



# e-NAPUS Legislative Newsletter

September 2, 2005

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*Highlights from  
2005 NAPUS  
Convention in Long  
Beach, CA*



*President Olihovik  
Listens To Projected  
Appearance of Senate  
Homeland Security  
and Governmental  
Affairs Chairman  
Susan Collins (R-ME)*

*House Government  
Reform Committee  
Members John  
McHugh (R-NY) and  
Linda Sanchez (D-CA)  
also "beamed in"*



*Rep. Bob Filner (D-CA)  
speaking to  
approximately 1,500  
NAPUS postmasters*

## Congress Focuses Attention on Hurricane Relief

Congress returned early from its summer recess to pass legislation that provides vital aid to help the gulf coast states recover from Hurricane Katrina. On Thursday evening, the Senate passed a bill providing \$10.5 billion in emergency funds to respond to the devastation. The House plans to pass an identical bill today, enabling President Bush to sign the measure during the Labor Day weekend. These emergency funds will be the "first" installment in what will be an expensive, multi-year recovery and relief commitment. Present costs are topping \$500 million per day.

The human and economic expense of this natural disaster is incalculable – countless lives lost, critical injuries sustained, towns washed away, homes ripped from their foundations, vital infrastructure and utilities compromised, hundreds of thousands of people dislocated, and New Orleans rendered a flooded ghost town. In the past, when confronted with such tragedies, Americans rose to the call. Indeed, they will do so again.

Currently, the USPS is assessing damage to postal facilities and is attempting to adapt its network to adequately serve the mailing public. Postmasters throughout the region, whose post offices did not experience major damage, are attempting to restore essential mail services and provide retail services to storm ravaged areas. One such post office is the Covington LA Post Office, managed by NAPUS President-elect Dale Goff. The Covington PO and other such facilities may be the only contact point between the federal government and dislocated individuals and companies. This role is particularly important for senior citizens expecting their Social Security checks and small businesses.

An important, yet possibly premature question needs to be asked. Will the USPS seek funds from subsequent emergency appropriations legislation to help repair postal infrastructure, ensure safe working conditions for its employees, and restore full mail service to storm-impacted Gulf Coast communities? If so, how will the request play in Congress, in light of USPS' lack of clarity on H.R. 22 and S. 662? If the USPS does not seek federal aid to repair its infrastructure, will the agency amend its 2006 rate request and seek the funds from postal rate-payers? Or, will the USPS elect to finance its recovery efforts through debt? If the USPS decides to seek funds through the appropriations route, NAPUS will be up on Capitol Hill working with the Postal Service to secure these essential funds.

## ... And Then There Were Six

Earlier this week, Jim Walsh resigned from the USPS Board of Governors, effective immediately. With his hasty departure, there are only six remaining

*NAPUS President-elect Dale Goff was presented with congratulatory letters from President George W. Bush, Senators Mary Landrieu (D-LA) and David Vitter (R-LA), Rep. Bobby Jindal, (R-LA), and LA Governor Kathleen Babineaux Blanco.*

Presidentially nominated Board members. (Nominees must be confirmed by the Senate.) The Walsh departure leaves three vacancies on the Board.

Over the past two years, President Bush has failed to nominate anyone to replace former Postal Governors Ned McWherter and David Fineman. McWherter and Fineman, Democratic nominees, left the Board in 2003 and 2004, respectively. Jim Walsh was also a Democrat. All three were nominated by former President Bill Clinton. The Postal Reorganization Act of 1971 requires that no more than five of the nine Presidential-nominated governors may belong to the same political party. The current lineup includes five Republican Governors (Chairman James Miller, LeGree Daniels, Carolyn Gallagher, Louis Giuliano, and Robert Rider) and one Democratic Governor (Alan Kessler). Postmaster General Jack Potter and Deputy Postmaster Patrick Donahue also serve as members of the Board. With Postal Reform legislation on the front burner and the Board of Governors becoming more legislatively assertive, the one-sided partisan makeup of the Board is noteworthy.

## CBO Considers Effect of S. 662

On Thursday, the Congressional Budget Office responded to Senate Budget Committee Chairman Judd Greg's query about the long-term effect that the Senate version of the Postal Enhancement and Accountability Act would have on the USPS' financial condition, and implications for taxpayers and postal customers.

In sum, the CBO concluded that the effect of the bill on USPS costs would be modest, about 1% over the next 25 years. The agency also found that returning the responsibility to finance the CSRS military credit to the U.S. Treasury and the elimination of the CSRS escrow account would reduce USPS budget pressures. Nonetheless, much of the fiscal relief would be offset by requiring the CSRS to begin pre-funding the health care benefits of future retirees.

The CBO stated that, regardless of reform, the USPS will be challenged by declining revenue and increasing operational costs. According to the CBO, this budget gap would have to be closed through a combination of productivity improvements, service reductions, rate increases, and taxpayer support. However, the CBO admits that its assumptions are "inherently uncertain." It is difficult to predict postal competition, the success of USPS productivity, future employee compensation, and health care inflation over the next quarter-century. Therefore, CBO's projections are probably off.

It is certain that S. 662 and H.R. 22 will be modified in a prospective House-Senate Conference Committee. The final agreement could address the CBO-raised concerns. For example, extending the amortization schedule to pre-funding retiree health benefits could alleviate the impact of this new obligation. Guaranteeing a final rate case before the new rate system takes effect would permit the USPS to recognize future retiree health costs as part of base postage rates. Enabling the USPS to request permission to adjust rates beyond the consumer price index, under exigent circumstances, and allowing the agency to bank postal rates could address concerns about the long-term fiscal impact of the bill. In essence, CBO took an initial, speculative snapshot of S. 662. The analysis would differ on a bill emerging from a prospective Conference. NAPUS will be working with Congressional postal allies to address these issues and ensure that the final postal bill will enhance the USPS.

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**We are on the Web!**