

NALC'S ROLANDO HAILS POSTAL SERVICE OPERATING PROFIT, AGAIN PUSHES PERMANENT FIX ON FINANCES

WASHINGTON (PAI)—Letter Carriers President Fredric Rolando hailed the U.S. Postal Service's hefty first-quarter profit on operations – a profit he said would have been even higher if not for an 11-year-old postal “reform” law and an unfortunate rollback in the price of first-class stamps two years ago.

Postmaster General Megan Brennan announced on Feb. 16 that USPS had a quarterly profit of \$353 million strictly on its operations during the first three months of its fiscal year, from Oct. 1-Dec. 31 of last year.

But once the 11-year-old law and the lower first-class stamp price were factored in, the USPS, which gets no government money, lost \$540 million, she said.

The operating profit “shows the Postal Service's underlying business strength while also indicating the need to address external matters beyond USPS control,” Rolando explained.

The 2006 law, which a GOP-run Congress passed and GOP President George W. Bush signed, orders the USPS to pay \$5.5 billion yearly to the U.S. Treasury to prepay health benefits for future retirees. The cash is supposed to pay their health care for the next 75 years.

But such payments drive USPS into the red. Brennan's predecessor used the “deficits,” which were not from operations, as an excuse to close distribution centers and post offices, fire union workers or let them go by attrition, and scheme to subcontract first-class stamp sales – the agency's best revenue source – to low-paid non-union workers at Staples stores.

Brennan has reversed course on those policies and, along with postal unions, is campaigning to get Congress to change the law and dump the prepayments. It hasn't. In the meantime, the “red ink” persists. But the price of stamps dilemma, which cost the agency \$2 billion yearly, is on its way to a solution, as the price of a first-class stamp rose in mid-January.

The 2016 stamp price cut “was the first rollback of stamp prices since 1919 and it makes little financial sense because the Postal Service already has the industrial world's lowest rates,” Rolando said.

“Fortunately, the Postal Regulatory Commission is in the midst of a legally mandated review of the postage rate-setting system. At present, USPS is constricted in its ability to adjust rates by no more than the Consumer Price Index, but the CPI is an economy-wide measurement of consumer goods and services that doesn't fit a transportation and delivery provider. The PRC has the ability to correct this mismatch and relieve the resulting financial pressure.”

“Meanwhile, Congress should address the pre-funding burden it imposed in 2006, which requires USPS -- alone among all public and private entities -- to prefund future retiree healthcare benefits decades into the future. This produces an onerous annual burden of billions of dollars.”