



American Postal Workers Union, AFL-CIO

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Cliff "C.J." Guffey
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September 23, 2011

Darrell Issa, Chairman
Committee on Oversight and Reform
House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

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**RE: Misstatements during your appearance on Washington Journal
on September 20, 2011**

Dear Chairman Issa:

I am writing to ask that you correct misstatements you made during your appearance on Washington Journal earlier this week. I am sure you will agree with me that it is important to conduct the discussion about how to help the Postal Service through its financial difficulties on the basis of actual facts, not misstatements.

The reporter asking you questions quoted me as saying, referring to the Postal Service, that "no other federal agency is required to pre-fund its health benefits obligations and very few private sector firms do so."

You responded by saying "That's disingenuous. Private firms all pre-fund. We have a law."

In fact, there is no law requiring other agencies or private companies to pre-fund the health care benefits of future retirees. As the Postal Service Inspector General reported in November 2010, "the average level that Fortune 1000 companies prefund retiree health care (many do not prefund) is 28 percent...the federal government does not prefund its retiree health care at all..." The Inspector General also found that if the Postal Service were simply required to prefund retiree health benefits at the 30 percent level, it would have had a surplus in its retiree health benefits fund of \$9.2 billion in November 2010. (Report Number FT-MA-11-001, November 23, 2010).

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Furthermore, the Postal Service is required to pre-fund a 75-year retiree health benefits liability over only a 10-year period. Without these payments, the Postal Service would have accumulated a surplus over the past four fiscal years. We hope you will agree that this burden should be lifted from the Postal Service.

In your remarks on Washington Journal, you also made reference to the fact that private-sector employers are required to pre-fund retirement annuity benefits if they provide them to their employees. I hope you will acknowledge that, even in the area of retirement annuity funding, the Postal Service is being treated unfairly. As the Inspector General found in the Report cited above, it would be appropriate to fund retirement annuities at 80 percent of liabilities. But, even using OPM's current allocation of costs, the Postal Service has funded CSRS liabilities at more than 90 percent and FERS benefits at more than 100 percent. If the funding requirement were changed to the industry standard of 80 percent, the Postal Service would have a surplus of approximately \$50 billion in its retirement annuity accounts; and this is entirely separate from the excessive pre-funding of retiree health benefits.

We hope you will correct your misstatement on the issue of pre-funding retiree health benefits and acknowledge that the Postal Service has overfunded its retirement annuity obligations, so the public discourse can be based on a correct understanding on these points.

Thank you for your attention to these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cliff Guffey', written over a horizontal line.

Cliff Guffey
President

cc: Washington Journal

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