

THE POSTAL SERVICE, FACING A DEFICIT near or above \$7 billion in the just-ended fiscal year, escalated its effort to cut employee complement by offering early retirement cash incentives to as many as 30,000 members of the mail handler and clerk crafts.

The bid to pare down the workforce—estimated to save about \$500 million a year—was the latest cost-cutting move in a series that USPS says could total \$6 billion in savings for 2009.

Letter carriers represented by NALC and the National Rural Letter Carriers' Association were not offered the early out, announced in late August, because the number of carriers matches up well with the needs of the Service. Even though mail volume is down, the number of delivery points continues to increase by about 1.5 million a year—additional stops over expanded territory that must be covered by letter carriers.

The USPS announced the agreements on the early outs with the American Postal Workers Union and the National Postal Mail Handlers Union on August 25. APWU and NPMHU craft members who accept a Voluntary Early Retirement offer by November 30 could receive up to \$15,000.

USPS said the “one-time offer is a strategic move to accelerate targeted staffing reductions.” An earlier VER that did not include a cash buy-out attracted very few takers.

In announcing the offer, the USPS estimated it could save about \$500 million annually in wages and benefits by eliminating the targeted positions. The Service's large financial losses are a result of the steep decline in mail volume due to the recession and the heavy cost of pre-funding retiree health benefits, which accounts for more than 75 percent of the FY 2009 deficit.

In conjunction with the VER offer, a moratorium on excessing in the APWU and Mail Handler crafts was imposed until October 9. The anticipated early outs should reduce the

number of employees in other crafts excessed to the city carrier craft in the months ahead.

The Postal Service issued a news release on the VER program that cited its other efforts to economize and adjust to current business conditions. Prominent among them was the route adjustment agreement with the NALC—MIARAP, or Modified Interim Alternate Route Adjustment Program—that is being used to cooperatively adjust routes to reflect changing mail volume.

POSTAL SERVICE ESCALATES EFFORT TO CURB COSTS

Among the other items mentioned, it noted a reduction of more than 100 million work hours, the equivalent of 57,000 positions; halting construction of new postal facilities, and closing of six district offices. Authorized staffing levels at postal headquarters and area offices have been reduced by at least 15 percent, but it did not say how much staff actually had been cut.

It also noted a freeze on salaries of all Postal Service officers and executives—a point of some sensitivity. Early this year there was some congressional scrutiny of Postmaster General John Potter's total compensation for 2008, some \$800,000, much of it deferred or included in the projected value of his two pensions. His base salary is \$263,575.

For comparison, the chief executive of FedEx—which has far fewer employees and less than half the revenue of the USPS—collected more than \$10 million in 2008. ✉