U.S. SENATE COMMITTEE ON HOMELAND SECURITY & GOVERNMENTAL AFFAIRS

HEARING: "Nominations of Hon. James C. Miller III and Hon. Katherine C. Tobin to be Governors, U.S. Postal Service."

Opening Statement of Senator Tom Carper
As prepared for delivery

Opening Statement

The committee will come to order. Today, we'll be considering the nominations of Jim Miller and Katherine Tobin to be member of the Postal Service's Board of Governors. Before I begin my statement, I'd like to welcome Senator Reid to the committee. He has joined us today to introduce Ms. Tobin. I'll turn to him now for his statement.

(Senator Reid's statement)

Both of our nominees today know as well as anyone, that the Postal Service has been in dire financial trouble for some time. This trouble will come to a head in the coming months. The Postal Service is reporting record losses each quarter and hemorrhages about $25 million a day. By the end of this fiscal year, it won't have enough money to meet its health and workers' compensation obligations. By sometime in 2013, it won't have enough money to continue operations at all.

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 get our economy going again. At a time of so much economic uncertainty, we can't afford to let the Postal Service collapse. The Senate has passed legislation that attempts 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 clean up the Postal Service's books by refunding the more than $10 billion 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 about 100,000 postal employees to retire, an effort that could save as much as $8 billion per year.

Our bill would also push the Postal Service to streamline its processing, delivery, and retail networks, albeit it at a more gradual pace than postal management would have liked. These provisions would allow the Postal Service to achieve billions of dollars in savings while preserving levels of service that many customers rely on. 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 doesn't just focus on cuts. It also frees the Postal Service to be more entrepreneurial and pushes 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 the mail to every home and business six days a week.

Our bill is not perfect. It does not solve all of the Postal Service's problems. But it gets us most of the way there. And depending on how serious the Postmaster General and his team are about continuing to cut costs in a smart way and to make effective use of the tools we give them, it has the potential get us to our goal of financial stable – even thriving – Postal Service.

I know that the current members of the Board of Governors disagree with this assessment. They put out a statement after the Senate passage of our bill stating that it wasn't enough. I'm told that both of our nominees have stated in policy questionnaires filled out in preparation for today's hearing that they agree with the Board's statement. If that is the case, I hope to learn some more today about what they would suggest to postal management and to Congress as we work to get the Postal Service back on track.

TOM CARPER
UNITED STATES SENATOR *for* DELAWARE

I also look forward to hearing from Mr. Miller and Ms. Tobin about what they've learned from their previous work both inside and outside of government – including their previous service on the Board – that will help them, if confirmed, to tackle the Postal Service's real and mounting financial challenges. Thank you both for being here today.