

Postal Reform Legislation Stalled

White House Opposition Makes Action This Year Unlikely

Congressional action on postal reform appears to have ground to a halt due to the Bush Administration's opposition to key provisions of the bills pending in the House and Senate.

While it is still possible that Congress could approve the legislation in a tentatively scheduled "lame duck" session later this year, Republican leaders in both Chambers failed to hold a vote on it before they adjourned for the Nov. 2 elections.

Earlier this year, the White House announced its opposition to provisions in the bills that would transfer the cost of postal employees' military service retirement benefits from the USPS back to the Treasury Department. Those costs – totaling \$27 billion – had historically been paid by the Treasury, but they were transferred to the Postal Service last year. Under federal accounting rules, shifting these costs back to the Treasury would increase the budget deficit.

For the same reason, the Administration also opposes another key provision of postal reform legislation: releasing from an escrow account funds the USPS "saves" from ending retirement benefit overpayments. A 2003 law authorized the Postal Service to reduce its annual payments by \$3.5 billion in fiscal year 2003 and \$2.7 billion in 2004, and use those funds to reduce its debt to the Treasury. Starting in 2006, however, the funds must be held in escrow until Congress determines how they be used. On paper, the escrow funds will be used to offset a portion of the deficit.

The Democratic and Republican leaders of the House Government Reform and Senate Governmental Affairs committees that produced the bipartisan legislation had helped forge a delicate consensus among the mailing industry, postal unions, consumer groups and USPS competitors on measures to help ensure the long-term viability of the Postal Service. Both panels approved their bills unanimously, and their leaders had hoped to persuade the White House to accept the escrow and military retirement provisions.

The pending legislation contains virtually none of the anti-worker proposals made last year by the President's Commission on the U.S. Postal Service. However, if postal reform is not enacted this year, the legislative process would have to begin again in a new Congress next year, and the Commission's proposals to cut postal workers' pay, benefits and bargaining rights could be back on the table.

In addition to defeating efforts to cut postal wages, the APWU persuaded legislators to add a provision to the bills that would curb excessive discounts for corporate and advertising mailers.

The House bill meets most of the APWU objectives for postal reform, but the union continues to oppose a provision in the Senate bill that would reduce benefits for injured postal workers and exempt them from certain protections that are provided to all other federal employees.

Bush Nominates Postal Worker Foe to Board of Governors

Signaling his attitude toward postal workers, President Bush announced his intention last week to nominate Carolyn L. Gallagher and Louis J. Giuliano to the USPS Board of Governors.

Postal workers may remember Gallagher as the chairwoman of the Workforce Subcommittee of the President's Commission on U.S. Postal Service, which recommended that Congress:

- Create a Postal Regulatory Board that would determine the "comparability" of postal pay to private-sector pay and eliminate any "postal premium;"
- Require postal unions to bargain for federal pension and healthcare benefits, which currently are guaranteed by law;
- Consider severing postal workers from federal pension and healthcare programs;

- Change the ground rules for contract negotiations, reducing the time period for negotiations and mediation and employing a "final offer" mechanism; and
- Limit the rights of injured postal workers.

President Bush is expected to make the appointments while Congress is in recess, bypassing the Senate confirmation process that is normally required of Board of Governor nominees. The White House announcement of the appointments, issued Oct. 8, made no mention of Gallagher's role on the President's Commission.

APWU President William Burrus said Gallagher's appointment was bad news for postal workers. "If postal reform is considered by Congress again in 2005 as we expect, Ms. Gallagher's presence on the Board could be an important factor when new legislation is drafted," he said.