



E-NAPUS Legislative Newsletter

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Sen. Susan Collins

Sen. Collins Introduces Postal Performance-Enhancing Bill

While the media focused its attention on House Government Reform Committee hearings on steroid abuse in major league baseball, Senate Homeland Security and Governmental Affairs Chairman Susan Collins (R-ME) introduced postal “performance-enhancing” legislation – S. 662. Senator Tom Carper (D-DE) joined Sen. Collins on the bill. S. 662 provides the USPS with enhanced price and product flexibility, and relief from funding the unfair CSRS escrow account and the military retirement liability. Most important, S. 662 provides the mailing community with a viable and secure public network for communicating and conducting commerce with the American public. Finally, the bill reassures everyone that the USPS is operating transparently and is accountable to its customers. Consequently, President Wally Olihovik offered Chairman Collins the support of the 40,000 NAPUS members in advancing the legislation through the Senate.

S. 662 is similar to H.R. 22, Rep. John McHugh’s postal reform bill. NAPUS also supports H.R. 22. However, there are a number of differences between the two bills. In addition, the Senate bill varies from S. 2468, the Collins-Carper bill which the Senate Governmental Affairs Committee approved by a unanimous vote during the 108th Congress. Nonetheless, it is important to note that despite the differences, H.R. 22 and S. 662 offer the USPS an effective roadmap to continued viability.

Both the House and Senate bills call for the repeal of the CSRS escrow provision that was part of Public Law 108-18. The Senate and House bills would require that the USPS make payments to a new Postal Service Retiree Health Benefits Fund to begin to pre-fund post-retirement health benefit obligations, pay down any outstanding debt to the Treasury, and reduce operating costs. (S. 662 and H.R. 22 differ in the amortization schedule for paying down the retiree liability.) The bills envision that the three-pronged strategy will help to contain future rate increase, and help to reduce the budget impact of repealing the escrow account. In addition, S. 662 and H.R. 22 would restore the U.S. Treasury’s obligation to over the CSRS liability attributable to military service.

One of the major decisions that Senators Collins and Carper made in their new bill was to use the consumer price index (CPI) to adjust rates for “market-dominant” (i.e., monopoly) postal products. Last year, the Senate bill delegated the index determination to a newly empowered Postal Regulatory Commission, so long as the index “reflected” the CPI. In addition, S. 662 would restrict rate adjustments beyond the CPI to “unexpected and extraordinary circumstances.” H.R. 22 is a bit more liberal in permitting adjustments beyond the CPI. The CPI, as a rate index, was acceptable to the USPS, the White



Wally Olihovik
Congratulates NAPUS
Member and New PRC
Commissioner Dawn
Tisdale After His
March 18 Swearing-In

House, and the mailing community. The USPS' acceptance of the index was contingent on it being applied to broad mail classes, not subclasses. The White House and mailer supported proscriptive criterion for exceeding the CPI. This troubles the USPS. In addition, the USPS requested the right to "bank" any rate increase it would have been entitled to make, but did not. For example, if the CPI was 2% in a year, but the USPS decided to raise rates only 1%, the agency sought the opportunity to add the 1% difference to a subsequent year's rate increase. The Senate bill did not in adopt the USPS request.

NAPUS is pleased that the both S. 662 and H.R. 22 rejected the USPS request to subject FEHBP and retirement to collective bargaining, thereby protecting the legal protections afforded to postal employees and retirees. In addition, NAPUS was delighted that the S. 662 safeguarded the affordability of mailing "single-piece" parcels by defining the product as "market dominant." Unfortunately, the House bill defines "single-piece" parcels as "competitive," jeopardizing parcel post service to countless residential and rural postal customers. We are working with the Government Reform Committee to ensure that H.R. 22 is consistent with S. 662's definition of single-piece parcel.

S. 662 includes language that encourages the USPS to streamline its 400 logistics facilities. The bill requires that as the USPS reduces its distribution network, it needs to follow procedures, which include keeping Congress informed of its plans, and identify the financial and human impact of plant closing and consolidations.

The Senate Committee has planned a hearing on S. 662 for April 7. At that time, the USPS, the Government Accountability Office, and the Administration will have the opportunity to share their views on S. 662. After the hearing, Chairman Collins could set an early date for a vote on the bill. House Government Reform Committee Chairman Tom Davis (R-VA) has also indicated that he is ready to move H.R. 22 shortly. The timing of Committee votes provides NAPUS an invaluable opportunity to promote and mold the future of the USPS. The NAPUS Leadership Conference is being held during the week of April 11, so our postmasters will be engaged and on Capitol Hill advancing the interests of postmasters, the USPS, and its customers at the right time.

Sen. Feinstein Introduces GPO/WEP Bill

On Monday, Sen. Diane Feinstein (R-CA) introduced S. 619, legislation to repeal the Social Security government pension offset and the windfall elimination provision. Senators Susan Collins (R-ME), Mark Dayton (D-MN), Christopher Dodd (D-CT), John Kerry (D-MA), Frank Lautenberg (D-NJ), Blanche Lincoln (D-AR), Bill Nelson (D-FL), and Arlen Specter (R-PA) joined Sen. Feinstein as original cosponsors of the bill. S. 619 is similar, though not identical, to H.R. 147, which Rep. Buck McKeon (R-CA) introduced. Currently, H.R. 147 has attracted 220 cosponsors.

S. 619 has been referred to the Senate Finance Committee, which is chaired by Senator Charles Grassley (R-IA). H.R. 147 is pending before the House Ways and Means Committee, which is chaired by Senator William Thomas (R-CA). We will be carefully watching the ongoing debate over Social Security reform to ensure that GPO and WEP are considered as part of the discussion.

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We are on the Web!