



e-NAPUS Legislative Newsletter

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Congressional Budget Calendar

President Submits Budget to Congress
2/7/05

House & Senate Budget Committees vote on Budget Resolution
4/1/05

House & Senate vote on Budget Resolution
4/15/05

House & Senate Vote on Reconciliation Date in Budget Resolution

Deadline for Enactment of FY 2006 Budget
10/1/05

The Bush Budget Boléro

British ice-dancers Jayne Torvill and Christopher Dean popularized Ravel's Boléro, skating to the composition in winning the 1984 Sarajevo Winter Olympics Gold Medal. The hypnotic classic repeats the same melody 18 times without altering tempo. The only change is the number and variety of instruments. Ironically, the federal budget process proceeds the very same way – the issues do not change dramatically, but the players change.

On Monday, President Bush submitted to Congress a \$2.57 trillion fiscal year 2006 budget. The plan would limit growth in discretionary spending (the amount Congress appropriates) to 2.1%. However, within that total, the White House proposes to increase dramatically funding for the military, homeland security, and foreign aid.

There is good news, as well as uncertainty for postmasters. The good news is that the President's Budget does not propose to cut federal or postal employee health coverage or retirement benefits. In the budget document, the Administration restates its commitment to comprehensive postal reform legislation. Most important to postmasters, the White House reaffirmed that:

"The Postal Service provides an important service to the American people and the economy, and the Administration believes that the Postal Service should continue providing affordable and reliable universal service ..." [emphasis added]

In addition, the Administration stated that it was committed to working with Congress and postal stakeholders in early 2005 to pass the legislation. However, the postal community is anxious about a White House proposal to use the USPS CSRS overpayment, currently held in escrow, to pay down the unfunded postal retiree FEHBP liability. The postal community continues to urge Congress and the White House to release the escrow, permitting the USPS to use the funds to stabilize postage rates and help to modernize postal infrastructure. The mailers estimate that the escrow represents a 6% rate increase. For some time, the mailing community has characterized the escrow-attributed rate increase as a *Stamp Tax*. The Bush Budget, however, asserts that postage is a "user charge," not a tax.

A deficiency in the fiscal year 2006 budget is that it does not include USPS requested funds for emergency preparedness and revenue forgone. It also proposes \$46.8 million less than requested for mailing for the blind.

Within the next few weeks, the Congress will complete hearings on the Budget and cast its own imprint on it. Eventually, after the budget winds through Congress, it will return to the President in two forms – individual appropriation bills and a reconciliation bill, should Congress propose cuts to entitlement programs (e.g. FEHB, CSRS, and FERS) or tax changes.

Postal Appropriations Chair Change



IN

Rep. Joe Knollenberg
(R-MI)



OUT

Rep. Ernest Istook
(R-OK)

**Bob Levi, Director of
Government Relations**

**National Association of
Postmasters of the U.S.**

**8 Hebert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

Email: blevi@napus.org

We are on the Web!

Committees Organize and Plan

On Wednesday, the **House Government Reform Committee**, which Rep. Tom Davis chairs, approved its rules and structure for the 109th Congress. The Committee also adopted its legislative and oversight agenda for the next two years. In addition, the **House Appropriations Committee** established its subcommittees with a major change that will affect the USPS.

The Government Reform Committee will include seven subcommittees – a Postal Subcommittee is NOT one of them. However, we understand the Chairman Davis intends to reestablish the Special Panel on the Postal Service with Rep. John McHugh as chair and Rep. Danny Davis as the ranking Democrat. It is highly doubtful that the Panel will conduct further hearings on postal reform legislation. The full Committee will go full steam ahead with a “mark up” on H.R. 22 within the near future. In addition, the Committee plans to monitor the USPS’ implementation of the 2002 Transformation Plan, including management reform and achievement of cost controls.

The Subcommittee whose jurisdiction will have the most impact on Postmasters will be the Subcommittee on the Federal Workforce and Agency Organizations. Rep. Jon Porter (R-NV) will chair the Subcommittee and Rep. Danny Davis (D-IL) will serve as the Ranking Democrat. The three areas that will be of interest to NAPUS members include oversight of FEHBP health savings accounts (HSAs), the implementation of the new dental and vision benefits, and the Administration’s proposal to extend a pay-for-performance system to the federal workforce. The last topic should be of an academic interest to postmasters.

The House Appropriations Committee engaged in a game of musical chairs in which the former chair of the subcommittee with jurisdiction of the USPS, Rep. Ernest Istook (R-OK), was left standing. Full Committee Chair Jerry Lewis (R-CA) reduced the number of subcommittees from 13 to 10. Rep. Joe Knollenberg (R-MI) will chair the newly configured subcommittee on Transportation, Treasury and Housing, which will have jurisdiction over postal appropriations. The Democrats have yet to designate a ranking member for the panel. As chair, Rep. Istook was extremely skeptical about the biohazard detection technologies that the USPS sought to implement. Consequently, he restricted funding to those projects. Thankfully, Sen. Ted Stevens (R-AK) was instrumental in ensuring that funds were included to implement such technologies. The new subcommittee could be challenging since it has broader jurisdiction, meaning more agencies will be competing for limited funds.

NAPUS Signs On Coalition Letter

NAPUS added its name to a letter in support of postal reform that was drafted by a broad coalition of companies and associations. It was sent to key House and Senate postal leaders. The February 10 letter urges them to move expeditiously postal reform legislation and offering assistance in that effort. Among the 132 cosigners, NAPUS, the National Association of Postal Supervisors and the National Rural Letter Carriers Association were the only postal employee associations. The signers range from AARP to Wells Fargo, and include members of the printing industry.