

**Statement of Senator Daniel K. Akaka**  
**U.S. Postal Service in Crisis: Proposals to Prevent a Shutdown**  
**September 6, 2011**

Thank you, Mr. Chairman. Aloha and good afternoon to our panelists and guests as we discuss the crisis now faced by the Postal Service.

In 2006, Congress was able to come together to construct bipartisan legislation that modernized the Postal Service in order to ensure its future viability. Unfortunately, at that time, we had no idea that an economic crisis was on the horizon that would adversely affect American consumers, mailers, and the Postal Service.

This crisis has erased previous Postal Service surpluses which have been replaced by large deficits. In addition, under one of the reforms written into the 2006 law, the Postal Service must prepay retiree health benefits – payments that no other federal agencies and virtually no businesses make. This nearly \$5 billion per year burden threatens to bankrupt the Postal Service.

The core of any proposal to save the Postal Service must address this immediate issue by eliminating or off-setting the payment. To ensure the future health of the Postal Service, other structural reforms likely will be needed, some of which are under the Postal Service's control and some which we may need to enact through legislation.

I have expressed my concerns in the past over some of these proposals, such as reducing delivery service, modifying the collective bargaining process with employees, or eliminating post offices in areas where they are needed. We now have several new proposals from the Postal Service, such as eliminating the Federal health and retirement plans for postal workers, and laying off hundreds of thousands of employees. As Chairman of the Federal Workforce Subcommittee, I have grave concerns over these issues and how and if they should be implemented.

The Postal Service proposed pulling out of the Federal Employees Health Benefit Program (FEHB) in 1990s as well. This idea was never implemented. FEHB is a strong health plan that millions of Federal employees and retirees rely on. Any proposal to pull out a substantial number of individuals could have serious consequences to the overall FEHB Program. The outlook for future benefits under a postal-only plan also would be in doubt.

I have also expressed concern repeatedly over proposed changes to the collective bargaining process, as called for by several legislative proposals over the last few years. The Postal Service's new proposal to override layoff protections in previously negotiated contracts is very concerning to the integrity of labor-management relations at the Postal Service. Moreover, such a move could set a disturbing precedent to the sanctity of collective bargaining agreements throughout the government, should Congress take steps to intervene in contracts negotiated in good faith.

The House Committee on Oversight and Government Reform has also released a legislative proposal that I do not believe is a responsible way forward for the Postal Service. Placing one of our nation's largest employers into receivership by stripping postal management of all of its authority will not save money and will not address the fundamental problems causing the current crisis. The Postal Service needs more flexibility to implement changes, not more layers of bureaucracy.

There is no shortage of proposals to help the Postal Service overcome its current problems. Some of these proposals I disagree with, and some I believe will enact positive reforms. However, the Postal Service is now operating on borrowed time because Congress has not yet acted. The Postal Service has already stopped paying on its Federal Employee Retirement System obligations and may soon stop other payments. Any order to require the Postal Service resume any of these payments could mean immediate insolvency.

A failure on our part to enact meaningful legislation could have negative consequences for the Postal Service, and may be devastating for the wider postal industry, which employs millions across the country, and for our nation's economic recovery.

I remain committed to ensuring a viable future for the United States Postal Service. This means continuing quality universal service for all Americans, a strong postal workforce, and financial stability. I look forward to continuing to work with my colleagues to craft legislation to achieve these goals.