A one-year, temporary fix is not enough

A **budget proposal is just that—a** proposal. As they say in Washington, "The White House proposes and the Congress disposes." Keeping that king-sized caveat in mind, President Obama's 2012 budget is a tiny step forward, but no more than that. I will explain momentarily. But let me give you the bottom line up front: It's going to take a monumental effort by the NALC and its members this year to convince leaders in both parties to embrace a much more ambitious reform to secure the long-term viability of the Postal Service. So lace 'em up, brothers and sisters; we have our work cut out for us.

Let's start with the most notable victory in the president's budget—the administration's continued support of six-day mail delivery. The mandate "that 6-day and rural delivery of mail shall continue at not less than the 1983 level" is included in the budget, as it has been since 1984. The hard work of the NALC's tens of thousands of activists over the past year made a huge difference in the debate over the Postal Service's proposal to eliminate Saturday delivery and 25,000 letter carrier jobs.

The administration rejected this proposal and instead called on Congress and postal stakeholders to work with the administration to craft comprehensive postal reform legislation that would strengthen the Postal Service for the long haul. Our job will be to ensure that the pension and retiree health care reforms we have been advocating lie at the heart of this legislation.

Unfortunately, the president's budget proposes only a modest pension change and only a temporary, short-term fix in the area of retiree health benefits. Let's briefly review each of these.

First, the budget calls on the Office of Personnel Management (OPM) to return the $6.9 billion surplus in the Postal Service's Federal Employees Retirement System (FERS) pension account to the USPS over 30 years, beginning with a $550 million payment this year. This provision mirrors the law's current requirement that any unfunded liability in the FERS plan be amortized over 30 years. We welcome this measure because it establishes the principle that any pension surplus be returned to the USPS for operations. But we believe the principle should be applied to the much larger postal surplus in the Civil Service Retirement System (CSRS)—some $50 billion to $75 billion—and that the surplus pension funds should be used to fully fund our members' future retiree health benefits. The OPM has so far been unwilling to fairly recalculate the CSRS surplus, and the new budget does not require it to do so. Congress or the administration must force it to do so.

Second, the president's budget proposes to allow the Postal Service to gain immediate access to its Postal Service Retiree Health Benefits Fund (PSRHBF) to pay for the cost of current retiree health benefits and to restructure the scheduled payments for the unfunded liability for such benefits in the future. Under current law, the PSRHBF was to be closed to the Postal Service until 2017 while the USPS built up its balance with $5.5 billion annual prefunding payments. The proposal would reduce the 2011 pre-funding payment from $5.5 billion to $1.5 billion and implement a new two-part formula for making payments to pre-fund future retiree health benefits. However, because the proposed formula was designed to be budget-neutral over the official 11-year budget window (2012-2022), its only real effect would be to reduce/defer the Postal Service's 2011 pre-funding payment by $4 billion.

At a time when the Postal Service's borrowing authority is approaching its $15 billion statutory limit, this temporary savings of $4 billion is essential. But the Postal Service needs, and the situation demands, a permanent solution.

Shaping that solution on Capitol Hill is the task before us in 2011. I am counting on each and every one of you to help NALC make this happen. The president may propose and the Congress may dispose, but in the end, Congress must answer to voters like us.