

Key Differences Between House and Senate Bills

House Bill — H.R. 22	Senate Bill – H.R. 22 EAS*
<p>Definition of “postal service” is slightly different: House bill says “postal service means the carriage of letters, printed matter, or mailable packages, including acceptance, collection, processing, delivery or other services supportive or ancillary thereto.”</p> <p>Single piece parcels are part of competitive products. Market-dominant products are single-piece first class letters and cards (domestic and international); special services; all first class mail not included under above; periodicals; standard mail; media mail; library mail; and bound printed matter.</p>	<p>Definition of “postal service” includes weight limit on packages: Senate bill says “postal service refers to the physical delivery of letters, printed matter, or packages weighing up to 70 lbs., including physical acceptance, collection, sorting, transportation or other services ancillary thereto.”</p> <p>Single piece parcels are placed in market-dominant category. All other market-dominant products are the same as the House bill (as listed in left column).</p>
<p>Modern Rate Regulation: Prices for market dominant products are to be set using an index based on the Consumer Price Index. “The Postal Regulatory Commission shall not permit the average rate of any subclass of mail to increase at an annual rate greater than the comparable increase in the Consumer Price Index, unless it has, after notice and opportunity for a public hearing and comment, determined that such increase is reasonable and equitable and necessary to enable the Postal Service...to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.” The House applies cap at subclass level. Postal Regulatory Commission is given 24 months after date of enactment to establish the modern system.</p>	<p>Modern Rate Regulation: The Senate version is silent as to the method of regulation, but requires the PRC to limit annual increases based on the Consumer Price Index for all Urban Consumers and to create a schedule whereby rates will increase by predictable amounts at regular intervals. The Senate puts the cap at the class level.</p> <p>In lieu of the factor requiring the PRC to consider the establishment and maintenance of a “fair and equitable” rate and classification system, the Senate bill substitutes the following objective to consider: the system must be designed to establish and maintain a just and reasonable schedule for rates and classifications. That objective is not permitted to be construed to prohibit the Postal Service from making changes of unequal magnitude among classes of mail.</p> <p>The Senate bill includes an additional factor for the PRC to consider in developing its rate regulation system: the need for the Postal Service to increase its efficiency and reduce costs in order to maintain universal service. The Postal Regulatory Commission is given 12 months after date of enactment to establish a modern system for setting rates and regulating market-dominant products.</p> <p>The Senate Bill includes a banking provision that permits the USPS to use any unused rate adjustment authority for any of the five years following the year such authority occurred, but establishes a limit on the use of such authority: For any class or service, such an adjustment may not exceed the annual CPI limitation by more than 2%.</p> <p>The bill sets a one-year limit on the transition period (the transition period which exists under both the House and Senate proposals) during which the Postal Service can file requests for recommended decisions under the laws in effect before the enactment of the legislation.</p> <p>While both bills include a complaint provision, the Senate’s version specifies particular sections of law that may be the subject of a complaint, and establishes a higher level of proof.</p>

* H.R. 22 Engrossed as Amended by the Senate. The Senate took the amended version of S. 662 and incorporated into H.R. 22 and the Senate passed H.R. 22 EAS on February 9, 2006.

H.R. 22	Senate Bill – H.R. 22 EAS
<p>Service agreements: The House bill is silent to negotiated service agreements, leaving it to the Postal Regulatory Commission to consider as part of establishing a modern rate system.</p>	<p>Service agreements: The Senate bill is silent to negotiated service agreements.</p>
<p>Competitive products: Postal Regulatory Commission has authority to suspend the rates for competitive products if complaint is filed or they are deemed inappropriate. For rates that are not of general applicability, USPS must file the new rates within 15 days of their effective date. Cost Coverage on Competitive Products: Competitive products should cover their share of institutional costs and collectively make a contribution to overhead.</p>	<p>Competitive products: No suspension authority for PRC. 30 days advance notice for changes in prices of all competitive products, even rates for individual or group of customers. Cost Coverage on Competitive Products: Competitive products are required to cover their share of institutional costs and collectively make a contribution to overhead.</p>
<p>Modern service standards: House bill is silent, although the House bill requires the PRC to make an annual determination as to whether the Postal Service has met service standards applicable to market dominant products</p>	<p>Modern service standards: Within 12 months of enactment, PRC directed to establish a set of service standards for market-dominated products. Among the objectives of the standards: enhance and preserve the value of postal services to senders and recipients; provide a system of objective external performance measurements for each market-dominant product; guarantee customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices.</p>
<p>Postal Service Plan: House bill has no requirement.</p>	<p>Postal Service Plan: Requires that within six months after establishment of service standards the Postal Service shall, in consultation with PRC, submit a plan to Congress for meeting the standards. It will establish performance goals, describe any changes to USPS processing, transportation, delivery and retail networks necessary to meet performance goals. The USPS plan should include a description of its long-term vision for rationalizing infrastructure and workforce. See below.</p>
<p>Qualifications of Governors. House bill provides that at least four Governors are chosen solely on the basis of their demonstrated abilities in managing organizations or corporations of substantial size, and defines substantial size as at least 50,000 employees.</p>	<p>Qualifications of Governors: Senate bill provides that the Governors be selected on the basis of their experience in the fields of public service, law or accounting or their demonstrated ability in managing organizations or corporations of substantial size (without defining substantial size).</p>
<p>International products and services: House bill amends section 407 of title 39 to state that policy of the United States is to promote and encourage unrestricted and undistorted competition in international postal services and other international delivery. Clearly states that secretary of state is responsible for foreign policy related to international issues, and will use the Postal Regulatory Commission to consider whether rate and classification decisions are consistent with its standards and policies.</p>	<p>International products and services: Senate bill also amends section 407 of title 39 to state that policy of the United States is to promote and encourage unrestricted and undistorted competition in international postal services and other international delivery. Clearly states that the secretary of state is responsible for foreign policy related to international issues.</p>

H.R. 22

CSRS, Health Insurance and Military Savings: Both the House and Senate bills lift the escrow account and require Treasury Dept. to fund the pension costs for military service of postal employees. Differences come in how the USPS must fund its retiree health obligations. The House plan is more complicated, and links funding of retiree health benefits to two-thirds of "savings" / escrow.

Network Redesign: Report within 16 months of law enactment on postal processing and distribution network, which should include recommendations to improve the efficiency and effectiveness of the network while preserving the timely delivery; identification of excess capacity; statutory or regulatory obstacles that prevent action on facility consolidation or realignment.

Executive Compensation: House bill would raise the cap on executive compensation up to the compensation cap of the vice president of the United States (presently \$202,900). The Board of Governors may allow up to 12 officers or employees in critical senior executive positions to receive total compensation in an amount not to exceed 120% of the VP's total compensation.

Contracts for Transportation of Mail by Air: The House bill is silent on rules selecting air carriers of mail.

Senate Bill – H.R. 22 EAS

CSRS, Health Insurance and Military Savings: Both the House and Senate bills lift the escrow account and require Treasury Dept. to fund the pension costs for military service of postal employees. Senate bill is more straightforward and creates a level payment stream for retiree health obligations. It establishes a 40-year amortization payment schedule.

Network Redesign: Senate bill calls for USPS to submit a plan within 6 months on the long-term vision for rationalizing its infrastructure and workforce; strategy for how to rationalize the postal facilities network and remove excess processing capacity from the network, including estimated timeframes, criteria and processes to be used for making network changes.

The Senate bill requires the Postal Service's facilities plan to describe the procedures that the Postal Service will use to provide notice and information about its decision to affected persons and communities.

Executive Compensation: Senate bill would cap total executive compensation at the level of the vice president of the U.S. This cap includes bonuses, so a salary and bonus cannot exceed the compensation cap of the vice president. Should the USPS want to have authority to award bonuses in excess of the cap, it must submit an appropriate request to the Board of Governors.

Contracts for Transportation of Mail by Air: The Senate bill includes a provision that amends the rules applicable to the selection of air carriers of mail. A comparable provision does not appear in the House bill.