



MAILERS COUNCIL BACKGROUNDER

HR 22: MAILERS' POSITION ON KEY ISSUES FOR CONFEREES TO RESOLVE

When conferees meet to discuss differences between the House- and Senate-approved versions of HR 22, mailers want to ensure that certain provisions are in the language reported by the conferees. Following is a review of the key issues for mailers, postal employee organizations and the United States Postal Services (USPS).

Escrow Account

Both bills would eliminate the escrow account, created by PL 108-18, the Postal Civil Service Retirement System Funding Reform Act of 2003. The Act creates a revised retirement funding formula to avoid a \$78 billion overpayment. Beginning in 2006, the Postal Service must send the funds into the new escrow account. They will be spent only after Congress determines how the money will be used. The account adds more than \$3 billion annually to the price of postage. The Mailers Council supports this provision, as do postal employee organizations and the USPS.

Military Pension Policy

Both bills would reverse the new policy created by PL 108-18, which transferred responsibility to the USPS for the retirement cost of postal employees earned through military service. Previously the Treasury Department funded these costs. This policy change created a direct cost transfer of \$27 billion from taxpayers to postage ratepayers. The Mailers Council supports this provision, as do postal employee organizations and the USPS.

Worksharing Agreements

The bills have identical language that would allow the USPS to create worksharing agreements with mailers. The Mailers Council supports such agreements.

Defining Market-Dominant Postal Products

The bills differ on which products would be market-dominant, and, therefore, subject to the competitive products rate-setting process. The most significant example is single-piece parcels; the House bill would treat them as a competitive product; the Senate bill would not. Most mailers support the Senate language; without it, mailing individual parcels would be much more expensive, leaving Americans with only one choice for sending such items.

Potage Rate Cap and Exigency Circumstances

Both bills would cap postage prices of market-dominant products at the Consumer Price Index, except under specific "exigency circumstances." The bills differ in how they define these circumstances. Unlike the House lan-

guage, the Senate language was the result of extensive negotiations to find language acceptable to all mailers. The overwhelming majority of Mailers Council members prefer the Senate language.

Postage Rate Cap and Class Levels

The House bill requires PRC approval for any postage increase that exceeds the CPI at the subclass level. The Senate requires PRC approval for such increase at the class level. The overwhelming majority of Mailers Council members prefer the Senate language.

Potage Rate Complaint Process

Both bills allow mailers to lodge complaints where they object to rate increases. This is an important issue for the Mailers Council, which supports an accessible process that does not interfere with routine postal operations.

Delivery Standards and Performance Measurement Systems

Both bills address creation of delivery standards and improved performance measurement systems. The Mailers Council would like to see the language strengthened.

Transition Period

The House bill allows for a 24-month transition period before the new law would take effect; the Senate bill allow for 12 months. During the transition period the USPS would file at least one rate case under existing law, while preparing to operate under the new system. The overwhelming majority of Mailers Council members prefer the Senate language.

Governance and Qualifications

Both bills address qualifications for the USPS Board of Governors. The House is more stringent, requiring four governors who have managed organizations with 50,000 or more employees. The Mailers Council endorses this language.