

## **The Postal Service Reform Act of 2018: Improving Postal Operations, Service, and Transparency Highlights**

For more than two hundred years, the United States Postal Service has served as a critical driver for the American economy and a lifeline in our everyday lives. Operating at the center of a massive \$1.4 trillion printing, delivery, and logistics industry that employs approximately 7.5 million people, the organization faces financial challenges that threaten the long-term viability of America's largest retail network. The Postal Service processes and delivers nearly half of the world's mail without using any taxpayer dollars to operate. We cannot stand idly by and let this affordable and accessible mail service falter, especially given the importance of mail service to rural communities. In addition to reporting net losses for the 11<sup>th</sup> year in a row and defaulting on their legally mandated multi-billion-dollar retiree health prefunding payment yet again, the Postal Service also, for the first time, missed payments they owe to the federal retirement system in 2017—for a combined total of \$6.9 billion. For years now, the onerous prefunding schedule for future retiree healthcare obligations has put the Postal Service in a place where it must cut costs—often at the price of service—and ultimately prevents them from investing in the infrastructure they so desperately need. This aggressive schedule, coupled with the Great Recession of 2007-2009, the growth of ecommerce, and declining mail volume (a 5 billion piece drop in 2017) have all hit the Postal Service hard, and it is long past time for Congress to do its job. While the Postal Service's challenges are serious, they are also solvable through needed legislative reforms. The Postal Service impacts every American household 6-days of the week, 52-weeks a year. It is time for Congress to push political barriers aside, protect the American taxpayer, and give this vital institution the tools it needs to thrive in the 21<sup>st</sup> century.

H.R. 756 is the bipartisan House bill that passed out of the House Oversight and Government Reform Committee in March of 2017 on a bipartisan voice vote. The Carper-Moran-Heitkamp-McCaskill package is based off of H.R. 756, with crucial additions like strong service protections that are needed by rural members and the Senate.

### **The bipartisan Carper-Moran-Heitkamp-McCaskill package of postal reforms:**

- Allows the Postal Service to take a step taken by virtually all large businesses by coordinating its retiree health care system with Medicare, gaining efficiencies and saving a significant amount of money over time. This reform would significantly reduce or eliminate the Postal Service's projected unpaid health care liabilities and would be fully paid for.
- Eliminates the current aggressive retiree health prefunding requirement by allowing the Postal Service to pay down any remaining health care obligations over 40-years, while at the same time protecting taxpayers by requiring the Postal Service to set aside far more funding for health care than any other large business currently does.
- Restores half of the 4.3 percent emergency rate increase put into place after the recession to provide sufficient revenue for the short term until the Postal Regulatory Commission can complete the comprehensive review of the postal rate system required under law.
- Includes service reforms that put the postal customer first by improving mail service performance across the country, while also requiring transparency and enforcement to ensure the Postal Service's accountability. Service performance would also be stabilized by preserving current service standards for at least 2-years.
- Requires the Postal Regulatory Commission to complete a study of affordable options and timetables for improving services and gives the Commission additional authorities to ensure service improves.
- Enhances transparency by improving management, effectiveness and efficiency of Postal Service operations, costing systems, customer service and contracting efforts.