



A bold voice for transportation workers

SUPPORTING A FINANCIALLY VIABLE POSTAL SERVICE

The United States Postal Service (USPS), and the hundreds of thousands of employees who power it, is the thread that binds our nation together, plays a central role in our vast transportation system and keeps communities connected. Its importance to day-to-day life and our economy became ever more apparent during the pandemic, as letter carriers safely delivered life-saving prescriptions, e-commerce packages, critical goods and documents, and other necessities while much of the country was staying at home. Vote-by-mail allowed Americans to have their voices heard at the ballot box without having to risk crowded polling places, and contributed to record voter turnout. And businesses of all sizes relied on the Postal Service as a lifeline during an extremely challenging time in our country. USPS is indeed part of the very fabric of our society and democracy and is a steady engine for middle class job creation.

As digital communication continues to replace physical mail, the Postal Service has seen the volume of First-Class Mail decline, seriously impacting its revenues. While it has made significant changes in response, the USPS still faces challenges due to an unprecedented retiree health care pre-funding requirement and inequitable pension cost allocations, which have seriously affected its operations and ability to invest in its system and employees. To remedy this financial burden, Congress should immediately pass the Postal Service Reform Act (H.R. 3076/S. 1720) and the administration should instruct the Office of Personnel Management (OPM) to treat the Postal Service's pension liabilities equitably.

Congress Must Repeal the Retiree Health Benefits Pre-Funding Requirement

The bipartisan Postal Accountability and Enhancement Act (PAEA), passed by a lame-duck Congress in 2006, requires the USPS to prefund retiree health benefits through at least 2056, a mandate not imposed on any other federal agencies that offer such benefits. Prior to PAEA's enactment, the Postal Service funded its retiree health benefits on a pay-as-you-go basis, a commonly used benefits funding method.

The pre-funding requirement accounts for 85 to 90 percent of the Postal Service's net losses over the last 15 years and has permitted detractors to advance a false narrative about the viability of the Postal Service. To meet its mandate to provide universal mail service, the USPS has chosen to skip full or partial statutory payments to the Postal Service Retiree Health Benefits Fund (PSRHBF) multiple times. Signaling that it understood the Postal Service's difficulty in meeting the pre-payment deadlines, Congress twice amended the statutory payment schedule: once for a one-off payment reduction and another to allow the Postal Service more time to make a payment.

For years, congressional efforts to excise or modify the PAEA pre-funding requirement had little success. Last year, the USPS Fairness Act (H.R. 2382/S. 2965), a bill to remove the pre-funding requirement, was co-sponsored by Democrats and Republicans in both chambers. The legislation passed the House with a strong bipartisan vote, including 87 Republicans. Unfortunately, the Senate failed to take up the bill as the country began to face the COVID-19 pandemic.

This Congress, the pre-funding requirement repeal was folded into a larger Postal Service Reform Act. Led by House Oversight and Reform Chair Carolyn Maloney (D-NY) and Ranking Member James Comer (R-KY) in the House, and Senate Homeland Security and Governmental Affairs Chair Gary Peters (D-MI) and Ranking Member Rob Portman (R-OH) in the Senate, this legislation has earned broad bipartisan support in both chambers. In addition to removing the pre-funding requirement, the bill maximizes enrollment into Medicare, permanently enshrines six-day delivery, and implements an online performance reporting system available to the public.

OPM Must Treat the Postal Service's Pension Funds Equitably

The Postal Service also bears the burden of an unfair allocation of pension liabilities. OPM assigns the pension expenses of carryover employees, or those whose service includes both the Postal Office Department (POD) and the Postal Service, to both the Postal Service and the federal government. Whenever such a carryover employee receives a pay increase, there is a subsequent increase in the value of their pension credit. The federal government, however, is only responsible for the benefits based on the employee's 1971 pay rate, as if the employee retired from the POD, leaving the Postal Service to foot the rest of the bill.

Additionally, OPM's calculation of the Postal Service's pension liabilities makes federal government-wide assumptions that are appropriate for a highly educated, white-collar workforce. However, the Postal Service workforce is less educated, more blue collar, and more limited to certain occupations with narrow wage bands than the rest of the federal workforce. OPM's assumptions result in the Postal Service overfunding its pension liabilities.

We call on the Biden administration to instruct OPM to fairly calculate and allocate the Postal Service's pension liabilities.

The Board of Governors

The Board of Governors of the United States Postal Service carries out important functions, including postal policymaking and capital investments. During these challenging times, we appreciate the bipartisan board's role in utilizing our vast postal network while protecting the workforce. Specifically, we applaud and support the work of Chairman Ron Bloom, Lee Moak, Amber McReynolds, Ron Stroman, and Anton Hajjar, all of whom were supported by the workforce throughout the nominations process. We encourage the administration to ensure these board members can continue their important work and continue vetting relevant postal nominees with TTD-represented postal unions.

Strengthening the Postal Service

The Postal Service is a vital part of the nation's infrastructure and continues to adapt to a changing delivery environment, and has continually proven itself integral to urban and rural communities alike. But it cannot continue to compete, modernize, and expand unless Congress and the administration work in tandem to ensure its financial vitality by addressing the onerous pre-funding requirement and unfair pension allocations. We call on Congress to pass the Postal Service Reform Act to repeal the onerous retiree health benefits pre-funding requirement; we call on the administration to instruct OPM to modify the method of allocation of pension costs and conduct valuations of the Postal Service pension funds using Postal Service-specific assumptions. Together, Congress and the administration can ensure that one of America's founding institutions can thrive.

Policy Statement No. F21-05
Adopted October 21, 2021