

Talking Points for Congress

On April 25, 2012, the U.S. Senate passed the 21st Century Postal Service Act by a bipartisan vote of 62-37. Now the House of Representatives must act promptly to pass a bill.

H.R. 2309, which is sponsored by the Republican Chairman of the House Committee, would destroy the Postal Service as we know it by forcing extreme service cuts, voiding our collective bargaining agreement and requiring massive post office closures and layoffs.

The Senate bill is not perfect. It would still result in significant down-sizing and an ill-advised dismantling of the Postal Service's infrastructure, but it is much preferable to H.R. 2309.

The APWU is urging the House to take quick action on postal reform and to use the Senate bill as a starting point. The APWU is also asking the House to make several improvements to the Senate bill, including:

- Provide more relief from unnecessary and excessive funding requirements
- Protect service standards, which are essential to preserving the Postal Service and postal jobs, and
- Eliminate provisions, not relevant to postal reform, which would have devastating consequences for the thousands of postal and federal employees who were injured on the job and who receive compensation from the Office of Workers Compensation Program (OWCP).

The fate of the U.S. Postal Service is a major national issue affecting every American, every community, and every business.

The Postal Service is still a viable business. Its problems are being caused by statutory funding requirements that must be changed.

The massive cuts in service to residents and businesses being proposed – allegedly to address these problems – are not inevitable, necessary or constructive. That's because the financial problems facing the Postal Service aren't caused by the cost of sorting and delivering mail; they're caused by the requirement to pre-fund healthcare benefits for future retirees for the next 75 years and do so within a decade. No other public agency or private company bears this burden, which costs the USPS \$5.5 billion

annually. If not for this pre-funding mandate, the Postal Service would not be facing a financial crisis.

- The Postal Service is not funded by taxpayers. All its revenue is earned from the sale of its products and services. This means the dire warnings of a taxpayer bailout are completely unfounded. The Postal Service hasn't used a dime of taxpayer money in 30 years.
- Another big financial problem, which also has nothing to do with the mail, is that the Postal Service has overfunded its pension accounts by tens of billions of dollars. In the private sector, this wouldn't be a problem, but as a quasi-public agency, Congress must give the USPS access to its own money.
- Because a grid-locked Congress has yet to take these steps, postal officials are desperate as they face the \$5.5 billion pre-funding payments due every fall. So they're proposing a series of drastic cuts: Reduce service standards, reduce the operating hours of 13,000 neighborhood post offices, fire 120,000 employees, close 229 mail processing centers, and eliminate Saturday delivery. Each has serious downsides for residents, small businesses and communities, for the U.S. economy, and for the future of the Postal Service. They would exacerbate rather than solve the agency's problems, by sacrificing its competitive edge and driving away customers.
- The Postal Service's plans to close offices and mail processing facilities cannot be accomplished without degrading delivery service standards. That is why the Postal Service has proposed eliminating overnight delivery for first class mail and periodicals. This will cause crippling delays in mail service and drive customers to USPS competitors. To strengthen the Postal Service in the long run, it is critical that service standards be maintained.
- A recently disclosed study that the Postal Service conducted on the impact of its proposed service changes found that, when taking into account lost revenue from service standard changes, the Postal Service will save nowhere near its initial estimate of \$3 billion. The actual savings will be more like \$200 million, a tiny fraction of the Postal Service's \$65 billion in annual revenue.
- Once lawmakers address the pre-funding requirement and give the Postal Service access to its own surplus funds, then thoughtful solutions can be devised to meet those challenges. The entire postal community – management, labor, the Postal Regulatory Commission, legislators, the mailing industry – can come together and determine how to adapt the business model and what new services would help

customers. This cannot be done in the current panic mode, with congressional inaction forcing management to throw every possible cut against the wall to see what sticks, while anti-government ideologues exploit the situation.

- Even if the pre-funding requirement and the overpayments are fixed, why would the Postal Service have a future, given the Internet? This isn't the first time the Postal Service has had to adapt to an evolving society or to technological change. It did so with the telephone, the telegraph, the fax machine and more, each time emerging stronger, offering new and improved services to meet society's changing needs. Today, the Internet offers both challenges and opportunities. More people are paying bills online, but they're also ordering goods online that need to be delivered. One of the fastest growing profit centers within the Postal Service is doing "last-mile" residential deliveries for UPS and FedEx, which it can do inexpensively because of its universal network – helping reduce costs for the private carriers and for their customers.
- In a time of rapid societal and technological change, we must strengthen our universal communications and delivery network, not weaken it. It would be a national travesty to begin to dismantle this unique network, jettison its numerous capabilities and jeopardize all its contributions, when the financial challenges – properly understood – can be addressed in ways that are more effective and cause no damage. The Postal Service should offer products and services that allow it to remain relevant in the digital age, such as affordable high-speed Internet for those currently without access, and electronic payment services for the unbanked.
- Why is it important to save the Postal Service? Because it's the centerpiece of a \$1.3 trillion mailing industry that supports 8 million jobs. Because it is indispensable in the overall economy. Because its role is included in the Constitution. Because it binds together this vast nation, offering inexpensive service to every resident no matter how remote, and it also unifies individual communities.
- And, because this unique universal network has value we often don't even consider, including in the areas of public safety. When homeland security officials needed to plan for a way to distribute medicines to residents in the event of a biological incident, they turned to the Postal Service. According to the Department of Homeland Security *"The U.S. Postal Service has the capacity for rapid residential delivery of medical countermeasures for self administration across all communities in the United States. The Federal Government shall pursue a national U.S. Postal Service medical countermeasures dispensing model to respond to a large-scale biological attack."*

- Customer satisfaction and on-time deliveries are at record levels, labor costs are declining, worker productivity has doubled, and for six years in a row, the American people have named postal employees the most-trusted federal workers. U.S. citizens and businesses benefit from the most inexpensive and most efficient mail system in the industrialized world.