

February 4, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Obama:

As the elected leadership of the undersigned postal management and labor organizations, we urge you to support in the Senate economic stimulus bill the inclusion of a provision allowing the Postal Service to refinance its retiree health payment benefits. Such a provision would save jobs, allow the Postal Service to regain its economic footing, and see it through these troubling times.

This provision is not a bailout and would not require the use of any taxpayer or appropriated funds. It would only allow the Postal Service to defer some (but not all) of the prefunding of its future retiree's health benefits, while continuing to fund its current retiree's health benefits in full. This approach is strongly supported by the U.S. Postal Service and the mailing industry, as well, and is the subject of bipartisan legislation in the House of Representatives.

As the cover page story of yesterday's *USA Today* pointed out, the Postal Service faces a crisis of huge and historic proportion, due to the precipitous decline in mail volume brought largely about by the deepening recession, and the economic condition of the Postal Service's largest customer, the financial services industry. The financial services industry accounts for 15% of the Postal Service's income. The potential consequences of the continued spiral downward in mail volume handled by the Postal Service and the mailing industry are enormous. The Postal Service anchors a \$900 billion mailing industry that employs 9 million Americans and affects every community in the nation, rural and urban.

Unless the national economy improves, the downward spiral in mail volume will continue to plague the Postal Service, threatening reductions in service and job cuts, both inside the Postal Service as well as throughout the \$900 billion mailing industry. The Postal Service urgently requires breathing room, not through a bailout, but through the sensible reduction of its current financial obligations.

We believe the best way to reduce the current financial obligations of the Postal Service is through changing the law to permit the Postal service to pay the health premiums of its current retirees out of the Postal Service Retiree Health Benefits Fund (PSRHBF), a fund already containing more than \$32 billion of postal ratepayer funds, designed to pay the retiree health benefits of postal workers in the future.

Such relief does not require the appropriation or use of taxpayer funds. It involves merely an intra-governmental transfer of funds. It is critical that the Postal Service be permitted to adjust its payments because, without such authority, thousands of jobs in the Postal Service and the mailing industry will likely be lost. Avoidance of job losses is consistent with the goal of the stimulus package to "save or create at least three million jobs over the next few years" as you noted in your speech at George Mason University on January 9.

The statutory change we seek involves amendment of the requirement of the Postal Accountability and Enhancement Act of 2006, which obligates the Postal Service to entirely pre-fund its future retiree health benefits, a mandate not imposed on any other governmental or private enterprise in the country. Under the law, the Postal Service must pay nearly \$5.5 billion a year into the PSRHBFB to prefund future benefits, on top of the \$2-\$3 billion it pays for the premiums of its current retirees. The change we seek would require the Postal Service to continue making the \$5 billion payment but allow it to forgo making the \$2 to \$3 billion payment and instead pay for current retiree liabilities out of the PSHBFB fund.

Urgent action is needed to avert a financial and operational crisis at the Postal Service. Legislative action to reduce the level of pre-funding, thereby providing the Postal Service with immediate access to the PSRHBFB to pay for current retiree premiums, is desperately necessary. Such action will not jeopardize the health care of any current or future retirees, nor cost taxpayers anything. It will still require the Postal Service to pre-fund future benefits at a level that few, if any, other companies provide. Indeed, the USPS will continue to pay \$5.4 - \$5.8 billion into the PSRHBFB each year.

Inclusion of the relief that our organizations are seeking for the Postal Service in the stimulus package will 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 Burrus
President
American Postal Workers Union, AFL-CIO

Ted Keating
President
National Association of Postal Supervisors

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

Charles Mapa
President
National League of Postmasters of the United States

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

Don Cantriel
President
National Rural Letter Carriers Association