



# NRLCA FACT SHEET

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Under the Postal Accountability and Enhancement Act of 2006 (PAEA), a payment schedule was statutorily mandated requiring the Postal Service to make an annual payment ranging from \$5.4 to \$5.8 billion from 2007 to 2016 which is held in a trust fund to finance retiree health benefits from 2017 into the future. Also mandated by PAEA, is a separate payment to the Office of Personnel Management (OPM) to pay for the current retiree health benefit payments, which will be paid until 2016. When this payment plan was being considered and negotiated in 2006, the schedule was practical, but with the recent economic downturn it has since become unrealistic.

H.R. 22, introduced in the 111<sup>th</sup> Congress by Reps. John McHugh (R-NY) and Danny K. Davis (D-IL), seeks to readjust the payment schedule into the retiree health benefit fund, by making current retiree payments out of the trust fund starting in 2009, rather than 2017. The trust fund currently has a balance of roughly \$32 billion, and this solution would not relieve the Postal Service of its obligation toward its customers, employees, or retirees. This is not a bailout of the USPS, as this legislation does not use taxpayer funds. H.R. 22 would reduce the Postal Service's expenses by roughly \$2.3 billion in FY2009, or \$28.1 billion through 2016.

USPS Retiree Health Benefit Payments (in billions)			
	Pre-fund PSRHB* <sup>*</sup>	Current Retiree Payments	Total Cost
2009	\$5.4	\$2.3	\$7.7
2010	\$5.5	\$2.6	\$8.1
2011	\$5.5	\$2.9	\$8.4
2012	\$5.6	\$3.3	\$8.9
2013	\$5.6	\$3.6	\$9.2
2014	\$5.7	\$4.0	\$9.7
2015	\$5.7	\$4.4	\$10.1
2016	\$5.8	\$4.8	\$10.5
Total	\$44.8	\$28.1	\$72.9

\* Postal Service Retiree Health Benefit Fund

The alternative, as noted by Postmaster John Potter in a January 2009 Senate hearing, would be cutting delivery to from 6-days to 5-days a week. Further impacts would be seen as up to 70,000 Postal employees would be at risk of losing their jobs if this obligation is not relieved. As one of our nation's largest employers, massive layoffs would undoubtedly have a negative effect on our nation's economy and middle class.

## ***NRLCA Position***

**NRLCA believes that it is essential to provide relief for the U.S. Postal Service during this time of economic hardship. By realigning the payment schedule for the pre-funding of retiree health benefits, the USPS will continue to operate efficiently without interruption of service.**

**We urge members of the House to cosponsor H.R. 22 and members of the Senate to support an 8-year fix on the payment schedule to the Postal Service Retiree Health Benefit Fund.**

Contact Paul Swartz (Senate) or Kevin Talley (House) if would like more information on this issue.