



United States Senate

Committee on Homeland Security and Governmental Affairs

Summary of Collins-Carper Postal Accountability And Enhancement Act Of 2005

- Preserves universal and affordable mail service.
- Preserves the USPS that is the linchpin of a \$900 billion mailing industry that employs up to 11 million Americans in fields as diverse as direct mailing, printing, catalog production, paper manufacturing, and financial services.
- Grants the Postal Service Board of Governors the authority to set rates for competitive products like Express Mail and Priority Mail, as long as these prices do not result in cross subsidy from market-dominant products. Establishes a 30-day prior review period during which the proposed rate changes shall be reviewed by the Postal Regulatory Commission.
- Replaces the current lengthy and litigious rate-setting process with a rate cap-based structure for market-dominant products such as First-Class Mail, periodicals and library mail. Price changes for market-dominant products would be subject to a 45-day prior review period by the Postal Regulatory Commission.
- Introduces new safeguards against unfair competition by the Postal Service in competitive markets. Subsidization of competitive products by market-dominant products would be expressly forbidden, and an equitable allocation of institutional costs to competitive products would be required.
- Transforms the existing Postal Rate Commission into the Postal Regulatory Commission with greatly enhanced authority to ensure that the Postal Service management has greater latitude and stronger oversight. Among other things, the Postal Regulatory Commission will have the authority to regulate rates for non-competitive products and services; ensure financial transparency; establish limits on the accumulation of retained earnings by the Postal Service; obtain information from the Postal Service, if need be, through the use of new subpoena power; and review and act on complaints filed by those who believe the Postal Service has exceeded its authority.
- Requires the Postal Service to file with the Postal Regulatory Commission certain Securities and Exchange Commission financial disclosure forms, along with detailed annual reports on the status of the Postal Service's pension and postretirement health obligations in order to ensure increased financial transparency.

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- Reaffirms USPS employees' right to collectively bargain. This bill only makes changes to the bargaining process that have been agreed to by both the Postal Service and the four major unions. It replaces the rarely used fact-finding process with mediation, and shortens statutory deadlines for certain phases of the bargaining process.
- Protects the financial resources of the Postal Service by converting workers' compensation benefits for total or partial disability to a retirement annuity when the affected employee reaches 65 years of age.
- Puts into place a three-day waiting period before an employee is eligible to receive 45 days of continuation of pay. This is consistent with every state's workers' compensation program that requires a three- to seven-day waiting period before benefits are paid.
- Supports the principle that workshare discounts, which enable customers to pay lower rates when they perform mail preparation or transportation activities, should generally not exceed the costs that the Postal Service avoids as a result of the worksharing activity. However, the bill spells out certain circumstances under which workshare discounts in excess of avoided costs are warranted.
- Repeals a provision of Public Law 108-18 which requires that money owed to the Postal Service due to an overpayment into the Civil Service Retirement System Fund be held in an escrow account, which would essentially "free up" \$78 billion over a period of 60 years. These savings would be used to not only pay off debt to the U.S. Treasury and to fund health care liabilities, but also to mitigate rate increases.
- Returns to the Department of Treasury the responsibility for funding CSRS pension benefits relating to the military service of postal retirees. No other agency is required to make this payment.

The Collins-Carper postal reform legislation is endorsed by the National Association of Postmasters of the United States, National Rural Letter Carriers' Association, National Association of Postal Supervisors, Financial Services Roundtable, and the Coalition for a 21st Century Postal Service, which represents thousands of the major mailers, employee groups, small businesses, and other users of the mail.

The Senate Committee on Homeland Security and Governmental Affairs held a series of eight hearings, including a joint hearing with the House, during which it reviewed the recommendations of the President's Commission on the United States Postal Service.

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