



The U.S. Postal Service Supports the *Postal Service Reform Act: H.R. 3076* *Bipartisan Legislation for Financial and Operational Reform*

Why is Congressional Action Required?

The Postal Service estimates \$160 billion in losses over the next 10 years. The single biggest driver of these losses are congressionally mandated costs for retiree health benefits. These unsustainable mandates have been debated in Congress for more than a decade. House and Senate floor consideration is soon expected to advance the Postal Service Reform Act (PSRA); the **most bipartisan, bicameral support** for postal legislative reform since the passage of the Postal Accountability and Enhancement Act of 2006. A bipartisan mix of over 100 House members and 27 Senators have cosponsored this long overdue reform legislation, and on February 8, the House approved the bill on a broadly bipartisan basis with a vote of 342-92.

The largest component of our plan to restore financial sustainability to the Postal Service is achieved through the retiree health benefit provisions of the Postal Service Reform Act.

PSRA helps close this \$160 billion deficit by \$44 billion and brings the Postal Service closer to financial sustainability. Legislative reform, along with operational and administrative reform, judicious use of new pricing authorities, and revenue growth initiatives, **will allow the organization to continue to operate as a self-funded entity, without taxpayer support.** PSRA, together with the other initiatives set forth in our Delivering for America 10-year strategic plan, will ensure that future congressional assistance regarding operational expenses and retiree obligations will be unnecessary. **A financially sustainable Postal Service ensures that we can continue to fulfill our universal service mission,** and make the investments needed to support service excellence, network efficiency, and introduce enhanced products and services for our customers.

What is the PSRA?

Title I: Financial Reforms

Medicare Integration and Repealing the Retiree Health Benefit (RHB) Prefunding Mandate (USPS Fairness Act)

These provisions would drastically reduce or eliminate our unfunded RHB liabilities. They would also significantly reduce our expenses and improve our net income while still lowering costs and increasing coverage for annuitants.

Title II: Operational Reforms

Interactive Public Dashboard and Additional Service Performance Accountabilities and Transparencies

These provisions, together with operational reforms in the Delivering for America Plan, will help sustain our mission to provide reliable and affordable service to every address in America six days, and sometimes seven days, a week.

The PSRA PROTECTS Taxpayers

The Postal Service Reform Act maintains the Postal Service's requirement to be self-funded as an independent entity that receives **zero tax-payer dollars for operational expenses and restores financial sustainability, avoiding the need for further assistance.** Specifically, enactment of PSRA enables us to **fulfill our responsibility in that regard by structuring our RHB obligations in a manner that is affordable and consistent with private sector best practices.** Postal employees have paid over **\$34 billion in Medicare taxes since 1983, with only 74 percent of postal retirees on the Medicare rolls.** This results in an overpayment to the Medicare Trust Fund, to which the Postal Service is the second largest contributor. Medicare Integration will only marginally impact the Medicare Trust Fund—the impact is just 0.12%, or less than half of one day's worth of claims per year.

The PSRA ENHANCES Transparency and Oversight

The Postal Service Reform Act **keeps existing requirements governing fair competition,** including the requirement that postal products cover their costs. The legislation also **enhances service performance transparency.** Most importantly, the legislation **maintains the regulatory and oversight functions** of the Postal Regulatory Commission, the United States Postal Service Office of Inspector General, and the U.S. Congress.



Rebutting Recent False Arguments

Recently, arguments have been advanced that PSRA's retiree health benefit reforms are accounting gimmicks that would harm the future of Medicare and amount to a bailout. On the contrary, as a financially self-sustaining off-budget agency, the Postal Service is required to use public company accounting conventions to account for liabilities (income/loss) unlike any other federal employer. Any financial impact of the retiree health benefit reforms on Medicare is immaterial to the trust fund. **It is more accurate to say that postal retirees who have not enrolled in Medicare have served to subsidize the program and will now be able to access the benefits they have paid taxes to receive. Postal reform prevents a bailout, it does not constitute one.**

Further, criticisms that reform does nothing to impact service and operation of the Postal Service, misses the point that **Postal management is executing a 10-year strategic plan to address operational and service challenges.**

Finally, **Postal reform legislation has been debated in the Senate HSGAC for more than 10 years — including a more robust Medicare integration provision and prefunding reforms that passed out of Committee 9-1 back in 2014 —** so the notion that the Senate has not had an opportunity to shape the essential elements of reform is false.

FY2023 the Postal Service
will run out of funds for operational
expenses absent Congressional action

FY2030 the Postal Service
RHB Fund will be fully depleted absent
Congressional action