Congressman Darrell Issa
2347 Rayburn House Office Building
Washington, D.C. 20515

August 21, 2013

Dear Congressman Issa,

I am writing you to express deep concern regarding H.R. 2748, the Postal Reform Act of 2013, which you introduced in the House on July 19th. You may remember I gave you personally at a reception our report on the Postal Service titled "Preserving the People's Post Office," written by Chris Shaw.

Many of the provisions that you have included in this bill would do significant harm to the U.S. Postal Service, which is not in as dire a situation as many in the media and in Congress have claimed. You continue to ignore one of the largest single contributors to the USPS's current financial condition: the Congressional mandate that the USPS prefund its retirees' health benefits for the next 75 years in just a ten year time frame. This is an unreasonable burden faced by no other government agency or private corporation.

Over 80 percent of the USPS's net losses are attributable to this prefunding requirement since it was passed in the Postal Accountability and Enhancement Act of 2006 (PAEA). The USPS has actually seen revenue increase in recent quarters compared with last year. The Postal Service would have seen an operational profit thus far this year if not for the $4.2 billion in prefunding payments dragging them into the red.

On top of this, *the USPS is the only organization to be both a net creditor to the federal government and receive no taxpayer dollars.* The USPS's Inspector General, the Postal Regulatory Commission, and two independent actuarial studies from the Hay Group and the Segal Group all agree that the federal government owes the USPS between $50 and $75 billion. If this overpayment to a pension fund for the USPS's retirees, the Civil Service Retirement System (CSRS) were repaid, the USPS's finances would not have ever been at issue in the past several years.

You can continue to call this overpayment to CSRS a myth – but before you do next, I would like you to answer one question for yourself: Would you consider your own pension plan to be fair if it was structured based on a salary you had thirty years ago and which didn't account for any pay raises you received between then and now? When the Department of the Post Office was reorganized to become the U.S. Postal Service in 1971, this hypothetical is how the formula looked which was used to determine the federal government's share of pension obligations for future retirees who had been employed with the Department of the Post Office. The remaining obligations were picked up by the USPS. Under this formula, a worker could have worked 15 years with the Department of the Post Office and 15 years with the USPS, and the USPS could have had to pay about 70 percent of their pension obligation whereas the federal government would pay 30 percent. Does that sound fair to you?

I was happy to see that in H.R. 2748, you would allow the USPS to ignore prefunding payments it has already missed and eliminate the prefunding payments for 2013 and 2014. But this still doesn't go far enough. Nothing short of eliminating the remaining prefunding obligation and returning the overpayments the USPS has made to the CSRS should be acceptable. What rationale could you have for eliminating the 2013 and 2014 prefunding payments but not getting rid of the prefunding provision in its entirety? Your failure to reverse this appalling mandate is puzzling.

Chief among my other concerns is your proposal to end door delivery for 30 million delivery points nationwide.

It is especially disconcerting that you would allow – and advocate for – the USPS to end door-to-door delivery at 30 million homes throughout the country. You have claimed that this move would save the USPS billions of dollars. The sole support you offer for this dubious assertion, however, is the difference in average costs between door delivery ($353 per address per year) and curbside mailboxes ($224 per address per year) or cluster box delivery units ($160 per address per year). Does the simple calculation that you seem to have done so as to arrive at your estimated 'savings' account for business lost due to this degradation of service? Being from a business background, one would hope that you would have considered these types of factors in your cost analyses. Even to an individual with less experience in business enterprises than you, it is plain to see that a deterioration of services with no corresponding drop in prices would inevitably result in a loss of customers.

Perhaps of even greater importance: All of this discussion neglects to account for the human costs at stake. At 37.8 million delivery points, door deliveries represent almost one quarter of all delivery points for the Postal Service in the United States. Your district has 243,205 occupied households. If we assume one quarter of those households receive door delivery – as is the case nationwide – then you would be cutting the services of 60,558 households in your district, which may include as many as 170,000 residents (based on the average household size in your district). By no means will this be impacting a small portion of the population.

Changing the type of delivery these households receive from the door to a curb mailbox or a neighborhood cluster box may not seem like a major change to someone in good health or of a young age. But to the elderly, disabled, or injured this seemingly small change could mean great hardship. Imagine disabled veterans having to navigate their way to the end of their block to get their mail at the neighborhood cluster box every day. Or a grandmother struggling through snow and ice to get to her curbside mail box, falling, and breaking a hip.

These are serious problems that your cold calculation of 'savings' from this change don't account for. Simply including an exemption for which customers can apply to maintain door delivery does not solve these issues. What happens to those individuals who are unfamiliar with this process, don't understand it, or who apply and are denied? What are the costs for these procedures?

On top of this, by making the rounds on their delivery routes every day and visiting over 152 million delivery points and 37.8 million customers' doors for mail delivery, postal workers provide their communities with a number of hidden benefits.

Postal workers often go the extra mile and look out for the communities in which they work – doing everything from putting out potential house fires before they get started to rescuing injured or distressed elderly or disabled persons. Postal workers routinely look out for elderly and disabled customers as a part of the Carrier Alert Program. If they haven't seen an elderly or disabled customer who they routinely interact with, or see something unusual, like the mail piling up, postal workers can notify emergency services – and have saved many lives in this way. The USPS routinely honors those of its employees who go above and beyond to protect and serve their community. Annually, about 300 employees are recognized as employee heroes.

Thus far in August the USPS has recognized 13 employee heroes, their stories detailed in a USPS periodical, "Link." Some of the examples detailed in "Link" include those like that of letter carrier Janet Wey-Gebacz. On her route in Solon, Ohio, Janet Wey-Gebacz was concerned that a 100-year-old customer had not picked up her mail. Ms. Wey-Gebacz knocked on the customer's door but received no response. So she notified police who found the customer lying on her basement floor where she had fallen the day before. She was taken to the hospital – and her family credited Ms. Wey-Gebacz with saving her life.

In other cases, like those of Sherri Kavleski in Liberty, NY or Cathy Bishop in Poynette, WI, rural carriers have saved customers' lives and property by noticing flames coming from customers' homes and extinguishing them on their own with garden hoses or notifying local firefighters. And in still other cases, postal workers' neighborhood presence has helped to combat crime – like in the cases of Godfrey Fulmore in Durham, NC, who helped return two children to their family after they had been victims of a carjacking and separated from their parents, or David Harrison in Washington, NC, who contacted police about what appeared to be illegal drugs he found in a box in a parking lot on his route.

And finally, by working with Valassis, the National Center for Missing Children, and the U.S. Postal Inspection Service, the "Have You Seen Me" campaign has helped return 151 missing children to their families over the lifetime of the program.

These hidden benefits are invaluable to our communities, and especially to those who have been their beneficiaries over the years. But because they are difficult to quantify, they are all too often overlooked. These benefits may be lost or at least severely curtailed if door delivery is eliminated. Recently, a prominent elderly town citizen in Connecticut was struck and killed by a car while he was extricating his mail from a cluster box.

As I have already addressed – none of this cost-cutting would be necessary if the retiree health benefit prefunding mandate were eliminated. Since 2006, if the USPS did not have this prefunding requirement, it would have had a net deficit in four years and net profits in four years (assuming the fourth quarter of FY 2013 is similar to the first three). This is hardly worthy of the doom and gloom being peddled throughout Washington. With expenses stabilizing and revenue actually on a slight upswing in FY 2013, the USPS is poised to rebound if only Congress would unshackle it from an ill-conceived retiree health benefit prefunding mandated in the Postal Accountability and Enhancement Act of 2006, and let it deliver beer, wine, and other products now prohibited.

Ruth Goldway, chair of the Postal Regulatory Commission has offered nearly two dozen ideas for reforms and modernizations that could benefit the Postal Service without requiring vast cuts to the services that they provide. Other suggestions have come from a conference on innovation for the Postal Service held in the summer of 2010. These proposed changes have mostly fallen on deaf ears.

In the midst of this congressionally manufactured financial crisis, the Postal Service has already made huge cuts to services by slashing hundreds of thousands of jobs, cutting back on hours, closing processing plants, degrading delivery standards, and raising rates. On top of these cuts, you have proposed that the USPS further deteriorate the quality of the service it provides by ending door delivery, cutting back to 5-day delivery, requiring further rate increases for postal products which don't cover 100 percent of their costs in any given year, and further eliminating postal facilities and degrading standards.

Cutting services so drastically and raising rates at the same time is a recipe for disaster in any business, and the U.S. Postal Service in America's history is more than a business! I urge you to reconsider this approach and ask for a telephone conversation with you ASAP.

Sincerely,

Ralph Nader

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P.S. Have you considered doing a cost benefit inquiry on the Departments of Commerce and Interior for starters? Have you canvassed or had a town meeting in California's 49th district on your policies re: the USPS?