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CONTACT: Emily Spain (202) 224-2441 or emily_spain@carper.senate.gov

**U.S. SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS**

HEARING: “Hearing on the Nomination of Tony Hammond”

Opening Statement of Senator Tom Carper
As prepared for delivery

Today, we’ll be considering the nomination of Tony Hammond to be a member of the Postal Regulatory Commission. Mr. Hammond is not a stranger to the Commission. He knows – just as everyone watching this hearing likely knows – that these are extremely challenging times for the Postal Service.

As we sit here today, the future of the Postal Service and the massive private-sector mailing industry it supports is uncertain. Absent congressional action this year, that future will be dire.

Last year, the Postal Service suffered an operating loss of more than \$5 billion. It will see a similar loss this year even if it finds some way to avoid making the retiree health pre-funding payments due in the coming months. These losses will accelerate starting in fiscal year 2013: \$6.5 billion that year; just under \$10 billion in fiscal year 2014; more than \$12 billion in fiscal year 2015; and more than \$15 billion in fiscal year 2016.

Postmaster General Donahoe has said repeatedly that he and his team will do everything they can do to keep the mail moving even as the Postal Service’s finances deteriorate. I believe him, and he’s done a remarkable job so far. But make no mistake: If the Postal Service is not permitted in the very near future to begin adjusting its network to reflect the changing demand for its products and services and to respond to the likely permanent declines in mail volume we’ve seen in recent years, it will drown in red ink. Millions of jobs will be at risk as a result.

We need to work quickly to prevent this economic catastrophe. Everyone – postal management, postal employees, members of Congress, and the Postal Regulatory Commission – need to act with a sense of urgency in the coming weeks and months. We need to do our jobs, show leadership, and redouble our efforts to put the right policies in place to change the Postal Service’s business model and help it right size its operations and seek new revenues.

In the past, I've made no secret of my concerns about the Commission's ability to fulfill its statutory role in addressing the Postal Service's financial challenges. I've called on the Commission to speed up and improve the quality of its work on advisory opinions. The Commission's opinion on the advisability of the Postal Service's proposal didn't appear for about a year and, in a lot of ways, created more questions than it answered.

We're unfortunately now facing problems with another advisory opinion, this one involving proposed changes to the overnight delivery standard and mail processing facility closures. The Commission has indicated that it will not issue an advisory opinion on the Postal Service's proposals until the summer. The Postal Service, meanwhile, has a right to act sooner and plans to act in May.

I recognize that there are a number of procedural hurdles the Commission must get past before issuing an advisory opinion. It's unclear to me, however, why commissioners are unable to release even some preliminary findings before May. I don't want the Commission to put out bad work or to just rubber stamp the Postal Service's plan; I just want them to be heard, and for the Postal Service and Congress to have the benefit of their analysis and opinions before a major change in service is implemented.

The Postal Service says it is acting on its plans in May because it urgently needs to begin making adjustments to its network before the fall, when mail volumes will ramp up due to the holiday season and the upcoming elections. I want to see the same sense of urgency from the Commission as it goes about its business in the coming weeks and months. Otherwise, I fear that the legitimacy and the role of the Commission in these matters could be threatened.

I look forward to talking to Mr. Hammond today about his views on a number of postal issues and also on the urgency he feels to find a way to help the Postal Service get back on its feet.

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