



United Postmasters and Managers of America

2017 Legislative Advocacy Summary

**26,000 Active and Retired Postmasters and Postal Managers Promoting Postal Vitality,
Affordable Universal Mail Service and Secure Employee Benefits**

Protecting and Enhancing Our National Postal System

A decade ago, the U.S. Postal Service became the only entity – public or private – required to prefund its retiree health benefits. (Congress appropriates U.S. military retiree health benefits.) This exceptional postal obligation devastated the operations and finances of the U.S. Postal Service, the security and morale of its employees, and services provided to millions of Americans who rely on a quality universal postal system. The agency and its employees emerged from the protracted recession seriously wounded by the prefunding obligation. Absent the debilitating \$5.5 billion per year requirement, the Postal Service would have realized operating surpluses for the past three years. (The payment for this year will be \$6.7 billion.) Despite the unfair burden, the USPS managed to achieve an operating surplus for the past three years. In a large part, this is attributable to workforce reductions and service changes that impacted service to the American public. The lack of measurable fiscal breathing space impairs the Postal Service’s ability to modernize operations, invest in capital, energize its workforce, and be more innovative in its products and services.

For these reasons, UPMA supports **H.R. 756**, the bipartisan Postal Reform Act of 2017. UPMA believes that this bill would help to:

- Lessen the harmful impact the retiree prefunding requirement has on postal solvency and operations
- Encourage postal product and service innovation
- Promote postal pricing that more accurately reflects the true costs of mail acceptance, processing and delivery
- Enhance a universal, accessible and affordable governmental postal system

In addition to the core elements of the bill, UPMA strongly supports provisions to assist Postmasters and managers of retail postal facilities make critical improvements and safeguards to postal operations. The measure helps to stabilize a nationwide postal network, and sustain rural mail service.

H.R. 756 includes the following key provisions:

- Facilitates equitable calculation of the Postal Service’s retiree health and pension liabilities by using postal-specific demographic data
- Offer relief from the debilitating retiree health liability by coordinating postal retiree Medicare benefits with the Federal Employees Health Benefits Program (FEHBP) and by creating a postal-only component within the FEHBP
- Enhance opportunities for revenue growth by enabling the Postal Service to offer innovative products
- Provide the Postal Service with needed rate stability and flexibility by reinstating one-half of the exigent rate adjustment that lapsed in 2016
- Safeguarding quality mail service by implementing a temporary pause on further post office hour reductions or reclassifications of post offices that serve small and rural communities, pending a study by the Postal Inspector general
- Provides MSPB appeal rights for certain EAS level employees

There is presently no Senate companion bill to **H.R. 756**. In the previous Congress, UPMA supported **S. 2051**, the bipartisan “Improving Postal Operations, Service, and Transparency Act” (iPost), which included many of the same key provisions as **H.R. 756**.

UPMA supports H.R. 756 and requests its prompt passage; UPMA urges the Senate to introduce postal legislation promptly

Equitable Treatment of Postmaster and Postal Manager Benefits

Since 2011, postal and federal employees have sacrificed more than \$120 billion for deficit reduction, which includes increased pension contributions for postal employees hired after January 1, 2013. Moreover, the absence of constructive postal relief legislation and operational decisions made by the Postal Service has resulted in early retirements and relocation of many Postmasters, with reductions in pay and job security. Moreover, Postmaster and postal managers are extremely concerned about the potential use of the “budget reconciliation process” to reduce pay, or cut earned health and retirement benefits. UPMA Therefore, urges Congress to resist the temptation to use the postal workforce as a means to reduce federal spending. UPMA would oppose legislation that includes any of the following provisions:

- Elimination of the current weighted-average-premium contribution FEHBP formula and replacing it with a fixed-dollar contribution indexed to the CPI (i.e., not medical inflation)
- Restriction of active and retired Postmaster and postal manager choice of postal FEHBP plans
- Replacement of the present formula for calculating the retirement cost-of-living-adjustment with the so-called chained CPI
- Increase to employee retirement contributions
- Change to the federal pension computation formula from the current high three-year average to a five-year average
- Elimination of the Federal Employees Retirement System (FERS)
- Reduction of the interest rate used to compute the earnings of the Thrift Saving Plan’s G-Fund
- Elimination or reduction of the employer match to the Thrift Savings Plan
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Fair Treatment of Civil Service Retirement System Annuitants

Over 30 years ago, two provisions were enacted that unfairly penalized CSRS annuitants: the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

The WEP is a one-size-fits-all mechanism that reduces the Social Security benefits of workers who also participate in pension plans from employment not covered by Social Security, such as the CSRS. Last Congress, Rep. Kevin Brady, chairman of the House Ways and Means Committee, introduced H.R. 711, the “Equal Treatment of Public Servants Act.” The bill would repeal the WEP and replace it with a fairer formula that treats CSRS participants similar to other American retirees. It was scheduled to be considered by the Ways and Means Committee in July 2016, but an unexpected amendment was offered that eroded the wide support for the measure. We hope that similar legislation will be introduced this year.

UPMA would support a more equitable formula to calculate the Windfall Elimination Provision.

The GPO reduces a CSRS retiree’s Social Security spousal or survivor benefits by an amount equal to about two-thirds of the CSRS annuity. In the previous Congress, Rep. Rodney Davis introduced H.R. 973 and Sen. Sherrod Brown introduced S. 1651. They are both known as the “Social Security Fairness Act.” The bills would repeal both the WEP and the GPO.

UPMA would support legislation that repeal the Government Pension Offset and the Windfall Elimination Provision

Medicare Hold Harmless Provision

Current law limits the increase in the Medicare Part B premium when the Social Security cost-of-living-adjustment (COLA), as determined by the consumer price index, is small or zero. The “hold harmless” provisions helps safeguard against the erosion of retirement income only for Social Security annuitants; the provision does not apply to Civil Service Retirement System annuitants, even though the same formula is used to determine their retirement COLA. Two years ago, the Congress enacted a one-year provision that alleviated the Medicare Part B premium increase for retirees who did not accrue Social Security benefits for 2016. The provision was not extended for 2017.

UPMA would support legislation to extend the same Medicare Part B premium protections to Civil Service Retirement annuitants as extended to Social Security recipients.