

December 24, 2008

Honorable Nancy Pelosi
Speaker of the House
H-232 Capitol Building
Washington, DC 2051506501

Dear Speaker Pelosi:

As the elected leadership of the postal management and labor organizations, collectively representing nearly 700,000 active postal employees, we urge you to include H.R. 7313 (or its successor) in the economic stimulus bill currently being drafted in the House. H.R. 7313, introduced by Reps. John McHugh and Danny Davis, would provide relief to the U.S. Postal Service by allowing it to pay the health premiums of its current retirees out of the Postal Service Retiree Health Benefits Fund (PSRHBF), a fund containing more than \$32 billion of postal ratepayer funds, designed to pay the retiree health benefits of postal workers in the future.

The Postal Service faces a crisis of historic proportions, and not of its own making. As a result of the rapidly worsening recession, mail volume is declining precipitously -- at a pace not seen since the early 1930s. The Postal Service estimates that its deficit for the current fiscal year could surpass \$8 billion. A deficit of that magnitude could precipitate deep service cuts and threaten the jobs of our members through layoffs and furloughs, damage the mailing industry, and further weaken the economy by prompting the Postal Service to raise postage rates by unprecedented levels. The Postal Service anchors a \$900 billion postal industry that employs 9 million Americans and affects every community in the nation, rural and urban. Damage to the postal industry could dramatically worsen the recession by eliminating middle-class jobs and undermining the economic prospects of millions of businesses, both large and small, that rely on the Postal Service for the movement of their goods and communications.

The rapid decline in the health of the Postal Service has been compounded by the requirement of the Postal Accountability and Enhancement Act of 2006, which requires the Postal Service to pre-fund its future retiree health benefits, a mandate not imposed on any other governmental or private enterprise in the country. Under the new postal law, the Postal Service must pay nearly \$5.5 billion a year into the PSRHBF to prefund future benefits, on top of the \$2-\$3 billion it pays for premiums of its current retirees. These payments are required for another eight years before the Postal Service may even begin to draw upon the PSRHBF reserves to pay retiree health premiums. Such an ambitious prefunding requirement may have seemed affordable in 2006, but in the face of the current economic crisis that is clearly no longer the case.

Urgent action is needed to temper the onerous impact of the pre-funding requirement and avert a financial and operational crisis at the USPS. The bipartisan McHugh-Davis bill makes a simple adjustment in the law to reduce the level of pre-funding by providing the Postal Service with immediate access to the PSRHBF to pay for current retiree premiums. It would not jeopardize the health care of any current

or future retirees, would not cost taxpayers anything, and would still require the Postal Service to pre-fund future benefits at a level that few if any other companies do. Indeed, the USPS would continue to pay \$5.4 - \$5.8 billion into the fund each year. This would nonetheless save the Postal Service \$2.3 billion in FY 2009 and provide additional relief over the next several years, after which any remaining unfunded liability for retiree health benefits would be amortized over 40 years, as provided by current law.

The McHugh-Davis bill is consistent with your efforts in the stimulus legislation to provide financial relief to state and local governments, so as to prevent public service cuts and to avoid tax increases that exacerbate the recession. It would help to ensure the viability of the U.S. Postal Service, a vital American institution, and hasten our nation's economic recovery.

Thank you for considering this urgent request.

Sincerely,

William H. Young
President
National Association of Letter Carriers, AFL-CIO

William Burrus
President
American Postal Workers Union, AFL-CIO

John F. Hegarty
National President
National Postal Mail Handlers Union, LIUNA, AFL-CIO

Donald Cantriel
President
National Rural Letter Carriers Association

Dale Goff, Jr.
President
National Association of Postmasters of the United States

Ted Keating
President
National Association of Postal Supervisors

Charles Mapa
President
National League of Postmasters of the United States