



MAIL HANDLER UPDATE

NATIONAL POSTAL MAIL HANDLERS UNION

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NPMHU MEETS WITH PRESIDENTIAL TASK FORCE

Like many issues in the nation's capital these days, it started with an early morning tweet from President Trump. In this series of tweets from the U.S. President, he criticized the e-commerce giant known as Amazon, a major customer of the U.S. Postal Service, presumably because the founding chairman of Amazon, Jeff Bezos, personally owns the Washington Post, which recently won a Pulitzer Prize for its constant and largely negative reporting on Trump and his Administration.

In these tweets, issued between March 29 and April 3, 2018, President Trump suggested that Amazon "use[s] our Postal System as their [sic] Delivery System (causing tremendous loss to the U.S.)," that the Postal Service "will lose \$1.50 on average for each package it [processes and] delivers for Amazon," and that "this will be changed." These tweets were demonstrably false, as USPS deficits over the past ten years have not been caused by its parcel business or its contract with Amazon, but rather were created by the unjustified Congressional requirement that the Postal Service fund 75 years of its retiree health insurance costs between 2007 and 2017. Indeed, the law already requires that all competitive products, including parcels, cover the costs attributed to their processing and delivery, and that market-dominant products, such as first-class mail, not be used to subsidize parcel delivery.

Notwithstanding this disconnect between the President's tweets and the current facts and law, less than ten days later the Trump Administration issued an Executive Order creating a task force charged with evaluating the operations and finances of the U.S. Postal Service, covering topics like pricing, USPS policies, and workforce costs. Specifically, the Task Force is being chaired by the Secretary of the Treasury or his designee, and other members include the Director of the Office of Management and Budget (OMB), the

Director of the Office of Personnel Management (OPM), and any other department or agency head the Chair may designate.

The Task Force also is required to consult with the Postmaster General and the Postal Regulatory Commission, as well as the Attorney General on government monopolies and the Secretary of Labor on workers compensation issues. When evaluating USPS operations and finances, the Order includes several specific subjects, including:

(i) the expansion and pricing of the package delivery market and the USPS's role in competitive markets; (ii) the decline in mail volume and its implications for USPS self-financing and the USPS monopoly over letter delivery and mailboxes; (iii) the definition of the "universal service obligation" in light of changes in technology, e-commerce, marketing practices, and customer needs; (iv) the USPS role in the U.S. economy and in rural areas, communities, and small towns; and (v) the state of the USPS business model, workforce, operations, costs, and pricing.

And all of this work must be completed by the Task Force by the middle of August 2018.

Because the Task Force also must consider the views of the USPS workforce, representatives of the NPMHU, including National President Paul Hogrogian and National Secretary-Treasurer Tim Dwyer, were invited to the Treasury Building on May 15, 2018 to meet with representatives of the Task Force. In attendance were a host of government officials designated not only by the Treasury Department, but also by OMB and OPM. The "listening session," as the Task Force described it, was led by Kipp Kranbuhl, Deputy Assistant Secretary of the Treasury for Small Business, Community Development & Housing Policy, and Clay Berry, Deputy Assistant Secretary of the Treasury for the Office of Financial Markets.



President Hogrogian addresses the Presidential Task Force

Hogrogian and Dwyer led the conversation, starting with a description of mail handlers, their work, and their contribution to the Postal Service. Because the NPMHU was the first outside stakeholder invited to meet with the Task Force, the Union also provided a short overview of USPS finances and its network operations since enactment of the PAEA in 2006, through the Great Recession of 2008, and in relation to the recent electronic diversion of mail volume. There also were discussions relating to ongoing legislative efforts at postal reform, the need to reject additional enforcement of pre-funding for retiree health or pension costs, the use of USPS assumptions in calculating unfunded liabilities, and the intrinsic value attributable to the existing USPS monopolies, the network infrastructure maintained by the Postal Service, and the need for continuing universal service. Finally, there were many questions and answers about capital expenditures and automation, especially as it relates to the 260 large mail processing plants.

Once the evaluation is completed, the Task Force is supposed to develop recommendations on administrative and legislative reforms for the Postal Service. Only time will tell whether this Task Force is able to stimulate appropriate reform, or whether its written report provides just another addition to the landfill of prior reports that were essentially pointless and therefore correctly ignored.



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