

Eight Essential Principles for Postal Reform

- **Fix CSRS and Military Benefits**

Both bills address the CSRS issue. Both repeal the P.L. 108-18 escrow provision. Both the House and Senate bill require Treasury to pick up military service portion of retirement costs. Both require that surpluses be used to fund USPS retiree health benefits.

- **Require Bottom-Up Costing**

Neither bill requires bottom-up costing. The House bill provides the PRC with discretion over how postal costs are to be determined. The Senate bill requires the PRC to come up with a more modern scheme for postal ratemaking.

House bill imposes a four-year cap on worksharing discounts in excess of 100%. Senate bill imposes the four-year cap, but provides for a more liberal consideration of exceptions.

- **Enable Pricing Flexibility**

Both bills provide USPS with flexibility over competitive services and rates. Senate bill enables USPS to raise rates within cumulative CPI across classes. House bill does same but across subclasses.

- **Expedite the Administrative Process**

Both bills call "modern rate regulation"
House permits regulator to use price caps, revenue targets, or other forms of incentive regulation
House permits cost-of-service regulation
Senate calls for inflation-based caps
House provides for exigency increases of a broad latitude
Senate provides for exigency increases

- **Define Universal Postal Services**

Neither bill "defines" universal service. The House bill calls for a study of universal postal service by the USPS. The Senate calls for its study to be done by the PRC. The Senate bill also authorizes the PRC to recommend changes.

- **O**ptimize Private Sector Management Authority, Incentives and Pay Comparability

House bill provides for retention of salary cap, but provides for performance-related bonuses.

Senate bill raises compensation cap to Vice President's salary level. Provides for performance-related bonuses that don't exceed the VP salary cap.

- **M**aintain the Mailbox Monopoly

Both maintain letter-box monopoly. Both redefine mail monopoly to 6 times the single-piece rate and a maximum weight of 12 1/2 oz.

Senate bill calls for review of and report on the letter-mail monopoly.

- **S**trengthen Regulatory Oversight/Transparency

Both bills call for "transparency" and "accountability." The Senate bill calls for more reviews and reports than the House, e.g., Assessments of ratemaking, classification, and other provisions; Report on universal postal service and the postal monopoly; Study on equal application of laws to competitive products; Report on postal workplace safety and workplace-related injuries; Study on recycled paper.