

PRESS STATEMENT

Tuesday, May 15, 2001

THOMPSON CHAIRS HEARING TO EXAMINE THE FINANCIAL OUTLOOK OF U. S. POSTAL SERVICE

Committee Looks at Financial Problems, Potential Reforms

Washington - Senate Governmental Affairs Committee Chairman Fred Thompson (R-TN) today chaired a joint hearing on *The Financial Outlook of the United States Postal Service*. Text of Senator Thompson's opening statement follows:

"We are here this morning because of our increasing concern over the financial condition of the Postal Service. The Committee welcomes our witnesses - Comptroller General David Walker, Postmaster General William Henderson, Postal Service Board of Governors Chairman Robert Rider, and Postal Rate Commission Vice Chairman George Omas. I hope our assembled panel can shed some light on the course postal finances have taken over the past year.

"While we will discuss many aspects of this problem in hopes of achieving a better understanding of the reasons for the current situation, certain things seem clear. The Postal Service framework established by Congress in 1970 appears to be near a breaking point. We established a system whereby the Postal Service would have the characteristics of a federal agency and the characteristics of a business enterprise.

"On one hand, we require that the Postal Service provide universal service to every home and business in America. We give them little control over the rates they charge and their labor costs. We require that they leave unprofitable post offices open. We leave them open to the swings in the economy along with fluctuations in transportation and fuel costs. Finally we require them to break even.

"On the other hand, we provide the Postal Service with an absolute monopoly on the delivery of letter mail. We provide

that they do not have to pay taxes or be subject to anti-trust laws the way other businesses are.

"This system worked for several years. However, circumstances change. Two trends developed that changed the face of the Postal Service. First, was a technological revolution which is in the process of changing the way in which people communicate with each other. And that technology is rapidly finding business applications in all aspects of society.

"The second change was that the Postal Service eventually and inevitably began to take on the characteristics of most federal agencies:

- "It continued to grow without a focused strategic plan.
- "It developed serious financial management problems, including wildly fluctuating projections of costs and income.
- "It is unable to utilize technology to increase its efficiency and productivity, even after spending billions of dollars.
- "It wastes tremendous sums of money due to mismanagement.

"A combination of these factors results in the difficulties that we see before us as laid out by the GAO – billions of dollars in deficits in the coming years and an inability to deliver the services we want and costs that are sustainable.

"Clearly, the Postal Service must address its productivity and its mismanagement issues. An 11 percent growth in productivity over the course of 30 years is not good to say the least. And reports by the Postal Service Inspector General of \$1.4 billion in waste and mismanagement fuel further cynicism about agency operations.

"Just as clearly, however, is the recognition that Congress must revisit the 30-year-old statutory framework under which the Service now operates.

"As we proceed, we must ask ourselves pointed questions. We in Congress must ask that services we want the Postal Service

to provide and what price we are willing to pay for them. And do we really expect the Postal Service to hold costs at a reasonable level when we are mandating so many things that make it impossible?

"The Postal Service must ask itself if it really expects reform that gives it more discretion when it has not demonstrated the ability to make financial projections, hold down costs or increase productivity. Stakeholders should ask themselves, even though they may be more comfortable under the current situation, where will they be if the Postal Service falls apart?

"I approach this issue with no preconceived notion as to the precise measures that should be taken. There is a lot we need to understand about the nature of the problem. However, it is my belief that nothing should be off the table, including the future of the postal monopoly itself."

#

[Committee Members](#) | [Subcommittees](#) | [Hearings](#) | [Key Legislation](#) | [Jurisdiction](#)
[Press Statements](#) | [Current Issues](#) | [1997 Special Investigation](#) | [Video of Select Hearings](#) | [Sites of Interest](#)