Biden and Congress attack postal workers' health care with phony reform

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2 May 2022

President Joe Biden recently signed the Postal Service Reform Act of 2022, which rescinds the requirement, enacted in 2006, that the US Postal Service (USPS) set aside money for future retirees' health benefits. In addition, the law cancels the debts that USPS had accumulated because of this requirement. Finally, the new law stipulates that future postal retirees must enroll in Medicare, thereby increasing the portion of health care costs that workers themselves must pay.

During the signing ceremony, Biden celebrated the end of the 2006 requirement, saying that it had "stretched the Postal Service's finances almost to the breaking point, with real consequences." What Biden neglected to mention is that the new law will rob USPS workers of almost $200 billion in retirement health care funding.

USPS has an $80 billion long-term debt arrangement, but its annual operating revenue totals only $18.5 billion. The agency has high operating costs and has lost money consistently for 15 years. The new law will not significantly improve the agency's finances.

The financial crisis of the USPS is not new. Rather, it has persisted for decades. After the powerful postal strike of 1970, the Nixon administration reorganized USPS along quasi-corporate lines and required it to have surpluses every year. USPS also lost its status as a cabinet-level agency and was run less and less as a public service.

The Postal Accountability and Enhancement Act of 2006 required USPS to set aside money to fund the health benefits of future retirees until 2056. Because USPS cannot change its health benefits without an act of Congress, and because the law forbade USPS to provide "nonpostal services" to generate new revenue, this ostensibly pro-worker measure in fact deepened the agency's financial crisis. James Miller, a member of the USPS Board of Governors and a proponent of the privatization of USPS, was instrumental in the bill's passage.

The bill had its intended effect. For more than 10 years, the USPS has had increasing net losses in revenue. By 2012, USPS began defaulting on its obligations to the retiree health benefit funds. Management argued that without defaulting, it could not afford to pay active employees' wages or deliver the mail.

Some postal workers may be relieved by the signing of the Postal Service Reform Act and the rescinding of the prefunding requirement. This attitude would be understandable, since the American Postal Workers Union (APWU) and the other postal unions used the prefunding requirement to bully workers into accepting concessions, such as a tiered wage system and a five-year wage freeze, in one contract after another. The unions also used the prefunding requirement to justify the closure of hundreds of processing plants. Now the unions have covered up the fact that the end of the prefunding requirement comes at great expense to postal workers.

Postal workers also have faced attacks from Postmaster General Louis DeJoy, who the USPS Board of Governors appointed in May 2020. DeJoy is a major donor to the Republican Party and the founder and former CEO of New Breed Logistics, a freight company. Shortly after taking office, he introduced a 10-year plan to slow mail delivery, reduce post office hours and raise prices. These changes were intended to discredit USPS and strengthen the argument that it should be placed under private ownership. DeJoy's elimination of overtime and decommissioning of high-speed mail-sorting machines, among other measures,

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caused significant delays in mail delivery and spurred public complaints.

The newly signed Postal Service Reform Act explicitly supports DeJoy's decision to stop transporting mail by airplane, which sets mail delivery back by more than a century. The inclusion of language that supported DeJoy's 10-year plan and the election of a new Board of Governors of USPS that supported DeJoy were crucial to gain Republican backing for the bill.

The postal unions also threw their collective weight behind this bill. The APWU, for example, presented it to postal workers as fair. APWU bureaucrats called the prefunding requirement an "onerous and draconian" measure and said that the Postal Service Reform Act would "stabilize the finances" of USPS, enabling it to serve the public better.

Postal workers might ask the union brass to explain for whom exactly the Postal Service Reform Act is "fair." USPS had $188.4 billion in liabilities as of May 2021, according to the *Washington Post.* The prefunding of retiree health care costs accounted for $136.1 billion, or 72 percent, of that debt. The enactment of the Postal Service Reform Act eliminated USPS's liability for this prefunding but did not eliminate the agency's responsibility for a portion of retirees' health care costs. In addition, DeJoy testified to Congress that USPS would save $57 billion in the next decade by ending prefunding and integrating postal workers into Medicare. Together, these sums represent nearly $200 billion that is being robbed from workers.

Until 2012, USPS made its prefunding payments to the Postal Service Retiree Health Benefits Fund (PSRHBF), which was set up by the 2006 law that established the prefunding requirement. Last fall, the Government Accountability Office (GAO) forecast that the PSRHBF would run out of money in 2030. Since health benefits are paid from this fund, the elimination of the prefunding requirement all but guarantees that this prediction will come true.

Thus, at a time of soaring inflation and rising gasoline prices, USPS faces a growing unfunded liability for retiree health benefits, and it will have to pay for these benefits as it goes. "This could increase costs for future postal ratepayers and increase the risk that USPS may not be able to pay for its share of the benefit," according to the GAO report. Because it did not defer the payment of retiree health care costs, the prefunding requirement helped protect the long-term viability of USPS, the report added. The GAO found that the Postal Service Reform Act not only would jeopardize the health care benefits of future retirees, but also would fail to stabilize the finances of USPS.

Hence, the signing of this law imperils the very future of USPS itself. The law, enacted with bipartisan support, gives DeJoy free rein to continue crippling mail delivery to justify the eventual privatization of the agency. Privatization would imperil services such as rural mail delivery that, though essential, are more costly. It also would open the door to further workforce reductions to maximize returns for the new owners and shareholders.

The APWU and the other postal unions have consistently enabled these attacks on mail delivery and on postal workers themselves. Since 2006, they have used the prefunding requirement to impose wage cuts and other concessions on workers. By supporting the Postal Service Reform Act, they have imposed greater health care costs on postal retirees and given their sanction to DeJoy's ruinous 10-year plan.

The time when the postal unions—and the trade unions in general—helped workers to achieve real gains has long since ended. The degeneration of these organizations is becoming ever more obvious, and an increasing number of workers' struggles are breaking out independently of, and in opposition to, the trade unions. Postal workers need decent wages, safe working conditions and retirement benefits that include health coverage. They will not be able to satisfy these needs if they remain trapped within the confines of the APWU and the other postal unions. Postal workers must build new organizations that will wage a genuine fight. The rank-and-file committee, controlled democratically by workers themselves and independent of the trade unions and both political parties, is the organizational form that corresponds to postal workers' needs.

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