



AMERICANS FOR TAX REFORM

## POSTAL NEWSLETTER

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President

### **Postal Reform Bill Drafts Due Next Week, But Are They DOA?**

The House and Senate versions of comprehensive postal reform legislation are expected to be introduced next week, with Senate Governmental Affairs Committee Chairwoman Susan Collins (R-ME) saying the legislation is still on track. Collins went so far as to say Senate Majority Leader Bill Frist (R-TN) had told her postal reform would be a priority in what is left of the 108<sup>th</sup> Congress.

Meanwhile, however, the respective chiefs of staff for House Republican Whip Roy Blunt (R-MO) and Democratic Whip Steny Hoyer (D-MD) have publicly stated that postal reform has no chance of moving through Congress this year. "If we were going to do [postal reform] we would have needed to have done it last year," said Blunt aide Brian Gaston. This comes on the heels of statements by House Government Reform Committee Chairman Tom Davis (R-VA) and House Treasury-Postal Appropriations Chairman Ernest Istook (R-OK) that they were receiving a less-than-enthusiastic reception from House leadership on postal reform.

With 13 appropriations bills left to passing a truncated legislative year due to the presidential and congressional elections, it seems congressional passage of the first postal overhaul bill in 34 years is unlikely.

Nevertheless, both committees are pushing forward, with expected markups late next week. The bills are expected to closely resemble legislation introduced previously by Rep. John McHugh (R-N.Y.), which included some positive steps, but also troublesome bones thrown to organized labor, and provisions making it easier for the U.S. Postal Service to raise postage rates.

Also on the table is the issue of postal pension funding reform. Currently the USPS is required to pay the pension obligations related to the military service of its employees, a burden shouldered by no other federal self-supporting agency. Experts fear if this burden is not shifted back to the federal treasury, ratepayers could see a double-digit increase in 2006, the earliest date the USPS may raise rates under the CSRS legislation passed last year.

Regardless of what eventual comprehensive postal reform entails, most policymakers and observers seem to be coming to one agreement: we won't see any reform coming out of Congress until at least 2005.

### **Universal Service? What Universal Service? Part II**

About a year ago we told you about a town called Secluded Acres, Alaska, which according to the USPS didn't exist. The town was accessible only by private road, and the USPS requires public road access to grant a zip code.

Universal service, the high-minded principle that the USPS should guarantee mail delivery to every address in the country, requires residents of densely populated areas to subsidize mail delivery to hermits in who live 20 miles from their closest neighbor.

The residents of Burton, Ohio can now join the ranks of those fortunate enough to receive mail free of charge. Previously the town's residents and business were charged \$24 a year for the privilege.

Apparently 141 years after mail service began in America's largest cities the USPS can finally get around to a sparse area in Ohio – the seventh most populous state in America.

### **Potter Says No Crisis Yet**

Postmaster General John Potter told a conference this week that the USPS is currently "not in a crisis," thanks to cost controls, improved service and pension funding legislation last year.

Potter said the relief given by the Civil Service Retirement System (CSRS) legislation passed in 2003 has been helpful, but he called for Congress to eliminate the escrow account in which the USPS' CSRS overpayments are held, as well as transferring military service pension obligations back to the Treasury.

Potter said he expects reform legislation soon, but that he understood the realities regarding congressional action this year.