

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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Opening Statement Ranking Member Elijah E. Cummings

Hearing on “Reforming the Postal Service: Finding a Viable Solution” May 11, 2016

Thank you, Mr. Chairman, for convening today’s hearing to examine the state of the Postal Service. I also thank our witnesses for being here to discuss ideas for addressing the significant challenges facing this critical institution.

Since its establishment more than 240 years ago, the Postal Service has served as the critical link that touches each one of our lives and connects us all together—our families, our businesses, and our communities. Through more than 32,000 post offices staffed by more than 600,000 people, the Postal Service delivers more than 150 billion pieces of mail a year to more than 150 million addresses.

Since the last postal reform legislation was enacted ten years ago, the Postal Service has encountered deepening financial challenges. As a result of the increasing popularity of online communications and transactions, the volume of mail handled by the Postal Service has fallen by more than 25% since 2006, and this trend is expected to continue.

The costs of the Postal Service’s operations have also risen, in part because the Postal Service is required to provide universal delivery service to every address in the United States. Every year, about 900,000 new addresses are created in this country, and the Postal Service’s network of facilities, letter carriers, and workers must expand to deliver to every new address.

Congress has also imposed substantial burdens on the Postal Service that have nothing to do with providing universal service. The Postal Accountability and Enhancement Act of 2006 required the Postal Service to fully prefund its liabilities for retiree health care costs, a requirement that no other federal agency or private sector company faces. These liabilities, together with unfunded pension liabilities, currently amount to about \$125 billion, which is almost double the agency’s annual revenues.

Since 2006, the Postal Service has instituted many cost-saving measures, including:

- cutting 200,000 positions through attrition;
- cutting work hours by 331 million;
- consolidating more than 360 facilities and 20,000 delivery routes;

- changing retail operation hours in approximately 13,000 post offices to match customer demand; and
- reducing the number of administrative areas and districts.

The Postal Service reports that these initiatives have saved the agency \$15 billion a year. However, there are significant legal restrictions that limit the Postal Service's ability to cut costs and introduce new products to counteract its deteriorating financial condition.

As a result, despite its diligent efforts, the Postal Service has reported a net loss of \$5.1 billion for fiscal year 2015, representing the ninth consecutive year of losses. The Postal Service projects \$5.9 billion in net losses for fiscal year 2016.

Only Congress can modify the nature and structure of the funding obligations imposed by statute on the Postal Service's healthcare and pension programs. Of course, these problems are not new, and we have gone far down the road of developing reform legislation in previous Congresses. But Congress has been unable to reach a final bill. The time to act is now.

I thank Chairman Chaffetz for his commitment to working on a bipartisan basis with me and other colleagues to develop a realistic reform proposal. I am encouraged by our discussions and hopeful that we will be able to help put the Postal Service on a viable and sustainable path.

I believe any postal reform legislation that this Committee considers should do the following:

- alleviate the burdensome requirement for prefunding retiree healthcare benefits;
- allow the Postal Service to have separate postal-only health plans that integrate fully with Medicare;
- allow the Postal Service to offer limited non-postal financial services such as post-office-to-post office money orders and certain types of gift cards; and
- require the Postal Service to create a new Chief Innovation Officer charged with developing new innovative products, as any business does.

We need to work together to address the problems facing the Postal Service, and we need to treat the employees of the Postal Service fairly and compassionately. Waiting until the Postal Service runs out of cash is not an option. The Postal Service is an institution on which all Americans rely. We cannot allow it to fail.

Thank you, Mr. Chairman.

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