

**Statement of
Senator Susan M. Collins**

**“Nomination Hearing of James C. Miller III and Katherine C. Tobin to be
Governors of the United States Postal Service”**

Committee on Homeland Security and Governmental Affairs

June 21, 2012

★ ★ ★

The fact is that throughout our history, the U.S. Postal Service has served as a vital part of our national communications network and of our economy. As the chairman has mentioned, I don't think most Americans appreciate just how critical the postal service is to our economy. It is the linchpin of a trillion dollar mailing industry that employs more than 8 million people in fields as diverse as direct mail, printing, catalog companies, paper manufacturing, financial services, and the list goes on and on.

Unfortunately, the Postal Service's financial status is abysmal, and this great American institution is teetering on the brink of collapse. It lost \$3.2 billion in the first quarter of this fiscal year alone.

I believe that we have begun to right the ship with the passage of the “21st Century Postal Service Act of 2012” that Senator Carper and I, along with Chairman Lieberman and Senator Scott Brown authored. But there is still much more work to be done; including as Senator Carper indicated, working with our colleagues on the House side. We've implored them to act sooner rather than later, it's important that we get into conference and work out the differences and send legislation to the President.

Good legislation however, while absolutely necessary, is not sufficient to solve the Postal Service's problems. Good management is also essential. Today, we are here to discuss the qualifications of the two nominees to the Postal Board of Governors – James Miller and Dr. Katherine Tobin. Neither of whom are strangers to this committee or to these issues.

An effective Postal Board of Governors is essential to provide direction to the management of the second largest non-governmental employer in the country. With more than half a million employees and more retail sites than Wal-Mart and Starbucks combined, the job of governing the Postal Service is not for the faint of heart. This was true in 2006 when Senator Carper and I authored the Postal Accountability and Enhancement Act, which established specific qualifications to ensure that future governors had suitable business and management experience, and it is even more true today.

In the 2006 law, we required that governors be selected based solely on their experience in management, accounting, or other relevant fields. Meeting these basic qualifications has never been more important, as the Postal Service faces the perfect storm of rising labor costs, shrinking volume and declining revenue. The 2006 law required that, within nine years of enactment, a date that we obviously have not yet reached, at least four members of the Board must be selected *solely* for having managed a large organization of 50,000 or more employees.

Now looking back at that number, I personally have concluded that it's too high. It would for example, preclude the extremely capable CEOs of the very largest companies in my state: Bath Iron Works, Cianbro Corporation, L.L. Bean, and others from serving on the board. But, even if we set the number too high, the principle is a sound one. And it's time for the administration to start taking active steps to meet this requirement.

I am concerned that we have yet to receive a single nominee who even comes close to having that kind of extensive managerial experience. The nominees before us today are grandfathered in many senses. They've served previously on the Board and they were nominated originally before the 2006 law was even enacted. They both possess valuable experience, and I do welcome the opportunity to consider their nominations. I also respect the current board, as well as these nominees for their public service and their willingness to take on an enormous and often thankless job. But I do want to mention that as a concern.

Let me also briefly turn to two other concerns that I have. The first is whether the postal board of governors truly is serving as a check on the decisions made by postal management. I am concerned that the postal board of governors may not be aggressive enough in questioning decisions that are being made, whether it's signing labor contracts that seem unwise given the need to reduce the workforce in a compassionate way through buyouts and other incentives that we have included in our bill, or whether it's asking tough questions about whether service cuts are going to lead to revenue declines that cause a spiral of the postal service losing more and more customers. Are those questions being asked by the board? They're certainly being asked by members of this committee and the congress at large.

And third, I am extremely disappointed in the intemperate and unhelpful reaction of the board to our legislation. This was a bipartisan bill that passed with overwhelming support - 62 votes. Hardly anything gets 62 votes in the Senate. It isn't the bill that I would have written, I dare say it isn't the bill that Senator Carper would have written on his own, but it reflects a carefully balanced compromise, and attention to all the stakeholders concerns, and it's a bill that passed and that would make a big difference, as is evident by the fact

that it had been scored by the postal service to save some 19 billion dollars, not an insignificant amount. Now some of those provisions adopted on the floor lowered those savings, but they still are significant. And the board's intemperate and unhelpful comments do not help to advance it.

Therefore, I am very disappointed that our two nominees, I am told, have expressed agreement with the board's comments, if not in tone at least in substance and that gives me great concern about whether they are truly willing to work with this committee to accomplish the goal of getting postal reform legislation that is absolutely vital to the survival of the postal service, passed and signed into law this year. The postmaster general has told us over and over again that the postal service is in danger of not being able to meet its obligations. And whether that occurs in the fall, or the end of the year, or early next year, in some ways is irrelevant. If it cannot meet its obligations, we must act. And it is not helpful to have nominees criticizing the one bill, the one postal bill, that has made it through the senate. So Mr. Chairman, I wanted to put that on the record, and I look forward to hearing the responses of our witnesses.