



E-NAPUS Legislative Newsletter

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House Committee Gives Postal Reform Stamp Approval

On Wednesday morning, immediately after participating in a 45-minute NAPUS confab with Senate Homeland Security and Governmental Affairs Committee Chairman Susan Collins, House Government Reform Committee Chairman Tom Davis rushed to Capitol Hill to preside over his Committee's vote on postal reform legislation. The Committee approved overwhelmingly H.R. 22, the Postal Enhancement and Accountability Act, by a 39-0 vote. The legislation is similar to the postal reform bill that the Committee passed last year, also unanimously.

H.R. 22 would eliminate the CSRS escrow account, permitting the USPS to use the funds to mitigate the 2006 5.4% rate increase; return the obligation to pay for CSRS military retirement credit to the U.S. Treasury; and establish a new rate-setting system. Since the bill's introduction in January, the authors have added a number of provisions, in an effort to address some of the concerns the Administration raised. Unfortunately, H.R. 22's designation of "single-piece parcels" as a "competitive" product, rather than a "market dominant" one remains. NAPUS will be working with Chairman Davis and others to correctly classify the product, as the legislative process continues. This incorrect designation of single piece parcels could very well jeopardize universal mail delivery, particularly to rural America.

One controversial issue interrupted the generally sedate 1½ hour postal reform discussion. At the behest of the U.S. airline industry and the Airline Pilots Association (ALPA), Rep. Steve LaTourette (R-OH) introduced an amendment to strip the section of H.R. 22 that would have given the USPS an opportunity to negotiate with all air carriers to carry foreign-destined mail, not just domestic ones. Chairman Davis, Ranking Democrat Henry Waxman and Rep. John McHugh opposed the amendment. However, it passed by voice vote. Although the savings from the deleted provision would have been a modest \$40 million, the postal community can learn a key lesson from the outcome. The USPS did not enlist postal allies in an effort to retain the provision. Despite the fact APWU, NALC, and Mail Handlers are all AFL-CIO affiliates, just like ALPA, the USPS did not provide the associations with information that could have equipped the unions to negotiate an agreement with ALPA. For the future of postal reform, or for any legislation that would impact the USPS, it is essential that postal allies – especially the employee and management associations that represent more than 700,000 postal employees – be welcomed by the USPS to join with it in repelling amendments and provisions harmful to the institution, or promoting provisions and amendments that would benefit the agency. If not, success on postal reform, as well as other related issues will be elusive.



Wally Olihovik
Moderates Discussion
With Chairmen Collins
and Davis at NAPUS
Leadership
Conference

Senate Committee Sets the Stage for Postal Vote

On Thursday afternoon, the Senate Homeland Security and Governmental Affairs Committee conducted its ninth hearing on postal reform. Assistant Secretary of the Treasury Timothy Bitsberger, Acting Director of Personnel Management (OPM) Dan Blair, PMG Jack Potter, and Government Accountability Office (GAO) Comptroller General David Walker testified at the hearing. All of the witnesses restated the need for postal reform. Moreover, Chairman Collins in a press release issued after the hearing, identified NAPUS as a supporter of S. 662, the Collins-Carper postal reform bill. It appears likely that Sen. Collin's committee will vote on S. 662 next week.

The hearing focused on the simmering disagreement between the Bush Administration and the Congress over the responsibility for the CSRS military retirement credit, and the disposition of the CSRS escrow account. In 2003, Public Law 108-18 shifted \$27 billion in CSRS military retirement costs from the U.S. Treasury to postal customers. Also, the law required that the USPS continue to fund its CSRS overpayment to an escrow account, about \$3.1 billion per year. The Administration maintains that the military retirement shift is part-and-parcel to the method used to calculate the \$78 billion USPS overpayment into the CSRS Trust Fund. At the hearing, Sen. Ted Stevens (R-AK), the only current Member of Congress who participated in crafting the Postal Reorganization Act and author of the FERS, took dead aim at the Administration's claim. He stated unequivocally that it was Congress' intent, when it created FERS, not to charge the USPS with retroactive CSRS obligations using the new FERS funding rules. In sum, there is a bright line that separates the funding rules for the two federal retirement programs, especially as they affect the USPS. Moreover, Sen. Stevens advised the Administration witnesses that he would speak directly with President Bush about the issue. Assistant Secretary Bitsberger also testified that the 5.4% 2006 rate case should not be attributable to the CSRS escrow. Rather, it is the result of growing labor and fuel costs. However, Chairman Collins compared the escrow funding to a budget shell game, which needs to be solved.

Many postal observers, as well as NAPUS, was disappointed that the PMG continued on the ill-fated USPS crusade to scale back postal employee compensation by replacing the statutory benefits to which employees are presently entitled with a yet-to-be defined collective bargaining process. The items subject to negotiation would appear to be health insurance coverage (not just the employer share of premium) and retirement benefits. To their credit, Chairmen Davis and Collins have rejected the USPS proposal. It is unclear whether the USPS can attract any congressional proponent of their proposal. Postal reform advocates fear that adoption of the proposal would not only kill postal reform, but would also divert much-needed postal employee advocacy on behalf of the USPS and issues which is direly needs (e.g. CSRS relief). In addition, any attempt to remove postal employees from the CSRS or the FEHBP would invite the aggressive opposition of the 400,000 members of NARFE, every federal employee union and management association, and possibly the AFL-CIO. The USPS would have to burn up a lot of political capital, in losing cause, to push for a negotiated total compensation and benefit package.



Sen. John McCain addressing a packed congressional hearing room of NAPUS members on postal reform and other issues

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