



**Legislative Bulletin.....April 8, 2003**

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**H.R. 108—To amend the Education Land Grant Act to require the Secretary of Agriculture to pay the costs of environmental reviews with respect to conveyances under that Act (Hayworth)**

**Order of Business:** The bill is scheduled to be considered on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill. H.R. 108 is identical to H.R. 3802 from the 107<sup>th</sup> Congress, which passed the House by voice vote on October 1, 2002.

**Background:** The Education Land Grant Act authorizes the Secretary of Agriculture, after receiving written applications, to convey National Forest System lands to a public school district for use for public educational purposes.

**Summary:** H.R. 108 would amend the Education Land Grant Act (16 U.S.C. 479a) to require the Secretary of Agriculture to pay the costs of environmental reviews with respect to conveyances to school districts under that Act. School districts could not pay for the environmental reviews, as they now can under current law.

**Committee Action:** Though the Resources Committee did not consider H.R. 108, it did mark up H.R. 3802 last year. Additionally, the Forests Subcommittee held hearings on the bill last year.

**Administration Position:** Before the Forests Subcommittee on June 20, 2002, a Forest Service representative testified that the Service “does not oppose” H.R. 3802. The Service’s main objection to the bill was that it would not allow school districts to pay for the environmental reviews themselves in efforts to expedite the conveyance. For more information, visit this website:

<http://resourcescommittee.house.gov/107cong/forests/2002jun20/thompson.htm>

**Cost to Taxpayers:** CBO estimates that the bill would cost taxpayers about \$500,000 in the first year and up to \$1 million a year afterwards.

**Does the Bill Create New Federal Programs or Rules?:** The bill would mandate federal expenditures that had previously been local expenditures.

**Constitutional Authority:** The Resources Committee’s House Report 107-698 (for H.R. 3802 last year) cites constitutional authority in Article I, Section 8, without citing a specific clause.

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## **H.R. 273 — Nutria Eradication and Control Act of 2003 (Gilcrest)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill.

Identical legislation (H.R. 4044) passed the 107<sup>th</sup> Congress by voice vote on May 14, 2002, but was not considered by the full Senate.

**Summary:** H.R. 273 authorizes the Secretary of the Interior to make grants to the State of Maryland and the State of Louisiana for programs “to implement measures to eradicate or control nutria and restore marshland damaged by nutria.” Program activities must be consistent with “Eradication Strategies for Nutria in the Chesapeake and Delaware Bay Watersheds,” published by the U.S. Fish and Wildlife Service in March 2002.

The bill authorizes \$4 million for Maryland and \$2 million for Louisiana per year for five years and also limits federal costs to 75 percent of total program costs.

**Additional Background:** Nutria are large, semi-aquatic, surface feeding herbivores that are extremely destructive to marsh vegetation. Under Public Law 105–322, \$2.9 million was authorized over three years to help alleviate this invasive problem in Maryland (about \$1.5 million has been appropriated). This authorization expired September 30, 2002.

**Committee Action:** The Resources Committee did not consider H.R. 273. However, in the 107<sup>th</sup> Congress, the Committee did hold hearings and mark-up an identical bill.

**Cost to Taxpayers:** CBO estimated that identical legislation (H.R. 4044) in the 107<sup>th</sup> Congress would cost \$30 million over five years, subject to appropriations.

**Does the Bill Create New Federal Programs or Rules?:** The bill authorizes a new nutria eradication program for Louisiana and Maryland, replacing a current program authorized solely for Maryland.

**Constitutional Authority:** Although a committee report for H.R. 273 is not available, the committee report for H.R. 4044 cited Article I, Section 8, but failed to cite a specific clause.

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## **H.R. 733 — McLoughlin House National Historic Site Act (*Hooley*)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 733 authorizes the Secretary of Interior to acquire the McLoughlin House National Historic Site in Oregon City, Oregon, for inclusion in the Fort Vancouver National Historic Site. The land may be acquired from willing sellers by donation, purchase, or exchange.

**Additional Background:** The McLoughlin House National Historic Site in Oregon City, Oregon was once home to Dr. John McLoughlin. He crossed the Rockies in 1824 and established Fort Vancouver in 1825. Dr. McLoughlin supplied American pioneers with the goods they needed to settle and survive at their new home in Oregon. Fur trader, developer, doctor and mayor, Dr. McLoughlin became known as the “Father of Oregon” and the McLoughlin House was restored to honor his life and accomplishments.

In 1941, Congress designated the McLoughlin House a National Historic Site (it continued to operate under the direction of the McLoughlin House Association, as it had since 1910). When Fort Vancouver National Historic Site was established in 1948, the National Park Service (NPS) entered into a formal agreement with the Association to work cooperatively together.

In 2000, the Association approached the NPS concerning the possibility of the agency assuming administration of the site. The Association lacks appropriate funds to maintain the historic houses and has asked that the NPS acquire the site.

The provisions in H.R. 733 passed the House of Representatives by unanimous consent on September 24, 2002, as part of S. 1105. The Senate did not pass that amended version of the bill.

**Committee Action:** The Resources Committee did not consider H.R. 733. However, in the 107<sup>th</sup> Congress, the Committee did hold hearings and mark-up an identical bill (H.R. 3434).

**Cost to Taxpayers:** CBO estimated that identical legislation in the 107<sup>th</sup> Congress would cost \$2.7 million over five years to acquire, repair, and operate the site.

**Does the Bill Create New Federal Programs or Rules?:** The bill authorizes the acquisition of land for inclusion in the National Park System.

**Constitutional Authority:** Although a committee report for H.R. 733 is not available, the report for H.R. 3434 cited Article I, Section 8, but failed to cite a specific clause.

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## **H.R. 205—National Small Business Regulatory Assistance Act of 2003 (Sweeney)**

**Order of Business:** The bill will be considered on Tuesday, April 8, 2003, under a motion to suspend the rules and pass the bill

In the 107<sup>th</sup> Congress similar legislation (H.R.203) passed the House by voice vote on October 2, 2001. H.R. 203 was a new pilot program, whereas H.R. 205 is a permanent new program. To view the RSC Legislative Bulletin on the 107<sup>th</sup> Congress' bill click here <http://www.house.gov/burton/RSC/LB10201.PDF>

**Summary:** H.R. 205 amends the Small Business Act (15 U.S.C. 637) to create a new regulatory assistance program for small business development centers (SBDCs) in 20 states to counsel small business owners on compliance with federal and state regulations. SBDCs are cooperative efforts of the private sector, schools, and federal, state, and local governments to provide management assistance to current and prospective small business owners. To be eligible for this new program, SBDCs shall be certified under the business development center certification program (15 U.S.C. 648) by October 1, 2003, or have a waiver from the SBA for good-faith efforts to get certification.

Each SBDC grant shall be not less than \$200,000 and shall be calculated based on (the amount available for this new grant program) multiplied by (the population of the State divided by the population of all the states selected to receive a grant under this program).

### **Reports:**

The bill requires participating SBDCs to file quarterly electronic reports on the services provided and include small business regulatory compliance information from federal agencies. It also requires the SBA Administrator to submit an annual report to Congress regarding the number of small businesses served and any recommendations for improvements of small business regulations. Not later than three years after the program is established the Comptroller General shall conduct an evaluation, including

recommendations on whether the program should extend to include the participation of all SBDCs.

**Privacy:**

H.R. 205 includes a section stating that no SBDC may disclose the name or address of any individual or small business receiving SBDC assistance, except if it is ordered to do so by a court in a civil or criminal enforcement. The bill also adds a new privacy section to the original SBDC authorization (15 U.S.C. 648 (c)) stating that no SBDC, consortium of SBDCs, or contractor or agent of a SBDC, shall disclose without consent the name or address of any individual or small business receiving SBDC assistance, except 1) if it is ordered to do so by a court in a civil or criminal enforcement or 2) if the SBA “considers it necessary” while undertaking a financial audit of an SBDC.

**20 States Eligible:**

In each of these 10 groupings, SBDCs from two states will be selected to participate in the program established under H.R. 205 (20 total states):

Group 1: Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

Group 2: New York, New Jersey, Puerto Rico, and the Virgin Islands.

Group 3: Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

Group 4: Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

Group 5: Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

Group 6: Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

Group 7: Missouri, Iowa, Nebraska, and Kansas.

Group 8: Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

Group 9: California, Guam, Hawaii, Nevada, and Arizona.

Group 10: Washington, Alaska, Idaho, and Oregon.

After at least three years, the SBA may add other SBDCs from states not originally chosen, after taking into consideration the “the effect on the programs” already operating from the original round.

**Committee Action:** H.R. 205 was referred to the House Committee on Small Business on January 7, 2003. The Committee did not consider the bill.

**Cost to Taxpayers:** The bill authorizes \$5 million for FY03 and for each year thereafter (\$30 million total). Each SBDC grant shall be not less than \$200,000, and calculated based on a formula. The bill stipulates that the SBA “may carry out the program only with amounts appropriated in advance specifically” for this program. In other words, the SBA cannot use discretionary funds for this program but only funds appropriated for this purpose by Congress.

**Does the Bill Create New Federal Programs or Rules:** YES, the bill creates a new program in the SBA and establishes multiple new reporting requirements: 1) a new annual reporting

requirement for the SBA, 2) quarterly electronic reporting requirements for small business development centers, and 3) a Comptroller General report after three years.

**Constitutional Authority:** A Committee on Small Business Report is not available, but in the 107<sup>th</sup> Congress (Report 107-210) found authority for this legislation in Article I, Section 8, clause 18 (all laws necessary and proper) of the Constitution of the United States.

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## **H.Res. 170—Recognizing the 40th anniversary of the sinking of the U.S.S. Thresher (Bradley)**

**Order of Business:** The resolution is scheduled to be considered on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.Res. 170 would resolve that the House:

- “recognizes the 40th anniversary of the sinking of the U.S.S. Thresher;
- “remembers with profound sorrow the loss on April 10, 1963, of the U.S.S. Thresher and her gallant crew of sailors and civilians;
- “expresses its deepest gratitude to all submariners on ‘eternal patrol,’ who are forever bound together by their dedicated and honorable service to the United States; and
- “requests the Clerk of the House of Representatives to transmit a copy of this resolution to the Chief of Naval Operations and to the Commanding Officer of the Portsmouth Naval Shipyard to be accepted on behalf of the families and shipmates of the crew of the U.S.S. Thresher.”

**Additional Background:** With a crew of 16 officers, 96 sailors, and 17 civilians, the U.S.S. Thresher, a nuclear-powered attack submarine, departed Portsmouth (Maine) Naval Shipyard for its final voyage on April 9, 1963. At approximately 7:47 a.m. on April 10, 1963, while in communication with the surface ship U.S.S. Skylark, and approximately 300 miles off the coast of New England, the U.S.S. Thresher began its final descent and was soon declared lost. There were no survivors.

After an extensive underwater search, Thresher's remains were located on the sea floor, some 8400 feet below the surface. Navy researchers determined that the sub had probably sunk due to a piping failure, subsequent loss of power, and the inability to shed certain tanks fast enough to avoid sinking. Over the subsequent several years, an extensive program was undertaken to correct design and construction problems on the Navy's existing nuclear submarines and on those under construction and in planning.

For photos of and more information on the U.S.S. Thresher, visit this website:  
<http://www.history.navy.mil/photos/sh-usn/usnsh-t/ssn593.htm>

**Committee Action:** The resolution was referred to the Armed Services Committee on April 2, 2003, but was not considered.

**Cost to Taxpayers:** The only cost associated with this resolution is that of transmitting copies to the appropriate naval officials, as detailed above.

**Does the Bill Create New Federal Programs or Rules?:** No.

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## **H.Res. 149—Expressing the condolences of the House of Representatives in response to the assassination of Prime Minister Zoran Djindjic of Serbia (Bereuter)**

**Order of Business:** The resolution is scheduled to be considered on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.Res. 149 would resolve that:

- “the House of Representatives offers its condolences and deepest sympathy to the people of Serbia and the family of Zoran Djindjic following the assassination of Prime Minister Djindjic;
- “the House of Representatives understands that organized criminal groups within Serbian society continue to threaten the free and democratic government of Serbia and Montenegro;
- “the House of Representatives recognizes that while implementing necessary reforms and cooperating with the International Criminal Tribunal for the former Yugoslavia may carry significant risks for the leadership of Serbia and Montenegro, these reforms and this cooperation are necessary and must continue; and
- “it is the sense of the House of Representatives that the United States should support continued democratic reforms initiated by Zoran Djindjic, should urge his successors to dedicate themselves to continue to support his road to reform, and should pledge to assist Serbia and its new leadership in accomplishing these necessary reforms, including efforts to fight organized crime and corruption.”

**Additional Background:** The resolution notes that Prime Minister Zoran Djindjic of Serbia was killed by two sniper bullets in front of his office in the center of Belgrade on Wednesday, March 12, 2003. Djindjic was known worldwide as a democratic activist and reformer. Following 88 days of mass protests over electoral manipulation during local elections in 1996, Zoran Djindjic was elected Belgrade's first noncommunist mayor since World War II. Djindjic is widely believed to be the chief strategist and main organizer behind the Yugoslav presidential elections of September 24, 2000, and the uprising of October 5, 2000, that resulted in the overthrow and delivery of former Yugoslav President Slobodan Milosevic to the International Criminal Tribunal for the former Yugoslavia. Since his Democratic Opposition of Serbia party elected him to be Prime Minister of Serbia on January 25, 2001, he sought to advance democracy, human rights, free market reforms, and the rule of law in Serbia.

**Committee Action:** The resolution was referred to the Committee on International Relations on March 19, 2003, but was not considered by the Committee.

**Cost to Taxpayers:** The resolution would authorize no expenditure.

**Does the Bill Create New Federal Programs or Rules?:** No.

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**H.Res. 179 — Expressing the sense of the House of Representatives regarding the systematic human rights violations in Cuba committed by the Castro regime, calling for the immediate release of all political prisoners, and supporting respect for basic human rights and free elections in Cuba (Diaz-Balart, Lincoln)**

**Order of Business:** The resolution will be considered on Tuesday, April 8, 2003, under a motion to suspend the rules and pass the bill

**Summary:** H.Res. 134 has 17 findings regarding Cuba and its recent March crackdown on Members of Cuba's pro-democracy movement, including the arrest of and possible life sentences for 80 dissidents, (including librarians, journalists, and activists). The findings include:

“Whereas the Castro regime has engaged in mass arrests of dissidents while **the United Nations Commission on Human Rights, of which Cuba is a member**, is meeting in Geneva” (emphasis added); and

“Whereas the Cuban Government has repeatedly violated the rights enshrined in the Universal Declaration of Human Rights, the Inter-American Convention on Human Rights, and other international and regional human rights agreements, and has violated the mandates issued by the United Nations Commission on Human Rights.”

H.Res. 134 resolves that the House of Representatives:

- “condemns the brutal crackdown of the Cuban Government on the island’s peaceful pro-democracy movement;
- “calls for the immediate release of all Cuban political prisoners;
- “supports the right of the Cuban people to exercise fundamental political and civil liberties, including freedom of expression, assembly, association, movement, press, and the right to multiparty elections;
- “calls on the United States Permanent Representative to the United Nations and other International Organizations in Geneva, Switzerland, to work with the member countries of the United Nations Commission on Human Rights to ensure a resolution that includes the



strongest possible condemnation of the current crackdown of dissidents and of the gross human rights violations committed by the Cuban Government; and

- “calls on the Latin American and Caribbean group (GRULAC) at the United Nations Commission on Human Rights to exclude Cuba from its slate of candidates for the United Nations Commission on Human Rights and urges all member nations to oppose renewing Cuba’s membership on the United Nations Commission on Human Rights until the Government of Cuba adheres to international human rights standards, such as those delineated in the Universal Declaration Human Rights.”

**Committee Action:** The resolution was not considered by committee.

**Cost to Taxpayers:** The resolution has no cost.

**Does the Bill Create New Federal Programs or Rules:** No.

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## **H.R. 1584—To implement effective measures to stop trade in conflict diamonds (Houghton)**

**Order of Business:** The bill is scheduled to be considered on Tuesday, April 8<sup>th</sup>, under a motion to suspend the rules and pass the bill. A related bill in the 107<sup>th</sup> Congress (H.R. 2722) passed the House on November 28, 2001, by a vote of 408-6. Visit this webpage to see the roll-call vote for it: <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2001&rollnumber=453> Visit this webpage to see the RSC Legislative Bulletin for H.R. 2722: <http://www.house.gov/burton/RSC/LB112701.PDF>

**Summary:** H.R. 1584 would require (last Congress’ bill would merely *allow*) the President to prohibit the importation of any rough diamonds (from any source) that have not been controlled by the standards, practices, and procedures of the international certification scheme for rough diamonds (known as the “Kimberley Process Certification Scheme”). The President could waive this requirement for any country for national security reasons (as documented to Congress) or if he determines that a certain country is taking effective steps to implement the Kimberley Scheme.

Any American seeking to export or import rough diamonds would have to keep detailed records of such transactions, which would be subject to oversight by the U.S. Bureau of Customs and Border Protection (in the case of imports) and the Census Bureau (in the case of exports). Import violations would result in either up to a \$10,000 fine (for civil violations) or up to a \$50,000 fine and/or 10 years in jail (for criminal violations).

The President would be authorized to allow the appropriate federal agencies to give technical assistance to countries seeking to export rough diamonds to the United States.

The bill would express a sense of Congress that:

- The Kimberley Process Certification Scheme, officially launched on January 1, 2003, is an ongoing process.
- The President should work to strengthen the Kimberley Process Certification Scheme through the adoption of measures for the sharing of statistics on the production of and trade in rough diamonds, and for monitoring the effectiveness of the Kimberley Process Certification Scheme in stemming trade in diamonds the importation or exportation of which is not controlled through the Kimberley Process Certification Scheme;
- Reliable and comparable data on the international trade in rough diamonds are an essential tool for the effective implementation of the Kimberley Process Certification Scheme;
- The Executive Branch should continue to keep, publish, and work to standardize the statistics on imports and exports of rough diamonds; and
- The President should establish a Kimberley Process Implementation Coordinating Committee (composed of the Secretaries of the Treasury, State, Commerce, and Homeland Security, the U.S. Trade Representative, and other agency representatives) to coordinate the implementation of this legislation.

The President would be required to submit to Congress an annual report:

- describing actions taken by countries that have exported rough diamonds to the United States during the preceding 12-month period to control the exportation of the diamonds through the Kimberley Process Certification Scheme;
- describing whether there is statistical information or other evidence that would indicate efforts to circumvent the Kimberley Process Certification Scheme; and
- identifying each country that, during the preceding 12-month period, exported rough diamonds to the United States and was exporting rough diamonds not controlled through the Kimberley Process Certification Scheme, if the failure to do so has significantly increased the likelihood that those diamonds not so controlled are being imported into the United States. [The President would have to semiannually report on steps taken to prevent such diamonds from entering the United States.]

Within two years, the GAO would be required to submit a report to Congress gauging the effectiveness of this legislation in controlling the exportation and importation of diamonds covered by this Act.

**Additional Background:** According to the bill, “funds derived from the sale of rough diamonds are being used by rebels and state actors to finance military activities, overthrow legitimate governments, subvert international efforts to promote peace and stability, and commit horrifying atrocities against unarmed civilians. During the past decade, more than 6,500,000 people from Sierra Leone, Angola, and the Democratic Republic of the Congo have been driven from their homes by wars waged in large part for control of diamond mining areas. A million of these are refugees eking out a miserable existence in neighboring countries, and tens of thousands have fled to the United States. Approximately 3,700,000 people have died during these wars.”

The Kimberley Process, which originated in South Africa, is aimed at reducing the trade in “conflict diamonds” (rough diamonds mined under oppressive conditions in conflict zones). For more information on the Kimberley Process, visit this website:

<http://www.kimberleyprocess.com/default.asp>

**Committee Action:** On April 3, 2003, the bill was referred to the Ways & Means Committee and the Internal Relations Committee. Neither committee considered the bill.

**Administration Position:** In hearings for the bill from last Congress (H.R. 2722), the State Department (<http://waysandmeans.house.gov/legacy.asp?file=legacy/trade/107cong/10-10-01/10-10east.htm>) and the U.S. Trade Representative’s office (<http://waysandmeans.house.gov/legacy.asp?file=legacy/trade/107cong/10-10-01/10-10mend.htm>) spoke in support of legislation controlling the flow of conflict diamonds.

**Cost to Taxpayers:** A cost estimate is unavailable at this time.

**Does the Bill Create New Federal Programs or Rules?:** The legislation would codify the enforcement of the Kimberley Process Certification Scheme to control the flow of rough diamonds into and out of the United States and prohibit the importation of certain diamonds.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable.

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## **H.R. 735—Postal Civil Service Retirement System Funding Reform Act (McHugh)**

**Order of Business:** The bill is scheduled to be considered on Tuesday, April 8<sup>th</sup>, under a unanimous consent agreement making two amendments in order (summarized below). The bill was scheduled for consideration on the House floor last week but was removed from the schedule after extended consideration of the Emergency Wartime Supplemental Appropriations Act.

**Summary:** H.R. 735 would amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System (CSRS—the federal employee retirement system for those hired prior to 1984) for employees of the United States Postal Service (USPS). Specifically, the bill would model the USPS’ funding of its CSRS obligation after its funding of its Federal Employee Retirement System (FERS—the federal employee retirement system for those hired after 1983) obligation. Instead of the current static formulas, a series of new “dynamic assumptions” and computation methods would be utilized to more accurately forecast rates of pay, investment yields, and price inflation. “This would result in considerable savings to the Postal Service,” according to the House Committee on Government Reform, since the USPS would make lower annual payments to the CSRS.

The Office of Personnel Management (OPM) recently determined that the Postal Service would soon **overpay** its obligations to the CSRS by well over **\$70 billion**, based on payments required by existing law and due to higher-than-expected returns on assets held in the CSRS. OPM suggested this legislative fix to reduce the Postal Service's annual obligation to the CSRS, reduce USPS expenditures, and delay the need for a postal-rate hike.

Savings accruing to the USPS as a result of this legislation would have to be:

- used to reduce the postal debt (in consultation with the Secretary of the Treasury), to the extent that such savings are attributable to fiscal year 2003 or 2004, and the USPS could not incur additional debt to offset the use of the savings to reduce the postal debt in fiscal years 2003 and 2004;
- used to continue holding postage rates unchanged and to reduce the postal debt, to the extent that such savings are attributable to fiscal year 2005, to such extent and in such manner as the Postal Service shall specify (in consultation with the Secretary of the Treasury); and
- considered to be operating expenses of the Postal Service, to the extent that such savings are attributable to any fiscal year after fiscal year 2005, and, until otherwise provided for by congressional action (mandated by the legislation), be held in escrow and without being obligated or expended.

The USPS would have to report to the President and Congress by the end of fiscal year 2003 how it plans to use savings attributable to fiscal year 2006 and beyond (report subject to review by the General Accounting Office). Congress would then be required to take legislative action on these postal savings within 180 days of receiving the GAO review.

The legislation would express a sense of Congress that:

- “the savings accruing to the Postal Service as a result of the enactment of this Act will be sufficient to allow the Postal Service to fulfill its commitment to hold postage rates unchanged until at least 2006;
- “because the Postal Service still faces substantial obligations related to postretirement health benefits for its current and former employees, some portion of the savings...should be used to address those unfunded obligations; and
- “none of the savings...should be used in the computation of any bonuses for Postal Service executives.”

CBO anticipates that the USPS would use the savings from H.R. 735 to:

- Repay \$2 billion of its outstanding debt in fiscal year 2003;
- Invest \$1 billion in fiscal year 2003 and \$2 billion in 2004 in additional capital projects or other activities aimed at improving productivity; and
- Delay the next postal rate increase (anticipated late in fiscal year 2004) until fiscal year 2006.

The bill would also shift from Treasury to the Postal Service the responsibility for retirement costs related to the military service of postal employees covered by CSRS.

### **Amendments Made in Order under the Unanimous Consent Agreement:**

1) Henry Waxman (D-CA): This amendment would undo the bill's provisions in Section 2(c) that would shift from Treasury to the Postal Service the responsibility for retirement costs related to the military service of postal employees covered by CSRS. That is, the amendment would leave current law on this matter in place.

The Waxman amendment is the same that was offered and withdrawn in committee mark-up. It is expected that Rep. Waxman will also withdraw this amendment on the floor, once he and supporters have made on-the-record comments about it.

2) Tom Davis (R-VA): This amendment, reportedly drafted in conjunction with committee Democrats, would require that the USPS, Treasury Department, and OPM each report to the President, Congress, and GAO (by the end of this fiscal year) on whether and to what extent the Treasury Department or the Postal Service should be responsible for the funding of benefits attributable to the military service of current and former USPS employees. GAO would have to evaluate for Congress each such report.

The Davis amendment would also clarify that the USPS report discussed above (on how the Postal Service would use savings attributable to fiscal year 2006 and afterwards) would also have to be submitted to GAO.

**Additional Background:** Because CSRS is not a fully funded pension system, agency and employee contributions alone are not enough to finance the program's benefits. To make up the shortfall between contributions and benefits for its current and former employees, the Postal Service makes lump-sum payments to CSRS each year (\$3.9 billion in 2002).

In 2002, about 30% of the USPS workforce was covered by CSRS, and the rest were under FERS.

**Committee Action:** On March 6, 2003, the Government Reform Committee amended and favorably reported the bill by voice vote. The summary above reflects the amended version of the bill.

**Administration Position:** According to the Government Reform Committee, H.R. 735 incorporates much of the language approved by the Administration.

**Cost to Taxpayers:** CBO reports that, by reducing USPS payments to the CSRS, H.R. 735 would reduce the Postal Service's costs (which are considered off-budget) by about \$12 billion over the 2003-2008 period. But enacting this bill would increase on-budget costs by about \$19 billion (in mandatory spending) over the same period. Therefore, **the net effect on mandatory spending in the unified federal budget would be an increase of about \$7.1 billion over the 2003-2008 period**, largely because on-budget offsetting receipts—representing payments from the Postal Service to the CSRS—would be reduced. The net budgetary effect in fiscal year 2003 would be about a \$1.0 billion increase in mandatory spending.

Over the 2003-2013 period, enacting H.R. 735 would combine off-budget savings of about \$34 billion with on-budget costs of around \$41 billion to produce a net cost of about \$7.2 billion, according to CBO. **Note that the ten-year cost is just \$0.1 billion more than the five-year cost (mainly because CSRS expenditures will decrease as older workers and retirees pass away).**

Though no formal cost estimate is available for the studies that will presumably be added by the Davis amendment, previous such studies have scored at about \$100,000 each.

The House Committee on the Budget released the following statement regarding H.R. 735:

This bill exceeds the allocation of budget authority to the reporting committee, Government Reform, under the current budget resolution. Accordingly, the bill violates the Congressional Budget Act and gives rise to a 302(f) point of order under that Act. This point of order applies against any legislation that causes a committee to breach its allocation of budget authority. Both the House and Senate budget resolutions for fiscal year 2004 accommodate this provision, and it is expected that a conference report on the budget will do so as well. If so, no violation will then occur.

**Does the Bill Create New Federal Programs or Rules?:** The bill would make adjustments to how the Postal Service contributes to the Civil Service Retirement System.

**Constitutional Authority:** The Government Reform Committee, in House Report #108-49, cites constitutional authority in Article I, Section 8, Clauses 1 (“to pay the Debts”) and 18 (“necessary and proper for carrying into Execution the foregoing Powers”).

**Outside Organizations:** According to the Government Reform Committee, this legislation “has the support of the Postal Service as well as postal labor unions, management groups, and postal consumers.” The Postal Service released a letter of support for H.R. 735, though it expressed concerns about the escrow provision described above.

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