



House to use post office cuts to fund highway bill

By Bernie Becker and Keith Laing - 05/30/14 04:18 PM EDT

House Republicans are pushing to prop up the highway trust fund with savings from rolling back Saturday postal delivery, GOP leaders said Friday.

Speaker John Boehner (R-Ohio), Majority Leader Eric Cantor (R-Va.) and Majority Whip Kevin McCarthy (R-Calif.) cast the idea as "the best way to ensure continued funding of highway projects in a fiscally responsible manner" in a memo to the rank-and-file.

With a transportation bill likely needed before the August recess, Boehner and his team added that they thought wringing savings out of the cash-strapped Postal Service was also the best chance for a bipartisan agreement. President Obama has also proposed limiting Saturday mail delivery in his latest budget.

"Given the limited window for action, we believe it is important that an offset be simple and have the support of the administration and congressional Republicans," Boehner, Cantor and McCarthy wrote in the memo, which was obtained by The Hill.

The top Republicans and GOP aides also said that the transportation gambit could help smooth the path for the sort of broader postal-reform measure that has eluded Congress for years.

Lawmakers have clashed repeatedly in recent years about whether to allow the Postal Service to scale back delivery standards, and GOP leaders said striking a deal on that could remove a key obstacle for postal reform.

But the GOP proposal to link postal delivery and transportation funding, which had been rumored for days, also drew quick denunciations from across the ideological spectrum, calling into question the leadership's ability to push through another major priority.

Conservative groups like Heritage Action dubbed the proposal a gimmick, because it essentially seeks to finance highway projects by preventing a future taxpayer bailout of the Postal Service. Even some GOP lawmakers said they weren't fond of the idea.

Less surprisingly, Democrats on Capitol Hill, labor officials and postal advocates also blasted the proposal.

"I think it's ridiculous," Rep. Elijah Cummings (Md.), the top Democrat on the House Oversight panel, said before the GOP leaders' plan was announced. "I don't even want them talking about the post office."

In their memo, GOP leaders said that around \$14 billion to \$15 billion would provide a year's worth of reinforcement for the highway trust fund, which could run out of money as early as August without congressional action.

Ending delivery of first-class mail on Saturdays would raise \$10.7 billion over a decade, Boehner and his team said, while an additional \$1.3 billion could come from leftover money in a trust fund for leaking underground storage tanks.

In all, those savings could keep the highway trust fund in business until May 2015, Republican leadership said.

Democrats, labor groups and even the Postal Service's own regulator, though, have questioned the projected savings USPS has said it would get from stopping Saturday letter delivery.

The gas tax has traditionally driven federal transportation funding, but its current 18.4 cents-per-gallon price hasn't been increased in more than two decades.

Rep. Earl Blumenauer (D-Ore.) has led the charge in the House to almost double the gas tax, to 33 cents.

But hiking taxes on drivers in an election year is a non-starter for both congressional Republicans and the Obama administration. The White House has called for using revenue from corporate tax reform to fund transportation projects.

The gas tax brings in about \$34 billion a year right now, while the Senate is pushing for around \$50 billion a year in transportation funding.

That means that lawmakers would have to find around \$100 billion in extra money to approve a new six-year transportation bill, according to the Congressional Budget Office.

The Postal Service is also facing financial troubles, having racked up some \$23 billion in losses the last two and a half years.

Postmaster General Patrick Donahoe and House Oversight Chairman Darrell Issa (R-Calif.) have both pushed to allow the agency to end Saturday delivery of first-class mail, which has seen its volume plummet in recent years.

Postal officials do want to continue six-day delivery of packages, which has been a bright spot for the agency due to the rise of online shopping.

Both Democrats and Republicans have said Congress needs to act on postal reform legislation, but have been unable to reach an agreement on what to do about Saturday delivery and a requirement that the Postal Service prefund healthcare for future retirees.

A slim majority of the House, including more than three-dozen Republicans, has signed on to a resolution calling on the Postal Service to keep up full six-day delivery.

Rep. Gerry Connolly (D-Va.) said GOP leaders couldn't seek to limit Saturday delivery "without inviting a lot of controversy and a lot of organized opposition."

"They underestimate opposition within their own ranks, apparently," Connolly said.

But a GOP aide noted that the importance of the highway trust fund could persuade some otherwise skeptical lawmakers to get on board with limiting Saturday delivery.

In the memo, GOP leaders also pushed back on the idea that their plan would basically steal funds needed to keep the Postal Service up and running.

The Postal Service is currently semi-independent from the government, though it does need congressional approval to make many key changes, and is encouraged to largely act like a business.

GOP leaders say that means that USPS would still reap the benefits of rolling back Saturday delivery, and that "reducing the size of a future bailout" of the agency would help pay for transportation projects. The Postal Service currently has tens of billions of dollars in future unfunded liabilities.

Ed Wytkind, president of the AFL-CIO Transportation Trades Department, echoed Heritage Action by calling the plan a gimmick, and said it could easily unravel bipartisan transportation negotiations in the House and Senate.

"It isn't a serious proposal, and it doesn't address the larger problems with transportation funding," said Wytkind, insisting he "couldn't think of a worse idea."

"If the goal is to get a bipartisan bill, this Postal Service idea will kill it," Wytkind said.

Rep. Blake Farenthold (R-Texas) said before the GOP memo became public that "as an advocate for the Postal Service, I would hate for that to be the source of the revenue for the highway bill."

But Farenthold, the chairman of an Oversight subcommittee that oversees the Postal Service, said he thought lawmakers would also pick highways over Saturday delivery, if forced to choose.

"Every member of Congress has highways in their district," said Farenthold. "I can understand the politics of it."

This story was updated at 7:03 p.m.

TAGS: John Boehner, Eric Cantor, Kevin McCarthy, United States Postal Service, Department of Transportation, Highway Trust Fund shortfall, Gas Tax, MAP-21 Reauthorization

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