



AMERICANS FOR TAX REFORM

POSTAL NEWSLETTER

May 26, 2004

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President

House Committee Approves Postal “Reform,” Senate set to Follow Suit

The House Government Reform Committee last week approved 40-0 “The Postal Accountability and Enhancement Act of 2004,” legislation to substantially overhaul the United States Postal Service for the first time in more than thirty years.

While members of the Committee hailed the bill as “a wonderful victory,” some on and off Capitol Hill are wondering whether the reform legislation will do more harm than good.

One particularly troublesome provision in the bill would alter the ratemaking process to allow “pricing flexibility,” which would make it easier for the USPS to raise rates, a practice for which the agency has shown great affection in the past.

The bill also aims to limit the USPS to providing only postal services – a reform called for by groups including Americans for Tax Reform – but unfortunately leaves a loophole large enough to drive a mail truck through as to what constitutes “postal services.” No doubt USPS lawyers are already working hard on ways to claim stuffed animal sales and corporate sponsorships are “supportive or ancillary” to postal services.

While the bill was never expected to end the postal monopoly – the ultimate goal of true postal reform – it also does not limit the USPS to its monopoly business, instead allowing it to continue competing with the private sector in markets such as package delivery.

There are, admittedly, some positives. The legislation shifts the pension funding obligations related to military service of USPS employees from the USPS back to the Treasury, as well as freeing up \$73 billion in civil service retirement savings that had been held in an escrow account. Without these reforms postal ratepayers could be looking at a double digit rate increase in 2006.

The bill also aims to increase transparency and oversight – something sorely lacking in an agency unable to allocate more than half its costs.

In the Senate, the Governmental Affairs Committee is expected to consider similar legislation sponsored by Chairwoman Susan Collins (R-ME) and Sen. Thomas Carper (D-DE).

Leadership has given mixed signals publicly and privately on whether reform legislation in either house of Congress will be given floor consideration this year.

USPS to Drop Online Bill Payment

The United States Postal Service this week announced it would end the online bill payment service it had offered since 2000, citing the service’s inability to meet growth expectations.

The USPS in recent years has moved into various online services to mitigate losses from declining mail volume