

## Postmasters Call For Pension and Health Care Funding Accuracy

On Wednesday, at a Joint House-Senate hearing of the future of the Postal Service, NAPUS President Bob Rapoza called for Congress to fix two laws that inaccurately inflate the USPS' pension and retiree health care liability. On behalf of the 39,000 NAPUS members, Rapoza's testimony focused on four themes: the fiscal challenges facing the Postal Service; liberating the Postal Service from unfair, unnecessary and harmful funding obligations; exploiting the Postal Service's national scope and strong public support; and safeguarding universal service ([NAPUS Testimony](#)). The entire hearing may be viewed by linking to [Joint Hearing on Future of USPS](#).

The hearing, which Senator Tom Carper (D-DE) and Representative Steve Lynch (D-MA) jointly chaired, consisted of two witness panels. The first was made up of postal customers, and the second panel comprised postal employee and management associations, including NAPUS. All thirteen witnesses told the combined House-Senate Subcommittee that Congress must correct the formula that has resulted in the Postal Service overfunding its pension obligation by up to \$75 billion. The witnesses pointed out that the surplus could be used to pre-fund retiree health care premiums. NAPUS, among others, indicated that the formula employed to calculate overstated the retiree health care liability. Consequently, Congress should adjust the pre-funding requirement to more accurately reflect the liability. Nevertheless, NAPUS also reminded the joint subcommittee that the Postal Service is the only public or private entity that pre-funds its retiree health care liability.

At the outset of the hearing, Rep. Gerry Connolly (D-VA), once again, cast doubt on the USPS' doomsday budget number of \$238 billion in ten-year cumulative losses. Connolly read from and distributed the transcript of the April 15 House Postal hearing, where PMG Potter appeared to admit that the projected \$238 billion number was "theoretical." Also, at the beginning of the hearing Sen. Tom Coburn (R-OK) asserted that current law prohibits a labor arbitrator from considering the USPS' financial condition, during the final stage of the collective-bargaining process. Rep. Eleanor Holmes Norton (D-DC) challenged Coburn's understanding of the law, pointing out that there is nothing in law that excludes an arbitrator from considering a wide-variety of factors in rendering a decision, including the USPS' financial condition. While this confusion does not have a direct impact on Postmasters, it is important to note how basic facts can be misunderstood. For example, the distinction between a Post Office and other retail postal facilities is often misconstrued, and this fact could be problematic. This concern was born out at the hearing by a discussion about the possible creation of a postal closing commission. Under current law, there is no prohibition against closing or consolidating non-Post Office facilities, but there are limitations for closing or consolidating Post



NAPUS Pres. Bob Rapoza  
Testifying at House-Senate Hearing on Postal Future



Sen. Tom Carper  
Presiding Over Hearing

Offices; there is also a process for conducting acceptable closings and consolidations.

Consequently, a portion of NAPUS' testimony and interaction with the Subcommittee dealt with a potential commission to close postal retail facilities. President Rapoza cautioned against vesting a board with the authority to close Post Offices, reminding the panel that closing every small and rural Post Office would only save 0.7% of the USPS operating budget, 86% of the American public oppose Post Office closings, and the most vulnerable Post Offices are located in rural areas. Hence, closing those Post Offices would undermine nondiscriminatory postal service to large portions of the country.

During subcommittee questioning, the mailers panel cautioned against an exigent rate increase that the USPS may file shortly. The panel also clarified their positions on reducing delivery-frequency, from six-to-five days a week. Hallmark Cards, Prime Therapeutics (mail order drug company) and Amazon.com expressed concern about the reduction; however, Netflix, the American Lung Association, and MenStyle (catalogue mailer) said that they could adapt to the change. Noteworthy is that some of the mailers, even those who reductions, are already exploring alternative means of Saturday delivery.

In his testimony, President Rapoza identified the Postal Service's high favorability rating of 83% as an asset to help develop new and innovative revenue streams. Post Office use should be maximized to foster partnerships with state and local governments, as well as the private sector. Municipal credentialing and permitting could be conducted within Post Offices. In addition, President Rapoza pointed out that vote-by-mail provides a win-win opportunity for state election authorities and the Postal Service.

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## Budget Deficit Driving Agenda

Earlier this year, President Obama created the Nation Commission on Fiscal Responsibility and Reform, an 18-member commission tasked with developing a plan to reduce the federal deficit to 3% of the economy by 2015. Currently, the budget deficit is projected to average \$1 trillion a year over the next decade. (The Commission is conducting its third public meeting on June 30.) Congress is constrained with a PAYGO law that precludes additional government spending without generating new revenue or budget cuts to offset the spending. Finally, Congress is unable to pass a Fiscal Year 2011 Budget.

This week, House Majority Leader Steny Hoyer announced that the House is working to adopt a budget resolution, which calls for more spending cuts than President Obama's budget, reaffirms PAYGO rules, and endorses the goals of the Fiscal Responsibility and Reform Commission. In this highly toxic election year, where the congressional majorities could shift, the budget and the deficit have emerged as prime issues that are motivating American voters to go the polls. Consequently, Congress is confronting extraordinary difficulties in passing such passionate and usually non-controversial measures as extending unemployment benefits and emergency aid.

These factors concern NAPUS regarding the future of the USPS and Postmaster benefits as we enter the homestretch of the legislative session and as we approach the 2010 elections. It is important for Postmasters to continue to communicate with their Members of Congress and candidates for Congress about NAPUS' legislative agenda, and protecting their earned benefits.

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