

TALKING POINTS FOR CONGRESS (S.1789)

As the Senate prepares to vote on the *21st Century Postal Service Act (S. 1789)*, postal workers want you to know that this bill is unacceptable in its current form.

As currently written, S. 1789 would give the USPS some short-term financial relief, but would inflict long-term damage to the nation's mail system.

The bill would force the Postal Service to close hundreds of mail processing centers, shut thousands of post offices, and cause massive delays in mail delivery.

To preserve the Postal Service, S. 1789 must be amended to:

- Maintain current service standards (This is crucial because the Postal Service is planning to degrade delivery standards in order to eliminate half of all mail processing plants).
- Allow USPS to recover overpayments the Postal Service made to its retiree pension funds.
- Address the requirement that forces the USPS to pre-fund 75 years worth of future retiree health benefits over a ten-year period. This mandate is the primary cause of the Postal Service's financial "crisis." No other government agency or private company bears this burden which costs the USPS \$5.5 billion annually.
- Allow the USPS to establish new ways to generate revenue.
- Prevent the closing of small post offices.
- Protect six-day delivery.

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

The Postal Service isn't broke. Nor is it losing billions of dollars a year delivering the mail. And a taxpayer bailout isn't imminent. Reduced services are being presented as a foregone conclusion, but they're not.

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

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the financial problems facing the Postal Service aren't caused by the cost of delivering mail; they're caused largely by the pre-funding requirement and Congress can fix this.

- The Postal Service is budgeted zero taxpayer dollars. All its revenue is earned from the sale of its products and services, meaning that the dire warnings of a taxpayer bailout are completely unfounded. The Postal Service hasn't used a dime of taxpayer money in 30 years.
- There is indeed a financial problem, but it's not what you've been told. It doesn't result from mail delivery. The billions in postal losses you've heard about stem from a 2006 congressional mandate that the Postal Service pre-fund future retiree health benefits for the next 75 years and do so within a decade – a burden no other public agency or private firm faces. The Postal Service is actually paying, out of its operating budget, \$5.5 BILLION each year for the future retiree benefits of people who haven't been born yet. If not for this pre-funding mandate, the Postal Service would not be facing a financial crisis.
- If not for the pre-funding requirement and the rising cost of gasoline, the Postal Service made a small net profit delivering the mail in the most recent quarter. You read that correctly. Despite the worst recession in 80 years, despite competition from the Internet, despite everything you've heard, postal operating revenues exceeded costs in the first quarter of the current fiscal year.
- 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, it needs Congress to give it 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, close 3,700 post offices, fire 120,000 employees, close 256 processing centers, and eliminate Saturday delivery. Each has serious downsides for residents and communities and local businesses, for the U.S. economy, 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.
- A recently disclosed study that the Postal Service conducted on the impact of its proposed service changes found that the Postal Service will actually LOSE money by implementing these cuts. When taking into account lost revenue resulting from

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service reductions, the Postal Service will actually lose \$1.9 billion by making these service changes. Instead of rethinking their plan, the USPS commissioned a second study to get the results they wanted.

- Once lawmakers address the pre-funding requirement and the lack of Postal Service access to its own surplus funds then thoughtful solutions can be devised to meet those challenges. The entire postal community – management, labor, 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.
- 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

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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.

- In a time of rapid societal and technological change, we need to 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.
- Customer satisfaction and on-time deliveries are at record levels, labor costs are declining, worker productivity has doubled, and for six years running 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.