# Postal union dismisses ‘shot in the dark’ proposals from White House task force

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Nearly a year after President Donald Trump signed an executive order launching a [postal reform task force](https://federalnewsnetwork.com/agency-oversight/2018/06/what-does-usps-do-anyway-wh-postal-task-force-aims-to-redefine-its-mission/), Congress, the administration and other postal stakeholders don’t appear any closer to an agreement on how the put the Postal Service on firmer financial footing.

Speaking Friday at an Information Technology and Innovation Foundation (ITIF) panel on postal reform, Jim Sauber, chief of staff at the National Association of Letter Carriers, urged the administration to prioritize one plank of postal reform: Undoing the 2006 mandate from Congress to pre-fund health benefits for future postal retirees.

“It’s time to focus on investing in our networks, replacing outdated vehicle fleet, and making investments that will allow the Postal Service to provide great service,” Sauber said.

While the Postal Service has defaulted on about $43 billion in payments to the retiree health fund, by the task force’s estimation, Sauber said USPS has about $50 billion in the fund, which should cover benefits for about the next 15 years.

At a Senate Homeland Security and Governmental Affairs Committee [hearing on March 12](https://federalnewsnetwork.com/agency-oversight/2019/03/ombs-weichert-usps-employees-see-pay-rise-faster-than-other-feds/), Gary Grippo, the Treasury Department’s deputy assistant secretary for public finance, said the Postal Service “shouldn’t be relieved of that liability” to pre-fund health benefit,  but added that the task force recommends reamortizing payments that would, in the long-term, save USPS about $20 billion.

However, reamortizing would also increase USPS’ annual contributions to the retirement fund.

Prior to signing last year’s executive order, [Trump had tweeted](https://federalnewsnetwork.com/agency-oversight/2018/01/postal-service-census-bureau-mull-partnership-for-2020-count/) that Amazon and other e-commerce companies weren’t paying their fair share to the Postal Service for package delivery. But the Postal Regulatory Commission[determined in January 2018](https://www.govinfo.gov/content/pkg/FR-2018-02-14/html/2018-02932.htm) that “there is no evidence that the Postal Service has engaged in predatory pricing,” or pricing below cost in order to increase market share.

“Most people think the internet’s killing the post office,” Sauber said. “E-commerce is really strengthening the Postal Service.”

Package delivery accounts for about 30 percent of USPS’s revenue, while mail products make up the remaining 70 percent. However, the task force recommends the Postal Service price its competitive products, i.e. packages, to “generate income rather than maximize volume.”

Failure to do so could result in “market distortions that could drive industry participants out of the market,” the report adds.

Kate Renz, director of government and regulatory affairs at Pitney Bowes, said the Postal Service continues to play “a very important role” ensuring rural parts of the country receive equal access to e-commerce package services.

Ed Hudgins, research director Heartland Institute, said USPS currently finds itself in a “win-win situation” with shippers like Amazon and Ebay, where USPS earns the volume and profit they need to make package delivery profitable.

“What happens if, in fact, they start pushing rates for the package shippers above the market rates? What’s going to happen to revenue for the Postal Service? The revenue is not going to be going up the way it has, it’s going to stagnate and maybe even go down,” Hudgins said.

Former Army Secretary John McHugh, now chairman of the Package Coalition, which represents private-sector shippers, said in a statement that the Postal Task Force recommendations could have a chilling effect on e-commerce by “arbitrarily and needlessly” raising package delivery prices.

“With its more than 159 million points of delivery, seven days a week, the Postal Service is often the only affordable package carrier to remote and rural areas, serving as a critical economic lifeline for rural Americans,” McHugh wrote on March 12.

Sauber also expressed concerns with the report’s recommendations on package delivery, noting that the administration should be “very careful” about policy decisions that could impact USPS’ delivery network.

“One of the problems of the task force, they made all these recommendations and gave no analysis of what the impact would be, and so be this a shot in the dark,” Sauber said.