

Pro-carrier bills before Congress

On April 5, Rep. Stephen Lynch (D-MA) introduced H.R. 1351, “The United States Postal Service’s Pension Obligation Recalculation and Restoration Act of 2011.”

The bill addresses the accounting error that has led the Office of Personnel Management to overcharge the Postal Service, by billions, for payments into the Civil Service Retirement System.

Lynch is the ranking member of the House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia. His bill addresses only the CSRS and FERS overcharges, and passage of Lynch’s measure would get the Postal Service a good way toward a financially sound future.

“We urge every letter carrier to contact his or her member of Congress and ask if he or she is a co-sponsor of H.R. 1351,” President Fredric V. Rolando said. “If the answer is ‘no,’ then ask him or her to become one.”

H.R. 1351 specifically calls on the OPM to recalculate the USPS surplus in the Civil Service Retirement System, using a methodology that fairly allocates the cost of pensions between the old Post Office Department and the modern U.S. Postal Service. Then, once the accurate postal

surplus is determined, OPM would have 15 days to transfer the surplus to the Postal Service Retiree Health Benefit Fund. The bill also calls on OPM to allow the Postal Service to use most of its FERS surplus (estimated at \$6.9 billion) to make this year’s mandated \$5.5 billion pre-funding payment into the PSRHBF (which already holds \$42 billion), plus a \$1.2 billion payment to the Department of Labor for workers’ compensation expenses. Any money left over from the FERS surplus would go toward the Service’s future FERS obligations.

To help move the Postal Service even further forward, Rep. Gerry Connolly (D-VA) has introduced a bill designed to allow the Service to modernize its business model and expand volume and revenue.

Connolly, who also sits on the House Postal Service subcommittee, introduced the Reform the Postal Service for the 21st Century Act, H.R. 1262, to focus attention on how to better use the Service’s existing networks—rather than cut services—to better address its financial problems.

Among H.R. 1262’s highlights are calls for allowing the Postal Service to boost revenue by selling non-postal products in retail locations, to move postal facilities—and employees—into retail facilities to provide greater customer convenience, to pursue marketing strategies to increase mail volumes such as by expanding voting by mail, and to create a way to allow the Service to replace its LLV fleet with gas-saving electric vehicles.



Rep. Stephen Lynch of Massachusetts is the author of H.R. 1351, a bill that would address the the CSRS and FERS overcharges.

“We support swift passage of Congressman Lynch’s bill, H.R. 1351,” President Rolando said, “and applaud Congressman Connolly’s comprehensive approach to modernizing the Postal Service under H.R. 1262 as a logical next step to the financial reforms in H.R. 1351.”

In PRC’s finding, a 6-day victory

Meanwhile, the Postal Regulatory Commission issued an opinion on March 24 that was sharply critical of key aspects of the U.S. Postal Service’s proposal to eliminate Saturday mail delivery service.

And in a clear win for the NALC, the Commission embraced many of the criticisms of the plan the NALC has expressed in our ongoing campaign to preserve six-day delivery for the American people, not to mention as many as 25,000 letter carrier jobs.

“The NALC is gratified by the PRC’s decision not to recommend a shift to five-day-a-week mail delivery,” Rolando said. “Thanks to the hard work of thousands of letter carriers who rang the alarm bell on the potential loss of Saturday delivery for citizens and small businesses all over America, Congress now has all the evidence it needs to conclude that ‘5-day is the wrong way,’ indeed.

“We need to strengthen our only truly national communications network, not dismantle it,” he added.

Reducing delivery service by 17 percent to save 2 or 3 percent in expenses has never been a good idea,

Rolando noted, since it would short-change the public while hurting future USPS revenue, as competitors rush in to fill the service vacuum.

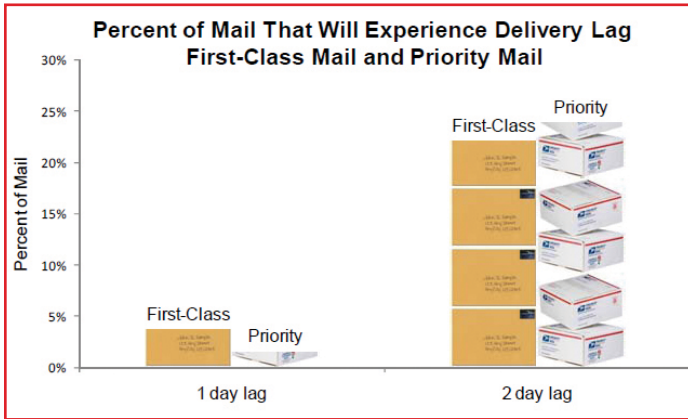
Indeed, the three Republicans and two Democrats on the Commission found that the Postal Service’s estimate of \$3.1 billion in savings was, to put it mildly, inflated—by 45 percent. The PRC asserted that a proper savings estimate was closer to \$1.7 billion. It noted that the USPS would in fact lose \$600 million in revenue in the first year, a figure that would likely grow over time.

The Commission also cited the potential that mail delays could result from such a service cut, as well as a substantial impact on rural customers.

A year in the making

Federal law requires the Postal Service to ask for an advisory opinion from the Commission whenever it seeks to make a nationwide change in its operations. The PRC is an independent federal agency charged with overseeing USPS operations. Although its findings on USPS’ five-day plan carry weight on Capitol Hill, the opinion is purely advisory, since only Congress has the authority to allow the USPS to drop Saturday delivery.

About a year ago, the USPS announced its idea to end Saturday mail delivery service and filed a request for a PRC opinion on the matter. The Commission conducted extensive hearings on the notion over the course of several months,



The PRC's report included concerns over the increased lag in mail delivery time if the Postal Service were to eliminate Saturday deliveries.

both in Washington and in urban and rural locations across America. President Rolando testified forcefully against USPS' plan at the DC

All five commissioners endorsed one joint opinion that pointed out major flaws in USPS projections, but this joint opinion expressed no ultimate view on whether Saturday delivery should be eliminated.

Although the Commission's opinion is not binding, its findings that USPS projections are seriously flawed will help Congress and the public understand what a serious mistake it would be to eliminate Saturday delivery.

hearings, while dozens of letter carrier activists expressed our opposition at field hearings.

The PRC's report noted that the majority of people the Commission contacted said that they wanted to keep six-day mail delivery.

NALC members argued in the hearings that the Postal Service was grossly overestimating any savings it might achieve by shifting to a five-day delivery schedule. In their joint opinion, the commissioners agreed, noting that even with recent declines in mail volume, city carrier routes are generally at capacity and that the number of overtime hours has recently risen.

Moreover, squeezing the same amount of mail delivery into fewer days could compel the Service to create more routes just to keep workdays for most carriers to eight hours, resulting in an actual increase in labor costs.

The commissioners rejected USPS' notion that it could "absorb" the mountains of mail that would accumulate on Mondays without any significant increase in letter carrier hours. Office time would rise, they said, since carriers would have to spend more time sorting mail, and there would also be an increase in street time, all of which might eat into any savings the Service hopes to gain from its five-day proposal.

GAO weighs in

Five days after the PRC issued its opinion on the Postal Service's plan to cut Saturday mail delivery service, the Government Accountability Office released its own report. It simply accepted, without scrutiny, the Postal Service's projected savings of about \$3.1 billion.

But the March 29 report also expressed notable doubts about the five-day plan. For example, most letter carriers already brace themselves for much higher mail volumes on the day following a delivery-free federal holiday. The GAO indicated concern that carriers might be expected to handle that same type of volume increase every Monday.

Mail has always been delivered on Saturdays without any extra charge, something the Postal Service's delivery competitors cannot claim. The GAO agreed with the NALC that, in the absence of that competitive advantage, mailers would flock to other delivery channels, further undermining postal revenues and decreasing the value of any savings realized from reducing mail delivery frequency. ☒