

Statement of Senator Daniel K. Akaka

Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security

“Having Their Say: Customer and Employee Views on the Future of the U.S. Postal Service”

June 23, 2010

Thank you, Chairman Carper and Chairman Lynch, for continuing this important oversight of the Postal Service and the challenges that lie ahead.

As I said at our last hearing in April, the financial situation of the Postal Service has changed dramatically over the last four years. Volume and revenue have declined greatly and will not all come back.

The Postal Service has been very successful in finding efficiencies wherever it can under current law. Some unnecessary work hours have already been reduced. In addition, the Postal Service is looking at its retail network to see if there may be excess capacity, and in cooperation with the letter carriers, consolidating unneeded routes. This work will need to continue in order to further modernize the postal system. However, there are some changes that require action by Congress.

The Postal Service has requested that Congress modify the burdensome payment schedule for pre-funding retiree health benefits. Without this pre-funding obligation, the Postal Service could close its deficit. I support the Postal Service’s request and I supported Senator Carper’s bill to adjust these payments. Unfortunately, I could not support the bill after a provision affecting collective bargaining rights was included during the Committee process. As I have said before, in the interest of moving forward with immediate payment relief, this controversial debate should take place apart from this otherwise good and important legislation.

The Inspector General also recently found that the Postal Service may have been overpaying its retirement obligations by up to seventy-five billion dollars. If true, the Postal Service should be allowed access to those funds.

Perhaps the most controversial recommendation that the Postal Service has put forward is moving to five-day delivery. Six-day delivery is a requirement that is included in an appropriations bill yearly. Cutting a day of service, the Postal Service claims, would save over \$3 billion. I have been very cautious about this proposal, which could eliminate seventeen percent of service for only five percent in overall savings, assuming that the Postal Service realizes every bit of the projected savings. Additionally, many of my constituents in Hawai‘i rely on the Postal Service for delivery of basic necessities.

However, I understand that many customers would sacrifice a day of service in order to keep rates low and predictable. The Postal Service commissioned a study that, in part, asked consumers if they would rather lose a day of service or face a ten percent rate increase. As the Postal Service has pointed out, faced with that choice, consumers prefer to cut service. However, an across the board increase of ten percent would raise far more than the \$3 billion that a delivery cut would.

As we speak, the Postal Regulatory Commission is reviewing this proposal. I hope that they will be able to give us an independent assessment of what the real impacts of five-day delivery would be.

I also want to mention the other challenges we will be facing as union contracts come due for renegotiation. Many have called for more and dramatic concessions by the postal unions in the coming negotiations. As Chairman of the Senate Federal Workforce Subcommittee – and a strong believer in the established collective bargaining process – I hope that management and the unions will negotiate in good faith, recognizing the circumstances that we are all faced with.

I hope that neither they, nor my colleagues, will pre-judge these negotiations or push for one side to make concessions over the other. The negotiations will require tough sacrifices by both labor and management and may require arbitration. However, negotiations free from precondition are the cornerstone of the collective bargaining process.

To all of the Chairmen and Ranking Members, and to each of our witnesses here today, thank you for your leadership as we examine all of these issues and work to strengthen the Postal Service.