



Opening Statement of Chairman Edolphus Towns

House Committee on Oversight and Government Reform

April 15, 2010

“Continuing to Deliver: An Examination of the Postal Service’s Current Financial Crisis and its Future Viability”

Good morning and thank you all for being here at this hearing, “Continuing to Deliver: An Examination of the Postal Service’s Current Financial Crisis and Its Future Viability.”

We are here today to discuss the financial crisis facing the United States Postal Service and the unsustainable business model threatening its viability. For more than 200 years the Postal Service has connected American citizens, facilitated commerce, and provided good paying jobs.

Now, this tradition of service is under more pressure than ever before. Mail volume has dropped precipitously, from 213 billion pieces in 2006 to 177 billion pieces of mail in 2009, causing revenues to fall as well. The Postal Service is losing money at an alarming pace, and its health and pension obligations exceed the Postal Service’s ability to pay for them at this time. In response to these problems, the Postal Service has cut jobs through attrition and put many cost saving measures into place over the past decade. Despite these efforts, the Postal Service has not yet implemented a comprehensive strategy to create a business model to put the Postal Service on a sustainable path.

Even in this difficult environment, postal workers continue to deliver a high level of service. The Postal Service remains one of the most trusted organizations in America.

We are not here to blame anybody for these problems. Everyone who has a stake in the success of the Postal Service needs to come together to find solutions that ensure its viability. Today, we will hear about two reports that provide potential solutions to the problems in the postal system.

The 2006 postal reform law required the Government Accountability Office to write a report on the postal business model by 2011. Because of the financial crisis at the Postal Service, GAO moved up the publication of this report by a year. This is a very comprehensive report, and I thank GAO for its timely and thorough work.

The Postal Service also released a report recently, explaining its strategies for the future. The report suggests several measures to help the Postal Service, with a heavy focus on cuts in service.

I recognize that changes are needed, but we need a model for change that carefully balance the economic needs of the Postal Service with its core mission of universal service at affordable prices.

I am also concerned about the impression left by the Postal Service publicity campaign on 5 day delivery. Some newspaper articles have created the impression that 5 day will solve all the Postal Service's problems. We still don't have a firm handle on how much would be saved by eliminating a day of delivery, nor do we have a complete understanding of the impact of this proposal on customers and the postal workforce. We need a through review of all aspects of the postal business model, including 5 day delivery, to make sure that economic and social issues are fully addressed in future business and policy decisions.

Besides long term business strategies for the Postal Service, another key issue is the agency's responsibility for CSRS pension payments for employees. Employees who worked for both the old Post Office Department before 1971, and the independent Postal Service after 1971, receive pension payments that are funded by the federal government and the Postal Service.

The Postal Inspector General says that the Postal Service has overpaid for these pensions by as much as \$75 billion dollars. If this is correct, it might put the changes suggested by the Postal Service and GAO in a whole new light.

We will take a closer look at this issue and I hope we can come to some kind of agreement on how to protect retiree pensions and strengthen the Postal Service.

First we will hear from the Postal Service and GAO on their reports, while our second panel will discuss the impact of these recommendations.

Again, I thank all our witnesses for appearing today and I look forward to their testimony.

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