

UPDATE

NAPS Leg/Reg Update - May 17, 2013

Principles Agreement Could Set the Stage for Congressional Action on Postal Reform

Senate and House postal oversight leaders have agreed to a package of undisclosed "principles" to guide the shaping of similar, but not necessarily identical, Senate and House comprehensive postal reform bills, according to Congressional sources.

While the agreement does not clear the way for immediate action in either chamber, it reveals incremental progress between leading Senate and House lawmakers that potentially could lead to Congressional action on postal reform.

NAPS members should remain on alert to the prospect of movement in the Senate or the House on postal legislation in the coming weeks, though progress could again stall.

Senator Tom Carper (D-DE), chairman of the Homeland Security and Governmental Affairs Committee, told delegates to the NAPS legislative conference in early April that he hoped to bring a reform bill to the committee for action later that month. Now, five weeks later, neither Carper nor his ranking Republican counterpart Sen. Tom Coburn (R-OK) have unveiled joint or separate reform proposals, as talks between the two

continue.

Last week Carper and Coburn [reacted with disappointment](#) to the news that the U.S. Postal Service ended the second quarter of its 2013 fiscal year (Jan. 1 – March 31) with a net loss of \$1.9 billion.

Broader reaction within the postal community to the Postal Service's announcement was twofold: relief that the setback was smaller than in the same quarter last year, when the Postal Service notched a \$3.2 billion loss; and anxiety that further financial losses by USPS will likely continue unless Congress musters the will to pass comprehensive postal reform legislation.

In its [May 10 announcement](#) detailing its quarterly loss, the Postal Service noted that it has already reached its debt limit of \$15 billion. It also has defaulted on \$11.1 billion due for retiree health benefits in 2012 and also expects to default on an additional \$5.6 billion on September 30, 2013. In addition, the Postal Service owes an estimated \$17 billion on future workers' compensation claims.

“These obligations of nearly \$50 billion and continuing losses highlight the need for immediate legislative reform to give us the latitude to execute on our Five-Year Plan and improve our ability to repay these obligations and return to profitability,” USPS Chief Financial Officer Joe Corbett said. Corbett noted the plan also requires aggressive actions to increase operational efficiency and improve the Postal Service's liquidity position, including the accelerated consolidation of mail processing, retail and delivery networks to align with mail volumes and changing customer needs and continued administrative reductions.

Corbett also highlighted the key elements the Postal Service believes are central to comprehensive postal reform:

- Require a USPS Health Care Plan (resolves the Retiree Health Plan prepayment issue)
- Refund the FERS overpayment and adjust the FERS payment schedule
- Adjust delivery frequency (six-day package/five-day mail delivery)
- Streamline the governance model
- Allow USPS the authority to expand products and services
- Require a defined contribution retirement plan for future postal employees
- Provide instructions to arbitrators to consider USPS's financial condition in interest arbitration awards
- Reform workers' compensation

Last year, separate legislative proposals approved by the Senate and a House committee would have achieved some, but not all those objectives.

NAPS continues to push for Congressional action that repeals or modifies the retiree health pre funding requirement, returns pension overfunding to the Postal Service, preserves Saturday delivery and other service standards, and authorizes the Postal Service to sell additional products and services.

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