



**A Grand Alliance to Save Our Public Postal Service**  
*New York City Field Hearing*

***Rededicating the Public Postal Service to the Needs of a 21<sup>st</sup> Century Economy***  
New York City  
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Testimony Submitted by  
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Good evening Moderator Bailey and Field Hearing Officers Fisher-Kemp, Holder and James. Thank you for the opportunity to testify today. My name is James Parrott, Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI), a nonpartisan nonprofit education and research organization focused on New York economic and fiscal policy issues. FPI has been analyzing labor market and economic trends in New York City and State for nearly 25 years. FPI's mission is to foster public and private practices that create broadly shared prosperity.

I testify this evening not only as an economist who has studied the Postal Service, among several other key sectors of our economy, but also as a former postal clerk and letter carrier. The first permanent job I had when I completed my undergraduate degree was with the Postal Service. At the Post Office, I learned first-hand important lessons that cannot be taught in college—lessons about the dignity of blue collar work and blue collar workers, and about the superior abilities of postal workers to organize and carry out their responsibilities despite the interference of managers intent on trying to control a rank-and-file workforce that clearly knows how to get the job done.

So it is no surprise that this hearing and this broader campaign are the result of a determined effort led by postal worker unions to save the Postal Service from itself and to chart a new course that responds to a changed economic environment and compelling public needs. The painfully slow economic recovery from the Great Recession of 2008-09 highlights the enormous challenge we face in the United States in responding to the disruptions caused by technological changes and by the economic havoc wrought by the financial collapse that undermined the livelihoods and economic security of millions of American families and small businesses.

I want to highlight three issues in my testimony:

- The considerable adverse community economic and employment impact of consolidations proposed by Postal Service management;
- The importance of postal service job opportunities for communities of color, especially African Americans; and
- To suggest how the Postal Service can be re-tooled for the 21<sup>st</sup> century service needs.

***The adverse community economic impact of proposed consolidations***

A year-and-a-half ago I was asked by the American Postal Workers Union to estimate the net economic and fiscal impacts of proposed consolidations involving five postal facilities around the country.<sup>1</sup> The proposed consolidations were part of a nationwide “cost-savings” plan that would have further slowed mail delivery times. One of these involved a proposal to downsize sorting operations at the mail processing center in Newburgh, New York, in the lower Hudson Valley and to consolidate these operations at the Albany processing and distribution facility, 90 miles away. The consolidation would have involved the loss of 360 postal jobs in Newburgh and an increase of 128 postal jobs in Albany. The Postal Service released its own study about the potential impacts on postal operations but that analysis dramatically understated the overall community economic impact.

Here’s what we found from the Newburgh study.

- Net annual savings to the USPS were dwarfed by the net decline in labor incomes in Newburgh and New York associated with the loss in postal jobs, with job losses sustained in businesses that support postal operations as well as losses related to reduced consumer spending associated with middle-income paying postal jobs.
- In the Newburgh case, the overall net drop in labor incomes totaled almost \$34 million, nearly two-and-a-half times the \$14 million net payroll savings to the Postal Service.
- The transfer of some operations to Albany increased labor incomes in that area, but by a much smaller amount than the total loss in the Newburgh area.
- The overall net decline in postal jobs if the consolidation had gone forward would mean the loss of 360 solid middle-income paying jobs in Newburgh with average pay of \$54,000, one-and-a-half times the \$35,400 median annual earnings for Orange County residents.
- Displaced postal workers would face a daunting task in finding alternative employment in and around Newburgh at comparable pay and benefits.

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<sup>1</sup> Fiscal Policy Institute, *The Economic and Community Impact of Downsizing Postal Sorting Operations in Newburgh, New York*, November 20, 2014. <http://www.apwu.org/sites/apwu/files/resource-files/FPI%20Newburgh%20NY.pdf>. For similar FPI reports on proposed consolidations affecting Huron, SD; New Orleans, LA; Tucson, AZ, and Youngstown, OH, see <http://www.apwu.org/issues/fighting-consolidation>.

- Newburgh area businesses in industries like real estate, banking utilities and a host of other affected businesses would also lose enough business that they would reduce their payrolls by an estimated 175 jobs. Statewide, we estimated a net loss of \$2 million in business income that the Postal Service failed to account for.
- In addition, the federal government and New York State would lose personal and business income and payroll taxes and local governments would experience a decline in property and sales taxes associated with the downsizing of postal sorting operations. Altogether, taxes would decline by \$4.4 million.
- In its estimates of the financial impact of proposed consolidations, the Postal Service did not take stock of the broader community economic, business and fiscal impacts.

Similar results were found for the other four facilities we analyzed in Ohio, South Dakota, Arizona and Louisiana.

We did not attempt to quantify the impact of the downsizing in postal operations on businesses and consumers who would experience longer delivery times and poorer service as a result. Even though the round of consolidations that we analyzed has been put on hold, the Postal Service reduced service standards in January 2015, with a significant portion of single piece first class mail being reduced from one-day to two-day expected delivery times.

The Postal Service's plans for further consolidations are not the result of postal operations losing money. Rather, it stems from an effort by some Washington officials seeking to privatize the post office. One of the key tactics in pushing that agenda has been the 2006 Congressional legislation requiring the Postal Service to fully prefund future 75 years of retiree health benefits over a 10-year period, at a cost of approximately \$5.5 billion annually. This is a requirement that no other public or private entity in the United States must follow, and was instituted to put the public's postal service out of business, clearing the way for greater privatization.

### ***The importance of postal service job opportunities for communities of color***

While the total number of postal jobs has leveled off over the past year or so at around 600,000, postal employment is one-third lower (nearly 300,000) today than it was in 1999.<sup>2</sup> For many years, the Postal Service has been a major employer of workers of color. In 2015, nearly 43 percent of all postal employees were African-American, Latino or Asian, considerably higher than the combined 34 percent share of the overall national job picture.<sup>3</sup>

Postal jobs are particularly important for African American workers. While slightly under 12 percent of all U.S. workers are African American, when it comes to the Postal Service, over 24

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<sup>2</sup> U.S. Bureau of Labor Statistics, Current Employment Statistics data, accessed May 2016.

<sup>3</sup> U.S. Bureau of Labor Statistics, Current Population Survey data, by industry, sex, race, and Hispanic or Latino ethnicity, 2015.

percent of all jobs are held by African Americans. That is a substantial difference. **In fact, of all the detailed industries in the national economy that offer predominantly middle-income jobs, the Postal Service stands out as having the greatest share of African American employment.** The only other sector that comes close is bus service and urban transit, but those jobs are not always union and therefore not as likely to provide middle-class wage levels. Home health care and nursing homes both have higher percentages of African American workers, but those industries typically provide much lower pay than the mid-\$50,000 range for postal jobs.<sup>4</sup>

It is no exaggeration to say that postal service jobs are quintessential middle-class jobs for African Americans, as they also are for Latinos and Asians, and for women who hold 41 percent of all postal jobs.<sup>5</sup>

### ***Providing public postal services for the 21<sup>st</sup> century***

Let's be clear: this is not a question of a workforce nostalgic for a time before the Internet and email. This is a matter of responding to new technologies and new ways of doing business by overhauling a unique national service-oriented economic enterprise that reaches every community and every household and business no matter how small or remote in this vast country. The Post Office dates back to 1775, the year before the 13 colonies declared their independence from Britain. It has adapted to many changes over the last 240 years, and there is no reason it can't be re-tooled for the Internet Age to provide universal package delivery services, the need for which has grown in tandem with the rapid rise in e-commerce and online shopping. Postal Service package volume has been increasing at an 11 percent annual rate since 2013 and USPS has been gaining market share from UPS and FedEx.<sup>6</sup>

The USPS can also help bring high-speed broadband to remote communities. And in an age when banks are bigger than ever yet still fail to serve tens of millions of Americans, Postal Banking could provide affordable, consumer-driven financial services to lower-income households throughout New York City and all across the country who are poorly served by traditional banks, and too often fall prey to predatory payday lenders and check cashers.

***In conclusion:*** This campaign represents an innovative and critically important response to changing technologies and economic conditions, and the challenges of restoring middle class jobs, putting people and communities before profits, and getting this country back on track toward broadly shared prosperity.

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<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> USPS website, *A decade of facts and figures*, accessed May 11, 2016; and Multichannel Merchant, *U.S. Postal Service Again Posts Parcel Gains But Overall Loss*, May 10, 2016. <http://multichannelmerchant.com/news/u-s-postal-service-posts-parcel-gains-overall-loss-10052016/>