

**Opening Statement of Chairman Ron Johnson:
“Laying Out the Reality of the United States Postal Service”**

Thursday, January 21, 2016

As submitted for the record:

Good morning and welcome.

Today’s hearing is focused on understanding the financial realities facing the United States Postal Service. The first step in solving any problem is to come together and agree on the reality of the situation. Today’s hearing is an important step forward in having an open and honest conversation on what the Postal Service needs from Congress.

The Postal Service announced a \$5.5 billion loss for fiscal year 2015, its ninth consecutive multibillion-dollar loss. These financial losses come despite earning nearly \$70 billion with three consecutive years of revenue growth. The Postal Service brings in more revenue than Lowe’s, Disney, Coca Cola, Delta Airlines or McDonald’s.

However, the Postal Service faces very unique challenges that other private businesses of its size do not face. Today’s witnesses will testify about these challenges, including several that have been imposed on it by Congress, like rigorous prefunding of the retiree health benefits as required by the Postal Accountability and Enforcement Act of 2006. Under GAAP accounting principles, the Postal Service would normally account for retiree health benefits as a long-term liability, but because of congressional intervention, it shows up on the Postal Service’s books as an immediate liability. The Postal Service is also unable to make basic business decisions, including product pricing to cover input costs and rightsizing its network to match demand. Congress has even prevented it from having a functioning Board of Governors, the functional equivalent of a company’s board of directors.

We will also hear good news about recent changes in the postal business, including double digit increases in package delivery. While traditional first class and standard mail is continuing to decline, online retail has given new life to mail delivery. If Congress can untie the hands of the Postal Service, there is potential for the demand of the valuable service it provides to help the business thrive. The Postal Service and the private company FedEx deliver approximately the same number of packages each year, yet FedEx receives nearly double the revenue.

My goal for today’s hearing is to focus the committee on the places where the Postal Service needs the most immediate help and where we can find agreement on solutions. I also wanted to share my appreciation for Ranking Member Carper’s leadership on such an important issue. I thank the witnesses for their willingness to provide their knowledge and expertise on these important issues, and I look forward to their testimony.