

The White House postal task force report: Fundamentally flawed



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On March 12, the Postal Service's oversight committee in the U.S. Senate, the Homeland Security and Governmental Affairs Committee (HSGAC), held a hearing on the final report of the White House Task Force on the U.S. Postal Service. No union was invited to the hearing, only government witnesses from the Treasury Department, which chaired the task force, along with the Postal Regulatory Commission (PRC), the Office of Personnel Management (OPM) and the Board of Governors.

But that did not stop NALC from weighing in on the report, which can only be characterized as fatally flawed. We issued a damning critique,

which can be found in the "Members Only" section of the NALC website, and shared it with every member of the HSGAC. And I asked for a meeting with the committee chairman, Sen. Ron Johnson (R-WI), with whom I will visit in early April. Letter carriers will be heard loud and clear on the report—and on the future of the Postal Service.

As NALC has previously reported, the Trump administration's report is not a plan to save the Postal Service, it is a proposal to dismantle it—and perhaps prepare it for future privatization. It calls for downsizing the Postal Service's Universal Service Obligation to cover only a narrow band of so-called "essential mail" (personal communications and transactions mail, prescription drugs, etc.), eliminating our right to collectively bargain our wages and other terms of employment, freeing the Postal Service to cut six-day and door delivery and outsource postal jobs, and forcing the PRC to dramatically increase the cost of "commercial" mail and shipping.

While the report may have been instigated by the president in pursuit of a war on Jeff Bezos, founder of Amazon and owner of *The Washington Post*—because of the paper's critical coverage of the administration—the task force turned into a stalking horse for the Postal Service's private competitors (especially UPS) and anti-union ideologues in the administration. They pushed the task force to ignore the facts—most notably the manufactured financial crisis caused by the 2006 mandate to pre-fund retiree health benefits for decades—and to adopt three bogus findings to justify its attack on the Postal Service and its workers: 1) that USPS is financially unsustainable in the face of declining letter mail volume; 2) that postal employees are grossly overpaid; and 3) that the Postal Service is unfairly distorting the market for package delivery in the United States.

Our detailed 11-page review thoroughly debunks these findings, one at a time.

The "unsustainability" finding, which the task force claims would be true even if the pre-funding mandate were eliminated, is demonstrably false. Its own data (Table 2 on page 19) shows that USPS recorded positive operating income (before the pre-funding cost) in every year since 2013—totaling \$3.8 billion over the past six years. USPS doesn't need a new business model; it needs sensible reforms of a misguided pre-funding policy.

The report's analysis of labor costs is embarrassingly thin and riddled with errors, both mathematical and logical. Postal employee wages are comparable to those of other large, national delivery companies. In any case, no finding would justify stripping letter carriers and others of their right to collective bargaining, a human right recognized under domestic and international law.

And the report's treatment of the Postal Service's role in the package delivery market ignores the data and expertise of the PRC, which prove the task force's conclusions wrong. Instead, it offers warmed-over arguments from UPS that have repeatedly been rejected by the PRC and the federal courts. The Postal Service does not underprice its parcel service—instead, again as certified by the PRC, our package business generated \$7.6 billion more in revenues than expenses for the Postal Service last year.

The NALC critique goes on to outline the devastating impacts—on the Postal Service, the mailing industry and the American people—if Congress were to adopt the recommendations of the task force. Incredibly, the final report completely ignored the likely effect of its proposals on the ability of the Postal Service to provide universal service. Our rebuttal addresses this, focusing on the massive service cuts and price increases that would result, and on the likely loss of affordable package delivery in rural areas and economically stressed urban communities. We warn Congress and other stakeholders that the task force proposals risk sending the Postal Service into a death spiral.

Our document concludes with a set of alternative reforms we recommend—targeted, sensible measures that would preserve affordable universal service and permit the Postal Service to thrive in the 21st century without endangering the fundamental rights of letter carriers and other postal employees. It is not enough for Congress to reject the risky and radical recommendations of this fatally flawed task force report. Lawmakers must act, this year, to legislatively strengthen the Postal Service. In this age of booming e-commerce and growing inequality, its 244-year-old mission to bind our nation together is more important than ever.