

Opening Statement

Good afternoon Chairman Carper, Ranking Member Coburn, and members of the Committee. Thank you for the opportunity to testify today and for your leadership on postal reform legislation. I am truly honored to be nominated by the President to serve on the Board of Governors of the U.S. Postal Service, and I am pleased to share with the Committee, how, if confirmed, I would approach the responsibilities involved.

As you know, the Postal Service faces enormous challenges. In assessing them, I find it helpful to keep in mind the magnitude of what's at stake. In my view, the Postal Service remains a vital national asset. It directly employs almost a half million Americans, and it makes possible a \$900 billion mailing industry that employs 8 million others. Although mail volume has declined from its 2007 peak, the Postal Service still delivered 158 billion pieces of mail last year to more than 150 million households and businesses. Many of these Americans depend on those deliveries for essential services that they could not afford were it not for the Postal Service's commitment to universal service. Similarly, many small businesses, nonprofits, publishers and other mailers depend on the Postal Service's internationally recognized efficiency and reliability.

Amazingly, this vital institution now finds itself unable to meet its financial obligations. It is in these dire straits, I believe, for three main reasons: 1) the growth of electronic communications and resulting diversion of First Class Mail; 2) the recent recession and its lingering impact; and 3) the unique regulatory environment in which it operates. While there seems to be broad agreement on these causes of the Postal Service's deficits, there is considerable disagreement about how to fix them. Some emphasize cutting costs by consolidating facilities, reducing delivery frequency and/or changing service standards. Some emphasize increasing revenues by adding new products and services. Some call for adjusting the price cap, and many call for changing the current requirements for prefunding the health benefits of future retirees.

I believe that the challenges are so severe that the Postal Service should explore all the above, and I applaud the committee for crafting and passing a bill that does so, S. 1486. I say that as someone whose past experience has included unusual opportunities to examine the Postal Service's problems in broad terms. Yet, if confirmed, my views might evolve as I learn more. As a board member, I would carefully consider all reasonable options and make decisions based on my sense of what is best for the country and the long-term health of the Postal Service. I would approach these decisions as someone who listens carefully and communicates honestly, takes seriously the interests of all involved parties, yet believes strongly in innovation and leadership.

I believe that my prior experience has prepared me well to serve on the Board and to make distinctive and significant contributions to its work. To be sure, I have never managed an organization of more than 50,000 employees. However, I have advised and worked closely with the top leaders of such organizations, especially state governors but also corporate CEOs and university presidents.

As the executive director of Maryland's state workforce investment board, I headed an independent state agency that worked closely with the Governor's office. As a senior manager at the National Governors Association, I worked with many governors, and headed the team that staffed Janet Napolitano's year-long Chair's Initiative, *Innovation America*. That initiative involved a task force that included the chairs or CEOs of Intel, eBay, DuPont, JPMorgan Chase and Symantec and the presidents of six colleges and universities.

As a deputy director of the Brookings Institution's Metropolitan Policy Program, I worked with state officials, mayors, university presidents and business and civic leaders on efforts to promote innovation-based economic development and revitalize older industrial cities. Later, as the Vice President for policy and research at the Corporation for Enterprise Development, I had the great pleasure of briefing then-Delaware Governor Jack Markell in his Dover office, as well as senior White House and Department of Commerce officials.

I have also conducted research, published articles and advised on the kind of business model innovation needed to harness new technologies and adapt to market changes. My current research focuses on higher education, another industry where rising costs and online alternatives are calling into question the traditional business model.

At present, I am directing a foundation-funded project that seeks to reduce the chaos in today's credentialing marketplace by developing standards for describing and comparing credentials and by creating a national data network for posting and accessing the kinds of information about credentials that students, workers and employers need. The project's steering committee includes the U.S. Departments of Education, Labor and Commerce; the Business Roundtable, U.S. Chamber of Commerce, and National Association of Manufacturers, and the country's largest higher education associations.

I have also served on various boards and commissions. At present, I am a member of the board of directors of the American National Standards Institute, whose nearly 1,000 members include trade associations, professional societies, unions, consumer organizations, universities, government agencies, and such companies as Apple, Caterpillar, Exxon Mobil, GE, IBM, Kaiser Permanente, McKinsey, Netflix and Verizon, and represent more than 3.5 million professionals.

Finally, as a member of the Obama-Biden transition team and later as a consultant to the Postal Service, I have had exceptional opportunities to assess the problems and potential solutions facing the Postal Service, the mailing industry, and such related government agencies as the PRC and the Inspector General's office.

In closing, I would like to thank the Committee for its efforts over many years to provide the policy framework needed to enable the Postal Service to accomplish its vital mission. It is clearly a difficult task in today's rapidly changing environment, but I am optimistic that good solutions are within reach. I look forward, if confirmed, to working with you and all the Postal Service's stakeholders on crafting and implementing such solutions. I appreciate the opportunity to testify today and welcome your questions.