

**Opening Statement of Chairman Tom Carper
Business Meeting for the Postal Reform Act of 2013**

As prepared for delivery:

This committee has an opportunity today to start the process of putting into place the kind of meaningful and effective reforms of the United States Postal Service that we have so often promised - and promised again - yet failed to deliver.

There should be no question that the Postal Service is in need of assistance. Even before the most recent recession, it was struggling to adapt to changes in the way Americans communicate and do business. The recession appears to have escalated the transition from a number of our traditional communications means, like hard-copy mail, to electronic communications, like email.

As a result of this trend, the Postal Service has veered from financial crisis to financial crisis for almost as long as I've served in the Senate – just over 13 years.

Today, an improving economy, a better-than-expected holiday season, and a growing package delivery market have improved postal finances somewhat. This has, for the moment, removed the specter of immediate bankruptcy that has haunted previous reform efforts. But make no mistake: Congress must take immediate and definitive action to head off a postal crisis in the coming months and years, and provide certainty to thousands of businesses and the millions of men and women across the country whose jobs rely on a healthy Postal Service.

The substitute amendment this committee will be considering today is not the proposal I would put forward if I had my way. I'm sure Dr. Coburn and the rest of my colleagues would say the same thing.

In addition, concerns have been raised about the amendment's provisions by postal employees, customers, and other stakeholders. But there's no question, in my view, that the bipartisan proposal Dr. Coburn and I are asking our colleagues to support today thoughtfully and effectively addresses the major challenges facing the Postal Service, and does so in a balanced way that acknowledges the concerns raised by stakeholders.

For years now, the Postal Service has been paying more than it owes into the two major federal pension systems. Congress has considered and passed numerous bills over the years offering partial or stop-gap solutions to this problem. Our substitute would fix it permanently, refunding \$6 billion that the Postal Service has overpaid into the Federal Employees Retirement System (FERS) and ensuring from here on out that postal payments into FERS and the Civil Service Retirement System (CSRS) are based on what the Postal Service actually owes and what its employees will draw down from those programs.

For over two years, this committee has worked to address the drain health care costs have had on Postal Service finances. As everyone here knows, the Postal Service pays for its employees' healthcare and other operational costs with the money it earns providing goods and services to customers. It does not receive taxpayer dollars to fund its operations. Today, however, the Postal Service is not able to do what so many private and even public-sector entities who offer healthcare coverage to their retirees are able to do to save money and encourage efficiencies.

What these organizations do is require their Medicare-eligible retirees to actually sign up for Medicare. This substitute would create a new postal-only health program within the Federal Employees Health Benefits Program (FEHBP) that would be fully integrated with Medicare parts A, B and D. This will not only save the Postal Service approximately \$800 million a year, but will also reduce premiums for postal employees and annuitants participating in this new Postal Service Health Benefits Program. And it will ensure that postal annuitants will be able to access the Medicare benefits they have been paying for over the course of their career.

As we all know, the Postal Service has been saddled with massive retiree health care pre-funding payments that have crippled it financially in recent years. Postal unions, members from both parties, and other experts and observers have called for the reduction or elimination of these payments. The health care reforms I just outlined have the potential to significantly reduce or even erase the Postal Service's unfunded retiree health care obligations while ensuring that its employees and retirees continue to receive quality health care. These savings come in large part by taking better advantage of the investments the Postal Service and its employees have made over the years in Medicare.

To those concerned about high labor costs at the Postal Service, our substitute includes a number of further reforms in this area:

- It would give the Postal Service and its unions the authority they need to find significant pension savings over the long term by removing restrictions that prevent both parties from coming up with alternate arrangements for new hires.
- It would also reform the federal workers' compensation program to cut down on waste and fraud, improve training and job placement for injured workers, and provide an incentive for those in the program to go back to work more quickly.

While these workforce-related reforms are expected to generate significant savings, changes in the level of service offered to postal customers are clearly necessary now and in the coming years, as well. It would be foolish to pretend that the same level of service offered for decades is necessary now - and will always be necessary - given how much of what used to be put in the mail is now sent instantly via email, text, Facebook, Twitter, and other means. Increased productivity at the Postal Service and the deployment of labor-saving technology at plants and post offices also calls for change.

The Postmaster General has been calling for years now for the authority to adjust service standards and rightsize its facilities network to reflect the decreased demand for hard-copy mail and also the more efficient manner in which the remaining mail can be processed. Some agree with this call and have pressed for the elimination of legislative restrictions on service cuts, such as the appropriations rider that has banned the elimination of Saturday delivery for three decades. Others have been alarmed at what the Postmaster General has suggested and have called for new restrictions intended to prevent further declines in mail volume and to protect communities with unique service needs, such as those in rural areas.

Our substitute takes into account the views of those on both sides of this debate. It assures postal management that it will be allowed to make necessary cuts when they truly are necessary. It also recognizes the fact that the Postal Service has made significant cuts to its workforce, its facilities network, and even post office hours in recent years. Because there is the risk that more cuts too soon

will further erode mail volume, our substitute takes steps to ensure that any future cuts are done in a responsible way. It also ensures that the most dramatic and unpopular cuts happen only if necessary after the health care and other reforms I detailed earlier have a chance to bear fruit.

But our substitute, as many of my colleagues have urged, isn't just about cuts. It also gives the Postal Service new tools it can use to bring in new customers and generate new revenue. It broadens the manner in which the Postal Service can take advantage of its one-of-a-kind retail, processing, transportation, and delivery network. It also loosens the tight pricing restrictions that have been imposed on the Postal Service for nearly a decade now. This will give postal management the authority they need to adjust prices for products sold at a loss and better ensure that they can bring in the revenue they need to fund the level of service they believe they need to offer.

All told, our substitute would put the Postal Service in a significantly better financial and competitive position both in the short-term, and over time. Based on financial projections provided to the committee by the Postal Service, it would very quickly help the Postal Service to a positive cash situation and allow it in the coming years to pay down its \$15 billion debt to Treasury. While doing so, the Postal Service would also have the resources necessary to make progress in paying down its unfunded pension and workers compensation obligations and make necessary capital investments.

Ten years out, the Postal Service would finally be in a reasonable financial position for an enterprise its size. Its debt would be paid down and it would have enough cash on hand – just over \$7 billion – to help weather potential emergencies and operate in a responsible manner.

As we begin debate and consideration of amendments today, I would ask my colleagues to do this the right way and focus on the goal of crafting a bill together that is realistic and responsible. The process we're about to embark on needs to result in a bill that, if enacted, would give the Postal Service a real chance to survive keep itself relevant in these changing times. There are unfortunately few easy choices. I'm confident, however, that we can come together around a solid package that might prevent us from having to revisit this issue again for some time.