

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051

<http://oversight.house.gov>

Opening Statement Ranking Member Elijah E. Cummings

Hearing on "Accomplishing Postal Reform in the 115th Congress" February 7, 2017

Thank you, Mr. Chairman, for convening today's hearing to examine how we can accomplish postal reform in the new Congress. After years of work, we came very close to enacting reform during the last Congress, but just ran out of time before Congress adjourned.

I am proud of how much progress we made during the last Congress. After more than a year of negotiations, the Chairman and I, together with Subcommittee Chairman Meadows, Subcommittee Ranking Member Connolly, and Representative Lynch, were able to introduce a bipartisan postal reform bill. Our bill reflected close work with the many stakeholders concerned about postal reform, including most of the witnesses we will hear from today.

We were able to pass this bill out of Committee, but ran into delays waiting for a cost estimate from the Congressional Budget Office. We found ourselves working through the eleventh hour negotiating with the Homeland Security and Governmental Affairs Committee in the Senate.

I thank Chairman Chaffetz and my colleagues for their commitment to advancing our joint effort. We have already introduced a bill this Congress that is substantially similar to the bill we wrote last Congress. I look forward to considering that bill in this Committee and eventually in the full House as soon as possible.

The urgency of enacting comprehensive postal reform has only increased. The Postal Service faces deepening financial challenges and eventually will run out of cash without legislative relief.

The total volume of mail handled by the Postal Service has fallen by more than 25% since 2006, and continued declines are expected.

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 network of postal facilities, letter carriers, and workers must expand to deliver to every new address.

The Postal Service is burdened by a 2006 statutory requirement imposed by Congress to fully pre-fund its liabilities for retiree healthcare costs—a requirement that no other federal agency or private sector company faces.

These liabilities, combined with the Postal Service's unfunded pension liabilities, currently total about \$125 billion, which is almost double its annual revenues.

Even as its fixed costs continue to grow, the exigent rate increase that had been approved to enable the Postal Service to recoup some of the losses incurred because of the 2008 recession's permanent impact on mail volume expired.

Since 2006, the Postal Service has implemented significant cost-saving measures, including reducing positions and work hours and consolidating facilities and delivery routes. Together, these actions have saved the agency \$14 billion per year.

However, there are numerous legal restrictions that limit the Postal Service's ability to cut costs or introduce new products to counteract its deteriorating financial condition.

Taking all these requirements and trends together, the Postal Service reported a net loss of \$5.3 billion for fiscal year 2016, which represents the tenth consecutive year of net losses.

We have repeatedly discussed the deteriorating financial condition at the Postal Service in this Committee, but the situation is now worsened by the unprecedented lack of any Senate-confirmed members on the Postal Service's Board of Governors. Because many key management decisions are reserved by statute to Senate-confirmed Board members, there are many actions, such as establishing rates, class, and fees for products, that the Postal Service simply cannot take now.

The need for postal reform is as urgent as ever. Fortunately, we also may be closer than ever to enacting reform.

We must press ahead. We must continue to work together—Congress, the Postal Service, and stakeholders—to achieve what has been out of reach for so many years.

Only we can ensure that this 240-year old institution—an institution that connects every family, business, and community in this nation—will continue to be there to serve all Americans.

I thank our witnesses for being here today once again to discuss what we must do to place the Postal Service on a viable and sustainable path for the future.

Contact: Jennifer Werner, Communications Director, (202) 226-5181.