

February 4, 2020

Dear Representative:

On behalf of the National Active and Retired Federal Employees Association (NARFE), I urge you to support H.R. 2382, the USPS Fairness Act, when it is considered on the floor on Wednesday, February 5. The bill would repeal the unprecedented 2006 mandate that the United States Postal Service (USPS) prefund its future retiree health benefits.

No other federal agency or private-sector company fully prefunds its retiree health benefits. Yet, the Postal Accountability and Enhancement Act (PAEA) of 2006 mandated specific, annual prefunding payments by USPS into the Retiree Health Benefits Fund (RHBF) over a 10-year period (2007-2016), followed by continued payments since 2017 to fully cover the remaining liability for retiree health benefits as far as 75 years into the future.

Even though USPS has not made all the required payments, the liability remains current on its balance sheet and is steering cost-cutting strategies, prohibiting investments, and driving and limiting options for legislative reforms.

Rather than protecting health benefits, the requirement to prefund benefits for future retirees has threatened the benefits of current retirees. Notably, past postal reform bills have sought to reduce the prefunding liability by mandating Medicare Part B coverage for current postal retirees – which requires additional premium payments – as a condition of keeping the federal retiree health benefits that they earned through years of employment.

Furthermore, under the legislation, USPS would maintain its obligation to fund postal retiree health benefits after repeal of the prefunding mandate. After using funds currently in the RHBF, USPS would return to pay-as-you-go funding, similar to other federal agencies and businesses in the private sector.

H.R. 2382 will not solve all of USPS' financial problems, but it does provide a common sense first step. It would rescind an unnecessary and unreasonable mandate and provide breathing room for future reforms. For these reasons, I urge you to support the USPS Fairness Act. Thank you for your consideration of our views. If you have any questions or comments, please contact NARFE's Staff Vice President of Policy and Programs Jessica Klement at 571-483-1264 or jklement@narfe.org.

Sincerely,



Ken Thomas
National President