

# The Postal Service can't afford unions

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If you believe in a higher power, then I've got evidence for you that God has a sense of humor. Last week, the American Postal Workers Union, which represents more than 200,000 workers, had to extend its elections for national officers because...wait for it...*thousands of ballots got lost in the mail.*

The irony is amusing, but what isn't funny is the financial condition of the U.S. Postal Service. The grand ole government mail monopoly has seen its revenues plummet from the combination of a weak economy and growing competition from cheaper, quicker electronic communication alternatives.

Although the USPS has been able to shave billions in expenses, it hasn't been enough to stop the bleeding. The USPS, which is close to maxing out its \$15 billion line of credit with the U.S. Treasury, faces the prospect of running out of operating cash by year's end.

A big drag on the USPS's bottom line is the pesky postal unions.

Even though postal operations have become more automated, [labor](#) still accounts for 80 percent of the USPS's costs. The USPS has been able to eliminate thousands of positions through attrition, but it still possesses the second-largest civilian workforce in the country, behind only Wal-Mart. With 85 percent of that workforce protected by collective bargaining agreement, the unions have become a giant anchor on an already sinking ship.

In 2009, the average postal employee received about \$79,000 in [total compensation](#). This compares to \$61,000 in wages and benefits received by the average private sector worker. Studies that have made "apples to apples" comparisons of postal workers to private sector workers have repeatedly found that postal workers receive a significant compensation premium.

The premium isn't surprising considering that postal employee benefits are even more generous than the benefits regular federal civilian workers receive.

The USPS covers a higher proportion of [employee](#) premiums for health care and life insurance than other federal agencies. Postal workers participate in the federal workers' compensation program, which generally provides larger benefits than the private sector, and instead of retiring when eligible, postal workers can stay on the more generous workers' compensation rolls.

Another issue is that union contracts inhibit the flexibility required to efficiently manage the USPS workforce. For example, most postal workers are protected by "no-layoff" provisions, and the USPS must let go lower-cost part-time and temporary employees before it can lay off a full-time worker not covered by a no-layoff provision.

Collective bargaining agreements also make it difficult for the USPS to hire part-time workers, which could generate substantial savings. Hiring workers who can work less than 8-hour shifts would give managers needed flexibility to address seasonal and weekly fluctuations in workload.

The USPS inspector general recently pointed out that the USPS's utilization of part-time workers is below UPS, FedEx, and its international counterparts. While only 13 percent of the USPS's workforce is part-time, the figures for UPS and FedEx are a respective 53 and 40 percent. Germany's Deutsche Post, which is privatized, employs a workforce that is 40 percent part-time.

Unfortunately, the game is rigged in favor of the postal unions — to the point of absurdity. An arbitrator weighing a decision on a contract dispute between postal management and a union is *not* allowed to consider the [financial position](#) of the USPS when rendering a decision. Yes, you read that correctly.

American Postal Workers Union chief William Burrus doesn't think it's absurd. In fact, he recently called the idea that arbitrators should be able to consider the USPS's financial position "antidemocratic."

The APWU is currently in contract negotiations with the USPS. When asked about the possibility of union concessions in light of the USPS's financial woes, Burrus called a pay increase for his members an "entitlement" and stated that his union wants "more control over activities at [work](#), more money, better benefits — we want more."

The sad reality is that having watched the unionized workforces at GM and Chrysler receive preferential treatment from the federal government, there's little incentive for Burrus and the postal unions to *not* ask for more. The postal unions are likely betting that in a worst case financial scenario for the USPS, policymakers will tap taxpayers for a bailout. Unfortunately, if recent history is a guide, they're probably correct.

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