



February 5, 2020

National Taxpayers Union urges all Representatives to vote “NO” on H.R. 2382, the “USPS Fairness Act of 2019.” This legislation would unwisely scrap a federal provision that requires the U.S. Postal Service to prefund future retirement health benefits.

The United States Postal Service’s (USPS) deep financial problems are widely known and well documented. Despite maintaining a government-sponsored monopoly over the delivery of traditional mail, USPS is nearly bankrupt, having lost nearly \$70 billion since 2000. With steep losses, as well as unfunded liabilities and debt totaling \$140 billion, it shouldn’t come as a surprise that this agency consistently receives a “high risk” label by the Government Accountability Office.

Reforms enacted in 2006 required the USPS to contribute nearly \$60 billion to the retirement and benefits fund between FY07 and FY16. While the USPS did contribute into the fund in the first few years, the USPS has now failed to make any payment into the fund in over 10 years. In total, the Postal Service defaulted on amounts totaling \$33.9 billion through FY 2016.

It is therefore concerning that rather than tackle the mounting postal service challenges, H.R. 2382 simply repeals the pre-funding requirement altogether and reverts back to the failed PAYGO system. While it may be prudent to adjust the pre-funding levels or frequency of payment, it is short-sighted to end the provision completely. In fact, according to a December 2018 report from the Task Force on the United States Postal System, the task force “does not believe that this general policy should change or that the liability for USPS retiree health benefits should be shifted to the taxpayers.” USPS’s defenders claim that pre-funding is an unfair burden to bear, but from the taxpayer’s perspective, more agencies and government-chartered entities should be concentrating attention on this type of planning. Some retirement obligations at the U.S. Department of the Defense have carried a pre-funding requirement.

Continuing to employ a de facto PAYGO model threatens both retirees and taxpayers to cover losses into the retirement fund. Without a complete overhaul of the entire postal service model, a future taxpayer funded bailout north of \$100 billion is likely to become a reality.

Roll call votes on H.R. 2382 will be included in NTU’s annual Rating of Congress and a “NO” vote will be considered the pro-taxpayer position.

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