



NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

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September 16, 2011

The Honorable Jacob J. Lew
Director
Office of Management and Budget
Eisenhower Executive Office Building
Washington, DC 20503

Dear Director Lew:

I write as the Administration prepares its proposal for addressing the Postal Service's financial challenges.

Our organization of more than 30,000 members represents the managers and supervisors of the Postal Service responsible for directing and administering postal operations.

As you know, the Postal Service faces numerable financial challenges. It is expected to default on the \$5.6 billion retiree health pre-funding payment due to the Treasury on September 30. A \$1.2 billion payment to the Department of Labor for workers compensation charges is due in October. By next summer, according to current projections, the Postal Service may lack sufficient cash in order to meet payroll and other requirements. It will have exhausted its borrowing capacity by that time as well.

At the same time, the Postal Service is too large to be permitted to fail. The Postal Service serves as the anchor of a \$1 trillion mailing industry that occupies at least seven percent of the nation's economy. Hundreds of thousands of jobs – beyond those of the 550,000 Postal Service employees – are associated with the American mailing industry. The Postal Service's impact upon national employment, in addition to its contribution to business and commerce, is significant.

The immediate financial challenges faced by the Postal Service were created by Congress in 2006 as part of the Postal Accountability and Enhancement Act. At that time, Congress saddled the Postal Service with the requirement to set aside billions of dollars over an incredibly short period for 75 years of future retiree health care costs. Congress did this only to satisfy its own bizarre budget scoring rules to assure that it could pass a postal reform law that year in a budget-neutral manner.

As a result, the Postal Service is going broke because it is paying for benefits of future postal employees so far into the future that it defies imagination. A good portion of the overall payments are for employees who haven't even been born yet.

The Postal Service's obligation to set aside reserves for its future retiree health costs should continue -- but be realigned on a longer time period and a more accurate basis. Postal Service payments into the federal retirement systems should be recalculated and verified at the same time. These are the common-sense actions underlying H.R. 1351, bipartisan legislation introduced by Rep. Stephen Lynch (D-MA) and cosponsored by more than 200 members of the House of Representatives. They are the same actions that would be undertaken by any company in the private sector.

We encourage you to include the framework of H.R. 1351 in your proposal for addressing the financial difficulties faced by the Postal Service. Thank you for your consideration of our comments and recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Louis M. Atkins". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Louis M. Atkins
President