

# POSTAL NEWS

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<p><b>1. Delaware Senator Tom Carper introduces postal service reform proposal. May 18, 2011.</b></p>
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## **1. Delaware Senator Tom Carper introduces postal service reform proposal**

Smyrna/Clayton Sun-Times

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WASHINGTON, D.C. —

Today, U.S. Sen. Tom Carper (D-Del.) introduced the Postal Operations Sustainment and Transformation (POST) Act of 2011.

The POST Act addresses the current budget issues plaguing the U.S. Postal Service by proposing a series of provisions including: easing postal employee pension and retiree health costs; addressing postal employee wages and benefits; allowing partnerships with state and local governments; continuing and enhancing efforts to preserve its existing business; and giving the Postal Service leeway to close post offices, market certain non-postal items, and eliminate Saturday delivery.

"For decades, Americans have taken the Postal Service for granted. We've assumed that it would always be there. But our troubled economy – coupled with the continued migration to electronic forms of communication – is putting the future of the Postal Service in jeopardy," said Sen. Carper in a press release. "Furthermore, if the Postal Service were to shut down, the impact on our economy would be dramatic. The Postal Service operates at the center of an industry that employs some 7 million people and generates more than \$1 trillion in sales and revenue each year. At such a difficult and fragile time for our economy, we can't afford to lose those jobs and that kind of productivity."

"The current financial crisis the Postal Service faces is more urgent now than it ever has been," continued Sen. Carper. "If we do nothing, we face a future without the valuable services the Postal Service provides. However, if we act quickly, we can turn things around by passing this necessary bill that would give the Postal Service the room it needs to manage itself and avoid it becoming the latest victim of Congressional gridlock. Putting the Postal Service back on stronger financial footing is something I've been trying to do for a long time now. My bill requires all parties – postal management, employees and customers - to make sacrifices. It also gets Congress out of the way by providing the flexibility and tools necessary to address the problems plaguing the Postal Service in an effective way. I hope my colleagues and the Administration will join me in pushing for

this much needed reform so we can prevent the Postal Service from going broke by the end of the year."

Sen. Carper's bill attempts to permanently address the pension and retiree health issues that have been a drain on postal finances over the years. The Postal Service currently pays into the old Civil Service Retirement System (CSRS) using a formula that recent studies by the Postal Service's Inspector General, the Postal Regulatory Commission, and at least two outside consulting firms found resulted in gross overpayments. In addition, the Postal Service since FY2007 has been required to pay between \$5.5 billion and \$5.9 billion a year in an effort to prefund its future retiree health obligations. Sen. Carper's bill would require the Office of Personnel Management to recalculate the Postal Service's CSRS obligations using a modern formula that more fairly divides responsibility for pension costs related to pay increases granted to former Post Office Department employees who transitioned to the Postal Service. This recalculation would result in a finding that the Postal Service has overfunded CSRS by about \$50 billion. Sen. Carper's bill would give the Postal Service access to more than \$5 billion each year from this \$50 billion overpayment to help it make its retiree health payments.

Another provision of Sen. Carper's bill would reaffirm the Postal Service's authority to change delivery frequency when it felt like doing so was necessary. Based on the Postal Service's proposal to eliminate Saturday delivery, such authority could save the Postal Service \$3 billion or more a year. The bill would also eliminate several provisions in law that force the Postal Service to maintain post offices that are no longer necessary, allowing the Postal Service to expand more convenient and cost-effective retail options such as automated kiosks or postal stations located in grocery stores or other places where people go every day.

Under current law, the Postal Service is prohibited with a few exceptions from offering "non-postal" products and services; however, Sen. Carper's bill would revise the prohibition, allowing the Postal Service to offer non-postal products that are in the public interest and make use of the existing postal network. Additionally, the new bill would allow the Postal Service to ship wine and beer, a service UPS and FedEx already provides, and to work with state and local governments seeking to use postal retail locations to serve citizens seeking to access services such as voter registration or driver's license renewal.

Further, at a time when mail volume is falling and many postal customers are turning to electronic forms of communication, the bill would give the Postal Service additional freedom to negotiate service agreements with individual mailers aimed at preserving its existing business. It would also place a time limit on the Postal Regulatory Commission's consideration of Negotiated Service Agreements to provide customers and the Postal Service with certainty.

Finally, Sen. Carper's legislation seeks to reform the way in which Postal employees' wages and benefits are determined. Wages and benefits currently account for roughly 80 percent of the Postal Service's expenses. On top of this, the Postal Service is required

under the law to pay its employees wages and benefits that are comparable to those paid in the private sector. At times, arbitrators have awarded postal employees what they believe are comparable pay and benefits without taking the Postal Service's financial condition into account. Recognizing that this situation cannot continue in a world where the Postal Service operates under a rate cap and faces stiffer competition from electronic communication, the bill requires arbitrators to take the Postal Service's financial condition into account along with other factors such as the comparability requirement and the details of the rate system.

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