“Core Elements” of USPS Financial Stabilization

The $1 trillion business mailing community urges Congress to provide measures to stabilize a largely insolvent Postal Service as soon as possible. Coalition members, responsible for some 8 million private sector jobs, believe comprehensive reform is necessary and greatly appreciate the extensive efforts in the 112th Congress to address this challenge. But those efforts fell short.

If anything, the situation has become even more dire for USPS. The postal system is confronted with continuing, often disruptive, change in a digital world. When USPS was last reformed in 2006, the iPhone had not been introduced, and Twitter and Facebook were in their infancy.

The Coalition believes USPS will face an ongoing series of challenges that may require frequent Congressional attention in years to come. Given that future, and today’s urgency, the Coalition believes that Congress should focus first on core elements of stabilization:

Reamortization of Payments for Prefunding Retiree Health Benefits.

- Ensuring retiree health is not an unfunded liability is financially sound
- Current ten-year amortization results in unaffordable $5.5 billion annual payments, on which USPS has already defaulted twice.
- Extended amortization guarantees full pre-funding at much lower annual payments
- Forty years, as proposed last year in S. 1789, would accomplish all of the foregoing goals

Return to USPS of its Overpayments to the Federal Employees Retirement System (FERS)

- Depending upon the calculation, USPS has overpaid into FERS by $2.5 to 12.5 billion.
- Since USPS is funded by postage-- not taxes—business mail users who provide some 90% of postal revenues, have been overcharged
- Returned funds can be used as incentives for early retirement, debt reduction and more.

Assuring USPS the Authority to Streamline its Service

- Mail volume has declined 25% since its peak year in 2006. The associated revenue drop has vastly outpaced strenuous USPS actions to cut costs.
- USPS must reconfigure its system to the size of today’s, and tomorrow’s, business.
  o The decline is unlikely to be substantially reversed; further losses may be slowed.
  o Without reconfiguring, the cost overhang will drive even more mail from the system.
  o It has a plan in place to consolidate and close processing facilities, and reduce post office costs without widespread closings.
- USPS authority to continue its efforts to size its system to current mail volumes, yet assure sustained or even broadened access to the system and postal products, must be preserved.

If there is comprehensive reform, these core elements must be included. If there is not, the Coalition urges Congress to assure that at least these elements are addressed this year.