



AMERICANS FOR TAX REFORM

## POSTAL NEWSLETTER

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President

### President's Commission Approves Subcommittee Recommendations

The President's Commission on the United States Postal Service today received and approved recommendations from its Workforce and Technology Subcommittees, in preparation for the final report the commission will submit to the president on July 31.

Among the recommendations from the Workforce Subcommittee was a provision urging the United States Postal Service to take advantage of attrition. Approximately 47% of career employees will be eligible for retirement by 2010, which would present the USPS with an opportunity to drastically reduce the size of its workforce without putting a single worker out on the street.

Other recommendations included allowing the USPS to negotiate health and retirement benefits through collective bargaining instead of those benefits being dictated by law.

The Workforce Subcommittee also recommended the USPS design and implement a performance based compensation program that would treat postal employees more like employees of private companies, whose compensation is based on merit and productivity. Not surprisingly, this recommendation was passed over the vehement opposition of Commissioner Norman Seabrook, who also serves as president of the New York City Correction Officer's Benevolent Association.

The Commission also adopted a recommendation that the USPS be provided relief from certain requirements of the Federal Employees' Compensation Act (FECA), regarding workers' compensation. Specifically, the USPS would be allowed to limit benefits to 2/3 the maximum weekly rate and to transition individuals receiving workers' compensation to the USPS' retirement plan at such time as the employee would have become eligible for retirement.

The Workforce Subcommittee also recommended that the USPS restructure management to eliminate redundant positions and clarify job functions.

The Technology Subcommittee recommended that the USPS balance its expenditures on new automation

technology with consideration of outsourcing elements of its processing network. The USPS should not undertake functions the private sector could perform more effectively and cheaper than the USPS itself, the subcommittee said.

The Technology Subcommittee also recommended that the USPS work to put mail tracking technology in place to improve internal efficiency and accuracy in mail delivery.

The Commission adopted a recommendation that the USPS integrate its facility automation efforts with its transportation network with the use of GPS and onboard computer technology, in addition to putting in place a cost-effective system capable of tracking vehicles in their routes and allowing each vehicle to communicate in real time with fixed facilities.

Last week, the Commission received and adopted recommendations from the Co-Chairs, as well as the Private-Sector Partnership Subcommittee and Business Model Subcommittee. Highlights of those recommendations included a call for so-called "pricing flexibility," in which the USPS would be allowed to set rates within limits established by a new Postal Regulatory Board (to replace the current Postal Rate Commission) without obtaining prior approval. Given the USPS' eagerness to raise rates in the past, Americans for Tax Reform (ATR) has weighed in against pricing flexibility.

However, the Commission also recommended that rate ceilings be established for non-competitive products and services, and for creating a methodology which does not allow rates for competitive products and services to be cross-subsidized by revenues generated by non-competitive products and services. This would ensure that the USPS does not raise postage rates to subsidize artificially low prices in competitive markets, giving the USPS an unfair advantage over private sector competitors.

The Commission also adopted recommendations that the USPS maximize use of the private sector through worksharing and outsourcing.

In a July 8<sup>th</sup> final comment letter to the Commission, ATR President Grover Norquist recommended maximized use

of the private sector and workforce reduction, as well as restricting the USPS to its core mission.