



e-NAPUS Legislative & Political Bulletin

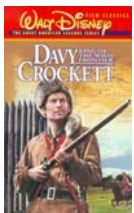
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170th Anniversary of "The Post Office Act of 1836"

Leading members of the Whigs and Democrats drafted this bipartisan bill to promote postal accountability. Although the bill did not originate with PMG Amos Kendall, he assisted Members of Congress in their efforts. Rep. David "Davy" Crockett, who died at the Alamo in the year the bill was passed, was an early advocate of this type of reform.



Perfect Postal Storm Brewing

A number of related and unrelated events are creating a new and potentially volatile dynamic that could accelerate and influence the deliberations of the H.R. 22 Conference. These events include the announcement of the 2006 Omnibus Rate Case, a letter sent by House Government Reform Chair Tom Davis to USPS BoG Chair regarding the case, a letter sent by members of the Iowa Congressional delegation to PMG Potter regarding a consolidation, and a recent APWU filing in Federal Court regarding the END program.

Next week, the USPS Board of Governors is expected to announce the 2006 omnibus rate case at its monthly meeting. The last such rate case dates back to 2001. Consequently, considerable issues, involving rates, rate relationships, and mail classifications will be included in the rate filing. This filing could be the last rate case argued prior to enactment of Postal Reform. Needless to say, the anxiety level is high within the mailing community. The rate structure established through this rate case (i.e. after the Postal rate Commission conducts its protracted regulatory proceeding) will be the rate foundation in the post-reform rate environment, particularly for market-dominant postal products. Moreover, mailers fear that they could be subject to another 2007 omnibus rate case, or an amended 2006 case, depending if and when H.R. 22 is signed into law. Consequently, members of the mailing community may seek prospective rate relief from H.R. 22 Conferees. At the same time, the USPS could anticipate the mailer-articulated wish list to the Conferees, as part of its filing. The PRC will have to sort this all out.

Anticipating this confusion and the mailer fear factor, Chairman Davis sent USPS BoG Chairman Jim Miller a letter, requesting that the USPS delay the 2006 rate case until H.R. 22 is "closer to resolution." According to an April 26 article in *Congressional Daily*, the Mailing Industry CEO Council also sent Chairman Miller a letter. On Monday, Chairman Miller responded to Davis by stating that a rate increase was needed to deal with a "debt increase of at least \$1 billion". Notwithstanding Chairman Davis' delay request, the anticipated rate case could encourage the Conferees to resolve House-Senate disagreements expeditiously and try to beat the case to the finish-line. If not, the Conferees could be attempting to address mailer reaction to a rate increase within H.R. 22.

The continuing controversy over the Evolutionary Network Development (END) program may also impact Conference deliberations. Senators Grassley (R-IA) and Harkin (D-IA), and Rep. Steve King (R-IA) want a face-to-face meeting with the PMG over the possible consolidation of the Sioux City mail processing facility. These Members of Congress believe that the USPS failed to provide community input in evaluating the impact of the consolidation, and is keeping its consolidation study under wraps, except for a one-page summary.



Rep. King asserted that he would work the H.R. 22 Conferees on behalf of community input. Sen. Harkin successfully added a provision to S. 662, requiring community input when the USPS contemplates a plant consolidation. (Communities already have specific statutory due process rights regarding the closing or consolidation of their *post office*.) On a related note, last Friday, the APWU filed a complaint in Federal Court asking that the court stop the END program, until the PRC issues its advisory opinion on it. The union alleges that the USPS violated Title 39 of the United States Code by not seeking public input in 2001, when it began the Network Integration and Alignment (NIA) program, which involved network development. APWU argues that END is merely a continuation of NIA. (Interestingly, the APWU established its “standing” to sue the USPS as a “mailer”, not as a union.) Although the APWU suit and the IA plant consolidation are not necessarily legislative matters, the degree to which the issues are garnering media and Congressional attention could very well affect Conference deliberations. As you may recall, the President’s Commission on the U.S. Postal Service highlighted network redesign and standardization as a necessity. The Government Accountability Office (GAO) also believes that such an effort is essential. What appears to bother Members of Congress who are critical of the USPS efforts is not necessarily the result, rather it’s the process. The Senators and Representatives, reflecting their constituents, are arguing for greater transparency and input. In fact, a GAO Report referenced in a previous *e-NAPUS Legislative & Political Bulletin* urged the USPS to establish specific and identifiable criteria when evaluating facility consolidations and closures. This is an issue which may be part of Conference discussions.

The combination of the rate case, Congressional reaction to it, and the continuing controversy over the END program create a challenging scenario for the USPS, postal employees, and for the mailers themselves. In response to non-conferee congressional pressures, conferees may have to revisit some previously settled provisions and open up new areas of inquiry. For this reason, it is important for NAPUS members to stay in touch with their Chapter Legislative Chairs and attentive to inquiries from their own Members of Congress. Word is spreading among NAPUS Legislative Activists that Congress is already communicating with them on some “deep-in-the-weeds” postal reform issues. So, please do not hesitate to communicate with the NAPUS Government Relations Department should you have any questions.

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Government Reform Committee to Consider New TSP Option

On Wednesday, the House Federal Workforce Subcommittee conducted its final hearing on legislation (H.R. 1578) that would create a real estate investment option within the Thrift Savings Plan (TSP) – an “R-Fund”. Next Thursday, the full Committee is scheduled to take up the bill. Subcommittee Chair John Porter (R-NV) introduced the legislation. The bill has 165 cosponsors, including Committee Chairman Tom Davis. Nonetheless, H.R. 1578 is viewed with skepticism by the Employee Thrift Advisory Council (NAPUS is a member), since the TSP’s fiduciaries (the Federal Retirement Thrift Investment Board) oppose the bill and an independent analysis of the proposal has yet to be completed. Sen. Norm Coleman (R-MN) introduced the Senate version of H.R. 1578 – S. 2490.