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July 15, 2013

Chairman Darrell Issa
House Committee on Oversight &
Government Reform
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Issa:

I am writing in response to your request for input on your postal reform discussion draft. The NALC and its 285,000 members, who live and work in virtually every Congressional District, very much appreciate the opportunity to share our views before you introduce legislation.

We believe that effective postal reform must:

(1) Stabilize the Postal Service finances by reforming or eliminating unwise and unfair pension and retiree health financing policies that have crippled the Postal Service's finances since 2006;

(2) Strengthen and protect the Postal Service invaluable first-mile and last-mile networks that together comprise a crucial part of the nation's infrastructure;

(3) Overhaul the basic governance structure of the agency to attract first-class executive talent and a private sector-style board of directors with the demonstrated business expertise needed to implement a strategy that will allow the Postal Service to innovate and take advantage of growth opportunities even as it adjusts to declining traditional mail volume; and

(4) Free the Postal Service to meet the evolving needs of the American economy and to set its prices in a way that reflects the cost structure of the delivery industry while assuring affordable universal service and protecting against anti-competitive abuses.

Unfortunately, the discussion draft you have released falls short of what is needed. We believe it proceeds from a false premise that the Postal Service is irreversibly failing and must be dramatically downsized. The reforms you propose would have a devastating impact on the jobs of eight million American workers (7.5 million in the private sector) who work in the mailing industry, which includes e-commerce shippers, direct mailers, printers, publishers, paper manufacturers and associated industries. It would also negatively affect tens of millions of American households, especially those with elderly members and those in both rural and low-income urban areas.

We recognize the challenges associated with advancing legislation of this magnitude and we welcome the chance to be part of the discussion. But we hope that you will fundamentally reconsider your approach to reform and work with us and other industry stakeholders to craft bipartisan legislation that will promote innovation and growth in the mailing industry. Our goal is to endorse reform legislation and to help mobilize support for its adoption in the House. Our comments on your discussion draft are presented below by Title.

Title I: Postal Service Modernization

Title I of your bill proposes massive service and job cuts that will dramatically diminish the quality of service and sharply reduce the value of mail. It would slow mail by eliminating Saturday delivery even though millions of USPS business customers (one third of such mailers) say they need it. And it would phase out door to door delivery to nearly 40 million American households, including those of millions of elderly Americans, and thereby reduce the value of mail to direct mailers and other businesses that use the mail to conduct business. Although Title I would preserve package delivery on Saturday for a few years, these cuts would drive even more traditional mailers out of the postal system and trip the Postal Service into a death spiral. It would cripple the Postal Service's ability to take advantage of the booming e-commerce sector by eliminating the economies of scope that reduce the cost of parcel delivery by spreading network costs across all types of mail.

The elimination of Saturday delivery would **cut 80,000 full- and part-time jobs** (according to postal management presentations to postal employee organizations). The elimination of door to door delivery would **destroy tens of thousands of additional good jobs**. Given that there are 15 private sector jobs in the mailing industry for every USPS job, the negative employment impact of these cuts would be strongly magnified in the private sector.

The service cuts are not justified by massive financial losses in recent years. These losses are largely the result of Congress mandating massive pre-funding of future retiree health benefits in the Postal Accountability and Enhancement Act of 2006 (PAEA). No other private company or public agency in America faces such a mandate to prefund future retiree health premiums decades in advance. Although nearly 90% of Fortune 1000 companies (those most similar to the USPS) provide retiree health benefits, only about a third pre-fund retiree health benefits at all – and almost none have done so during the recession (see the Towers Watson survey on retiree benefit funding: "Accounting for Pensions and Other Postretirement Benefits, 2011, Reporting Under U.S. GAAP Among the Fortune 1000 Companies") Adding to its devastating impact of the pre-funding mandate was its application during the worst recession in 80 years.

As the table in Attachment 1 shows, the "PAEA pre-funding mandate" accounts for the vast majority of the Postal Service's losses since 2007 (declining interest rates and their impact on the actuarial valuation of future workers' compensation costs account for the rest). Rather than calling for service and job cuts that will slow mail delivery, reduce the value of mail and damage the entire mailing industry, Congress should eliminate or fundamentally reduce the pre-funding burden (see section on Title V).

The NALC believes that Congress should be focused on creating good middle class jobs, not eliminating them senselessly in order to continue the uniquely burdensome and misguided prefunding mandate.

Title II: Postal Service Governance

Title II of your bill addresses the governance of the Postal Service. NALC agrees that the current USPS governance structure is fundamentally flawed. Although all the current members of the severely under-staffed Board of Governors are talented and honorable people, the process for selecting board members with suitable business expertise is broken. It is imperative that Congress recognize the failure of the past two administrations and the Senate leadership in recent years to comply with the provisions of the PAEA as they pertain to the Board of Governors. Leaving aside the reality that four of the nine appointed seats on the Board are currently vacant, the individuals now serving on the board do not meet the qualifications needed to run a $65 billion enterprise with some 600,000 employees, serving 150 million addresses six days a week. None have extensive experience working with unionized workforces. And none of them have experience running large companies with at least 50,000 employees, as called for the 2006 act.

We believe the Postal Service needs a real, private sector-style board of directors comprised of women and men with proven track records as senior business executives, successful entrepreneurs and leaders of large non-profit organizations. The long-standing practice of Senate leaders recommending appointees to the President, which naturally places the main focus on the party affiliations of Board members, is outdated and fails to produce a board with the high-quality business leadership needed by the Postal Service in the 21st Century.

Rather than offering reforms that upgrade the Board of Governors and provide a sustainable, long-term fix to the Postal Service's governance problem, your draft bill calls for a quick fix by creating a Temporary Governance Authority and suspending the Board of Governors. The Postal Service needs board leaders who will recruit talented executives to replace the current "shrink to survive" strategy that is doomed to fail. A new board is needed to develop a long-term growth strategy that will reposition the Postal Service to meet the evolving needs of the country and the economy. A temporary board focused on downsizing to cover the cost of pre-funding is the wrong approach and the wrong strategy.

Under current law, the Board of Governors already has the right to "approve collective bargaining agreements" – as do the executive bodies of the unions who represent Postal Service employees. When both sides agree, labor contracts are subject to ratification votes by union members. This commitment to workplace democracy should be retained in any reform legislation. It appears that your discussion draft gives a temporary governance authority the ability to end this commitment by altering agreements outside the bargaining/arbitration process. NALC strongly opposes this proposal.

Title III: Postal Service Workforce

We oppose Title III of your draft bill concerning the collective bargaining rights of postal employees. It essentially seeks to codify into law the views of postal management on a number of issues that have been the subject of negotiations for more than 40 years. This kind of one-sided interference in collective bargaining by Congress is totally unjustifiable. Collective bargaining has been a tremendous success in the Postal Service. There has not been a strike, lock-out or disruption of vital services since 1970. The real cost of mailing letters has plummeted as the inflation-adjusted cost of postage has remained stable for decades, even as huge taxpayer subsidies to the Postal Service have been eliminated. (In 1970 about a quarter of postal costs were covered by subsidies; today the USPS receives no such support. Today, this represents a savings of $16 billion annually.)

In addition, the collective bargaining/interest arbitration process has helped the Postal Service adapt to the worst economic crisis in 80 years and to respond to the challenge of technological change over the past few years. NALC worked along with postal management to repeatedly adjust routes as mail volume declined during the Great Recession. The USPS has eliminated 170,000 jobs despite the no lay-off clauses in some contracts, which generally apply only to employees with at least six years of tenure. It also used the bargaining process to reduce starting career employee pay by 25 percent or more, increase the non-career complement, reduce non-career pay by up to 33 percent, and significantly lower USPS health benefit costs.

The content of labor contracts and how to define pay comparability should be left to the Postal Service and its unions to be determined through the collective bargaining process. Successful bargaining requires the ability to make trade-offs, and limiting the options of negotiators to find win-win solutions at the bargaining table is a bad idea. By dictating the results of negotiations – on no lay-off clauses or employer contributions for health benefit and life insurance – and taking management's side on key bargaining issues, the discussion draft effectively guts the collective bargaining rights of postal employees. This is especially objectionable given that the proposed changes are not justified by the facts.

First, there is no reason to limit reduction in force provisions (no lay-off provisions) in USPS labor contracts. The Postal Service already has plenty of flexibility and capacity to downsize. Over the past several years, it has slashed its workforce by nearly 25 percent and, given the demographic make-up of the workforce, it will continue to be able to "right-size" the organization through attrition if need be -- without resort to lay-offs.

Second, although postal labor contracts call for higher contributions for health insurance to postal employees than other federal employees, those higher contributions were achieved through other trade-offs in the bargaining process and are, in any case, comparable to the contributions paid by large employers in the private sector. Further, the Postal Service has been able to negotiate a reduction of more than 10 percentage points in its contributions for health insurance premiums over the past several rounds of collective bargaining.

Third, enacting the Postal Service's dubious definition of comparability to require comparisons to the "entire" private sector is not only unfair to postal employees, but also nonsensical. You cannot compare specific jobs for a specific enterprise in a specific industry with specific working conditions to all private sector jobs. No private company would do that. The definition of comparability must be left to negotiations between the parties.

Finally, arbitrators already take into account the financial condition of the Postal Service when issuing arbitration awards – as a matter of professional practice and the fact that they must consider all the evidence presented by the parties. (And the USPS always presents evidence on its financial condition.) Congress should not put its finger on the scale in the arbitration process by giving a key management objective priority in the law.

Title III also unwisely makes the use of Last-Best-Final-Offer (LBFO) arbitration process mandatory. The current law gives the parties the flexibility to decide how to stage arbitrations, depending on changing circumstances. Over the years, NALC and USPS have used mediation, mediation-fact finding, mediation-arbitration, arbitration, and, by mutual agreement, LBFO arbitration. It makes no sense to tie the parties' hands in this matter. Collective bargaining (and interest arbitration) works best when there is maximum flexibility. We urge Congress not to disrupt in a process that works well.

The discussion draft also calls for postal-only reforms regarding workers' compensation. NALC is open and willing to work on reforms to the Federal Employee Compensation Act (FECA) as part of a federal-wide reform effort. There is no reason that postal employees should be singled out for being injured on the job. Injured postal workers, like all injured federal employees, should be treated fairly and with dignity as the system is reformed. NALC does not believe that having the Postal Service run its own workers' compensation program is the right approach. NALC supported H.R. 2465 in the 112th Congress, the Federal Workers' Compensation Modernization and Improvement Act, a bipartisan approach to FECA reform and one that should be considered for inclusion here.

Title IV: Postal Service Revenue

Title IV of the discussion draft deals with postage rate setting and revenue generation. NALC supports proposals that will allow the Postal Service to more effectively set its prices and generate new revenue to help finance affordable universal service. Your proposals to permit advertising on postal vehicles and to provide services for state and local governments through the Postal Service's retail network are solid ideas. But the Committee should go much further. It should authorize the shipment of beer, wine and spirits through the mail, promote vote by mail at the state and local level and urge the Postal Service to seek joint ventures with private companies to serve the needs of America's economy.
We believe the Postal Service should explore every possible way to use its invaluable retail, processing and delivery networks to serve any unmet need across the country. Indeed, I have recently proposed that Congress investigate using the Postal Service as the retail foundation of a National Infrastructure Bank (see the Attachment 2).

We support giving the Postal Service greater rate-setting flexibility and having all classes of mail cover their costs. Your proposed PRC study in this area is a good first step. However, a much more fundamental reform of the existing price indexing system is needed. Indexing postage rates to the general Consumer Price Index (CPI-all items), while mandating massive pre-funding of retiree health benefits, has crippled the Postal Service's finances. The current system of price controls is extremely restrictive and has resulted in excessive cost-cutting on the backs of the employees and postal customers – diminishing quality and driving even more business away from USPS.

If eliminating the price cap altogether is not an option (as was done last year in Britain), a better, more reasonable alternative to the general CPI would be the CPI for Delivery Services (CPI-DS), the component of the CPI that tracks private sector delivery charges. The CPI-DS sub-index would tie postage rates to cost trends in the Postal Service's own industry, reflecting the cost pressures unique to national delivery companies (energy, transport, etc.). It would give the Postal Service greater flexibility while giving mailers the benefit of predictable future rates. Alternatively, as I proposed in my testimony to the Committee earlier this year, the Congress might authorize a one-time omnibus rate-setting proceeding to properly align rates with costs. Such a one-time proceeding was called for by the PAEA, but the Postal Service did not to pursue it in 2007 in the face of the recession.

Title IV also eliminates the small appropriation that the Postal Service receives annually to provide congressionally mandated services. These services such as free mail for the blind and free overseas balloting for our soldiers living in combat zones are costly to the Postal Service. If they are required to provide these services for free to the targeted mailers, Congress should appropriate funds to pay for them.

Title V: Postal Service Finance

Title V of your discussion draft addresses pension financing, prefunding payments to the Postal Service Retiree Health Benefits Fund (PSRHBF) and USPS borrowing authority. As suggested above, repealing or fundamentally reducing the prefunding mandate is the single most important way to stabilize the Postal Service's finances and give it a chance to evolve for the 21st Century. Properly allocating pension costs in the comingled federal-postal Civil Service Retirement and Disability Fund and giving the Postal Service the ability to use its properly measured pension surpluses in CSRS and FERS is a close second. Enacting the proper policies in these two areas would make it totally unnecessary to increase the Postal Service's borrowing authority, as proposed by the discussion draft.

We strongly support the proposal in your discussion draft to give the Postal Service access to its pension surpluses. However, those surpluses should be measured properly (using modern, private sector accounting methods) and the released funds should be used for more than merely pre-funding future retiree health benefits – they should be used to invest in new vehicles, new technology and new services to build on the Postal Service's growing success in e-commerce delivery.

With respect to FERS, we urge you to incorporate the proposal to use postal-specific assumptions when valuing the Postal Service's assets and liabilities in the Federal Employee Retirement System (FERS) found in H.R. 961, Rep. Stephen Lynch's bill which now has 131 bi-partisan co-sponsors. It is a sensible and fair approach. It would result in a $12.5 billion postal surplus in FERS, according to a recent report by the USPS Office of Inspector General.

With respect to CSRS, we urge you to incorporate the provisions of the United States Postal Service Pension Obligation Recalculation and Restoration Act of 2011 (H.R. 1351), which attracted 230 co-sponsors from both political parties in the last Congress. H.R. 1351 was also sponsored by Rep. Lynch and received more support than any other postal bill introduced in the 112th Congress – a majority of the House, in fact – and thus should be included in any postal reform measure this year.

H.R. 1351 called for implementing the results of an audit of the postal account in CSRS in 2010. The audit was conducted for the Postal Regulatory Commission by an independent, private sector actuarial services firm (the Segal Company) and found that a fair allocation of assets would produce a $50 - $55 billion postal surplus in CSRS. This surplus could all but eliminate the retiree health pre-funding burden, save tens of thousands of good jobs and give the Postal Service the near-term financial stability it needs to innovate to deliver for decades to come. We are hopeful that you will incorporate H.R. 1351 into your final bill, as the bill offered by Rep. DeFazio does (H.R. 630, 130 co-sponsors).

We note that the Government Accountability Office (GAO) investigated the methods proposed by the Segal Company at your request in 2011. The GAO concluded that both the Segal methods and the current methods used by OPM to measure the CSRS surplus were "reasonable," and it called the selection of which methods should be used to allocate pension liabilities a "policy decision." Congress should make that policy decision and replace the outdated, static methods adopted by the OPM in the 1970s with the modern, private sector methods proposed by the PRC/Segal audit.

On the issue of prefunding retiree health, your discussion draft includes reforms similar to those offered by S. 1789 in the 112th Congress, though it would retain the current law's target of 100% pre-funding by 2056 instead of the 80% target in S. 1789. We very much appreciate that your draft would accelerate the Postal Service's access to the Postal Service Retiree Health Benefits Fund (PSRHBF) by a few years – this will provide needed short-term cash relief. However, the actual cost of prefunding future retiree health benefits would actually rise under the draft bill. Much bolder reforms are needed; Congress should apply private sector prefunding standards to the Postal Service and give the USPS the tools to reduce retiree health costs.

As the attached table from the CBO shows, replacing the fixed payments called for by the PAEA (roughly $5.6 billion per year) with the two-part actuarial payments mandated by S. 1789 (a normal cost payment plus an amortization payment) would cut pre-funding costs by less than six percent over the next 10 years. The discussion draft you have proposed would actually increase the cost of pre-funding because the $2.1 billion amortization payments estimated for S. 1789 would increase to at least $2.625 billion annually to reflect the 100% target in your discussion draft, raising the total cost of pre-funding to $5.8 billion annually (and rising each year). The total cost of prefunding over 11 years would increase to $79.9 billion, more than the unaffordable cost of $74.1 billion under current law.

No private company would choose such a massive level of pre-funding, especially one wishing to restructure itself for the future. The Postal Service simply cannot afford the current pre-funding policy or the prefunding policy in your draft bill.

In testimony I submitted to the Oversight and Government Reform Committee on March 17, 2013 NALC outlined a full menu of alternative ways to reduce or eliminate the pre-funding burden, including ways to intelligently reduce the cost of retiree health benefits and better invest the funds held by the PSRHBF. We hope that the Committee will consider these alternatives and pass a bill that prioritizes jobs, quality service and growth over the misguided pre-funding mandate.

Our members want fairness. No other company in the country and no other agency of the government (including the Congress, the GAO, and the CBO) is forced to pre-fund decades of future retiree health benefits decades in advance; the Postal Service should not be forced to do so going forward. We have already set aside nearly $50 billion for this purpose – enough to pay decades of future retiree health premiums -- and the priority now must be on innovation and restructuring for a new business model.

On the issue of borrowing authority, the discussion draft would raise the Postal Service's debt limit from $15 billion to $20 billion and authorize another $1 billion in borrowing to fund the elimination of door-to-door service. We oppose these provisions. There would be no need to raise the Postal Service's borrowing authority if the provisions of H.R. 961 (or H.R. 1351 from last year) were enacted – and there would be no need to borrow money for a "Delivery Point Modernization" program that would inconvenience millions of Americans and reduce the value of mail to direct mailers.

Title VI: Postal Service Contracting Reform

Title VI of your bill addresses contracting reform. The Postal Service's brand is its most important asset. Thanks to veteran's preference and strong union contracts, USPS has attracted a fantastic work force that is dedicated to serving the public and enhancing that brand. High quality and affordable universal service has been built over hundreds of years by the trusted employees of the Postal Service. This has placed us among the most trusted companies in America for years. Congress would be wise to exercise caution in calling for a massive increase in sub-contracting – which could unnecessarily risk our standing with the public and business community.

The Postal Service already contracts out work where it makes sense to do so. It also uses work-sharing discounts to incentivize mailers to integrate their networks with ours. Thanks to these innovations and the high productivity of career postal employees, we enjoy the most affordable postage rates in the world and a high quality of service that led Oxford Strategic Services to rate the Postal Service as the best postal service in the world in 2012. (See *Delivering the Future: How the G20's Postal Services Meet the Challenges of the 21st Century*). Diluting the brand by contracting out the core functions of the Postal Service to non-government, part-time, low-wage temporary workers would undermine trust and confidence. The resulting high turnover and diminished service would weaken the Postal Service, not strengthen it.

Conclusion

The Postal Service is not a dying organization in need of a dignified burial. Indeed, during the first eight months of the current fiscal year (through May), the Postal Service earned an operating profit of $84 million before accounting for pre-funding and other non-recurring and non-cash adjustments. We are fully aware of the difficult challenges posed by declining First Class Mail and changing technology, but technology is producing new opportunities as well.

The Postal Service is a vital part of the nation's economic infrastructure that needs a new business model and new leadership dedicated to the long term needs of the country. We hope that Congress will focus on removing the burdens imposed by the PAEA and work with stakeholders to build an innovative and dynamic Postal Service for the 21st Century.

Thank you for the opportunity to provide our views, I look forward to working with you as you continue to draft a comprehensive postal reform bill.

Sincerely,

Fredric V. Rolando
President

cc: Members of House Oversight and Government Reform Committee

ATTACHMENT 1

ANALYSIS OF USPS FINANCES EXCLUDING NON-OPERATING EXPENSES

USING SAME METHOD AS 2012 USPS 10-K, page 23

USPS Finances Are Driven by Non-Operating Expenses
(Figures in $Billions)

		Non-Operating Expenses			
Year	Reported Net Income	Retiree Healthcare Pre-funding payments	Impact of Workers comp adjustments [1]	Income Excluding Non-Operating Expenses	Added USPS Debt
2007	$(5.1)	$8.4	$(0.1)	$3.2	$2.1
2008	$(2.8)	$5.6	$0.2	$3.0	$3.0
2009	$(3.8)	$1.4	$1.1	$(1.3)	$3.0
2010	$(8.5)	$5.5	$2.4	$(0.6)	$1.8
2011	$(5.1)	$0	$2.4	$(2.7)	$1.0
2012	$(15.9)*	$11.1*	$2.4	$(2.4)	$2.0
TOTAL	**$(41.2)**	**$32.0**	**$8.4**	**$(0.8)**	**$15.0**

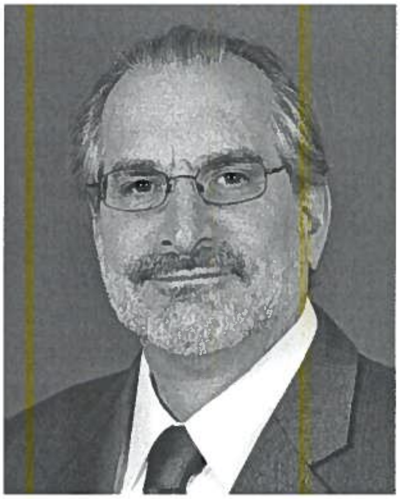
[1] Workers comp adjustments are due to changes in discount rates and actuarial revaluation of workers compensation expense. For example, in 2012, these factors added over $2.4 billion of non-cash Workers' Compensation expense to the USPS income statement.

*Unlike the prior pre-funding expenses in 2007-2010 (for which there were corresponding USPS cash payments), the USPS did not actually pay any of the $11.1 bil prefunding expense in 2011. The $11.1 bil is reflected as an expense for financial statement reporting purposes.

<u>Statement from USPS 2012 10-K Page 23</u>
<u>(emphasis added)</u>

Because the legislative mandates for prefunding of retiree health benefits and for the participation in the FECA are not subject to management's control, **we believe that analyzing operating results without the impact of certain of these charges provides a more meaningful insight into current operations.** In the day-to-day operation of our business, we exclude these factors from our internal financial analyses in order to direct focus onto the relevant expenses that management can control and include only those workers' compensation costs representing current year payments on behalf of postal claimants. The table below illustrates the loss from ongoing business activities when these charges are not considered, and reconciles this amount to our GAAP net loss.

Delivering a national infrastructure bank...through the post office



Fredric V. Rolando

In late May, another bridge involving another interstate highway collapsed in the United States. This time, it was a bridge north of Seattle over which I-5 conveys millions of cars and billions in trade between Washington state and Vancouver, Canada. A few years ago, it was I-35 and a bridge over the Mississippi River in Minneapolis. In fact, bridges collapse almost every day, and more than 18,000 bridges have become structurally deficient over the past couple of decades.

And the problem of our crumbling infrastructure goes far beyond bridges or highway transport. Our water and sewage systems, our electrical grids, our airports and seaports, and broadband systems are in desperate need of repair and modernization. The American Society of Civil Engineers has assigned a failing grade (D+) to the quality of our nation's infrastructure and has identified more than $3.6 trillion in construction projects needed between now and 2020.

You may be asking, "What do collapsing bridges have to do with saving the Postal Service?" Do we have time to worry about these problems when the Postal Service is recklessly seeking to close post offices, reduce hours and eliminate Saturday delivery?

You might be thinking, "There's nothing we can do about this crisis at a time when there is mass unemployment, large federal deficits and a total unwillingness of Congress to allocate tax-payer funds for public investments." After all, President Obama has been calling for further action on jobs since his 2009 stimulus program helped prevent a Great Depression but failed to kick-start a strong jobs recovery—and Congress has balked every time.

But with a little imagination and the kind of can-do spirit and political will that America has summoned many times in the past, there is a way to address all these issues in a smart, creative way. We could create a national infrastructure bank (NIB) and we could use the nation's 32,000 post offices as its retail network, earning revenue for the Postal Service by providing basic financial services (savings and checking accounts, money transfers, etc.) while helping to rebuild America.

The first part of this idea—the NIB—has a lot of bipartisan support. Over the past six years, senators from both parties have introduced bills to create an NIB. The BUILD Act was initially introduced in 2007 by then-Sen. Chris Dodd, a blue state liberal, and Sen. Lindsey Graham, a red state conservative. That should not have been a surprise—citizens in all states need first-class roads, bridges, sewers and energy networks regardless of their political beliefs. Both the AFL-CIO and the U.S. Chamber of Commerce have endorsed a major infrastructure program.

An NIB would provide a means to channel public funds into regional and national projects identified by political and community leaders across the country to keep the economy healthy. It could issue bonds, back public-private partnerships and guarantee long-term, low-interest loans to states and investment groups willing to rebuild our schools, hospitals, airports and energy grids. An NIB with $10 billion in capital could leverage hundreds of billions in investments.

Yet opposition to using tax money for such a bank has stopped the BUILD Act in its tracks. But what if we set up the NIB without using taxpayer funds? What if we allowed Americans to open savings accounts in the nation's post offices and directed those funds into national infrastructure bonds that would earn interest for depositors and fund job-creating projects to replace and modernize our crumbling infrastructure? Rather than closing down post offices, let's find a new use for them.

To some, this may sound crazy. But more than 40 million Americans are "unbanked." In many rural areas, commercial banks are nowhere to be found. And in many low-income urban areas, banks are closing branches at an accelerated pace—a recent study for the banking industry predicts that 40 percent of the nation's 90,000 bank branches will close over the next 20 years. That's where our ubiquitous post office network could step in. Both the Sanders and the DeFazio postal reform bills we support would allow the Postal Service to diversify its range of services to meet un-met public needs.

A post office bank would not compete with private banks—it would not offer commercial loans or mortgages. But it could serve the unbanked and fund infrastructure projects selected by a non-partisan NIB.

Postal banks are common all over the world. In fact, we used to have one in the United States. Between 1911 and 1967, millions of Americans had savings accounts at the post office. Dozens of countries have postal banks, and new ones have been created in France, Italy and Brazil during the past decade. Although NALC has advocated postal financial services for years, this trend prompted a resolution at our last convention calling on the union to investigate the possibility of postal banking in America. NALC is now actively doing this with the assistance of the Public Banking Institute.

We can put millions of Americans back to work and strengthen our Postal Service at the same time—if we are willing to think big, as we did when we built the transcontinental railroads, the interstate highway system and the space program. The time has come for a national infrastructure bank. Let's do it with the Postal Service!

PRE-FUNDING PAYMENTS UNDER CURRENT LAW AND S. 1789: CBO ESTIMATES

Current Law -- PAEA of 2006 ($billions)

Year	Schedule	Normal	Amortization	Total
2012	$ 2.100			$ 2.100
2013	$ 5.600			$ 5.600
2014	$ 5.700			$ 5.700
2015	$ 5.700			$ 5.700
2016	$ 5.800			$ 5.800
2017		$ 4.181	$ 3.410	$ 7.591
2018		$ 4.410	$ 3.410	$ 7.820
2019		$ 4.651	$ 3.410	$ 8.061
2020		$ 4.902	$ 3.410	$ 8.312
2021		$ 5.165	$ 3.410	$ 8.575
2022		$ 5.440	$ 3.410	$ 8.850
Totals	**$ 24.900**	**$ 28.749**	**$ 20.460**	**$ 74.109**

S. 1789 - 21st Century Postal Service Act of 2012 ($billions)

	Schedule	Normal	Amortization	Total
2012	$ -	$ 3.174	$ 2.100	$ 5.274
2013	$ -	$ 3.368	$ 2.100	$ 5.468
2014	$ -	$ 3.560	$ 2.100	$ 5.660
2015	$ -	$ 3.760	$ 2.100	$ 5.860
2016	$ -	$ 3.970	$ 2.100	$ 6.070
2017	$ -	$ 4.181	$ 2.100	$ 6.281
2018	$ -	$ 4.410	$ 2.100	$ 6.510
2019	$ -	$ 4.651	$ 2.100	$ 6.751
2020	$ -	$ 4.902	$ 2.100	$ 7.002
2021	$ -	$ 5.165	$ 2.100	$ 7.265
2022	$ -	$ 5.440	$ 2.100	$ 7.540
Totals	**$ -**	**$ 46.581**	**$ 23.100**	**$ 69.681**
		USPS Savings (2012-2022)		**$ (4.43)**
		Pct Change (2012-2022)		**-5.97%**

Source: Report of the Homeland Security and Governmental Affairs Committee to Accompany S. 1789 (Report # 112-143), Table 3, p. 43.