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Fredric V. Rolando, President

Date: June 18, 2021

To: Manager, Product Classification
U.S. Postal Service

Fr: President Fredric V. Rolando
President, National Association of Letter Carriers, AFL-CIO (NALC)

Re: NALC Statement of Position on Proposed Service Standards
for Market-Dominant Mail Products (Docket No. N2021-1)

The National Association of Letter Carriers (NALC) is the collective bargaining representative of 210,000 City Letter Carriers employed by the U.S. Postal Service. As a major user of First Class Mail in communications with our 280,000 active and retired members and our 1,870 local branches, and as a publisher of a monthly magazine that is sent by mail to all of our members, we have a clear interest in the service changes proposed by the Postal Service. In addition, as a major stakeholder in the postal industry, we have a direct interest in the financial stability and long-term health of the Postal Service as a public service enterprise – an interest that could be put at risk by the subject of this docket.

As a customer of the Postal Service with frequent mailings to all 50 states as well all to all of America's territories, the NALC supports improved reliability. However, slowing the mail will delay our distribution of local dues reimbursements to our branches, reduce the timeliness of our communications regarding collective bargaining and union activities, and reduce the value of our monthly periodical, *The Postal Record,* which goes to every active and retired member.

As a stakeholder in the Postal Service, we are not in favor of the proposed slower service standards for three reasons.

First, the Postal Service's major customers and the American public have expressed strong opposition to the changes proposed as measured by the high number of public comments submitted.

Second, the potential damage to the Postal Service's brand of reducing the quality of service at a time when the agency is using its much needed expanded authority to raise postage rates, could be significant and could trigger greater volume losses than those suggested by price elasticities calculated many years ago. The Postal Service's high favorability rating with the American public, which exceeded 90 percent across all major demographic categories in 2020, is one the agency's greatest assets. It should not be squandered.

Third, the operational changes to be implemented under the new service standards will generate, at best, minimal cost savings -- just $169 million annually, which represents a fraction of one percent of current operating costs. As a matter of long-term strategy, these paltry savings do not justify the potential damage to the agency's brand.

The Postal Service argues that it is impossible to reliably meet its current service standards with its current operational footprint – and that the cost of expanding this footprint to do so is too costly. That may or may not be true. However, it is hard to argue that mailers are better off if 100% of their cross-country mail gets slower service than they are currently when a much smaller percentage of cross-country mail fails to arrive in three days. Adopting more realistic performance targets (to less than 95%) for cross-country mail would seem to make more sense for the USPS than downgrading its service standards for First Class Mail and Periodicals – at least until new ways are developed to reach the higher targets.

NALC urges the Board of Governors to reconsider these proposed new service standards as it continues to implement the Delivering for America strategic plan. As it seeks to balance service quality and cost considerations going forward, we call on the Board to revisit the 10-year plan and to aim higher for revenue-generating product innovation. It should also look to further public policy reforms to strengthen the Postal Service's finances. Improving the way we invest the Postal Service's $330 billion in retirement fund assets, now by law invested in low-yielding Treasury securities, would generate far greater reductions in USPS operating expenses (via reduced pension amortization payments and a bolstered Postal Service Retiree Health Benefits Fund) than the proposed service standard changes. NALC supports the main elements of the strategic plan and is working with the Postal Service to innovate and improve service. But the Postal Service should reconsider these proposed service cuts.