



Rep. Henry Waxman  
Chairman  
House Committee on  
Oversight and  
Government Reform

## House Passes FERS Sick Leave Legislation

On Wednesday evening, the House of Representatives passed legislation that would enable Federal Employees Retirement System (FERS) employees to credit their unused sick leave towards retirement. Civil Service Retirement System (CSRS) employees already have this option. House Oversight and Government Reform Committee Chairman Henry Waxman (D-CA) added the FERS provision to H.R. 1108, the Family Smoking Prevention and Tobacco Control Act – Waxman is the author of H.R. 1108. Chairman Waxman also inserted in bill a number of provisions to modify the Thrift Savings Plan (TSP). H.R. 1108 passed by an overwhelming 326-102 majority.

The Waxman FERS provision differs from H.R. 5573, FERS sick leave introduced earlier this year by Rep. Moran. H.R. 5573 would have provided a lump-sum payment of 15% of the amount of accumulated sick leave exceeding 500 hours, not to top \$10,000. Instead of providing a lump-sum payout, the Waxman provision would credit unused sick leave towards the FERS annuity. Specifically, FERS employees who retiree within three years after enactment would be credited for 75% of unused sick leave, and employees retiring after the three years would get full credit, similar to CSRS employees. The credit, however, would not be able to be used to determine retirement eligibility.

H.R. 1108 also includes the text of H.R. 6500, the Thrift Savings Plan Enhancement Act. Chairman Waxman introduced the bill, and Committee Ranking Republican Tom Davis (R-VA) and Federal Workforce and Postal Service Subcommittee Chair Danny Davis (D-IL) cosponsored it. H.R. 1108 would provide for automatic TSP enrollment for new employees, permit the TSP Board to designate a fund other than the G Fund as the default investment fund, create a Roth IRA option, and give the TSP Board the authority to add additional, self-directed investment options. A number of employee organizations have raised concern about this enhanced Board authority.

The FERS and TSP provisions are linked for budget reasons. The Congressional Budget Office estimates that H.R. 6500, which includes the Roth IRA TSP option, would increase federal revenue by about \$1.3 billion over the next decade. This revenue would offset the increase costs associated with the FERS sick leave provision.

H.R. 1108 faces an uncertain future in the Senate, primarily due to the tobacco provisions, which are controversial. Also, there is a narrow legislative window. This weekend, Congress plans to recess for the summer, returning in September for only three weeks, before hitting the campaign trail. In addition, the White House has threatened to veto the measure. NAPUS will be monitoring the bill and pushing for consideration of the measure.



Prof. John Strong  
Chair  
National Academy of  
Sciences Study  
Committee on the  
USPS USO

## USPS Delegates USO Review to National Academy of Sciences

In late spring, the USPS hired the National Academy of Sciences (NAS) to conduct an assessment of the societal impact of the universal service obligation (USO). This venture is among a number of projects in which the USPS has engaged "outsiders" to conduct work simultaneously with the Postal Regulatory Commission's congressionally-mandated review of the USO and the postal monopoly. It was assumed that "independent" views could provide the USPS with credible ammunition to support a strong USO. Up to this point, the only named NAS scientist is the Chair of the USO Committee, Prof. John Strong, a regulatory economist from the College of William and Mary, Williamsburg, VA.

According to a June 18 posting on the college's website, the NAS appointed CSX Professor of Finance John Strong to a Study Commission to examine prospective changes to the USPS. The site goes on to say that "the Commission will review the Postal Service's universal service obligation and the postal monopoly in the United States, including the monopoly on the delivery of mail and on access to mailboxes." The William and Mary website is <http://mason.wm.edu/Mason/News+Events/News/Current+Articles/Strong+Appointed+to+Commission+on+Postal+Reforms.htm>. Prof. Strong has written extensively on deregulation and the economics of transport systems, including the airline industry. A number of Prof. Strong's past publications should give pause to the USPS and allies of a strong USO. One of the papers he co-authored, *The Long and Winding Path to Private Financing and Regulation of Toll Roads*, seems to lay the groundwork for the privatization of public transport infrastructure, including differential usage fees for rural byways and urban thoroughfares. His views appear similar to those of James Campbell, a PRC Study-retained economist and former FedEx consultant who has long-promoted postal deregulation.

Although it does not appear that the NAS will issue a formal report with recommendations, the scholarly organization plans to conduct a public workshop on the USO and its societal impact on September 16 and 17.

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## Veteran Postal Protector Ted Stevens Indicted

On Wednesday, a Washington-based grand jury handed down a 7-count indictment against Senator Ted Stevens (R-AK). The indictments allege that the 7-term GOP senator falsified his financial disclosures to conceal more than \$250,000 in gifts he received during an 8-year period. Sen. Stevens was already facing a tough re-election fight against Anchorage Mayor Mark Begich and spirited primary challenge from David Cuddy. The indictment seriously jeopardizes his re-election prospects. In light of this week's news, many political pundits are predicting that Begich will beat Stevens.

Sen. Stevens was a leader in enacting the 1971 Postal Reorganization Act, creating the U.S. Postal Service. In addition, he is a staunch defender of a universal viable Postal Service. Stevens was also instrumental in the creation of the Federal Employees Retirement System and the Thrift Savings Plan.

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