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NAPUS Intervenes in 2006 Omnibus Rate Case



As of Friday, NAPUS was one of two employee groups to have filed with the PRC on the proposed 2006 rate case. APWU was the other. NAPUS is attentive to proposed changes to post office box rentals and other special services, as well as modifications to first class and standard mail, parcel and periodical rates

Will Rate Case Jump Start Postal Conference?

Within hours of the USPS Board of Governors filing its 2006 Postal Rate adjustment with the Postal Rate Commission, members of the postal galaxy issued statements decrying the magnitude of the adjustment and indicating that such a case was the primary reason for enacting postal reform legislation. The postage change would increase the average rate by 8.5% and would raise the cost of mailing a 1 ounce letter by 3 cents. The rate case trails in the wake of the January 5.4% increase. Mailers fear an additional 2007 rate case.

A number of points should be acknowledged by those who knee-jerked criticism of the proposal. First, the 5.4% January increase was a direct result of the failure of the Congress and the White House to eliminate the unfair legislatively mandated CSRS escrow fund – not an increase in USPS operating costs. On this issue, mailer complaints would be far more effective and constructive if they were directed against those who are thwarting the elimination of the escrow fund. Second, the proposed 8.5% basically tracks inflation, since there has been no rate increase -- other than the escrow tax – for the past 4 years. Consequently, it would seem that the issue ought not to be the amount of the increase, but its timing. For business mailers, periodic incremental rate adjustments make it easier to budget their expenses, than the current rate-making process that encourages the USPS to defer rates. Pending postal reform legislation encourages periodic incremental rate-setting that tracks inflations by not subjecting the USPS to a litigious drawn-out rate case each time it needs to adjust postage.

Leading Members of Congress noted mailer concern about the size of the rate case, and its relationship with reform. House Committee Chairman Tom Davis, Rep. John McHugh, and Senate Committee Chairman Susan Collins affirmed that postal reform legislation could have lessened the impact of the rate increase, while also ensuring the financial vitality of the USPS.

- Chairman Davis: "I am disappointed that the Board of Governors did not see fit to wait until comprehensive postal reform legislation becomes law before making a final decision on whether to seek rate increases."
- Rep. McHugh: "Postal reform legislation that Congress is poised to enact would limit such extreme rate hikes, instead linking them to the Consumer Price Index, while also providing tools to ensure the future solvency of the Postal Service."
- Chairman Collins: "This rate case highlights why postal reform is necessary... The Collins-Carper postal reform bill would modernize the rate-setting process to provide more predictability for its users and help to ensure a stronger financial future for the organization." Collins

concluded her statement with, "I am hopeful that the House will name conferees soon to ensure that this legislation moves forward."

The outstanding question is whether Chairman Davis' influence with the House GOP Leadership and corporate concern over the rate case will spur House Speaker Hastert to appoint conferees and get the ball rolling. The conference would enable the House and Senate to reconcile differences between the House and Senate-passed versions of the postal bill. Among the mailers, there is growing concern that the GOP Leadership is delaying the appointment of House managers until the White House is satisfied with the resolution of the CSRS military service credit and escrow issues. The *Catch-22* is that these issues cannot be resolved either way without conferees. In addition, a number of issues of concern to NAPUS and other postal employees groups, including the events under which the USPS may file for a rate adjustment over the CPI, the classification of single-piece parcels, and the opportunity of the USPS to defer increases rates cannot be resolved outside of a House-Senate conference.

It would appear that the burden to push the House Leadership to appoint conferees falls on corporate mailers since, in the short-term, they have the most at stake. Meanwhile, NAPUS continues to assist likely House conferees and designated Senate conferees to more fully understand the conference issues that will be most important to U.S. Postmasters.



Duck Hunting at the Capitol

Earlier this week, House Majority Leader John Boehner (R-OH) raised the specter of a post-election lame-duck session of Congress. He mused that there is so much to do, but so little time to do it. That should not be a surprise. Since the start of the year, the House has been in session for only 30 days. The paucity of Congressional workdays is directly related to the degree to which GOP lawmakers need to tend to home fires that can wreak havoc November electoral prospects.

On Tuesday, NAPUS participated in a briefing hosted by Washington political pundit Charlie Cook. At the event, *RT Strategies* (a bipartisan polling firm) released the results of its *National Omnibus Poll*, a scientifically conducted evaluation of the voting public. In my view, the key results are as follows:

- 71% - President Bush's disapproval rating among Independents
- 58% - Independents who would definitely or would consider voting against their own Member of Congress
- 33% - Independents who would use the 2006 election to express their opposition to Bush

GOP and Democratic political advisors are privy to the same statistics. The numbers are consistent with national polling data. Consequently, self-preservation is the maxim for Members of Congress. For the GOP, retaining their Congressional majorities is their primary goal; for Democratic, reclaiming their majority status seems seductively within their grasp. Elections Day still 6 months away, a lifetime in politics, but political paranoia is a powerful force. So, expect Congress to spend more time with you at home, attempting to solidify and expand their political base. This means that any unfinished legislative business may be considered after November 7.

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