SAN ANTONIO ALAMO AREA LOCAL - SERVING SOUTH CENTRAL TEXAS

Celebrating 100 Years of Representing Postal Workers

APWU

DISPATCH NEWS FLASH

Volume 13 Number 29 | SAN ANTONIO ALAMO AREA LOCAL | MAY 26, 2017

Alex Aleman - President
alexaleman0195@att.net

Sterling Ricks - Vice President
sterlingricks0195@att.net

If you wish to receive the Dispatch News Flashes through e-mail contact Sterling Ricks

Trump Budget Suggests USPS Cut Retirement, Health Benefits, 6-day and door delivery

Posted on May 23, 2017 by postal

From Government Executive

– President Trump proposed overhauling the U.S. Postal Service in his fiscal 2018 budget released Tuesday, calling for a slew of changes that would save the agency $46 billion over 10 years. The White House suggested USPS bring its retirement benefits in line with the same changes proposed for the rest of the federal workforce, which would save the agency $33 billion over the next decade. The Postal Service would also save $1 billion under Trump's plan by increasing employees' contributions toward their health and life insurance.

Similar to reform legislation in Congress, Trump suggested USPS increase collaboration with state and local governments, reduce to-the-door mail delivery "where appropriate," change its governance structure and create postal-specific assumptions about the demographics of the USPS workforce to prevent possible overpayment into the agency's Federal Employees Retirement System account. The proposal said the Postal Service should have more flexibility in setting its prices, something postal management has also advocated.

Here are a few excerpts from Trump's 2018 Budget:

Since the Act's passage in 2006, the Postal Service contributed over $50 billion to the Retiree Health Benefits Fund but has defaulted on $34 billion in total required payments since FY 2012. Beginning in 2017, the Act also requires the Postal Service to begin a 27-year amortization to retire its unfunded liability under CSRS.

The Budget estimates that the Postal Service will have an annual operating deficit of $4.7 billion in 2018 and more than $5 billion in each subsequent year through 2027. Given the Postal Service's history of using defaults to on-budget accounts to continue operations despite losses, the Budget reflects partial or full defaults on required pension and retiree health amortization and normal cost payments to prevent the Postal Service from running unsustainable deficits. PostalReporter.com

The Budget also proposes Government-wide reforms to pensions and health insurance costs that are estimated to further reduce Postal Service operating costs by $33 billion over 10 years. Consistent with these Government-wide changes, the Budget proposes modifying the Postal Service's contributions for life and health insurance for employees to be consistent with the employer contribution provided for all other Federal employees. This change provides $1 billion in relief over the Budget widow.

Finally, to better reflect the true cost of the Postal workforce, the Budget proposes to require that OPM calculate any unfunded liabilities and resulting amortization payments for the Civil Service Retirement System (CSRS) and the Federal Employee Retirement System (FERS) using factors (including investment returns, salary growth rates, and cost of living adjustments granted to Postal retirees) specific to the demographics of the Postal Service workforce. These changes will reduce Postal Service costs by $3.4 billion over the Budget window.

In total, the Budget estimates that these reforms will reduce the unified budget deficit by $46 billion over 10 years and result in on-budget savings of $27 billion through higher payments from the Postal Service to on-budget OPM accounts. PostalReporter.com PostalReporter.com

POSTAL SERVICE AGENCY CONTRIBUTIONS, CIVIL SERVICE RETIREMENT AND DISABILITY FUND
(Legislative proposal, not subject to PAYGO)

The President's 2018 Budget proposes to equalize the employee and employer share of the FERS normal cost rate to a 50/50 split of a regular FERS employee on a phased-in approach spanning over six years. If enacted, this change would decrease the receipt contributions to the Civil Service Retirement and Disability Fund from the United States Postal Service.

The Budget proposes legislation grounded in the principles of fiscal responsibility and sound financial management to restore solvency to the Postal Service. The proposal would ensure that the Postal Service funds existing commitments to current and former employees from business revenues not taxpayer funds.

The Budget proposes operational reforms to reduce costs and improve revenue, including: 1) authority to reduce mail delivery frequency where there is a business case for doing so; 2) allowing the Postal Service to leverage its resources by increasing collaboration with State and local governments; 3) allowing the Postal Service to begin shifting to centralized and curbside delivery where appropriate; 4) enhancing Postal Service governance to ensure sound financial management; and 5) requiring the future rate structure for the Postal Service to provide enough flexibility to ensure