



United States Senate

Committee on Homeland Security and Governmental Affairs

Senator Thomas R. Carper, Chairman

Senator Tom Coburn, Ranking Member

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HEARING: “Solutions to the Crisis Facing the U.S. Postal Service”

Opening Statement of Senator Tom Carper, Chairman

As prepared for delivery

Today we convene once again to examine the financial challenges and uncertain future facing the United States Postal Service. This committee and the subcommittee I chaired until the beginning of this Congress have been attempting to find a solution for what ails the Postal Service ever since I first arrived in the Senate more than twelve years ago now. We’ve held countless hearings during that time, and in 2006 got legislation signed into law that gave the postal service more commercial freedom and updated a number of dated provisions in postal law, among other reforms.

It’s difficult to believe, but the Postal Service would likely be in even worse shape today without the work that this committee and our House counterparts have done. But over the past decade or more – probably ever since the first e-mail was sent, frankly – the trends we’ve monitored have continued, and in some cases picked up speed.

For as long as I’ve been focused on these issues, my colleagues and I have heard constantly about First-Class Mail lost to communications innovations like e-mail, Facebook, and text messaging. We’ve seen advertising shift online. We’ve seen magazines move from weekly publication, to monthly, to bi-monthly, to online only.

These changes have taken their toll. Today, the Postal Service handles just under 530 million pieces of mail per day, down from more than 700 million during hard-copy mail’s peak year in 2006. It has 417 mail processing plants, down from 673. And since 1999 its career workforce has been cut significantly. The Postal Service currently employs 500,000 men and women. It once employed as many as 800,000. More change of this sort is inevitable.

The Postal Service’s most recent financial reports show only a small profit of \$100 million for the first quarter of 2013, half of what it earned during the same period last year. It’s currently only carrying 10 days worth of operating cash compared with 12 days at this point in 2012. Keep in mind: The first quarter of the fiscal year includes the elections. It also includes Christmas and the holiday mailing season, the time of the year

when the Postal Service has historically made a significant amount of money. So, barring a miraculous rebound in mail volume, we can really only expect things to get worse in the coming months.

It's been said many times at these postal hearings by me and others that, absent some form of assistance from Congress, the Postal Service will drift towards insolvency and, eventually, the point at which it must shut its doors. Some observers might think those of us making these predictions are crying wolf. But, based on the data I've seen, we have never been closer to losing the Postal Service.

As we sit here today, cash reserves are dwindling at the Postal Service and its line of credit with Treasury is maxed out. All of the easy cost cutting has been done, as has just about all of the restructuring permitted under current law. It's long past time for Congress to step up and do its job. The Postal Service operates at the center of a \$1 trillion mailing industry that puts as many as 8 million men and women to work each day. It's a key cog in our economy. Its continued vitality is an important part of our efforts to keep our economy growing. At a time of so much economic uncertainty, we can't afford to let the Postal Service collapse.

The Senate last year passed legislation that attempted to address the Postal Service's near-term financial crisis and give it some of the tools it will need to address its long-term challenges. Our bill would have cleaned up the Postal Service's books by refunding what it has overpaid into the Federal Employees Retirement System and setting up a less-aggressive schedule for funding postal retiree health obligations. A portion of the pension refund would be used to encourage postal employees at or near retirement age to retire, an effort that, according to some estimates at the time, could save as much as \$8 billion per year.

Our bill would also have pushed the Postal Service to streamline its processing, delivery, and retail networks, albeit at a more gradual pace than postal management would have like. These provisions would allow the Postal Service to achieve billions of dollars in savings while preserving levels of service that many customers rely on – including, for a time, Saturday delivery. If these cost-cutting efforts don't prove sufficient in the coming years, the Postal Service would be permitted to move forward with more aggressive efforts.

But our bill didn't just focus on cuts. It also freed the Postal Service to be more entrepreneurial. It did this in part by pushing them to find innovative ways to bring in more mail volume and make the best use of the valuable system it maintains in order to deliver mail to ever home and business. The goal of our bill was to help the Postal Service obtain the \$20 billion in cost cutting and new revenue it has said it needs. The final product wasn't perfect, but it was very close to getting us where we need to be.

Our House colleagues put forward bills last year that were also intended to address the Postal Service's financial crisis. For a number of months, staff from the House and the

Senate worked in a bipartisan manner to narrow our differences. And because the members on both sides of Capitol Hill and both sides of the aisle were committed to

ensuring the continued viability of the Postal Service, we were able to make a lot of progress. But unfortunately, we weren't able to complete our work before the 112th Congress adjourned.

Now that the 113th Congress is officially underway, I've made it one of my top priorities during my first weeks as chairman to pick up last year's negotiations where they left-joined this time by our Ranking Member, Senator Coburn- so that my colleagues and I can reach agreement on a meaningful postal reform bill as soon as possible.

We need to approach our work with a sense of urgency. With all of the problems we face as a nation, we cannot afford to add the collapse of the Postal Service to the list. With the budget situation we face, we can't just cut the Postal Service a check for \$20 billion- nor should we. We need to show a willingness to accept change at the Postal Service and help the Postmaster General and his team implement a reasonable plan for reform. I'll now turn to Senator Coburn for any comments he'd like to make.

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