

# STATEMENT OF SENATOR DANIEL K. AKAKA

## *The Future of the U.S. Postal Service*

### Hearing

#### Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security

We find ourselves here today in a very different situation than we did after enactment of postal reform in 2006. What looked like a successful new era for the Postal Service has become one of deep financial uncertainty. Mail volumes have steadily declined in the wake of the worst economic crisis this country has faced since the Great Depression.

Americans are not using the mail today as they did just a few years ago. The Internet has replaced the Post Office for many consumers' communications and business needs. The decline in demand for some postal services is permanent.

However, as traditional lines of business decline, there are real opportunities for the Postal Service to translate new ideas into revenue. I would like to work with the Postal Service and my colleagues to remove any barriers that may be discouraging profitable innovation.

Reducing expenses is equally important. Working closely with employees and unions, the Postal Service has made progress on right-sizing its workforce. However, workforce cuts can and should only go so deep.

The Postal Service has requested that Congress modify the burdensome payment schedule for pre-funding retiree health benefits. Now may not be the time to aggressively pursue pre-funding benefits. I support the Postal Service's request and I supported Senator Carper's bill to adjust these payments.

Unfortunately, a provision affecting collective bargaining rights was added during the Committee process, which caused me to vote against the bill in Committee. In the interest of moving forward with immediate payment relief, this controversial debate should take place apart from this otherwise good legislation.

The Postal Service has taken the initiative to find other cost reductions to close the budget gap. Its ten-year plan outlines many ideas, some more controversial than others. The Postal Service has since asked for action on the entire package. However, I am convinced that some of these ideas demand more analysis and debate.

Five-day delivery, of course, is one of the Postal Service's most controversial recommendations. This would especially impact postal customers in more remote areas and could bring about a substantial change in the Universal Service Obligation.

While I understand that the Postal Service believes this could save \$3 billion per year, there are differing estimates. I am not convinced that enough sound analysis has yet been done to determine the real savings. Also, cutting one day of delivery would eliminate seventeen percent of delivery service, for a

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projected five percent savings. This is a heavy trade-off, and one that could further reduce customer demand for postal services.

Recently, the Postal Inspector General raised concerns that the Postal Service substantially over-paid contributions to the Civil Service Retirement System. How this issue is resolved could alter the Postal Service's finances substantially, and we need to see what happens in that case.

It is important that we have begun the process of openly discussing financial issues at the Postal Service. Others, including the Postal Regulatory Commission will continue to contribute to our understanding of these proposals and their implications.

I urge patience and restraint as we undertake this process, while recognizing the urgency for finding relief. It is important to gather information and identify the options that will best serve the interests of the Postal Service, its employees, its customers, and the nation.

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