



# *E-NAPUS Legislative Newsletter*

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## Postal Board Lays Down Markers on Reform

On Thursday, the Postal Board of Governors sent a letter to the leadership of the Congressional Committees with jurisdiction over postal issues articulating their vision of postal reform legislation. The letter comes in the midst of mailer concern about an upcoming \$3.1 billion/5.4% across-the-board rate increase that is attributed to the requirement that the USPS continue to over-fund its obligation to the Civil Service Retirement System.

The Board of Governors laid down six markers on postal reform legislation.

- Congress should repeal the requirement that the USPS continue to overpay its CSRS obligation into an escrow account.
- Congress should repeal the recent requirement that the USPS cover the military retirement credit for its CSRS beneficiaries.
- Congress should empower the USPS to negotiate over postal health and retirement coverage, rather than continue to guarantee the benefits under law. (Presently, the USPS and the crafts negotiate over FEHBP premiums for active employees.) In addition, the Governors seek to require an arbitrator, during a labor-management impasse, to consider broad economic issues as part of his or her decision.
- Congress should enhance the USPS' rate flexibility and authority to introduce new postal products. Most importantly, the Board stated that the consumer price index (CPI) would be an acceptable, though challenging, means for adjusting rates if applied at the aggregate level, but no lower than class.
- Congress should not permit a regulator to alter the scope of the postal monopoly, redefine universal service, or change USPS social obligations.
- Congress should reserve for the USPS the management of its own business. Moreover, the Board invited a provision that would recognize the "need for network changes."

NAPUS continues to convey its "markers" to Congress and the White House. Last week, Bob Rapoza was on Capitol Hill to reinforce our message. Universal service, which includes access to community post offices and safeguarding a locality's due process rights, are key postmaster issues. Moreover, the legally guaranteed right to participate in the Federal Employees Health Benefits Program and the federal retirement systems remain important to postmasters. In the past, the USPS has asked Congress to loosen these statutory benefits – NAPUS has opposed consistently the proposal, and we will continue to do so.



NAPUS Secretary-Treasurer Rapoza Was In DC to Promote NAPUS Issues With Rep. Case (D-HI)



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**We are on the Web!**

It is far too early to assess Congressional reaction to the letter. For example, much debate has traveled under the bridge on what index should be used to adjust postage rates (see January 21, 2005 *e-NAPUS Legislative Newsletter*, "How Much Is Too Much?") The Board has settled on CPI, the index that Rep. McHugh proposed almost ten years ago. The question is under what conditions, if any, the USPS may exceed the CPI. Secondly, would reform apply the CPI to broad mail classes (e.g. first-class, periodical, standard, etc.), permitting the USPS flexibility to adjust rates within class, or will the index be "hard-wired" to each subclass level, thereby restricting USPS flexibility? Stay tuned.

## WEP/GPO Still Captive to Social Security Reform and the Budget

There is already widespread support to repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). In January, Rep. Buck McKeon (D-CA) introduced H.R. 147, legislation to abolish these two laws that discriminate against retired public employees. 187 Representatives have cosponsored the McKeon bill. However, the prospects of total repeal remain daunting. Only six cosponsors serve on the Ways and Means Committee, the panel with jurisdiction over the measure, and at this time, there is no Senate companion bill.

During the previous Congress, the Social Security Administration testified that Congress should undertake WEP and GPO changes as part of comprehensive Social Security reform. There does not appear to be a change in the position. Moreover, the Government Accounting Office claimed that repealing the WEP would cost \$19 billion, and the Congressional Budget Office estimated that GPO repeal would cost \$31.3 billion over the next ten years. In sum, enactment of HR 147 could cost more than \$50 billion. The White House and Ways and Means and the Senate Finance Committee members are concerned that WEP/GPO repeal would raise the Social Security deficit. This WEP/GPO byproduct would be problematic, particularly with Congress debating the impact, real or perceived, of the Social Security System's long-term deficit.

NAPUS is working with members of the House Ways and Means panel and the Senate Finance Committee to construct a viable bill to address the dual challenges presented by the GPO and the WEP. It is important to understand that most of Members of Congress view any type Social Security modification as part of comprehensive reform.

## NAPUS PAC Off and Running

Coming off a stellar year, in terms of money raised and congressional winning percentage, NAPUS PAC recently sent out its 2005 direct mail solicitation of NAPUS members. Historically, NAPUS PAC raises about 20% of our funds through the annual mailing. Even small postmaster contributions to NAPUS PAC help to bring focus to the issues that are most important to postmasters. In addition, the solicitation helps to inform postmasters of major legislative threats and key emerging opportunities during the 109<sup>th</sup> Congress. We are already getting a tremendous response. Postmasters, please join the crowd.