

APWU NEWSservice

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House Republicans Kill Postal Reform Legislation Further Action Unlikely This Year

On Thursday, June 20, 2002, the House Government Reform Committee defeated a newly introduced postal reform bill, the Postal Accountability and Enhancement Act (H.R. 4970). The vote marks the likely end of a lengthy effort to amend the 1970 Postal Reorganization Act until after this year's elections and a new Congress is sworn in.

For nearly seven years, the APWU opposed postal reform legislation because various bills contained provisions that were contrary to APWU members' interests, such as proposals that would effectively cap wages, limit collective bargaining, and support privatization. In mid-2001, however, the APWU National Executive Board voted to support postal reform legislation if it would help the Postal Service solve its financial crisis by improving its postage rate structure, maintain universal service at a uniform price, and protect collective bargaining.

Prior to the committee vote on HR 4970, the APWU had been working closely with key Democratic committee members in an effort to shape a bipartisan version of a bill that APWU could support. We said any postal reform legislation must:

- Prevent the Postal Service and Postal Rate Commission from subsidizing large mailers at the expense of the Postal Service, individual mailers, and small business mailers;
- Ensure that the policy of universal service at uniform rates, which is embodied in the U.S. Constitution and reaffirmed in the Postal Reorganization Act, is protected and continued;
- Ensure that collective bargaining remains free and unrestricted; and
- Protect health and other benefits for retired and active postal workers.

As Thursday's committee meeting approached, Reps. Henry Waxman (D-CA) and Danny Davis (D-IL) were working hard to reach a compromise with committee Chairman Dan Burton (R-IN) and Rep. John McHugh (R-NY), the bill's author, which would address APWU concerns, but their efforts were derailed when other committee Republicans refused to agree, citing concerns expressed by USPS competitors.

In the end, Burton called for a vote on a draft of the bill that excluded all the provisions the

APWU sought. Even without those provisions, however, only six of the panel's 24 Republicans voted for the bill; 12 voted against, and six either did not vote or voted "present." Some Democrats also opposed the bill, while others voted "present," to show their displeasure with the Republican leadership's failure to commit to allowing the full house to discuss the bill.

After attending the committee meeting, President Burrus said, "The reform the Postal Service needs most is to stop subsidizing large business mailers. Unjustified postage discounts presently cost the Postal Service nearly \$1.5 billion per year in lost revenue. If the rate structures were corrected, the Postal Service would not be in financial difficulty."

Cost of Retiree Health Benefits Seen as Huge Issue

In negotiations concerning the bill, the APWU was particularly concerned with protecting retiree health benefits. In his May 13, 2002, testimony to the Senate subcommittee that oversees postal operations, General Accounting Office (GAO) Comptroller General David M. Walker wrote that the Postal Service has liabilities and obligations that "amount to almost \$100 billion and threaten the Service's ability to continue to fulfill its mission." The liability includes \$32 billion for pensions, \$6 billion for workers compensation benefits, \$11 billion for debt to the Treasury, and \$49 billion for post-retirement health benefits, Walker said.

The GAO and others have cited this liability as a major cause of the Postal Service's current financial difficulties. However, many who favor privatizing postal operations have conveniently ignored this important issue. To make privatization less attractive to postal competitors, the APWU sought language in the bill that would require privatization proposals to properly account for and transfer the liability to any would-be privatizers.

President Burrus made it clear that the APWU will fight with every resource it has to ensure that this obligation of the Postal Service and of the United States government is honored. He said:

"Businessmen who seek to profit by dismantling the Postal Service fail to acknowledge its debt to its present and former employees in the form of retirement benefits and retiree health benefits. All postal unions should unite to oppose any legislation that fails to provide for these guaranteed benefits."

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President Burrus expressed support for meaningful reform that addresses inefficiencies in the postal system. The current crisis is created by a shortfall in revenue compared to expenses, he said. "A portion of the deficit can be recovered by initiating efficiencies, but the core problem is insufficient revenues caused by the subsidies afforded major mailers and presort firms. Until postal management and the postal Board of Governors have the courage to stand up to the mailing industry and eliminate subsidies that exceed the postal cost avoided, deficits will continue and the cry for pri-

vatization will grow. Further discounts for postal services are not the answer to the need to grow additional revenue."

It seems highly unlikely that any further effort will be made to enact postal reform legislation during this Congress. The APWU is calling on every APWU member to support congressional representatives and senators who will support the Postal Service and support postal workers in the next Congress.

GAO Begins Investigation of Postage Discounts

The General Accounting Office (GAO), Congress' investigations and accounting agency, recently began an inquiry into the postage discounts big mailers receive for presorting their mail. The APWU contends that the discounts subsidize the mailing industry because they exceed by far the cost the Postal Service avoids when the mail is presorted. These subsidies are the root cause of the multi-billion dollar deficits that have plunged the Postal Service into its current financial crisis.

In beginning their investigation, GAO analysts met this week with APWU officers, economists, and legal staff to lay the groundwork for an ongoing dialogue as the investigation progresses. GAO staff have also been asked to consult with the Postal Service, the Postal Rate Commission and other postal "stakeholders," and to "visit a range of mail processing facilities that receive mail subject to worksharing discounts" to see first-hand how various classes of mail are processed.

"We are gratified that an independent body such as the GAO will finally examine the discounts, and I expect that an objective analysis will show that the billions of dollars the Postal Service gives away every year in subsidies to big mailers is the real cause of the Postal Service's financial problems," said APWU's President, William Burrus. "We commend Congressmen Waxman and Davis, and Senator Akaka for requesting this study."

Rep. Henry Waxman (D-CA), the top Democrat on the House Government Reform Committee, requested the GAO study in a May 15 letter that was also signed by fellow committee member Rep. Danny Davis (D-IL) and Sen. Daniel Akaka (D-HI), chairman of a key Senate subcommittee that has legislative jurisdiction on postal operations.

The investigation is in its early stages and it may take the GAO many months to submit its report to Congress. Stay tuned to future News Service bulletins for further developments on the investigation.

Cost-of-Living Falls

The consumer price index fell in May to 523.6. After the fourth month of the six-month cost-of-living adjustment period, employees have accrued the following amounts toward the second cost-of-living adjustment under the 2000 Collective Bargaining Agreement:

Per Year:	\$275.60
Per Pay Period:	\$10.60
Cents Per Hour:	13.25¢

The Postal Service will begin paying the second adjustment effective Sept. 7, 2002, (pay period 2002-20).

Due to a falling consumer price index, employees did not receive any increase from the first cost-of-living adjustment period. This was anticipated and was announced when Arbitrator Stephen B. Goldberg released his ruling on the Collective Bargaining Agreement on Dec. 18, 2001.

Retiree COLA

The 2003 CSRS (Civil Service Retirement System) retiree COLA is based on the third quarter (July, August, September) average CPI-W index in 2002 over the 2001 third quarter average. After the second quarter of the adjustment period (the first quarter of 2002) the quarterly average has fallen .1 percent.

The 2003 FERS (Federal Employee Retirement System) COLA is based on the third quarter (July, August, September) average CPI-W index in 2002 over the 2001 third quarter average. However, if the CPI-W quarterly average increases 3 percent or more, 1 percent is subtracted. For example, a 5 percent increase in the quarterly CPI-W average results in a 4 percent adjustment. If the quarterly average increases from 2 percent to 3 percent, benefits increase by 2 percent. If the CPI-W quarterly average increases 2 percent or less, benefits increase by the CPI-W quarterly average increase. After the second quarter of the adjustment period (the first quarter of 2002) the quarterly average has fallen .1 percent.

The 2003 CSRS retiree COLA is based on the third quarter (July, August, September) average CPI-W index in 2002 over the 2001 third quarter average. After the second quarter of the adjustment period (the first quarter of 2002) the quarterly average has fallen .1 percent.

The percentage increase in the December CPI-W index from year to year determines the FECA COLA increase. After the fifth month of the 2003 adjustment period the CPI-W rose 1.7 percent.