



# National Association of Letter Carriers

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## House Republican Conference Smears America's Most Trusted Agency

The Republican House Conference (RHC) on August 12 issued a grossly inaccurate and misleading brief insulting the Postal Service and its 700,000 employees in a transparently partisan attack aimed at derailing health reform.

The smear piece, [An Ominous Model for Government Takeover of Health Care](#), makes at least seven false and/or misleading claims that tarnish the Postal Service and its hard-working employees. This will set the record straight.

**USPS is “supposed to be” self-funded.** In fact, the Postal Service is self-funded. Other than minuscule appropriations to fund free mail to the blind and military voting, the Postal Service has not received taxpayer appropriations since 1983, all the while serving 148 million addresses six days a week, including the most-expensive-to-serve rural areas in the country.

**“Uncontrollable Debt”** The Postal Service has a debt of \$10.3 billion to finance the operations of 37,000 post offices and the world's largest fleet of vehicles. However, the main driver of its debt is a Bush-era policy which imposes a grossly unfair burden on USPS to pre-fund 80 percent of its **future** retiree health benefits, a 75-year liability, in just 10 years. No other federal agency or private company (including FedEx and UPS) faces this burden. Indeed, before this policy change, the USPS had a debt of zero. If not for the pre-funding requirement, the Postal Service would have earned a profit of \$2.7 billion in 2008 despite the worst recession since the Great Depression.

**“Over Budget”** An independent agency, USPS is off-budget and entirely self-funded. While it expects losses of \$7 billion this year, due to massive mail volume declines caused by the worst recession in 80 years, that total includes the exorbitant \$5.4 billion prefunding payment into its Retiree Health Benefit Fund (which already has \$32 billion). Recognizing USPS's extraordinary efforts to cut costs during the crisis, 339 House Members have co-sponsored H.R. 22 to help USPS overcome the crisis by reducing the excessive burden of pre-funding over the next 8 years.<sup>i</sup>

**“Increased Cost for Consumers”** While the RHC piece notes that stamp prices have increased by 33 percent over the past 10 years, it does not mention that this increase is largely in line with inflation over the same period, as reported by the Bureau of Labor Statistics. Nor does it mention that private carriers (including FedEx and UPS) have increased their prices by 94 percent since 1999.<sup>ii</sup>

**“Lesser Quality”** The ACSI survey cited – inaccurately – by the RHC represents only express delivery, not USPS's core business (letters, magazines, parcels). In February, 93 percent of customers reported satisfaction with USPS.<sup>iii</sup> Moreover, a Consumer Reports study recently found that the Postal Service's quality performance matched that of UPS and FedEx and at rates half those of the competition. Consumer Reports concluded, “Bottom line, all three delivered as promised, but the good old U.S. Postal Service is often cheapest by far.”<sup>iv</sup>

**“Bailouts”** The claim that USPS has been “bailed out” is patently false. The 2003 law cited by the RHC corrected a funding formula that overstated USPS's future pension obligations. Unlike private firms, USPS has fully funded its pension costs – a sign of success, not failure. The 2006 postal reform was not a bailout, either. It reformed rate-making, strengthened the Postal Regulatory Commission and locked in the unfair retiree health pre-funding schedule – costing USPS, not taxpayers, \$55 billion. To call it a “benefit bill costing another \$1.5 billion” is dishonest.

**“Costly Risk”** As the GAO reports, USPS faces substantial financial challenges in the face of economic crisis – like every major company. To suggest this indicts the government's ability to provide essential services is ludicrous. Indeed, throughout its 235-year history, the Postal Service has served the public well while providing the most affordable postage in the world.<sup>v</sup> Indeed, the public has consistently named USPS America's most trusted agency.<sup>vi</sup>

<sup>i</sup> For text and a list of co-sponsors of H.R. 22, see [thomas.loc.gov](http://thomas.loc.gov)

<sup>ii</sup> BLS, CPI for Postage and CPI for Delivery Services, [www.bls.gov/cpi](http://www.bls.gov/cpi)

<sup>iii</sup> [http://www.usps.com/communications/newsroom/2009/pr09\\_014.htm](http://www.usps.com/communications/newsroom/2009/pr09_014.htm)

<sup>iv</sup> Consumer Reports, December 2008.

<sup>v</sup> <http://www.atms.ch/rates>

<sup>vi</sup> Ponemon Institute survey, see [www.ponemon.org](http://www.ponemon.org)