

MEMORANDUM

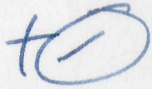
THE WHITE HOUSE

WASHINGTON

April 20 - 4:00 p.m.

POST OFFICE DEAPRTMENT REPORT

1. Senator Gale McGee (D-Wyo) sharply criticized the Administration for attempting to dictate to Congress the terms of postal reorganization legislation. He contended that it takes no postal corporation to get effective labor management by law, overdue pay or compression from 21 years to 8 years for advancement (in-grade).

2. On Tuesday, April 21, the Postmaster Genearl and the Assistant Postmaster General for Finance and Administration will testify before the House P.O. & C.S. on postal rates on proposed postal rates changes. 

 3. On Wednesday, April 22, the Postmaster General will testify before the House P.O. & C.S. On H.R. 17070, the postal reorganization and salary adjustment act of 1970. The Committee will continue its open hearings on postal reform on Thursday April 23.

4/27 - 5:00 p.m.

Post Office Department Report

1. The House P.O. & C.S. Committee continued its hearings on postal reform legislation. David Silvergleid, President of the National Postal Union and Moe Biller, President of the New York City Local of the National Postal Union testified in opposition to the Postal Reorganization & Salary Adjustment Act of 1970. They proposed amendments to the bill which would preserve the identity of the National Postal Union.
2. PostMaster General addressed the National Press Club on the Postal Reorganization & Salary Adjustment Act of 1970.
3. Congressional Liaison continued contacting Members of the House of Representatives offering individual briefings on the Postal Reorganization & Salary Adjustment Act of 1970. It is expected that all Members will have been personally contacted before the bill is reported out of the House Committee.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 29 - 4:45 p.m.

POST OFFICE DEPARTMENT REPORT

The House P.O. & C.S. Committee continued meeting in executive session to mark up the postal reform legislation. The Committee adopted an amendment to the Postal Reorganization & Salary Adjustment Act of 1970 which would permit the NLRB to determine collective bargaining units and which would make dues deduction arrangements available both to conclusively reorganized labor organizations and to organizations which now hold dues deduction agreements.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 28, 1970 - 5:15 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

1. House P.O. & C.S. Committee met in executive session to mark up the postal reform legislation.
2. Post Office Department gave advance notice to all members that in cooperation with the Office of Minority Enterprise, action has been initiated to establish in connection with approximately 25 minority-owned banks in various parts of the U.S.

May 6, 1970

LOG #3798

MEMORANDUM FOR THE STAFF SECRETARY

From: William E. Timmons

Subject: Control of the Postal Service under the proposed
"Postal Reorganization Salary Adjustment Act
of 1970".

This office has reviewed the attached and has no
objection thereto.

May 1, 1970

MEMORANDUM FOR HUGH BRANSON

From: Bill Casselman

Attached are the Justice and Post Office Department opinions regarding the effect of 14-B on the Postal Reorganization.

The POD opinion has been released to Congressman Henderson and is pretty much in the "public domain." However, we ask that you please keep the Justice paper confidential.

Unfortunately, the Labor department view has not yet cleared the solicitor's office. We will supply you with a confidential copy as soon as it is in our hands. Sorry for the delay on this, but I thought you would rather have an incomplete package than no package at all.

BC:jas

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

May 7, 1970 - 4:30 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

The House P.O. & C.S. Committee met in executive session to consider the House Benefits bill and take up amendments to the Postal Reform legislation.

No action was taken.

Post Office Department Legislative Report - May 6

The House P.O. & C.S. meeting scheduled for today- was cancelled due to a lack of quorum. The Committee will meet at 9:30 on May 7 to continue consideration of Postal Reform legislation.

JUN 2 1970

To: William Timmons
Office of the President
The White House

Dear Bill:

It may be a long hot summer.

hugh newton
National Right to
Work Committee

A collection of handwritten signatures. A blue ink signature, possibly 'W. J.', is at the top. Below it are several red ink signatures, including a large 'BV' and a signature that appears to be 'W. J.'.

From—

Hugh Newton

May 29, 1970

THE FEDERAL SPOTLIGHT

Filibuster of Postal Reform Threatened on Union Shop

By JOSEPH YOUNG
Star Staff Writer

A filibuster against the postal reform bill is planned in the Senate by those opposed to one provision which they say could lead to compulsory unionism in the postal service.

Sen. Paul J. Fannin, R-Ariz., a member of the Senate Post Office and Civil Service Committee, is the leader of the conservative bloc that plans extensive discussion on the union shop feature to which they are strongly opposed.

The committee recently approved the postal reform bill, and its sponsors are hoping for Senate action some time in June.

Fannin and those supporting his move feel they have sufficient votes to prevent cloture—cutting off debate. It takes two-thirds vote of the Senate to invoke cloture. The Fannin bloc favors postal reform but without the union shop.

The provision stirring up the controversy would make the union shop a negotiable issue under the collective bargaining system that would be set up under the proposed new independent postal system.

It would not mean that a union shop automatically would go into effect as part of the new postal system, but that it would be a legitimate item for postal unions to bargain for in their negotiations with management.

* * * *

PROS AND CONS — Postal unions say that in lieu of the right to strike which is legally denied them, the very least they are entitled to is the right to bargain for a union shop which would give them and

their members greater job security and bargaining rights on benefits.

Union officials say, however, that it is very unlikely that postal management would agree to the union shop.

On the other hand, Fannin and such groups as the National Right to Work Committee say that the postal unions could win their battle for a union shop without management agreeing to it.

They cite the collective bargaining provisions in the bill which provide for compulsory arbitration on issues on which an impasse has been reached.

Thus, they contend, if the issue goes to compulsory arbitration and the decision is in favor of the unions, there would be a union shop in the postal service.

* * * *

HOUSE FIGHT The controversy is expected to erupt also in the House when the measure comes up for action there.

A move to eliminate the union shop provision will be led by Reps. David Henderson, D-N.C., ranking majority member of the House Post Office and Civil Service Committee, and H. R. Gross, R-Iowa, the committee's second-ranking minority member.

What makes conservatives — particularly some Republicans — angry about the situation is that the Nixon administration supports the provision. They say they could understand a Democratic administration supporting such a provision, but that it is difficult to understand a Republican administration backing it.

Administration officials explain that it was only a matter of justice to allow the provision in the bill.

They point out that since the collective bargaining provisions follow the pattern of the National Labor Relations Act for unions and management in the private sector except for the right to strike — it is only fair to allow the issue of the union shop to be negotiated in the new postal service.

They say this doesn't necessarily mean that the Nixon administration favors a union shop in the postal service. But they say this shouldn't take away from postal unions the right to negotiate such an issue.

The National Right to Work Committee and others opposed to the provision declare that compulsory unionism in the postal service would eventually mean forced unionism in the rest of the federal service.

This, they say, would be contrary to civil service merit principles under which government employees are selected and promoted on the basis of merit and ability.

The unions reply that employees still would have to take civil service exams and compete on merit and ability factors to secure their jobs. They say they see nothing wrong in employees having to join unions in order to keep their jobs if the majority of workers in their units vote to have the unions represent them.

Otherwise, non-union members are "free loaders" securing all the benefits won for them by unions and yet not doing anything to help earn them, the unions argue.

REPRINTS

from the National Right To Work Committee

1900 L St., N. W.

Washington, D. C. 20036



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 9 - 5:00 p.m.

POST OFFICE DEPARTMENT REPORT

1. Congressmen Morris Udall (D-Ariz), and Ed Derwinski (R-Ill) introduced H.R. 17966 to reform and modernize the postal system and to reorganize the Post Office Department. This bill is another version of the Postal Reorganization and Salary Adjustment Act of 1970.
2. The House Rules Committee met in morning and afternoon sessions to hold hearings on H.R. 17070, the Postal Reorganization Bill. The Committee adjourned at 4:00 pm. to answer a roll call vote and will meet again Wednesday morning with H.R. 17070 its first order of business.

THE WHITE HOUSE

WASHINGTON

June 23 - 5:00 p.m.

POST OFFICE DEPARTMENT REPORT

1. Congressional Liaison officers briefed Senators and their staffs on the differences between the House-passed Postal Reform bill and the Senate-reported bill. All Senators and their staffs will be briefed before the bill is taken up by the Senate.
2. The Senate-reported versions of the Postal Reorganization and Salary Adjustment Act of 1970 may be taken up by the Senate as early as Thursday evening.

THE WHITE HOUSE

WASHINGTON

POST OFFICE REPORT - July 9, 1970

THE HOUSE BY A VOTE OF 225-152 instructed the conferees that they insist the Right-to-Work language be maintained

Conferees are.

Dulski
Corbett
Henderson
Gross
Olsen- Mont
Cunningham
Udall
Derwinski
Daniels

July 10, 1970

Post Office

MEMORANDUM FOR JOHN NIDECKER

FROM: WILLIAM E. TIMMONS

Will you call Paul Carlin to see if there's something he can do to help Wilbur Mills keep two postal star routes -- ASH FLAT and BRADFORD -- apparently going to be zapped because of current review.

Mills is most important to us and we should do little things like this to help.

K -

Pls file

This in Post
Office Reform.

I may have to
pull it one day
soon.

BT

*(Administratively
Confidential)*

DESCRIPTION OF POSSIBLE CHANGES IN
THE POSTAL SERVICE ACT OF 1969

Amendment I would change the policy section of the bill by deleting the reference to a postal service "corporation" and by saying instead that the best form of organization for the postal system would be that of a public authority.

Amendment II would give the new organization the name "United States Postal Service Authority," and would eliminate the description of the Postal Service as a "body corporate." (The new organization would, however, be subject to the Government Corporation Control Act, with certain exceptions)

Amendment III is simply a conforming amendment to delete the word "corporate" as applied to the Postal Service Authority.

Amendment IV would provide that not more than 4 of the 7 Presidentially appointed directors of the Authority may be appointed from the same political party. It would also make the chief executive officer the chairman of the Authority's Board of Directors.

Amendment V would add a "bill of rights" for the postal patron, to stress the public service character of the new Authority.

Amendment VI would carry forward the substance of 39 U.S.C. 3339, prohibiting the consolidation of rural routes except on account of a carrier's resignation, death, retirement or dismissal on charges. The amendment would also prohibit the termination of Fourth Class postoffices except on similar grounds.

Amendments VII would add a "bill of rights" for the postal employee, to insure that the change to public authority status would not result in any reduction of postal employee's seniority, retirement rights, and fringe benefits; to insure that the collective bargaining process results in true comparability in respect of wages and fringe benefits; to insure that any action taken by the independent postal disputes panel is designed to promote the resolution of negotiating disputes by mutual agreement through the collective bargaining process; to state explicitly that the authority vested in the disputes panel to send deadlocked negotiations to final and binding arbitration by an ad hoc board is intended as a substitute for the right to strike, and shall be utilized accordingly; and to insure that the right of postal employees or their representatives to petition Congress for the redress of grievances shall remain inviolate.

Amendment VIII would perpetuate the existing provisions of the Civil Service Law relating to the handling of adverse actions, except insofar as different provisions might be adopted through the collective bargaining process or approved by the Civil Service Commission.

Amendment IX would make the present employees of the Post Office Department eligible indefinitely to transfer, at the same or higher grades, to other Governmental positions that are open and for which they are qualified. H.R. 11750 guarantees this right for a period of one year only.

Amendment X would establish a statutory procedure to ensure that grievances arising under a collective bargaining agreement could be

referred to arbitration.

Amendment XI would expressly authorize the Postal Service to enter into star route contracts, would insure maximum competition for transportation contracts; would adopt the various changes which the Postmaster General testified he was prepared to accept in the transportation section; and would give the Civil Aeronautics Board authority to disapprove contracts entered into between the Postal Service and certificated air carriers, where the Board determined that such contracts were unjust and unreasonable, in the light of the considerations specified in the statute.

Amendment XII is a technical amendment that would simply make conforming changes in the provisions of title 28, United States Code, dealing with judicial review of the orders of Federal agencies.

Amendment XIII would increase the compensation of both postal and nonpostal employees by a stipulated percentage beginning in April of 1970, and would provide for a further adjustment in the compensation of all such employees in April of 1971. The 1971 adjustment would be based on the annual survey of the Bureau of Labor Statistics, but the BLS would be required to consult with and consider the views of designated labor organizations concerning the content of the survey and the manner in which it is to be made.

The changes made by the President in April of 1971 would have the force and effect of statute, but could subsequently be modified by the Postal Service. The Postal Service would be under a statutory duty to engage in collective bargaining with respect to subsequent changes.

On the assumption that collective bargaining agreements establishing wage scales for the bulk of Postal Service employees would not become effective prior to April 15 of 1972, it seems appropriate to postpone to April 15, 1977, the time by which the Postal Service would be required to operate on a self-sustaining basis. The final amendment would accomplish that objective.

EYES ONLY - CONFIDENTIAL

A Plea From Your Letter Carrier

SAVE OUR SERVICE



NO CORPORATION NEEDED

Postal reform is badly needed. The surest path to postal reform is through good postal pay. It cannot be achieved by turning the postal service over to a corporation that will simply put a new name on old practices. Postal reform is up to Congress. The Postal Service, however, should remain in the hands of the people through their elected representatives and not in the hands of a profit-motivated Board of Directors.

President Richard M. Nixon
The White House
Washington, D.C. 20500

Dear Mr. President:
Please sign HR 13000 and help save our postal service.

Name _____

Your letter carrier is struggling against overwhelming odds.

Wages of postal workers average thousands of dollars a year less than the amount determined by the United States Bureau of Labor Statistics as necessary for a "modest but adequate" standard of living. *

To reach the top step in our postal pay scale takes up to 25 years of service . . . a goal most postal workers never reach. Over 90% of the letter carriers never rise above level 5 of the 21 level scale.

The rate of turnover among postal workers is nearly 10 times the turnover rate among factory workers—23 per hundred compared to 28 per thousand. That costs the postal service . . . and the taxpayers . . . over \$100 million a year in locating, hiring and training new employees.

To remedy these conditions and to achieve the kind of postal service Americans want and deserve, Congress has passed a bill. That bill is HR 13000 and is about to be considered by President Nixon.

Here's what HR 13000 would do:

- Provide step increases equivalent to a 5.4% pay increase.
- Establish a Federal Wage Commission to determine future postal and federal pay scales.
- As of July 1970, provide for reaching top pay after eight years of service instead of 25, thus increasing the incentive for postal workers to stay in the postal service.

The simple fact is that postal reform begins with good postal pay.

President Nixon can take that first large step toward postal reform by signing HR 13000.

You can help by sending him the coupon at left indicating your approval.

Postal wages are not inflationary.

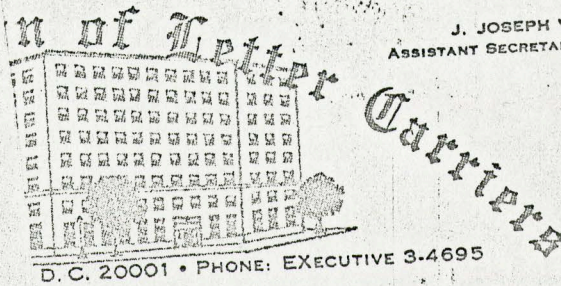
Postal workers are the victims of inflation.

NATIONAL ASSOCIATION OF LETTER CARRIERS

EYES ONLY - CONFIDENTIAL

WILLIAM T. SULLIVAN
SECRETARY-TREASURER

J. JOSEPH VACCA
ASSISTANT SECRETARY-TREASURER



November 12, 1969

I am writing to you at this time only for the reason that there is an absolute urgency to the enactment of H.R. 13000 in order that the Post Office Department can enjoy a most successful Christmas operation. It is very true that every postal employee is not as militant and restless as the thousands who are employed in the metropolitan areas. However, in these particular areas, which handle about 75 percent of the Nation's mail volume, there is considerable unrest, and the only reason there has not been a sorrowful demonstration is because of the faith the postal workers have in the legislative process.

Earlier this year, at which time postal workers in the lower levels received an average 4.1 percent increase in wages, there were movements in many large cities for total work stoppages, slowdowns and mass sick calls. I did risk my position and future by issuing a "cool it" instruction, which was intended to assure our members that Congress would make up the difference through the legislative process.

We have been successful in the House of Representatives in having H.R. 13000 approved by a vote of 311-51. Even on a motion to recommit, following a veto threat by President Nixon, only 81 Congressmen supported the attempt to scuttle the legislation.

As you undoubtedly know, H.R. 13000 does favor postal employees only to the extent of step increases which were intended to take place October 4, 1969. All Government workers are included in other provisions of the legislation and will have their future pay increases determined by a Wage Commission. In addition, postal workers will advance to the top step of the 12-step pay schedule in only eight years after July 1970, rather than up to 25 years of service, which is now required.

We have already made the argument before your fine Committee, noting the fact that postal workers are generally family men and that they tend to make a career of the service. A large percentage of Federal employees are women who consider their employment as a basis for supplemental income, while letter carriers are the actual breadwinners. We also pointed out in our testimony that one of each four Federal employees in Grade 5 is advanced to a higher grade annually, while only one letter carrier of each 100 is elevated to a higher level each year. We know from discussions with Representatives and Senators that there has been little or no mail from Federal employees urging a wage increase. However, there has been substantial communication from letter carriers, their wives and other citizens who are concerned about the welfare of the postal worker.

An amendment to H.R. 13000 was approved on the House side making it possible for Congress to vote upon any final pay raise decision. We want you to know that we concur in this thinking, and feel that Congress should be recorded on the final decision.

In order to provide back-up support for Senate Committee action and for the favorable Senate vote which is anticipated, the National Association of Letter Carriers has prepared newspaper advertisements for publication in more than 400 newspapers throughout the country. The ads, ranging from 1/8 page to full page in many communities, will cover a newspaper circulation of 54 million persons. A copy of the advertisement is included herewith, and you will please note the coupon addressed to President Nixon. Letter carriers intend to retrace their routes and pick up these coupons so that they can be assured that there was great response. In addition to the newspaper advertising campaign, which is scheduled for Monday, November 24, we are distributing ten million post cards addressed to President Nixon, and asking his support for H R. 13000. The purpose of our placing the advertisement and planning our program for Thanksgiving week is to avoid the heavy Christmas advertising program which commences immediately after Thanksgiving. It is not intended in any way to put the pressure upon the Committee or the Senate, but it is just practical philosophy.

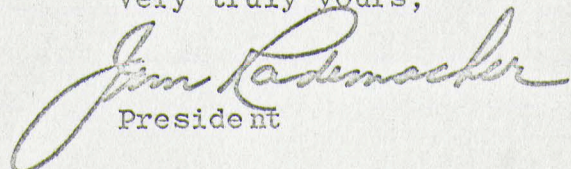
At no time in our advertising program do we condemn those who are concerned about the cost factor of H.R. 13000, nor have we indicated in any of our material the thought of a Presidential veto. Our only purpose in conducting this tremendous advertising program is to convince the President that there is overwhelming public support for H.R. 13000. It is our firm belief that the President will receive several million letters during the week of November 24. With this kind of public support, we know that he will favorably consider this urgent legislation.

It certainly is not necessary to plead with the distinguished members of the Senate Post Office and Civil Service Committee, most of whom have been our good friends for many years. I only wanted to explain our program and the urgency of swift action because in the back of my mind is the worry of a lengthy debate on tax reform and a similar heavy Senate calendar on the appropriations bills.

In behalf of 210,000 people who carry the mail throughout the country, I want to thank you for what you have done and for your personal concern of the postal service and the postal employee. Whatever complaints there are today about our great service would certainly be multiplied if it had not been for your past concern. If you had not provided the benefits of the past, the turnover rate, which now exceeds 23 percent annually, would be even greater, and those long-time career workers who have remained loyal and steadfast undoubtedly would have chosen another career.

We do trust and respectfully urge that you will consider the urgency and the well-planned program that is outlined above, and assist us in every way possible at this crucial time. I might also add in closing that, in our opinion, the first major step toward complete postal reform is through the employment of competent career-minded workers, who can be recruited with an attractive wage scale and an equally attractive incentive of being able to reach the top pay after only eight years of service.

Very truly yours,


President

JHR:L
Enc.

oneir #2

4/27 - 5:00 p.m.

Post Office Department Report

1. The House P.O. & C.S. Committee continued its hearings on postal reform legislation. David Silvergleid, President of the National Postal Union and Moe Biller, President of the New York City Local of the National Postal Union testified in opposition to the Postal Reorganization & Salary Adjustment Act of 1970. They proposed amendments to the bill which would preserve the identity of the National Postal Union.
2. PostMaster General addressed the National Press Club on the Postal Reorganization & Salary Adjustment Act of 1970.
3. Congressional Liaison continued contacting Members of the House of Representatives offering individual briefings on the Postal Reorganization & Salary Adjustment Act of 1970. It is expected that all Members will have been personally contacted before the bill is reported out of the House Committee.

THE WHITE HOUSE

WASHINGTON

May 1, 1970

MEMORANDUM FOR HUGH BRANSON

From: Bill Casselman

Bill

Attached are the Justice and Post Office Department opinions regarding the effect of 14-B on the Postal Reorganization.

The POD opinion has been released to Congressman Henderson and is pretty much in the "public domain." However, we ask that you please keep the Justice paper confidential.

Unfortunately, the Labor department view has not yet cleared the solicitor's office. We will supply you with a confidential copy as soon as it is in our hands. Sorry for the delay on this, but I thought you would rather have an incomplete package than no package at all.

by messenger 1:15 - N.

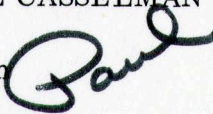
EXECUTIVE ASSISTANT TO THE POSTMASTER GENERAL
WASHINGTON, D. C. 20260

April 27, 1970

MEMORANDUM FOR BILL CASSELMAN

FROM:

Paul Carlin

A handwritten signature in dark ink, appearing to read "Paul", written over the printed name "Paul Carlin".

SUBJECT:

Right-to-Work

Enclosed is the memorandum on the right-to-work
question which our General Counsel, David Nelson,
prepared.

THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D.C. 20260

April 24, 1970

MEMORANDUM FOR: WILLIAM E. TIMMONS

FROM: DAVID A. NELSON *D.A.N.*

SUBJECT: Union Shop Agreements in Right-to-Work States
Under Postal Reorganization Legislation

This is in response to your request for our comments on the April 3rd letter from John Kilcullen, counsel for the National Right-to-Work Committee, a copy of which letter was sent to you on Monday by Senator Baker's office.

Mr. Kilcullen was addressing himself to my letter of March 12, 1970, to Congressman David N. Henderson, wherein I expressed the conclusion that the postal reorganization proposal then being considered by the House Post Office and Civil Service Committee, and subsequently reported out by the Committee as H. R. 4, would not authorize the execution or enforcement of union shop agreements in states having right-to-work laws.

Mr. Kilcullen contends that this conclusion would not be sustained by the courts with respect to those postal facilities located on "Federal enclaves" over which the United States exercises exclusive legislative jurisdiction.

It is somewhat surprising, perhaps, that the National Right-to-Work Committee should be trying to construe the bill in a way that would enlarge the authority of a reorganized Postal Service to enter into union shop agreements. In any event, I think the Right-to-Work Committee's construction of the bill is clearly wrong.

The Right-to-Work Committee evidently finds no fault with my reasoning insofar as postal facilities not located on "Federal enclaves" are concerned. If my reasoning is valid at all, however, it is necessarily

valid with respect to all postal facilities, including the relatively small number of facilities over which the Federal Government exercises exclusive legislative jurisdiction.

The postal reorganization legislation that the House Post Office Committee was considering last March, and that it ultimately reported out, contains a provision stating that labor-management relations in the reorganized postal service "shall, to the extent not inconsistent with provisions of this title [i. e., Title 39 of the United States Code, as revised], be subject to the provisions of chapter 7 . . . of title 29 "

If the postal reorganization bill becomes law, the measure would, of course, be a Federal statute to which the new Postal Service would be subject wherever its operations are conducted. Under such a law, the provisions of Chapter 7 of Title 29 would apply to labor-management relations throughout the postal service, without regard to the jurisdictional status of any particular postal facility.

Subchapter II of Chapter 7 of Title 29 would explicitly make it an unfair labor practice for the reorganized Postal Service "to encourage or discourage membership in any labor organization," whether "by discrimination in regard to hire or tenure of employment or any term or condition of employment." 29 U. S. C. 158(a)(3).

If this provision stood alone, union shop contracts would not be bargainable anywhere in the postal service. The provision must be read, however, in the light of two other provisions of Subchapter II. The first is a proviso in Section 158(a)(3) stating that nothing in the Subchapter shall preclude an employer from making an agreement with a labor organization to require union membership as a condition of employment after the thirtieth day from the beginning of such employment. The second is the provision that was originally enacted as Section 14(b) of the National Labor Relations Act, as amended by the Taft-Hartley Act, which provision states as follows:

"Nothing in this subchapter shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law." 29 U. S. C. 164(b).

The effect of the quoted language is to cancel out - in those states or territories that have right-to-work laws - the proviso that says an employer shall not be precluded from making union shop agreements. What Subchapter II does, therefore, is to declare - as a matter of Federal law - that where state right-to-work laws are in effect, it shall be a Federal unfair labor practice for an employer "by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization." 29 U.S.C. 158(a)(3). The Federal law, in other words, prohibits union shop agreements in right-to-work states.

The National Right-to-Work Committee appears to believe that this Federal law would not be applicable to postal facilities over which the United States has exclusive legislative jurisdiction. The source of that belief, I confess, eludes me. I might point out, however, that when the Right-to-Work Committee's letter was written, the Committee did not have the benefit of House Report No. 91-988, 91st Congress, 2d Session, dated April 8, 1970. That report - which accompanied the postal reform legislation as reported out by the House Post Office Committee - contains at page 12 the following highly significant passage:

"From a constitutional standpoint, there is no reason whatsoever why the Congress, by duly enacted statute, may not 'give the right-of-way' to State right-to-work laws insofar as employees of a Federal instrumentality are concerned, whether such employees work in an enclave over which the United States has exclusive legislative jurisdiction or whether they work in an area over which the State government has jurisdiction. This is precisely what H. R. 4 [the postal reorganization legislation] does." (Emphasis supplied.)

Any possible doubt as to the intent of Congress in this regard seems to me to be clearly removed by the House Report.

The postal reorganization bill has nothing to do with "retrocession" of exclusive Federal legislative jurisdiction, of course, and as far as I know no one has ever contended that state right-to-work laws would apply of their own force to any Federal instrumentality, like the reorganized Postal Service, either within Federal enclaves or outside such

enclaves. The effect of the postal reorganization law, rather, would be to establish as a matter of Federal law that the reorganized Postal Service could not execute or enforce union shop agreements in states having right-to-work laws.

This kind of reference to state statutes by Federal law has ample precedent. The Assimilated Crimes Statute, for example, codified at 18 U.S.C. 13, provides that when a person does something on a Federal enclave that would be punishable as a crime under the law of the State where the enclave is located, the offender shall be subject to a like punishment under Federal law, even though the act has not specifically been made punishable by any other Federal statute. Cf. United States v. Andem, 158 F. 996 (D.N.J. 1908), where a Federal Court required the defendant to plead to an indictment charging him with an offense under the Assimilated Crimes Act in forging a corporate seal in a Post Office building over which the United States had jurisdiction, even though there was conceded to be no Federal statute prescribing a punishment for the alleged offense other than the Assimilated Crimes Act and the State statutes that were received into the body of Federal law thereunder.

While it has no bearing whatever on the matter under discussion. I might note that the Right-to-Work Committee's assertion that "post office properties are with few, if any, exceptions, exclusive federal enclaves" is factually inaccurate. The Federal Government does not have exclusive legislative jurisdiction over the better part of the space occupied by the Post Office Department today. Many of our facilities are, of course, leased from private owners, and there are few, if any, leased facilities that are in Federal enclaves. For some years, moreover, it has been our policy not to acquire exclusive jurisdiction over properties that we own, and there are many postal buildings owned by the United States over which the states have jurisdiction. For the reasons previously stated, however, the jurisdictional status of these properties is totally irrelevant to the issue at hand.

Finally, the Right-to-Work Committee points out that a special problem is raised by the right-to-work law enacted by the state of Georgia. The Georgia law - which, I am given to understand, is unique in this respect - specifically excludes the United States from its definition of an "employer."

While I can appreciate why the Right-to-Work Committee might be concerned about the Georgia law, it is my belief that almost any court that took the time to study the postal reorganization act and its legislative history would conclude that act was designed to prohibit the reorganized Postal Service from entering into or enforcing a union shop contract in the State of Georgia.

Both the Taft-Hartley Act and the state right-to-work laws were obviously drafted with private employers in mind. State legislatures have no authority, indeed, to tell the Federal Government what kind of union security provisions may or may not be included in agreements between the Federal Government and Federal employees. The intent of the postal reorganization bill, however, as its legislative history makes perfectly clear, is to treat the reorganized Postal Service, for this purpose, as though it were a private employer. It thus becomes apparent, I think, that because Georgia is obviously a state "in which . . . execution or application [of union shop contracts] is prohibited by State . . . law," [29 U.S.C. 164(b)] enactment of the postal reorganization legislation would constitute a determination by the Congress that as a matter of Federal law, the reorganized Postal Service may not enforce a union shop agreement in Georgia.

The validity of this conclusion is supported, I believe, by the opening paragraph of the section of the House Report dealing with the union security problem. The House Post Office Committee there declared flatly that:

"H. R. 4 would not permit the Postal Service Authority to enter into or attempt to enforce a union shop agreement in any State having a law that prohibits the execution or application of agreements requiring membership in a labor organization as a condition of employment." House Report No. 91-988, 91st Congress, 2d Session. (April 8, 1970) at page 11. (Underscoring supplied.)

The State of Georgia has such a law, and if the House Report means what it says, the reorganized Postal Service would certainly not be permitted to enter into or attempt to enforce a union shop agreement in the State of Georgia.

If I can be of any further assistance, please let me know.

cc: Hon David N. Henderson 5
Mr. Carlin

UNITED STATES DEPARTMENT OF JUSTICE

OFFICE OF THE DEPUTY ATTORNEY GENERAL

WASHINGTON D. C.

27 APR 1970

MEMORANDUM FOR THE HONORABLE WILLIAM E. CASSELMAN II
Deputy Special Assistant to the President

Re: Applicability of Section 14(b) of the Taft-Hartley
Act to the Proposed Postal Reorganization Legisla-
tion.

This is in response to your memorandum of April 21, 1970, requesting my comments on the difference of opinion between David A. Nelson, General Counsel of the Post Office Department, and John L. Kilcullen on the question whether State right-to-work laws will apply to postal employees working in federal enclaves in the event of enactment of the pending postal reorganization legislation. Mr. Nelson takes the position that such State laws would apply to postal employees working in federal enclaves; Mr. Kilcullen vigorously contends that Mr. Nelson is in error.

Federal enclaves are subject to the exclusive legislative jurisdiction of Congress. Constitution, Article I, section 8, clause 17. It has accordingly been held that, in the absence of Congressional authorization, State laws enacted subsequent to the date of acquisition of an enclave by the federal government are not applicable to the enclave. James Stewart Co. v. Sadrukula, 309 U.S. 94 (1940). Thus, unless Congress authorizes the States to act, e.g., Offutt Housing Company v. Sarpy County, 351 U.S. 253 (1956), a right-to-work law enacted after an enclave had been acquired would not govern

labor relations within that enclave. The point of dispute between Messrs. Nelson and Kilcullen is whether the proposed postal reorganization legislation contains the required Congressional authorization.

Mr. Nelson believes that section 102 of the proposed bill furnishes the necessary authorization. That provision states, in pertinent part, that--

"labor-management relations shall, to the extent not inconsistent with provisions of this Title, be subject to the provisions of Chapter 7 . . . of Title 29."

Chapter 7 of Title 29, United States Code, contains section 14(b) of the National Labor Relations Act, which provides:

"Nothing in this subchapter shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law." (29 U.S.C. 164(b)).

Mr. Nelson reasons that section 102 of the proposed bill, by incorporating this provision, evinces a clear Congressional intention that State right-to-work laws be applicable to employees covered by the bill, many of whom work in post offices located in federal enclaves.

Mr. Kilcullen, on the other hand, contends that section 102 is not sufficiently explicit to constitute the required authorization by Congress. He states "that a mere statement in the postal reform bill that labor-management relations of the postal service authority will be subject to the Taft-Hartley Act is not such an explicit act of renunciation of exclusive federal jurisdiction as to bring about the results Mr. Nelson suggests."

While a persuasive argument can be made that section 102 is sufficiently explicit, as Mr. Nelson contends, it must be recognized that it cannot be predicted with certainty whether the courts would so conclude. If the legislative intention is that State right-to-work laws are to be applicable to postal employees working in federal enclaves, it is preferable either that more explicit language be utilized or that a clear and definitive statement to this effect be included in the legislative history. These steps should eliminate the possibility of an adverse judicial interpretation.



John W. Dean III
Associate Deputy Attorney General
Office of the Deputy Attorney General

August 17, 1970

MEMORANDUM FOR BILL TIMMONS

From: Bill Casselman

The Postal Reform Act contains two sections dealing with obscenity in the mails. The first, section 3008, prohibits an individual from receiving pandering advertisements without his consent. The second section, 3010, requires that sexually-oriented mail be marked as such with a return address, and gives an individual the right to request that the Post Office not make delivery of such materials. Section 3010 parallels in large measure Title II of a House-passed bill, H.R. 15693. This Title is identical to Title II of an Administration proposal, H.R. 10877, dealing with sexually-oriented mail.

There are not any Administration bills, insofar as I can tell, that have roughly similar features as those contained in Section 3008. However, Justice's prurient advertising bill, H.R. 11032, may come close.

I suggest we memo Post Office and have them prepare a paper detailing the provisions of the various Administration bills, where they overlap, and what additional legislative action is needed to carry out the President's message of last May 2.

BC

BT

Didn't Congress pass prohibition
of mailing of obscene matter without
consent? - was it in postal
reform Act?

summary

H.A. 15693

Or is there still legislation to
do this?

summary

get in
title 18

with
consent

11031 / 11032

2073 / 2074

Prohibits in primary
advertisements + + + + +

A 10877 - by
summary

15693 - title 11

Section 3008

Section 3010 - any & regular
return address; H.A. 10877

with "X"

summary

TO:

BILL TIMMONS

FROM:

BOBBIE GREENE

For your files.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 11 1970

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 17070 - Postal Reorganization
Act
Sponsor - Rep. Dulski (D) New York and 3 others

Last Day for Action

August 19, 1970 - Wednesday

Purpose

(1) Reorganizes the Post Office Department into an independent establishment called the United States Postal Service, within the executive branch, (2) permits collective bargaining on wages and working conditions between postal workers and the Postal Service, (3) prohibits political recommendations to the Postal Service regarding hiring and promotion actions, (4) allows the Postal Service to borrow funds for modernization, (5) establishes a separate independent executive agency to set postal rates, and (6) provides additional public protection against receipt of unwanted sexually oriented materials and against charges for unordered merchandise.

Agency Recommendations

Office of Management and Budget	Approval
Post Office Department	Approval
Civil Service Commission	Approval
Civil Aeronautics Board	Approval
Department of Labor	Approval (informal)
Department of the Treasury	No objection
Department of Justice	No objection (informal)

Discussion

H.R. 17070 is responsive to your messages of May 27, 1969 and April 16, 1970, and it substantially accomplishes the Administration's objectives. However, it does contain a

significant deficiency associated with the rate-making function which may hamper efficient management. It also contains larger subsidies extending over a longer time period than contemplated by the Administration; and it makes the 8% postal pay increase retroactive to April 16, rather than effective upon enactment in accord with the agreement between the Administration and the unions.

What the postal reorganization bill does

Organization

(1) Establishes the United States Postal Service as an independent establishment within the executive branch of the Government, effective within one year of enactment.

(2) Vests direction of the Postal Service in an eleven-member Board of Governors. Nine members of the Board would be appointed by the President for staggered 9-year terms, with the advice and consent of the Senate. These members in turn would appoint a tenth member, the Postmaster General, who would serve as chief executive officer. The nine Presidentially-appointed governors and the Postmaster General would appoint the Deputy Postmaster General, who would serve as the eleventh member. The Postmaster General and the Deputy Postmaster General serve at the pleasure of the Presidential appointees.

(3) Establishes a separate independent executive agency headed by a 5-member Postal Rate Commission, appointed by the President for 6-year staggered terms, to determine postal rates and classifications. The Board of Governors could override the Commission's decisions by unanimous vote under specified conditions. (The Commission members are not subject to Senate confirmation.)

Personnel and labor-management relations

(1) Establishes a postal career service as part of the civil service. Procedures regarding employment matters would be established by the Postal Service subject to the requirements of the Postal Reorganization Act and other expressly applicable laws.

(2) Retains civil service retirement benefits for all postal employees and retains veterans preference.

(3) Prohibits political tests or recommendations for hiring or promotion. Tenure of the Postmaster General and other officers and employees would be based on performance, not politics.

(4) Authorizes collective bargaining on wages and working conditions under laws applying to private industry. Continues ban on strikes and provides for binding arbitration if an impasse persists 180 days after the start of bargaining.

(5) Authorizes the National Labor Relations Board to determine proper bargaining units, supervise representation elections, and enforce the unfair practices provisions of applicable laws.

(6) Protects the rights of all employees to form, join or assist a labor organization, or to refrain from any such activity.

Finance, Rates and Ratemaking

(1) Authorizes the Postal Service to borrow up to \$10 billion from the public. The Treasury may be required to purchase and to hold up to \$2 billion of postal obligations and is authorized to purchase and to hold obligations in excess of this amount. Net annual borrowing could not exceed \$1.5 billion for capital and \$500 million for expenses.

(2) Authorizes appropriations in the nature of a general public service subsidy through fiscal year 1979 in an amount equal to 10% of the fiscal year 1971 appropriations to the Post Office Department. Thereafter, the 10% subsidy would decline by one percent per year through fiscal year 1984. In subsequent years, the Postal Service could reduce or eliminate the remaining subsidy.

(3) Authorizes appropriations to cover the costs of congressionally established categories of free and reduced-rate mail. Preferential commercial rates are to be increased over a 5-year period to levels as established by the Postal Rate Commission. Rates for noncommercial reduced-rate categories must be increased over a 10-year period so that they cover costs directly traceable to such categories of mail.

(4) Authorizes such additional appropriations as may be needed to ensure a sound financial transition.

(5) Requires the Postal Rate Commission, following hearings, to recommend changes in rates and classifications of mail to the Governors, who may either accept the recommendation or send it back to the Commission for reconsideration. The Governors may modify the recommendation of the Commission by unanimous vote if it would fail to produce sufficient revenue to cover the costs of the Postal Service when added to estimated appropriations and other income and would be inconsistent with policies set forth in the bill. A party who appeared in the Commission's proceeding and the Postal Service itself may appeal a rate or classification decision to the courts.

(6) Authorizes the Postal Service to establish temporary rates and classifications if the Rate Commission fails to make a recommendation within 90 days.

(7) Requires that rates for each class of mail cover direct and indirect costs attributable to the class involved, plus that portion of institutional costs reasonably assignable to such class.

(8) Exempts the Postal Service, with certain specified exceptions, from Federal laws dealing with public or Federal contracts, property, works, officers, employees, budgets or funds. Requires the Service to prepare an annual budget program and submit it to the Office of Management and Budget, under such regulations as the President may establish as to timing and form and content, but is silent on what happens to that budget program after it is submitted.

Pay

(1) Provides an 8% pay raise, retroactive to April 16, 1970, for General Schedule and Field Service employees of the Post Office Department, provided that the new pay rate not exceed the GS-18 rates.

(2) Provides for compression of the time required for employees to reach the top step within each grade from 21 years to 8 years, through collective bargaining agreements.

(3) Establishes the policy that the Postal Service shall maintain compensation and benefits for its officers and employees comparable to that paid in the private sector of the economy for comparable levels of work. However, a pay ceiling of Executive Schedule Level I is imposed.

Public protection against unwanted mailings

(1) Provides that recipients do not have to pay for unordered merchandise received in the mail.

(2) Provides that sexually oriented advertising be marked as such and that people may file a statement requesting that they not be sent such material.

Significant shortcomings of the bill

We believe that certain of the following significant departures from the Administration's proposal may be of such importance as to warrant corrective action in the near future through legislation or perhaps use of a reorganization plan. Of these, the independence of the Postal Rate Commission is the only fundamental, substantial departure from the Administration's proposal which may lead to serious long-term problems of management control and efficiency.

Main deficiency: The independence of the Postal Rate Commission

The Administration proposed that rate-making be the function of the Board of Governors, with opportunity for full public hearings, congressional veto and court review to safeguard the public interest. Instead, the enrolled bill substantially vests rate-making and service classification authority in another separate and independent executive establishment called the Postal Rate Commission (5 Presidentially appointed members, no more than 3 from one political party, receiving Executive Level III and IV pay, with whatever staff they desire).

Decisions of the Rate Commission can be overridden or modified by the Governors only if there are unanimous written findings by the Governors that: "(1) such modification is in accord with the record and the policies of the bill, and (2) the rates recommended by the Commission are not adequate to provide sufficient total revenues so that estimated income and appropriations will equal as nearly as practicable estimated total costs." The Board of Governors may also disapprove, by unanimous consent only, the annual budget of the Rate Commission, which is supported by postal service funds.

Thus, the bill establishes a new, full-time, independent regulatory agency whose sole function is to oversee the

actions of the postal management. We understand that the President's Commission on Postal Organization (the Kappel Commission), as well as Post Office Department top management, carefully considered the value of such an arrangement as a means of protecting the public interest, and both ultimately rejected the idea of setting up one Federal executive agency to act as watchdog over another Federal executive agency.

The primary reason for postal reform is to end fragmentation of authority and responsibility for managing the postal service. Creation of an independent Rate Commission will continue a division of responsibilities which is somewhat analogous to that existing now between the Post Office Department and the Congress. There will still be a body looking over management's shoulder with authority to second-guess decisions and inhibit management initiative. Rate change requests will give the Commission and its staff the opportunity to pass judgment on past and planned actions of management which affect postal finances. The fear of censure in the present system has, over the years, reduced management incentive to take the risks associated with technological, organizational and procedural modernization that would have improved postal efficiency and held down costs.

Because of the preeminent role of the Rate Commission in fixing rates and classes, postal management may have difficulty establishing and sustaining flexible, market-responsive service and pricing policies which would benefit the public and help minimize operating costs. The independence of the Commission may result in redundant, competitive operational and cost analysis staffs and market planning and analysis functions in both the Postal Service and the Rate Commission. The only limitation on the budget of the Commission, which is supported out of Postal Service funds, lies in the veto power of the Board of Governors which can be exercised only by unanimous vote.

An independent rate-making body can be a problem even if it is not overactive or empire-minded. If it tends to endorse rate increases readily, then management will have less motivation to bargain intensively with the unions and to take

other business risks to improve efficiency and hold down costs. Divorce of the rate-making responsibility from the cost control functions of management may decrease the motivation to control costs that management would otherwise have if it bore the full public burden for rate increases.

The possibility that the Rate Commission may second-guess and interfere with top management of the Postal Service, together with the associated lack of business-type motivation to keep down costs, may also have undesirable consequences in efforts to attract and retain top-notch talent to manage the postal system.

Other deficiencies

(1) The subsidy appropriation under this bill for fiscal year 1972 is currently estimated by the Post Office Department to be about \$1,750 million. That cost would be some \$350 million more than the Administration's proposal, because H.R. 17070 would continue for a five-year period subsidies to certain classes of commercial mail which the Administration would have terminated immediately.

Also, in subsequent years, the subsidy provisions of the enrolled bill are more generous and will continue for a longer period. The cost difference over the basic 13-year subsidy period established by the bill is estimated by the Post Office to be about \$5.4 billion more.

The general ("public service") subsidy provided by H.R. 17070 would continue at an annual level of \$950 million from fiscal year 1972 through fiscal year 1979 and then decrease in steps to a level of \$475 million in 1984. After that it could continue at the latter level or be reduced further. Authority is also provided through fiscal year 1977 for an additional large subsidy to certain commercial classes of mail. In contrast, the latest Administration proposal would have terminated the general subsidy by 1977 and would have provided no separate subsidy for commercial classes of mail. Both the Administration's proposal and this bill

would provide a \$300-400 million annual subsidy for free and reduced-rate mail even after the termination of the basic 13-year subsidy period.

(2) The Postal Service did not get the freedom it wanted to contract for air transportation without Civil Aeronautics Board approval.

(3) H.R. 17070 is not consistent with the agreement between the Administration and the unions in two noteworthy respects: (1) it makes the 8 percent pay raise effective retroactively to last April 16 (fiscal year 1970 cost: about \$105.5 million; fiscal year 1971 cost: about \$77.0 million); and (2) it prohibits union shops.

(4) The bill contains complex provisions related to special treatment for veterans in hiring and in adverse actions which may possibly be interpreted in a way which would have undesirable effects upon the design and administration of the Postal Service's basic personnel system.

(5) The Postal Service's flexibility in establishing executive pay levels is limited by a ceiling set in the bill on the maximum salary which the Service may pay.

Normal governmental control

The enrolled bill exempts the Postal Service from many of the usual executive, congressional, and statutory controls. The purpose is to give that Service the degree of flexibility and independence to operate an efficient mail system on a businesslike basis. One area in particular should be noted. Unlike the Administration's May 1969 proposal, the April 1970 Administration proposal and the enrolled bill contain no provision giving the President or the Congress power to modify or amend the annual budget program of the Postal Service. This degree of autonomy, both in budget and other matters, may hopefully prove to be justified over the years. We believe, however, that the activities of the new Postal Service should be carefully monitored to determine whether its performance justifies this grant of autonomy.

*

*

*

*

On balance, we believe that the Postal Reorganization Act is a most significant step toward the objective of modernizing the United States postal system. Despite the deficiencies cited, the bill should provide the basic framework for improving American postal service, reducing unit mail handling costs, and eventually reducing the postal system's burden on the budget of the United States.

Welfred H. Rommel

Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

WASHINGTON

August 6, 1970

DAILY REPORT - POST OFFICE DEPT.

Today the House passed HR 17070
the Postal Reform and salary
adjustment act of 1970 by a vote
of 429 with only one member not
voting.

(POSTAL)

File

WASHINGTON--HOUSE AND SENATE CONFEREES TODAY REACHED TENTATIVE AGREEMENT ON A POSTAL REFORM BILL THAT WOULD PAVE THE WAY FOR A TWO-CENT RATE INCREASE IN LETTER STAMPS WITHIN A YEAR AND TURN THE POST OFFICE OVER TO AN INDEPENDENT GOVERNMENT AGENCY.

CONFEREES, WHO WERE GENERALLY REPORTED LATE YESTERDAY AS BEING SO FAR APART THAT THE CONFERENCE COMMITTEE COULD BREAK UP WITHOUT AGREEMENT, EMERGED FROM A MORNING SESSION TODAY AND SAID TENTATIVE AGREEMENT WAS NOW REACHED AND WILL BE FINALIZED AT A THURSDAY MEETING.

THE BILL WOULD CREATE A U.S. POSTAL SERVICE RUN BY AN 11-MEMBER BOARD OF GOVERNORS THAT WOULD INCLUDE THE POSTMASTER GENERAL AND HIS DEPUTY APPOINTED BY THE OTHER NINE GOVERNORS, WHO IN TURN WOULD BE APPOINTED BY THE PRESIDENT. THE POSTMASTER GENERAL WOULD NO LONGER BE IN THE CABINET AND HE WOULD SERVE AT THE PLEASURE OF THE OTHER NINE GOVERNORS.

MORE IMPORTANTLY TO POSTAL WORKERS, WHO WENT ON THEIR FIRST STRIKE IN HISTORY LAST MARCH AND THREATENED TO GO OUT AGAIN THIS SUMMER, THE BILL WOULD GIVE THEM AN 8 PER CENT PAY RAISE RETROACTIVE TO APRIL 13 AND REDUCE THE 21 YEARS IT NOW TAKES TO REACH TOP PAY SCALES TO EIGHT YEARS.

JAMES RADEMACHER, PRESIDENT OF THE BIG NATIONAL ASSOCIATION OF LETTER CARRIERS, SAID THE PAY RAISE WOULD MEAN THAT THE CURRENT \$6,550 A YEAR AVERAGE PAY OF LETTER CARRIERS WOULD GO TO \$7,070.

THE TOTAL COST OF THE RAISE WOULD BE \$673 MILLION A YEAR.

THE POSTAL UNIONS LOST ONE MAJOR BATTLE IN THE REFORM FIGHT AS SENATE CONFEREES ACCEPTED SO-CALLED "RIGHT-TO-WORK" LANGUAGE IN THE HOUSE BILL, WHICH PROVIDES THAT NO POSTAL WORKER HAS TO JOIN A UNION. THE SENATE BILL SAID POSTAL UNIONS HAD THE RIGHT TO BARGAIN FOR A UNION SHOP, WHICH, IF AGREED ON IN A LABOR CONTRACT WOULD HAVE REQUIRED JOINING THE UNION TO KEEP A JOB.

A FIVE MAN RATE COMMISSION, ALSO APPOINTED BY THE PRESIDENT, WOULD SET POSTAL RATES SUBJECT ONLY TO A UNANIMOUS VETO OF NINE MEMBERS OF THE BOARD OF GOVERNORS. CONGRESS WOULD HAVE NO SAY IN THE FUTURE OVER RATES.

THE MEASURE WOULD PROVIDE, HOWEVER, THAT THE BOARD OF GOVERNORS COULD PUT TEMPORARY RATE INCREASES INTO EFFECT IF THE RATE COMMISSION FAILED TO ACT ON A RATE PROPOSAL WITHIN 90 DAYS.

INCLUDED IN THE COMPROMISE BILL WERE THESE OTHER FEATURES:

--PERSONS RECEIVING UNSOLICITED MERCHANDISE THROUGH THE MAIL COULD TREAT IT AS A GIFT AND KEEP IT WITHOUT FURTHER ACTION.

--THE CURRENT ANTI-PORNOGRAPHY LAW THAT PROVIDES PERSONS RECEIVING OBJECTIONABLE MAIL COULD HAVE THEIR NAMES PUT ON A POST OFFICE LIST TO PREVENT RECEIVING FURTHER SUCH MAIL WOULD BE BROADENED TO PROVIDE THAT A CITIZEN COULD GET ON THE NON-MAILING LIST WITHOUT HAVING TO WAIT UNTIL HE RECEIVES OBJECTIONABLE MAIL.

--THE POSTMASTER GENERAL COULD MAKE MAIL HAULING CONTRACTS WITH AIR CARRIERS WITHOUT APPROVAL OF THE CIVIL AERONAUTICS BUREAU. THE CAB NOW SETS SUCH RATES. THE ICC HOWEVER, WOULD STILL SET THE RATES THE NEW POSTAL SERVICE WOULD HAVE TO ACCEPT IN MAKING CONTRACTS WITH LAND OR SEA CARRIERS.

7/29--EG213PED

WASHINGTON--ADD POSTAL REFORM (68)

UNDER THE TENTATIVE AGREEMENT, ALL OF THE CONTROL THAT CONGRESS NOW HAS OVER WAGE, RATES AND POLICY WOULD BE TURNED OVER TO THE NEW CORPORATE-LIKE POSTAL SERVICE. THE ONLY DIRECT CONGRESSIONAL FUNCTION WOULD BE FOR THE SENATE TO CONFIRM THE BOARD OF GOVERNORS TO RUN THE NEW SERVICE AND THE MEMBERS OF AN INDEPENDENT COMMISSION WHICH WOULD SET RATES.

HOUSE CONFEREES ACCEPTED THE SENATE VERSION OF THE BILL THAT WOULD GIVE CONGRESS NO VETO POWER OVER RATE INCREASES.

RATES WOULD BE INCREASED TO COVER COST OF MAIL OPERATIONS BY THE INDEPENDENT COMMISSION, RESPONSIBLE TO THE PUBLIC, AND COULD BE VETOED ONLY BY UNANIMOUS VOTE OF THE BOARD OF GOVERNORS.

HOWEVER, THE GOVERNORS, UNDER PRESSURE TO HAVE RATES SUFFICIENT TO COVER THEIR COSTS, COULD SET TEMPORARY RATES NO MORE THAN ONE-THIRD HIGHER THAN EXISTING RATES IF THE COMMISSION DID NOT DO SO.

DERWINSKI SAID THE TEMPORARY ONE-THIRD HIGHER RATE WAS SELECTED BECAUSE THE ADMINISTRATION WANTS TO INCREASE THE PRESENT 6-CENT RATE ON FIRST CLASS LETTERS TO 8 CENTS. HE SAID THE NEW 8-CENT RATE COULD PROBABLY NOT GO INTO EFFECT UNTIL LATE SPRING OR NEXT SUMMER BECAUSE OF THE TIME-CONSUMING PROCEDURES INVOLVED IN RAISING RATES.

THE CONFEREES HAD ACCEPTED THE HOUSE PROHIBITION AGAINST COMPULSORY UNION MEMBERSHIP FOR MAILMEN AND DERWINSKI SAID THAT IS ONE OF THE ISSUES ALREADY LOCKED INTO AGREEMENT.

JC138PED JULY 29

UPI-156

(POSTAL)

WASHINGTON--HOUSE AND SENATE CONFEREES GAVE FINAL APPROVAL TODAY TO A LANDMARK POSTAL REFORM BILL AND PAVED THE WAY FOR CONGRESS TO ACT ON THE MEASURE AND SEND IT TO THE PRESIDENT POSSIBLY BEFORE THE END OF NEXT WEEK.

CONFERENCE MEMBERS PREDICTED THAT ONE OF THE FIRST ACTS OF THE NEW AGENCY WOULD BE A POSTAL RATE INCREASE THAT WOULD INCLUDE A TWO CENT BOOST IN THE SIX CENT LETTER STAMP. THEY PREDICTED THE RATE INCREASE WOULD BE IN EFFECT BY NEXT MARCH.

THE MASSIVE MEASURE WOULD TURN THE POST OVER TO AN INDEPENDENT GOVERNMENT AGENCY RUN BY AN 11-MEMBER BOARD OF GOVERNORS, INCLUDING THE POSTMASTER GENERAL WHO WOULD NO LONGER BE IN THE CABINET.

THE BILL WOULD ALSO PROVIDE A \$673 MILLION 8 PER CENT PAY RAISE, RETROACTIVE TO APRIL 13, FOR THE NATION'S 750,000 POSTAL WORKERS AND GUARANTEE THEIR UNIONS THE RIGHT OF COLLECTIVE BARGAINING AND COMPULSORY IN FUTURE NEGOTIATIONS WITH THE NEW AGENCY.

"THIS TAKES POLITICS OUT OF THE POST OFFICE, IT TAKES CONGRESS OUT OF THE PICTURE," SAID REP. THADDEUS J. DULSKI, D-N.Y., CHAIRMAN OF THE CONFERENCE COMMITTEE. "THIS BILL WILL NOT PLEASE EVERYBODY BUT IT WILL MAKE A LOT OF PEOPLE HAPPY."

"THIS IS THE MOST SIGNIFICANT MAJOR BREAKTHROUGH IN THE LAST TWO CENTURIES OF POSTAL HISTORY," SAID SEN. GALE MCGEE, D-WYO., CHAIRMAN OF THE SENATE POST OFFICE COMMITTEE.

"THE SUCCESS OF THIS AGENCY WILL BE DETERMINED BY THE SPIRIT OF THOSE DOWNTOWN WHO WILL RUN IT," MCGEE SAID. "IF THEY GO IN WITH THE THOUGHT THAT IT IS NOT ALL THAT THEY WANTED IT IS GOING TO FAIL."

BOTH DULSKI AND MCGEE SAID THE NEW CONGRESS NEXT YEAR WILL PROBABLY HAVE TO MAKE FURTHER ADJUSTMENTS IN THE REFORM MEASURE. "AS WE IMPLEMENT IT WE WILL FIND HUNDREDS OF THINGS WE'LL WISH WE HAD THOUGHT OF NOW."

JG433PED--7/3E

Still in room - Lettering at
10 AM.

Letter Part "B"

20 page document

Key up on first but room - degree
freedom to be of course in
way of change in note recommended
material for Postal Note Commission.

1 1/2 page summary
1 3 page document.

POST OFFICE DEPARTMENT
THE EXECUTIVE ASSISTANT TO THE POSTMASTER GENERAL
WASHINGTON, D.C. 20260

July 15, 1970

MEMORANDUM FOR WILLIAM E. TIMMONS

SUBJECT: Postal Reform Conference Status Report

1. Conferees

Senator McGee
Senator Yarborough
Senator Randolph

Senator Fong
Senator Boggs

Cong. Dulski
Cong. Henderson
Cong. Olsen
Cong. Udall
Cong. Daniels

Cong. Corbett
Cong. Gross
Cong. Cunningham
Cong. Derwinski

2. Major Differences

The most critical differences between the two bills are their diametrically opposed approaches to rate-making procedures and public service subsidies. Attachment A graphically portrays these differences. In summary:

- a. Rate-making - The House version provides for a single governing board with full responsibility to operate the Postal Service in the way it should be managed. The Senate version would create a "two-headed monster" by providing two autonomous policy boards: one which handles rates, levels of service, and classification of mails; and the other which handles all other matters.

Sound management principles mandate that full accountability reside in a single source.

- b. Public Service Subsidies - Essentially, the Senate version provides for a permanent subsidy of approximately one billion dollars per year. Under the House bill, this subsidy would decline on a graduated basis so that by 1978, the Postal Service would be completely self-supporting.

3. Strategy

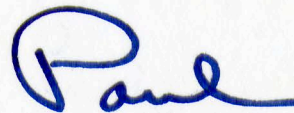
On the House side, the Administration's solid four are Congressmen Derwinski, Cunningham, Udall and Henderson. During the Conference yesterday, the "swing vote" tended to be Daniels. Attached is a copy of my memorandum to Bryce this morning.

On the Senate side, we are primarily relying on Senators Fong and Randolph. A continuing series of meetings have been held with Senator McGee, and he is as well positioned as we could get him for the crucial votes on rate-making and public service subsidies.

Meetings have also been held by Messrs. Blount and Klassen with all of the Conferees - and our Congressional Liaison staffers have also provided detailed briefings on technical provisions.

4. Timing

As you know, Mr. Blount will lead the delegation to Iceland tonight. This delegation will also include Senator McGee. If the Conference does not finish today, there is every indication that it will conclude early next week.



Paul N. Carlin

POSTAL REFORM - MAJOR DIFFERENCES

1. Rate-Making and Subsidies

- a. The rate-making and subsidy provisions of S. 3842 are completely unacceptable in that they result in a very serious diminution of management prerogatives by providing for two completely autonomous policy boards. (See Attachment "A" for a description of the major differences.)
- b. Accept House provisions on rate-making and subsidies. (All of Chapter 12)

2. Veterans Provisions

- a. Olsen (Section 201 (b) of H.R. 17070) and Hartke (Section 1101 (d)(1) of S. 3842) amendments will continue unreasonable restrictions on the ability of Supervisors to discipline veterans.
- b. Substitute language guarantees veterans' preference for new applicants and preference eligibles.
- c. Accept substitute version which allows individual employee to select the option of whichever adverse action procedure will be most favorable to him. (See Attachment "B")

3. Major Industries

- a. The phrase "major industries" was specifically deleted during the negotiations.
- b. Accept the Senate version on pay comparability for employees represented by collective bargaining units, since it has no reference to "major industries".

4. Transportation

- a. First - delete the 10% restriction from the Senate version on air transportation.
- b. Second - reduce the 1,000 pound limitation to a lower amount.
- c. Then accept the Senate air transportation provisions (Sec. 5502), as modified by a and b above.

5. Transitional Collective Bargaining

- a. Senate proviso will make any organization holding "recognition rights" at any level, eligible to participate in the initial collective bargaining and will cause absolute chaos.
- b. Accept the House version on transitional collective bargaining (Section 202 (a)) and the Senate version on the permanent collective bargaining units (Section 1302).

6. Supervisors

- a. Senate provision provides for their organizations to "participate directly" in the planning and development of pay and personnel policies.
- b. Participating directly, without being limited to consultation, would be worse than collective bargaining.
- c. Accept the House version (Section 208).

THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D. C. 20260

July 25, 1970

file

MEMORANDUM FOR: RICHARD COOK
FROM: DAVID A. NELSON
SUBJECT: POSTAL REORGANIZATION

This is in response to your request for a brief account of the direction in which the conferees on the Postal Reorganization bill appear to be heading.

As you understand, the horse-trading is still going on and no final decisions have been made by the conferees. Our present understanding, however, is that the conferees are thinking along these lines:

RATES

- Postal rates would be established by the Presidentially-appointed Governors of the Postal Service after proceedings before an independent Postal Rate Commission whose five members would be appointed by the President without Senate confirmation.
- By unanimous vote, the Presidentially-appointed Governors could modify rate changes proposed by the Rate Commission. The Governors could also reject such decisions, or accept them under protest and appeal to the courts.
- Permanent rate changes would not be subject to Congressional veto, but could be overturned by the courts if not supported by substantial evidence.
- Temporary rate increases could be put into effect if the Rate Commission failed to complete its proceedings within 90 days, but any temporary change could be vetoed by a simple majority of either house of Congress within a 60 day period.
- Rates for an individual class of mail could not be increased more often than once every other year.

SUBSIDY

- For the first eight years of operation, appropriations to the Postal Service would be authorized in an amount equal to ten percent of that portion of the FY 1971 appropriation not attributable to capital improvements. The percentage would then decline one percent per year, and after the twelfth year the only appropriations contemplated would be those necessary to reimburse the Postal Service for the revenue foregone on the carriage of free and reduced rate mail for non-profit organizations, etc.

LABOR-MANAGEMENT RELATIONS

- In general, the legislation would follow the Administration proposal, with wages, hours, and working conditions being established by the Postal Service subject to the provisions of the National Labor Relations Act. The conferees will, however, accept a House amendment prohibiting union shop agreements.
- During the transitional period, collective bargaining agreements would be negotiated with the postal unions that now have national exclusive recognition; thereafter, however, unit determinations would be handled by the NLRB without any statutory requirement that bargaining units be national in scope.

TRANSPORTATION

- Existing statutory provisions on the procurement of surface transportation services would be liberalized, but the additional authority given the Postal Service to negotiate contracts with air carriers would be so circumscribed as to be of little practical value.

PAY

- The legislation would give Postal Field Service personnel and rural carriers an eight percent pay increase retroactive to mid-April.

Attached is a Committee Print summarizing the major differences between texts of the House and Senate versions, annotated to reflect our current understanding of the preferences of the conferees as between the conflicting provisions.

DAVID A. NELSON

Attachment
DAN:FW

July 10, 1970

Proposed Veterans Preference Provision for
H. R. 17070, the Postal Reform Bill

The attached proposal would make all of the provisions of the Veterans Preference Act applicable to the Postal Service, notwithstanding any other provision in the postal reform legislation and notwithstanding the terms of any collective bargaining agreement.

The proposed language would thus provide a statutory guarantee against any diminution of the rights granted preference eligibles under the Veterans Preference Act, including the right to receive preference in hiring by the Postal Service and to appeal to the Civil Service Commission in an adverse action case involving removal, suspension for more than 30 days, furlough without pay, or reduction in rank or pay.

The proposed legislation would also give the preference eligible postal employee a statutory right to elect - at his option - to claim the benefits of whatever adverse action procedure might have been included in the collective bargaining agreement negotiated with the Postal Service by the union representing him. The preference eligible employee involved in an adverse action proceeding could thus choose to appeal to the Civil Service Commission or to follow the procedure negotiated

for him by his union, whichever he decided would be more advantageous to him.

The proposed language deals only with the Veterans Preference Act, and would not carry forward provisions of title 5 that were enacted in other legislation. It is essential that the Postal Service be exempted from the general provisions of title 5 relating to the classified service if labor-management relations in the Postal Service are to be brought into alignment, as nearly as possible, with labor management relations in the private sector. The decision that the terms and conditions of employment in the Postal Service are to be established through collective bargaining, rather than being fixed by Congress through legislation, would be completely nullified if title 5 were to be made applicable to postal employees across the board.

The amendments adopted on the floor of the House and Senate, as set forth in the attached "legislative history," are highly ambiguous, but their effect could be to make all preference eligible postal employees and applicants for postal employment subject to all of the classified service provisions of title 5 and all of the Civil Service Commission rules and regulations relating to the classified service. Given a literal interpretation, the amendments could even be interpreted as putting those who

are not preference eligibles on exactly the same footing as those who are. Such a result would make a mockery not only of the collective bargaining process but also of the Veterans Preference Act itself.

July 10, 1970

VETERANS' PREFERENCE

Proposed revision of 39 U.S.C. 201(c)(1), as contained in H.R. 17070 as passed by the House and 39 U.S.C. 1101(d)(1) as contained in the Senate version of the bill:

"(c)(1) Notwithstanding any other provision of this title or any provision of a collective bargaining agreement negotiated under subchapter II of this chapter, the provisions of title 5 that were formerly known as the Veterans' Preference Act, as those provisions may from time to time be amended, shall apply to applicants for appointment in the Postal Service and to employees of the Postal Service who are 'preference eligibles' as that term is defined under section 2108(3) of title 5; provided, however, that to the extent of any inconsistency between the provisions of title 5 formerly known as the Veterans' Preference Act and the provisions of a collective bargaining agreement negotiated under subchapter II of this chapter, a preference eligible employee of the Postal Service who is subject to such collective bargaining agreement may, at his option, elect to come under its provisions rather than under the provisions of title 5. Without compromising its basic mission, the Postal Service shall pursue an employment policy designed to extend opportunity to the disadvantaged and the handicapped."

POST OFFICE DEPARTMENT
THE EXECUTIVE ASSISTANT TO THE POSTMASTER GENERAL
WASHINGTON, D.C. 20260

July 15, 1970

MEMORANDUM FOR BRYCE N. HARLOW

SUBJECT: Chairman Dulski Telephone Call

As Mr. Blount indicated to you yesterday, the House and Senate postal reform Conferees will hold their second meeting at 10:00 a.m. this morning. It would be extremely helpful if you would call Dulski prior to that time.

TALKING POINTS

There are two general points that should be made with Chairman Dulski:

1. Indicate the Administration's overall preference for the House version - H.R. 17070.
2. Particularly stress the need for Chairman Dulski to personally provide the leadership to convince the Conferees to accept the House's provisions on rate-making and public service subsidies.

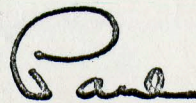
The critical differences between the two bills are their diametrically opposed approaches to rate-making procedures and public service subsidies:

1. Rate-Making - Under the House version there is a single governing board with total responsibility for operating the Postal Service. The three-member rate panel is independent of management. After public hearings on proposed rate changes, their recommendations are submitted to the governing board, who may accept, reject or modify these recommendations. The rate changes are then subject to a review and possible veto by the Congress.

The Senate version provides for a "two-headed monster" by instituting two autonomous policy boards: one which handles rates, levels of service, and classification of mails; and the other which handles all other matters. The governing board can only accept, accept under protest, or reject the rate recommendations of the autonomous rate panel. The governing board, in effect, would have no control over the prices which are charged for its services.

2. Public Service Subsidies - Essentially, the Senate version provides for a permanent subsidy of approximately one billion dollars per year. Under the House bill, this subsidy would decline on a graduated basis so that by 1978, the Postal Service would be completely self-supporting.

For background information, attached are some briefing charts which graphically portray the contents of this memorandum.

A handwritten signature in dark ink, appearing to read "Paul", with a stylized, cursive script.

Paul N. Carlin

7-24-70 MASTER COPY OF
FINAL ACTIONS BY HOUSE-SENATE
CONFEREES.
COMMITTEE PRINT

NOTE: ALL ACTIONS ARE TENTATIVE AND SUBJECT
TO RE-REVIEW BY THE CONFEREES.

POSTAL REORGANIZATION AND SALARY ADJUSTMENT ACT OF 1970

H.R. 17070

Major Differences Between the Text of the House Bill and the Senate Substitute

JULY 9, 1970

Prepared for the Joint Use of the Committee of Conference

Version
Accepted
By Conference

POSTAL REORGANIZATION AND SALARY ADJUSTMENT ACT OF 1970—H.R. 17070
MAJOR DIFFERENCES BETWEEN THE TEXT OF THE HOUSE BILL AND THE SENATE SUBSTITUTE

House

Senate

Title

S Postal Reorganization and Salary Adjustment Act of 1970.

Postal Reorganization Act.

Postal Policy

S Postal Policy is set forth in section 101 of the bill and is not included as a part of the new title 39, United States Code.

Postal Policy is set forth as a part of the new title 39, United States Code.

S Pay comparability to be based on rates and types of compensation paid in "major industries" in the private sector. (Sec. 101(b) of the bill.)

Omits the words "in major industries". (Sec. 101(b).)*

—
*Section references are to new title 39, United States Code, except as otherwise indicated.

House

Senate

Organization

HOUSE LANGUAGE W/SEN. NOMENCLATURE

H ^A Commission on Postal Costs and Revenues with prescribed duties for Presidential Commissioners to fix rates of compensation of the Postmaster General and Deputy Postmaster General, and to direct and control the expenditures of the Postal Service, review practices and policies of the Postal Service, and perform other duties imposed by law (Sec. 108.)

H The term "Postal Service" is used throughout the bill as the directing authority of new agency

H 11 Commissioners.

S No provision for Chairman.

H No provision for Members of Congress.

H ^W *MODIFIED: 1ST 2 YRS, 60 DAYS, \$28,000; THEN 30 DAYS, \$19,000.*
^A Number of meetings for which Presidentially-appointed Commissioner may receive \$300 attendance fee, limited to 30 per year

H PMG to appoint such number of Assistant Postmasters General as he considers appropriate, one of whom to be designated as General Counsel. (Sec. 105.)

S ^A *AS CHANGED*
 No provision.

H PMG is operating head of Postal Service, invested with functions of all subordinate officers and agencies of Postal Service. The Deputy PMG is alternate operating head. (Sec. 103.)

S The Commission may delegate any of its powers to officers or employees of the Postal Service, or to any committee established by the Commission, as the Commission determines appropriate. (Sec. 109.)

S PMG may delegate any function vested in him to any subordinate officer, employee, or agency of the Postal Service. (Sec. 107.)

Board of Governors with specific authority to exercise all power of Postal Service. (Sec. 302.)

The term "Board of Governors" is used throughout the bill as the directing authority of the new agency and is specifically granted the authority to exercise the power of the Postal Service. (Sec. 302.)

15 Governors.

PRESIDENTIALLY SELECTED
~~President to designate 1 of 9 Governors as Chairman to serve at his pleasure.~~

4 of 15 members of the Board of Governors are non-voting, 2 appointed from House of Representatives, and 2 from the Senate, to participate in deliberations of the Board, but have no executive responsibilities or functions. (Secs. 302-303.)

No limitation.

Board of Governors to appoint General Counsel and such Assistant Postmasters General as it considers appropriate to serve at the pleasure of the Board and perform duties described by the Board. (Sec. 304.)

Assistant Postmasters General to perform such duties as the ^{PMG} ~~Board~~ may prescribe. (Sec. 304.)

PMG shall be the chief executive officer (sec. 302(c)), with such authority as Board may delegate. (Sec. 502.)

Presidentially-appointed Governors may delegate authority to PMG or any officer or employee with power of redelegation. The Governors may establish committees and delegate such power to the committee as the Board determines appropriate. (Sec. 502.)

House

Senate

Advisory Council

- S The class of major mail users from whom 4 Presidential appointees may be chosen includes "mailers of moderate amounts of personal first-class mail". (Sec. 110(a).)
- S Council to consult with and advise the Commission and the PMG on "postal rates and services and compensation of employees" (Sec. 110(b).)
- No provision for such appointments.
- Consultation to be on "all aspects of operation" (Sec. 306(b).)

Freedom of Information Act

- S No provision.
- Continues application of 5 U.S. Code 552, making agency rules, opinions, orders, records, and proceedings available to the public with six major exceptions listed in subsection (c) of section 510. One exception is that the name or address of any postal patron may not be made public. (Secs. 510 and 512.)

CS

Equal Employment Opportunities

- S Chapter 71 of title 5 of U.S.C. (employee policies) made applicable to Postal Service, including § 7151 establishing "the policy of the United States to insure equal employment opportunities for employees without discrimination because of race, color, religion, sex, or national origin."
- Chapter 71 of title 5 of U.S.C. made applicable. Also requirement for application of title VII of Civil Rights Act of 1964 (42 U.S.C. 2000e) relating to equal employment opportunities. (Sec. 510(b)(6).)

Davis-Bacon Act

- S Davis-Bacon Act application to Postal Service lease agreements applies to agreements for space in excess of 5,000 square feet. (Sec. 117.)
- Applies to agreements for space in excess of 6,500 square feet. (Sec. 510(d).)

House

Senate

Annual Report

H Postmaster General to present his report to the Commission, and the Commission is to submit its annual report to the President and the Congress. (Sec. 115.)

The Board to report annually to the President and the Congress (Sec. 2502.)

Reservation of Powers

H Congress reserves the power to alter, amend, or repeal any provision of new title 39, but such action shall not impair a contractual obligation by the Postal Service. (Sec. 116.)

No provision.

Contract Employees

4
H NOT TO EXCEED 5 YRS. BUT RENEWABLE.
Executives may be hired on long-term contracts. (Sec. 201(b).)

Individuals may be hired on long-term contracts as "executive officers and employees" (Sec. 1101(c).)

Right of Transfers

S Employees in Post Office Department on effective date of these provisions are eligible to transfer to any position in the United States Government for which qualified. (Sec. 203(d).)

Employees of new postal career service are eligible for promotion or transfer to any position in the new Postal Service, or in the Executive Branch, for which qualified. (Sec. 1102.)

House

Senate

Political Recommendations

H Each appointment, promotion, assignment, transfer, or designation is to be made without regard to recommendation by—
Members of Congress
State or local elected officials
Political party officials or
Any other individual or organization.

Political recommendations, tests, or qualifications for "appointment" shall not be taken into account.

H Includes prohibition on submitting or soliciting a recommendation.

Appointments, promotions, and transfers shall be made "only on the basis of merit, qualifications, and fitness."

H Person under consideration who solicits a recommendation is disqualified. (Sec. 207.)

President and Board have authority to enforce this provision, including suspension, removal from office, or ~~permanent~~ disqualification from the Postal Service. (Sec. 1103.)

ADD. 1. RECOMMENDATIONS AS TO CHARACTER AND
RESIDENCE PERMITTED FROM MEMBERS OF CONGRESS.
2. ADD LAST PHR OF SEN LANGUAGE

Area Wage

S Comparability of compensation and benefits with private industry compensation and benefits may be on an area wage basis. (Sec. 205.)

No provision relative to area wage basis. (Sec. 1105.)

Union Shop

H Employees have right to form, join, and assist a labor organization or to refrain from any such activities. (Sec. 222(b).)

No provision.

House

Senate

Bargaining Units

- H NLRB to decide in each case the "unit" appropriate for collective bargaining. (Sec. 223.)
- H The appropriate unit to receive "exclusive recognition". (Sec. 224.)
- H Transitional bargaining by labor organizations holding "national exclusive" recognition (Sec. 202(a) of bill, page 157.)

- NLRB to decide in each case the "national unit" for collective bargaining, and requires that the national units shall be "national craft units". (Sec. 1302.)
- The appropriate unit to receive "national exclusive recognition". (Sec. 1303.)
- "National exclusive" eliminated. (Sec. 9(a).)

Dues Checkoff

- H Employee may have "regular and periodic dues" checkoff when member of a labor organization—
holding "exclusive recognition";
consultation rights; or
which had an agreement in effect immediately prior to effective date of these provisions which provided for dues checkoff (Sec. 226.)

- Employee may have checkoff of "regular and periodic initiation fees, dues, and assessments" when member of a labor organization—
holding "national exclusive recognition",
accorded national formal recognition on or before January 1, 1970 (sec. 1305); or
having consultation or participation rights. (Sec. 1105(b).)

Additional Fees

- S No provision.

- An employee of the Postal Service is prohibited from receiving any fee or prerequisite from a postal patron on account of the duties performed by virtue of his appointment, except as authorized by law. (Sec. 1108.)

House

Senate

Supervisors

- H Policy that a differential for supervisors will be provided. (Sec. 205.)
S ^{SEE NOTE BELOW.}
A Organization of employees not covered by collective bargaining is entitled to "consult directly" with respect to pay policies and schedules, fringe benefit programs, and other programs relating to such employees. (Sec. 208.)
- H Existing agreements for dues checkoff shall continue. (Sec. 226(b).)
- H Postal Service to recognize organization of supervisors representing majority of supervisors, which organization has right "to participate directly in consultation" with the Postal Service in matters affecting supervisors. (Sec. 208(b).)
- H Policy of Postal Service to provide compensation, working conditions, and career opportunities that will assure attraction and retention of qualified supervisory personnel. (Sec. 208(c).)

No provision.

Same provision except that such organization is entitled "to participate directly" in such programs. (Sec. 1105(b).)

Such organizations are entitled to dues checkoff. (Sec. 1105(b).)

No provision.

No provision.

CONFERENCE LEADERS WANT LANGUAGE IN CONFERENCE REPORT
EXPRESSING LEGISLATIVE INTENT AS FOLLOWS:

1. "PARTICIPATE DIRECTLY" DOES NOT MEAN COLLECTIVE BARGAINING.
2. NO VETO POWER OVER DECISIONS IS IMPLIED.

Transportation of Mail

H The Postal Service may obtain mail transportation service by contract under such terms and conditions as it deems appropriate. Contracts may be for periods not in excess of 6 years, may be entered into only after advertising except when advertising requirements are waived in the public interest, and may be renewed by mutual agreement without advertising for successive terms of not more than 4 years each. (Sec. 805.)

H ADD INDICATED SEN. LANGUAGE.

A The Postal Service may enter into special 4-year contracts with carriers without advertising for bids. (Sec. 837.)

S ADD SEC. 805 (d) OF HOUSE BILL.

A Contracts are under such terms and conditions as the Postal Service deems appropriate. (Sec. 805.)

H 90 DAYS TO APPEAL TO ICC.

A Postal Service can require motor carriers to carry mail at ICC approved rates but may not require carriage which is detrimental to the carrier or its customers. (Sec. 827 (b), (e).)

H Required carriage limited to territory carrier is authorized to serve.

H Savings provision is included so that Star Route, mail messengers, or contract motor vehicle contractors on the effective date of these provisions shall, upon application to the ICC, be issued a certificate of public convenience and necessity as a motor carrier for the transportation of mail. (Sec. 840.)

Continues existing fining authority for surface carriers. (Sec. 831.)

S No provision.

The Board of Governors may obtain mail transportation service for surface transportation under such terms and conditions as may be appropriate. Contracts may be for periods not in excess of 4 years or not in excess of 6 years when the Board determines that special conditions or use of special equipment warrants. Contracts may be renewed "at the existing rate," without advertising, by mutual agreement. (Sec. 5105.)

The Board of Governors may waive advertising requirements of section 5105(b) when necessary in the public interest and enter into special contracts with any carrier or person, without advertising for bids, for periods not in excess of 4 years provided a reasonable notice has been posted in advance affording interested carriers and persons an opportunity to negotiate for such transportation of mail. (Sec. 5312.)

Contracts are under such terms and conditions as the Postal Service deems appropriate. (Sec. 5105.) Also Governors granted specific authority to adjust compensation of mail transportation contracts for increased or decreased costs occasioned by changed conditions occurring during the contract term. (Sec. 5105(d).)

Board can require motor carriers to carry mail at ICC approved rates only after carrier submits tender of availability and if carrier operates equipment suitable for transportation of mail. (Sec. 5303 (e).)

Board not authorized to use carrier outside its authorized area.

No provision.

Eliminates discretionary fining authority and limits deductions to twice rather than three times applicable rate for carriage of the mail. (Sec. 5306.)

Board may contract with certified air carriers for transportation of mail by air subject to limitations of carriage of at least 1,000 pounds of mail by flight, no more than 10 percent of which by weight, in the case of domestic mail, and 5 percent in the case of international mail, may be letter mail. Authority included for the negotiation of contracts for air taxi service. (Sec. 5502.)

SEC. 807 OF HOUSE BILL ACCEPTED - NOT ON THIS COMPARISON.

House

Postal Rate Board

H Independent agency and not a part of the Postal Service.

S 3 Presidential appointees for 6-year terms.

S Compensation at rate for Executive Level IV, Chairman, \$500 higher.

S Chairman may appoint Executive Director (rate of compensation fixed at rate for Executive Level V) and such additional personnel as may be necessary (Employees of such an independent agency would be subject to competitive civil service and the General Schedule.)

(Sec. 1251.)

Senate

Postal Rate Commission

Independent "within the Postal Service".

5 Presidential appointees for 6-year terms, *w/NO CONFIRMATION*

Chairman, rate for Level III and members, rate for Level IV. (Sec. 6(c) (9) and (10) of the bill.

The Commission may appoint personnel who would be entitled to pay and benefits similar to those fixed for employees of the Postal Service, *TO BE PAID BY POSTAL SERVICE, VETOED ONLY BY UNANIMOUS VOTE OF Bd. OF GOVS.*

(Sec. 3702.)

General Appropriations

- H No specific provision appropriating postal revenues for use of the Postal Service Fund, but the Fund is made available to the Postal Service without fiscal year limitation. (Sec. 1003(a), (e)).
- S No provision.
- S Amount equal to revenue foregone on free or reduced rate matter. If Congress fails to appropriate such amount or any part thereof, rates shall be proportionately adjusted to make up the revenue foregone. (Sec. 1202(b), (c).)
- #3

All revenues of Postal Service are appropriated to the Postal Service. (Sec. 2501(a).)

Amount equal to lesser of 10 percent of annual debt service or \$100 million, whichever is smaller (Sec. 2501(b)(2).)

Amount annually equal to revenue foregone on penalty, free and reduced rate matter (Sec. 2501(b)(3).)

Public Service Appropriations

- S AS CHANGED BELOW,
Public service on a declining basis from 10 percent of total costs in 1972 to zero in 1978. (Sec. 1201(e).)

Amount equal to lesser of 10 percent of cost (reduced by 10 percent of annual debt service or \$100 million, whichever is smaller) or 10 percent of noncapital appropriation for fiscal year 1971. (Need for this item to be reviewed annually after 1975.) (Secs. 2501(b)(1) and 3703.)

10

- 1. 10% FOR 8 YRS.
2. REDUCE 1% ANN. FOR NEXT 5 YRS.
3. POSTAL SERVICE MAY ELIMINATE AFTER 13 YRS.

SEN.
RECEDED

Each year an amount of money shall be appropriated representing public service costs of Postal Service, in order to provide regular postal service to rural areas, communities, and small towns, and to prevent reductions in services or unreasonable increases in postal rates. (Sec. 102.)

Free and Reduced Rate Mail

- S Rates for nonprofit, blind, and other reduced rate mail matter as covered by existing law to continue until changed by Congress. Free and reduced rates are subject to annual appropriations by Congress, and rates are adjusted in the absence of such appropriation. (Sec. 1202.)

Retains free mail for blind, physically handicapped, and members of the Armed Forces. (Secs. 3501-3505.)

- S No provision.
- S
- 1. EXCLUDES LIST OF RELIGIOUS, HEALTH ETC. ORGANIZATIONS.
2. OTHERS, SUCH AS AGRICULTURE, VETS, LABOR MAY QUALIFY THRU COMMISSION.
3. ADD HOUSE LANGUAGE ABOVE #3.

Preferential non-profit, educational, and library rates to be increased to regular rates over 5- and 10-year period. (Sec. 3704 (i).)

- S Postal Service to submit biennial report with recommendations for necessary changes on free and reduced rates. (Sec. 1202.)

No provision.

House

Senate

Rate Changes

§ Postal Service to recommend and give 30-day public notice of proposed rate and classification changes and to file the proposals with the Rate Board. (Sec. 1252.)

§ Rate Board to hold public hearings in cases in which party in interest desires to be heard. (Sec. 1253.)

Board advises Commission whether the proposed change conforms to rate policy. (Sec. 1253.)

Presidential Commissioners may adopt or modify the Rate Board's decision by majority vote. (Sec. 1254.)

II Final decision of Postal Service subject to judicial review on questions of law and procedure in the U.S. Courts of Appeals. (Sec. 1257.)

Decision to become final at end of 90 days, following termination of judicial review, unless either House of Congress by a majority vote disapproves. (Sec. 1254.)

(DURING TRANSITIONAL PERIOD)
Governors may request Rate Commission to recommend, and the Rate Commission on its own initiative may recommend, establishment or change in classification schedule or rates. (Sec. 3704.)

(FROM TIME TO TIME)
Governors, ~~not less than once every two years~~, shall request the Rate Commission to recommend changes in rates and fees if income is sufficiently different from cost or if Congress fails to appropriate funds to cover postal service costs. Hearings to be held by Rate Commission. (Sec. 3704 (d)-(e).) *ADD SEC. 1201 (a) and FROM HOUSE BILL RE DEMONSTRABLY RELATED COSTS.*

Governors may approve, modify, or reject recommendations of Rate Commission. If rejected, upon resubmission, the Commission shall resubmit a new recommendation which may be modified by Board only with unanimous written concurrence of all Governors upon finding that modification is consistent with rate policy and recommended rates are not adequate to provide sufficient revenue. (Sec. 3704 (h).)

Recommendations adopted by the Governors are subject to judicial review on questions of law, procedure, and substantiality of the evidence in the United States Court of Appeals for the District of Columbia Circuit. (Sec. 3704(h).)

No provision.

Service Changes

Postal Rate Board decision is the final decision of the Postal Service unless modified by Presidential Commissioners. (Sec. 1255.)

Postal Rate Commission decision is binding on postal service for period of 2 years. (Sec. 3706.)

Rates and Classes of Mail

Rates and fees plus "revenue foregone" appropriations to cover full costs by January 1978. (Sec. 1201.)

Postal rates shall be established to apportion the costs of all postal operations on a fair and equitable basis. (Sec. 101(a)(c).) Rates and fees shall be reasonable and equitable. (Sec. 1201(a).)

Each class of postal service must cover demonstrably related cost of service.

Financial impact of policy on rates may be offset by additional appropriations (Sec. 1201.)

Postal Rate Board proceedings required on proposed changes in rates, charges, fees, classification of mail matter or mail users, and the postal rate structure in accordance with procedures under section 1252, 1253, 1254.

Rates and fees plus annual appropriations for public service, debt service, and revenue foregone shall cover full costs. (Sec. 3704(g).)

Rates to be established must consider—
 apportion all costs to all mail users on a fair and equitable basis;
 value of service actually provided,
 proper assignment of all costs to each class of mail or type of service,
 impact of rate increases,
 alternative means of sending matter,
 preparation of mail by mailer,
 simplicity of structure for the schedule; and such other factors as the Commission deems appropriate. (Secs. 101(a) and (c) and 3704(g).)

Governors and Rate Commission establish within 2 years a fair and equitable mail classification system based on the following factors—
 special classes for mail having particular value to postal patron;
 special class for mail requiring speed of delivery; and
 special class for nonpriority mail. (Sec. 3704.)

Uniform Rates for Books, Films, and Other Materials

No provision.

Two categories of mailings entitled to a preferred rate under section 4554 of present law are required to be on a uniform national basis and may not be based on zones or vary with the destination of the parcel.

One of the special rates relates to books, music, educational films and tests, recordings, and other educational materials.

The second is the library rate for library material sent between libraries and between libraries and their patrons. (Sec. 3709.)

House

Senate

Guam

H No provision but the Postal Service is required to provide mail service
"throughout the United States, its Territories and possessions."
Guam is one of the Territories. (Sec. 401.)

Provisions of new title 39 to apply within Guam. (Sec. 104.)

Small Post Office Closings

H No post office to be closed solely for operating at a deficit. (Sec. 406.)

No provision but public service costs appropriation applies same
policy (Sec. 102.)

Agreements Restricting Use of Equipment

S Postal Service shall not enter into any agreement restricting use of
new equipment. (Sec. 1008(c).)

No provision.

Franked Mail

H Clerk and Sergeant at Arms of House of Representatives authorized
to use penalty mail. (Sec. 660.)

No provision.

House

Senate

Special Delivery Messengers

H Special delivery messengers, temporary or contract, subject to provisions of criminal code. (Sec. 1603.)

No provision.

Collection and Adjustment of Debts

S No specific provision but general authority to remove the disability or compromise a liability. (Sec. 1604(b).)

Specific provision for Board to adjust, pay, or credit account of postmaster or enlisted person of Armed Forces for losses in performing postal service duties. (Sec. 2701(b).)

S Postal Service can be sued in its official name (Sec. 111.)

Postal Service can be sued in its official name. Also, Board is given specific authority to request Attorney General to institute suit to recover improper payments. (Secs. 501 and 2705.)

Informers

H Informer of Postal Service violation shall be paid one-half of penalty for violation. (Sec. 1606.)

No provision.

Substitute Checks

H Substitute check issuance procedure prescribed. (Sec. 1608.)

No provision.

House

Senate

Information on Periodicals

H Information on periodical publications required to be filed annually.
(Sec. 1609.)

No provision.

Governors Excluded From Civil Service Retirement

S No provision.

Members of Board of Governors excluded from civil service retirement application. (Secs. 6(c), (16), (17) of the bill.)

Transitional Postmaster Appointments

16 PMG, during transitional period, to appoint postmasters in competitive service by one of three methods—

- (1) selection of employee of post office including Acting Postmaster serving on January 1, 1969,
- (2) if no qualified employee under paragraph (1), by selection of employee in Postal Field Service, or
- (3) if no qualified employee under either paragraph (1) or (2), by competitive examination. (Sec. 112 of the bill.)

PMG, during transitional period, to appoint postmasters in competitive service. (Sec. 12 of the bill.)

Pay Ceiling

AS CHANGED,

S A No provision.

65-18

The 8 percent pay increase may not raise any employee's rate of compensation to a rate in excess of \$36,000, the rate for Executive Level V. (Sec. 8(e) of the bill.)

House

Senate

Mailing of Sexually Oriented Advertisements

S No provision.

Comprehensive provision permitting postal patron to advise Postal Service of desire not to receive sexually oriented advertisements, and requiring any person who mails sexually oriented advertisements to place on envelope his name and address and such mark or notice as Board of Governors may prescribe. (Sec. 14 of the bill.)

Miscellaneous

H Legislative construction to be applied to new title 39. (Sec. 103 of the bill.)

No provision.

S Supplemental legislation to be enacted giving additional guidance to Postal Service concerning the division of costs among the several classes of mail. (Sec. 113 of the bill.)

No provision.

S₁ No provision.

Continuation of existing postal rates and fees until changed in accordance with new section 3704 of title 39. (Sec. 3 of the bill.)

S No provision.

Transfer of functions of, and discontinuance of, the PMG and the Post Office Department. (Sec. 4 of the bill.)

S General savings provision covered in part only. (Secs. 105 and 106 of the bill.)

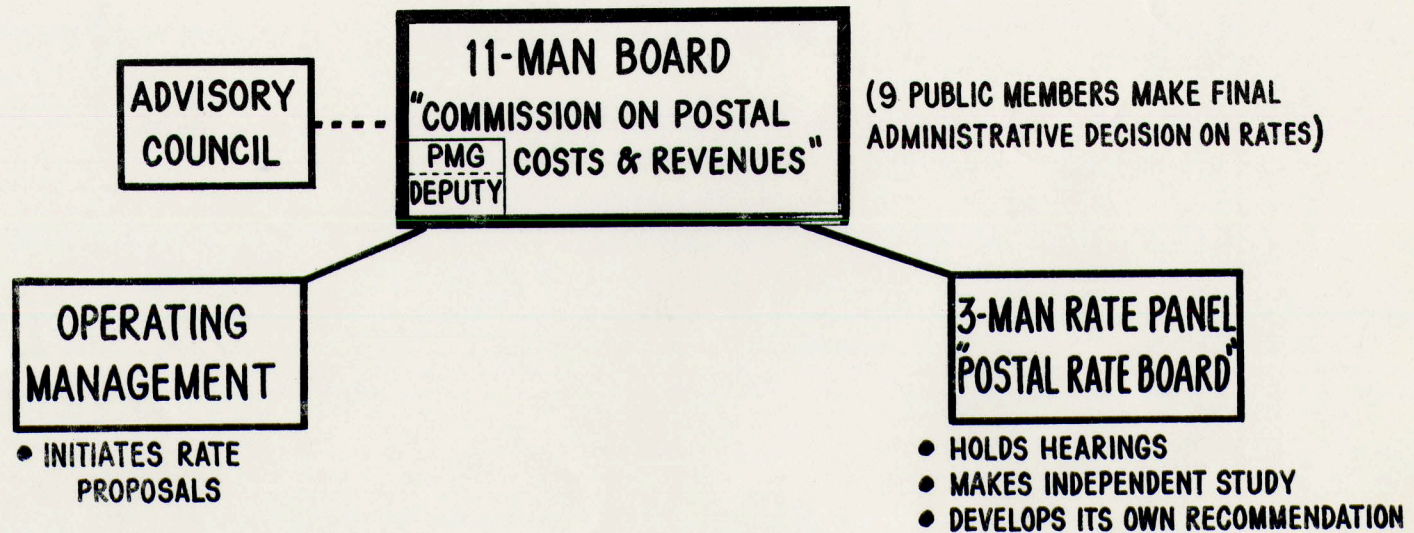
General savings provision. (Sec. 5 of the bill.)

○

*DIFFERENCES BETWEEN
HOUSE & SENATE
BILLS*

RATEMAKING AND FINANCING PROVISIONS

HOUSE VERSION



ROLE OF PRESIDENT

APPOINTS 9 PUBLIC MEMBERS OF BIPARTISAN BOARD (WITH SENATE CONFIRMATION)

APPOINTS 3 MEMBERS OF RATE PANEL

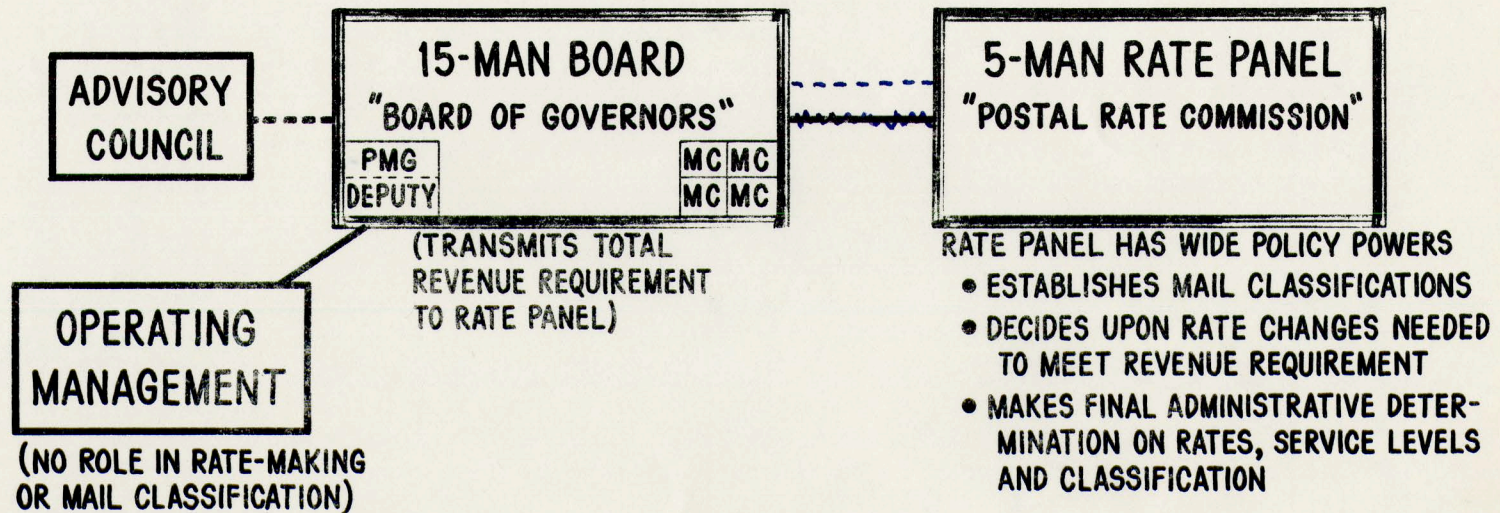
ROLE OF CONGRESS

EITHER HOUSE MAY VETO RATE CHANGES IN 90 DAYS BY MAJORITY VOTE

ROLE OF COURTS

JUDICIAL REVIEW LIMITED TO PROCEDURAL, CONSTITUTIONAL, SCOPE-OF-AUTHORITY ISSUES

SENATE VERSION



ROLE OF PRESIDENT

APPOINTS 9 PUBLIC MEMBERS OF BIPARTISAN BOARD (WITH SENATE CONFIRMATION)

APPOINTS 5 MEMBERS OF BIPARTISAN RATE PANEL (WITH SENATE CONFIRMATION)

ROLE OF CONGRESS

FURNISHES 4 NON-VOTING MEMBERS OF BOARD

ROLE OF COURTS

MAKE SUBSTANTIVE REVIEW TO SEE THAT RATE CHANGES MEET LEGISLATIVE CRITERIA

UNDER HOUSE VERSION

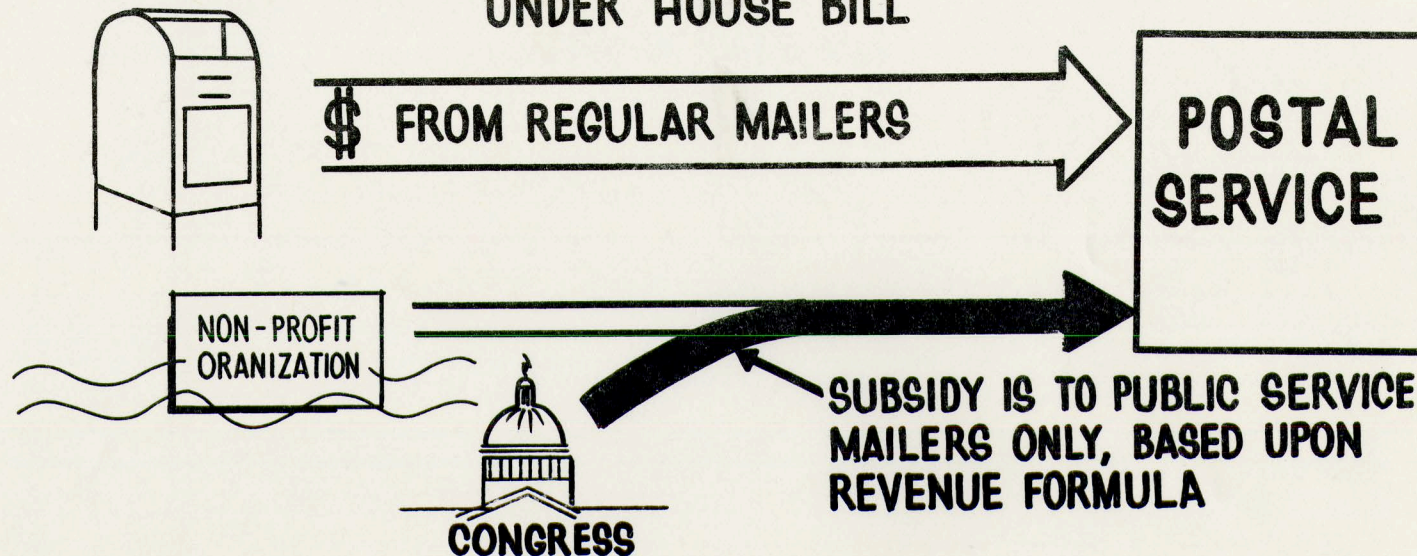
- SINGLE POLICY BOARD
- BOARD HAS TOTAL RESPONSIBILITY FOR OPERATING THE POSTAL SERVICE
- RATE PANEL ACTIVITIES ARE COMPLETELY INDEPENDENT OF OPERATING MANAGEMENT
- CONGRESSIONAL VETO PROVIDES FOR PROMPT, FINAL REVIEW OF RATE CHANGES

UNDER SENATE VERSION

- TWO POLICY BOARDS
 - ONE HANDLES RATES, LEVELS OF SERVICE, CLASSIFICATION AND PREFERRED RATE CATEGORIES
 - OTHER HANDLES ALL OTHER MATTERS
- RATE PANEL ANSWERS TO NO ONE; ONLY IF THEIR PROPOSED RATE STRUCTURE WILL FAIL TO GENERATE ADEQUATE REVENUE CAN BOARD, BY UNANIMOUS VOTE, MODIFY STRUCTURE
- JUDICIAL REVIEW LIKELY TO CAUSE PROTRACTED LITIGATION

FINANCING THE POSTAL SERVICE

UNDER HOUSE BILL



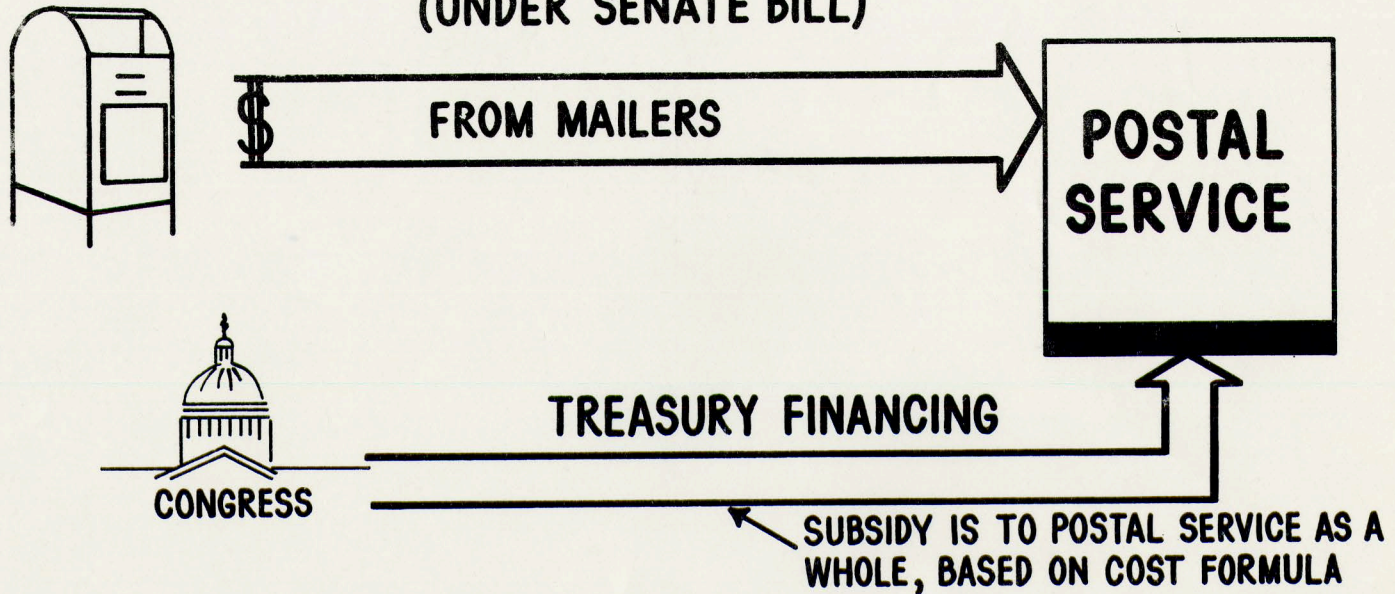
- THE ONLY PERMANENT TREASURY FUNDING IS A SUBSIDY TO MAKE UP REVENUE LOST ON PUBLIC SERVICE MAILERS
- IF APPROPRIATIONS ARE NOT VOTED, RATES PAID BY THESE MAILERS ARE RAISED

NOTE:

- BOTH HOUSE AND SENATE BILLS AUTHORIZE WHATEVER APPROPRIATIONS ARE NEEDED TO COVER POSTAL COSTS PRIOR TO 1978.
- HOUSE BILL CONTEMPLATES POSTAL SERVICE WILL BE SELF-SUPPORTING BY 1978, SENATE BILL DOES NOT.

FINANCING THE POSTAL SERVICE

(UNDER SENATE BILL)



- NO REQUIREMENT THAT ANY CLASS OF MAIL COVER ITS COST (TAXPAYERS' SHARE IS SPECIFIED IN DETAIL).
- CONTINUING TAX SUBSIDY IN EXCESS OF ONE BILLION DOLLARS A YEAR.
- FUNDS FOR LARGE POSTAL SUBSIDIES MUST COMPETE WITH OTHER NATIONAL NEEDS.
- RATE-SETTING PROCEDURE IS OUTSIDE POSTAL CONTROL; MANAGEMENT HAS LESS TO SAY ABOUT CLASSIFICATIONS, LEVELS OF SERVICE, THAN AT PRESENT.
- LENGTHY JUDICIAL REVIEW INTRODUCES UNCERTAINTIES FOR MAILERS AND POSTAL SERVICE ALIKE.

A SELF-SUPPORTING POSTAL SERVICE MUST HAVE:

- **CLEAR LEGAL AUTHORITY TO ESTABLISH COMPENSATORY RATES**
- **A PROMPT, EFFECTIVE PROCEDURE FOR ADJUSTING RATES**
- **ALTERNATIVE MEANS OF OBTAINING FUNDS PROMPTLY FOR APPROPRIATIONS EXPECTED BUT NOT VOTED**

THE HOUSE BILL PROVIDES ALL THREE.

THE SENATE COMMITTEE BILL PROVIDES NONE

Postal reform

COMPARISON OF MAJOR DIFFERENCES
BETWEEN H. R. 17070 AND S. 3842

Subject	H. R. 17070 (as passed)	S. 3842 (as reported)
1. <u>Postal Policy</u>	No comparable provision	Public service subsidy established to accomplish this policy. A statement of compliance with the policy to be furnished as part of requests for appropriations. (§§102; 2501(c))
2. <u>Organization</u>		
a. Congressional representation on management board	No comparable provision.	Two non-voting members from each House of Congress. (§303)
b. Compensation of members	Members receive \$10,000 per year plus \$300 per meeting up to a maximum of 30 meeting per year. (§108(d))	Same except that there is no limit on the number of meetings per year. (§302(g))
3. <u>Employment</u>		
a. 8% pay increase	Retroactive to April 16, 1970; includes GS personnel. (§201(b) of the bill)	No retroactivity; does not include GS personnel. (§8 of the bill)

Subject	H. R. 17070 (as passed)	S. 3842 (as reported)
f. Right-to-work	Employees have the right to join or not to join labor organizations. (§222(b))	No similar provision
g. Veterans preference	All laws applicable to "preference eligibles" apply to veterans in Postal Service in same manner as to veterans in competitive civil service positions, and cannot be modified by collective bargaining. (§201(c)(1))	General statement that veterans preference law will apply to Postal Service. (§1101(d)(1))
h. Agreements restricting the use of new equipment and devices.	Postal Service shall not engage in any practice or enter any agreement restricting the use of new equipment or devices which may lower costs or improve efficiency. (§1008(c))	No similar provision
i. Deductions of initiation fees, dues, and assessments.	Provides only that "dues" can be deducted for unions holding exclusive recognition. "Initiation fees, dues, and assessments" may be deducted for unions having agreements for such deductions immediately prior to enactment. (§226)	Provides for the deductions of "initiation fees, dues, and assessments" for both categories of unions. (§1305)
4. <u>Rates</u>		
a. Subsidy	Two basic subsidies: (1) public service subsidy declining from 10 percent of total postal service costs in 1972 to zero in 1978; (2) continuing subsidy to cover revenue foregone on free and reduced rate mail. (§§1201; 1202)	Three basic subsidies: (1) a continuing public service subsidy equal to the lesser of (a) 10% of non-capital appropriations to POD for FY 1971 (need for this subsidy to be

Subject	H. R. 17070 (as passed)	S. 3842 (as reported)
		reviewed after 1975); (2) a declining subsidy for revenue foregone on free and reduced rate mail as preferential rates are eliminated over five and ten year periods; (3) the lesser of 10% of debt service costs or \$100 million, (§2501)
b. Independence of rate board and resolution of disputes between it and the management board	The recommended decision of the rate board may be accepted, rejected, or modified by a simple majority of the Management Commission (§1254)	The recommended decision of the rate board may be accepted, accepted under protest, or rejected by Governors. The decision may be modified by the unanimous vote of Governors after the decision has once been rejected and sent back to the rate commission for reconsideration, but such modification is permitted only if necessary to avoid revenue deficiency. The rate commission is specifically designated to be an "independent expert body." (§§3702(a); 3704(h))
c. Review of final rate decisions	Final decision may be vetoed by majority vote of either House of Congress within 90 days. Aggrieved parties may seek judicial review, limited to questions of law and procedure. (§§1254; 1257)	No congressional veto. Final decisions subject to full judicial review, including questions of substantiality of evidence. (§3704(h)(3))

Subject	H. R. 17070 (as passed)	S. 3842 (as reported)
---------	-------------------------	-----------------------

d. Scope and nature of rate proceedings.	Permits "fine tuning" through limited and frequent determination of rates and classifications (§§1252; 1253)	Rate board activity related to annual budget and appropriation process. Language suggests that each decision would have to consider rates for all classes of mail. (§§3703, 3704)
e. Rates to cover demonstrably related costs	Would require that rates for each class of mail cover such costs.	No comparable provision
f. Reduced rate mail	Preserves preferred rates for, among others, the blind, handicapped, and non-profit organizations. Authorizes subsidy to cover revenue foregone. Authorizes full rates for general 2nd and 3rd class mail, subject to provision requiring consideration to be given to financial impact on user. (§1202(d);(e))	most Phases out/preferred rates for nonprofit organizations over a 10-year period. If rates for general 2nd and 3rd class mail as now provided in law are less than the appropriate rates for such mail as determined in the ratemaking process, this preference to be phased out over a 5-year period.

Subject	H. R. 17070 (as passed)	S. 3842 (as amended)
---------	-------------------------	----------------------

5. Reductions in Services

Contains without modification an Administration recommendation that proposed service changes affecting users on a nationwide or substantially nationwide basis or a change adversely affecting users in a smaller geographical area would be reviewed by the rate board, which would issue an initial decision which would become binding upon the Postal Service unless the management commission withdrew the proposed change or modified the initial decision in light of the record.	Provides that proposed service reductions having nationwide or substantially nationwide effects would be reviewed by the rate commission, which would be binding on the Postal Service for a two-year period.
---	--

Subject	H. R. 17070 (as passed)	S. 3842 (as reported)
6. <u>Transportation of Mail</u>		
a. Railroads	Leaves existing authority to purchase transportation services from railroads intact.	Terminates existing authority to negotiate special contracts with the railroads.
b. Motor carriers	In line with Administration recommendations, would permit negotiated contracts with regulated carriers and would require such carriers to carry mail under rates approved by the ICC. (Both authorities are similar to existing authorities regarding railroads)	Would not permit negotiated contracts with regulated carriers and would require such carriers to carry mail under rates approved by the ICC only if the carrier had submitted a general tender of availability offering its services on all post roads within its territory.
c. Air Carriers	Substantially continues existing air star route authority and leaves transportation under CAB law and regulations untouched. (§853(a))	Provides same authority as H. R. 17070 plus additional authority to negotiate contracts with certificated carriers subject to limitations of carriage of at least 1,000 pounds of mail per flight, no more than 10 percent of which by weight - in the case of domestic mail - and 5 percent - in the case of international mail - may be letter mail. Also authorizes negotiated contracts for up to 4 years for air taxi transport to fill service and schedule voids. (§5502)