September 21, 2020
M20-024

TO: SPEEA Council
FROM: SPEEA Council's Legislative & Public Affairs Committee

SUBJECT: **PRESUBMITTED NEW BUSINESS:** Support the United States Post Office

Background

The United States Post Office is enshrined in the U.S. Constitution and Congress is tasked with establishing Post Offices. And for 200 years, Congress did their job and the USPS picked up, moved and delivered mail in densely populated cities and low density rural areas.

Businesses looking for more profit wanted to take over the lucrative business mail from the USPS and turned to Congress.

2006

In 2006, Congress passed a law that imposed extraordinary costs on the U.S. Postal Service. The Postal Accountability and Enhancement Act (PAEA) required the USPS to create a $72 billion fund to pay for the cost of its post-retirement health care costs, 75 years into the future. **This burden applies to no other corporation or federal agency.**

If the costs of this retiree health care mandate were removed from the USPS financial statements, the Post Office would have reported operating profits in each of the last six years. This extraordinary mandate created a financial "crisis" that has been used to justify harmful service cuts and calls for postal privatization. Additional cuts in service and privatization would be devastating for millions of rural citizens, postal workers and customers.

In December 2018, President Trump's Task Force on the United States Postal Service reaffirmed current rules related to postal retiree health benefits, calling it "part of a mandate for postal self-sustainability." However, the Task Force also recognized that the aggressive and accelerated timetable for funding the mandate has proved unworkable. They call for past deficits to be "restructured with the payments re-amortized with new actuarial calculation based on the population of employees at or near retirement age."

While this would have a modest positive effect by spreading payments over a longer period of time, it does little to address the underlying problem caused by USPS being burdened with a mandate that no other private corporation or federal agency faces.

A Better Path Toward Sustainability

Repeal the prefunding mandate and allow USPS to use accumulated post-retirement reserves to fund future pay-as-you-go costs

President Trump's Task Force acknowledged that without the costs imposed by the Post-Retirement Health Care Mandate, USPS would today be profitable on an operating basis. Allowing USPS once again to pay the costs of retiree health care costs on a pay-as-you-go basis as the rest of the federal government

Prior to council action (voting) on any proposal for legislative or public affairs, the SPEEA Council's Legislative & Public Affairs Committee shall investigate and produce both pro and con statements and a majority committee recommendation.

Passage or adoption of any legislative or public issues proposal shall be by published ballot and require: Total affirmative vote must be a majority of all Council Representatives including those not present excluding Council Representatives working in excess of 50 statute air miles from the meeting and are unable to attend.

and two-thirds of private industry currently do, is the biggest step that could be taken to assure long-term financial sustainability. Current reserves of $47.5 billion could be used to pay expected pay-as-you-go retiree health care costs 10-15 years into the future.

A bill introduced in the 116th Congress, the USPS Fairness Act (H.R. 2382), would repeal the mandate and allow USPS to manage like any other company or agency would.

Absent a repeal of the prefunding mandate, other options would, collectively or individually, reduce the Postal Service's unfunded liability and allow the Postal Service to preserve significant amounts of cash in the near term. The following three principles should also be considered:

Adopt generally accepted accounting principles (GAAP) for determining USPS liabilities

USPS mandated post-retirement health care reserves must be based on "actual vested liability," not on "total projected liability" as they are now. This is the difference between allowing a credit card holder to pay the charges they accrue each month, rather than requiring them to create a holding account for all of the expenses they expect to charge over a lifetime.

The prefunding mandate makes the unfair assumption that all current USPS employees will work for the Postal Service for the rest of their working lives. It also assumes that all current workers will qualify for and request that USPS pay the full cost of retirement health insurance. Basing the mandate on earned and vested benefits, rather than the hypothetical formula currently in place, would reduce USPS's accumulated retiree health fund deficit by $41 billion.

Medicare integration for future postal retirees

Medicare integration, carefully designed and implemented, could relieve the Postal Service of some of its unfunded liability for retiree healthcare benefits. In the last Congressional session, bipartisan bills were introduced in both the House and Senate that required postal retirees with federal employee health benefits (FEHB) to enroll in Medicare parts A and B at age 65. It also required all federal health plans to be reformed to use Medicare Part D (Employer Group Waiver Plan) laws for prescription drugs without additional premium costs to the FEHB enrollee.

The House and/or Senate separately addressed additional protections for those with special circumstances and individuals who could not benefit from Medicare B to remain in the FEHB program.

2020

Postmaster General Louis DeJoy announced sweeping changes to the USPS leadership that includes the resignation or displacement of almost two dozen experienced executives, the significantly increased removal and destruction of automated mail sorting machines. Many of these sorting machines are required for day to day mail delivery, much less for mail surges including Holidays, Christmas and Elections.

Pro: Support the US Constitution, SPEEA Members and Citizens of the United States
Con: Private Corporations make political contributions

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Motion

It is moved that: **THE SPEEA COUNCIL SUPPORTS THE UNITED STATES POST OFFICE AS ENVISIONED IN THE UNITED STATES CONSTITUTION AS A SERVICE PROVIDED BY THE US GOVERNMENT. THIS INCLUDES ELIMINATION OF PREFUNDING THE PENSION, ACKNOWLEDGEMENT THAT THE POSTAL SERVICE IS A NOT FOR PROFIT ENTITY, AND RESOURCES BE PROVIDED TO GUARANTEE OPERATION OF NATIONAL VOTE BY MAIL.**

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