



e-NAPUS Legislative Newsletter

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H.R. 22 Slated for Tuesday Vote

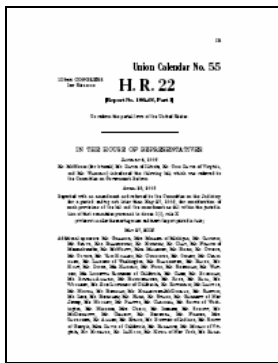
Late Thursday, the House Republican Leadership placed on the House of Representatives floor calendar H.R. 22, the Postal Enhancement and Accountability Act. Debate in the House, votes on any potential amendments, and a final vote on the bill are all scheduled for Tuesday, July 26, making postal legislation one of the last legislative activities prior to the Congressional summer recess.

H.R. 22, as passed unanimously by the House Government Reform Committee, includes a number of provisions that are important to the postal industry. Moreover, the USPS Board of Governors identified a number of these items as essential to postal reform legislation. These “markers” were enumerated in a February 24, 2005, letter that the Board sent to Capitol Hill. Among the USPS “must haves”:

- Eliminate the requirement that the USPS continue to overpay its miscalculated CSRS obligation into an escrow account
- Repeal the requirement that the USPS assume the U.S. Treasury’s obligation to financially cover the military retirement credit of its CSRS beneficiaries
- Greater flexibility in postage rate-setting

H.R. 22, in a fairly straight forward way, addresses the first two USPS objectives. **Postal legislation must include these two objectives to receive postmaster support.** On rate-setting flexibility, the legislation permits the USPS to adjust rates annually consistent with the consumer price index (CPI) without being forced to file a litigious rate case. The February Board of Governors letter stated that the CPI would be an acceptable, though challenging means of adjusting rates. Furthermore, the bill permits the USPS, in extraordinary circumstances to ask that the postal regulatory authority to raise postage beyond the index for “market-dominant” products (e.g., first-class mail, standard mail, periodicals, etc.) if such a rate request is “reasonable and equitable and necessary.” This H.R. 22 “postage pressure relief valve” recognizes that certain circumstances, beyond the control of the USPS, could result in a significant drop in postal revenue or drive USPS operational costs beyond the CPI. Without this “Plan B” mechanism, the USPS could be forced to dramatically reduce mail services to the American public **Consequently, NAPUS believes that a Plan B is necessary to balance mailing industry needs for price certainty with USPS unanticipated or extraordinary fiscal needs.**

On Monday evening, the House Rules Committee will be meeting to determine what floor amendments will be offered on Tuesday and to craft the “rules” under which H.R. 22 will be debated. The House must pass a “rule” for H.R. 22



H.R. 22
A Decade in the Making

before the bill can be debated and presented for a vote. We would expect that the rule will provide for one hour of general debate on the bill that would be equally divided between House Government Reform Chairman Tom Davis (R-VA) and Committee Ranking Democrat Henry Waxman (D-CA). Both Representatives are H.R. 22 cosponsors. The rule may also permit Chairman Davis to offer one amendment that would include any technical changes to the bill. In addition, we would anticipate the “rule” would limit amendments to only those that are approved by the Rules Committee and printed in Tuesday’s *Congressional Record*. Currently, there are two amendments being contemplated: one dealing with workers’ compensation and the other with Alaskan by-pass mail. As of yet, we do not have the actual amendments. Most likely, on Tuesday, the rule will be managed on the House floor by Rules Committee Member Pete Sessions (R-TX).

There are a number of issues in H.R. 22 that NAPUS will seek to address as the bill advances through the legislative process, which includes Senate action and a Conference Committee. These provisions include:

- Correctly classifying single-piece parcels “market dominant”
- Enabling the USPS to “bank” non-implemented postage increases for a reasonable period to time
- Allowing the USPS to adjusting postage rates at the aggregate, rather than the subclass level for market dominant products

The Senate Republican Leadership has yet to schedule S. 662. Therefore, the earliest the Senate could vote on the bill would be after Labor Day. Chairman Collins is hopeful that the momentum of House passage pushes the Leadership to schedule the bill, even though the fall legislative calendar will be crowded. During the recess, NAPUS will be working to persuade the Senate to adopt the House position on permitting the USPS to seek rate relief should circumstances beyond its control necessitate a rate adjustment beyond the CPI and to permit the USPS to “bank” non-implemented, but permitted rate increases.

White House Position Needs Change

Amid the congressional consensus to provide financial relief to the USPS in H.R. 22 and S. 662, the Administration continues to stake out a position that would force the USPS to continue to contribute its CSRS overpayment. Both H.R. 22 and S. 662 would use or portion of the overpayment to pre-fund retiree health insurance liabilities. However, the White House is demanding that all funds be kept on budget and used to pre-fund FEHBP retiree liabilities. The White House appears to have offered a compromise on the CSRS military retirement credit that would only require the USPS to cover the CSRS military retirement credit prospectively. Nonetheless, the combination of the two proposals would undermine any possible financial benefit the USPS and the American public would get from eliminating the CSRS escrow account and reverting the CSRS military responsibility to the U.S. Treasury. Quite simply the White House proposal, as currently articulated, is a budget ploy to deny the USPS use of its own financial resources and use the money to pay down the federal deficit.

NAPUS continues believe that H.R. 22 and S. 662 must adequately and fairly address the CSRS escrow and military retirement credit issues. Moreover, postmasters urge the House and Senate postal leadership to reject White House pressure to do otherwise.

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