

**Floor Statement of Senator Joseph Lieberman
Opening of Postal Reform Debate S. 1789
Washington, DC
April 26, 2012**

Mr. President, today I urge all of my colleagues to support the cloture motion filed by the Majority Leader so we can begin a debate that will help decide whether the United States Postal Service – an iconic American institution created more than two centuries ago in the age of inkwells and quill pens – will survive in the age of e-mail and the Internet.

The clock is ticking and this decision cannot be put off. If we do nothing, the Postal Service will run out of money and hit its borrowing limit later this year, forcing it to miss payments and possibly even shut down some operations – the last thing we need as we continue to work our way out of this deep recession.

We can't allow this to happen. The Postal Service is more than relevant in 21st Century America. It provides services vital to millions of American families and businesses that no one else can provide at a reasonable cost.

I believe the bill we are considering today – S. 1789 – will help make the Postal Service leaner, nimbler and more cost efficient, while still maintaining the service Americans have come to expect. But I want to be clear. Alone, this bill will not save the Postal Service.

But this bill is an important beginning. And it will allow the Postal Service more time to continue working with its customers, its employees, Congress and others to develop a sustainable business model in an age when almost every piece of communication that can be digitized is being digitized and sent over the Internet.

Some history if I may Mr. President.

In an irony of Senate bill numbering, 1789 also happens to be the year the First Congress under the Constitution was seated. And among the duties of that Founding Body was the charge under Article I, Section 8 – and I quote – “To establish Post Offices and Post Roads.”

In fact, in the list of Congressional powers detailed under Section 8, creating a postal system comes before the creation of an army, navy or federal courts.

Our Founders knew the importance of an efficient postal system in a democracy.

In the Revolutionary era, it was the Post Office, under the direction of our first Postmaster General Benjamin Franklin, that sped communications among the members of the Continental Congress and the military, as well as delivering letters and newspapers from across the fledgling republic, that helped keep citizens abreast of events in faraway cities and towns.

Ever since, the Postal Service has had a history of aiding progress and innovation.

Maps from those early days of our Republic show that many of the roads we depend upon today – like I-95 in Connecticut – are routed along – or built on top of – old Post Roads.

The job of maintaining Samuel Morse's first telegraph line between Washington and Baltimore was entrusted to the Post Office and it was a former Postmaster General who helped Morse expand his network to other cities.

But that network grew slowly, so to keep our nation connected with its frontiers the Post Office helped sponsor the Pony Express – an early public/private partnership – until the telegraph finally spanned our nation coast to coast.

And the Post Office's subsidies for airmail in the early days of aviation helped jump-start the fledgling airline and airfreight industries.

Today the U.S. Postal Service, if it were a private corporation, would be the 35th largest company in the United States based on revenue – putting it just ahead of Apple – and the country's second largest employer, just behind Wal-Mart. Its 32,000 Post Offices represent more domestic retail outlets than Wal-Mart, Starbucks and McDonalds combined.

But despite this storied history and these impressive numbers, today we see a troubled business on the verge of insolvency if we don't act.

Business lost to the Internet, as well as the drag this recession has imposed across the economy, has led to a 21 percent drop in mail in the past five years and a slump in revenue. As more business and communication moves online, mail volume is expected to continue to decrease.

In fiscal year 2011, the Postal Service took in \$65.7 billion, but had expenses of \$70.6 billion. This \$5 billion in losses would have actually doubled had Congress not delayed the due date for a statutorily-required retiree health care pre-funding payment that was due at the end of the fiscal year.

And this followed record losses of 8.5 billion in 2010.

This can't continue, Mr. President. As I said earlier, if nothing is done, the Postal Service will not have enough money to pay its bill. So let me list some of the key things this bill does to help the Postal Service right itself.

First, the bill includes two measures that will relieve some of the immediate financial pressure on the Postal Service.

The Office of Personnel Management has determined that the Postal Service has overpaid its contributions to the Federal Employee Retirement System by roughly \$11 billion.

Our bill allows OPM to refund this money to the Postal Service, and the Postal Service can use it to provide retirement incentives to its employees and to pay off some of its debt.

S. 1789 allows the Postal Service to use part of this FERS refund to responsibly reduce its labor costs, which make up about 80 percent of its budget, by creating a voluntary buyout program.

Approximately half of the Postal Service's current workforce is eligible for either full or early retirement, and if 100,000 workers took advantage of the program, the Postal Service would save \$8 billion a year.

Our bill also reduces the amount the Postal Service must pay into its Retiree Health Benefits account over the next 40 years.

The updated amortization schedule, based on projections of what will be needed to fund postal retirees' health care in the future, means that the Postal Service is likely to see a significant cut in its annual \$5 billion bill to prefund retiree health care – taking further stress off the Postal Service's budget.

Other cost savings measures are more controversial – but still needed if the Postal Service is to regain solvency.

Let's start with canceling Saturday deliveries.

The Postal Service has said it can save \$3.1 billion a year by canceling Saturday deliveries to individual homes and businesses.

The Postal Rate Commission – or PRC – disputes that number and says the savings would be \$1.7 billion a year.

But either way, we are talking about a substantial reduction in costs.

Still, changing the current delivery schedule can have unforeseen consequences and the GAO has noted that this alone would not put the Postal Service on a sound financial footing.

Our bill recognizes that it may ultimately be necessary to switch to five-day delivery, but prohibits it for two years following enactment of this bill. It then tells the Postal Service it must follow a strict and well-documented path before this significant step would be allowed.

Our bill requires the Postal Service to first determine if the other cost-saving measures in this bill have made cancelling Saturday service unnecessary.

If a five-day schedule is still deemed necessary, the Postal Service must then submit a plan to Congress, the GAO and PRC on how it plans to cushion the negative impacts on the businesses and communities it serves.

GAO and the PRC will then submit their own studies to Congress on the effects of going to five-day delivery.

Only if the PRC and the Comptroller General conclude that the change is necessary to allow USPS to achieve long-term financial solvency, may the Postal Service implement a five-day delivery schedule.

Now let's discuss the closing of post offices – another controversial issue.

The Postal Service has already announced it wants to shrink its current Post Office inventory, and has issued a list of approximately 3,700 post offices that are candidates for closure.

The savings from post office closings are relatively modest, and many members of Congress worry that the Postal Service has not adequately considered the effects of these closures, especially in small towns and rural areas, where community post offices often play a particularly vital role.

Our bill improves the present law covering Post Office closures. It requires the Postal Service to issue comprehensive Retail Service Standards, to ensure that communities throughout the country have access to retail postal services.

It also requires that the Postal Service take additional steps before closing a Post Office, including offering a community other options, such as keeping a post office open with more limited hours, or permitting private contractors or rural carriers to provide services.

Perhaps most controversial right now is the Postal Service's ill-timed proposal to close 232 of its 461 mail processing facilities – which would mean the Postal Service could no longer promise to deliver local mail overnight.

The Postal Service has to eliminate some of the excess capacity in its system. However, it cannot do so at the expense of the kind of service standards necessary to maintain its customer base.

Our bill – and in particular, the substitute amendment we will file, permits the Postal Service to eliminate excess capacity in the system, but also requires that the Postal Service maintain a modified overnight delivery standard, albeit for smaller geographic areas.

And the maximum standard delivery time – three days for a letter mailed anywhere in the continental United States – would remain unchanged. The Postal Service would be required to maintain a sufficient number of processing facilities to meet these delivery standards, but could otherwise close unneeded plants.

So far, I have talked mostly about the cost side of the ledger. But S. 1789 also gives the Postal Service tools to bring in fresh revenues by offering new products and services, such as contracting with state and local governments to issue state licenses, shipping beer, wine and distilled spirits, providing notary services and creating specialized Internet services.

Our bill does maintain safeguards to ensure these new products don't create unfair competition with the private sector.

S. 1789 also requires a new Chief Innovation Officer at the Postal Service and creates an Advisory Commission of prominent citizens to reconsider the Postal Service's business model and provide it with a strategic blueprint for the future.

Mr. President, these reforms are necessary because we simply cannot let the Postal Service fail. It is still a vital part of American commerce and culture that cannot be replaced by the Internet or private sector delivery services.

Consider that despite its shrinking stream of posts and parcels, the Postal Service still delivers 563 million pieces of mail a day.

Only the Postal Service – for the price of a stamp – will go that “last mile” to ensure delivery to out-of-the-way addresses – using burros in the Grand Canyon and snow shoes in Alaska.

And what federal agency could process some 6.7 million passport applications a year if the Postal Service was forced to stop?

These are just some of the examples that prove the U.S. Postal Service is not a relic of the 18th Century, but a pivotal part of 21st Century America.

The computer age does pose unique challenges. And the day may come when we will send and receive all of our mail . . . get all our magazines and books . . . and pay all of our bills on electronic devices that are reliable and secure from cyber criminals.

But the day will never come where we don't need physical things delivered to our homes and businesses – things like medicine, clothing, household and business supplies . . . even spare parts for our computers.

These and other physical things cannot be shipped in strings of ones and zeroes over the Internet.

Only the Postal Service, with its network of support facilities and teams of dedicated employees, stands ready to deliver to every home, store, business and factory in America. That is why the Postal Service is a critical partner to private sector delivery behemoths like Fed Ex and UPS.

I urge my colleagues to approve the cloture motion and begin the debate that can improve this legislation. And then let's pass this bipartisan bill so a new slimmed down Postal Service can look ahead and make plans to not just survive – but thrive in the modern communications age.

**Let us heed the words of our first Postmaster General,
Benjamin Franklin, who once said: “By failing to prepare, you are
preparing to fail.”**

Thank you Mr. President and I yield the floor.