

UPDATE

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Senate Hearing Underscores Urgency of Postal Reform

The need for prompt Congressional action dealing with the Postal Service and its worsening financial condition was emphasized frequently throughout a Senate hearing today on the state of the Postal Service. (To view today's hearing, [click here](#).)

“We’re in the first overtime, it’s time to get this baby done,” said [Sen. Tom Carper \(D-DE\)](#), chair of the Senate Committee on Homeland Security and Governmental Affairs. Carper was referring to the future of postal reform legislation that passed the Senate last year, but stalled in the House, due to partisanship and pre-election jitters over potential changes to post offices and delivery standards.

In contrast to last year, today’s hearing was permeated by a spirit of bipartisanship among Democrat and Republican lawmakers. The hearing included testimony from Rep. Darrel Issa (R-CA) and [Rep. Elijah Cummings \(D-MD\)](#), the leading lawmakers in the House of Representatives on postal issues. Issa noted that he, Cummings and Senate lawmakers “came close to a bipartisan bicameral deal” on postal issues during the lame duck session in December. Looking ahead, “we believe we can get there,” Issa said.

Today's hearing focused chiefly on how to stem the Postal Service's mounting financial losses, which reached \$16 billion last year, caused largely by the Postal Service's default of its retiree health prefunding obligations. Postmaster General Pat Donahoe cautioned in his [testimony](#) that the Postal Service could fall into more than \$45 billion in debt by 2017 if Congress fails to act. Donahoe also said that resolving the retiree health prefunding requirement alone will not fully relieve the Postal Service's financial problems.

To eliminate expected losses, PMG Donahoe outlined a series of moves Congress should permit the Postal Service to undertake. The foremost action, the PMG said, involved permitting the Postal Service to leave the federal employee health insurance program and run its own health plan for employees and retirees. Donahoe said the Postal Service could save as much as \$7 billion a year by taking its health coverage out of FEHBP.

Other moves recommended by Donahoe included: refunding the USPS overpayment into the FERS retirement system; streamlining the USPS governance model; providing authority to USPS to expand products and services; requiring a defined contribution retirement system for future postal employees, revising collective bargaining laws to require arbitrators to take into consideration the financial condition of the Postal Service; reforming workers' compensation; and giving USPS the right to appeal EEOC class action decisions to federal court.

[Comptroller General Gene Dodaro](#) told the Senate panel that his agency, the Government Accountability Office, was studying the USPS health plan proposal and would complete its review by July. The timing of that review process could pose a problem if Congress seeks to complete action on postal reform soon. "If we're still here on August 5 debating these issues, we haven't done our job," Senate committee chairman Carper said, referring to the date announced last week by the Postal Service's on which it plans to end Saturday mail delivery.

Support for five-day delivery at today's hearing was mixed. Both

House chairman Issa and Senate panel ranking member Tom Coburn (R-OK) expressed their support for the elimination of Saturday delivery. The PMG ducked questions on the Postal Service's claim that it possesses the authority to unilaterally move to five-day delivery, reiterating his claim that the move would save \$2 million a year. Issa also noted his support for expansion of curbside delivery, an initiative he said would annually save \$7 million a year.

Also today, Sen. Bernie Sanders (I-VT) and Rep. Peter DeFazio (D-OR) [introduced legislation](#) to modernize the Postal Service, save Saturday mail and repeal the retiree prefunding requirement.

“While we all understand that the Postal Service is experiencing financial problems today and that changes need to be made as the Postal Service adjusts to a digital world, these issues can be dealt with in a way which strengthens the Postal Service rather than initiating a series of cuts that could eventually lead to a death spiral,” Sanders said.

The Sanders-DeFazio bill is cosponsored by Sens. Patrick Leahy (D-VT), Kirsten Gillibrand (D-NY), Al Franken (D-MN), Ron Wyden (D-OR), Jeff Merkley (D-OR) Tom Udall (D-NM) and Sherrod Brown (D-OH).

The four Congressional leaders on postal issues participating in today's hearing – Sen. Carper, Sen. Coburn, Rep. Issa and Rep. Cummings -- also are expected to individually or in combination introduce postal measures soon. Whether they proceed individually or jointly will be marked by how long the spirit of bipartisanship that permeated today's hearing continues to last.

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