



e-NAPUS Legislative Newsletter

September 23, 2005

Volume 2, Number 34

NAPUS Commits Funds for Hurricane Relief

On Thursday, the NAPUS Executive Board unanimously approved a \$15,000 donation to the Postal Employees Relief Fund (PERF) to aid postal employees and their families who reside in the devastated areas of the Gulf Coast.

GOP Gang Proposes To Slash Postal, Federal, and Mailer Benefits

On Wednesday, leaders of the Republican Study Group (RSC), the same squad that proposed the House-defeated anti-postal amendments, now seek to slash postal and federal retiree, and mailer benefits to help offset Hurricane Katrina recovery costs. The impact of the proposal, if adopted, would raise Federal Employee Health Benefit Premiums (FEHBP), cut CSRS annuities for many postal and federal retirees, and raise postage. The entire package of cuts would total \$500 billion over the next 10 years. The RSC is a 110-member House Republican organization that is organized for the purpose of advancing a conservative social and economic agenda in the House of Representatives.

At a press conference, the RSC unveiled "Operation Offset", a hodge-podge of previously rejected budget cuts, including one to calculate retirement annuities for postal and federal employees on the average 5-highest years of earnings, rather than the current 3-year average. This change would reduce the earned retirement benefits of CSRS annuitants. According to the RSC, this cut would save \$5.2 billion over the next 10 years. If passed, the Congressional Budget Office (CBO) estimates that the plan would chop \$1400 off the earned benefits of future CSRS retirees in 2006 and \$7300 over the next 5 years.

The RSC also recommended that the employer share of many federal annuitants' FEHBP premium should be reduced. Specifically, the RSC would adjust the contribution to reflect a retiree's years of service to the federal government. Under current law, the employer share is 72% of the weighted-average premium of all participating FEHBP plans, regardless of federal tenure. According to the Congressional Budget Office, the RSC proposal would cut the government share by 2% for every year of service less than 30. For instance, an annuitant with 25 years of federal service would be entitled to a 62% employer contribution, rather than 72%. According to the RSC, this proposal would cut benefits by \$6.3 billion over the next 10 years.

Compounding the FEHBP hit on many federal and postal annuitants is a RSC proposal to increase Medicare Part B premiums by 5%. Part B covers doctor visits and hospital outpatient services. In addition, the proposal would impose a combined deductible on Medicare Part A (hospitalization), impose a 10% co-payment on home health care, and inflict a 20% cost-sharing on most Medicare-covered benefits. These Medicare cuts would ax the budget by \$184.1 billion over the next 10 years.

Although the RSC proposal has met with House Republican Leadership resistance, the impending landfall of Hurricane Rita could place even more pressure on Congress to explore ways to offset recovery costs. In a news conference, House Speaker Dennis Hastert (R-IL) was non-committal about

**Postmaster
Vacancies Need to
Be Addressed**

The *NAPUS Closing and Consolidation Committee* is carefully monitoring the failure of the USPS to fill open postmaster positions in post offices. NAPUS activists should point out to local USPS management that, earlier this year, PMG Potter advised a House Appropriations Subcommittee that the USPS is posting vacancies expeditiously. The PMG stated, "In most cases, a 90-day time frame to accomplish this serves as a guide." [If NAPUS members believe that this guideline is not being followed, notify your NAPUS Area VP.](#)

**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

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accepting or rejecting portions of the RSC plan. However, a spokesperson for House Government Reform Chairman Tom Davis (R-VA) stated, "Any talk of cuts to federal employee or retiree benefits is a complete non-starter."

The RSC also proposed to eliminate the revenue forgone subsidy provided to nonprofit and charitable mailers. The abolition of this funding would force the USPS to pass the cost of providing for this valuable congressionally mandated benefit for many worthy charitable organizations to the rest of the mailing community. The elimination of revenue forgone would reduce the deficit by \$598 million over the next 10 years.

NAPUS members and the postal community need to pay careful attention to Congressional attempts to seek funds to cover hurricane recovery costs. In addition to the area of employee and retiree benefits, it is conceivable that Congress and the White House may look to the Postal Service to help underwrite the exploding budget deficit, and may derail efforts to eliminate the Postal Service CSRS escrow account and restore the U.S. Treasury obligation to cover the military retirement credit for CSRS annuitants. Moreover, it is quite possible that Congressional budget hawks will take a fresh look at forcing the USPS to pre-fund its unfunded FEHBP retiree liabilities – even in the absence of Postal Reform legislation. In fact, proposal dates back almost 20 years.

NAPUS firmly opposes draconian approaches, such as those proposed by the RSC, to reduce current and future budget deficits. Postal employees, particularly those in the Gulf Coast region, have been instrumental in maintaining and restoring universal mail service to hurricane victims, connecting them with family, friends, and the assistance they desperately need. NAPUS has and will continue to convey our message to Congress.

Postal Reform Gives Way to Homeland Security Hearings

Efforts to resolve the unsettled issues in S. 662, the Senate version of the Postal Enhancement and Accountability Act, have been swept aside by Katrina-related bills. The Senate Committee chaired by Senator Susan Collins (R-ME) approved 7 bills this week that address hurricane preparedness, relief and recovery. It is uncertain when and which of these bills will come to the Senate floor. However, it is clear that focus on the issues addressed in the Katrina legislation would require Senate floor time, impinging on precious time to deliberate on S. 662. It is likely that the Collins-Carper Postal Bill's best opportunity for Senate consideration will be through the "unanimous consent" route, meaning that the objection of just one Senator could derail passage. Therefore, it is important that Chairman Collins and Carper, and Senators representing the interests of the greeting card industry (i.e., Hallmark and American Greetings) reach an accord on a small provision that the USPS and major mailers believe would provide postal price flexibility, but the card industry believe could result in excessive postage for their product.

On a related note, Congressional postal reform advocates have not responded to last week's USPS letter, which raised concerns about H.R. 22, the House-passed postal reform bill and S. 662. Though characterized as "not helpful" by a number of congressional sources, it is too early to evaluate its effect on the legislative process.