# COMMITTEE ON GOVERNMENT REFORM
## CONGRESSMAN TOM DAVIS, CHAIRMAN

## *NEWS RELEASE*

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# Government Reform Committee Approves Postal Pension Reform Legislation
### *Bill Will Make Short-term Rate Increases Unnecessary*

**Washington, D.C.** – The House Government Reform Committee today approved HR 735, The Postal Civil Service Retirement System Funding Reform Act of 2003, critical legislation to correct a retirement benefit formula in current law that would force the U.S. Postal Service to unnecessarily increase postage rates.

By modernizing the way the agency's retirement benefits are calculated, the legislation will prevent a $71 billion overpayment by the U.S. Postal Service to the Civil Service Retirement System (CSRS). And by reducing the Postal Service's annual obligation to CSRS, the next postal rate hike could be postponed by at least three years.

"This legislation helps the Postal Service, mailers and all postal customers," Committee Chairman Tom Davis said. "The postal industry has been hit hard in the past several years, first by the economic slowdown and then by the 9/11 terrorist attacks and subsequent Anthrax attacks. During this same period, postal rates increased three times within eighteen months. The industry needs relief. If this bill becomes law, the Postal Service will be able to delay another rate increase until 2006. This gives money back to postal consumers and helps to stabilize the jobs of the nearly 9 million people that work in the postal industry."

The bill will correct a problem that is causing the Postal Service to overpay into the Civil Service Retirement System. In fact, the Office of Personnel Management estimates that under existing law, the Service will overpay its obligations to the CSRS by over $70 billion dollars. The legislation adjusts the formula the Service uses to calculate what it needs to pay into the CSRS fund. The Postal Service would have to use the surplus to pay down its debt to the Treasury and to postpone a rate increase for three years.

The Committee today adopted an amendment in the nature of a substitute that makes minor technical changes as well as some changes that were suggested by the

General Accounting Office and the Postal Service. For example, the substitute would allow the Postal Service to use the savings in 2005 to delay a rate increase until 2006.

"Postal consumers have implored us to address this problem before it is too late. A rate case could be filed as early as next month," Davis said. "The United States Postal Service, all four postal unions, the postal management associations, and a broad coalition of mailers and postal consumers support this bill."

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