2008—despite the worst recession since the Great Depression.

“Over Budget”—An independent agency, USPS is off-budget and entirely self-funded. While it expects losses of \$7 billion this year, due to massive mail volume declines caused by the recession, that total includes the exorbitant \$5.4 billion pre-funding payment.

“Increased Cost for Consumers”—The Republican “paper” notes that stamp prices have increased by 33 percent over the past 10 years, but it does not mention that is in line with inflation over the same period. Nor does it mention that private carriers (including FedEx and UPS) have increased prices by 94 percent since 1999.

At press time, the Republican Conference had not acted to retract the inaccurate and misleading “paper.” ✉



Leadership Academy



The eighth Leadership Academy class assembled for its first week of classroom work August 10-14 at the National Labor College in suburban Washington, DC, led by retired national officers Jim Williams and Jim Korolowicz and NALC Director of Education Jamie Lumm. Among the topics discussed were the NALC’s history, including a look at National Agreement negotiations; approaches to teaching and

leadership; and union and labor values. On Tuesday, the 30 men and women—two from each of the union’s 15 regions—engaged President Fred Rolando in an animated, hour-long question-and-answer session (above). Back at home, students will work on projects with assistance from branch, state or regional leaders serving as mentors. The class will convene again in October and December.