

## SUMMARY OF THE POSTAL SERVICE PROTECTION ACT

The Postal Service Protection Act will:

**(1) fix the immediate fiscal problem of the postal service by allowing the postal service to recover the overpayments it made to its retirement programs.**

- The Postal Service Protection Act solves the most immediate financial problem facing the postal service by eliminating the unique requirement that the postal service pre-fund 75 years worth of future retiree health benefits in just 10 years. No other agency or company in America is required to pre-fund its benefits, especially on such an aggressive schedule. This mandate costs USPS between \$5.4 and \$5.8 billion per year, and it accounts for 100 percent of the Postal Service's \$20 billion in losses over the past four years (2007-2010). Without it, the USPS would still have significant borrowing authority with the United States Treasury to ride out tough economic times.
- Additionally, this bill would allow the postal service to recover the overpayments that it has made to its pension plans. According to studies by the Hay Group and the Segal Company, the postal service has overpaid at least \$50 billion into its pension plans. Because of these overpayments, USPS has been forced to subsidize retirement accounts for the entire Federal government. This is simply not fair, and this bill would allow USPS to recover these pension overpayments to both fund its retiree health benefits and cover its operational expenses.

**(2) establish new ways the Post Office can generate revenue,** by ending the prohibition on USPS providing non-postal services, such as:

- Providing notary services, new media services, issuance of licenses (drivers licenses, hunting licenses, fishing licenses)
- Contracting with state and local agencies to provide services.
- Shipping wine and beer
- Doing what some other countries are doing to respond to the shift toward electronic mail and away from hard-copy mail:
  - France's postal service offers banking and insurance services as well as communication services.
  - In Sweden, the Post Office will physically deliver e-mail correspondence to people who are not online.

- In Switzerland, registered users can have their physical mail received, scanned, and delivered into their email boxes
- In Germany, Deutsche Post will allow customers to communicate through secure servers

This bill would also create a blue ribbon commission composed of entrepreneurs, representatives of labor and small businesses to provide recommendations on how the postal service can generate new revenue to succeed in the 21st century.

### **(3) prevent the closing of rural post offices**

- Right now, USPS is supposed to consider the effect on the community and the effect on employees before closing a post office, but they have done a poor job of taking the full effect into consideration.
- This bill would give the Postal Regulatory Commission (PRC) binding authority to prevent closures based on the effect on the community and the effect on the employees. Right now, the Postal Regulatory Commission only has the authority to review a decision to close, but it does not have any binding authority to prevent the closure, even if it finds it was flawed.
- The bill would also prohibit USPS from considering whether a post office is turning a profit in making the decision to do a feasibility study for closure.
- The bill would require more transparency in the closure process. Under this bill, USPS would be required to inform the communities that are being studied for closure in the newspapers and in magazines, and they would also have to inform these communities why they are being studied.

### **(4) protect 6-day delivery**

- Since 1983, there has been a rider attached to annual spending bills prohibiting USPS from ending Saturday delivery services.
- The Sanders bill would establish a permanent legislative requirement that USPS deliver mail on Saturdays.

### **(5) protect mail-processing facilities**

- The bill would require strict standards for delivering first class mail delivery on time that would make it more difficult to close area mail processing facilities.