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Postal Service Begins Labor Contract Negotiations With Two Unions

WASHINGTON — Facing a projected loss of more than \$8 billion for this fiscal year and a projected need to reduce its workforce by 220,000 employees by 2015, the Postal Service begins today contract negotiations with the National Association of Letter Carriers, AFL-CIO (NALC) and on Aug. 30 with the National Postal Mail Handlers Union (NPMHU). The two unions represent 247,000 of the Postal Service's 560,000 career employees.

Mail volume peaked in 2006 at 213 billion pieces. The effects of the recession coupled with the ongoing shift to digital communications resulted in mail volume plummeting 20 percent to 171 billion pieces last year. Over the last four fiscal years, the Postal Service reduced its size by 110,000 career positions and saved \$12 billion in costs. Expenses, however, continue to exceed revenues in part due to an overstaffed workforce.

"If the Postal Service was a private sector business, it would have filed for bankruptcy and utilized the reorganization process to restructure its labor agreements to reflect the new financial reality," said Anthony Vegliante, chief human resources officer and executive vice president. "Wages and benefits for all employees represent nearly 80 percent of our costs. To remain solvent, we must negotiate contracts that address our total labor costs and enable us to downsize quickly to adjust to America's changing mailing needs while being fair to our customers and employees."

The NALC represents 200,000 employees who work as letter carriers delivering mail primarily in urban areas. The NPMHU represents 47,000 employees who work in mail-processing plants and Post Offices. Respectively, wages and benefits for the NALC- and NPMHU-represented employees exceeded \$15 billion and \$3 billion last year. Both contracts expire Nov. 20, 2011.

Last week the Postal Service confirmed that it is [exploring additional legislative proposals](#) that ask Congress to allow it to:

- establish its own health benefits program;
- administer its own retirement system; and,
- adjust the size of its workforce to match operational needs and the changing marketplace.

These new proposals are in addition to ones previously identified, including:

- eliminating Congressionally mandated retiree health benefit prepayments;
- enabling the Postal Service to access Federal Employees Retirement System overpayments; and,
- giving the Postal Service the authority to determine mail delivery frequency.

Two other unions represent most other postal employees. Employees represented by the American Postal Workers Union, AFL-CIO (APWU) work as clerks, mechanics, vehicle drivers, custodians and some administrative positions. Their wages and benefits exceeded \$15 billion last year. The National Rural Letter Carriers' Association (NRLCA) represents employees who deliver mail primarily in rural and suburban areas. The cost of their compensation package was nearly \$6 billion last year.

Union	Employees	Contract Expiration
APWU	200,000	midnight, May 20, 2015
NALC	200,000	midnight, Nov. 20, 2011
NRLCA	66,000 career	midnight, Nov. 20, 2010

	48,000 non-career	
NPMHU	47,000	midnight, Nov. 20, 2011

The Postal Service [*successfully negotiated a contract*](#) with the APWU that will save more than \$3.8 billion over the four year life of the contract that expires May 20, 2015. The APWU contract achieves short-term cost relief, long-term structural changes and enhanced workforce flexibility.

Negotiations with the NRLCA have come to an impasse and will be resolved through interest arbitration. Unlike in the private sector, it is illegal for federal employees to strike, including when negotiations fail. Rather, a third party determines the final outcome of work rules and wages for bargaining unit employees.

| For additional background information on labor negotiations, click this link: [*Labor Negotiations*](#).

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation – 150 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, [*usps.com*](http://usps.com), the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 29th in the 2010 Fortune 500. *Black Enterprise* and *Hispanic Business* magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute.