# National Association of Postal Supervisors



# Five Things to Know About

The Postal Service Was Established by the U.S. Constitution

The nation's government-run postal operation predates the creation of the United States. Postal service was essential to communications and commerce in colonial America, just as it is today. The great American patriot Benjamin Franklin was the Post Office Department's first Postmaster General. Franklin, as well as the other architects of the Constitution, strongly believed that a governmental postal service was a vital means for linking communities throughout the nation.

Consequently, our Founding Fathers enshrined the Postal Service in our Constitution. Among the congressional powers enumerated in Article I, section 8, of the Constitution is the authority "... to establish Post Offices and Post Roads." In 1970, Congress reorganized the Post Office Department and created the U.S. Postal Service as an independent agency of the executive branch. Today, the Postal Service provides Americans with the world's most affordable delivery network, serving households and businesses, both large and small.

**No Taxpayer Dollars Support the U.S. Postal Service** 

The Postal Service is self-funded and does not use taxpayer dollars to fund its operations. The Postal Service operates as a governmental commercial entity and is expected by law to cover its costs. The Postal Service has not received taxpayer dollars to fund operations since 1982. Its revenues totaled \$70.6 billion in Fiscal Year 2018, relying on the sale of postage and mail products. After more than a decade of overly restrictive CPI-capped adjustments, the Postal Regulatory Commission recently approved a 5-cent rate increase for the First-Class stamp.

The Postal Service Is the Nation's Largest Civilian Employer

The Postal Service has a long and proud history of providing career opportunities to veterans, reservists and their family members. Approximately 105,000 Postal Service employees, representing one-fifth of the Postal Service's workforce, served in the United States military. These valued employees have brought leadership, reliability and high-tech skills to the Postal Service, as well as loyalty and integrity. NAPS proudly supports local and national veteran outreach efforts to assist qualified veterans find secure and stable careers at the Postal Service.

# the Postal Service



#### The Nation's Postal System Is an Economic Engine for the Nation

Even in an increasingly digital world, the Postal Service remains a cornerstone of America's economic and communications infrastructure. In Fiscal Year 2018, the Postal Service delivered to 159 million homes, businesses and post office boxes in every city, town and village in America. Trillions of dollars move through the postal system every year. Almost one-half of all bills are paid by mail. The Postal Service is the driver of a \$1.4 trillion-a-year mailing industry that employs 7.5 million people across the country, or six percent of the nation's jobs. Overall, the Postal Service and related industries contribute 7 percent of the nation's gross domestic product.

And the Postal Service delivers everywhere; others don't. The Postal Service delivers more mail to more addresses in a larger geographical area than any other post in the world. It also is the world's largest retail network—larger than McDonald's, Walmart and Starbucks (in the U.S.) combined. During the past fiscal year, the Postal Service handled 146 billion pieces of mail.

UPS and FedEx do not deliver to rural and remote locations that are not profitable; instead, they rely on the Postal Service to take their packages the "last mile" for delivery. The Postal Service does not impose a fuel or residential delivery surcharge on its customers, charging just 55 cents for a letter going anywhere in the U.S. and its territories, even though it receives NO tax dollars for its operating expenses and must cover all of its own costs.



#### **Postal Service Customer Trust Is at Record Levels**

While public confidence in Congress has fallen to record lows, customer trust in the Postal Service remains at record highs. Recent Gallup and Pew Research polls have ranked the Postal Service as the highest-rated federal agency. In addition, for more than a decade, the American public has rated the Postal Service the most-trusted government agency in the annual Ponemon Institute's annual survey. And the Postal Service ranks as one of the 10 most-trusted companies within the private sector.

These results reflect the high regard the Postal Service commands as one of the best companies in the country in keeping information safe and secure. Consumer confidence, brand loyalty, a high-performing workforce and universal presence are the Postal Service's key assets.

# Postal Reform: The Need Is Urgent

ongress needs to take action to revitalize the nation's postal system. Meaningful and positive legislative proposals emerged during the 115th Congress that would have put the Postal Service on a more sustainable financial path. NAPS supports proposals that will assure prompt and reliable mail service to all Americans through sufficient postage revenues, efficient postal operations and fair fiscal treatment of the Postal Service.

Last year, the bipartisan "Postal Service Reform Act of 2018" (H.R. 756) was approved by the House Oversight and Government Reform Committee by voice vote. However, H.R. 6076, legislation that replaced H.R. 756, died with the adjournment of the 115th Congress. Also, as Congress adjourned, the bipartisan Senate version of the "Postal Service Reform Act" (S. 2629) was pending on the Senate floor.

#### **White House Interest in Postal Reform**

year ago, in the wake of his strident criticism of the negotiated service agreement between the Postal Service and Amazon, President Donald Trump issued Executive Order 1329, which created the Task Force on the United States Postal System. The task force was chaired by the Secretary of the Treasury and included the directors of the Office of Management and Budget and the Office of Personnel Management. The group was charged with evaluating postal pricing, eroding mail volume, the universal service obligation, the role of the Postal Service in the U.S. economy, the state of the USPS business model, workforce and operations.

The Task Force met with the major postal stakeholders, including the National Association

of Postal Supervisors. Issuance of the task force's report was preceded in June 2018 by the Trump Administration's government reorganization plan, which proposed that the Postal Service be privatized. The administration released the task force report after the November midterm election on Dec. 4, 2018.

The 69-page report recommended a new USPS business model, with added reliance on private competitors and a reduced universal service obligation to meet the nation's communication and commerce needs. The report favored the retention of the comprehensive USPS delivery network, but would loosen the delivery and mailbox monopolies and provide greater advantage to the Postal Service's competitors.

The report's 25 recommendations, 15 for implementation by the Postal Service and Postal Regulatory Commission and the remainder for congressional approval, do not call for privatization of the agency, but represent a path for transition to a privatized Postal Service.

The task force recognized the reliance of rural America and outlying communities on the Postal Service and the necessity to preserve the comprehensive postal network. The report also noted the seven current vacancies on the Postal Board of Governors and the board's important role in strategic planning and governance responsibilities.

The task force also suggested that the Postal Service explore and implement new products and services that generate revenue and co-locate complementary retail establishments within existing postal facilities. Finally, the task force suggested that the Postal Service's retiree health liability be reamortized and recalculated using actuarial data

limited to current retirees and employees near retirement—not all postal employees and retirees, as currently calculated.

The task force report also included more problematic recommendations. It urged the Postal Service to expand the contracting-out of postal operations, including retail service, mail accept-

ance and mail processing. And it recommended pricing competitive products, such as small parcels, to bear a significantly larger portion of the Postal Service's overhead costs, a view consistent with United Parcel Service's agenda and the president's views regarding Amazon.

This recommendation sets the stage for a pricing assault on package shippers through higher pricing that captures the greater costs of the Postal Service's universal service obligation (USO), capital expenditures and long-term liabilities. This new burden would result in escalating prices for parcels originating from or delivered to rural and outlying areas. Also, the task force would restrict the scope of the USO to those postal products and services deemed "essential" versus types of mail and packages deemed "commercial" and without government protection.

Consequently, the USO would be limited to correspondence, financial transactions, govern-





ment mail, prescription drugs and parcels sent between consumers. All other mailed material would be excluded from the USO. This USO limitation would significantly reduce USPS revenue and volume.

Finally, there are recommendations in the task force report that upend the Postal Service's historic role as a government-reliant contributor to commerce and communication throughout the nation. The task force recommendation that delivery mail boxes be opened up to private-sector competitors through licensing agreements raises a host of privacy and operational concerns, as does the conversion

of more post offices to privatized contract units.

The task force's recommendations to redefine and narrow the USO and limit access to government-operated postal retail facilities raise concerns about the affordability and accessibility of the nation's postal system. The recommendations to reduce postal services and delivery days disregard steadfast, decades-long directives by Congress. Similarly, the recommendation to require USPS employees to contribute more to the Federal Employees Retirement System and, where possible, to convert the system to a defined contribution system would generate strong resistance in Congress.

#### The Threat of Reductions in Mail Service

The Postal Service may close and consolidate more mail processing facilities should Congress fail to pass postal reform legislation that provides the agency greater financial stability. If the Postal Service proceeds with further plant consolidations, more reductions in service likely will occur, harming millions of businesses and households, eliminating thousands of jobs, eroding the Postal Service brand and further reducing Postal Service revenue.

Serious concerns about USPS plant consolidations and their impact on mail service have been raised in the past by the Government Accountability Office, the Office of Inspector General of the Postal Service and members of Congress. Members of Congress also have raised concerns about the willingness of the Postal Service to provide communities with the opportunity to provide input on the consolidations.

Significant closures and consolidations of mail processing facilities occurred in 2012 and 2015 and more could arise. In 2012, under Phase I of its "Mail Processing Network Rationalization Plan," the Postal Service consolidated 141 processing facilities. In 2015, the Postal Service sought to consolidate 82 additional mail processing facilities in 37 states. However, the Postal Service suspended Phase II in 2015 following the consolidation of 37 processing facilities and congressional resistance in response to steady declines in mail-service quality in the overnight and three-to-five-day markets as a result of the consolidations.

#### **The Ingredients of Postal Reform**

APS believes that constructive postal reform requires the assurance of prompt and reliable mail service to all Americans through sufficient postage revenues and efficient postal operations. Postal reform includes the following features:

## Retiree Health Benefit Funding Reform

The massive and unfair retiree health liability imposed on the USPS by the "Postal Accountability and Enhancement Act of 2006" continues to undermine the Postal Service's ability to remain financially viable. For more than a decade, an annual \$5.7 billion prefunding mandate accounted for most of the Postal Service's losses, despite USPS deposits of more than \$50 billion over the past 10 years into the Postal Service Retiree Health Benefits Fund. Postal reform legislation should address the magnitude of the retiree health liability through a more affordable reamortization schedule.

#### **Postal Rate Increases**

The Postal Service is entirely funded by postage and does not rely on taxpayer dollars. As a result, the Postal Service's financial stability rests on adequate postage rates. Past postal reform legislation would have allowed the USPS to increase postal rates for market-dominant products above the inflation rate by 2.15 percent, or 1 cent, for a First-Class stamp.

As required by the 2006 postal reform law, the Postal Regulatory Commission (PRC) in 2018

released its 10-year review of the Postal Service's rate structure and cost allocation methodologies. The PRC found that the current rate structure has not maintained the financial health of the USPS.

The PRC recommended a new approach toward generating positive net income and retained earnings, relying on an increase in postage rates of 2 percent per year for the next five years and a possible additional 1 percent increase each year when the agency has demonstrated need and adequate service performance. The PRC has yet to issue a ruling that would implement its findings.

## MSPB Appeal Rights for USPS Managers

The need remains for Congress to clarify current law to assure that all employees in the Executive and Administrative Schedule of the Postal Service may appeal adverse personnel actions to the U.S. Merit Systems Protection Board. Currently, 7,500 non-supervisory management personnel are locked out of MSPB appeal rights. H.R. 597 would correct the situation and assure MSPB access to all Postal Service non-bargaining employees, regardless whether they supervise USPS operations. The legislation also would extend MSPB appeal rights to employees of the Office of Inspector General of the Postal Service.

NAPS also believes the president should promptly nominate and the Senate promptly consider nominees to the three-member vacancies on the MSPB.



## Postal Service Health Benefits Program and Medicare Integration

Retiree health care costs represent a significant expenditure for the Postal Service; the agency is the single largest payer into Medicare. More than 75 percent of postal retirees maximize the value they earned through contributions to Medicare over their postal careers, reflected by the negligible outof-pocket health care expenses that Medicare participants enjoy. These retirees benefit from no copayments or deductibles for most medical costs. Their full participation, as retirees, also reduces FEHBP premiums for all postal FEHBP participants because of Medicare's role as the primary insurer for Medicare-eligible retirees. NAPS is working with our postal allies to seek the best arrangements to integrate Medicare and FEHBP coverage, without major disadvantage to current retirees.

#### Governance Reform

Currently, seven of the 11 positions of the USPS Board of Governors (BOG) are vacant. President Trump nominated three BOG nominees earlier this year and renominated one of the current governors to a term that expires in 2025.

Bipartisan postal reform legislation introduced in the 115th Congress (H.R. 6076), supported by NAPS, would have reduced the number of presidentially nominated governors from nine to five, each with a seven-year term. In addition, the postmaster general and the deputy postmaster general would serve on the board, as they currently do.

#### **Centralized or Curbside Delivery**

Legislation in the 115th Congress (H.R. 6076) called for postal cost savings though phased-in conversion of business door deliveries to curbside or centralized mailboxes. NAPS does not support strategies that would compromise mail security and reduce the service level that postal customers expect.

#### **Innovative Services**

The success of the nation's postal service throughout the past two centuries has rested on its ability to evolve as America continues to change. Postal reform legislation should authorize the Postal Service's delivery of non-postal services to state, local and tribal governments and other federal agencies. It also should require the Postal Service to establish and appoint a chief innovation officer to manage the Postal Service's development and implementation of innovative postal and non-postal products and services.

#### **Shipment of Alcoholic Beverages**

NAPS supports congressional encouragement of postal innovation and the authorization of USPS shipping of alcoholic beverages, ending the Prohibition-era ban that prevents the Postal Service from shipping alcoholic beverages to consumers.

Consumers and manufacturers currently are prohibited from using the Postal Service to ship or deliver alcoholic beverages. These needless restrictions hurt Postal Service market share and revenues because private shippers, such as UPS and FedEx, are exempt from such rules. The

Postal Service has estimated that its shipment of alcoholic beverages would annually generate \$50 million in new revenue under legislation such as the "United States Postal Service Shipping Equity Act," H.R. 4024, introduced by Rep. Jackie Speier (D-CA) in the 115th Congress. The bill would have allowed the USPS to ship alcoholic beverages directly from licensed producers and retailers to consumers over the age of 21, in accordance with state shipping regulations.

#### **Limited Banking**

Digital services, including limited banking and public-private partnerships with financial institutions that complement the Postal Service's core products and align with the postal mission, should be encouraged and authorized by Congress.

A 2014 report by the USPS Office of Inspector General (OIG) found that the Postal Service was well-suited to provide non-bank financial payment, credit services and products to the underserved, some in partnership with the private sector. The OIG found that one in four U.S. households lives at least partially outside the financial mainstream—without bank accounts or reliant only on costly payday lenders.

The United States had a Postal Savings System from 1911 to 1967, which in 1947 had \$3.4 billion in assets (more than \$35 billion in today's dollars) or about 10 percent of the entire commercial banking system. Worldwide, 1.5 billion people receive some financial services through their postal service.

NAPS supports the restoration of limited postal banking services by the Postal Service and

public-private arrangements between the Postal Service and financial institutions. Legislation introduced in the 115th Congress would expand the authority of the Postal Service to provide basic financial services, including small-dollar loans, checking accounts, interest-bearing savings accounts and services relating to international money transfers. The legislation was the "Providing Opportunities for Savings, Transactions, and Lending (POSTAL) Act of 2017," H.R. 3617, introduced by Rep. Cedric Richmond (D-LA).

## **Modernizing Investment of RHBF Assets**

Revising how Retirement Health Benefit Fund (RHBF) assets are invested would provide a higher rate of return and reduce the Postal Service's retiree health liability. At the conclusion of FY18, the RHBF contained \$47.5 billion in assets.

NAPS supported legislation in the 115th Congress that would authorize the investment of USPS retiree health assets in index funds offered by the Thrift Savings Plan. The "Postal Service Financial Improvement Act of 2017," H.R. 760, introduced by Rep. Stephen Lynch (D-MA), would modernize how these funds are invested and bring these investment practices in line with private-sector business and investment practices. The legislation was approved by the House Oversight and Government Reform Committee in the spring of 2017.



#### **Enough Is Enough**

## **White House Fiscal Year 2020 Budget Expected March 11**

APS is opposed to using the congressional budget process to pave the way for actions that would privatize the Postal Service or narrow the universal service obligation. NAPS also remains opposed to cuts in the earned retirement and health benefits of federal and postal employees and retirees.

Federal and postal employees and retirees have been statutorially promised hard-earned retirement and health benefits essential to their future financial and health security. Cuts in these benefits would break a congressional commitment that deserves to be upheld.

The Trump Administration's proposed FY19 budget would have cut federal retirement benefits and required employees to pay more for their benefits. It also would have eliminated the FERS special retirement supplement, cut Thrift Savings Plan benefits, eliminated or reduced the COLA for retirees and turned the Federal Employees Health Benefits Program into a voucher program. NAPS continues to remain vigorously opposed to these proposals, should they re-emerge in the Trump Administration's FY20 budget.

Time and time again, federal employee and retiree pay and benefits have been used to offset other spending priorities. Since 2011, federal employees and retirees have contributed more than \$120 billion toward deficit reduction. Federal

employee paychecks were frozen for three years starting in 2011, followed by three years of reduced pay increases. Postal Service managers and employees, paid under different pay systems, received similar treatment from 2009 to 2014.

In 2013 and 2014, Congress increased newly hired federal employee contributions toward their retirement benefits to offset the costs of the "Middle Class Tax Relief and Job Creation Act of 2012" and the "Bipartisan Budget Act of 2013." Also in 2013, federal employees faced forced furloughs due to Congress' inaction on sequestration, for which they did not receive back pay.

Congress needs to find ways to fund government operations in the most sensible ways possible without wasting taxpayer funds, but not at the expense of the federal employee community. These are the men and women who deliver our mail, protect our borders, conduct food-safety inspections, care for our veterans and help respond to natural disasters. Their careers have been humbly built on serving their county and the American people. They are neither the cause nor the solution to this country's deficits and its debt. Neither should they be the scapegoats.

## Bills To Co-Sponsor

The National Association of Postal Supervisors encourages sponsorship of the following bills:

#### H.R. 597—Postal Employee **Appeal Rights Amendments Act**

Primary Sponsor: Rep. Gerald E. Connolly (D-VA-11), introduced Jan. 16, 2019 Contact: Kristine Lam, 202-225-1492, kristine.lam@mail.house.gov

The bill would confer to approximately 7,500 non-supervisory managerial postal employees the right to appeal significant personnel actions to the Merit Systems Protection Board. Non-supervisory postal personnel currently may only appeal such actions through an internal USPS process that lacks impartial third-party review. Postal supervisory personnel and nearly all federal civil service employees already enjoy MSPB appeal rights.

#### H. Res. 23—Resolution to **Maintain Door Mail Delivery**

Primary Sponsor: Rep. Susan Davis (D-CA-53), introduced Jan. 4, 2019 Contact: Lisa Sherman, 202-225-2040, lisa.sherman@mail.house.gov

This non-binding resolution expresses the sense of the House of Representatives that residential and business door mail delivery should be continued.

#### H. Res. 33—Resolution to **Oppose Privatization of the U.S. Postal Service**

Primary Sponsor: Stephen Lynch (D-MA-8), introduced Jan. 9, 2019

Contact: Bruce Fernandez, 202-225-8273, bruce.fernandez@mail.house.gov

This non-binding resolution expresses the sense of the House of Representatives that Congress should ensure that the U.S. Postal Service is not privatized and remains an independent establishment of the federal government.

#### H. Res. 54—Resolution to **Maintain Six-Day Mail Delivery**

Primary Sponsor: Rep. Gerry Connelly (D-VA), introduced Jan. 16, 2019 Contact: Kristine Lam, 202-225-1492, kristine.lam@mail.house.gov

This non-binding resolution urges the U.S. Postal Service to take steps to ensure the continuation of its six-day mail delivery service.

## **Frequently Asked Questions About**

#### What is NAPS?

The National Association of Postal Supervisors (NAPS) is a management association representing over 27,000 active and retired postal supervisors, post-masters and managers employed by the United States Postal Service. Organized in 1908, NAPS exists to improve the Postal Service and the pay, benefits and working conditions of its members. NAPS is a management association, not a union.

#### Who are typical NAPS members?

Most are first-line supervisors and managers working in either mail processing or mail delivery—what's called "operations." Others are postmasters working in post offices. NAPS represents men and women working in virtually every functional unit in the Postal Service, including sales, human resources, training, corporate relations, law enforcement and health and safety.

#### Where do NAPS' members live?

NAPS members live in all 50 states (and virtually every congressional district), as well as in Puerto Rico, the Virgin Islands and Guam.

#### What legislative issues generally concern NAPS?

NAPS devotes its greatest attention to legislation that promotes the vitality and stability of the Postal Service. It also supports legislation that assures fairness in the treatment of federal and postal employees and retirees.

## **How have changes in the Postal Service impacted postal supervisors?**

Workforce downsizing and other challenges and changes have dramatically impacted postal supervisors. NAPS supports changes in the law, infrastructure and operations of the Postal Service that will sustain and modernize the operations and products of the Postal Service, without impairing service.



## **NAPS and Postal Supervisors**

## Why is a *postal* organization concerned about *federal* employee retirement and health benefits?

Postal employees and retirees participate in the same pension programs (CSRS and FERS) and the same federal health insurance program (FEHBP) as all federal employees. However, unlike other federal components, the Postal Service is obligated to make prefunding payments for its future retiree health obligations—without the benefit of appropriated taxpayer dollars.

#### How are the wages of postal supervisors set?

The pay of postal supervisors and postmasters is determined through a "meet and confer" or "consultation" process involving the Postal Service and NAPS. Postal supervisors and postmasters do not receive annual wage cost-of-living adjustments, as do rank-and-file employees, if available. The pay of rank-and-file postal employees is negotiated through collective bargaining between the Postal Service and their unions.

#### **How do NAPS members participate in legislative activities?**

Hundreds of NAPS members gather in Washington, DC, every spring for a three-day legislative conference. Much of that time is spent on Capitol Hill visiting members of Congress. Throughout the year, postal supervisors remain in touch with every representative's district office and every senator's state office, providing helpful information about the Postal Service and its operations.

#### **How can I reach a postal supervisor?**

Begin by calling NAPS Headquarters at 703-836-9660. Ask for Executive Vice President Ivan Butts or another resident officer. NAPS also can provide congressional offices with the names and contact coordinates of its state legislative chairs and branch legislative representatives.

# How can I get information about NAPS quickly?

For general information, visit NAPS' website: www.naps.org

For more detailed information, contact us by email, mail, phone or fax:

NAPS Headquarters 1727 King St., Suite 400 Alexandria, VA 22314-2753

napshq@naps.org

703-836-9660 (phone)

703-836-9665 (fax)

#### **Congressional Members Who Will Influence Postal Reform**

Following are members of the congressional committees that have oversight of the Postal Service:

### **House Committee on Oversight and Reform**

#### **Democrats**

Elijah Cummings, Maryland, chairman

Carolyn Maloney, New York

Eleanor Holmes Norton, District of Columbia

Lacy Clay, Missouri

Stephen F. Lynch, Massachusetts

Jim Cooper, Tennessee

Gerry Connolly, Virginia

Raja Krishnamoorthi, Illinois

Jamie Raskin, Maryland

\*Harley Rouda, California

\*Katie Hill, California, vice chair

#Debbie Wasserman Schultz, Florida

#John Sarbanes, Maryland

Peter Welch, Vermont

Jackie Speier, California

Robin Kelly, Illinois

Mark DeSaulnier, California

Brenda Lawrence, Michigan

Stacey Plaskett, U.S. Virgin Islands

#Ro Khanna, California

#Jimmy Gomez, California

\*Alexandria Ocasio-Cortez, New York

\*Ayanna Pressley, Massachusetts

\*Rashida Tlaib, Michigan

#### Republicans

Jim Jordan, Ohio, ranking member

Justin Amash, Michigan

Paul Gosar, Arizona

Virginia Foxx, North Carolina

Thomas Massie, Kentucky

Mark Meadows, North Carolina

Jody Hice, Georgia

Glenn Grothman, Wisconsin

James Comer, Kentucky

#Michael Cloud, Texas

#Bob Gibbs, Ohio

#Clay Higgins, Louisiana

#Ralph Norman, South Carolina

\*Chip Roy, Texas

\*Carol Miller, West Virginia

\*Mark E. Green, Tennessee

\*Kelly Armstrong, North Dakota

\*Greg Steube, Florida

### Senate Committee on Homeland Security and Governmental Affairs

#### Republicans

Ron Johnson, Wisconsin, chairman

Rob Portman, Ohio

Rand Paul, Kentucky

James Lankford, Oklahoma

Mike Enzi, Wyoming

\*Mitt Romney, Utah

\*Rick Scott, Florida

\*Josh Hawley, Missouri

#### **Democrats**

Gary Peters, Michigan, ranking member

Tom Carper, Delaware

Maggie Hassan, New Hampshire

Kamala Harris, California

\*Kyrsten Sinema, Arizona

\*Jacky Rosen, Nevada

\*Freshman

#New committee member





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