



Americans for Prosperity Raises Serious Concerns with [H.R. 3076](#),
the Postal Service Reform Act of 2022.

February 8, 2022

Dear Members of Congress,

Americans for Prosperity (AFP) is raising budgetary alarms about a postal reform bill set for a House vote later this week. We urge members to carefully review these issues as the bill moves through the process. There are three main pillars to this legislation and each one should be further evaluated. Ending full pre-funding of postal retiree health care costs, requiring most USPS retirees to enroll in Medicare, and letting USPS open ill-defined non-postal services.

Pre-funding of health benefits.

Shifting from fully pre-funding benefits to a pay-as-you-go basis would have large budget impacts. CBO estimates that the bill would reduce direct spending within the 10-year window, but the long-term costs are unclear. Without estimates of accrual effects as proposed in the [Intergenerational Financial Obligations Reform \(INFORM\) Act](#) introduced by Senator Braun and Representative Greg Murphy, members of Congress have no way to know if the math works out in the long run.

Mandatory Medicare enrollment.

Forcing postal retirees into Medicare is a budgetary band-aid and could set a troubling precedent in the future. It would undoubtedly shift health benefit costs from the postal service, and even though the number of new enrollees in Medicare will be relatively small, it would add to the troubled Medicare Part A trust fund, which Medicare's actuaries currently project will be exhausted by 2026, just four years away. A more sensible long-term approach would be to protect seniors and require USPS to institute alternative cost-cutting reforms.

Non-postal services.

USPS providing "non-postal services" should be cause for concern as well. Since the USPS is a public corporation, the notion that it could compete on a level playing field is farcical. The USPS is a government corporation with a monopoly on first-class mail and has many other tax and regulatory advantages over private businesses. Letting the USPS draw traffic for no reason but to cross-subsidize its postal operations could have a host of unintended consequences for private entities and for the future scope of the postal service itself.

Finally, the "off-budget" status of the U.S. Postal Service should end. Subsidy appropriations to other government corporations are included in the annual appropriations process. If the USPS should be treated like any other federal agency for retirement benefits, it should be treated similarly for budget purposes as well.

Sincerely,

Brent Gardner,
Chief Government Affairs Officer
Americans for Prosperity