



March 1, 2022

An Open Letter to the Senate on the “Postal Service Reform Act”

Dear Senator:

Yesterday the U.S. Senate voted to advance debate on H.R. 3076, the Postal Service Reform Act, setting the stage for final passage of this flawed legislation sometime in the near future. While NTU appreciates the goals of getting the USPS on sound financial footing, we believe the reforms outlined in H.R. 3076 are insufficient and the bill is not worthy of passage. This bill fails to address key structural reforms to USPS that taxpayers need, places additional financial obligations onto the federal government, and hastens the likelihood of a broader taxpayer-funded bailout. More work lies ahead to fundamentally reform the Postal Service and we genuinely look forward to working with you on such an endeavor.

Congress is advancing this legislation because the financial condition of the USPS is dire. Despite maintaining a government-granted monopoly over the delivery of first class mail, the USPS has not been profitable for the past fifteen years. As a result, the Postal Service has required a draw of \$93 billion from the Treasury in order to cover fifteen years of collective deficits. Due to these steep losses, alongside \$140 billion in unfunded liabilities and general debt, the Government Accountability Office (GAO) regularly labels the Postal Service “high risk.” Without structural changes, USPS will continue to rely on multi-billion-dollar infusions from taxpayers in order to remain solvent. In fact, the GAO noted in a report from May 2020 that “USPS’s financial viability has been on our High-Risk List since 2009 due to the need for action to address USPS’s poor financial condition. USPS cannot fund its current level of services and financial obligations from its revenues.”

For many years government watchdogs such as NTU have sounded the alarm bells that on its business-as-usual trajectory, USPS would not be economically viable in the 21st century. USPS desperately needs reform, but this legislation simply kicks the “insolvency” can down the road toward the not-so-distant future. Though it does not contain a direct monetary bailout, taxpayers are concerned that it does provide major leniency for many established USPS obligations. At a fundamental level, this legislation delivers an in-kind bailout that delivers only the tiniest amount of reform.

In a [February 5th blog post](#), NTU offered our take on the strengths and weaknesses within the Postal Service Reform Act, and other reforms that would meaningfully address the structural challenges at USPS. Nevertheless, the shortcomings of H.R. 3076 exceed the strengths. Specifically, we oppose the following provisions:

Scraps the Pre-Funding Mandate. NTU supports a pre-funding requirement to tackle the future tidal wave of benefit payments that will come due in the not-so-distant future. While it may be prudent to adjust the pre-funding levels or frequency of payment, it is short-sighted to end the provision completely. Simply reverting back to the old PAYGO ways would not help USPS make the suitable payments into the necessary funds that can help to offset the lack of those protections.

Codifies Six Day a Week Mail Delivery. H.R. 3076 removes delivery flexibility by codifying a requirement that USPS deliver mail to all addresses six days per week. Though package volume has increased due in large part to online shopping at the height of COVID-19, its most profitable mail services - first class mail, marketing mail, and standard mail - have declined substantially and are expected to fall further. President Trump's Task Force on the Postal Service reported elimination of Saturday mail could save as much as \$1.5 billion annually.

Integrates USPS Health Obligations Into Medicare. Another provision within H.R. 3076 that raises long-term concerns is the offloading of USPS obligations onto the federal government, notably Medicare. Some would argue that this shift might benefit taxpayers in the short run, since USPS health benefits (sometimes more generous than Medicare) would become a future taxpayer liability anyway. But since the Trust Fund that supports Medicare is nearing insolvency, burdening Medicare with even more obligations could hasten its decline. This provision is simply moving the massive financial obligations off of USPS' books and onto the federal government's.

It would be inaccurate to state H.R. 3076 is the only solution to save the Postal Service. While it makes several improvements at the margins, it would not thoroughly protect taxpayers from a future bailout of USPS' financial obligations. It is encouraging to see Congress address this subject in a bipartisan fashion, but the resulting bill is missing several comprehensive postal reforms that should be considered by the Congress in subsequent legislation. Nevertheless, we hope to work with you as you chart a course on an actual comprehensive reform bill that is more deserving of the president's signature.

Sincerely,

Thomas Aiello
Director of Federal Affairs