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2007 COLAS

CSRS 3.3%

Social Security 3.3%

FERS 2.3%

Postmaster Retirement Insurance

Retired postmasters rely on their government pension (i.e., Civil Service Retirement System), or a combination of social security, a nominal federal pension, and Thrift Savings Plan contributions (i.e., FERS). Retirees on fixed incomes can see the purchasing power of their annuities eaten away by inflation, unless their retirement income is protected with a cost-of-living-adjustment (COLA). On Wednesday, the U.S. Department of Labor announced that the COLA for CSRS annuities and Social Security benefits would be 3.3%. The FERS COLA would be 2.3%. Both adjustments take effect in January.

Retirement COLAs are based upon the rate of inflation as measured by the consumer price index (CPI) during the third quarter (July to September) of the calendar year. All CSRS retirees and survivors get COLAs. Under FERS, however, non-disabled retirees who are not yet 62 do not receive a COLA. It is important to note that CSRS pays a COLA equal to percentage change in the CPI, while the FERS adjustment is less. Under FERS, the COLA would be the CPI minus 1% if the CPI is more than 3%; 2% if the CPI is 2% to 3%; and the actual CPI if the CPI is less than 2%. FERS retirees are entitled to a full COLA for their earned Social Security benefits.

Postmasters should recall that COLAs are not a sure thing. For this reason, NAPUS is attentive to legislation that seeks to cut or delay COLAs for retired postmasters. Prior to 1962, the federal government was not required to provide a COLA for its annuitants. Beginning in 1981, Congress took a close look at COLA cuts to reduce the government expenditures. As part of the 1981 Omnibus Budget Reconciliation Act, Congress replaced a semi-annual COLA with an annual adjustment. In Fiscal Years 1983 through 1985, Congress delayed the COLAs by three months in 1983, four months in 1984, and five months in 1985. In 1985, NAPUS, and others succeeded in repealing a hastily-drafted punitive law, which would have reduced the COLA of non-disabled retirees under the age of 62 by 50%. In 1985, Congress eliminated a COLA for 1986. And, in 1993, Congress passed a 3-month postponement of retirement COLAs Fiscal Years 1994-1996. Moreover, in recent years, the Congressional Budget Office has recommended that Congress pass legislation to reduce the CSRS COLA by ½% under inflation, and reduce the FERS COLA by 1% under inflation in all cases.

Whenever Congress or the White House looks under stones for money to reduce the budget deficit, they pry up the one which covers postmaster pensions. This is why, in each election cycle, one of the major queries that we ask congressional candidates is their position on protecting postal retirement COLAs. In addition, if there is ever a vote on COLA cuts or delays, NAPUS weighs it very heavily in our endorsement decision-making. Thankfully, recently, the White House and Members of Congress have not swung the budget ax at retiree COLAs.



Mace of the U.S.
House of
Representatives

Culling the Political Herd in the House

With only about 3 weeks left before the 2006 election, Democrats are salivating over a target-rich environment. National polling numbers continue to reflect strong discontent about the war in Iraq, concern about the national and local economy, and revulsion about the Foley congressional intern scandal. GOP efforts to refocus the political debate on terrorism have not gained traction. The GOP House Leadership have been praying that they move the reporting about the scandal off the front page of the daily newspapers and after the first network news commercial break. On some days their prayers are answered, but on most days they are not.

In early September, I would have predicted that 15 to 20 House of Representative seats would be highly competitive. Under this scenario, Democrats would have had to win almost every competitive seat to wrest control of the House away from the GOP. Democrats need to pick up 16 seats to win the House. Now, however, there are probably 25 to 40 seats that are in serious play. Consequently, Democrats do not necessarily have to “run the table” to claim the crown – actually, in the House of Representatives, the Mace is the symbol of power. Earlier this week, a *CNN* poll found a 16-point preference for Democrats, among likely voters. More importantly, according to recent polling data in individual congressional districts, Democrats are leading – *beyond* the margin of error – in districts that are presently held by Republican Members of Congress. If the Democrats all of these districts, then they would need to pick up only three more seats from among the many competitive GOP-held ones. Interestingly, the most competitive seats are not in so-called Blue States, like CT and PA; rather, they are in Red States, like CO, IN, OH and TX. And just, as important, no GOP candidate is leading in a current Democratic-held seat.

The problem for Democrats is that they must identify the most vulnerable seats and focus on them. The resources simply do not exist to play in every competitive race. The exponential increase in “potentially” vulnerable Republican seats can quickly squeeze Democratic manpower and financial resources beyond their limit. In other words, the increasing number of competitive seats could overextend Democratic supply lines. Democratic candidates, in formerly “likely Republican” districts are being bolstered by polling numbers that show them closing on the GOP incumbent. They would be able to take out the Representative if only they had more resources. However, for Democrats, resources are very finite. On the other hand, Republicans have considerably more resources. In addition, over the past few election cycles, the GOP Party has proven its mettle in election day get-out-the-vote (GOTV) operations. The open questions are:

1. Are GOP loyalists demoralized by the polling data, discouraging them from participating in GOTV events?
2. Are Democratic activists energized by the scent of a wounded GOP to go for the jugular?

*NAPUS political activists, watch your email for information about
NAPUS' Election Night 2006 activities.*

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