



American Postal Workers Union, AFL-CIO
National Postal Mail Handlers Union, AFL-CIO



Congress Must Act to Stop Drastic Cuts in Service

The time to pass meaningful postal reform is NOW. We must have reform that restores financial stability to the Postal Service without destroying service or harming postal workers. Legislators must address the cause of the Postal Service's manufactured financial crisis, protect service standards, and preserve the nation's vital mail processing network.

A recent survey, commissioned by the OIG, revealed that significant majorities of the American people believe the Postal Service remains relevant and important to their daily lives. It is clear that the American people want and expect the Postal Service to continue to fulfill its legal obligation to provide timely and universal service to the American people at a reasonable and uniform cost.

Preserving Service Standards and Mail Processing Facilities is Key

While the APWU and NPMHU believe that any cuts to service are detrimental to the Postal Service's long-term interests, we believe that the greatest threat to the Postal Service comes from dismantling the mail processing network.

Since July 1, 2012, the USPS has closed or consolidated more than 100 mail processing facilities, or nearly one third of the nation's mail processing capacity. The Postal Service has also reduced hours, or announced plans to reduce hours, at 13,000 post offices nationwide, in both urban and rural areas.

These closings and consolidations have drastically curtailed local mail sortation, virtually eliminating overnight delivery and driving away customers. Since the USPS cut service standards in July 2012, as little as 25 percent of first-class mail is now delivered overnight. The consolidation of the nation's mail processing network is already causing mail to be delayed *every day of the week*.

The Postal Service cannot shrink the mail processing network without adding days to the time it takes to pick up, sort, and deliver mail. Reducing the number of mail processing centers means that mail has to be transported further from its entry point to be sorted at a facility further away – sometimes hundreds of miles further away. In addition, the last pick-up of mail from collection boxes is now earlier, which means that mail that used to be picked up at 5 p.m. will now sit in the collection box until the next day before it even enters the mail-stream. For bulk business mailers, the critical entry time has been moved up as well, with the same effect.

Unless USPS service standards are restored to what they were prior to July 1, 2012, the service that customers expect and rely upon will continue to degrade and postal revenue will decline. If the final revised service standards that the Postal Service expects to put in place in early 2014 are allowed to go into effect, roughly two-thirds of the mail that used to be delivered overnight will take two, three or more days to reach its destination.

Closing Mail Processing Facilities: Penny Wise and Pound Foolish

- Closing mail processing facilities will be detrimental to the long-term financial well-being of the Postal Service as it can only be accomplished by a reduction in service standards.
- Closing facilities and slowing down the mail affects service *every day* of the week; all mail is delayed.
- According to the Postal Service's own study, such deep cuts in service will cause a loss of postal revenue through lost business.
- Facility closings also cost communities jobs and damage local economies.
- At a time of high national unemployment, such cuts may cost 30,000 jobs.
- Without Congressional action the USPS refuses to postpone consolidations and continues to take drastic measures significantly delaying the mail and permanently damaging the nation's mail system.

The reduction in USPS service standards will likely have a negative impact on the financial health of American businesses. With the reductions in processing locations invoices may take one to two days longer to reach customers, and customer payments will also take longer to collect. In addition, other potential side effects for corporations may include:

- An increase in customer late fees charged, increased call volume to customer service, decreased levels of customer satisfaction and decreased working capital.
- The economic impact will most likely affect small- and medium-sized businesses and non-profits even more severely. They are more likely to send their bills and solicitations by mail and are far less likely to have established a means to accept electronic payments.

Bills to Save the Postal Service

Postal Service Protection Act (S. 316/H.R. 630)

Introduced by Sen. Bernie Sanders (D-VT) and Rep. Peter DeFazio (D-OR)

- Eliminates the pre-funding mandate
- Refunds overpayments the USPS made to federal retirement systems
- Ends mail slowdown by re-establishing overnight service standards for first-class mail
- Allows the USPS to develop new products and services that will generate new sources of revenue.
- Protects post offices by giving the Postal Regulatory Commission authority to prevent post office closures based on the effects on the community and employees

United States Postal Service Stabilization Act (H.R. 961)

Introduced by Rep. Stephen Lynch (D-MA) on 3/5/2013

- Requires the Office of Personnel Management (OPM) to recalculate the Postal Service's pension liabilities to the Federal Employees Retirement System (FERS) using postal-specific salary and demographic assumptions
- Refunds overpayments the Postal Service made to federal retirement accounts

- Expresses the intent of Congress that postal-specific assumptions should apply to allocations of past, present and future benefit liabilities between the USPS and the Treasury

Protect Overnight Delivery Act (H.R. 2459)

Introduced by Rep. Rosa DeLauro (D-CT) on 6/20/2013

- Repeals service standards implemented by the United States Postal Service on July 1, 2012
- Restores overnight service standards to those that were in effect on Dec. 11, 2011
- Protects mail processing plants from closure by preventing the Postal Service from moving to two- to three-day service standards

Bills that Fail to Save the Postal Service

H.R. 2748 Postal Reform Act 2013

Introduced by Rep. Darrell Issa (R-CA) on 7/19/2013

Passed by the House Oversight and Government Reform Committee on 7/24/2013

Attacks Collective Bargaining

- Prohibits the USPS and postal unions from negotiating protection against layoffs in future contracts
- Immediately increases employees' health insurance costs
- Allows fringe benefits to return to pre-1971 levels
- Imposes "final offer" bargaining if parties fail to reach a settlement
- Slashes compensation for injured employees with dependents and forces them into retirement as soon as they become eligible

Deprives Customers of Vital Services

- Imposes two- to three-day service standards for first-class mail
- Closes additional post offices, stations, branches, and mail processing facilities
- Reduces door delivery and eliminates Saturday letter delivery

Privatizes Postal Services

- Prohibits customers from appealing a decision to close a post office, station or branch if a private contract postal unit is opened within two miles.
- Establishes "competition advocates" to promote contracting out

Harms Postal Finances

- Does not relieve the USPS from the pre-funding of health costs for future retirees
- Maintains limits on postage rate increases, preventing USPS from increasing revenue
- Fails to give the USPS authority to determine how to utilize Federal Employees Retirement System (FERS) and Civil Service Retirement System (CSRS) refunds.
- Unreasonably restricts non-postal services

There are provisions of H.R. 2748 that we strongly oppose. Further there are some important elements that must be included in postal legislation that are not included in H.R. 2748.

1. The requirement that the Postal Service pre-fund retiree health benefits obligations must be repealed. Pre-funding has already reached nearly \$50 billion. Without this burden, the Postal Service would have the financial resources to maintain service and adapt to changing conditions. H.R. 2748 does not adequately address the pre-funding requirement.
2. We oppose the provision requiring FERS and CSRS pension overpayments be paid to the retiree health benefits fund. Those surpluses represent payments made by postal customers. These funds should be returned to the USPS for its use in preserving services.
3. We oppose legislation that would degrade or eliminate postal services. The Postal Service should be directed to maintain service standards and levels as they were in 2011. This includes immediately halting the cuts to USPS's mail processing network.
4. We oppose provisions that would encourage or expedite the closing of post offices that are operating at a deficit as it would result in severe service cuts to rural and hard-to-serve areas that most need postal services. Even small or unprofitable post offices are a vital part of the network required to provide postal services to all Americans.
5. We oppose provisions that would interfere with the collective bargaining process. Collective bargaining and peaceful dispute resolution through interest arbitration has worked well since the Postal Reorganization Act of 1970.
6. We oppose provisions that would mandate employee health insurance premium contributions. The hard work and mutual agreement of the Postal Service and postal unions have already resulted in reductions in Postal Service payments for health insurance premiums. Involving Congress in such negotiations is unnecessary.
7. We oppose the Postal Service workers compensation reform included in H.R. 2748. This is an issue which should be addressed by the Committee on Education and the Workforce. The provision included in H.R. 2748 would be unfair to workers injured on the job.
8. We oppose the imposition of a temporary governance authority over the Postal Service. Further, we believe postal legislation must include a repeal of the 2006 CPI cap on rates. This would permit the Postal Service to adjust rates to take account of market realities.
9. We support provisions that would give the Postal Service authority to offer non-postal services. While authorizing a Chief Innovation Officer is a move in the right direction, H.R. 2748 does not go far enough by failing to include other services that should be authorized such as: micro-banking, check cashing, new technology and media services, warehousing and logistics, facility leasing, public internet access services, drivers licensing, vehicle registration, hunting and fishing licenses, notary services, and voter registration.

S. 1486 Postal Reform Act of 2013

Introduced by Senators Tom Carper (D-DE) and Tom Coburn (R-OK) on 8/1/2013

This Senate postal bill, as written, would spell disaster for the U.S. Postal Service, workers and customers. The legislation fails to provide reforms that will ensure the long-term financial stability of the agency and robs workers of benefits and collective bargaining terms postal workers deserve. The bill only offers half-measures for addressing the Postal Service's financial problems and preventing the closures of thousands of postal facilities across the country.

As written, S. 1486 would:

- *Fail to provide adequate relief of the unreasonable level of prefunding for health care benefits of future retirees.*

Although the bill provides a three-year moratorium on pre-funding payments, the results of the 2006 pre-funding mandate have dwindled USPS finances. The agency will not be able to meet this obligation in the future when payments are re-imposed with both normal and amortization costs. No other Federal government or private entity is burdened with such an unreasonably high obligation.

- *Result in the elimination of thousands of postal jobs and serious degradation of mail service standards*

After a two-year delay, the USPS would be allowed to reduce service and delivery standards and close hundreds of mail processing facilities and thousands of post offices. Continued degradation caused by closures and consolidations will only further harm the USPS. Additionally, the bill fails to provide strict safeguards for the protection of rural post offices by leaving last-mile communities vulnerable to degraded mail service.

- *Allow the USPS to slash postal workers' pension and healthcare benefits by making many of these employee benefits subject to interest arbitration.*

The bill requires bargaining over health care benefits, to include the question whether a separate postal plan should be set up outside of FEHBP as well as FERS contribution levels for future postal workers bargaining up to and including Interest arbitration. S. 1486 would also allow the USPS to set up a postal-only health benefits plan that may disrupt the current benefits and choices postal employees have earned.

- *Allow massive cuts in the service Americans rely on for their mail service.*

The legislation would allow the Postmaster to switch to a 5-day delivery schedule after one year of enactment and would require the Postal Service default to centralized delivery for all businesses and new residential addresses.

- *Impose cruel and discriminatory reforms to the Federal Employees Compensation Act (FECA)*

The proposed changes to the FECA program that would leave injured postal workers with the worst long-term injuries vulnerable to impoverishment when they reach Social Security retirement age by reducing FECA benefits for totally and partially disabled enrollees.