21st CENTURY POSTAL SERVICE ACT (P-21) SUMMARY

The P21 Act saves money with critical workforce-related reforms.

Buyouts and Retirement Incentives
The bill would give the Postmaster General access to the money the United States Postal Service (the Postal Service or USPS) has overpaid into one of its pension funds (FERS) and use it to offer buyouts or retirement incentives to reduce the active postal workforce by 100,000 or more employees over the next several years. The incentives could include either a cash buyout of up to $25,000 (the cap for federal worker buyouts) or credited service years toward retirement annuity: up to one year for Civil Service Retirement System (CSRS) employees and up to two for FERS employees. Any funds remaining after the Postal Service has completed this incentive program may be used to repay debt and meet obligations related to workers' compensation, pensions, and retiree health. USPS has estimated that reducing its workforce by 100,000 would save up to $8 billion annually.

Health Care Savings
The bill would immediately begin a 40 year amortized payment schedule for the Postal Service is to fund retirees' health benefits. It would also reduce the pre-fund goal to 80%. The bill also allows the amount of these payments to be reduced if the Postmaster General and postal union representatives are able to reach consensus on a health plan that significantly reduces this liability. The Postal Service and its unions would have until September 2012 to negotiate a separate USPS health insurance plan. The bill would also require any retirees eligible for Medicare who are not enrolled in Parts A and B to enroll and directs the Postal Service to work with OPM to develop Medigap-like plans (with the same benefit level that employees receive under the current system) within FEHB for postal retirees and their dependants.

Workers' Compensation Reforms
Right now, there are thousands of workers' compensation beneficiaries over the age of retirement who are still receiving workers' compensation benefits, even though they'll likely never return to work. The bill contains critical reforms across the government (not just USPS) to rationalize the program and restore its original purpose: to help injured workers rehabilitate and return to work whenever possible.

The bill would set compensation for <u>new enrollees</u> under the Federal Employees Compensation Act (FECA) at 66 2/3 percent of salary at the time of injury until they reach retirement age. At retirement age, compensation would be reduced to 50 percent of salary at the time of injury. Compensation for <u>current</u> workers compensation recipients would not be changed if they are permanently and totally disabled and unable to work. The remaining beneficiaries <u>over</u> retirement age would receive 66 2/3 percent of their salary at the time of injury, starting three years after enactment. <u>Current</u> beneficiaries <u>under</u> retirement age would receive 66 2/3 percent of salary at time of injury starting three years after enactment, and then, upon reaching retirement age, 50 percent of pay at the time of injury.

The bill would also increase certain compensation amounts for death and disfigurement. The bill would make also a number of changes aimed at helping workers' compensation beneficiaries return to work, such as the development of and compliance with back-to-work plans and the expansion of the Department of Labor's authority to temporarily place recipients in new jobs. It would also take a number of steps to combat fraud.

Arbitration Standards
The bill would require that arbitrators deciding a contract dispute between the Postal Service and labor organizations take into consideration the following factors when rendering a binding decision: 1) the financial condition of the Postal Service; 2) the requirement in law that USPS consider comparability of wages and benefits to those offered in the private sector; and 3) the polices of Title 39, the section of the U.S. Code that deals with all matters of postal law.

The P21 Act reforms operations without driving away customers.

Limitations on Five-Day Delivery
The bill would prohibit the Postal Service from implementing its plan to eliminate Saturday delivery for at least two years. The implementation could only move forward if the following conditions are met: 1) the Postal Service identifies customers who may be affected disproportionately by five-day delivery and develops remedies; 2) the Postal Service makes full use of its authorities under current law and the new authorities and mandates included in this bill to increase revenue and reduce costs; and 3) after implementing all other savings options, the Postal Service determines that a five-day schedule is still necessary to achieve sustainability. Once that decision is made, and demonstrated through careful financial analysis, the Government Accountability Office (GAO) would review the Postal Service's financial situation, projections, and the adequacy of the savings initiatives already implemented in order to determine whether the implementation of five-day delivery is financially necessary. The Postal Service would not be able to implement a five-day schedule unless the Postal Regulatory Commission (PRC) has found that the Comptroller General has made a determination that doing so is financially necessary.

Streamlining Delivery
Under current practices, postal customers who don't rent post office boxes receive delivery in a number of ways: some receive mail at their door while others receive it in mail boxes at their curb or at centrally-located stations at the end of their block or in a residential building. The bill would authorize the Postal Service, where feasible, to deliver to curbside, sidewalk, or centralized mailboxes rather than to door delivery points no later than 2015. This change could save the Postal Service billions every year.

Retail service standards
The bill would require the Postal Service to develop service standards to guarantee customers a certain level of access to retail services, whether at a post office or an alternative to a post office. The Postal Service must develop the standard, in consultation with the PRC, based on factors such as geography, population, and the availability of transportation. Communities concerned that a proposed closure violates a standard could challenge the proposal before the PRC.

Processing Facilities
The bill would require the Postal Service to complete a study prior to the closure of a processing facility. The study must evaluate the option of downsizing rather than closing the facility. The bill would also establish a rigorous public comment opportunity and require a response to those comments from the Postal Service as well as documentation that important factors have been considered prior to closure.

New Products and Services
The bill would allow the Postal Service to offer non-postal products or services if the PRC has determined that the products and services: 1) make use of USPS's processing, transportation, delivery, retail network, or technology; 2) are consistent with the public interest and a demonstrated demand for the Postal Service to offer them; 3) do not create unfair competition with the private sector; and 4) have the potential to improve the Postal Service's financial condition. The bill would also allow the Postal Service to offer services on behalf of state and local governments as it does today on behalf of federal agencies and to ship wine and beer like its private-sector competitors do.