



eNAPUS Legislative & Political Bulletin

January 22, 2010

Volume 1, Number 7



Post Office, ca. 1859
David Gilmour Blythe
Carnegie Museum of Art

The artist depicts a post office scene where customers crowd around a postal window, while others read their mail in the lobby.

Fear, Anger and Health Care

Early Tuesday evening, Massachusetts voters of the Bay State threw health care reform and Congress' 2010 legislative agenda into disarray, by electing Scott Brown (R) to succeed late Sen. Edward Kennedy (D-MA). While Democrats will continue to hold a healthy 59-41 seat majority, it lacks the 60th vote to inhibit GOP filibusters on controversial or partisan bills. Ironically, the Senate finds itself in the same spot it would have been had Sen. Al Franken (D-MN) not held on to his razor-thin victory over former Sen. Norm Coleman (R-MN) after months of recounting.

To fully appreciate the seismic impact of the January 19 special election results, one must recognize that Massachusetts has not elected a GOP Senator since 1972, that this Senate seat has been held by a Kennedy since 1952, that the entire congressional delegation is Democratic, and that Democrats hold a commanding 35-5 majority in the State Senate and a 143-16 majority in the State House. There is an implicit deafening message embedded in the election returns and Congress; both Democratic and Republican members are synthesizing it and will most likely translate their interpretation of it into their respective legislative priorities. Although there is an absence of exit poll data relating to reasons voters voted they way they did, there is strong anecdotal evidence that there was substantial anger with Washington about the state of the economy and fear about what the future will bring. Moreover, health care reform either was not a motivating factor in pulling the lever for Democratic Candidate Martha Coakley, or there was deep concern about how the legislation would affect the individual voter. Congress will have to decide pretty quickly how much political and legislative capital it wants to expend in negotiating a bipartisan compromise. In addition, both Democrats and Republicans will make political calculations about how their action or inaction may impact the November congressional elections.

If Congress proceeds with a bipartisan scaled down health care bill, NAPUS will continue to focus on two important issues: Ensuring that Postmasters are not adversely impacted by a tax on FEHBP benefits, and making certain that the administration of a government-sanctioned health program for the uninsured does not undermine FEHBP operations. It is important to note that it was unclear up until very recently whether FEHBP participants would have been subject to the excise tax included in the agreement reached by the Administration, Congressional negotiators and representatives of the labor movement. It appeared that unionized private-sector workers and state and local employees were to be treated preferentially, as compared to federal and postal employees, and retirees. Then, it became unclear whether the preferential treatment would only extend to federal employee organizations that "collectively-bargain." Last week, NAPUS President Bob Rapoza communicated with key legislative leaders to urge them to include postal managers and retirees into whatever agreement was being negotiated over the

excise tax. Earlier this week, President Rapoza received assurance from the Leadership that all FEHBP participants (excluding Members of Congress and political appointees) would be treated similarly. NAPUS acknowledges the hard work of those Chapter officers who were asked to communicate with their elected Representatives to argue for equity in this area. In addition, we extended our thanks to House Majority Leader Steny Hoyer and Assistant to the Speaker, Rep. Chris Van Hollen, for advocating on Postmasters' behalf.

NAPUS Calls Upon White House to Fix Postal Retirement Funding Flaws

The USPS is burdened with two different grossly-inflated retirement obligations – its required pension payments and its required retiree health care contributions. While flawed methodologies for calculating these two payments harken back to the Bush Administration, NAPUS requests that President Obama instruct the Office of Personnel Management (OPM) to administratively correct the problem in order to stabilize USPS finances.

On Wednesday, the Postal Office Inspector General (OIG) released a report, which points out that Postal Service is overpaying \$75 billion into the Civil Service Retirement System (CSRS) Trust Fund. In 2003, and again, in 2006, Congress enacted legislation to correct past miscalculations of \$78 billion and \$27 billion, respectively. The OIG evaluation faults OPM for using a retirement-funding formula that fails to recognize the U.S. Government's responsibility for the salary growth of employees who worked for the U.S. Postal Department (i.e., pre-1971 postal employees). Instead, the formula assigns an unfair portion of funding CSRS pension for pre-1971 postal employees to the USPS.

Moreover, last June, the OIG reported that the USPS would overfund its retiree health care payments by \$5.6 billion by the end of fiscal year 2016. The Hay Group, the IG-retained consultant, concluded OPM's assumption of an average 7 percent annual health care inflation for all future years to be unreasonably high. Most organization, including Fortune 100 companies and state and local governments used a 5 percent inflation rate. Using the widely-accepted 5 percent rate, the USPS's obligation would have been \$1.7 billion per year, instead of \$5.5 billion.

Ironically, if OPM adjusted the pension funding formula, the USPS would be able to payoff the unfairly-inflated retiree FEHBP obligation in total.

Election Season Heats Up – Support PAC

The first primary to select candidates for the November congressional elections is a little more than a week away – Illinois. NAPUS Legislative and PAC Chairs should contact the Government Relations Department to acquire the 2010 NAPUS Candidates Questionnaire. The form should be shared with congressional candidates seeking NAPUS PAC support. In addition, within a few weeks, NAPUS members should expect to receive NAPUS PAC's annual mail solicitation. Postal survival, universal mail service and protecting Postmaster continue to be NAPUS' legislative focus. NAPUS PAC supports viable candidates who will be strong advocates for Postmasters. NAPUS PAC urges Postmasters to consider payroll deduction, NAPUS FCU debits and NAPUS VISA charges as a convenient way to support PAC.

**National Association of
Postmasters of the U.S.**

**8 Herbert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

We are on the Web!

www.napus.org