



AMERICAN CATALOG
MAILERS ASSOCIATION

Your Catalog Advocate!

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**House's Ross-Issa Postal Reform Act Passed;
Unclear If Language Calling for Catalog Rate Hikes Has Been Struck or
Remains Intact**

On October 13, the House Oversight and Government Reform Committee approved the **Ross-Issa Postal Reform Act (HR 2309)**, with a number of amendments, by a 22-18 vote. Though there was some bipartisan support for a few of the amendments, most were approved or rejected along party lines.

Among the key provisions of the bill that have been atop ACMA's radar screen was an (approved) amendment by Subcommittee Chairman Dennis Ross (R-FL) that will essentially delay any "catch-up" postal rate increase for underwater mail classes by two years. On the surface, this would appear to be good news for catalog mailers, because as originally introduced by Rep. Darrell Issa (R-CA), the bill had called for potentially damaging rate hikes specifically for catalogs and other underwater mail products. However, the specific language of the Amendment we reviewed seems to have a technical omission and it remains unclear to us whether catalogs are, in fact, covered in this amendment or not.

In its Committee-approved form, the bill calls for a PRC study of the actual costs for catalogs, periodicals, and all underwater mail classes once structural reforms are enacted. ACMA and several other business mailing groups lobbied Committee members to get this changed in our favor. But we're working on getting a legal opinion on whether catalogs remain in danger of additional rate hikes resulting from the eventual passage of this bill, and will report back to you once we find out and determine an action plan.

In the meantime, we continue to strongly urge you to reach out to build a relationship with your Members of Congress, especially if they are members of the House or Senate postal oversight committees. [Click here](#) to see the full House Oversight Committee list and [click here](#) to view the full Senate Committee on Homeland Security & Governmental Affairs (including USPS oversight) list. Build relationships with these key Members so you become known, or better known, to them. This is the essential work that has allowed periodicals to get what they've needed over the years despite the magazine industry's being two-thirds the size of the catalog industry in terms of mail volume. Periodicals continue to remain a much stronger lobby, but there's no reason why catalogs can't become just as powerful and sophisticated.

The House Committee also refused to consider transferring the \$50B-\$75B in Civil Service Retirement System (CSRS) overpayments back to the USPS. Yesterday's hearings took place just hours after the Government Accounting Office released a report, which concluded that the current methodology used by the US Office of Personnel Management for allocating responsibility for CSRS benefits between USPS and the federal government is consistent with applicable law. It went on to note that Congress created the USPS in 1971 as an independent, self-sustaining entity, with a package of assets and obligations, as well as competitive advantages and disadvantages. In 1974, Congress explicitly allocated responsibility to USPS for CSRS benefits attributable to post-1971 USPS pay increases and, although it revised aspects of the CSRS funding process in 2003 and 2006, it did not alter the fundamental allocation of responsibility for CSRS benefits.

"There is no overpayment. There is no error. There is no money owed to the Postal Service," Rep. Ross said during yesterday's mark-up hearing. "Republicans in the House have consistently opposed any taxpayer bailout of the Postal Service. Short-term fixes that rely on taxpayer funded bailouts will not save the USPS. Today's GAO report confirms once and for all the only way out of the USPS's current difficulty is to vastly restructure its operations, reducing the organization's workforce and labor costs and provide it the tools necessary to compete in the 21st Century." USPS, along with many other mailing industry concerns, have held all along that a return of this funding to USPS would significantly help USPS improve its shaky financial position, but it looks like this has now been taken off the table.

Here now is a summary of all the key provisions of the bill using the language and characterizations of the House Republicans:

- **Prevents Taxpayer Bailouts:** plan delivers an efficient, effective Postal Service without the thinly-veiled taxpayer bailout proposed by other bills and thoroughly denounced by the Government Accountability Office.
- **Modernizes Delivery Standards:** the Postal Reform Act saves an estimated \$3 billion a year by giving the Postal Service the option of

eliminating Saturday delivery six months after the enactment of the legislation. According to polling by Quinnipiac University, 79% of the American people favor moving to 5 day delivery in order to restore the Postal Service to solvency.

- **Normalizes Rates:** phases out many special rates for certain customers that force the Postal Service to actually charge certain customers less than the true cost of delivery, while preserving the ability for non-profits to fundraise and communicate with a mass audience in an economical manner.
- **Ends Special Treatment for Political Parties:** the legislation eliminates the ability of the national and state political committees to use the non-profit mail rate.
- **Shares Sacrifice in Post Office Consolidations:** Empanels a BRAC-style two-year task force, directed to recommend a plan to consolidate redundant post offices - saving at least \$1 billion a year, excess mail processing facilities - saving at least \$2 billion per year - and the 30% of management facilities. The legislation ensures that small post offices that do not cost much to operate but serve isolated areas are maintained in order to preserve universal service. Under current closure rules, rural post offices are unfairly targeted by strict formulas on foot traffic that fail to account for community impact. The legislation also preserves appeal rights for citizens affected by post office consolidation.
- **Normalizes Pay & Benefits:** mandates that postal workers pay at least the same health and life insurance premiums federal workers do, and clarifies that compensation parity with the private sector is maintained.
- **Establishes a Restructuring Authority to Turnaround Postal Defaults:** when the Postal Service fails to pay its bills for more than 30 days, a receivership-style authority takes over for USPS management with an explicit mandate to cut costs while maintaining universal service. Management is replaced if they cannot successfully restructure Postal Service finances. Restructuring will be financed with an up to \$10 billion line of credit that must be fully collateralized by postal facilities. The restructuring authority will have the ability to make policy changes to cut costs as well- for instance- by moving from expensive door delivery to curb or cluster boxes in neighborhoods, the Postal Service will save \$3.5 billion annually, while maintaining to the greatest extent possible door service in poor, densely populated, and historic neighborhoods. The solvency authority will also have the ability to remove postal workers from the expensive federal workers compensation system to be placed in their own.
- **Enables Postal Service to Pursue New Revenue:** even though the Postal Service is supposed to act like a private business, it can't make money from selling advertisements. The Issa-Ross Postal Reform Act allows USPS to sell advertising space on vehicles and facilities, as long as the ads respect the Postal Service's integrity.

- **Offers an Affordable Payment Plan for Retiree Health Care Benefits:** allows the Postal Service to make the retiree health care funding payment they can make this year, roughly \$1 billion, and pay the balance in equal installments in Fiscal Year 2015 and Fiscal Year 2016.
- **Surpluses in Pension Accounts to Facilitate Workforce Rightsizing:** provides for consideration of using a net surplus in all Postal Service pension accounts to fund the cost of reducing the size of the postal workforce. This provision protects taxpayers by ensuring that surplus funds are only accessible if there is an actual net surplus in all accounts.
- **No-More No-Layoff Clauses:** no-layoff clauses are prospectively barred in Postal Service collective bargaining agreements. For employees who might lose their job, they will receive a hiring preference at Postal Service contractors. Postal employees would be subject to the same Reduction-in-Force authority as the rest of the federal workforce.

Best,

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About the American Catalog Mailers Association:

ACMA is a Washington-based not-for-profit organization specifically created to advocate for the unique collective interests of catalog mailers in regulatory, public and administrative matters where the shared impact transcends individual company interests. ACMA participates in rulemaking and other proceedings of significance where a single collective voice increases influence and effectiveness. Membership is open to any party with significant interests in the catalog industry. More information can be found at www.catalogmailers.org.

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