



# e-NAPUS Legislative Newsletter

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## USPS Sends Reform Letters to Capitol Hill

This week Postal Board Governors Chairman James Miller and USPS Senior Vice President for Government Relations Tom Day sent two letters to key congressional postal advocates regarding the Postal Enhancement and Accountability Act (H.R. 22/S. 662). The continued Senate stalemate regarding S. 622, resulting from the Hallmark-inspired hold on the bill will extend reform efforts into 2006, so the letters may resonate. Notwithstanding the desire to move the bill to a House-Senate Conference in 2005, the delay provides Congress with an opportunity to more fully evaluate USPS concerns about postal governance.

On November 15, on behalf of the USPS Board of Governors, Chairman Miller sent to House and Senate postal champions a letter reiterating the Board's solid objection to an overly-empowered postal regulator. The Board believes that both H.R. 22 and S. 662 grant a recreated postal regulatory agency expansive authority that would interfere with the USPS' ability to manage postal operations. In the past, the USPS has raised concern about this issue, but the September 13 Board letter to Congress, for the first time, communicated that the regulatory matter led USPS to the conclusion that current law would be preferable to the pending legislation. In response to the September 13 letter, Rep. John McHugh (R-NY) requested the Postal Rate Commission (PRC) to comment on the regulatory concerns outlined by the Board of Governors. On October 12, PRC Chairman George Omas sent McHugh the Commission's response which, in part, defended an enhanced PRC role and dismissed some of the USPS concerns. One extremely troubling aspect of the October 12 letter was that the PRC expressed preference for the tight Senate price cap regime (i.e., the USPS could request the postal regulator to exceed the CPI only under "extraordinary and unexpected" circumstances), rather than the more reasonable House exigency language. The November 15 USPS letter responded to the Omas letter and indicated that a more detailed response to it would be forthcoming.

This tit-for-tat correspondence may compel Congress to revisit the postal governance issue to evaluate whether there exists an appropriate balance between the Board's responsibility to manage a universal postal system and the postal regulator's need to ensure financial transparency and rate fairness. Consequently, Committee Chairmen Tom Davis (R-VA) and Susan Collins (R-ME) are sure to discuss this issue during a possible House-Senate Conference.

Also, during this past week, the USPS joined the postal community's chorus in opposing a potential amendment to S. 662 that may be offered by Senator Bond. It is likely that the amendment would be offered once the bill is



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scheduled for a floor vote. That is, when Bond lifts his hold on the measure. The letter, which was signed by USPS Vice President Tom Day and dated November 14, points out that approval of the amendment would subvert the pricing flexibility that serves as the foundation of S. 662. (Postal employee groups, including NAPUS, sent a letter to all 100 Senators on November 8 that opposed the Bond Amendment.) In his letter, Day stated that the Bond/Hallmark-demanded pricing standard of *fair and equitable* would be maintained as a *factor* in determining the postage rate structure in S. 662. This factor is acceptable. However, elevating the standard to an *objective*, as Hallmark wants, would deprive the USPS of needed price flexibility.

## House GOP Leadership Scores Split Decision on FY 2006 Budget

On Thursday and into early Friday morning, the House voted on two major budget bills that could heal some festering GOP wounds or open some fresh ones.

First, on Thursday afternoon, the House unexpectedly rejected the leadership-endorsed Labor-Health and Human Services-Education Appropriations bill (H.R. 3010) to fund many of the country's health, education, and social programs by a margin of 209-224. In part, the defeat was attributed to insufficient funds for both rural health care and national education priorities, and lack of special projects or earmarks for Members of Congress. No Democrats voted for the bill and 22 Republicans defected. Second, in the wee hours of Friday morning, the House eked out a 2-vote margin of victory to pass its Budget Reconciliation legislation, which whittles \$49.5 billion from the federal budget. (No cuts were targeted at postmasters.) The GOP Leadership was able to corral enough Republican moderates by deleting a provision to open up more of our national lands and coastal waters to oil exploration, and lessen the budget cuts on programs such as food stamps and Medicaid. The House Leadership will be hard-pressed in Conference to hold the line on the cuts because the Senate-passed Reconciliation bill includes significantly fewer cuts to social programs. In addition, Congress has yet to send the President six appropriations bills, meaning that the agencies that would have been funded by the bills must be folded into a *continuing resolution*. This spending bill would fund affected government programs through December 18, to give Congress more time to pass the remaining appropriations bills. The current budget quagmire and controversy yields three major legislative and political outcomes.

- Congress will be back in session after Thanksgiving, providing more time for the Senate to attempt to resolve the Bond hold on S. 662 or bring the parties closer together
- Unresolved budget issues may get pushed into an election year, making it more difficult for the GOP Leadership to impose party loyalty on partisans whose constituents could be adversely effected by budget cuts
- Unresolved budget issues or potential Leadership defeats on these budget issues could trigger early 2006 Leadership elections that may knock off balance the GOP in a congressional election year

NAPUS will be monitoring the developments throughout the Congressional Thanksgiving Recess, which begins this weekend.

Next e-NAPUS  
Legislative  
Newsletter will be  
posted on  
December 2.

Have a Happy  
Thanksgiving!



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