



eNAPUS Legislative & Political Bulletin

June 24, 2011

Volume 8, Number 7



Rep. Darrell Issa
Chairman
House Committee on
Oversight and
Government Reform

Issa Introduces Postal Bill, Without Widely-Supported Provision

On Thursday, House Oversight and Government Reform Chairman Darrell Issa (R-CA) introduced legislation (H.R. 2309) that would dramatically and permanently change the nature and role of the U.S. Postal Service. Upon initial review of the 132-page bill, which is cosponsored by Rep. Dennis Ross (R-FL), NAPUS is deeply concerned that enactment could ravage the \$1.3 trillion mailing industry. Nevertheless, NAPUS would welcome to the opportunity to work with the committee to craft constructive legislation to ensure that Americans continue to benefit from the world's most efficient and affordable mail system.

A major omission in HR 2309, is the absence of a remedy to correct the USPS' proven pension over-funding; and, as a result, H.R. 2309 would force the USPS in two year's of "receivership". It appears that the trigger for placing USPS governance and management under the auspices of a newly created five-member presidentially-appointed Commission would be failure to pay the \$5.5 billion retiree health care prefunding payment on September 30. (The USPS has already publically stated that it will be unable to make the payment.)

The legislation authorizes the U.S. Treasury to increase the USPS "debt-ceiling" by \$10 billion. Chairmen Issa and Ross would exacerbate the USPS' debt, in order to make two unnecessary and unfair federal-deficit reducing retiree health pre-funding payments of over \$5 billion for the next two fiscal years. Postal-owned property would be collateral for the debt.

In the meantime, H.R. 1351, Rep. Stephen Lynch's widely-supported Postal relief bill that carries the bipartisan cosponsorship of 154 Members of Congress, is absent from the measure. The Lynch bill provides the USPS much-needed fiscal breathing space. H.R. 1351 calls upon the White House to accurately calculate USPS pension obligations and allow the agency to apply portions of its surplus to pay the annual retiree health pre-funding cost.

In addition to establishing a new bureaucracy to assume managerial authority over the USPS, H.R. 2309 would create a second Commission to close postal retail, mail processing and administrative facilities. With regard to retail facilities, which include post offices, stations and branches, the closings must equal annual savings of \$1 billion. Similar savings must be realized from mail processing, and there is required 30% reduction in administrative offices. The bill also eliminates the ban against closing a Post Office solely for running a deficit and strikes the requirement that the Postal Service provide full services to rural areas. (This provision is similar to section 201 of S. 1010, introduced by Sen. Carper.) Moreover, the legislation would deny communities Postal Regulatory Commission appellate review of a Post Office closing, if the closed Post Office is within 2 miles of a private postal contract unit.

Also, HR 2309 would reduce earned postal employee benefits by legislating that the employer contribution for health and life insurance be limited to the same percentage as the federal government provides its employees. Moreover, the bill dramatically alters the collective-bargaining relationship between unions and the USPS by establishing specific criteria, which an arbitration award must take into account. The bill authorizes the arbitrator to choose between “the best and final offer” of each party, and challenges the arbitrator to modify that offer to meet the legislated criteria. One of the criteria is that the arbitrator must consider the financial condition of the USPS. (This criterion is similar to S. 1010, and S. 353, introduced by Sen. Collins.) Two other provisions common to H.R. 2309 and S. 353 involve workers’ compensation and contracting reform. The workers’ compensation section would transfer employees who are injured on the job from the workers’ compensation system to the retirement system, upon reaching retirement eligibility. The section on contracting authority would tighten up the USPS latitude in contracting for professional services and for solicitation of noncompetitive contracts.

The Issa-Roth legislation seeks to raise postal revenue in a variety of ways. First, H.R. 2309 would require that all market-dominant postal products cover their costs and would permit the Postal Service to raise rates on mail classes that do not currently cover their attributed costs (e.g., periodicals, non-profit mailings, and certain political advertisements). Second, the measure would authorize the USPS to sell advertising space on postal facilities and vehicles. And, third, the legislation would enable the USPS to provide services for state governments and other federal agencies.

Chairman Issa has yet to indicate the schedule for Committee consideration of H.R. 2309; however, NAPUS Legislative Chairs should closely monitor their inbox for breaking developments and NAPUS memorandum relating to specific provisions in the postal legislation.

Senate Post Office Closing Amendment and House Financial Services Appropriations Bill

This week, Sen. John McCain filed an amendment to S. 679, the Presidential Appointment Efficiency and Streamlining Act of 2011, which would have made it easier for the Postal Service to close Post Offices. Senate Amendment 488 was filed and printed in the Congressional Record; however, Senator McCain did not call the amendment up for consideration. NAPUS Legislative Chairs communicated with their Senators, and urged the Senators to oppose the amendment if it came up for a vote.

On Thursday, the House Appropriations Committee approved the Financial Services Appropriations bill (does not yet have a bill number), which includes a provision protecting small and rural Post Offices, and 6-day mail delivery. Financial Services Subcommittee Chair Jo Ann Emerson (R-MO) managed the bill. During Committee consideration, Rep. Chakah Fattah (D-PA) offered an amendment, which would have enabled the USPS to use its undisputed \$6.9 billion Federal Employee Retirement System (FERS) overpayment to pay this year’s retiree health pre-funding payment and workers’ compensation system obligation. The amendment was defeated by a party line vote of 21 to 28. NAPUS anticipates that the appropriations bill will come to the floor after the July 4th Recess and it may be an “attractive” vehicle for anti-postal amendments. Consequently, NAPUS Legislative Chairs should remain vigilant.

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