

**Coburn Amendment #2061: To require retirement-eligible USPS employees to retire.**

**30 Percent of the USPS Workforce is Eligible to Retire.**

The Postal Service reports that 174,000 of its 551,000 workers are currently eligible to retire<sup>1</sup>.

That means that more than 30 percent of the Postal Service's workers are eligible to retire and, therefore, eligible for federal pensions.

This amendment would require the Postal Service to dismiss its workers who are retirement eligible in order to cut costs.

**Amendment #2061 Would Establish a Fair Process to Help Transition to a Sustainable Postal Service**

Labor costs make up 80 percent of the USPS's costs.<sup>2</sup>

The Postal Service is on track to lose more than \$13 billion this year.

According to the Postmaster General, the USPS is on track to be losing \$21 billion per year by 2016 if the Service is not allowed to reform its business model.

The Postal Service has said that it needs to dismiss at least 120,000 workers.

This amendment would ensure that all Postal employees have a chance to work a full career (and earn a full federal pension) before retiring.

---

<sup>1</sup> Staff email with the US Postal Service.

<sup>2</sup> <http://www.nytimes.com/2011/09/05/business/in-internet-age-postal-service-struggles-to-stay-solvent-and-relevant.html?pagewanted=all>.

## **This Amendment is a Fair Approach to Postal Downsizing**

This policy would only apply to those postal employees that are currently eligible to receive a full pension under the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS).

These workers will have defined benefit pensions—a luxury that a majority of most workers in the private sector do not have.

Retirement-eligible workers are in the best position to be dismissed from the Postal Service than their more junior colleagues who have not yet reached retirement eligibility.

## **Some Other Federal Agencies Cap How Long an Employee Can Work**

Federal Law Enforcement Careers under the Department of Justice—like FBI and DEA special agents—are required to retire after 20 years or at the age of 57.

## **It is reasonable for the USPS to establish similar mandatory retirement process.**

Postal careers are demanding. Postal employees are more prone to injury than other federal workers.

The United States Postal Service (USPS) Office of Inspector General reported in 2010 that USPS alone had more than \$12 billion of the \$30 billion in estimated actuarial Federal Employee Compensation Act (FECA) liabilities.<sup>3</sup>

---

<sup>3</sup> <http://www.gao.gov/new.items/d12212t.pdf>

## **Retiring Eligible Employees Would Be a Better Approach than the Strategy in S. 1789 (Which is to Buy-Out Potential Retirees)**

Dismissing retirement eligible workers is a smarter strategy for downsizing than the buyouts proposed in S. 1789.

S. 1789 would provide buyouts—essentially cash bonuses or years of service credits—to encourage postal employees to decide to retire.

But there is a real risk that these buyouts will go to workers who would already be planning to retire anyway. That is, these buyouts may essentially be retirement gifts to already-retiring workers.

There is also a danger that this would create a new precedent to award years-of-service credits to federal workers.

This is a very costly approach to trying to lower government's costs.

## **Saving the Postal Service Will Require Sacrifices from Many Stakeholders**

Rescuing the Postal Service from its current course on bankruptcy will require many sacrifices.

Many Post Offices will need to close. Many Postal Processing facilities will need to close. Some postal customers may need to pay more for some postal services.

But postal workers too will need to make sacrifices.

Retirement-eligible postal employees—specifically, those that have already qualified for full pensions—are in the best position to make this sacrifice to help the Post Office avoid bankruptcy and get on a path to a sustainable future.

