



COALITION FOR A
21st CENTURY
POSTAL SERVICE

21st Century Coalition Urges Continued Support for HR 5746; Lynch Bill Would Substantially Relieve USPS Financial Crisis

- *HR 5746 Would Address Overpayment to USPS Pension Fund*
- *Pension Surplus Would Fully Prefund Postal Retiree Health Benefits*
- *No Cost to Taxpayers*

The Postal Service is facing a daunting deficit, and a threat to its solvency, from a combination of circumstances, including diversion of mail to the Internet and the effects of the recession. A major contributor to its financial plight is a statutory requirement to prefund its retiree health benefits by some \$5.5 billion per year. Prefunding of retiree health is done by virtually no other public or private sector entity.

At the same time, studies by the USPS Inspector General, and a respected actuary – the Segal Company – retained by the independent Postal Regulatory Commission, evaluating the methodology of contributions confirm that USPS has overpaid the CSRS Pension Fund by at least \$50 – 55 billion over some 35+ years. This is for retirees who worked for both the old Post Office Department and then for USPS, where liability for the former is with the Treasury, and for the latter with USPS. The difference between these calculations and those of the Office of Personnel Management is that the IG and the actuary use modern calculation methods, and OPM used a calculus from decades ago.

HR 5746, the “United States Postal Service’s CSRS Obligation Modification Act of 2010,” is intended to remedy this unfair and inequitable overpayment situation. It would direct OPM to modernize the actuarial methodology used in allocating CSRS retirement liabilities between USPS and the Federal government in accordance with the Segal Company’s recommendation, and complete a recalculation in 6 months. Updated to accord with current actuarial practices sanctioned by FASB, the methodology would base the Federal contribution on the CSRS benefit accrual formula and the conventional individual’s “high-3” average salary. Importantly, this bill uses no taxpayer funds. HR 5746 was approved by the Federal Workforce, Postal Service and DC Subcommittee, whose Chairman, Stephen Lynch, introduced it, on July 21.

The 21st Century Coalition applauds the Subcommittee’s vote and strongly urges continued support for HR 5746, and the stability of a postal system that remains essential to commerce and communications in today’s America. A list of our members, forming a mailing and supplier industry of nearly \$1 trillion and supporting some 7.5 million jobs, can be found on the back of this page.

21st Century Coalition Members

Alliance of Nonprofit Mailers
American Business Media
American Catalog Mailers Association
American Express
AT&T
Bowe Bell+Howell
Datamatx
Direct Marketing Association
Domtar
Eastman Kodak Company
Envelope Manufacturers Association
Greeting Card Association
IDEAlliance
Image Network Group
International Paper
Magazine Publishers of America
Mailing & Fulfillment Service Association
Major Mailers Association
National Newspaper Association
NewPage Corporation
NPES The Association for Suppliers of
Printing, Publishing and Converting Technologies
National Postal Policy Council
NPTA Alliance
Printing Industries of America
Pitney Bowes Inc.
Quad Graphics
RR Donnelley
Time Warner Inc.
Verizon