

108TH CONGRESS
1ST SESSION

S. 380

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2003

Ms. COLLINS (for herself, Mr. CARPER, and Mr. BROWNBACK) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

A BILL

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Postal Civil Service
5 Retirement System Funding Reform Act of 2003”.

6 **SEC. 2. CIVIL SERVICE RETIREMENT SYSTEM.**

7 (a) DEFINITIONS.—Section 8331 of title 5, United
8 States Code, is amended—

1 (1) in paragraph (17)—

2 (A) by striking “normal cost” the first
3 place that term appears and inserting “normal
4 cost percentage”; and

5 (B) by inserting “and standards (using dy-
6 namic assumptions)” after “practice”;

7 (2) by striking paragraph (18) and inserting
8 the following:

9 “(18) ‘Fund balance’—

10 “(A) means the current net assets of the
11 Fund available for payment of benefits, as de-
12 termined by the Office in accordance with ap-
13 propriate accounting standards; and

14 “(B) shall not include any amount attrib-
15 utable to—

16 “(i) the Federal Employees’ Retirement
17 System; or

18 “(ii) contributions made under the
19 Federal Employees’ Retirement Contribu-
20 tion Temporary Adjustment Act of 1983
21 by or on behalf of any individual who be-
22 came subject to the Federal Employees’
23 Retirement System;”;

24 (3) in paragraph (27), by striking “and” at the
25 end;

1 (4) in paragraph (28), by striking the period
2 and inserting “; and”; and

3 (5) by adding at the end the following:

4 “(29) ‘dynamic assumptions’ means economic
5 assumptions that are used in determining actuarial
6 costs and liabilities of a retirement system and in
7 anticipating the effects of long-term future—

8 “(A) investment yields;

9 “(B) increases in rates of basic pay; and

10 “(C) rates of price inflation.”.

11 (b) DEDUCTIONS, CONTRIBUTIONS, AND DEPOS-
12 ITS.—Section 8334 of title 5, United States Code, is
13 amended by striking the matter following the section head-
14 ing through paragraph (1) and inserting the following:

15 “(a)(1)(A) The employing agency shall deduct and
16 withhold from the basic pay of an employee, Member, con-
17 gressional employee, law enforcement officer, firefighter,
18 bankruptcy judge, judge of the United States Court of Ap-
19 peals for the Armed Forces, United States magistrate
20 judge, Court of Federal Claims judge, member of the Cap-
21 itol Police, member of the Supreme Court Police, or nu-
22 clear materials courier, as the case may be, the percentage
23 of basic pay applicable under subsection (c).

24 “(B)(i) Except in the case of an employee of the
25 United States Postal Service, an equal amount shall be

1 contributed from the appropriation or fund used to pay
2 the employee or, in the case of an elected official, from
3 an appropriation or fund available for payment of other
4 salaries of the same office or establishment. When an em-
5 ployee in the legislative branch is paid by the Chief Admin-
6 istrative Officer of the House of Representatives, the Chief
7 Administrative Officer may pay from the applicable ac-
8 counts of the House of Representatives the contribution
9 that otherwise would be contributed from the appropria-
10 tion or fund used to pay the employee.

11 “(ii) In the case of an employee of the United States
12 Postal Service, an amount shall be contributed from the
13 appropriation or fund used to pay the employee equal to
14 the difference between—

15 “(I) the product of—

16 “(aa) the basic pay of that employee; and

17 “(bb) the normal cost percentage applica-
18 ble to the employee category of that employee
19 under paragraph (1)(A); and

20 “(II) the product of—

21 “(aa) the basic pay of that employee; and

22 “(bb) the percentage applicable to that em-
23 ployee under subsection (c) deducted from basic
24 pay under paragraph (1)(A).”.

1 (c) CIVIL SERVICE RETIREMENT AND DISABILITY
2 FUND.—

3 (1) IN GENERAL.—Section 8348 of title 5,
4 United States Code, is amended by striking sub-
5 section (h) and inserting the following:

6 “(h)(1)(A) In this subsection, the term ‘Postal sup-
7 plemental liability’ means the estimated excess, as deter-
8 mined by the Office of Personnel Management, of the dif-
9 ference between—

10 “(i) the actuarial present value of all future
11 benefits payable from the Fund under this sub-
12 chapter attributable to the service of current or
13 former employees of the United States Postal Serv-
14 ice; and

15 “(ii) the sum of—

16 “(I) the actuarial present value of deduc-
17 tions to be withheld from the future basic pay
18 of employees of the United States Postal Serv-
19 ice currently subject to this subchapter under
20 section 8334;

21 “(II) the actuarial present value of the fu-
22 ture contributions to be made under section
23 8334 with respect to employees of the United
24 States Postal Service currently subject to this
25 subchapter;

1 “(III) that portion of the Fund balance, as
2 of the date the Postal supplemental liability is
3 determined, attributable to payments to the
4 Fund by the United States Postal Service and
5 employees of the United States Postal Service,
6 including earnings on those payments; and

7 “(IV) any other appropriate amount, as
8 determined by the Office in accordance with
9 generally accepted actuarial practices and prin-
10 ciples.

11 “(B)(i) In computing the actuarial present value of
12 future benefits, the Office shall include the full value of
13 benefits attributable to military and volunteer service for
14 United States Postal Service employees first employed
15 after June 30, 1971, and a prorated share of the value
16 of benefits attributable to military and volunteer service
17 for United States Postal Service employees first employed
18 before July 1, 1971.

19 “(ii) Military service included in the computation
20 under clause (i) shall not be included in computation of
21 the payment required under subsection (g)(2).

22 “(2)(A) Not later than June 30, 2004, the Office of
23 Personnel Management shall determine the Postal supple-
24 mental liability, as of September 30, 2003. The Office
25 shall establish an amortization schedule, including a series

1 of equal annual installments commencing September 30,
2 2004, which provides for the liquidation of such liability
3 by September 30, 2043.

4 “(B) The Office shall redetermine the Postal supple-
5 mental liability as of the close of the fiscal year, for each
6 fiscal year beginning after September 30, 2003, through
7 the fiscal year ending September 30, 2038, and shall es-
8 tablish a new amortization schedule, including a series of
9 equal annual installments commencing on September 30
10 of the subsequent fiscal year, which provides for the liq-
11 uidation of such liability by September 30, 2043.

12 “(C) The Office shall redetermine the Postal supple-
13 mental liability as of the close of the fiscal year for each
14 fiscal year beginning after September 30, 2038, and shall
15 establish a new amortization schedule, including a series
16 of equal annual installments commencing on September
17 30 of the subsequent fiscal year, which provides for the
18 liquidation of such liability over 5 years.

19 “(D) Amortization schedules established under this
20 paragraph shall be set in accordance with generally accept-
21 ed actuarial practices and principles, with interest com-
22 puted at the rate used in the most recent valuation of the
23 Civil Service Retirement System.

24 “(E) The United States Postal Service shall pay the
25 amounts determined under this paragraph for deposit in

1 the Fund, with payments due not later than the date
2 scheduled by the Office.

3 “(3) Notwithstanding any other provision of law, in
4 computing the amount of any payment under any provi-
5 sion other than this subsection that is based upon the
6 amount of the unfunded liability, such payment shall be
7 computed disregarding that portion of the unfunded liabil-
8 ity that the Office determines will be liquidated by pay-
9 ments under this subsection.”.

10 (2) TECHNICAL AND CONFORMING AMEND-
11 MENT.—Section 8334 of title 5, United States Code,
12 is amended by striking subsection (m).

13 (d) OTHER PAYMENTS.—

14 (1) IN GENERAL.—Section 7101(c) of the Om-
15 nibus Budget Reconciliation Act of 1990 (5 U.S.C.
16 8348 note; Public Law 101–508; 104 Stat. 1388–
17 331) is repealed.

18 (2) EFFECT ON PRIOR PAYMENTS.—The repeal
19 under paragraph (1) shall have no effect on pay-
20 ments made under the repealed provisions before the
21 date of enactment of this Act.

22 **SEC. 3. DISPOSITION OF SAVINGS ACCRUING TO THE**
23 **UNITED STATES POSTAL SERVICE.**

24 (a) IN GENERAL.—Savings accruing to the United
25 States Postal Service as a result of the enactment of this

1 Act shall be used to reduce the postal debt to such extent
2 and in such manner as the Secretary of the Treasury shall
3 specify, consistent with succeeding provisions of this sec-
4 tion.

5 (b) AMOUNTS SAVED.—

6 (1) IN GENERAL.—The amounts representing
7 any savings accruing to the Postal Service in any
8 fiscal year as a result of the enactment of this Act
9 shall be computed by the Office of Personnel Man-
10 agement in accordance with paragraph (2).

11 (2) METHODOLOGY.—Not later than July 31,
12 2003, for fiscal year 2003, and October 1 of the fis-
13 cal year before each fiscal year beginning after Sep-
14 tember 30, 2003, and before the date specified in
15 paragraph (4), the Office of Personnel Management
16 shall—

17 (A) formulate a plan specifically enumer-
18 ating the methods by which the Office shall
19 make its computations under paragraph (1);
20 and

21 (B) submit such plan to the Committee on
22 Government Reform of the House of Represent-
23 atives and the Committee on Governmental Af-
24 fairs of the Senate.

1 (3) REQUIREMENTS.—Each such plan shall be
2 formulated in consultation with the Postal Service
3 and shall include the opportunity for the Postal
4 Service to request reconsideration of computations
5 under this subsection, and for the Board of Actu-
6 aries of the Civil Service Retirement System to re-
7 view and make adjustments to such computations, to
8 the same extent and in the same manner as provided
9 under section 8423(c) of title 5, United States Code.

10 (4) DURATION.—Nothing in this subsection or
11 subsection (a) shall be considered to apply with re-
12 spect to any fiscal year beginning on or after Octo-
13 ber 1, 2007.

14 (c) REPORTING REQUIREMENT.—The Postal Service
15 shall include in each report which is rendered under sec-
16 tion 2402 of title 39, United States Code, and which re-
17 lates to any period after the date of the enactment of this
18 Act and before the date specified in subsection (b)(4), the
19 amount applied toward reducing the postal debt, and the
20 size of the postal debt before and after the application of
21 subsection (a), during the period covered by such report.

22 (d) POSTAL DEBT DEFINED.—For purposes of this
23 section, the term “postal debt” means the outstanding ob-
24 ligations of the Postal Service, as determined under chap-
25 ter 20 of title 39, United States Code.

1 (e) SENSE OF CONGRESS.—It is the sense of the Con-
2 gress that—

3 (1) the savings accruing to the Postal Service
4 as a result of the enactment of this Act will be suffi-
5 cient to allow the Postal Service to fulfill its commit-
6 ment to hold postage rates unchanged until at least
7 2006;

8 (2) because the Postal Service still faces sub-
9 stantial obligations related to postretirement health
10 benefits for its current and former employees, some
11 portion of the savings referred to in paragraph (1)
12 should be used to address those unfunded obliga-
13 tions; and

14 (3) none of the savings referred to in paragraph
15 (1) should be used to pay bonuses to Postal Service
16 executives.

17 (f) REPORT RELATING TO UNFUNDED HEALTHCARE
18 COSTS.—

19 (1) IN GENERAL.—The United States Postal
20 Service shall, by December 31, 2003, in consultation
21 with the General Accounting Office, prepare and
22 submit to the President and the Congress a report
23 describing how the Postal Service proposes to ad-
24 dress its obligations relating to unfunded postretire-

1 ment healthcare costs of current and former postal
2 employees.

3 (2) PRESIDENT'S COMMISSION.—In preparing
4 its report under this subsection, the Postal Service
5 should consider the report of the President's Com-
6 mission on the United States Postal Service under
7 section 5 of Executive Order 13278 (67 Fed. Reg.
8 76672).

9 (3) GAO REVIEW AND REPORT.—Not later than
10 30 days after the Postal Service submits its report
11 pursuant to paragraph (1), the General Accounting
12 Office shall prepare and submit a written evaluation
13 of such report to the Committee on Government Re-
14 form of the House of Representatives and the Com-
15 mittee on Governmental Affairs of the Senate.

16 (g) DETERMINATION AND DISPOSITION OF SUR-
17 PLUS.—

18 (1) IN GENERAL.—If, as of the date under
19 paragraph (2), the Office of Personnel Management
20 determines (after consultation with the Postmaster
21 General) that the computation under section
22 8348(h)(1)(A) of title 5, United States Code, yields
23 a negative amount (hereinafter referred to as a
24 “surplus”)—

1 (A) the Office shall inform the Postmaster
2 General of its determination, including the size
3 of the surplus so determined; and

4 (B) the Postmaster General shall submit to
5 the Congress a report describing how the Postal
6 Service proposes that such surplus be used, in-
7 cluding a draft of any legislation that might be
8 necessary.

9 (2) DETERMINATION DATE.—The date to be
10 used for purposes of paragraph (1) shall be Sep-
11 tember 30, 2025, or such earlier date as, in the
12 judgment of the Office, is the date by which all post-
13 al employees under the Civil Service Retirement Sys-
14 tem will have retired.

15 **SEC. 4. EFFECTIVE DATE.**

16 (a) IN GENERAL.—This Act shall take effect on the
17 date of enactment of this Act.

18 (b) APPLICATION.—Section 8334(a)(1)(B)(ii) of title
19 5, United States Code (as added by section 2(b) of this
20 Act), shall apply only with respect to pay periods begin-
21 ning on or after the date of enactment of this Act.

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