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History of the U.S. Postal Service

1775-1993

Postal Reform



Mobile, AL, letter carriers preparing mail for delivery, 1956

By the mid-1960s, the Post Office Department was in deep trouble. Years of financial neglect and fragmented control had finally impaired its ability to function in terms of facilities, equipment, wages, and management efficiency, as well as in terms of the highly subsidized rates that existed on all classes of mail -- rates that for many years bore little relation to costs.

In 1966, the Chicago Post Office ground to a virtual stop under a logjam of mail. At a hearing in 1967, Oklahoma Congressman Tom Steed, chairman of the House Appropriations

Subcommittee on Treasury-Post Office, stated the case for postal reform while questioning Postmaster General Lawrence O'Brien. The Congressman asked:

"Would this be a fair summary -- that at the present time, as manager of the Post Office Department, you have no control over your workload; over the rates or revenue; over the pay rates of the employees that you employ; you have very little control over the conditions of the service of these employees; you have virtually no control, by the nature of it, of your physical facilities; and you have only a limited control, at best, over the transportation facilities that you are compelled to use -- all of which adds up to a staggering amount of 'no control' in terms of the duties you have to perform?"

What Congressman Steed did not articulate was that this total lack of control by the Postmaster General meant that, in most cases and except for the ZIP Code, the mail was being handled virtually in the same way it had been handled 100 years earlier, despite skyrocketing mail volume.

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Postal Reorganization Act

In May 1969, four months after he became a member of President Richard Nixon's Cabinet, Postmaster General Winton M. Blount proposed a basic reorganization of the Post Office Department. The President asked Congress to pass the Postal Service Act of 1969, calling for removal of the Postmaster General from the Cabinet and creation of a self-supporting postal corporation wholly owned by the federal government.

On March 12, 1970, after extensive hearings, the House Post Office Committee reported a compromise measure containing postal reform provisions similar to those proposed by the



Letter carriers, 1946

President and providing a pay increase for postal employees, but postal employees called it "too little, too late." Six days later, a postal work stoppage began and ultimately involved approximately 152,000 postal employees in 671 locations.

The Postmaster General agreed to negotiate with the seven exclusively recognized unions upon the employees' return to work. Consequently, the employees went back on the job, and negotiations began on March 25. On April 2, the negotiating parties announced they had agreed to recommend to Congress a general wage increase of six percent, retroactive to December 27, 1969, for all federal employees, plus an additional eight percent increase for postal workers that would take effect if the parties could

agree on legislation reorganizing the Post Office Department and if the legislation could be enacted. Management and the unions agreed to develop jointly a reorganization plan and, on April 16, 1970, announced agreement on such a plan.

The agreement was embodied in a legislative proposal and sent to Congress by President Nixon. The proposal included four basic provisions enunciated earlier by the Postmaster General as necessary to reform the postal system: adequate financing authority; removal of the system from politics, assuring continuity of management; collective bargaining between postal management and employees; and the Postal Service's setting rates after an opportunity for hearings before an impartial rate panel. In addition to the eight percent pay increase for postal employees, the bill provided for negotiation of a new wage schedule so employees could reach the maximum step in grade after no more than 8 years, instead of 21 years.

On August 3, by a roll call vote of 57 to 7, the Senate approved the conference report on House Resolution 17070, a modified version of the legislation proposed by the President; three days later, the House of Representatives approved it. On August 12, 1970, President Nixon signed into law the most comprehensive postal legislation since the founding of the Republic, Public Law 91-375.

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United States Postal Service

The Post Office Department was transformed into the United States Postal Service, an independent establishment of the executive branch of the Government of the United States. The mission of the Postal Service remained the same, as stated in Title 39 of the U.S. Code: "The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities."

The new Postal Service officially began operations on July 1, 1971. At that time, the Postmaster General left the Cabinet, and the Postal Service received:

- Operational authority vested in a Board of Governors and Postal Service executive management, rather than in Congress.
- Authority to issue public bonds to finance postal buildings and mechanization.
- Direct collective bargaining between representatives of management and the unions.
- A new rate-setting procedure, built around an independent Postal Rate Commission.

Title 39, the Postal Reorganization Act, also vested direction of the powers of the Postal Service in an 11-member Board of Governors. Nine members (the Governors) are appointed by the President, by and with the advice and consent of the Senate.

They serve staggered nine-year terms, and no more than five Governors may belong to the same political party. Governors are chosen to represent the public interest generally, may not represent specific interests using the Postal Service, and may be removed only for cause.

The nine Governors appoint the Postmaster General, who is the chief executive officer of the Postal Service and who serves at their discretion, and these 10 people select the Deputy Postmaster General. All are voting members of the Board of Governors, which directs the exercise of the powers of the Postal Service, reviews its practices and policies, and directs and controls its expenditures. The nine Governors alone approve rates and classification changes following a recommendation by the Postal Rate Commission. The entire, 11 member Board determines when rates and classification changes become effective. The Postmaster General appoints all officers of the Postal Service.

The Postal Reorganization Act also changed the United States postal system in other ways:

Finances and rates: It established an independent Postal Rate Commission of five members, appointed by the President with the advice and consent of the Senate, to recommend postal rates and classifications for adoption by the Governors. It authorized the Postal Service to borrow money from the general public and phased out the general public service subsidy, which the Postal Service ended earlier than required in 1983. It also authorized appropriations to reimburse the Postal Service for carrying congressionally established categories of free and reduced-rate mail and required that rates for each class of mail cover direct and indirect costs attributable to that class, plus a proportion of institutional costs.

Personnel: It established a postal career service, a framework that permits terms and conditions of employment to be set through collective bargaining, and prohibited political recommendations for appointments within the Postal Service. The Civil Service retirement program was retained.

Labor-management relations: The Act authorized collective bargaining on wages and working conditions under laws applying to private industry and provided for binding arbitration if an impasse persists 180 days after the start of bargaining. The ban on strikes, applicable to all federal employees, remained. It authorized the National Labor Relations Board to determine proper bargaining units, supervise representative elections, and enforce the unfair labor practices provisions found in the law. It also protected the rights of all employees to form, join, or assist a labor organization, or to refrain from such activity.

Transportation: It extended laws governing common and contract carriage of mail by railroads to motor common carriers and authorized negotiated contracts with star route operators and motor common carriers.

Pay: The Act established the policy that the Postal Service would maintain compensation and benefits for its officers and employees on a standard of comparability to that offered by the private sector for similar levels of work. However, the Act mandated that no officer or employee shall be paid compensation at a rate in excess of the rate for Level I (Cabinet Officer level) of the Executive Schedule.

Despite the manifold accomplishments of the Postal Service since Reorganization, the mechanization of operations and the ZIP Code had apparently reached their peak in the 1970s, and more was needed to cope with increasing mail volume. In 1978, the Postal Service decided to develop an expanded code of four add-on digits that would speed processing when coupled with new mechanization capable of sorting mail to small geographic segments, such as a city block or single building.

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