

UPDATE

NAPS Leg/Reg Update - January 27, 2014

Senate Panel To Consider Postal Bill on Wednesday

Senate lawmakers are preparing to mark-up postal reform legislation at a [meeting](#) of the Senate Committee on Homeland Security and Governmental Affairs this Wednesday, January 29, at 10 am ET. (You will be able watch the mark-up live [here](#).)

The Committee will work from a new version of [S. 1486, the Postal Reform Act](#), originally introduced by Sen. Tom Carper (D-DE) and Sen. Tom Coburn (R-OK) last year. Carper and Coburn are the top Democrat and Republican on the Senate Committee on Homeland Security and Governmental Affairs, which has jurisdiction over the Postal Service.

NAPS is closely reviewing the terms of the new version of the postal legislation, which Chairman Carper and Ranking Member Coburn released last week as a ["discussion draft."](#) The two Senators are expected to file their new version later Monday, and amendments to the bill by several other committee members also are expected to be filed.

Late last year Chairman Carper cancelled three scheduled meetings of the committee to mark-up S. 1486, after sufficient support for the measure, as then written, failed to materialize. Some Democrats and Republicans were dissatisfied with various parts of the legislation, and NAPS [raised](#) a series of concerns, along with other postal employee groups. These developments triggered more recent negotiations between Carper and Coburn, resulting in the substitute version they will bring to the committee for approval on Wednesday. (A section-by-section review of the new Carper-Coburn substitute is [here](#).)

Whether a sufficient majority of support for the new measure now exists remains unclear. Additional amendments at Wednesday's mark-up are likely to be offered by several Senators, including

Sen. Mark Pryor (D-AR), who [wants to](#) extend Merit Systems Protection Board appeal rights to all EAS employees, including 7500 postal employees who remain uncovered.

In summary, the new Carper-Coburn substitute would:

- Reset the USPS retiree health pre-funding schedule to a more affordable 40-year arrangement.
- Allow the Postal Service to renegotiate retirement benefits for newly hired employees, creating a two-tiered retirement system, with lower benefits for new hires. (This is problematic in a number of ways, and NAPS and other employee groups are opposed to this approach.)
- Authorize the Postal Service to establish an exclusive health plan for all employees and retirees, integrated with Medicare coverage, to achieve cost-savings.
- Provide for a refund of overpaid CSRS and FERS monies under postal-specific actuarial assumptions.
- Authorize an arbitrator to take into account the financial condition of the Postal Service in binding arbitration of disputes between the Postal Service and labor unions.
- Establish a pre-funding arrangement for the Postal Service's payment of its unfunded liability for future workers' compensation payments, estimated at \$17 billion. (NAPS is also taking a closer look at this provision, establishing a second, prefunding obligation for the Postal Service.)
- Require the Postal Service to maintain current delivery service standards for the next two years.
- Prohibit the Postal Service from closing or consolidating mail processing facilities for two years.
- Establish procedures for the Postal Service's use before deciding whether to discontinue a small, rural post office, largely reflecting the "POST" plan adopted by the Postal Service in 2012.
- Permit the Postal Service to move to five-day delivery when total mail volume drops for four consecutive quarters below 140 billion pieces (it's now at 158 billion pieces).
- Require the Postal Service to convert business delivery to

centralized or curbside delivery; and move incrementally to conversion of residential delivery to centralized or curbside delivery.

-- Require the Postal Regulatory Commission to issue advisory opinions within 90 days on Postal Service proposals concerning market--dominant products.

-- Provide greater rate flexibility (and revenue) to the Postal Service by making permanent the recent emergency price increase and changing the cap on future price increases for market dominant products to CPI + 1 until 2016; and require the Postal Service to establish a new rate system, in collaboration with the Postal Regulatory Commission.

-- Expand Postal Service authority to offer non-postal products in ways that allow it to better its financial position and capitalize on its own infrastructure.

-- Authorize the Postal Service to ship wine, beer and distilled spirits.

-- Reduce the current 11-member Postal Service Board of Governors to nine members and eliminate the Deputy Postmaster General from the Board; provide for the appointment of the Inspector General of the Postal Service by the President subject to Senate confirmation; and limit members of the Postal Regulatory Commission to two terms.

-- Establish an independent advisory commission to provide guidance on the long-term solvency of the Postal Service and innovative thinking; require a Postal Service plan for long-term solvency; require the Postal Service to designate a Chief Innovation Officer; and require the Postal Service to issue a plan for reducing the number of area and district offices.

-- Restructure government-wide the Federal Employee Compensation Act and reduce FECA benefits for totally disabled enrollees to 50 percent of the pre-disability wage upon attainment of full retirement age, along with other provisions, as included in postal reform legislation approved by the Senate in April, 2011.

-- Provide for changes in federal real property asset management, as included in legislation previously approved by the Senate Committee on Homeland Security and Governmental Affairs in July, 2013

Postal Rate Increase Takes Effect Today

Postage rates on first-class letters and most other mail will rise by 3 cents today to help the Postal Service recover millions of dollars it lost during the economic recession, as a result of a [decision](#) of the Postal Regulatory Commission last month. That price jump represent a 4.3 percent increase, on top of the customary 1.7 percent adjustment for inflation.

In the meantime, the Postal Service, bulk mailing industry, and Senate lawmakers each would alter the PRC decision further. Both the mailers and the Postal Service went to federal court last week to [contest](#) different parts of the PRC decision. The mailers want to roll back any emergency price increase, while the Postal Service wants to make it permanent. (The Postal Service sought a middle ground and made the price increase temporary for two years, long enough to recoup the money lost during the recession.) Senators Tom Carper and Tom Coburn, in their new postal reform proposal, would also make the price increase permanent. Sen. Tammy Baldwin (D-WI), whose state is a major paper producer, is expected to introduce an amendment at Wednesday's committee meeting that would strip the rate provision from the bill. NAPS supports rate flexibility along the lines proposed in the Carper-Coburn bill.

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