



USPS' Bleak Financial Picture And the Presidential Election

Burrus Update #11-08, Sept. 30, 2008

Postmaster General John E. Potter informed the unions and the Postal Regulatory Commission this month that the Postal Service has experienced a 12 percent reduction in mail volume and that in Fiscal Year 2008 (ending Sept. 30), expenses will exceed revenue by approximately \$2.3 billion. I do not challenge this assessment, as any casual review of mail processing plants or postal vehicles will reveal dramatic reductions in mail volume.

The 2008 deficit is not the largest the USPS has ever suffered, but for the first time in postal history, the losses cannot be recovered by postage rate increases.

The 2006 Postal Accountability and Enhancement Act, which was hailed by many in the postal community as the savior of the Postal Service, may ultimately be the single most damaging factor in its demise. Under the law, the only means for the USPS to recover the losses are:

- Substantial mail volume increases;
- Significant productivity improvements, or
- Invoking the law's "exigency" clause.

(The exigency clause offers an exception to the law's prohibition against increasing postage rates above the rate of inflation; it permits such increases in "extraordinary or exceptional" circumstances.)

Regrettably, there are no prospects for increases in mail volume or for productivity improvements sufficient to offset the current losses. Invoking the exigency clause — in order to increase postage rates more than the rate of inflation — would run the risk of accelerating the transformation from hard-copy communication to electronics. (Industry observers suggest that if postage rates rise too sharply, major mailers would abandon hard-copy communication in favor of e-mail and other technologies.)

To make matters worse, the 2008 deficit of \$2.3 billion is expected to be matched in Fiscal Year 2009 with losses of an additional \$2 billion. This means it will be necessary for the Postal Service to borrow \$5 billion over a two-year period.

Although the Postal Service has the authority to borrow up to \$15 billion, far in advance of reaching that limit, the Postal Regulatory Commission, Congress and the next president will be under tremendous pressure to privatize the Postal Service.

In response to the financial crisis, the Postal Service has announced a hiring freeze. **And, in a meeting with union leaders and management association presidents, the Postmaster General pointed out that 16,000 USPS employees lack the six years of continuous service required to achieve protection against layoffs.**

The PMG's message was clear: For the first time in our history, postal employees may experience layoffs.

This looming crisis is the reason that the 2008 election for president and Congress is so important to postal employees. When serious discussions occur about the future of the Postal Service — and they will — postal unions must have a Congress and a president who understand our concerns. In the face of mounting federal deficits, the nation will decide the future role of the government in providing postal services.

As postal employees cast their votes in the 2008 election, protecting our employment must be a decisive factor in the choices we make. This time the decision cannot be based on abortion, guns, terrorism, or experience. This time it's about your job.

And simply put, John McCain favors privatization; Barack Obama believes in public services.

The candidates haven't had an opportunity to vote on *postal* privatization — yet — but they *have* voted on the privatization of other federal jobs: Obama voted against the Bush Administration plan to outsource and privatize hundreds of thousands of federal jobs; McCain voted for Bush's program and voted to privatize federal jobs in 2006, 2004, and 2003.

I know that I cannot tell a member who to vote for. However, it is my responsibility to share with our members what I believe is in their interest as postal employees.

I strongly advise you against jumping from a five-story building without a parachute, but if you chose to do so, that is your right. You also have the right to vote for John McCain, but that decision is no different than the decision to jump.

This election is about your future as a postal employee. It's about your job.

William Burrus
President

