

Opening Statement of Chairman Thomas R. Carper
**“Outside the Box: Reforming and Renewing the Postal Service, Part I – Maintaining Services,
Reducing Costs and Increasing Revenue Through Innovation and Modernization”**
Committee on Homeland Security and Governmental Affairs
September 19, 2013

As prepared for delivery:

We meet today to examine the financial challenges facing the United States Postal Service, and to consider proposals that have been put forward to address those challenges.

Since I first joined this committee in 2001 as a freshman senator, one of my top goals has been to not just help the Postal Service get by, but to help it be strong again and remain viable for the long term.

Back in 2006, I worked with Senator Collins, Senator Lieberman, our House colleagues, and others to enact legislation intended to give the Postal Service the tools it would need to deal with the challenges posed by the increasing use of electronic forms of communication. We had no idea at the time that the worst recession since the Great Depression lay just around the corner and that it – along with the growing use of email, electronic bill pay, and other communication innovations – would so dramatically erode mail volume.

Today, as I've mentioned before at this committee's hearings and in other venues, we find ourselves closer than we've ever been to losing the vital services that the Postal Service offers, along with the 8 million or so jobs that depend on its continued vitality.

As we sit here today in the fall of 2013, the Postal Service has maxed out its credit line with Treasury and is rapidly running out of cash. Despite an improving economy and some positive signals from package delivery and advertising mail, the immediate future is unfortunately not very bright for the Postal Service. Absent legislative intervention, the Postal Service will likely limp along for a few months unable to invest for the future, and with its employees and customers uncertain of what that future holds. It can only limp along this way for so long.

This situation is unacceptable. It is also avoidable, and calls for urgent action from Congress and the administration. Unfortunately, despite repeated requests from postal management for assistance, we've failed to act. After months of effort to find common ground, however, Dr. Coburn and I finally succeeded in introducing bi-partisan, comprehensive legislation on August 1st that has the potential to set the Postal Service on the path towards self-sufficiency and relevance in the 21st Century.

Our bill attempts to permanently address the Postal Service's long-standing health and pension issues and right-size its processing and delivery network, while providing it with the tools to generate new revenue in the digital world.

My goal with this bill — and I believe Dr. Coburn's goal as well — is to enact a set of reforms that are fair to postal employees, to postal customers, and to taxpayers. Our further goal is to fix this problem – at least for the foreseeable future – and not to kick the can down the road.

Our hearing today will focus largely on the provisions in our bill that relate to postal rates, potential changes in the level of service provided by the Postal Service, and the innovations that postal management must put in place in order for the Postal Service to survive and thrive in the coming years.

It's important to note at this point that, despite the relatively positive financial news we've seen in recent months, tough decisions are still needed in order to get the Postal Service out of the troubles it faces. Whether it happens today, next month, or next year, it's likely that postal customers will need to sacrifice at least some of the conveniences they enjoy today. Our bill would give the Postal Service the authority it needs to adjust its operations to reflect the changing demand for the products and services it offers, and the changing needs of its customers.

The Postal Service today needs to be granted the authority from Congress to make decisions similar to those that our auto companies made in recent years in right-sizing that industry and enabling it to succeed despite the challenges it faces in the 21st Century marketplace.

But the solution to this problem we're gathered here to discuss can't just be about cuts. It has to be about innovation and finding a way for the Postal Service to be almost as important to my sons as it was to my generation while we served our country during the Vietnam War, and to my parents' generation during World War II.

The Postal Service has been attempting to do just that. It has aggressively marketed its package offerings and made them more user-friendly and valuable to customers. It has also partnered with companies such as FedEx, UPS, and Amazon.com to deliver items the last mile to their customers.

For example, in my state, Amazon.com sends trucks out every night from its plant in Middletown to Postal Service facilities all over the mid-Atlantic and northeast to deliver overnight items that people have ordered online.

The bill that Dr. Coburn and I have put forward would help postal management with its efforts. It would also expand the range of products and service the Postal Service can offer by eliminating what was, in retrospect, a short-sighted restriction placed on postal innovation in 2006. Our provision – along with others such as our language allowing the Postal Service to compete with UPS and FedEx in the shipping of beer, wine, and spirits – is intended to give postal management the tools they need to make greater use of its one-of-a-kind processing, distribution, and retail network.

At the end of the day, what Congress must do is to provide some certainty to both postal employees and customers, and to ensure that taxpayers — along with all of the fiscal challenges we face as a country — are not also saddled with shoring up a failing Postal Service. I don't want to be back here in a few years discussing how we can dig ourselves out of yet another postal crisis. I don't believe any of us want to do that. As it turns out, if we're smart enough, and creative enough, and bold enough, we won't have to.