



e-NAPUS Legislative Newsletter

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Rep. Jim Nussle
Chairman
House Budget
Committee

Projected 2006
Retiree COLAs
CSRS -- 3.5%
FERS -- 2.5%

Budget Battle Begins Anew?

Under pressure from the Republican Study Committee (RSC), House Budget Committee Chairman Jim Nussle (R-IA) is reopening the Fiscal Year 2006 Budget Resolution (House Concurrent Resolution 95) to seek deeper spending cuts. Apparently, the White House is quietly supporting the RSC efforts.

Political pundits are musing that the White House and the Republican Leadership need to cast some "red meat" to its volatile conservative faction due to the implosion of the RSC legislative agenda. Specifically, the RSC and their Senate allies are dismayed by hurricane-related government spending and the collateral attention to the federal role in recovery efforts. This refocusing has diverted interest away from tax cuts and Social Security reform. Also, the group is anxious about the nomination of White House Counsel Harriet Miers to the Supreme Court. They fear that she does not have the "required" conservative pedigree. Finally, they are nervous about Rep. Tom DeLay's political future. After all, he helped deliver and maintain the GOP majority. Consequently, the RSC needs a victory – even just a symbolic one.

As NAPUS members recall, H.Con.Res 95 did not include cuts that would directly impact active and retired postmasters, or the USPS. However, Chairman Nussle has asked for a \$20 billion down payment in additional cuts to offset hurricane relief and recovery spending. First, Nussle suggested a 2% across-the-board cut to "discretionary" (i.e., appropriated spending), which totals \$16.8 billion. This 2% cut includes USPS revenue forgone appropriations. In addition, Nussle would instruct the House authorizing committees to find another \$3.5 billion. This \$3.5 billion could include the cuts that the *e-NAPUS Newsletter* outlined two weeks ago. That is, RSC-authored "Operation Offset." In part, the proposal would reduce CSRS and FERS annuities and increase FEHBP premiums for many future retirees. Chairman Nussle has set an October 19 deadline for the Committees to submit their recommended cuts to the House Budget Committee.

The Senate, however, does not appear to have any interest in reopening the Budget Resolution for amendment. There is simply not enough time to deliberate over such a change in the FY 2006 Budget. Nonetheless, Senate Budget Committee Chairman Judd Gregg (R-NH) is meeting with his Republican colleagues to see how much in additional cuts they can squeeze out of the already passed FY 2006 Budget Resolution.

Notwithstanding Senate action or inaction on amending the Budget Resolution, the Nussle budget exercise would provide RSC members the opportunity to loudly beat their chests, and vote in favor of additional reductions to the budget. However, the vote would be merely symbolic without Senate acquiescence. NAPUS opposes the RSC cuts and the Nussle game plan.

House Committee Passes Free Mail for Troops Bill

Last week, the House Government Reform Committee approved H.R. 923, the Mailing Support to Troops Act of 2005. The legislation, which the Committee passed by voice vote, would permit family members to send letters and packages to members of the armed services in combat zones free of charge. Rep. Vito Fossella (R-NY) introduced the bill. Under current law, members of the armed forces may send material to their family members, postage free, but not visa versa.

H.R. 923 would allow overseas service members to send vouchers to loved ones in the U.S. that would be redeemable for the postage of one letter or 15-pound package per month. The legislation directs the Department of Defense to reimburse the USPS for the cost of the free mailing. The program would last for one year. Of course, these funds would have to be appropriated by Congress. It will be interesting to see whether the appropriation will actually occur. Otherwise, the USPS would be obligated to provide the service and pass the cost on to other postal customers.

Happy Birthday *e-NAPUS Newsletter*

On October 6, 2004, NAPUS began posting the weekly *e-NAPUS Legislative Newsletter*. Based upon the number of internet hits and web-site links to the publication, and the gracious reader feedback, the birthday is worth celebrating. Of course, NAPUS constantly wants to improve the product and keep it relevant to postmaster needs. So, contact NAPUS with any suggestions or comments you may have to enhance the newsletter.

Last year, Volume 1 Number 1's headline was: "Postal Reform – 'Wait 'Til Next Year?'" I guess the same question could be posed one year later. However, the political and legislative dynamic has changed. In 2004, it was the House Republican Leadership that derailed efforts to get a floor vote on the bill. The Leadership appeared to be acting on behalf of the White House, which did not want a vote on a bill that restored U.S. Treasury responsibility to cover the CSRS military retirement credit and eliminate the CSRS escrow account. This year, the White House did not block a House vote on H.R. 22 – a vote (210-20) that reflected overwhelming support of postal reform legislation.

However, in 2005, the problems rest in the Senate and at Postal Headquarters. A few Senators representing the interests of the greeting card industry oppose a provision in S. 662 that, in their view, grants the USPS too much authority in setting rates. It does not seem that a Senate vote would be possible without a resolution of this issue. Therefore, Chairman Collins and these Senators are attempting to settle the matter. In addition, the USPS seeks a fundamental change in both H.R. 22 and S. 662 that would weaken an empowered postal regulator, limiting its clout to rate regulation. The USPS Board of Governors first publicly articulated its fear and opposition to both bills in the now legendary September 13, 2005, letter to Capitol Hill. However, Representatives and Senators question the USPS position and timing. "Why didn't the USPS formally advise Congress of their objections prior to the Committee votes and provide them with alternative language?" In conclusion, it is too early to say "Wait 'Til Next Year" – Congress has at least another 1½ months to go.



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