



PRC Proposes Changes to Ratemaking System

On Dec. 1, the Postal Regulatory Commission (PRC) issued their long-awaited proposal to change how much the Postal Service can raise postage rates of market dominant products. Market dominant products include first class letters and cards, periodicals, and Standard/Market Mail; but do not include most package products which are “competitive” products.

The 2006 Postal Accountability and Enhancement Act (PAEA) instituted two changes that manufactured a postal financial crisis. First, the PAEA forced the Postal Service to pre-fund retiree health benefits 75 years into the future, draining \$5.5 billion a year from the postal treasury. This is an absurd burden required of no other agency or company. Second, the PAEA capped future postal rate increases at the Consumer Price Index (CPI).

While this was a boon to the giant mailing industry, these combined requirements starved the Postal Service of much needed revenue. They became the justification for lowering service standards, slowing down mail delivery, closing processing plants and post offices, reducing retail operations, and cutting jobs. They also pressured the USPS to increase subcontracting and reduce six-day delivery.

Ten Year Review Complete

The PAEA authorized the PRC to do a ten year review to assess whether the rate cap system met the objectives of the PAEA, which included assurance of “adequate revenue, including retained earnings, to maintain financial stability.” The APWU argued in our comments, as part of the ten year review, that the price cap should be eliminated because it deprived the Postal Service of the ability to meet its objectives.

The PRC in their ten year review found that the price cap system did not generate enough money for the USPS to meet its goals and objectives. To fix the problem and meet the objectives of the PAEA, the PRC proposes to revise the cap to generate more revenue. Specifically, the PRC advocates for a CPI plus 2 percent a year cap for five years, with a new review after five years. They made several other recommendations.

These are positive steps forward but unfortunately, they are only half measures. With these revisions, the Postal Service will continue to struggle financially and will lack sufficient capital to maintain and improve its networks and operations.

A 90-day comment period follows with an additional 30 days for reply comments. After comments, the PRC is expected to issue final regulations.

The APWU will actively participate in this process, as we continue to advocate that there should be no arbitrary price cap. “The APWU supports reasonable postal rates for the people of the country,” said President Dimondstein. “However, the CPI cap, along with huge pre-sort discounts, keep rates artificially low for the profits of the big corporate mailers.

“The price cap, even with the proposed changes, deprives the Postal Service of needed revenue to maintain and improve facilities, update the fleet, expand new products and innovate, and serves to depress wages and benefits for hard-working postal workers,” he continued. “The APWU will continue to work for fair and sensible rate-setting regulations so that the Post Office can continue to serve the public and fulfill its constitutionally mandated mission.”

Save the Date:

First Contract Campaign Tele-Town Hall is Jan. 24



The Collective Bargaining Agreement (union contract) between the American Postal Workers Union and the United States Postal Service expires on Sept. 20, 2018, and negotiations begin June 26. To prepare, the APWU launched a campaign to involve union members in the fight for a good contract.

“The APWU’s success will depend on the power and leverage gained from member involvement and support from the public,” said President Dimondstein.

Members can participate in the contract campaign in a number of ways.

Tele-Town Hall Call

On Jan. 24, APWU officers will host a Tele-Town Hall call at 2 p.m. EST and 6 p.m. EST about upcoming contract negotiations. Stay tuned for registration information. You can go to the

union’s website, apwu.org, or follow the APWU on Facebook (*APWUNational*) for more details and contract campaign updates!

Join a CAT!

Contract Action Teams (CATs) will be the principal method of informing and mobilizing members. CAT members can:

- Share flyers with updates about negotiations and upcoming activities;
- Conduct outreach to potential community allies;
- Organize activities, such as T-shirt days, button days, sticker days, etc., to show management our unity;
- Develop new ideas for building support for our goals.

The more members that get involved, the better!

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