

**Committee on Government Reform  
Statement of Chairman Tom Davis (VA)  
On HR 735  
March 6, 2003**

The Committee is assembled today to consider H.R. 735, the “Postal Civil Service Retirement Funding Reform Act of 2003.”

H.R. 735, “The Postal Civil Service Retirement System Funding Reform Act of 2003” is an important bill that helps the Postal Service, mailers and all postal customers.

The postal industry has been hit hard in the past several years, first by the economic slowdown and then by the September 11, 2001, terrorist attacks and subsequent Anthrax attacks. During this same period, postal rates increased three times within eighteen months. The industry needs relief.

If we can move this bill, 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 would 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. Our legislation would adjust 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 amendment in the nature of a substitute that I am offering today 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. 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. I urge my colleagues to support it as well so we can pass it expeditiously and put off the next rate increase until 2006.

I understand Congressman Waxman will be offering, and withdrawing, an amendment regarding the bill's requirement that the Postal Service pay for its CSRS employees' military retirement benefits. Congressman Waxman and I have spoken about this and agree that it seems unfair to make postal customers fund these benefits.

We both understand there are practical obstacles to this approach, however. It would have an enormous impact on the budget and the Administration has voiced its opposition. Our counterparts in the Senate are also moving rapidly on this bill. The Senate Committee on Governmental Affairs yesterday unanimously reported S. 380, a similar postal pension reform bill, which does require the Postal Service to pay for its CSRS employees' military retirement benefits.

I am committed to working with Congressman Waxman in an effort to overcome these obstacles. We agree on principle on this issue, and I hope we can also agree that regardless of this issue, we need to get this legislation enacted very quickly, in order to provide relief and stability for postal consumers.