



e-NAPUS Legislative Newsletter

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Defeat Bond Amendment and Support Vote on S. 662



Chairman Susan Collins and Senator Kit Bond During Happier Times

The sole roadblock to a vote on S. 662, the Collins-Carper postal bill, continues to be Senator Kit Bond (R-MO). Although Chairman Collins strongly opposes the Bond-demanded "Hallmark Amendment," she does not object to the full Senate having an opportunity to vote on the Bond amendment. Consequently, Chairman Collins has agreed to a "unanimous consent" procedure proposed by Senate Majority Leader Bill Frist (R-TN), enabling Bond to get a vote on his amendment, and the Senate would get a vote on S. 662. It appears that this "fair and equitable" offer by the Majority Leader still does not satisfy Bond.

Nevertheless, NAPUS is working with Chairman Collins, Senator Carper, and pro-postal enhancement allies on and off Capitol Hill, urging Senators to vote against the Bond Amendment should it reach the Senate floor. Postmasters should communicate to their two home state Senators opposition to the Bond Amendment and support for a Senate vote on S. 662. The Bond amendment would undermine a key objective of S. 662: To permit the USPS greater rate-setting flexibility. Bond would freeze in place an economically arcane component of the present rate-setting system that prohibits the Postal Service from justly and responsibly calibrating rates within postal classification. Under current law, the Hallmark-advocated standard might make sense, but S.662 uses a rate-index system that presumes that indexed rates are by definition "fair and equitable." Moreover, the Bond-demanded fair and equitable standard is retained as a rate-setting factor under S. 662. So, Hallmark and Sen. Bond's intransigence on the matter is astounding.

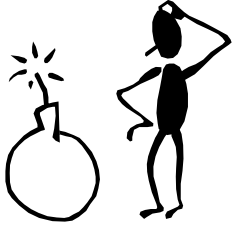
As mentioned in previous *e-NAPUS Legislative Newsletters*, Hallmark fears that S. 662 would allow the USPS to shift postal overhead costs from automated and pre-sort first-class mail onto single-piece first-class mail. As a result, the rate transfer may yield incrementally higher postage for greeting cards. According to Hallmark, this phenomenon could depress greeting card sales. Ironically, Senator Bond's refusal to let S. 662 come up for a vote may have a more immediate, lasting, and harmful effect on greeting card sales. On Tuesday, the Postal Rate Commission approved a 5.4% across-the-board rate increase, meaning that postage for most greeting cards would increase by 2 cents, effective in January 2006. The only reason the USPS needs a 2006 postage increase is to contribute \$3.1 billion into the CSRS escrow account. As approved by the Senate Homeland Security and Governmental Affairs Committee, S. 662 would eliminate this requirement. Consequently, the Bond hold prevents the Senate from eliminating the need for a 2006 postage increase, an increase that would have a negative impact on Hallmark card sales.

"If it's necessary to change the rules to assure an up or down vote, sure ..."

Sen. Kit Bond
Knight-Ridder
5/15/05

Obstructs "up or down vote" on postal bill

Sen. Kit Bond
Fall 2005



GOP Budget Reconciliation Woes

The 2nd week of November will be pivotal to the House Republicans, and its post-DeLay interim leadership team. Next week, the House intends to vote on the "Deficit Reduction Act of 2005," also known as the House budget reconciliation bill. Thankfully, the proposal does not include any direct attacks upon postmaster benefits or the USPS.

The present budget reconciliation process was created in 1974. The process provides Congress a way to reduce "entitlement spending" (i.e., spending on government programs that do not require annual appropriations, but are authorized under law). Funding of programs that require annual appropriations is referred to as "discretionary." Federal employee retirement, federal retiree health coverage, Social Security, and Medicare are entitlement programs that affect postmasters. The reconciliation process begins with the Budget Committee directing each Congressional authorizing committee to produce spending cuts by a defined amount. Each authorizing committee must draft legislation that would yield the Budget Committee calculated savings target. Then, the Budget Committee combines all the authorizing committee program cuts into one reconciliation act, which is brought to the floor. Congress has passed 19 reconciliation bills since 1974, 16 were signed into law by the President and 3 were vetoed. 1997 was the last year in which Congress used reconciliation to cut the budget.

This Deficit Reduction Act of 2005 would carve approximately \$54 billion from the federal budget over the next 5 years. The claimed objectives of the bill include offsetting a portion of hurricane recovery and reconstruction costs, curtailing spending on "entitlement" programs, and restructuring entitlement programs. What makes this budget-cutting attempt particularly dicey for the House Leadership is the difficulty some GOP members may have in supporting it. Prior to Rep. DeLay's resignation as Majority Leader, the Leadership balked at such massive cuts, recognizing the political necessity of shielding some of its members from politically dangerous votes. In response, key members of the House Republican Study Committee (RSC), castigated the Republican leadership for increasing federal spending and for failing to offset hurricane-related costs. At the same time, the RSC rejected Leadership efforts to designate House Rules Committee Chairman David Dreier (R-CA) as interim Majority Leaders. Instead, they pressured Speaker Hastert to elevate House Whip Roy Blunt (R-MO) to the post. Ironically, Rep. Blunt is now in the difficult position of having to deliver Republican votes for the \$54 billion budget cut. Medicaid cuts that could limit senior citizen access to long-term care, cuts that could inflate the cost of student loans, and provisions that could impact the environment are provisions in the Deficit Reduction Act that may be problematic for moderate Republicans who represent competitive districts. With congressional elections less than one year away, moderate Representatives may be more deferential to their constituents than to the RSC.

An interesting footnote to the House GOP quandary is that Rep. Jeff Flake (R-AZ), a key RSC member, has pledged to circulate a petition for new leadership elections if the current team cannot deliver the requisite 218 votes to pass the Deficit Reduction Act. Postmasters might recall that Rep. Flake was the author of the House-defeated postal privatization amendment to H.R. 22. His postal amendment sought to create a series of pilot programs to authorize postmasters to contract with private companies to deliver the mail.

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