

# **The Essential Eight**

A Summary of PostCom's  
Principles of Postal Reform

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# **Eight Essential Principles for Postal Reform**

- **Fix CSRS and Military Benefits**
- **Require Bottom-Up Costing**
- **Enable Pricing Flexibility**
- **Expedite the Administrative Process**
- **Define Universal Postal Services**
- **Optimize Private Sector Management Authority, Incentives and Pay Comparability**
- **Maintain the Mailbox Monopoly**
- **Strengthen Regulatory Oversight/Transparency**

# Fix CSRS and Military Benefits

- PostCom's proposal
  - permanently transfers responsibility for all pension costs for CSRS and FERS employees attributable to military and volunteer service to the Treasury Department; and
  - mandates that CSRS savings be used to delay or moderate rate increases, or prefund currently unfunded postretirement health benefits obligations, and precludes use of this savings for debt repayment or capital investment.

# Require Bottom Up Costing

- PostCom's proposal requires that baseline and new rates be unbundled, and based on the costs of resources consumed through services provided at various points of access to the postal network.

# Enable Pricing Flexibility

- PostCom's proposal
  - limits rate regulation to non-competitive products; and
  - provides the Postal Service with pricing flexibility within the framework of a price cap system.

# Expedite the Administrative Process

- PostCom's proposal:
  - eliminates traditional rate cases;
  - provides that price cap adjustments and rate changes be made no more frequently than annually;
  - limits trial-type hearings to certain types of proceedings, basically where there is a substantial and material question of fact cannot be resolved on the pleadings; and
  - requires non-trial type hearings to be decided within four months of initiation.

# Define Universal Postal Services

- PostCom's proposal:
  - ensures the ability of the Postal Service to provide universal service for postal services well into the future;
  - basically limits “postal services” to the physical delivery of letters, printed matter or packages, including acceptance, collection, verification, sorting and transportation, and directly related services and functions; and
  - defines the universal service obligation as providing postal services with sufficient frequency to satisfy local postal needs, to every delivery point for which mail is available.

# Optimize Private Sector Management Authority, Incentives, and Pay Comparability

- PostCom's proposal:
  - provides for business incentives by eliminating the breakeven constraint;
  - authorizes the Board to close or consolidate facilities to the extent such actions do not substantially impair its ability to provide universal service;
  - provides for executive incentives to enhance the productivity of the Postal Service comparable to the private sector; and
  - provides that analysis of pay comparability takes into consideration total compensation of the officer or employee, including all benefits.

# Maintain the Mailbox Monopoly

- PostCom's proposal:
  - maintains the Postal Service's monopoly over access to the mailbox;
  - retains the private express statutes and existing exemptions;
  - restricts the Postal Service from adopting regulations altering the scope of this monopoly; and
  - requires the Postal Regulatory Board to report to Congress where changes to scope of monopoly are needed.

# Strengthen Regulatory Oversight/Transparency

- PostCom's proposal
  - expands Postal Service disclosure and reporting obligations;
  - empowers a new Postal Regulatory Board with broader oversight authority, and expedited rate and complaint review processes;
  - empowers Postal Regulatory Board to review terms and conditions of service, and complaints; and
  - empowers the Postal Regulatory Board to compel discovery.