

## Legislative Bulletin..... July 26, 2005

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**H.R. 22** – Amendments to the Postal Accountability and Enhancement Act

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H.R. 22, the Postal Accountability and Enhancement Act (sponsored by Rep. John McHugh), is scheduled to be considered on the House floor on Tuesday, July 26, 2005, subject to a structured rule (H.Res. 380). Below are the summaries of the four amendments made in order under the rule. Note: summaries are based on RSC staff's review of actual amendment text. For a summary of the underlying bill, see a separate RSC document released earlier in the day.

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**1. Pence (R-IN):** Removes the provision in H.R. 22 that requires the first vacant slot on the Board of Governors to be filled by an individual with unanimous backing by “all labor organizations.” Currently, the Board of Governors consists of nine members (with no more than five from the same party), and H.R. 22 would ensure that one of these will be set-aside to represent the interests of one special interest to the exclusion of others interests, such as mailers or taxpayer groups.

The American Postal Workers Union supporting this provision recently announced a tentative contract with USPS proscribing the second largest raise in its history. Please see: <http://www.apwu.org/news/burrus/2005/update09-2005-072205.htm>. This increase would come at a time when USPS is spending 80% of its revenues on labor costs whereas UPS and FedEx spend only 56% and 42% of their revenues on labor.

**2. Flake (R-AZ):** Establishes a pilot program in up to 20 communities to test the feasibility and desirability of alternative methods for the delivery of postal services. The amendment would allow a “commercial enterprise, nonprofit organization, labor organization, or other person” that satisfies a set criteria to serve as an alternative provider of postal services. Universal service would continue to be provided, but participating postmasters would not be limited by prohibitions under current law (meaning the current monopoly statutes on first class mail delivery and the use of postal mailboxes). Alternative providers would be able to use the equipment and facilities of USPS (at the discretion of the postmaster) for fair market value. The program would be sunset in five years.

**3. Hensarling (R-TX):** Requires that 100% of the CSRS savings recouped under H.R. 22 will be directed to pay USPS' substantial unfunded healthcare liability (instead of only two-thirds), instead of it flowing to the Service for other use. In addition, the amendment would ensure that this requirement would not expire in 2015 or be waived (as allowed under H.R. 22) whenever it is "reasonable, equitable, and necessary." According to CBO, the USPS' current unfunded healthcare liability is \$49 billion, and H.R. 22 would not ensure that all the savings be used for its pre-funding.

In addition, the responsibility for paying the CSRS costs associated with military service credits will remain with USPS instead of reverting back to the Treasury. While taxpayers typically pick up such costs for federal agencies, USPS is supposed to operate as a self-financed government corporation and pay such costs so as to not benefit from an unfair labor subsidy. For instance, the Patent and Trademark Office, as a self-financed government entity, now pays the costs of these military service credits for its employees. According to the amendment sponsor, the issue is not the merits of this subsidy, but rather who should bear its costs, ratepayers or taxpayers.

**4. Jackson-Lee (D-TX):** Establishes a Civil Rights and Civil Liberties Board within USPS "to conduct investigations and studies concerning areas in which there may be denials of civil rights or liberties or abuse of rights within the postal service." The board will consist of nine members and will have the authority to hold hearings, require the attendance of witnesses, and issue subpoenas. The amendment is labeled a "pilot" program, but the text includes no sunset for the authorization, nor does it include an authorized funding level, though a new board would have a cost.

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