

# Postal Contracting: Year in Review and Year Ahead

March 2, 2011

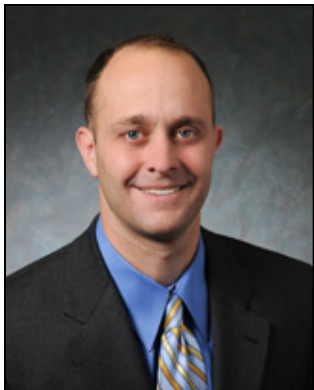
## Webinar Presenters



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# Topics

- USPS financial condition
- OIG investigations
- MI on noncompetitive procurements
- New organizational structure and goals
- Supply Management's 3-year plan
- Green purchasing and sustainability
- SPP revisions
- Key PSBCA decisions
- Congressional and budgetary initiatives
- Predictions for year ahead

# USPS FY 2010 – Year End

- **Revenues:** \$67 billion
- **Expenses:** \$75 billion
- **Prefund pay:** \$5.6 billion
- **Year loss:** \$8.5 billion
- **Total debt:** \$13.9 billion
- **Mail volume:** 170 billion pieces
- **Employees:** 583,908

|  | <i>Years ended September 30</i> |           |           |
|--|---------------------------------|-----------|-----------|
|  | 2010                            | 2009      | 2008      |
| <i>(Dollars in millions, audited)</i>              |                                 |           |           |
| <b>Operating revenue</b>                           | \$67,052                        | \$68,090  | \$74,932  |
| <b>Operating expenses *</b>                        | \$75,426                        | \$71,830  | \$77,738  |
| <b>Loss from operations</b>                        | \$(8,374)                       | \$(3,740) | \$(2,806) |
| <b>Operating margin</b>                            | (12.5%)                         | (5.5%)    | (3.7%)    |
| <b>Net loss</b>                                    | \$(8,505)                       | \$(3,794) | \$(2,806) |
| <b>Purchases of capital property and equipment</b> | \$1,393                         | \$1,839   | \$1,995   |
| <b>Debt</b>  | \$12,000                        | \$10,200  | \$7,200   |
| <b>Interest expense</b>                            | \$156                           | \$80      | \$36      |
| <b>Capital contributions of U.S. government</b>    | \$3,132                         | \$3,087   | \$3,034   |
| <b>Deficit since reorganization</b>                | \$(17,005)                      | \$(8,500) | \$(4,706) |
| <b>Total net deficiency</b>                        | \$(13,873)                      | \$(5,413) | \$(1,672) |
| <i>(Unaudited)</i>                                 |                                 |           |           |
| <b>Number of career employees</b>                  | 583,908                         | 623,128   | 663,238   |
| <b>Mail volume (pieces in millions)</b>            | 170,574                         | 176,744   | 202,703   |
| <b>New delivery points served</b>                  | 739,580                         | 923,595   | 1,199,764 |

## *Percent change from preceding year*

| 2010    | 2009    | 2008    |
|---------|---------|---------|
| (1.5%)  | (9.1%)  | 0.2%    |
| 5.0%    | (7.6%)  | (3.0%)  |
|         |         |         |
|         |         |         |
|         |         |         |
| (24.3%) | (7.8%)  | (26.5%) |
|         |         |         |
|         |         |         |
|         |         |         |
|         |         |         |
|         |         |         |
|         |         |         |
|         |         |         |
| (6.3%)  | (6.0%)  | (3.1%)  |
| (3.5%)  | (12.8%) | (4.5%)  |
|         |         |         |

(source: USPS Annual Report FY 2010)

# USPS FY 2011 – Quarter 1

- First class mail only 49% of total revenue
- Transportation expense up \$148 million

## Quarter 1 FY 2011 Mail Volume and Revenue

(pieces and dollars in millions)

| <u>Mail Type</u>        | <u>Volume</u> |               | <u>Revenue</u>  |                 |
|-------------------------|---------------|---------------|-----------------|-----------------|
|                         | <u>2010</u>   | <u>2009</u>   | <u>2010</u>     | <u>2009</u>     |
| First Class Mail        | 19,989        | 21,186        | \$8,766         | \$9,310         |
| Standard Mail           | 23,757        | 21,867        | \$4,995         | \$4,662         |
| Periodicals             | 1,846         | 1,871         | \$480           | \$492           |
| Package Services        | 186           | 178           | \$431           | \$412           |
| Other Mailing Services  | 157           | 136           | \$630           | \$946           |
| Total Mailing Services  | 45,935        | 45,238        | \$15,302        | \$15,822        |
| Total Shipping Services | 422           | 412           | \$2,575         | \$2,533         |
| <b>Total</b>            | <b>46,357</b> | <b>45,650</b> | <b>\$17,877</b> | <b>\$18,355</b> |

*Source: US Postal Service*

Reproduced with permission from *Business Mailers Review*.

# Bernstock investigation

- OIG Report dated June 21, 2010
- Allegations
  - high-pay sole source contracts to former colleagues
  - incomplete reporting of Board memberships
  - personal use of postal equipment
  - manipulating ad spending budget



UNITED STATES POSTAL SERVICE  
OFFICE OF INSPECTOR GENERAL  
1735 NORTH LYNN STREET  
SUITE 10000  
ARLINGTON, VA 22209-2020

CASE #: 09UIHQ0132GC11SI CROSS REFERENCE #:

TITLE: BERNSTOCK, ROBERT F. – PRESIDENT –  
MAILING AND SHIPPING SERVICES –  
WASHINGTON, DC

CASE AGENT (if different from prepared by):

#### REPORT OF INVESTIGATION

PERIOD COVERED: FROM July 2, 2009 TO June 21, 2010

STATUS OF CASE: Referred to the U.S. Postal Service for Administrative Action

JOINT AGENCIES:  
None.

#### DISTRIBUTION:

John Potter  
Postmaster General  
U.S. Postal Service Headquarters  
475 L'Enfant Plaza S.W.  
Washington, DC 20260-4223

PREPARED BY: (b)(7)(C) DATE: June 21, 2010

Page 1

RESTRICTED INFORMATION

This report is furnished on an official need to know basis and must be protected from dissemination which may compromise the best interests of the U.S. Postal Service Office of Inspector General. This report shall not be released in response to a Freedom of Information Act or Privacy Act request or disseminated to other parties without prior consultation with the Office of Inspector General. Unauthorized release may result in criminal prosecution.

# Who's Who of Interviewees

- Postmaster General
- President, Mailing & Shipping Services
- Chief Counsel, Ethics and Federal Requirements
- Chief Human Resources Officer and Executive VP
- General Counsel and Senior VP
- VP, Supply Management
- Treasurer
- Director, Compensation & Benefits
- Chief Financial Officer
- VP, Expedited Shipping
- VP, Retail Operations
- VP, Sales

# OIG Report on USPS Purchasing Policies

– issued  
September 20,  
2010



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

September 20, 2010

JOSEPH CORBETT  
EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER

ANTHONY VEGLIANTE  
EXECUTIVE VICE PRESIDENT, CHIEF HUMAN RESOURCES OFFICER

SUBJECT: Audit Report – U.S. Postal Service Purchasing Policies  
(Report Number CA-AR-10-005)

This report presents the results of our audit of U.S. Postal Service Purchasing Policies (Project Number 10YG013CA000). The report responds to a congressional request to review Postal Service purchasing policies for noncompetitive contracting and conflicts of interest. Specifically, we were asked to compare those policies against those in the Federal Acquisition Regulation (FAR).<sup>1</sup> Our objectives were to (1) assess the Postal Service's procurement policies for awarding noncompetitive contracts and dealing with conflicts of interest, (2) determine how Postal Service policies compare to federal regulations and private industry best practices, and (3) assess the Postal Service's compliance with its existing noncompetitive contract policies and procedures. This audit addresses operational risk. See Appendix A for additional information about this audit.

In 1970, Congress passed the Postal Reorganization Act<sup>2</sup> which established the Postal Service. The newly established Postal Service was given flexibility with its purchasing practices and was exempt from most federal procurement regulations. Since then, the Postal Service's purchasing policies have gone through many changes and iterations in an effort to follow the procurement developments of the private sector, streamline its acquisition process, and reduce purchasing costs. The 2006 Postal Accountability and Enhancement Act reaffirmed the sense of Congress that the Postal Service should implement commercial best practices in their purchasing policies. The Postal Service is not required to comply with certain key federal procurement regulations and laws, such as the FAR and the Competition in Contracting Act of 1984.<sup>3</sup>

<sup>1</sup> In 1984, the FAR was established to codify uniform policies for acquisition of supplies and services by executive agencies.

<sup>2</sup> The U.S. Postal Service was established as an independent establishment within the executive branch of the government of the U.S. under the Postal Reorganization Act of August 12, 1970 (Public Law 91-375, 84 Stat. 719).

<sup>3</sup> Revised the FAR to encourage competition for awarding all types of government contracts. The purpose was to increase the number of competitors and savings through lower, more competitive pricing.

# OIG Report on USPS Purchasing Policies

- Findings

- Total of 39,934 contracting actions and \$12.9 billion in FY 2009
- USPS noncompetitive justification approval process is less stringent than other agencies
- 35% of noncompetitive contracts considered not sufficiently supported
- 5% of contractual actions unclassified or misclassified



# OIG Report on USPS Purchasing Policies

## Key Recommendations:

- Strengthen oversight & transparency of noncompetitive purchasing
  - Establish a competition advocate
  - Better tracking of noncompetitive actions
  - CO must find price is fair and reasonable
  - Independently track compliance with policies
- Strengthen conflict of interest policies
  - More involvement by COs
- Stop contracting with former postal employees

# USPS Briefing Materials on New Noncompetitive Purchases



Supply Management Infrastructure  
Law Department

## Noncompetitive Purchase Request

- Each element must be addressed in full with solid rationale – CO may assist in review to ensure sufficiency
- 1. Purpose
- 2. Background
- 3. Scenarios/Basis
- 4. Market Research
- 5. Company Identity and History
- 6. Estimated Cost
- 7. Future Purchases
- 8. COI or Appearance of the Loss of Impartiality in the Performance of Official Duties Cert and Nondisclosure Statement
- 9. Required Signatures of the Requesting Organization
  - Originator/preparer
  - All responsible manager(s) in the requesting office's management chain
  - The VP of the requesting office, if the estimated value of the NC purchase is expected to exceed \$250K

MI SP-S2-2010-1

8

## Certification of No Financial COI or Appearance of the Loss of Impartiality in the Performance of Official Duties

- I certify that I and those persons whose interests are imputed to me by law, do not have a financial interest in any entity or party interested in this purchase. This includes any party or entity involved in the award of the purchase and any of its competitors.
- I understand that the financial interests of the following persons are imputed to me by law:
  1. My spouse;
  2. My minor children;
  3. My general partner in any non-postal business;
  4. An organization or entity in which I serve as officer, director, trustee, general partner or employee; and
  5. A person with whom I am negotiating for or have an arrangement concerning prospective employment.

## **Certification of No Financial COI or Appearance of the Loss of Impartiality in the Performance of Official Duties (continued)**

- I also certify that, to the best of my knowledge, this purchase is not likely to have a direct and predictable effect on the financial interests of a member of my household; and
- That I do not have a covered relationship with any party or entity interested in this purchase or with anyone that represents a party or entity interested in this purchase.

## Certification of No Financial COI or Appearance of the Loss of Impartiality in the Performance of Official Duties (continued)

- I understand that I have a covered relationship with:
  1. A person, other than a prospective employer, with whom I have or seek a business, contractual or other financial relationship that involves other than a routine consumer transaction;
  2. A person who is a member of my household or a relative with whom I have a close personal relationship;
  3. A person for whom my spouse, my parent or dependent child is, to my knowledge, serving or seeking to serve as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee;
  4. A person for whom I have, within the last year, served as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee; or
  5. An organization, other than a political party, in which I am an active participant.

## Certification of No Financial COI or Appearance of the Loss of Impartiality in the Performance of Official Duties (continued)

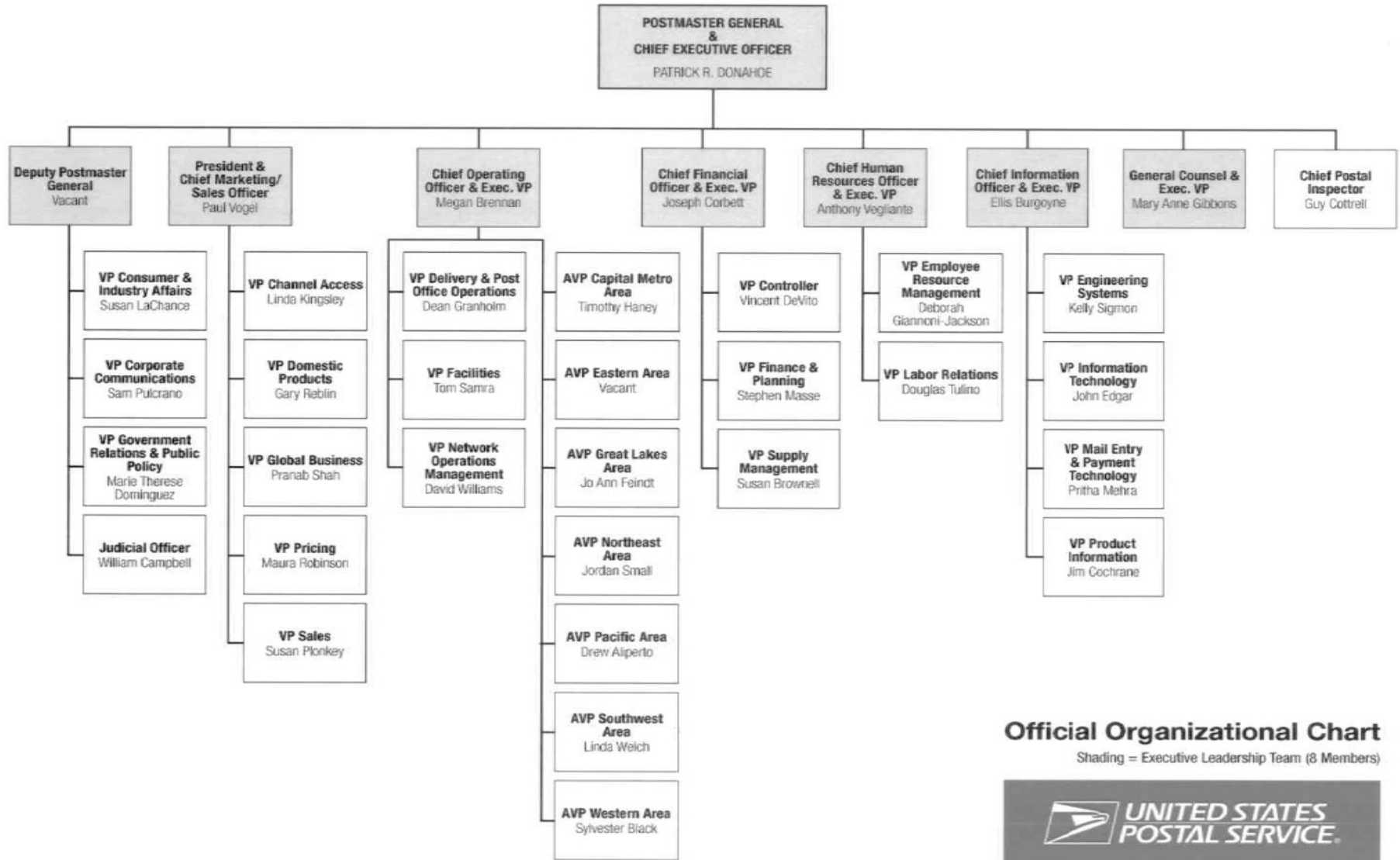
- I also certify that I am not aware of any other circumstances that I believe would cause a reasonable person with knowledge of the relevant facts to question my ability to remain impartial in this purchase.
- I understand that if I have a financial conflict of interest related to this purchase, or my participation in this purchase that would lead a reasonable person with the relevant knowledge to question my ability to remain impartial, that I am disqualified from participating in this purchase.
- I also understand that I must immediately stop all work on this purchase and consult with ethics counsel to determine if I may continue to participate in this purchase.

## **Nondisclosure Statement**

I understand that I may not disclose any non-public information to any party interested in this purchase, nor allow the use of nonpublic information by any party interested in this purchase.

Nonpublic information is information that I have gained by reason of my Postal Service employment and that I know or reasonably should know has not been made available to the general public.

# New HQ Structure under PMG Donahoe



## Official Organizational Chart

Shading = Executive Leadership Team (8 Members)

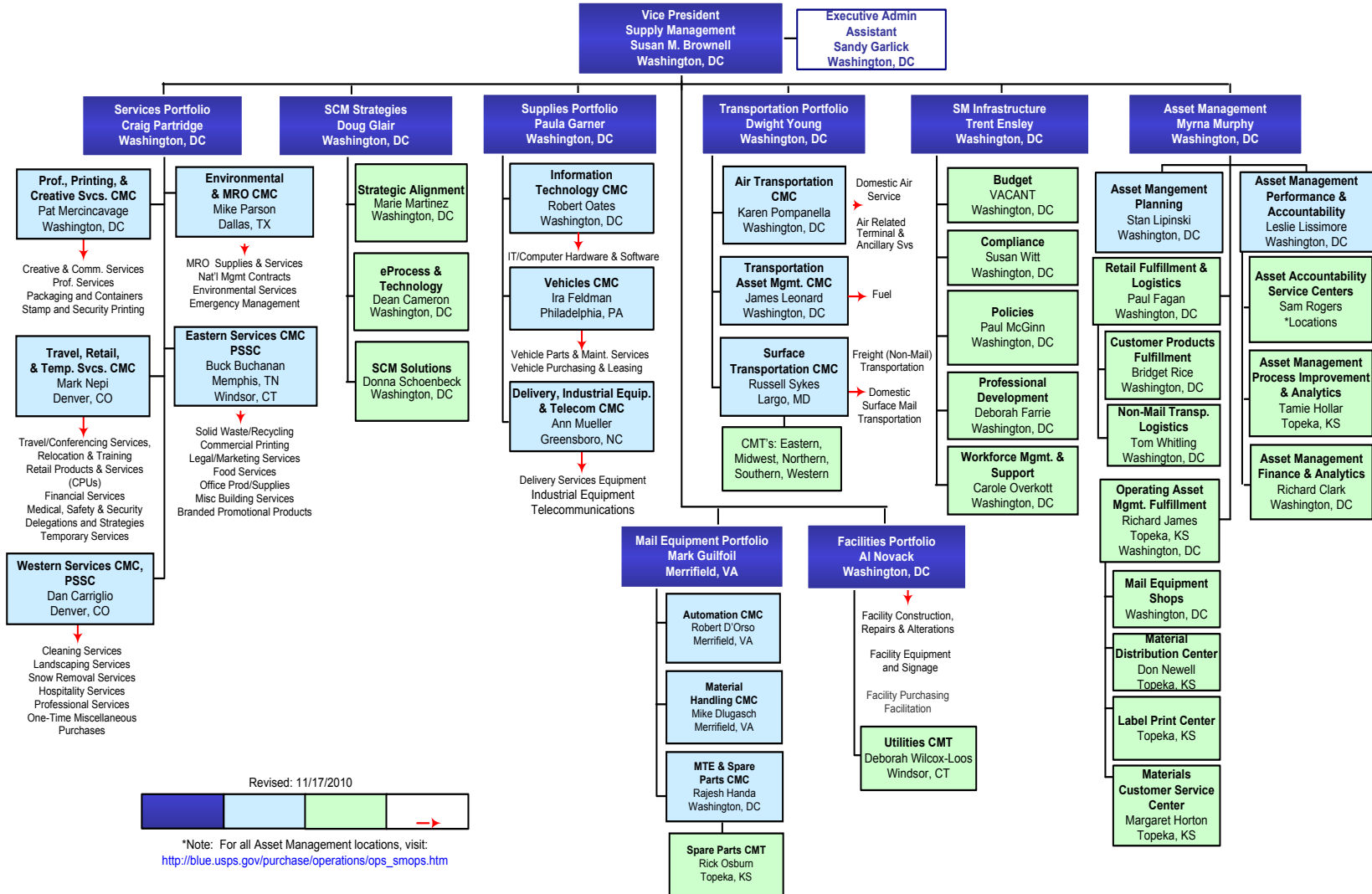




# New PMG's Goals

- Grow business-to-consumer
- Grow package business
- “Leaner, faster, smarter”
- Make customer experiences positive
- Simplify mailing experience
- Consolidate and close facilities
- 20 to 25% reduction in administrative staff

# Supply Management Organization Chart



# Supply Management Three-Year Strategic Plan, 2010-2012

**Supply Management  
Three-Year  
Strategic Plan**

2010-2012



 **UNITED STATES  
POSTAL SERVICE**

# Supply Management 3 Year Plan

## Strengths

- e-Commerce process solutions (eBuy system, optimization, reverse auctions)
- Formal Commodity Sourcing Strategy Plans
- Green Purchasing Program
- Organizational structure supporting commodity management
- Spend leverage
- Streamlined purchasing regulations
- Strategic planning focus
- Strategic sourcing initiatives and cost reductions
- Structured purchasing process (Best Value)
- Supplier Diversity Program
- Supplier relationships/Postal Supplier Council
- Workforce development and professionalism

# Supply Management 3 Year Plan

## Weaknesses

- Consistency of contract management
- Controls over consumption and compliance
- Data capture
- Employee turnover
- Focus on acquisition price versus total cost of ownership
- Multiple supply management systems (inventory, invoicing, contract writing)
- Not taking full advantage of flexible purchasing policies
- Paper-based processes
- Requirements planning
- Resource constraints and flexibility of workforce
- Slow to capture supplier innovation
- Supplier base not fully rationalized

# Supply Management 3 Year Plan

## Threats

- Economic/Global Recession
- Financial position of Postal Service
- Fluctuating fuel and other raw material prices
- High percentage of retirement-eligible employees
- Limited competition/supply base reduction in certain market sectors
- Negative impacts of reduced budgets on key suppliers
- New federal laws & mandates
- Political and legislative constraints
- Supply of skilled SCM talent

# Supply Management 3 Year Plan

## Opportunities

- Implement aggressive cost reductions
- Capitalize on supplier innovation, strategic alliances, and partnerships
- Expand impact to broader business processes
- Focus on total cost of ownership and value
- Implement demand management processes and controls over consumption
- Improve visibility and management of assets
- Improve category strategies
- Improve supply chain integration and forecasting capabilities
- Improve talent and diversity in the workforce
- Improve quality of work life
- Leverage process management and performance metrics
- Maximize eco-efficiency in purchasing practices
- Provide support to augment Postal Service revenue
- Use technology to enhance user capabilities, lower costs, and improve performance

# Green Purchasing and Sustainability

## Sustainability 2009 Report

Reduce  
Reuse  
Recycle



## GREEN PURCHASING PLAN Fiscal Years 2008 to 2010

UNITED STATES POSTAL SERVICE

December 2008



*This document was printed on paper that contains 100% post-consumer fibers.  
Copies of this document should, but may not, meet the same standard.*



*Green Purchasing Plan 2008 – 2010 1  
United States Postal Service*



# USPS Sustainability Performance Plan Overview, July 2010

- First federal agency to publish 3<sup>rd</sup> party verified Green House Gas emissions inventory
- Goal to reduce carbon emissions 20% by 2020
- Must cut facility energy use by 30% and fuel consumption by 20%
- Suppliers with contracts over \$500k will need to provide sustainability data

## U.S. Postal Service Strategic Sustainability Performance Plan Overview July 2010



# USPS Sustainability Goals

| Focus Area         | USPS Sustainability Goals |   |
|--------------------|---------------------------|---|
| Greenhouse gas     | 1                         | Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (FY 2008 baseline).                   |
|                    | 2                         | Reduce select scope 3 GHG emissions 20% by FY 2020 (FY 2008 baseline).                  |
| Facility energy    | 3                         | Reduce total facility energy use 30% by FY 2015 (FY 2003 baseline).                     |
| Owned-vehicle fuel | 4                         | Reduce owned-vehicle petroleum fuel use 20% by FY 2015 (FY 2005 baseline).              |
|                    | 5                         | Increase owned-vehicle alternative fuel use 10% annually by FY 2015 (FY 2005 baseline). |

|           |    |   |
|-----------|----|---|
| Suppliers | 11 | Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).  |
|           | 12 | Require suppliers with current contract commitments of over \$500,000 to provide sustainability data by FY 2015 (FY 2011 baseline). |
|           | 13 | Include standard USPS sustainability clauses in new contract actions by FY 2015 (FY 2011 baseline).                                 |

|           |    |   |
|-----------|----|---|
| Suppliers | 11 | Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).  |
|           | 12 | Require suppliers with current contract commitments of over \$500,000 to provide sustainability data by FY 2015 (FY 2011 baseline).                         |
|           | 13 | Include standard USPS sustainability clauses in new contract actions by FY 2015 (FY 2011 baseline).   |
| Customers | 14 | Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings (FY 2009 baseline).                  |
| Peers     | 15 | Outperform the international postal sector's average annual carbon management performance score, as calculated by the International Post Corporation (IPC). |

# USPS Green Newsroom

USPS - Green Newsroom



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|---------------------------------|-----------------------------------|--|--|--|-------------------------------------|
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| <a href="#">Business &gt;</a>   | <a href="#">Household &gt;</a>    | <a href="#">Buy Stamps &amp; Shop &gt;</a> | <a href="#">All Products &amp; Services &gt;</a> | <a href="#">About USPS &amp; News &gt;</a> |                                     |

 [go](#)

## Green Newsroom

### Green News Releases

[Back to USPS Newsroom](#)

# SPP

## Revisions

- Reissued January 2011
- Noncompetitive Purchase Request (NPR) process
- Competition Advocate
- Out of scope change orders

### Summary of Changes

**Permanent Note:** On May 1, 2006, the Interim Internal Purchasing Guidelines were replaced by the Postal Service's Supplying Principles and Practices (SPs and Ps).

The SPs and Ps have been updated to reflect the following:

#### **Ethics and Social Responsibility**

##### **Conflicts of Interest**

- The Ethics and Social Responsibility principle has been revised, specifically in the area of conflicts of interest. The new text discusses the need for purchase/SCM teams, contracting officers, and Postal Service management to fully consider and address any ethical concerns on the part of any employee involved in the contracting process as well as any organizational conflicts of interest on the part of suppliers. The new text also addresses financial conflicts of interest, impartiality in performing official duties and misuse of position, and organizational conflicts of interest.

#### **Process Step 2: Evaluate Sources**

##### **2-1 Develop Purchase Plan**

- [2-1.1, General](#), is revised to state that written purchase plans are required for all competitive and noncompetitive purchases valued at \$1 million or more.
- [2-1.2, Preliminary Purchase Method Recommendation](#), is revised to state that as soon as a need arises, the requesting organization should contact the relevant purchasing organization to discuss upcoming requirements and how they should be met. An important element of planning is the purchase method recommendation (the decision to purchase either competitively or noncompetitively).
- [2-1.3, Components of a Purchase Plan](#), contains both new and revised language.
- [2-1.3.1, Competitive Purchases](#), contains a list of components that may be included in a purchase plan for a competitive contract. These requirements have been revised to apply to competitive contracts only.
- [2-1.3.2, Noncompetitive Purchases](#), is a new section that contains a list of components that may be included in a purchase plan for a noncompetitive contract. These requirements have been revised to apply to noncompetitive contracts only. The contracting officer completes a purchase plan for noncompetitive purchases of \$1 million or more after

# Noncompetitive Purchase Request Process

1. Preliminary determination by requesting organization (RO)
2. RO prepares NPR, signs certifications, obtains approvals, submits to CO
3. Competition Advocate review
4. Back to CO
5. Final reviews and approvals

# Competition Advocate

## 2-10.3.4 **Competition Advocate**

2-10.3.4.1 **General.** The CA is appointed by the VP, SM, and is generally responsible for promoting competition throughout the purchasing process, challenging barriers to the competition of Postal Service requirements, and assisting purchase/SCM teams in the development of effective supply chain management (SCM) solutions and obtaining best value. More specifically, the CA completes an independent review of all NPRs for purchases valued at \$1 million or more, provides independent advice to contracting officers regarding proposed noncompetitive purchases, and produces an annual report on noncompetitive purchase activity; the report is submitted to the VP, SM, and posted on-line for both internal Postal Service and public audiences.

# Out of Scope Change Orders

## 5-8.8 Change Orders


Paragraph c of [Clause 4-1: General Terms and Conditions \(March 2006\)](#) and [Clause B-37: Changes \(Construction\) \(March 2006\)](#) allow the contracting officer to make unilateral changes, as specified in the clause, within the general scope of the contract. Whether or not a change is within scope will be determined in the context of the specific contract, but, generally, a change is within the scope of the contract if it does not change the nature of the goods and services required by the original contract. If a proposed change is not within the scope of the contract, it should not be the subject of a change order, but rather should be treated as a new purchase or as a noncompetitive purchase, subject to the requirements of [2-10, Determine Extent of Competition](#), and [2-41, Obtain Selected Reviews and Approvals](#). Contracting officers and approval authorities should closely monitor the number and types of modifications made to a particular contract to ensure that these actions continue to obtain the best value and further the business and competitive interests of the Postal Service.

# Key Legal Decisions



# PSBCA: Southern Mail Service

- USPS contends that inconsistent past practice was a “mistake”
- COR’s had delegated authority and their decisions were not “mistakes”

 UNITED STATES  
POSTAL SERVICE

BOARD OF CONTRACT APPEALS

2101 WILSON BOULEVARD, SUITE 600  
ARLINGTON VA 22201-3078  
703-812-1900 FAX: 703-812-1901

Appeals of ) June 16, 2010  
SOUTHERN MAIL SERVICE, INC., et al. )  
)  
)  
)  
)  
Under Contract No. HCR 75124, et al. ) PSBCA Nos. 5322, 5375, 5377-5382

APPEARANCE FOR APPELLANT: Rand L. Allen, Esq.  
Philip J. Davis, Esq.  
Tracye Winfrey Howard, Esq.  
Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006-2304

APPEARANCE FOR RESPONDENT: Michael F. Kiely, Esq.  
Office of the General Counsel  
United States Postal Service  
475 L'Enfant Plaza SW, Room 6327  
Washington, DC 20260-1127


**OPINION OF THE BOARD ON MOTION FOR RECONSIDERATION<sup>1</sup>**

Respondent has filed a timely motion seeking reconsideration of that part of the Board's Opinion (Southern Mail Service, Inc., et al., PSBCA Nos. 5322, 5375, 5377-5382, 09-2 BCA ¶ 34,244) in which the Board found ineffective the contracting officer's attempted revocation of contract adjustments previously allowed by authorized contracting officer's representatives (CORs). As a result, the Board granted the appeals in PSBCA Nos. 5375 and 5377-5382, and Respondent seeks

<sup>1</sup> Administrative Judge Gary E. Shapiro took no part in the Board's consideration of this matter.

# PSBCA: Wayne L. Orr

- Contractor used pocketknife to pick lock and enter post office
- Incident served USPS' s desire to get rid of Orr' s contract for cost savings reasons
- Board holds pocketknife was not a “dangerous or deadly weapon”

|   |   |   |
|---|---|---|
|   |   | <b>RECEIVED</b><br>OCT - 8 2010<br>BY: _____  |
| <b>BOARD OF CONTRACT APPEALS</b>  |   | 2101 WILSON BOULEVARD, SUITE 600<br>ARLINGTON VA 22201-3078<br>703-812-1900 FAX: 703-812-1901   |
| Appeal of   | ) | September 30, 2010  |
| WAYNE L. ORR  | ) |   |
|   | ) |   |
|   | ) |   |
| Under Contract No. HCR 07865  | ) | PSBCA No. 6268  |
| APPEARANCE FOR APPELLANT:   |   | Todd M. Hooker, Esq.<br>Morris, Downing and Sherred, LLP<br>One Main Street<br>Post Office Box 67<br>Newton, NJ 07860-0067                                |
| APPEARANCE FOR RESPONDENT:  |   | Morgan E. Rehrig, Esq.<br>Office of the General Counsel<br>United States Postal Service<br>475 L'Enfant Plaza, SW, Room 6425<br>Washington, DC 20260-1127 |
| <b><u>OPINION OF THE BOARD</u></b>  |   |   |
| <p>Appellant, Wayne L. Orr, appeals a contracting officer's final decision issued by Respondent, United States Postal Service, terminating for default his mail transportation and delivery contract. The default termination was based on events occurring three days apart in May 2009 involving Appellant's use of a pocketknife to enter a locked post office in New Jersey where he worked. We sustain the appeal.</p> |   |   |

# Executive and Congressional Initiatives

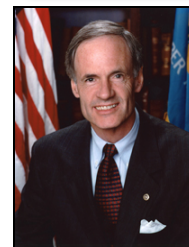
- Overview:
  1. Administration's FY 2012 budget proposal
  2. Relevant Congressional committees and members
  3. Senator Collins bill
  4. Response from House on postal matters

# FY2012 Proposed budget

- Administration's proposed FY 2012 budget
- Deferral of \$4 billion of \$5.5 billion payment to the Retiree Health Benefits Fund (RHBF)
- Return estimated \$6.9 billion overpaid to OPM for FERS pension costs (phased in over 30 years)

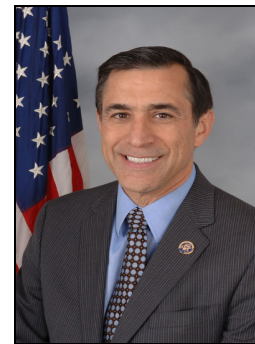
# Senate Committees and Senators

- Homeland Security and Governmental Affairs
- Chair: Senator Lieberman (I-CT)
- Republican Ranking:  
Senator Collins (R-ME)
- Postal Subcommittee Char:  
Senator Carper (D-DE)



# House Committee and Representatives

- The Committee of jurisdiction is the Committee on Oversight and Government Reform
- Chairman-Rep. Issa (R-CA)



Democratic Ranking Member-  
Rep. Cummings (D-MD)



# Senate Legislation

- Senator Collins introduced S. 353, “U.S. Postal Service Improvements Act of 2011.”

112TH CONGRESS  
1ST SESSION

**S. 353**

To provide for improvements to the United States Postal Service, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2011

Ms. COLLINS introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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**A BILL**

To provide for improvements to the United States Postal Service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “U.S. Postal Service  
5 Improvements Act of 2011”.

# Senate legislation

- Directs OPM to change its methodology related to the USPS overpayment into the CSRS and the FERS pension funds
- Requires changes to USPS contracting practices, including establishing a “Competition Advocate” with the goal of enhancing competition
- Requires PRC and USPS to post noncompetitive purchase requests over \$250,000 on website



# Response from House

- No postal reform bill has yet to be introduced in the House
- Could be harder to convince that postal reform efforts are imperative
- House Chairman Issa may focus on the need to re-negotiate the compensation packages of postal workers

# Predictions for Year Ahead

- Cost-cutting continues
- Restrictions on expansion of existing contracts
- More competitive procurements
- Fewer available contracting resources
- Further efforts to consolidate suppliers
- Termination of contracts to obtain same items at lower cost
- Focus on green purchasing and sustainability
- Continued OIG scrutiny

# Thank You

If you have any questions, feel free to contact us at:

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