

UPDATE

House Postal Hearing: One Step Forward, Two Steps Back

On April 30, the House Committee on Oversight and Reform conducted a 3½ hour hearing on the Postal Service's financial condition and the need for legislative reform. Testimony was offered by Postmaster General Megan Brennan, the president of the National Association of Letter Carriers, the president of Quad/Graphics, a senior staff member of the Postal Regulatory Commission, and a representative from the Cato Institute. The entire hearing can be viewed on the [committee website](#). The prepared testimony can also be viewed on the [committee website](#).

A large part of the hearing focused on the need for prompt enactment of legislation. Committee Chair Elijah Cummings (D-MD) and the PMG favored legislation similar to last year's bipartisan bill (H.R. 756), which the committee had originally approved by voice vote. Cummings highlighted the impact that falling first class mail volume and increasing operational expenses have had on the agency since that time. He noted that the Postal Service had responded to its challenges by reducing the number of employees, expanding the use of non-career workers, consolidating facilities and reducing retail hours of operation. Ranking Republican member Jim Jordan (R-OH) suggested that a European version of postal privatization represented a viable path for maintaining mail service to the country. The Cato Institute, a libertarian Washington-based think tank, promotes such privatization.

PMG Brennan, in her prepared statement, warned that without legislative and regulatory changes, the Postal Service would run out of money in 2024. She also expressed concern that the agency would be insolvent in 2020 if it complied with the current statutory obligation to prefund future retiree health benefits. There were three broad areas of legislative relief sought by the PMG: increased rate-setting flexibility; lifting the burden of prefunding retiree health benefits; and enhancing opportunities for product innovation.

There also was discussion about revisiting last year's proposal to more fully integrate Medicare with Federal Employee Health Benefits coverage for Medicare-eligible retirees. Two proposals were referenced: first, calculating USPS' FEHBP retiree liability only from the date on which the employee becomes legally entitled to participate in FEHBP as a retiree (at least 5 years from retirement); and second, limiting mandatory Medicare coverage to future postal retirees. (It is important to note that more than three-quarters of Medicare-eligible retirees already fully participate in Medicare.)

Unfortunately, the hearing went a bit off-the-rails about halfway through the hearing. Rep. Mark Meadows (R-NC), one of the architects of last year's bipartisan postal bill, cautioned that he was in danger of turning from advocacy to hostility because of a breakdown in the PMG's commitment to deliver a long-term business plan to him, as previously promised by her by late January. The PMG apologized for the communications breakdown and told Meadows that the plan was still a work in progress, but would be delivered by early July. Chairman Cummings and Postal Subcommittee Chair Gerry Connolly (D-VA) urged the USPS to repair the relationship with Rep. Meadows, given his postal

leadership role. Later in the hearing, the PMG acknowledged that the business plan will likely include 5-day delivery for letter mail and 7-day delivery for certain parcels. In response, Meadows pointedly reminded the PMG of his past opposition to any reduction in delivery frequency, along with that of most members of Congress, warning Brennan about its unpopularity. “That dog won’t hunt,” Meadows said.

Late in the hearing, freshman Rep. Alexandria Ocasio-Cortez (D-NY) observed that many of the USPS’ problems are a consequence of the business plan that Congress imposed on the Postal Service in the 2006 postal reform law with its prefunding mandate. She encouraged Congress to correct that flawed plan and address the prefunding issue immediately (see article regarding H.R. 2382.)

NAPS remains firmly committed to prompt enactment of meaningful, constructive postal reform legislation through bipartisan action. Further delay will narrow the window of opportunity that remains to pass a bill in the House and send it over to the Senate.

DeFazio Introduces Legislation to Eliminate Prefunding Requirement

On April 29, Rep. Peter DeFazio (D-OR) introduced [H.R. 2382](#), “the USPS Fairness Act.” Original cosponsors include: Rep. Tom Reed (R-NY), Brian Fitzpatrick (R-PA) and Xochitl Torres Small (D-NM). Over the past dozen years, the prefunding requirement has accounted for over 90 percent of the Postal Service’s accumulated losses. No other public or private entity is required to prefund retiree health benefits to the level required by the Postal Service. In part, the obligation precludes the USPS from investing in much-needed infrastructure.

NAPS supports H.R. 2382 and urges its members to request their members of Congress to cosponsor the bill. (Cosponsors are identified on the above link.)

Speier Introduces Legislation Permitting Postal Shipment of Alcoholic Beverages

On May 3, Rep. Jackie Speier (CA-14) introduced [H.R. 2517](#), the USPS Shipping Equity Act. Original cosponsors include: Reps. Andy Biggs (R-AZ), Suzanne Bonamici (D-CA), Steve Cohen (D-TN), Susan Davis (D-CA), Peter DeFazio (D-OR), Anna Eshoo (D-CA), John Garamendi (D-CA), Raul Grijalva (D-AZ), Doug LaMalfa (R-CA), Barbara Lee (D-CA), Eleanor Holmes Norton (D-DC) and Mark Pocan (D-WI). This bill would end the Prohibition-era ban that prevents the U.S. Postal Service from shipping alcoholic beverages to consumers.

H.R. 2517 would allow the USPS to ship alcoholic beverages directly from licensed producers and retailers to consumers over the age of 21, in accordance with state and local shipping regulations. The bill would generate much-needed revenue for the USPS and permit the agency to carry products similar to private sector carriers, such as FedEx and UPS.

NAPS supports H.R. 2517 and urges members to request their members of Congress to cosponsor the bill. (Cosponsors are identified on the above link.)

NAPS Legislative Team