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**U.S. SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS**

**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES, AND
INTERNATIONAL SECURITY**

**HEARING: “Nominations of Honorable Mark D. Acton and Robert G. Taub to be
Commissioners, Postal Regulatory Commission”**

Opening Statement of Senator Tom Carper, Chairman
As prepared for delivery

“Today, we’ll be considering two individuals nominated to fill openings on the Postal Regulatory Commission – Mark Acton and Robert Taub. As my colleagues know – and as I’m sure much of our audience and our nominees know – this is a very challenging time for the Postal Service. We’re a few months away from the end of the fiscal year and the Postal Service is projecting further record losses – perhaps more than \$8 billion.

“Postal management has already stopped making its share of its employees Federal Employees Retirement System pension payments. Absent a change in law, payments due in September and October related to retiree health and workers’ compensation could be in jeopardy due to a serious cash crisis at the Postal Service. It’s not out of the question that the Postal Service’s ability to meet payroll and, as a result, continue operations might also be in danger once the new fiscal year starts in October.

“Unfortunately, things are not projected to get better. Just over a year ago, former Postmaster General Jack Potter announced the findings from a group of well-respected outside consultants showing that the Postal Service’s financial condition is likely to continue to erode in the coming years. Those consultants found that, without major changes, the Postal Service would run up cumulative deficits of more than \$230 billion by 2020. The Postal Service, in partnership with its employees, has started to chip away at that number but more change – difficult change – will need to occur in both the near and long term to set things right.

“We’ll need to work quickly to start making that change happen. Even if the Postal Service is able to somehow make it through the financial landmines it will encounter in the coming months, fiscal year 2012 is shaping up to be nothing short of a complete disaster for the Postal Service and all of the customers and businesses that rely on it.

“Even during the slow and halting economic recovery our country is experiencing, mail volume has been falling – particularly First Class Mail volume. This likely means that the electronic diversion of the mail is happening at a quicker rate than any of us imagined. If this trend continues or worsens, the Postal Service will almost certainly run out of cash and borrowing authority and be forced to shut its doors no later than next summer. We cannot afford to let this happen.

“Millions of jobs in a wide variety of industries depend on a healthy Postal Service. We owe it to them to take whatever steps might be necessary to ensure the Postal Service’s continued solvency. We have to take those steps even if they prove unpopular.

“Now, I know that it’s Congress and the Postal Service that will ultimately need to take those steps, not the Postal Regulatory Commission. But I wanted to mention all of this at this hearing because it’s essential that anyone on the Commission or thinking of coming onto the Commission be mindful of the current crisis and the impact their decisions could have in either improving or worsening it. I’ve not made a secret of the fact that I have some concerns about the Commission and its recent work.

“It was troubling to me when the Commission’s Chairman expressed her views on the Postal Service’s proposal to eliminate Saturday delivery before that proposal had even gone to the Commission for examination. It was even more troubling when the Commission’s report on the advisability of the Postal Service’s proposal didn’t appear for more than a year and, in a lot of ways, created more questions than it answered.

“On top of that, two recent Commission decisions on ratemaking and the Postal Service’s licensing authority were recently remanded by to the Commission by the courts. In one of those cases, the court even criticized the Commission for doing sloppy work.

“At a time like this, we need to do better. We need to do a better job here in Congress in finding consensus around the changes in law necessary to help the Postal Service survive. The Commission can probably do better too.

“I look forward to exploring with our witnesses today how they would contribute to the Commission’s work at this difficult time. I also want to explore how they would balance the competing demands placed on the Commission to weigh both customer service needs and the Postal Service’s financial needs.”

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