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## EXECUTIVE OFFICE OF THE PRESIDENT

## OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 9, 1976

## INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Postal Service Legislation

RBC HAS SEEN

On May 7 I reported to you of extensive discussions with the key members of the House and Senate Committees with jurisdiction over the U. S. Postal Service. In that report you were presented with three options. You chose option three supporting a Study Commission with a provision expressing Congressional intent to cancel \$1.0 billion after consideration of the Report of the Study Commission. You also chose an OMB fall back position of a Study Commission with an appropriation of up to \$500 million for up to three years.

On Tuesday, June 8, another meeting was held. In attendance were Senators McGee and Fong, Congressmen Derwinski and Henderson, Dan Kearney and myself. General agreement was reached on the scope and composition of the Study Commission and certain changes in the Postal Rate Commission. In addition, the Congressional members agreed among themselves to a kind of "cease fire in place" with respect to service reductions and rate increases. That is, no repeal of existing Postal Service policies will be imposed. However, during the period of the Study, the Postmaster General would be precluded from undertaking new policy initiatives. Mr. Bailar, apparently will agree to these provisions.

With respect to financial assistance, the Committee leaders will accept a provision which authorizes the appropriation of \$500 million per year for two years for the purpose of reducing the indebtedness of the Postal Service.

Since this is a more favorable outcome than the fall back position selected by you on May 7, I assume you will approve of this proposal.