



Postal Subcommittee Overwhelmingly Approves Postal Retirement Equity Bill

On Wednesday, the House Subcommittee on the Federal Workforce, Postal Service and the District of Columbia approved H.R. 5746, “the U.S. Postal Service CSRS Obligation Modification Act of 2010”. The favorable 8-1 vote forwards H.R. 5746 to the next stage in the legislation process – consideration by the House Oversight and Government Reform Committee. Subcommittee Chairman Steve Lynch (D-MA) introduced the bill last week and it currently has 6 co-sponsors, including 5 who serve on the Postal Subcommittee.

As a result of the August Congressional recess and a yet-to-be-calculated cost estimate, the full Committee is not expected to take up the bill prior to September. The House is scheduled to be in recess from August 1 through September 14. There are only 10 “legislative days” scheduled for September, with the possibility of another 6 days in early October. Congress will then depart to work exclusively on their re-election.

As mentioned in last week’s *eNAPUS Legislative & Political Bulletin*, H.R. 5746 would remedy a grossly inequitable and outdated pension formula that has burdened the Postal Service with at least \$55 billion more than actuarially appropriate. (Both the Hay Group and the Segal Company, two highly-respected actuarial firms, concluded that the historic Postal levy was unfair.) For over about 40 years, these Postal contributions have been paid into the Civil Service Retirement and Disability Trust Fund, and within the Fund, there is a distinct postal account. This sub-account includes only Postal Service contributions. In addition to recognizing the CSRS overpayment, H.R. 5746 would enable the Office of Personnel Management to transfer the Postal surplus to the Postal Retiree Health Benefits Fund. This bookkeeping shift would help the Postal Service pay its retiree health liability.

At the Subcommittee “mark-up”, Chairman Lynch referenced the two reports, which confirms the Postal Service 4-decade-long overpayment. Subcommittee members also mentioned the close attention that these reports have garnered among Subcommittee members. Moreover, Rep. Gerry Connolly (D-VA) pointed out that a series of recent hearings, most, if not all of the witnesses addressed the CSRS overpayment issue. Voting in favor of the bill were Representatives Steve Lynch (D-MA), Eleanor Holmes Norton (D-DC), Danny Davis (D-IL), Elijah Cummings (D-MD), Dennis Kucinich (D-OH), Lacy Clay (D-MO), Gerry Connolly (D-VA) and Brian Bilbray (R-CA). The sole dissenter was Rep. Jason Chaffetz (R-UT).

Congratulations to the NAPUS legislative activists residing in the Subcommittee members’ districts who communicated to their Representatives in support of H.R. 5746. NAPUS will continue to solicit co-sponsors for the bill and will focus their attention on Members of Congress who serve on the full Committee.

Rate and Delivery Frequency Cases, and Retiree Health Pre-Payment Unite in Fall

The resolution of 3 major postal matters will converge within a narrow window of time this fall (i.e., slightly more than one month prior to the November election). The union of these issues is generating substantial billable hours for postal contract lobbyists and postal regulatory attorneys.

On or before September 30, the Postal Service will be required to pay \$5.6 billion to the U.S. Treasury to pre-fund its annual obligation to the Postal Retiree Health Fund. The Postal Service has indicated that it will be unable to make the payment. Last year, in the waning hours of the fiscal year, Congress deferred the 2009 payment into the future. This issue is the crux of H.R. 5746. There is little confidence that H.R. 5746 will be enacted by September 30. If it were enacted, the bill would trigger a CSRS recalculation and, in the future, would direct OPM to transfer a portion of the Postal CSRS surplus into the Retiree Health Fund to cover the payment. We can expect that Congressional postal allies will be looking to pull a small rabbit out of the hat by September 30 to deal with this year's payment.

By October 3, the Postal Regulatory Commission (PRC) will unveil its decision on the USPS' request for a postage increase that exceeds the consumer price index. The increase would take effect on January 1. Mailer anxiety level is palpable. The touchstone for this issue is whether there exists "exceptional or extraordinary circumstances" that necessitate a rate adjustment. Mailers argue that the deep recession, combined with mail diversion and a major reduction in mail volume are not enough to permit the Postal Service's filing. The Postal Service argues that the wording of the statute is not to be construed as narrowly as the mailers suggest – the recession and volume decline are "extraordinary and exceptional."

Also, in October, the PRC is expected to release an advisory opinion on the USPS request to reduce mail delivery from 6 to 5 days. The PRC has established a fairly extensive public record on the issue, including public hearings. Congress will be very attentive to the PRC opinion. Therefore, we should not be surprised if Congress decides to conduct December hearings regarding both PRC decisions; especially should the Commission approve a postage increase and/or sanction a reduction in mail delivery frequency.

Getting Ready for November

With less than 100 days until the elections, NAPUS members must maximize their visibility and amplify their voices at congressional events during the recess. A toxic political atmosphere exists that could impede efforts to stabilize the Postal Service and safeguard postal employee benefits. Postmasters must continue to be outspoken and visible advocates on behalf of the NAPUS agenda.

Earlier this week, Gallup released a poll that showed a Democratic gain in voters' generic ballot preference – 49% (D) to 43% (R). It is unclear whether the Democratic advantage is a byproduct of the financial reform bill, or something more enduring. Nevertheless, polling data continues to show that GOP voters are significantly more enthusiastic about voting than Democratic voters, by a margin of 51% (R) to 28% (D).

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