A GRAND ALLIANCE TO SAVE OUR PUBLIC POSTAL SERVICE

In the face of aggressive attacks, a wide range of national and local organizations have come together to create A Grand Alliance to Save Our Public Postal Service. These organizations are united in the demand that the public good must not be sacrificed for the sake of private investment and profit. A strong public Postal Service is our democratic right. A Grand Alliance is fighting to protect and enhance vibrant public postal services now—and for many generations to come.

A GRAND ALLIANCE
TO SAVE OUR PUBLIC POSTAL SERVICE

A GRAND ALLIANCE MISSION STATEMENT

The United States Postal Service is a wonderful national treasure, enshrined in the Constitution and supported by the American people. Without any taxpayer funding, the USPS serves 150 million households and businesses each day, providing affordable, universal mail service to all–including rich and poor, rural and urban, without regard to age, nationality, race or gender.

The U.S. Postal Service belongs to "We, the People." But the USPS and postal jobs are threatened by narrow monied interests aimed at undermining postal services and dismantling this great public institution.

Even some postal executives have been complicit in the drive toward the destruction of the Postal Service and ultimate privatization: They have slowed mail service, closed community based Post Offices and mail processing facilities, slashed hours of operations, tried ceaselessly to end six-day service as well as door to door delivery, and eliminated hundreds of thousands of living wage jobs.

Good postal jobs are vital to strong, healthy communities, and have provided equal opportunities and the foundation for financial stability for workers from all walks of life, including racial and ethnic minorities, women and veterans. Postal services are essential to commerce and bind together families, friends and loved ones. In the day of e-commerce, a public postal service is as relevant as ever.

Yet those corporate forces who want to privatize public services allege that curtailing postal services and eliminating jobs are necessary due to diminishing mail volume and "burdensome" union wages and benefits. Nothing could be further from the truth.

In reality, a Congressionally-manufactured USPS "crisis" imposed an unfair crushing financial mandate on the Postal Service that no other government agency or private company is forced to bear. (The Postal Accountability and Enhancement Act of 2006 compels the USPS to pay approximately $5.5 billion per year to fund future retiree healthcare costs 75 years in advance.) Without this unreasonable burden, the USPS would have enjoyed an operating surplus of $600 million in 2013 and over $1.4 Billion in 2014.

The people of this country deserve great public postal services. We advocate expanded services, such as non-profit postal banking and other financial services. We call on the Postmaster General and Postal Board of Governors to strengthen and champion the institution.

The public good must not be sacrificed for the sake of private investment and profit. A strong public Postal Service is our democratic right.

OUR Postal Service
Yesterday Today
FOREVER
A Public Trust • A National Treasure

KNOW THE FACTS ABOUT OUR PUBLIC POSTAL SERVICE

OUR U.S. POSTAL SERVICE IS UNDER ATTACK

Our great national treasure is under attack and mail service to the American people is suffering.

- Congress manufactured the Postal Service's financial problems in 2006 by requiring the USPS to pre-fund retiree healthcare costs 75 years into the future.
- USPS has cut service by lowering service standards, delaying all mail, reducing door-to-door delivery, and closing more than 140 mail processing plants.
- Six-day delivery is constantly under threat.

IS POSTAL PRIVATIZATION A DANGER?

Many on Wall Street and in Congress are eager to dismantle the Postal Service so they can turn over the profitable segments to private industry.

- USPS management has proposed wholesale subcontracting of its transportation operations.
- Outsourcing retail work to private companies like Staples further degrades service.
- Despite their denials, the USPS continues to privatize postal services in a piecemeal fashion.

HAS THE POSTAL SERVICE BECOME IRRELEVANT?

Contrary to what you may have heard, the internet isn't making the world's largest postal system irrelevant.

- Package delivery has skyrocketed, including delivery of approximately 30% of FedEx's total U.S. ground volume every day.
- In 2016, the USPS delivered nearly 154 billion pieces of mail to 156 million addresses – all without any of your tax dollars.
- If it were a private-sector company, the U.S. Postal Service would rank 39th in the Fortune 500, with operating revenue of $71.4 billion in fiscal year 2016.

JOIN A GRAND ALLIANCE

You can help ensure we have a vibrant public Postal Service for generations to come. Take action today:

- **Watch our inspiring videos featuring Danny Glover and Willie Nelson at AGrandAlliance.org.**
- **Become a national or local signatory organization**
- **Sign the pledge today at AGrandAlliance.org**
- **Find us on Facebook, follow us on Twitter @agrandalliance**
- **Send us a note to info@agrandalliance.org or to PO Box 34273, Washington, DC 20043**

WHO WE ARE

We are a broad coalition of national, state, and local organizations representing people from many different communities. We are taking a stand against unprecedented assaults on our national treasure by those who seek to dismantle and privatize it. We believe a strong public Postal Service is our democratic right and are fighting to protect and enhance these services for now and for many generations to come.

NATIONAL ORGANIZATONS

A. Philip Randolph Institute
AFL-CIO
Alliance for Democracy
Alliance for Retired Americans
Amalgamated Transit Union
American Federation of Government Employees
American Federation of School Administrators
AFSCME
American Federation of Teachers
American Postal Workers Union and Auxiliary
Asian Pacific American Labor Alliance
Black Women's Roundtable
Catholic Labor Network
Center for Community Change Action
Center for Media and Democracy
Center for Rural Affairs
Center for Study of Responsive Law
Coalition of Black Trade Unionists
Coalition of Labor Union Women
Color of Change
CommonSpark
Communications Workers of America
Communities and Postal Workers United
Congressional Black Caucus
Congressional Hispanic Caucus
Consumer Action
Democracy for America
Essential Information
Family Farm Defenders
Farm Aid
Farm Labor Organizing Committee
Gamaliel Network
Greenpeace USA
Healthcare-NOW!
Hightower Lowdown
In the Public Interest
Institute for Agriculture and Trade Policy
Interfaith Worker Justice
International Association of Fire Fighters
Jewish Labor Committee
Jobs With Justice
Labor Campaign for Single Payer Healthcare
Labor Council for Latin American Advancement
Ms. Foundation for Women
NAACP
National Action Network
National Active and Retired Federal Employees Association
National Alliance of Postal and Federal Employees
National Association of Letter Carriers
National Association of Postal Supervisors
National Coalition on Black Civic Participation
National Consumers League
National Council of Churches
National Education Association
National Farmers Union
National Nurses United
National Organization for Women
National Postal Mail Handlers Union
National Rural Letter Carriers' Association
New Progressive Alliance
9to5
People Demanding Action
People for the American Way
People's Action
Popular Resistance
Pride at Work
Progressive National Baptist Convention, Inc.
Public Citizen
Railroad Workers United
Rainbow PUSH Coalition
Service Employees International Union
Sierra Club
Social Security Works
United For A Fair Economy
United Students Against Sweatshops
VoteVets Action Fund
Working America

All national and local signatories are listed at AGrandAlliance.org

AGrandAlliance.org

A GRAND ALLIANCE
TO SAVE OUR PUBLIC POSTAL SERVICE

Briefing: The Future of the Our Public Postal Service
July 26, 2018
Speaker Bios

Brian Renfroe - Executive Vice President, National Association of Letter Carriers, AFL-CIO
Founded in 1889, NALC represents over 285,000 active and retired city letter carriers employed by the U.S. Postal Service. Renfroe is a second-generation letter carrier. After coming to NALC Headquarters to serve as staffer for contract administration in 2011, Renfroe was appointed special assistant to the president by NALC President Fred Rolando in 2013. Renfroe was elected NALC director of city delivery in 2014. In that role he led the union's efforts in improving postal operations, labor-management partnerships, workforce development and implementation efforts on new technologies and their effects on the workforce. He has served as the union's executive vice president since being appointed to the position to fill a vacancy in December 2016. His duties include overseeing NALC's legislative and political efforts, communications and collective bargaining and labor relations.

Alan Barber - Director of Domestic Policy for the Center for Economic and Policy Research
Alan works with the center's economists and analysts to present CEPR's work to the public, policy-makers, and the media. He covers a broad range of U.S. economic policy areas, including labor markets, financial reform, federal budgets, and social insurance. Before joining CEPR, he worked at Congressional Quarterly and Mammen Pritchard Inc. Prior to this, he worked on a number of political campaigns at both the state and national level. He holds degrees in Government and Psychology from Georgetown University.

Art Sackler - Manager, Coalition for a 21st Century Postal Service (21C)
21C consists of business mailing associations and companies – newspapers, advertisers, catalogers, e-commerce, parcels, greeting cards, financial services, telecommunications, insurance, small businesses of every kind, paper, printing, technology, envelope manufacturing, mail services, who understand the essential role of USPS and want it sustained for the future. Previously, Art was a Principal in Ford & Huff LC, Vice President/Law and Public Policy for Time Warner Inc., and General Counsel to the National Newspaper Association. He has run trade associations and coalitions, among them the National Postal Policy Council, the Coalition for a 21st Century Postal Service, the Interactive Travel Services Association, Open Allies for Airfare Transparency, the Mailers Council, and the Coalition to Preserve the American Copyright Tradition.

Ashley Poling - Senior Policy Counsel, U.S. Senate Homeland Security & Governmental Affairs Subcommittee Senator Heidi Heitkamp (D-ND)
As Senior Policy Counsel on Ranking Member Heitkamp's Regulatory Affairs and Federal Management Homeland Security and Governmental Affairs Subcommittee, Ashley handles the Senator's government affairs portfolio, which includes a strong emphasis on postal reform and federal employee issues. As the Subcommittee has jurisdiction over the federal workforce, Ashley spends significant time preparing, developing, and staffing the Senator for Subcommittee hearings in her role as Ranking Member, negotiating with key governmental affairs and postal stakeholders to achieve balanced legislation. Senator Heitkamp has been particularly focused on the importance of strong service in rural America as it pertains to Postal Reform legislation. Ashley has handled these issues for Senator Heitkamp for nearly three years and worked on similar issues for Senator Jon Tester on his Homeland Security and Governmental Affairs Subcommittee in the 113th Congress.

Sarita Gupta - Executive Director, Jobs With Justice; Co-Director, Caring Across Generations
Sarita is a nationally recognized expert on economic, labor and political issues affecting working people, particularly women and those employed in low-wage sectors. Under her direction, Jobs With Justice (JWJ) expands people's ability to come together to improve their workplaces, communities, and lives by creating solutions to the problems working people face at the national and local levels. The organization leads campaigns, changes the conversation and moves labor, community, student and faith voices to action. JWJ has been on the front lines of successful organizing and policy campaigns to boost wages and working conditions, improve labor and civil rights protections for immigrant men and women, rein in student debt, and hold corporations accountable to communities.

Making the Postal Service Great Again:
Workforce Submission to the White House Task Force on the USPS

Executive Summary

This attached report is submitted by the four postal unions, which represent more than 500,000 postal employees, who are just a small part of the 7.5 million Americans employed in the broader $1.4 trillion mailing industry. Highlights include:

Major Observations

- The USPS is the most popular agency in the federal government; it enjoys broad bipartisan support across the country and plays an essential role in our economy. It does this without any taxpayer support while providing the U.S. Treasury $335 billion in low-cost financing through its retirement accounts, at a cost to USPS of at least $10 billion annually in forgone earnings.

- Maintaining the Universal Service Obligation (to provide delivery everywhere at affordable prices) is as important for packages as it is for letters; an affordable public option (USPS) for parcel delivery protects Americans in rural areas (and distressed urban areas) from huge price increases for such delivery.

- The USPS does not need to be restructured; it has already been dramatically restructured.

- The main cause of the Postal Service's financial losses is the retiree health prefunding mandate enacted in 2006, which accounts for 92% of its losses since 2007 and nearly 100% of the losses reported over the past five years; this policy can be changed by legislation or be overcome by Executive Order -- results the previous administration failed to achieve.

- The USPS would have recorded surpluses in four of the past five years in the absence of the prefunding mandate -- a mandate that no other public or private enterprise in America faces.

- The USPS does not need a new business model, major service cuts or a redefinition of its Universal Service Obligations; it simply needs a resolution of the prefunding mandate and an improved rate-setting system. The Postal Regulatory Commission is working on the rates issue; we urge the Trump administration to focus on the prefunding reform.

Policy Recommendations/Options:

- Repeal the prefunding mandate. The Retiree Health Fund's assets are sufficient to cover up to 10-15 years of benefits; after that USPS should once again fund retiree health insurance on a

pay-as-you-go basis, the way most Fortune 1000 companies do, and the way all other federal agencies do.

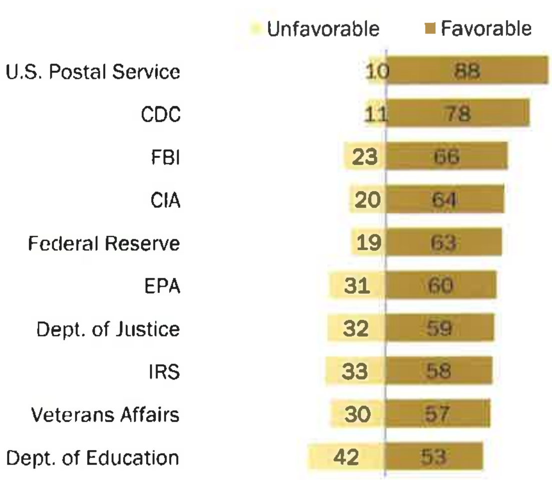
- Reduce the burden of the prefunding mandate by basing payments on the "vested liability" for future retiree health benefits (which would fully protect taxpayers) and/or allowing USPS to properly invest the Retiree Health Fund in higher-yielding private sector investments the way the federal Thrift Savings Plan is invested.

- Further reduce the burden of prefunding by adopting standard private sector practice with respect to the full integration of retiree health insurance coverage with Medicare for current employees under the age of 55 (when they reach age 65). This would not score under CBO budget rules or force any existing retiree to enroll in Medicare against their will. The Postal Service and it employees pay Medicare Part A taxes like all other Americans; and postal employees pay the same federal income taxes that support other parts of Medicare that other citizens pay. USPS should not be denied the opportunity to take advantage of the benefits provided by the Medicare Modernization Act (Part D) the way other large companies do.

- Adopt private sector accounting and actuarial standards for the annual valuation of USPS's Civil Service Retirement System retirement account, as recommended by the Segal Company's actuaries in a 2010 report for the PRC. A recent USPS OIG update of the report (May 2018) found that such a policy would increase the assets in the account by $80 billion. Under current law, that would be transferred to the Retiree Health Fund in 2025, nearly wiping out the unfunded liability. **This policy can be achieved by Executive Order.**

Public holds positive views across 10 federal agencies, departments

% who have a ___ opinion of each

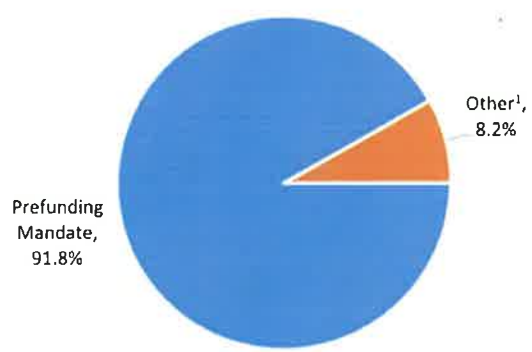


Note: Other/Don't know responses not shown.
Source: Survey of U.S. adults conducted Feb. 7-11, 2018.

PEW RESEARCH CENTER

The Impact of the Prefunding Mandate on USPS Net Income under the PAEA ($billions)

91.8% of losses due to mandate



[1]Other: impact of declining discount rates on USPS long-term liabilities (workers' compensation, pension, RHB) and recession-driven operational losses.

Making the Postal Service Great Again:

Workforce Submission to the White House Task Force on the USPS

Introduction

The United States Postal Service is a national treasure and a vital part of our national economic and political infrastructure. It is one of the few federal agencies called for by the United States Constitution (Article I, Section 8). For more than 240 years, it has been an invaluable institution in our democracy and culture and provides the only truly universal, secure and non-hackable system of communications we have. Post offices serve as community centers in tens of thousands of locations across the country, but the Postal Service is also crucial to the U.S. economy as a whole, facilitating billions of financial transactions each month involving trillions of dollars each year. It is the heart of a $1.4 trillion mailing industry that also employs 7.5 million American workers.

The Postal Service's unmatchable networks link 157 million American households and businesses to each other seven days a week. The agency remains essential to: our booming e-commerce sector; our prescription drug industry; our nation's paper, publishing and advertising sectors; our country's voting systems; and to millions of small businesses and tens of millions of citizens in rural, suburban, and urban communities across the country. Strengthening this great institution is essential to the President's overriding goal of making America great again.

Voice of the workforce

Together our four labor organizations represent more than half a million Postal Service employees who are dedicated to providing affordable service to all Americans, no matter where they live. While the Postal Service has undergone significant changes over time, the employees of the agency have been steadfast in our commitment to creating a strong employer to provide good, middle-class jobs for workers and veterans, who make up nearly 30 percent of our workforce. But we serve a higher public purpose as well. We fight for high quality universal service that all Americans and all American businesses can afford.

Indeed, the workers we represent are the backbone of the Postal Service, the highest rated agency of the Federal government with an 88 percent favorability rating in a February 2018 poll by the Pew Research Center (see the chart in the Executive Summary). The key to its popularity is two-fold: First, the Postal Service offers the most reliable and affordable mail service in the world, as an analysis from Oxford Consulting concluded when it studied the postal services of OECD countries in 2012.[1] Second,

[1] See http://foreignpolicy.com/2013/02/07/the-worlds-best-post-offices/

letter carriers do more than deliver the mail, they also look after the elderly and disabled, lend a hand when crime or disaster strikes, and watch over their communities each day. And postal workers do more than just serve local residents, they help businesses of all sizes across the country to develop and grow – no matter where they are located, from the most rural counties in America to the most heavily populated cities. Support for the Postal Service is truly bipartisan, so the debate over reforming the Postal Service can and should be truly non-partisan.

We serve proudly as the voice of the Postal Service workforce and welcome the opportunity provided by President Trump's Executive Order to offer our input to the work of the White House Task Force on the United States Postal Service.

In this submission, we will share our views, make suggestions on how the Task Force should approach its work and explain our policy recommendations. In addition, to assist the Task Force, please find attached a brief history/status report on postal reform legislation over the past decade as well as a summary of House Resolutions on postal policy that have majority or near-majority bipartisan support in the House of Representatives.

Workforce Observations

We believe that the following points are critical:

- **The President's Executive Order is correct to suggest that the Postal Service is "on an unsustainable path," but we do not believe that the agency "must be restructured."**

- **In fact, the Postal Service has already gone through a major restructuring over the past decade.** It closed or consolidated 485 of its 685 mail processing facilities, re-evaluated and increased the number of deliveries on its delivery routes multiple times, eliminated more than 200,000 career job positions, reduced the hours of operations at 13,000 primarily rural post offices (leaving 1,800 offices open for only two hours a day), and used the collective bargaining process to reduce its labor costs dramatically. All told it has slashed its annual costs by $14 billion annually.[2]

  While the Obama Administration failed to act and the Congress refused to advance postal reform, the Postal Service and its employees have done the hard work of restructuring – almost certainly to a fault. As many Senators and Members of Congress often make clear, especially in many rural states between the East and West Coasts, the service cuts have gone too far. The quality of service has been compromised, especially in the nation's heartland.

- **The financial crisis facing the Postal Service is largely the result of policy mistakes by the past two administrations related to the issue of prefunding retiree health benefits.**

  - First, the Bush Administration pushed the adoption of a misguided policy on prefunding future retiree health benefits in the Postal Accountability and Enhancement Act of 2006

[2] https://www.uspsoig.gov/sites/default/files/document-library-files/2016/RARC-WP-16-009.pdf

(PAEA) – mandating that the Postal Service be the only agency or enterprise (public or private) in the country required to prefund decades of future retiree health insurance premiums decades in advance.

As Sen. Ron Johnson, chairman of the Senate Homeland Security and Governmental Affairs Committee has noted, the PAEA turned an affordable pay-as-you-go short-term liability for retiree health into an unaffordable long-term liability. This policy, at a cost of $5.5 billion annually, accounts for 92% of the $67 billion in recorded losses since 2007 – and 100% of the losses since the economy recovered from the Great Recession in 2012 (see chart below). It caused the Postal Service to exhaust its credit limit, starved the agency of needed investment, and led to self-defeating service cuts – all the while overshadowing the agency's operating profits for three of the past four years.

The Impact of the Prefunding Mandate on USPS Net Income under the PAEA ($billions)

92% of losses due to mandate

Fiscal Year	Net Income/ (Loss)	RHB Pre-Funding	Net Income without Prefunding
2007	($5.1)	($8.4)	$3.3
2008	($2.8)	($5.6)	$2.8
2009	($3.8)	($1.4)	($2.4)
2010	($8.5)	($5.5)	($3.0)
2011	($5.1)	$0.0	($5.1)
2012	($15.9)	($11.1)	($4.8)
2013	($5.0)	($5.6)	$0.6
2014	($5.5)	($5.7)	$0.2
2015	($5.1)	($5.7)	$0.6
2016	($5.6)	($5.8)	$0.2
2017	($2.7)	($2.8)	($0.1)
2018 6M	($1.9)	($2.8)	$0.9
TOTALS	**($67.1)**	**($60.3)**	**($6.8)**

Source: USPS 10-K reports.

Note: The Postal Service would have recorded profits in FY 2017 and in the first six months of FY 2018 if not for the roll-back of postage rates in April 2016 when the Postal Regulatory Commission ordered a repeal of a 4.3% 'exigent' rate increase put into effect in January 2014 to help USPS recover from the Great Recession. That decision, the first rate reduction since 1919, reduced postal revenues by $2.0 billion annually.

- Second, the Obama Administration failed to use its Executive power to mitigate the prefunding crisis by declining to implement the recommendations of a 2010 PRC report on the valuation of the Postal Service CSRS pension account.[3] That report called on the Office of Personnel Management (OPM) to adopt private sector accounting standards in its annual valuation instead of the outdated methods adopted in 1974. This step would have revealed a $50-$55 billion surplus in the postal account of the CSRS -- and would have largely eliminated the unfunded liability for retiree health benefits because such a surplus is automatically transferred to the Postal Service Retiree Health Benefits Fund (PSRHBF) under current law (see discussion on pp. 11-12 below).

  The Obama administration instead relied on Congress to legislate the recommendations. It may have been led to this position by an October 2011 report by the Government Accountability Office (GAO) that suggested that "Congress can, if it chooses, make another determination about the allocation of current assets and obligations of USPS."[4] That same report concluded that the PRC recommended method falls "within the range of reasonable actuarial methods" and that it was "ultimately a business or policy decision." The PAEA legislation clearly gives the OPM the power to implement the PRC report's recommendations administratively, as Sen. Susan Collins (R-ME), the principal author of the PAEA, has made clear.[5] This policy can therefore be executed by Executive Order.

  The prior administration failed to take this sensible action, then compounded the error by variously backing a number of misguided service cuts that would have done more harm than good – such as phasing out door delivery and eliminating Saturday delivery at a time when the e-commerce boom requires seven-day delivery and major mailers (prescription drug benefit managers, direct mailers, rural country newspapers) expressed their opposition to such cuts. Fortunately, bipartisan majorities in Congress have repeatedly rejected these proposed service cuts. As we will suggest below, the Trump Administration has the opportunity to correct the prior administration's policy mistakes in this area.

- **The other major policy error in the PAEA had to do with the pricing of postage for Market Dominant products** -- the letter mail, periodicals, and marketing mail that make up 95% of total mail volume. The law implemented an overly stringent price cap on postage increases – linking them to general inflation, as measured by the Consumer Price Index, instead of an index related

---

[3] See CIVIL SERVICE RETIREMENT SYSTEM COST AND BENEFIT ALLOCATION PRINCIPLES at https://www.prc.gov/docs/68/68679/Report%20on%20CSRS%20Cost%20and%20Benefit%20Allocation%20Principles_1126.pdf

[4] GAO, U.S. Postal Service: Allocation of Responsibility for Pension Benefits between the Postal Service and the Federal Government (Oct. 2011) (GAO Report), at 16.

[5] See letters from Sen. Susan Collins to OPM dated July 12, 2010 and September 28, 2010: https://www.nalc.org/news/in-the-news/body/9-28-10-Collins-Letter-to-OPM-Regarding-CSRS-Pension-Overpayment.pdf and https://www.nalc.org/news/in-the-news/body/07-12-10-Collins-letter-to-OPM-Director-re-CSRS-Overpayment.pdf

to the actual costs of providing universal delivery services (such as the CPI for Delivery Services or the Producer Price Index for Warehousing and Delivery Services).

- This mistake was compounded by a regulatory error committed by the Postal Regulatory Commission. In 2016, after granting the Postal Service an emergency rate increase (above that allowed by the change in the CPI) under the law's "exigent" increase procedure to deal with the negative impact of the Great Recession, the Commission erred when it decided to make the 'exigent' increase *temporary*. This is the case because the 4.3% increase was implemented to deal with a *permanent* 20% reduction in letter mail volume. Yet the exigent increase was repealed in April 2016 – the first reduction in postage rates in nearly 100 years. That decision has cost the USPS more than $4 billion since 2016 and has shifted the USPS from earning operational profits to recording a small operating losses in 2017 and 2018.

- Fortunately, the PAEA already provides a mechanism to repair and improve the Postal Service's pricing policy. It mandated a formal review of the price-setting system by the PRC after 10 years. That review, begun in December 2016, is now underway and provides an excellent opportunity for our regulators to strengthen the Postal Service with a more appropriate postage rate-setting process.

- **In the face of declining letter mail volume, proposals to redefine the universal service obligation (USO) or to create a new business model are premature at best.** There has been a significant drop in First Class letter mail volume, but Standard Mail retains its value in the market – with response rates much higher than alternative means of electronic advertising – and the boom in e-commerce delivered by the Postal Service shows that the agency is adapting.

    - The Postal Service was able to provide six-day delivery with 741,000 employees in 1970 when total mail volume was less than 85 billion pieces. It can certainly provide the same level of service for the foreseeable future – in 2017 it delivered 149 billion pieces with just 644,000 employees.

    - In today's economy with 24/7 shopping and advertising, it would be self-defeating for the Postal Service to slash service or downgrade its USO. Reducing service standards, cutting delivery days or eliminating door delivery would make mail less valuable and drive more volume out of the Postal Service. Indeed, a 2012 analysis done for the Postal Service by a market research firm found that eliminating Saturday delivery and other downsizing measures (such as closing small town post offices or reducing post office hours) would cut costs by $3.3 billion annually, but reduce revenue by even more -- $5.3 billion annually.[6]

- **With declining letter mail volume, exclusive access to the mail box and a regulated monopoly on delivery of letter mail is more important, not less important.** Mail delivery is a natural

---

[6] https://www.prc.gov/Docs/81/81634/Vol4_120322_PRC.pdf.

monopoly – because of economies of scale and scope, the most efficient way to provide it is through a single, regulated provider.

  - As a matter of economic efficiency, it makes little sense to send multiple trucks down the same streets, dividing up a fixed volume of letter mail. Indeed, deregulating the mail market would exacerbate the negative economic impacts of volume decline by allowing 'cream-skimming' competition in profitable areas and leaving high-cost, low-density areas to the Postal Service. This would destroy the economic efficiency derived by the Postal Service's natural monopoly in last mile delivery.

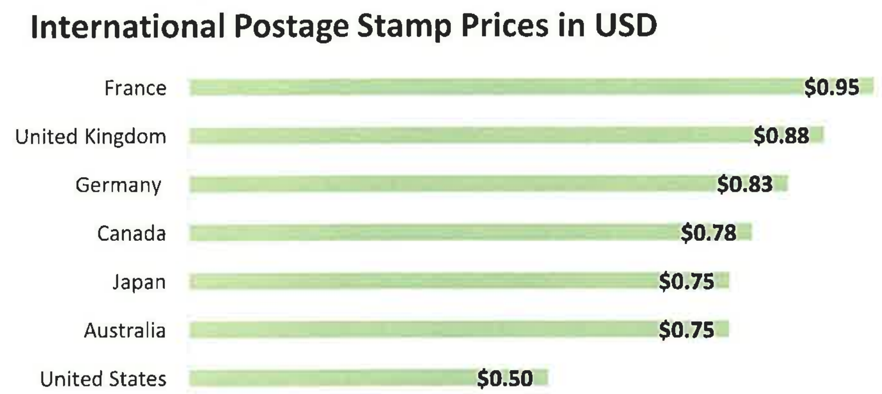
  - Similarly, just as economies of scale helps keep the cost of letter mail delivery affordable, economies of scope in last mile delivery allows the Postal Service to be the lowest cost provider of last mile delivery for packages and other types of mail. This is what makes the Parcel Select program so valuable to American shippers of all sizes. Under this program companies like UPS (Surepost) and FedEx (Smartpost) drop ship packages to USPS delivery units for last mile delivery by letter carriers – who can do it more inexpensively since they are delivering many other types of mail at the same time.

- **We share President Trump's view on the importance of pricing the Postal Service's competitive products appropriately. Fortunately, under current law, the PRC is charged with ensuring just this. However, it is also important to preserve the USPS's Universal Service Obligation for all packages, whether or not they are considered competitive products.** This USO ensures affordable shipping services to all Americans, including those who live in dozens of rural states and thousands of urban communities where private companies would charge dramatically higher rates to make up for the low density of delivery. The public option in package delivery, provided by USPS, is essential for America's booming e-commerce sector (which includes thousands of companies, not just the market leaders); it ensures universal access to all Americans and prevents price gouging by private companies with monopoly or duopoly power.

- **The quality and affordability of American postal services far surpasses those of other advanced countries that have deregulated or privatized their postal services.** The collapse of postal services in the Netherlands after deregulation provides an object lesson in the high transactions costs and loss of mail security and accountability that privatization and deregulation would bring.[7]

  This efficiency benefits all American businesses and citizens – who enjoy the most affordable postage rates in the world. (See chart below.)

[7] https://www.lrb.co.uk/v33/n09/james-meek/in-the-sorting-office



Source: National Postal Operators. Price of equivalent First-Class postage stamp, converted using exchange rates on 5/9/2018.

- **The profitability of individual operations is less important than the viability and affordability of the system as a whole.** In the context of networked services, it makes no sense to examine service cuts in isolation from one another. For example, closing "unprofitable post offices" misses the point – the Postal Service is a network. Its value depends on universality and low transaction costs (the ease of use). The ability of any citizen, rural or urban, or any business, large or small, to reach all 157 million addresses every day is valuable to all Americans. Service cuts don't just hurt the folks most directly affected; they hurt everybody.

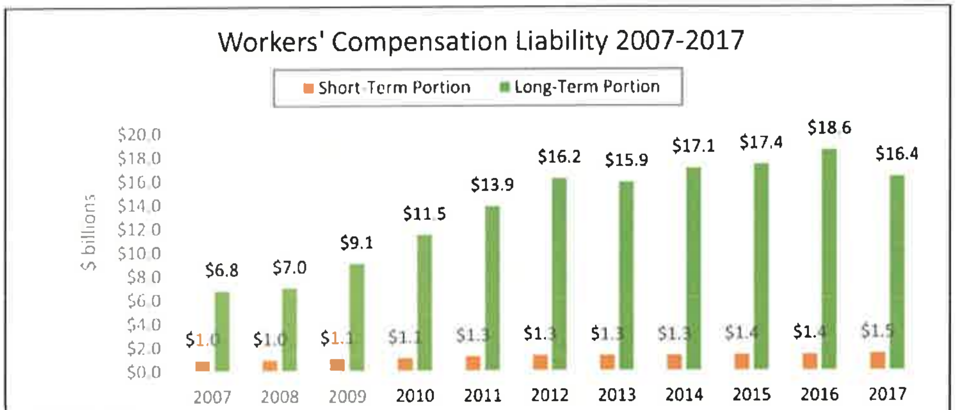
- **The Postal Service's balance sheet is misleading and can be strengthened without compromising the integrity of its networks.** Given the sheer size of the Postal Service and the hugeness of its active and retired workforces, observers often cite the agency's $100 billion in unfunded liabilities as an issue of concern. However, the liabilities are artificially inflated by today's low interest rates and the agency's assets are doubtlessly understated as well.

  The chart on the next page, which addresses USPS workers' compensation liabilities, demonstrates the huge impact of low and falling interest rates have had on projected liabilities – benefits have been stable over the past decade, but the liabilities have soared due to declining interest rates. The discount rates for postal FECA benefits fell from 5.6% in 2007 to less than 2.0% in 2016 before slightly rising in 2017. Indeed, the resulting actuarial adjustments added more than $10 billion to USPS losses since 2007.

  Although the same thing has happened with the Postal Service's pension liabilities, its CSRS and FERS pension accounts are as well-funded (85-90%) or better funded than typical private sector pension plans.

  Meanwhile, the Postal Service's assets may be understated as well – its significant real estate holdings are carried at book value on its balance sheet. According to the USPS Office of Inspector General (OIG), the Postal Service's real estate holdings at market rates are worth as much as $85 billion, not the $15 billion reported on its balance sheet.[8]

[8] https://uspsoig.gov/sites/default/files/document-library-files/2015/ft-wp-15-003_0.pdf



Discount Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Compensation	5.6%	5.6%	4.9%	2.9%	2.3%	2.1%	3.0%	2.8%	2.4%	1.9%	2.5%
Medical	5.4%	5.4%	4.4%	3.0%	2.4%	2.2%	3.0%	2.7%	2.4%	1.9%	2.5%

Source: USPS 10-K Reports

Similarly, if the $335 billion in Treasury bonds held by the Postal Service's pension funds and retiree health fund (PSRHBF) were invested in private sector stocks and bonds, its unfunded liabilities would fall dramatically. As a recent report of the USPS OIG concluded, the current policy of requiring these accounts to be invested in low-yielding Treasury securities is the riskiest portfolio if the objective is to fully fund retirement benefits and ensure that federal taxpayers will not have to cover them in the future.[9]

Last year, the postal accounts in CSRS, FERS and the PSRHBF respectively earned 4.1 percent, 3.6% and 2.8 percent on their Treasury bond portfolios. Had these funds been invested in the balanced, long-term portfolio of stocks, fixed income securities and government bonds provided by the Thrift Savings Plan's Lifecycle 2050 Fund, these accounts would have earned 18.8% last year. Investing our assets so poorly cost the PSRHBF approximately $8 billion in 2017 alone. The forgone earnings for the CSRS and FERS postal accounts exceeded $40 billion.

Altogether, this sub-optimal investment of the Postal Service's retirement funds suggest that the USPS is indirectly subsidizing the federal government (taxpayers) to the tune of some $10 billion per year on average. (Note: The USPS has not received any taxpayer funds since 1982.)

Changing these investment policies should be a priority, starting with the PSRHBF. Indeed, an analysis conducted for NALC by Lazard Co. a few years ago found that the PSRHBF would have had $10 billion more in assets if the fund had been invested in the TSP's L 2040 Fund starting in 2007 – even taking into account the impact of the 2008 stock market crash.[10]

[9] https://www.uspsoig.gov/sites/default/files/document-library-files/2017/FT-WP-17-001.pdf

[10] Contact NALC to obtain a copy.

- **The Postal Service does not need a new business model or a broad legislative restructuring; it needs relief from the prefunding burden and a more reasonable system for regulating postage rates.** The former can be achieved by a combination of executive and legislative action; the latter is currently being undertaken by the PRC with a formal review of the rate-setting system – as mandated by the PAEA.

- **We urge the Task Force to take advantage of the expertise of the Postal Regulatory Commission and the USPS Office of Inspector General on matters of pricing and measuring the cost of universal service and the value of statutory provisions like the mailbox stature.** Although there has been some research conducted by think tanks and consultants financed by private interests, these matters are technical and complicated and the expertise developed over decades by these independent agencies is much more reliable.

- **We urge the Task Force to take note of the work that has been done in Congress and by the Postal Service and its stakeholders to develop a consensus approach to postal reform (which is reviewed in the attachment).** There is no need to 'reinvent the wheel.' Instead, it is preferable to focus on practical solutions based on actual Postal Service data and the previous work of agencies such as the USPS OIG and the PRC.

  Data and studies from ideological think tanks or research financed by Postal Service competitors should be viewed skeptically, particularly those concerned with the pricing of packages, alleged subsidies received by the Postal Service, and the benefits of privatization and deregulation. A closer analysis reveals such studies are deeply flawed.

- **Finally, we believe the Task Force's top priority should be "to do no harm" both to the $1.4 trillion mailing industry and its 7.5 million workers and to the American people, especially those who live in rural states and economically challenged urban areas.**

  - Many sectors of the economy depend a great deal on the Postal Service, so the Task Force should be cautious in its recommendations.

  - Access to a universal system of communication that ensures the sanctity of the mail is invaluable to the American people. Similarly, the ability of the government to reach all of its citizens and to distribute information and, if need be, supplies and medicines in the event of natural disasters or national security crises should be preserved. The Postal Service is the first sign of normalcy following such events, handling thousands of temporary changes of address, setting up places for mail pickup, and delivering to homes and businesses as soon as neighborhoods are safe to enter.

  - A policy aimed at stabilizing the Postal Service's finances is the preferred approach; it will provide the Postal Service and its employees the best chance to continue to adapt to the changing needs of America's businesses and citizens.

Workforce Policy Recommendations

As discussed above, the workforce believes that reducing or eliminating the crushing burden placed on the Postal Service by the PAEA's retiree health prefunding mandate is the core issue that should be addressed by the Task Force. There are essentially four ways to go about doing this:

- Repeal the mandate. The first and simplest option would be straight-forward: Repeal of the prefunding mandate legislatively. This could be achieved with a one-line bill: "Strike 8909a(d) from Title 5 U.S.C." This would eventually return the Postal Service to the pre-PAEA situation when it followed typical private sector practice – funding retiree health insurance costs on a pay-as-you-go basis. But in the meantime, it would simply use the PSRHBF for its intended purpose: To pay for retiree health premiums.

  According to a survey of Fortune 1000 companies by Willis Towers Watson, 61 percent of such companies do not prefund at all. In the federal government, only the military prefunds such benefits, though the funds are appropriated.[11]

  As it stands, the Postal Service has already amassed nearly $50 billion for future retiree health benefits – enough to cover those expenses for 10-15 years. Ending the prefunding mandate would save the USPS up to $4.4 billion annually. It would return USPS to profitability and allow the agency to replace its vehicle fleet and to make other long-delayed investments required to maintain quality service – boosting the national economy through purchases of American-made goods. And since the Postal Service has not been making additional prefunding payments in recent years, repealing the mandate would not lead to a negative CBO "score" – that is, it would not raise the federal deficit.[12]

- Reduce the burden of prefunding. A second option would be to minimize the burden of prefunding by reducing the liability to be prefunded and investing the assets of the Postal Retiree Health Benefits Fund (PSRHBF) more sensibly.

  Under current law, USPS is required to prefund the total projected cost of future retiree health benefits (assuming all current postal employees will retire from USPS and qualify for benefits), not the actual liability for such benefits of employees and retirees as they become eligible (vested) each year. In addition, the OPM is required to invest the PSRHBF's assets in low-yielding Treasury bonds – instead of in private sector stocks and bonds that pay much higher returns.

  Legislatively changing the prefunding mandate to apply only to the vested liability would fully protect the taxpayers' interests while dramatically reducing the cost of prefunding. That's because the vested liability for future retiree health costs – the actual amount taxpayers would have to pay if the USPS went out of business tomorrow – is $41 billion less than the total projected liability, which implausibly assumes the postal workforce will not shrink in the future.

  Allowing the OPM to invest the PSRHBF the way the federal Thrift Savings Plan is invested, for example, would greatly increase the PSRBF's earnings – perhaps doubling them over time.

[11] See *Accounting for Pensions and Other Postretirement Benefits 2017,* August 2017, Willis Towers Watson.
[12] See the CBO score of H.R. 756, which reached this conclusion: https://www.cbo.gov/publication/52783.

Both these measures would reduce both the normal cost and amortization payments required for retiree benefits under current law – and go a long way toward stabilizing USPS finances.

- Further reduce the burden of prefunding by fully integrating with Medicare. A third option to address the prefunding burden centers around the policy proposal developed by the Postal Service's oversight committees over the past six years: Medicare integration. The idea is to significantly reduce the cost of future postal retiree health benefits – and therefore reduce the burden of prefunding those benefits – by adopting private sector best practice on Medicare enrollment. That practice is to require all retirees covered by company health insurance plans to enroll in Medicare Parts A and B at age 65.

  If mandatory enrollment were applied to the Postal Service, where 80% of annuitants already voluntarily enroll, the agency and its employees would be able to take full advantage of the $40 billion in Medicare payroll taxes they have contributed to Medicare since 1983. And if, in addition, postal employee health plans were reformed to follow the private sector practice of using the Medicare Part D law to reduce the cost of prescription drugs for seniors, the unfunded liability for retiree health could be virtually eliminated.

  Variations of these reforms are at the heart of H.R. 756, which was adopted by the House Oversight and Government Reform committee last year, and S. 2629, the bipartisan postal reform bill introduced in the Senate by Sens. Carper and Moran earlier this year.

  H.R. 756 has stalled in Congress because of opposition in the House Ways & Means Committee to the modest increase in Medicare spending it would cause (with no offset to the Medicare Trust Funds during the CBO's 10-year scoring window), and because of the objections of some stakeholders to requiring the small minority of senior postal annuitants who have chosen not to enroll in Medicare Part B to do so. Therefore, to avoid a negative CBO score, we suggest Congress apply these reforms prospectively, mandating Medicare enrollment for active employees under the age of 55, who would be required to enroll in Medicare in the future, when they reach the age of 65 – with appropriate exemptions for those (like combat veterans) who cannot benefit from enrollment in Part B or those facing significant economic hardships. In the meantime, the FEHBP program should be reformed to create postal-only plans that would adopt private sector best practice on prescription drugs under the Medicare Part D law.

- Adopt fair pension responsibility methods. A final option could be achieved via legislation or an executive order – requiring the OPM to adopt private sector best practice in the valuation of the Postal Service's CSRS pension account. Such a valuation is done annually and requires OPM to allocate responsibility for pension costs for postal employees between two accounts, the federal (taxpayer) account for service before 1971 (when the USPS was created) and a postal (USPS) account for benefits associated with service in 1971 or later, after postal reorganization.

  As indicated above, a 2010 PRC report prepared by the Segal Company called for the OPM to adopt private sector best practice in its annual valuation of the Postal Service's CSRS pension account – a step that would have created a $50-$55 billion surplus in the account. Since any surplus in that account, by law, is to be transferred at designated intervals to the PSRHBF and could largely eliminate the prefunding burden, this idea was included in a bill (H.R. 1351) that attracted majority bipartisan support in Congress in 2011-2012. Unfortunately, the bill did not advance. As discussed above, nor did the Obama administration use its power to adopt the methods administratively – despite the urging of Sen. Susan Collins, one of the primary authors of the PAEA.

Adding to the attraction of this idea is a new report (issued May 7, 2018) from the USPS OIG. It updates the analysis of the 2010 PRC/Segal report and found that the postal surplus, fairly calculated, now stands at least $80 billion.[13] Indeed, the same report found than another reasonable method would generate a postal surplus of $110 billion. If the actuarial methods used in the private sector were adopted by law or executive order, the Postal Service's liabilities under CSRS would be fully funded; those of the PSRHBF would be nearly or fully funded. This would save the Postal Service billions annually in normal cost and amortization payments.

All these approaches individually, or in combination, would address the financial crisis caused by the PAEA without weakening the Postal Service's invaluable networks. The positive benefits of these options are summarized in the attached "policy options" chart.

Together with a reformed system of rate-setting expected to be unveiled by the PRC in the months to come, the Postal Service would be positioned to thrive in the 21st Century.

We urge the Task Force to focus on the core issue – prefunding – and to support these policy recommendations.

[13] https://www.uspsoig.gov/sites/default/files/document-library-files/2018/RARC-WP-18-009.pdf

History of Postal Reform Legislation

Background

Following the Postal Office Department strike of 1970, the Nixon administration, working with the postal unions and Congress, sought to reorganize the taxpayer-supported Post Office into a self-sustaining enterprise. The resulting legislation, the Postal Reorganization Act of 1970 (PRA), established the United States Postal Service. The law granted the agency financial and operational independence from the rest of the government and gave postal employees the right to collective bargaining over wages, hours and working conditions.

The policy changes made by the PRA were a tremendous success. Taxpayer subsidies, which accounted for 25% of the Post Office's budget in 1970, were eliminated, saving taxpayers more than $100 billion since 1971. Meanwhile, the quality of service and employee living standards were greatly improved and mailers enjoyed affordable and stable postage rates for decades.

By 2006, however, the PRA required changes to help the Postal Service address technological change and to improve the costly system of rate-setting established by the 1970 law. Congress decided to implement a system of rate regulation that indexed postage rates for letter mail and other so-called Market Dominant products to general inflation (the CPI). It also decided to subject the pricing of so-called Competitive Products to regulation by the Postal Regulatory Commission (PRC) – to prevent cross-subsidization from monopoly products and to ensure that all products and shippers cover the cost of service and contribute towards the Postal Service's network overhead costs. These provisions, among others, were included in the Postal Accountability and Enhancement Act (PAEA) of 2006.

In view of the decline in letter mail volume caused by technology and the Great Recession, a CPI-based price cap no longer seems sensible. Fortunately, this price cap is now the subject of a formal review by the Postal Regulatory Commission, which is empowered to develop an alternative system of rate regulation under the PAEA after 10 years.

The Postal Service and its unions proved remarkably capable of overcoming the challenges posed by the Great Recession. We've adapted well to the decline in letter mail volume and the huge increase in package volumes due to the boom in e-commerce. Unfortunately, we have not been able to overcome the other major legacy of the PAEA: The mandate to prefund future retiree health insurance expenses decades in advance at a cost of $5.5 billion per year. No other enterprise in the country, private or public, faces such a costly mandate.

Over the past 11 years, this unreasonable mandate has accounted for 88.3% of the Postal Service's $65 billion in reported losses. Over the past five years (2013-2017), in the aftermath of the Great Recession, prefunding accounts for 100% of the agency's losses.

Prior to 2006, the Postal Service handled its retiree health expenses on a Pay-As-You-Go basis, meaning retiree health care premiums were paid as they were incurred – just as most companies did and do, and just as all other agencies (including Congress) did and still do. As Congress considered postal reform legislation in 2006, the Bush administration insisted on the insertion of language requiring the Postal Service to begin prefunding such premiums – funding retiree health the way pensions are funded. The language set up a 10-year schedule of payments (starting at $5.4 billion in 2006 and rising to $5.8 billion in 2016) and required the Postal Service to make actuarially determined payments (normal cost and amortization payments) beginning in 2017.

Initially, the Postal Service was able to make the payments, building a nest egg of more than $50 billion in its Postal Service Retiree Health Benefit Fund (PSRHBF). But with the recession and the overly stringent price cap put into place by the PAEA, the USPS soon found that it could no longer afford to make the prefunding payments, despite exhausting its credit limit of $15 billion. It has not made a prefunding payment since 2012, though the $38 billion in missed payments are carried as a liability on the Postal Service's balance sheet.

The Postal Service undertook a massive downsizing of its networks, slashing over 200,000 jobs, closing and consolidating hundreds of mail processing plants and facilities, and rolling back service standards. But it has been clear for years that Congress must act to reconsider the disastrous prefunding policy. For more than 10 years, Congress and postal stakeholders have struggled to reach consensus on postal reform legislation. Although both business and labor stakeholders have come together in a coalition for reform, Congress has failed to act. The section below summarizes the tangled history of these postal reform efforts.

Status of Postal Reform in Recent Congresses

112th Congress

In May 2011, Senator Carper introduced S. 1010, the Postal Operations Sustainment and Transformation Act (POST) Act. It called for using a large pension surplus ($55 billion) — which was revealed in the Postal Service's CSRS pension account by a 2010 audit conducted by the Segal Company for the Postal Regulatory Commission — to cover the cost of pre-funding.

The idea, which called for the adoption of private sector best practices for pension valuation, had broad bipartisan support in the House of Representatives as more than 240 Members of Congress co-sponsored H.R. 1351 (the United States Postal Service Pension Obligation Recalculation and Restoration Act of 2011). The bill mandated the implementation of the private sector pension valuation methods called for by the Segal audit. Such methods revealed a \$50-\$55 billion surplus in the USPS's CSRS pension account – a figure that has now grown to \$80 billion.

Since current law already requires that any such surplus be transferred to the Postal Service Retiree Health Benefit Fund (PSRHBF) at fixed intervals (2015, 2025, 2035 and 2037), both bills (S. 1010 and H.R. 1351) would have resolved the pre-funding burden.

Both bills stalled due to opposition in the House of Representatives. House, Rep. Darryl Issa, Chairman of the Oversight and Government Reform Committee, opposed the Segal audit's findings and refused to mark-up H.R. 1351. Instead he proposed his own bill (H.R. 2309) to massively downsize the Postal Service, which attracted just one co-sponsor.

In November, 2011 Sen. Joe Lieberman, then chair of the Senate Homeland Security and Governmental Affairs Committee (HSGAC) , introduced S. 1789, the 21st Century Postal Service Act, which dropped the pension valuation idea in favor of a reduction in the prefunding target from 100% to 80% and a 40-year amortization schedule. Although S. 1789 contained very unpopular provisions to end Saturday delivery and to phase out door delivery, it passed the Senate in April 2012. Because of opposition to the service cuts, S. 1789 was not taken up by the House.

113th Congress

In the 113th Congress, HSGAC chairman Sen. Carper introduced S.1486, a bill similar to S. 1789 from the prior Congress. The bill was adopted by HSGAC in July 2014, but did not get a vote in the full Senate. Although some of the service cuts were softened, the bill did not achieve consensus in Congress or among industry stakeholders.

114th Congress

The 114th Congress brought new leadership to the Postal Service's oversight committees — Sen. Johnson became chairman of HSGAC and Rep. Jason Chaffetz became chairman of OGR.

On the Senate side, HSGAC did not take up postal reform, but Sen. Carper introduced the Improving Postal Operations, Service and Transparency (i-Post) Act of 2015 (S. 2051) in September 2015. It took a different approach to addressing the prefunding burden. It sought to dramatically reduce the cost of postal retiree health benefits by adopting private sector best practice in another area — the full integration of employer-provided health insurance with Medicare. By requiring ALL postal retirees to enroll in Medicare Parts A and B at age 65 (up from the roughly 80% who already do so), extending prescription drug subsidies that are payable to private employer health plans that insure retirees by the Medicare Part D law to new postal-only health plans in FEHBP, and setting an 80% prefunding target for the PSRHBF, the bill would have solved the Postal Service's prefunding crisis. It also called for investing the assets of the PSRHBF more sensibly.

Although no legislation advanced, the Postal Service's business and labor stakeholders came together to develop a consensus reform plan that focused on Medicare integration, a modest rate hike (restoring half the 4.3% 'exigent rate increase' that expired in April 2016), and improving the way the way the PSRHBF is invested to improve its returns and thereby further reduce the burden of prefunding — without the service cuts and other objectionable provisions. A serious end-of-the-Congress effort to advance the consensus package fell short, despite gaining significant support by committee leaders.

115th Congress

In 2017, the House Oversight and Government Reform Committee adopted two bills that have major elements of the business-labor consensus approach developed in 2016, which also had the support of the Postal Service. H.R. 756 focuses on Medicare integration (private sector best practice) and the rate increase compromise; H.R. 760 focuses on investing the PSRHBF better. It was the unions' hope that the two bills could be amended to address Medicare hardships and to prevent the elimination of door delivery services to millions of American businesses as they moved through the House. H.R. 756 was reported out to the Ways & Means and Energy and Commerce Committees, which have jurisdiction over Medicare spending. But the two committees have so far refused to take up the legislation.

It appears the legislation is stalled because of opposition to any new Medicare spending, even if it is for U.S. citizens (retired postal employees) who have paid their Medicare taxes for decades. Although the CBO gave H.R. 756 a positive score, the leader of the House Ways & Means Committee appears to object to the modest increase in Medicare spending resulting from H.R. 756 ($10.6 billion over 10 years, less than one-tenth of one percent in total program spending). It is not clear the committee would support the bill even if the Medicare Trust Funds could be compensated for the increased spending (with so-called Medicare offsets).

On the Senate side, Sen. Johnson, chairman of the HSGAC Committee, has not taken any action on postal reform in this Congress. However, Sen. Carper has introduced a bill that largely follows the contours of H.R. 756 called the Postal Reform Act of 2018 (S. 2629) – but which offers a proposed Medicare offset. At this time Chairman Johnson does not appear willing to support S. 2629.

House Postal Resolutions

Although postal reform legislation has stalled in recent years, interest among members of Congress in the Postal Service remains high. A top priority is to maintain high quality services. In the House of Representatives there are three non-binding resolutions expressing the sense of the Congress on postal matters:

H. Res 15: Rep. Sam Graves (R-MO) and 246 other Members of Congress have sponsored a resolution in support of preserving Saturday delivery service. The resolution expresses the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to ensure the continuation of its 6-day mail delivery service.

H. Res 28: Rep. Susan Davis (D-CA) and 241 other Members of Congress have sponsored a resolution to protect door delivery service. The resolution expresses the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to ensure the continuation of door delivery for all business and residential customers.

H. Res 31: Rep. David McKinley (R-WV) and 214 other Members of Congress have sponsored a resolution calling on the restoration of quality service standards. The resolution expresses the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to restore service standards in effect as of July 1, 2012.

Policy Options for Eliminating or Reducing the Prefunding Burden

Options	Description	Impact on the Postal Service and its customers
Status Quo: Current Law	Continue to require USPS to prefund retiree health, with no relief or ability to invest the PSRHBF the way private companies would.	USPS financial crisis continues: No ability to invest in its networks or replace its vehicle fleet; declining cash reserves; unneeded, misguided service cuts; steep postage rate hikes likely from 10-year PRC review; and an expedited depletion of the Retiree Health Fund (PSRHBF).
Repeal the mandate	Return to pay-as-you-go payment of retiree health premiums, as most large companies do -- after using the PSRHBF to pay premiums for the next 10-15 years.	Save up to $4.4 billion annually; renewed investment in networks and a new vehicle fleet; improved service quality; stability to allow reasonable rate changes through the PRC review. USPS treatement of retiree health liability would match private sector practice.
Reduce the burden of prefunding	Reduce the funding target from 'total projected liability' to the 'actual vested liability' and investing the assets of the PSRHBF in a long-term diversified portolio of private securities, including equities and both corporate and government bonds (purchased via index funds).	The vested liability would lower the liability by approximately $40 billion. Investing the PSRHBF sensibly would inititally raise fund returns by more than $1.25 billion annually. Together, these reforms would reduce or eliminate the PSRHBF's unfunded liability and allow for reasonable rate changes through the PRC review, higher investment and improved service quality.
Medicare Integration	Fully or prospectively integrate postal employee health insurance with Medicare Parts A and B, and take advantage of private sector best practice with the Medicare presciprtion drug law.	Full integration with Medicare as provided by H.R. 756 (with S. 2629's additional exemptions and provisions for hardships) would nearly eliminate PSRHBF's unfunded liability. A prospective reform applying only to active postal employees under 55 would reduce the unfunded liability by more than half. Both reforms would allow for reasonable rate changes through the PRC review, higher investment and better service quality.
Adopt fair pension policy	Implement the recommendations of the 2010 PRC report on pension allocation policies conducted by the Segal Company, which called for the adoption of private sector accounting and actuarial standards for the annual valuation and allocation of liabilities with respect to the postal account in the Civil Service Retirement System.	This would add $80 billion to the postal CSRS account; eliminate the current $26.3 billion unfunded liability in the account; eliminate more than 85% of the current unfunded liability of the PSRHBF; save the USPS several billion in annual amortization payments for CSRS and the PSRHBF; allow for reasonable rate changes through the PRC review, higher investment and better quality.

115TH CONGRESS
2D SESSION

H. RES. 993

Expressing the sense of the House of Representatives that Congress should take all appropriate measures to ensure that the United States Postal Service remains an independent establishment of the Federal Government and is not subject to privatization.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2018

Mr. LYNCH (for himself, Mr. RODNEY DAVIS of Illinois, Mr. YOUNG of Alaska, Mr. COOK, Mr. MAST, Mr. FITZPATRICK, Mrs. MURPHY of Florida, Ms. FUDGE, Mr. RICHMOND, and Mr. LOEBSACK) submitted the following resolution; which was referred to the Committee on Oversight and Government Reform

---

RESOLUTION

Expressing the sense of the House of Representatives that Congress should take all appropriate measures to ensure that the United States Postal Service remains an independent establishment of the Federal Government and is not subject to privatization.

Whereas the United States Postal Service is a constitutionally mandated service per article I, section 8, clause 7 of the Constitution;

Whereas the United States Postal Service is a self-sustaining, independent establishment that does not receive taxpayer funding and relies solely on revenue derived from the sale of postal services and products;

Whereas the United States Postal Service and its more than 500,000 employees are at the center of the $1.4 trillion mailing industry, employing a total of 7.5 million Americans;

Whereas the United States Postal Service serves the needs of 157 million business and residential customers at least six days a week, maintains an affordable and universal network, and connects the country's rural, suburban, and urban communities;

Whereas the United States Postal Service is consistently the highest-rated agency of the Federal Government in nonpartisan opinion polls;

Whereas the United States Postal Service is the Nation's second-largest employer of military veterans;

Whereas postal employees are dedicated public servants who do more than process and deliver the Nation's mail, they serve as the eyes and ears of the Nation's communities and often respond first in situations involving health, safety, and crime in their communities;

Whereas privatization of the United States Postal Service would result in higher prices and reduced services for its customers, especially in rural communities; and

Whereas privatization of the United States Postal Service would jeopardize the booming e-commerce sector and cripple a major part of the Nation's critical infrastructure: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that Congress should take all appropriate measures to ensure that the United States Postal Service remains an independent establishment of the Federal Government and not subject to privatization.