



# The National Association of Postmasters of the United States

## Legislative Agenda Leadership Conference 2006

*NAPUS includes approximately 42,000 active and retired U.S. postmasters who serve and have served as the managers of the approximately 27,000 post office.*

### Support A Positive H.R. 22 Conference Agreement

NAPUS supported House-passed **H.R. 22** and Senate-passed **S. 662**, the Postal Accountability and Enhancement Act, as a means to move the legislative process forward. It is clear that the thirty-five year old Postal Reorganization Act of 1970 is incapable of supporting the continued viability of the U.S. Postal Service and maintaining affordable accessible universal mail service. First class mail volume persists in its decline and the number of delivery points constantly increases. This phenomenon jeopardizes the USPS' financial picture.

Both H.R. 22 and S. 662 provides the mailing public financial relief from dramatic postage spikes by eliminating the requirement that the USPS contribute into an escrow account for which there is no rationale. In addition, both bills return to the U.S. Treasury the obligation to fund the retirement credit for military veterans who work for or are retired from the USPS. Moreover, the USPS is burdened with a cumbersome rate-setting process, which can take almost 18 months to conclude. Substantial economic and operational changes can and do occur during a rate case. Both bills provide the USPS with an opportunity to change rates within a defined index, without a lengthy and litigious process. In sum, NAPUS strongly believes that a positive Conference Agreement provides the USPS with significant opportunities to serve the mailing public as it has since the founding of this Nation, and offer our customers universal, affordable, and accessible postal services.

H.R. 22 and S. 662 contain a number of differences that need to be reconciled in Conference. NAPUS believes a positive Conference Agreement must address the following major issues:

- **Postage Adjustment: Adopt the House-passed language, allowing the USPS to request the Postal Regulator to increase the rate on *market-dominant* postal products (e.g., first-class mail, advertising mail, periodicals, etc.) above the consumer price index (CPI) if such an adjustment is “reasonable and equitable and necessary”.** The Senate-passed language is too restrictive and could impair postal operations. The continued decline in first-class mail combined with expenses unique to the USPS would make it almost impossible to live within a strict CPI regime. Regulatory relief is an absolute necessity.
- **Financial Fairness: Adopt the House and Senate provisions that eliminate the CSRS escrow account and return the obligation to fund the retirement credit for military veterans to the U.S. Treasury.** P.L. 108-18 created the escrow account and shifted the military funding obligation to the USPS. However, Congress pledged to revisit these

- items as part of comprehensive postal reform. Although the White House vigorously opposes these two provisions, the President's own Commission on the Postal Service and the Government Accountability Office concur with the House and the Senate position.
- **Banking Authority: Adopt the Senate-passed provision that permits the USPS to bank unused rate authority.** The House does not include a similar provision. At times, it may be fiscally prudent to defer a rate increase due to economic factors. In addition, without a banking provision the USPS would have the incentive to raise rates up to the CPI, even if it would not reflect the market conditions.
  - **Single-Piece Parcel: Adopt Senate-passed provision that classifies "single-piece parcels" as a market-dominant postal product.** The House-passed bill classifies all parcels as *competitive products* – it does not differentiate between single-piece parcels and bulk parcels. The Senate-passed provision protects residential parcel customers, and parcels originating from or destined to rural areas from a major postage increases. For example, a market-dominant product is protected from astronomical rate adjustments by the postage rate index, since market-dominant product rates are limited by the rate index.
  - **Statutory Employee Benefits: Both the House and the Senate bills do not tamper with employee retirement or health benefits.** The USPS wants to subject legally sheltered benefits to collective-bargaining, or use other methods to undermine the retirement and health protections presently afforded to postal employees and retirees. The Conference Agreement must reject USPS efforts to cut statutory employee benefits.
  - **Community Post Office Protection: Both the House and the Senate bills do not weaken the due process rights afforded to countless communities across the nation to protect their post office against unwarranted closures or consolidations.** The Conference Agreement must continue this community safeguard.

## Defend Postmaster Retirement Equity

NAPUS supports legislation to restore equity and fairness to postal retirees and their dependents. Over the past forty years, Congress and the White House have attempted to chip away at the financial security of postmaster retirees, or denied them benefits provided to their actively employed counterparts. Legislation is pending to alleviate the financial penalty suffered by retired postmasters who would otherwise be eligible for full Social Security survivor benefits, retired postmasters who would otherwise be eligible for full Social Security annuities and retired postmasters who would otherwise benefit from their FEHBP premium paid on a pre-tax basis.

- NAPUS **SUPPORTS** legislation to alleviate the unfair impact levied against postmaster retirees by the *Government Pension Offset* rule. The GPO can reduce or eliminate the Social Security spousal or survivor benefits for an otherwise eligible retired postmaster. NAPUS also **SUPPORTS** legislation to remedy the inequity of the *Windfall Elimination Provision*. The WEP can reduce the earned Social Security benefit by up to 60% of an otherwise eligible retired postmaster. H.R. 147 and S. 619, the Social Security Fairness Act, which repeals both the GPO and WEP, are pending before the House Ways and Means Committee, and the Senate Finance Committee.
- NAPUS SUPPORTS S. 484 and H.R. 994, legislation to permit federal and postal retirees to pay their FEHBP premiums on a pre-tax basis.

### **NAPUS Government Relations Department**

*Robert M. Levi, Director*

*Tel. 703-683-9027*

*Fax 703-683-0923*

[blevi@napus.org](mailto:blevi@napus.org)