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.**