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NALC'S ROLANDO USES USPS FINANCIAL REPORT TO
RESTATE DEMAND FOR LEGISLATIVE END TO RED INK

By Mark Gruenberg
PAI Staff Writer

WASHINGTON (PAI)—Letter Carriers President Frederic Rolando used the U.S. Postal Service's annual financial report, released Nov. 14, to restate postal unions' demands for a legislative end to billions of dollars in red ink a GOP-run Congress imposed on USPS in 2006.

The Postal Service, which does not take government subsidies, announced it finished fiscal 2019 $8.8 billion in the red – on paper.

But if you take away the annual prepayment of future retirees' health care benefits, that figure would be cut by more than half. And USPS earned $400 million on actual operations in the year that ended Sept. 30, Rolando said.

Paper actuarial losses, plus a past cut in the price of stamps, accounted for the rest of the "deficit."

Retiring Postmaster General Megan Brennan told a conference call to reporters the USPS business model needs to change to restore profits, though she did not specify the changes. In the past, Brennan, a career postal employee, also favored ending the prepayment.

But since Congress has yet to do so, she's followed some footsteps of her immediate predecessor, though less savagely. Brennan's been cutting workers by attrition and closing postal facilities. The closures slow mail delivery, even in big cities.

Rolando offered the alternative, which other postal unions and sympathetic lawmakers – including a bipartisan majority in the U.S. House – back: Eliminate that yearly health care prepayment, which is "red ink" on USPS books, even though the service didn't pay the $4.5 billion last fiscal year.

"The fiscal year 2019 losses…demonstrate the need to address external public-policy factors beyond USPS control," Rolando said.

"At the same time, USPS announced revenue rose by more than $500 million. Subtracting the normal business costs of processing and delivering the mail from the earned revenue yields a surplus of $400 million. This is a solid performance by a public agency that gets no taxpayer money and instead generates revenue from the sale of stamps and services—and it reflects an underlying business strength."

"What the overall results indicate is a need to address public policy flaws, through targeted regulatory and legislative reforms, while avoiding drastic measures that would hurt Americans and their businesses." The health care costs repeal heads the legislative reforms.

The drastic measures Rolando referred to range from further cost-cutting to firings to a
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GOP Trump administration plan, pushed by the radical right and corporate interests, to "privatize" the USPS by dumping its union contracts, slashing pay, firing workers, closing more post offices, banning every-door delivery to new addresses and ending Saturday delivery.

"In particular, lawmakers should address the 2006 congressional mandate that requires the Postal Service, alone among all public agencies and private companies, to pre-fund future retiree health benefits decades in advance. This accounted for $4.5 billion in red ink this year. Fortunately, efforts are underway to relieve this unfair burden. Already, a bipartisan majority of 281 House members co-sponsored a bill to repeal the pre-funding mandate," Rolando said.

The other half of the paper "losses" are a combination of "actuarial adjustments for projected future liabilities" and the 2016 stamp price rollback, the first since World War I. That alone costs the USPS $2 billion in yearly income, Rolando said.

"Taking strategic measures to address pre-funding and rate-setting would allow USPS -- which is based in the Constitution and enjoys broad public and political support -- to continue providing Americans and their businesses with the industrial world's most-affordable delivery network."

NALC and the other postal unions, notably the Postal Workers, are also waging an intense "The U.S. Mail is not for sale!" campaign against Trump's scheme, leading to the congressional support Rolando cited. The other unions have yet to comment on the USPS financial report.
