



San Antonio Alamo Area Local Legislative Updates

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Congress tries again: The Postal Service Reform Act of 2016

Prospects for congressional approval of major postal reform legislation have sharply increased with the approval of The Postal Service Reform Act of 2016 bill that would boost stamp prices and require postal retirees to depend on Medicare for most medical expenses.

The sponsors of the bill — Reps. Jason Chaffetz, R-Utah, and Elijah Cummings, D-Md., the respective chairman and ranking member of the House Oversight and Government Reform Committee — have expressed confidence that they may finally be able to get a postal reform bill passed. “We’re not there yet,” stressed House Oversight Committee chairman Jason Chaffetz, R-Utah, when his panel approved the measure on a voice vote on **July 12**.

Equally important, Chaffetz said, will be what the Congressional Budget Office rules will be the impact the measure has on the overall federal budget.

Chaffetz said that ruling would be critical for the bill to win approval from many House Republicans.

By requiring retired postal workers to depend on Medicare as their primary health insurance, the bill will increase that program’s costs.

Cummings added, “We are probably closer than we’ve ever been” to passing a bill. “We may not resolve every postal issue, but certainly I’m of the belief that we will address those things that we can agree on and be able to come up with something that makes sense.

The House and Senate bills compared

One reason for the optimism is that the House bill is very close to its counterpart in the Senate, S.2051 (iPOST). Both bills address the problems caused by the prefunding mandate for retiree health care by integrating postal workers with Medicare, though they do so in different ways and they both change the payment schedule to avoid the \$5 billion annual payments that have contributed significantly to the USPS deficits. The Senate bill also reduces the pre-funding requirement to 80% of the projected liability, while the House bill continues the status quo and requires the Postal Service to cover 100% of the liability.

Both have provisions about pushing the Postal Service to convert millions of addresses from door and curb delivery to cluster boxes. The House bill, however, is aggressive and would require conversions in an area if 40 percent of the residents approved, while the Senate bill sticks with the status quo and makes conversions voluntary for all existing addresses. Neither bill address the issue of reducing delivery to five days a week.

Both bills would grant the Postal Service a rate increase for market-dominant products. The House bill allows a 2.15 percent increase while the Senate bill calls for a 4.3 percent increase

The Senate bill puts a five-year moratorium on closing post offices or reducing their hours and a two-year moratorium on closing other postal facilities. The House bill has no such provisions.

The House bill reduces the size of the Board of Governors from nine members to five. The Senate bill does not include these changes.

Responses to the bill

The National Association of Letter Carriers said right away there was one provision it clearly could not support — converting an undefined number of business and residential delivery points that now receive door delivery service to curb-line or centralized delivery service over the next five years. “This cut in service,” says NALC, “is neither sensible nor necessary.” The conversions would eventually mean the loss of thousands of letter carrier jobs.

The National Active and Retired Federal Employees Association Director Jessica Klement said that requiring postal retirees to enroll in Medicare to maintain their eligibility in the Federal Employees Health Benefits Program would be “unacceptable” to NARFE.

The high cost of legislation

Congress’s failure to produce any new legislation has been frustrating for all concerned. The businesses and organizations in the mailing industry must be particularly frustrated, given that many of them have spent a lot of time, energy, and money lobbying Congress for legislation to fix the USPS, with not much to show for it.

The full House could consider the bill after Labor Day. To become law, the legislation must win approval from the full House and Senate and be signed by the president.

Perhaps in the months remaining before the current session of Congress ends (on January 3, 2017), something will finally happen. Or maybe not.