



United States Senate

Committee on Homeland Security and Governmental Affairs

Chairman Joseph I. Lieberman, ID-Conn.

U.S. Postal Service in Crisis: Proposals to Prevent a Postal Shutdown
Chairman Joe Lieberman
September 6, 2011

AS PREPARED FOR DELIVERY

The hearing will come to order; I thank everyone for being here and I wish you a good afternoon. We are here to consider a very serious question, which is whether the United States Postal Service, an iconic American institution since the 18th Century, can survive in the 21st Century.

It's hard to believe that it has come to this, but it has. So much of our nation's progress is interwoven with the history of the Postal Service. If you look at some old maps of America you see that a lot of the roads we use today started out as colonial-era Post Roads. As our nation pushed west before the railroads were built, the Post Office created the Pony Express to keep America connected with its frontiers. And the Post Office's subsidies for air mail in the early days of aviation helped jump start the fledgling airline industry.

Through parts of four centuries, the Postal System has actually helped make us a nation, connecting the American people to one another, moving commerce and culture coast to coast and to all points in between.

The Postal Service has also bound individual towns and neighborhoods together, with the local Post Office often serving as a center of civic life.

Over the years, the Post Office has grown very large. Today the United States Postal Service is the second largest employer in the United States, second only to Wal-Mart. And with 32,000 Post Offices, it has more domestic retail outlets than Wal-Mart, Starbucks and McDonalds combined.

Sadly, these impressive statistics belie a troubled business on the verge of bankruptcy.

Business lost to the Internet, and more recently America's economic troubles, have led to a 22 percent drop in mail handled and a gross revenue decline of more than \$10 billion over the past five years.

This year the Postal Service is expected to have a deficit of approximately \$8 billion, maybe more, for the second year in a row.

The Postal Service will also soon bump up against its \$15 billion credit line with the U.S. Treasury, which could force it to default on a \$5.5 billion payment into the health care fund for its retirees due which would normally at the end of this month.

The bottom line here is that if nothing is done, the Postal Service will run out of money and be forced to severely slash service and employees.

And that is the last thing our struggling economy and our country need right now.

Despite its shrinking business, the Postal Service delivers 563 million pieces of mail a day. Even with the rise of e-commerce, most businesses don't send bills and most families could not pay those bills, except for the U.S. Postal Service.

While magazine deliveries are down, also due to competition with the Internet and the recession, 90 percent of all periodicals – that's about 300 million paid subscriptions a year worth billions of dollars to the publishing and advertising industries, and bringing about the employment of millions of people – are still delivered by the Postal Service.

And only the post office will go that "last mile" to ensure delivery throughout the country, to everyone's address, even using burros in the Grand Canyon and snow shoes in Alaska.

Last year the Postal Service processed 6.7 million passport applications. Right now, there is no other federal agency with the national presence that's ready or able to take on that task.

Now, why are we here today? Before the Homeland Security and Governmental Affairs Committee became the Homeland Security and Governmental Affairs Committee, it was the Governmental Affairs Committee. And in that capacity, has long had jurisdiction over the United States Postal Service and that is why we are convening this hearing here today.

We are going to hear several proposals this afternoon about what can be done to create greater efficiency, close the Postal Service deficit and give it the flexibility and tools it needs to survive and thrive in America's future.

Postmaster General Donahoe recently offered a plan he believes would save \$20 billion and return the Postal Service to solvency by 2015. And that plan is the immediate impetus of this hearing. To both give him the opportunity to explain, describe and argue for it and to give others the opportunity to comment on it and oppose it, which some will do. The proposal includes: eliminating Saturday delivery; closing approximately 3,700 post offices; shrinking the workforce by 220,000; pulling out of the federal employee health care plan to create a separate postal employees health plan; doing away with a defined benefit retirement plan for new employees and transitioning to a defined contribution plan; and asking that \$6.9 billion in overpayments to the Federal Employee Retirement System be returned to the Postal Service.

These are self-evidently bold, tough and controversial proposals. As for myself, I don't know feel enough about them yet to reach a conclusion, and that's why I look forward to the testimony of the witnesses today. But I do know enough about the real crisis the Postal Service is in to appreciate Postmaster Donahoe's courage in making these proposals.

I'm also grateful that Senators Collins and Carper have been leaders on behalf of this Committee in dealing with Postal Service's problems and indeed were the architects of a Postal Reform bill that passed a few years ago. Both of my colleagues have now introduced legislation to deal with the current postal crisis and I am encouraged to learn that President Obama will soon offer an Administration plan to respond to the Postal Service's fiscal crisis.

So I have an open mind on the various proposals that have been made, but to me the bottom line is we that must act quickly to prevent a Postal Service collapse and then enact a bold plan to secure its future.

The U.S. Postal Service is not an 18th Century relic. It is a great 21st Century national asset. But time are changing rapidly now and so too must the Postal Service if it is to survive.

Senator Collins.