

Resolution 40

A POSTAL SERVICE FOR THE 21ST CENTURY: INNOVATION AND GROWTH, NOT DOWNSIZING AND DECLINE

THE UNITED STATES POSTAL SERVICE (USPS) is perhaps the oldest national public institution in America, established in 1775 before the Declaration of Independence and specifically authorized by the U.S. Constitution (Article I, Section 8.). Yet it remains a vital component of this country's economic and communications infrastructure. In the past year, USPS handled and delivered 160 billion pieces of mail and generated more than \$65 billion in revenues, while receiving no taxpayer funding. Despite the rise of the Internet, almost one half of all bills are still paid by mail. The majority of bills and statements received by households are still delivered by mail. And the vast majority of magazines are delivered by mail. Meanwhile, the volume of packages is exploding.

Measured by employment, the Postal Service is the nation's second largest enterprise with more than 550,000 employees, and it plays a major role in the U.S. economy. Trillions of dollars in transactions move through the postal system every year. The mailing industry, which employs 8 million Americans, generates over \$1 trillion dollars annually, representing approximately seven percent of the country's Gross Domestic Product (GDP). Rural communities in particular, many of which do not have access to the Internet, remain dependent on the Postal Service for vital communications and for the shipment of goods. Many Americans, particularly elderly Americans, depend on the Postal Service for receipt of their prescription drugs. Voting by mail is now commonplace and will remain essential to our democracy. The nation needs to preserve its Postal Service.

Nonetheless, the Postal Service faces a severe crisis, largely stemming from the enactment in 2006 of the Postal Accountability and Enhancement Act (the PAEA). The PAEA has required the Service to set

aside over five-and-a-half billion dollars (\$5.5 billion) annually to prefund the health benefits of future retirees. At the same time, the PAEA set strict limits on the Postal Service's ability to raise rates. These legislative constraints, coupled with the impact of the 2008 recession and the long-term decline in first class mail volume due to electronic diversion, have caused the Postal Service to lose over \$40 billion since 2007. However, fully \$32 billion of these losses (80%) result from the retiree health pre-funding mandate, a burden that no other company, public or private, faces. Rather than investing in new products and upgrading its capabilities to handle growing parcel volume, the USPS has been drained of resources by this funding requirement and its management has adopted a doomed "shrink to survive" strategy.

The Congress of the United States created the crisis at the Postal Service and must now fix it. Unfortunately, rather than reducing or repealing the pre-funding burden and relaxing unreasonable price controls, legislation now before Congress retains these burdens and calls for radical cuts in services and jobs to help pay for them. Bills in both the House and the Senate target the elimination of at least 100,000 jobs by: eliminating Saturday service; slowing mail delivery by drastically downsizing its mail processing network and phasing out door-to-door delivery for 30 million households and businesses; and closing or sharply limiting local post offices. These destructive bills (H.R. 2748 and S. 1486) also pose a dire threat to the pensions and health benefits of postal employees by interfering with the postal collective bargaining process that has worked so well for more than 40 years.

Slashing service in order to pre-fund retiree health benefits decades in advance makes no sense—it will

simply drive more business away and prevent the Postal Service from building on its growing success in the booming e-commerce sector. And attacking the middle class living standards and bargaining rights of postal employees to address a financial crisis manufactured by Congress is simply wrong. At a time of massive unemployment, dismantling the Postal Service would further damage the nation's struggling economy.

The postal union affiliates of the AFL-CIO have worked to build broad public coalitions to resist more damaging austerity in the Postal Service and to build support for sensible reform. (See www.apwu.org, www.nalc.org and www.npmhu.org.)

Such reform has been proposed in Congress: The Postal Protection Act of 2013—S. 316 in the Senate and H.R. 630 in the House. This legislation should be adapted and adopted to do the following:

- Stabilize the Postal Service's finances by reforming or eliminating unwise and unfair pension and retiree health financing policies that have crippled the Postal Service's finances since 2006;
- Strengthen and protect the Postal Service's invaluable mail processing, retail and last-mile delivery networks that together comprise a crucial part of the nation's infrastructure; and
- Free the Postal Service to meet the evolving needs of the American economy and to set its prices in a way that reflects the cost structure of the delivery industry while assuring affordable universal service and protecting against anti-competitive practices.

The Postal Service is a national treasure that can play an important role in our future. Its networks are invaluable and should be used to address pressing national problems. The universal geographical reach of its 30,000 post offices could be used to provide financial services to the 40 million Americans who lack access to basic banking services, provide low-cost remittance services to immigrant workers, finance a National Infrastructure Bank to help rebuild our nation and create millions of jobs, and provide public Internet access and other media and technology services to underserved communities. With a federal vote-by-mail statute, the Postal Service could be the answer to voter suppression across the country while boosting voter turnout the way it has in Oregon and other states that conduct elections through the mail. The Post Office can be re-imagined as a platform for state and local services in rural and inner city areas that lack access to services. We should not only save the Postal Service, but also reinvent it for the 21st Century.

The AFL-CIO and its affiliated unions are called on to help mobilize the entire labor movement and our allies in the progressive community to defeat the forces of austerity and anti-unionism in the debate over postal reform. We must repeal the pre-funding mandate, free the Postal Service to diversify its services, and use the Postal Service's unique networks to address other national problems by enacting legislation that promotes innovation and growth, not downsizing and decline.