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July 23, 2013

Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Members of the Committee on Oversight and Government Reform:

As you prepare to consider H.R. 2748, the Postal Reform Act of 2013, I would like to share the concerns of the five million federal and postal employees and annuitants represented by the National Active and Retired Federal Employees Association (NARFE). We at NARFE appreciate the willingness of the Chairman and Ranking Member to solicit stakeholder feedback prior to introduction of the bill, and for considering our views now.

Generally, it is the position of NARFE that H.R. 2748 places the burdens of cost-cutting on the backs of the postal workforce while undermining the mission of universal mail service provided by the United States Postal Service (USPS). In so doing, the legislation threatens the future of the postal service as we know it today. The mission of USPS throughout its history has been to deliver a basic service to all Americans, not to operate as a for-profit business. By switching from a service-driven model to one that bases decisions based on profit, H.R. 2748, if enacted, will have significant consequences for taxpayers, particularly those in rural areas and the elderly.

NARFE has the following comments regarding particular provisions of H.R. 2748.

Reduction in Annual Prefunding Payments for Retiree Health Benefits

First and foremost, NARFE supports legislation to end the Postal Service's burdensome prefunding requirement as it relates to future retirees' health insurance, which Section 502 of the Postal Reform Act aims to address. Allowing USPS relief from this payment over the next two years is an improvement over the status quo, which requires USPS to make set statutory payments over an accelerated ten-year period that is more the result of the quirks of congressional budget scoring than common sense. The Issa bill proposes using actuarial data to make these payments over the next forty years. Any change in the payment schedule should ensure USPS receives relief from this unprecedented requirement, not burden the agency further.

Termination of Federal Workers' Compensation Benefits for Postal Employees

Section 306 of H.R. 2748 takes away, completely, the protections provided by the Federal Employees' Compensation Act (FECA) from postal employees injured on the job. Instead, it allows the USPS to create its own program for providing workers' compensation to its employees. While the provisions require USPS to design the program "in consultation with

appropriate employee representatives,” to account for various “recommendations,” and specifically envisions congressional oversight (a redundancy), none of these provisions limits USPS’ legal authority to craft whatever program it sees fit. In other words, there is no legal limit on USPS’ ability to reduce or limit the amount it compensates its injured employees. This provides too much authority over the lives and compensation of injured employees to an independent agency already looking for ways to cut costs.

The legislation makes clear that USPS must reduce the compensation provided to injured employees: (i) once they reach retirement age; and (ii) if they have dependents, compared to the current structure. By doing so, the new program would deprive injured employees of the level of income security they deserve and would have earned had they been able to continue working, an assertion back by the Government Accountability Office (GAO) in its report (GAO-13-108) regarding possible legislative changes to FECA. Additionally, Congress has debated, for years, ways to transition FECA recipients to a retirement program upon retirement age, to no avail. It is unlikely USPS will be able to succeed where Congress has failed, without a major impact to compensation for injured workers.

Reduced Service Standards

NARFE supports preserving current service standards for the Postal Service, including maintaining six-day delivery, to-the-door or curbside delivery where in place, and keeping post offices open based on customer service standards rather than profitability. The Postal Service provides a basic government service that has existed since the 18th century; it is not meant to be a for-profit business enterprise.

Unfortunately, the Issa bill removes the protections necessary to keep in place current service standards. Section 101 allows for an end to six-day delivery. Section 102 allows for a transition away from to-the-door or curbside delivery, moving to cluster box delivery. Customers currently receiving to-the-door delivery would be allowed to keep it for a fee, but the legislation does not state what the fee would be. The Chairman, in the Postal Reform Act highlights posted on the OGR website, states that to-the-door delivery is “expensive,” and if he is correct, many might not be able to afford this option. This is of particular concern to NARFE members, as most of them are retired and some may not have the ability to walk several blocks to retrieve their mail, and they shouldn’t have to.

Current law states: “No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.” Unfortunately, Section 103 removes this provision, even though profit is not, and should not be, the mission of the USPS.

Conclusion

The Postal Reform Act takes the wrong approach to modernizing the U.S. Postal Service. The goal should be to find ways to preserve the postal service as we know it through innovation and growth, and there are pending bills to do this that should be considered by the Committee, notably H.R. 630 and H.R. 961. H.R. 2748 ignores the longstanding role of the postal service in American history and misapprehends the nature of the service as a profit-making enterprise

rather than an essential government service. That's not something the American people want or deserve.

Thank you for considering NARFE's viewpoints. Should you have any questions or concerns regarding NARFE's views, please contact NARFE Legislative Director Jessica Klement at jklement@narfe.org or 703.838.7760.

Sincerely,

A handwritten signature in black ink, reading "Joseph A. Beaudoin". The signature is fluid and cursive, with the first name "Joseph" and last name "Beaudoin" clearly legible.

Joseph A. Beaudoin
National President