

White House Task Force is an opportunity and a threat



Fredric V. Rolando

In April, President Trump issued an executive order creating an inter-agency task force to study the future of the Postal Service. After concluding that the Service is on an “unsustainable path,” it called for an evaluation of the agency’s operations and finances.

Of course, the genesis of this order is well-known: the president’s one-sided feud with the billionaire owner of *The Washington Post*, Jeff Bezos, and his complaint that Amazon, the company founded by Bezos, is getting a sweetheart deal from the Postal Service. This is evident from the first item on the list of issues to be studied: “the expansion and pricing of the package delivery market and the USPS’s role in competitive markets.”

Fair enough; regardless of the triggering motivations, this seems like an issue worthy of study.

Unfortunately, the evaluation does not stop there; the order also calls for an evaluation of the definition of universal service and of the Postal Service’s business model. That raises some serious red flags—especially once you consider who was chosen to undertake the evaluation. More on that in a moment.

For now, we will proceed in good faith. We will treat the White House Task Force as yet another opportunity to offer constructive solutions for strengthening the Postal Service. We will not only engage with the task force, but also continue to inform the public and the media about the real issues facing the Postal Service.

As NALC members know, the most important challenges confronting us are not the usual suspects—technology, the agency’s business model or the burdens of universal service. Instead, they are public policies on pre-funding retiree health benefits and on pricing freedoms. We will deliver that message when we meet with representatives of the task force on June 5 and release our own analysis and recommendations with respect to the future of the Postal Service.

So who are those representatives? More red flags. The order directs Steve Mnuchin, the secretary of the Treasury, to chair the task force. It also names the director of the Office of Management and Budget (OMB), Mick Mulvaney, and the director of the Office of Personnel Management (OPM), Jeff Pon, as members of the task force. The track record of these folks does not inspire confidence.

Mnuchin pledged that there would be “no absolute tax cut for the upper class” in last year’s tax bill and then claimed that

the tax cut would “pay for itself” and not increase the deficit; he also produced a one-page analysis of the legislation that was widely criticized in the nation’s financial press. Of course, as the Congressional Budget Office (CBO) has concluded, the 2017 tax bill has showered the richest families in the country with huge tax cuts while generating \$1.5 trillion in new deficits.

Mulvaney has tipped his hand about his views about the Postal Service and its employees with two (2018 and 2019) federal budget proposals. Both called for severe service cuts (presumably the elimination of Saturday and door delivery) to save \$46 billion over 10 years, and for massive reductions in federal employee retirement benefits.

Meanwhile, Pon, after less than two months on the job at OPM, sent a letter to Speaker of the House Paul Ryan in May (see story on page 4) calling for legislation that would eliminate the Federal Employees Retirement System (FERS) annuity supplement that allows 30-year veterans of the Postal Service to retire before qualifying for Social Security benefits; slash Civil Service Retirement System (CSRS) and FERS pension benefits for new annuitants by using a “high-5” instead of a “high-3” average salary in the calculation of retirement benefits; impose pay cuts of up to \$4,272 annually on letter carriers by raising FERS employee payroll contributions to 7.5 percent of pay; and cut federal retiree benefits by eliminating all COLAs for the FERS basic annuity and reducing COLAs for CSRS benefits by one-half of 1 percent each year.

In a town where personnel is often policy, these staffing selections for the task force are not encouraging. Nor is it welcome news that a former staffer for Rep. Darrell Issa (R-CA) has been chosen to lead the staff work for the task force. Issa is the former chairman of the House Oversight and Government Reform Committee who refused to back bipartisan legislation (H.R. 1351) in 2011-2012 to resolve the pre-funding crisis by adopting fair methods of pension valuations used by private-sector companies. (The bill would have accurately valued our CSRS pension account and transferred the resulting \$50 billion surplus into our retiree health fund.)

Although a majority in Congress co-sponsored this sensible solution, including dozens of Republicans, Chairman Issa blocked it. He insisted on a bill calling for the appointment of a financial control board with the power to void our labor agreement with the Postal Service and to massively downsize the Postal Service. Fortunately, the Issa proposal failed after attracting just one co-sponsor—and the Postal Service subsequently staged a tremendous comeback.

Sustaining that fragile comeback remains our overriding goal. So we will take the opportunity provided by the White House Task Force—and, if need be, resist the threats it might present.