

It's time to end the 12-year wait for pension fairness



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Last year, we capped off a multi-year campaign to push postal reform legislation through Congress. By 2019 and 2020, we had helped build a broad pro-reform coalition in Washington and a bipartisan majority in both Houses in 2019 and 2020 for the legislation—all we needed was a president who was willing to support us. President Biden filled the bill (pun intended) and signed the Postal Service Reform Act of 2022 (PSRA) into law in April of last year. The PSRA repealed the unfair retiree health pre-funding mandate from the Postal Accountability and Enhancement Act of 2006 (PAEA). The PSRA slashed the

Postal Service's chronic losses in half and dramatically strengthened its balance sheet.

But more must be done to bolster our agency, a key part of the nation's economic, social and political infrastructure.

To be specific, we need President Biden to finish the job of strengthening the Postal Service for the long haul by taking executive action on another long-simmering battle for the Postal Service, its customers and its employees—the battle for pension fairness from the Office of Personnel Management (OPM). Specifically, we need an executive order, requiring the OPM to adopt fair methods for the valuation of the Postal Service's Civil Service Retirement System account. Such a valuation is done annually and requires OPM to allocate responsibility for pension costs for postal employees between two accounts, the federal (taxpayer) account for service before 1971 (when the USPS was created) and a postal (USPS) account for benefits associated with service in 1971 or later, after postal reorganization. Unfortunately, the methods used by OPM to allocate these costs are grossly unfair to the Postal Service.

That was the finding of a 2010 Postal Regulatory Commission review of the issue ordered by Congress in the PAEA. The PRC hired an independent auditor (the Segal Company) to do the review. Segal called on the OPM to adopt private-sector best practices in its annual valuation of the Postal Service's CSRS pension account—a step that would have increased the Postal Service's CSRS assets in the Civil Service Retirement and Disability Fund by between \$50 billion to \$55 billion in 2010. In 2011-12, OPM refused to implement the PRC/Segal recommendations, even though

the authors of the PAEA (Sens. Tom Carper and Susan Collins) assured them that the PAEA gave them the authority to do precisely that. Every year since, the Postal Service has been overcharged by the OPM—and the cumulative negative impact on its CSRS assets now exceeds \$90 billion. As a result, the USPS expense for funding CSRS benefits is nearly \$2 billion per year higher than it should be.

The good news is that President Biden knows this issue well. Indeed, in April 2020, then-candidate Biden mentioned the issue in his answers to our candidate issue survey, noting: "And the Obama-Biden Administration fought to change the federal employees' pension funding formula to prevent the Postal Service from overpaying into the federal government's pension fund." That is certainly true. However, at the time (2011-12), the Obama administration decided to support legislation to achieve this end instead of simply directing the OPM to implement fair allocation methods. And a bill to mandate the change (H.R. 1351, the United States Postal Service's Pension Obligation Recalculation and Restoration Act of 2011) did attract a large bipartisan majority (225 co-sponsors) in the House of Representatives in 2012. But time ran out, and the ever-present Senate filibuster rule has stood in the way ever since.

As with the quest for the PSRA, we cannot and will not give on pension fairness.

That's why we have been urging the Biden administration to take executive action to implement the PRC/Segal recommendations. Along with the presidents of the other three postal unions, the NALC has continued to pressure the president to use his legal authority to implement the PRC/Segal recommendations. We've employed a Washington law firm and are highlighting a financial analysis demonstrating the positive impact on the Postal Service that would result from an executive action. Ultimately, we hope to finally deliver pension fairness for the Postal Service and its employees.

In the months ahead, we hope to further engage with the Biden administration on this issue, our top priority in Washington during the 118th Congress.

President Biden has delivered on his promise to be the most labor-friendly president in generations. Both his American Rescue Plan, which helped restore the fiscal health of the nation's multi-employer pension system, and his pro-union Bipartisan Infrastructure Investment and Jobs Act have been widely hailed by America's labor movement. We hope that he will add to these achievements by strengthening another key part of the nation's infrastructure—the U.S. Postal Service—with executive action, and that he will do so soon.