

# Postal Service Launches Assault on Mail Processing Network

**O**n September 14, 2011, the Postal Service unleashed its Network Optimization Program, which is the largest and potentially most devastating of its many plans to restructure the USPS mail processing and transportation network.

As proposed, the Postal Service has listed 252 mail processing facilities for possible closing or consolidation. These are in addition to the facilities that already have been closed or consolidated, as well as the various facilities that, as of September 2011, already were the subject of a pending study. The total number of facilities that may be on the closing or consolidation list could approach 300, if all of these studies result in actual decisions to close or consolidate. At the same time, many facilities are being studied simultaneously as both losing and gaining installations, so the final reorganization of the network is far from clear. In recent meetings, the Postal Service has suggested that, if all of the proposed closings and consolidations are eventually implemented, the “optimization” program could result in an overall reduction of between 4,000 and 5,000 mail handler positions across the country.

At the same time, and as a crucial component of this Network Optimization Program, the Postal Service also is proposing to change the regulations that govern its service standards. Indeed, just days after issuing the list of 252 facilities, the USPS published an Advanced Notice of Proposed Rulemaking, beginning the long regulatory process that must be followed to amend the current service standards. In this process, the Postal Service is proposing to eliminate the overnight delivery standard for most First-Class Mail and Periodicals, allowing the network to provide for at least two days prior to delivery. In other words, in most circumstances mail that is dropped off at a postal facility or placed in a collection box on day one will not be processed until day two, resulting in delivery on day three, the day after the completion of processing.

The NPMHU has reacted to all of these proposals, in each of the ways available under the governing procedures. President Hegarty has made clear, in his public remarks, that the NPMHU will be deeply involved in the ongoing studies, and in the legal processes that will have to be conducted prior to any implementation of the Network Optimization Program.

As an initial matter, the NPMHU has filed comments with the Postal Service objecting to the possible weakening of the governing service standards. These comments criticized the Postal

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Service for adopting a defeatist attitude, causing the agency to react to a downturn in the economy and a loss in mail volume by further reducing the service it provides to the mailing public. The better alternative, the union argued, is to maintain the current service standards and to preserve the Postal Service’s current competitive advantages. Here are a few excerpts from the NPMHU comments, which were filed in October:

At the very outset of its Proposal, the Postal Service candidly acknowledges that one of its core missions over the years has been to build up its mail processing and transportation networks to the point where those networks are sufficient “to achieve” the Postal Service’s current service standards for First-Class Mail and Periodicals, “particularly their overnight service standards.” Yet in what can only be described as a defeatist—and self-defeating—response to “sharp revenue declines

associated with falling [mail] volumes,” the Postal Service is now proposing effectively to abandon that core mission by: (i) eliminating the expectation of overnight service for First-Class Mail and Periodicals; (ii) substantially narrowing the two-day delivery range and substantially enlarging the three-day delivery range for such mail; and (iii) dismantling to a large degree the robust processing and transportation networks that have enabled the Postal Service “to achieve” its current service standards for such mail, “particularly their overnight service standards.”

The Postal Service’s Proposal is ill-conceived and should unceremoniously be laid to rest. By increasing the delivery time for most First-Class Mail and Periodicals by one day, and by eliminating the expectation of overnight service for such mail, the Postal Service would effectively be abandoning what it itself acknowledges has been one of its core missions over the years and conceding that it is no longer capable of fulfilling that mission on behalf of the American people.

In an effort to reduce its costs, the Postal Service is proposing to severely downgrade its current service standards and dismantle its current mail processing and transportation networks, in a truly radical fashion that is guaranteed to result in a further precipitous decline in Postal Service revenues. Nothing in the Proposal indicates that the Postal Service has made any kind of careful assessment of these revenue losses; nor has the Postal Service compared those revenue losses against the Proposal’s anticipated cost savings, which are themselves overstated. To put it bluntly, the Postal Service has failed to come to grips with the distinct possibility that adoption of its Proposal actually would not “bring operating costs in line with revenues,” but instead would exacerbate the Postal Service’s current financial difficulties and beget further downgrades in service standards, leading to a true “death spiral.”

Before embarking on the untested and dangerous path of severely downgrading its