

The three-legged stool



Chief of Staff
Kori Blalock Keller

President Brian L. Renfroe often briefs our members on NALC’s agenda in Washington, DC. Lately, the conversation has centered around collective bargaining, crimes against letter carriers, new vehicles, the Delivering for America Plan and its impact on service, staffing and ongoing health and safety efforts to protect our members. Inevitably, Postal Service finances come up and President Renfroe raises

the legislative three-legged stool required to stabilize postal finances. The analogy began years ago as we approached postal reform conversations in a bipartisan manner in both the House and the Senate.

At the time, we knew that it was entirely up to Congress to address the mess it had made in the 2006 Postal Accountability and Enhancement Act (PAEA), when it required the Postal Service to pre-fund retiree health care costs decades in advance. It took years for that leg of the stool to be addressed, when we finally convinced a majority of members of Congress to repeal the pre-funding mandate—a requirement that never made sense, especially as the internet and technology were dramatically changing how customers used the mail.

In 2022, Congress not only repealed the mandate, but also codified six-day mail delivery and cut our health care costs by fully integrating postal employee health insurance with Medicare. Congress did so in a way that honored promises to annuitants who previously had opted not to enroll in Medicare Part B and made the deal clear for active employees who will be automatically integrated with Medicare after they retire, beginning in 2025.

While the 2022 reform legislation was vitally important, NALC was very clear that more must be done to address Postal Service finances—a shared responsibility of both Congress and the White House. We knew at the time there was only so much a bipartisan reform bill could do without chasing off unions, mailers or members of Congress. So, we avoided chasing “comprehensive (unicorn) legislation,” that often attracted “poison pills.” We pushed for what was attainable in a divided Congress and made clear that further reforms would need to be enacted.

In this month’s President’s Message, President Renfroe goes into detail regarding the second leg of the stool—implementation of the Segal accounting method to more fairly allocate pension costs between the Postal Service, established in 1971 as a self-sustaining agency, and the federal government, which employed postal

employees pre-1971 in the taxpayer-funded Postal Office Department. The current allocation leaves the Postal Service saddled with costs that

should be covered by Uncle Sam—costing USPS \$3 billion per year and nearly \$100 billion since 1971.

The PAEA created a mechanism to more fairly allocate these costs and directed the Office of Personnel and Management (OPM) to implement fairer allocation methods recommended by the so-called Segal Report, an external review mandated by the PAEA. But OPM has refused to take action, wrongly claiming that Congress must legislate the new methods. This is where the White House comes in.

President Biden can direct OPM via an executive directive to make the overdue changes. Given the glacial pace of solving even the simplest problems in this town, we are running out of time—a key deadline for action is approaching in 2025. Years ago, then-Vice President Joe Biden committed to addressing this issue and reemphasized his commitment in NALC’s 2020 presidential candidate questionnaire. Given the financial significance of making this change, NALC is leaving no stone unturned to ensure that the White House follows through.

As we pursue this second leg, a third leg of the stool will require playing the legislative long game. Currently, the Postal Service’s three retirement funds, the Civil Service Retirement System, the Federal Employees Retirement System and the Postal Service Retiree Health Benefits Fund, are, by law, entirely invested in low-yielding Treasury bonds, notes and bills—some \$290 billion at this point. They should be invested in higher-yielding stocks and bonds, like private retirement funds. This has cost us an average of \$20 billion per year in lost returns in recent decades.

NALC has spearheaded efforts to improve the investment returns on the Postal Service’s retirement funds, at least for future contributions to these funds. This would enable the Postal Service to significantly raise its returns and save billions of dollars on its retirement programs, freeing up money for better wages, USPS investment and lower postage rates.

Our hope is to have this legislation introduced in the House and Senate during this Congress to drum up support for action in the next Congress.

