

Postal Service Reform Act ***Bipartisan Legislation Significant Step Towards Financial Sustainability***

The Postal Service congratulates the leaders of the House Committee on Oversight and Reform (COR) and the Senate Homeland Security and Government Affairs Committee (HSGAC) on bipartisan, bicameral postal reform legislation that will help ensure financial sustainability and service excellence for the Postal Service. Encouragingly, the House COR passed the bill out of Committee on May 13th by voice vote. The Senate bill has the bipartisan support of 20 original cosponsors.

Critical Step Towards Financial Sustainability; Retiree Health Benefit Reforms

As reported by COR and introduced in the Senate, H.R. 3076 and S. 1720, the Postal Service Reform Act, would align our retiree health benefits (RHB) with the best practices of private sector employers that still offer these benefits. Specifically, the bills eliminate the overreaching RHB prefunding mandate and prospectively integrate our retirees into Medicare. During their careers, all Postal Service employees pay into Medicare, but many do not ultimately enroll in Medicare and thus never collect the benefits they are due. Medicare integration resolves this problem.

Medicare integration, combined with the prefunding repeal, will reduce Postal Service expenses by \$44.3 billion over the next 10 years. These two provisions are the largest individual components of our *Delivering For America* financial recovery plan, but the changes are not enough to fully address our projected losses over the next decade, which are estimated to total \$160 billion if no action is taken. To fully achieve our financial goals, the Postal Service will continue the other reforms laid out in our plan, which will generate enough savings and revenue to cover operating costs, enable investments in our workers, infrastructure and technology, and simultaneously provide the American people the excellent service they expect and deserve. The Postal Service is fully committed to these self-directed reforms but addressing our retiree health benefit expenses requires legislative action. Taken together, these actions will provide a financially viable Postal Service that can deliver for the American people well into the future.

Bipartisan, Bicameral Support and Broad Stakeholder Support

Medicare integration for Postal Service retiree health benefits is not a new idea. It has been a feature of nearly all proposed Postal Service reform bills for the last ten years, and like the current proposals, it has enjoyed bipartisan congressional support. Over the years, a broad coalition of postal stakeholders has supported Medicare integration. Postal Service employee unions support RHB reform because it ensures that these benefits remain available, while controlling costs and improving coverage for postal employees, retirees, and family members. Likewise, these proposals have also won past support by the mailing industry, which recognizes the need to make employee benefits more affordable, given that those costs ultimately must be paid for by our customers.

Transparency and Accountability Provisions Also Part of PSRA

As reported by COR and introduced in the Senate, the Postal Service Reform Act also includes service accountability and transparency provisions and studies. The Postal Service recognizes the benefit of increased transparency and the efforts of Congress to prioritize improvement in our operations. For example, reporting requirements currently contained in the bill would require progress reports on the Postal Service's 10-year strategic plan, a requirement we embrace.

Time to Act

For more than a decade, Congress has debated various pieces of legislation to address the Postal Service's retiree health benefit costs. During those debates, and for each year that reform failed to reach the President's desk, the financial instability created by these unsustainable costs continued to grow. Today, the Postal Service is encouraged that a sense of urgency accompanies this legislation and we urge the 117th Congress to advance this long-overdue reform swiftly through the legislative process. The financial stability offered by this legislation, together with operational reforms now being implemented by the Postal Service, will help enable the growth, investment, and service enhancements necessary to serve the American people while treating our employees and retirees fairly. As the bills progress through the legislative process, the Postal Service pledges to work with Congress and will continue to offer technical refinements to ensure that the end-product will improve the services and products we offer to the American people.

2nd largest contributor to
the Medicare Trust Fund

The Postal Service and its employees
have paid \$34.6 billion in Medicare taxes
since 1983.

6-day mail (and even
sometimes 7-day
package) delivery

A key commitment included in the
Postal Service's *Delivering For America*
10-year strategic plan.