



# *e-NAPUS Legislative Newsletter*

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## **USPS To Chairmen Collins & Davis: Thanks, But No Thanks**

On Tuesday, the USPS Board of Governors hand-delivered to leading congressional postal reform advocates a letter opposing H.R. 22 and S. 662, the Postal Enhancement and Accountability Act. All Postal Board Governors signed the letter, including Chairman Jim Miller, Postmaster General Jack Potter, and Deputy Postmaster General Pat Donahoe. The recipients were Senate Homeland Security and Governmental Affairs Committee Chairman Susan Collins and Ranking Democrat Joseph Lieberman, House Government Reform Chairman Tom Davis and Ranking Democrat Henry Waxman, Senator Tom Carper, and Representatives John McHugh and Danny Davis.

The 6-page letter outlines two USPS-perceived deficiencies common to both bills. First, the Board is concerned about the balance of power which, in its view, would shift authority from the Board of Governors to a newly empowered postal regulator. Second, the Board is troubled by the operational and rate-setting flexibility. The letter to Capitol Hill concludes, "Regrettably, despite the intentions of all parties, it is our considered opinion that the bills provide neither the requisite flexibility nor the authority to accomplish our mission." The document continues "...we would be better positioned to build on our recent progress in generating revenue and controlling cost under current law." In other words, according to the Board of Governors, the USPS would be better positioned under present law than under either H.R. 22 or S. 662.

Knowledgeable members of the postal community and congressional staff members, though surprised, were not shocked by the letter. After all, USPS Chief Financial Officer Richard Strasser stated his "personal" objections to the House and Senate bills at the mid-August Mailers Technical Advisory Committee meeting. At last month's NAPUS National Convention, the NAPUS Government Relations Department alerted the NAPUS Executive Committee and State Legislative Chairs of Mr. Strasser's statement and its implication for a USPS endgame strategy on postal reform.

Generally, the USPS letter reinforced a number of issues on which NAPUS and other postal reform advocates agree. Namely, we recognize the agency's successful efforts to reduce costs, without compromising high quality mail service. This is a tribute to all employees of the agency. We also appreciate the extraordinary challenges noted by the Board of Governors that mail erosion has on the ability of the USPS to safeguard universal, accessible, and affordable mail service. In addition, we agree with the necessity for the legislation to restore U.S. Treasury responsibility over retiree military retirement credit and the elimination of the CSRS escrow fund.

One of the issues with which NAPUS and others have been working on,

paralleling USPS efforts, was adoption of the H.R. 22's "postage pressure relief valve." The so-called exigency clause would enable the USPS to ask the postal regulator to adjust rates beyond the rate-index, under certain extraordinary conditions. The Senate version is more restrictive. Unfortunately, the USPS letter adds a new caveat to the House exigency language – more latitude to control infrastructure and employee costs. In the past, the USPS has sought to replace postal employee participation in the legally defined Federal Employees Retirement System and the Federal Employees Health Benefits Program with a new negotiated benefits package. In addition, the USPS has sought to undermine community appeals rights if a post office is closed or consolidated. The new USPS-imposed conditions on acceptance of the House-passed rate index distance itself from a common position held by NAPUS and other employee groups.

The most important issue that the Board of Governors raises in its letter is the creation of an "omnipotent" postal regulator. This provision has been included in all postal bills introduced by Representative McHugh or Senator Collins since the very beginning. It is understandable that the Board of Governors would be threatened by a regulator that may have jurisdiction beyond simple rate-setting. Operational responsibilities are best exercised by the organization itself, rather than by an outside regulator. The problem confronting the USPS on this key issue is that, although the organization testified to its concerns, it has apparently not presented Congress with an acceptable practical alternative model that balances the USPS' genuine need for commercial freedom with Congressional concern about a potential unregulated monopoly.

As I wrote in last week's *e-NAPUS Newsletter*, Katrina and Senate deliberation over the nomination of Supreme Court Justices will consume huge floor time. Despite the best efforts of Chairman Collins to resolve the still outstanding "Hallmark matter," the combination of the USPS letter opposing her postal bill and the busy Senate schedule, it appears unlikely that the Senate will take up S. 662 in September. Nonetheless, NAPUS will continue to work with postal allies, on and off the Hill, to enact legislation that will protect universal, affordable, and accessible mail service, and ensure the vitality of the USPS. And, the question remains how postal champions will view the USPS in light of its letter, and the years of Congressional effort that went into drafting the legislation.

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## USPS Hurricane Efforts Noted

During President Bush's Thursday evening address to the nation, he noted USPS efforts to forward mail to Gulf Coast evacuees. In addition, the Congressional Research Service (CRS) recently documented these efforts. The CRS reported that while Hurricane Katrina damaged about 500 postal facilities in Alabama, Mississippi, and Louisiana, the USPS was able to restore limited services within days of the disaster. The CRS stated "The USPS has experienced many disasters in the past, and it was relatively well prepared for the aftermath of Hurricane Katrina." The CRS pointed out that, as early as August 26 (i.e., 3 days before landfall on the Gulf Coast), mail was being diverted from processing plants in the region.

According to CRS, the USPS has estimated that its physical losses would be over \$100 million. As of yet, the USPS has not requested any funds from the Congress to cover its projected losses resulting from the hurricane.

**Bob Levi, Director of  
Government Relations**

**National Association of  
Postmasters of the U.S.**

**8 Hebert Street  
Alexandria, VA 22305**

**Tel. 703-683-9027  
Fax. 703-683-0923**

**Email: [blevi@napus.org](mailto:blevi@napus.org)**

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