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House of Representatives

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Opening Statement Rep. Elijah E. Cummings, Ranking Member

Hearing on "Are Postal Workforce Costs Sustainable?"

April 5, 2011

The U.S. Postal Service is the nation's premiere mail delivery service, providing universal service to the American people at fair and reasonable rates. Last year, the Postal Service delivered nearly 40% of the world's mail, serving 150 million U.S. residences, businesses, and Post Office boxes.

Although the Postal Service generated more than \$67 billion in revenue last year, it has faced serious financial challenges recently. Since 2007, its revenues have declined because of reductions in mail volume, increasing energy prices, and the recent downturn in the U.S. economy.

The Postal Service reported losses of \$5.1 billion in 2007, \$2.8 billion in 2008, \$3.8 billion in 2009, and \$8.5 billion in 2010.

I am encouraged that the Postal Service is taking significant and serious steps to address these challenges. Last year, the Postal Service issued a new ten-year strategic business plan that improves productivity, cuts costs in operations, uses more cost effective retail channels, and consolidates administrative functions.

With new leadership in place, we are beginning to witness the emergence of a smaller, smarter, and more nimble organization that is re-inventing itself to become more competitive in an evolving marketplace.

With this in mind, there are some key points I would like to emphasize.

First, the Postal Service pays salaries that are comparable to the private sector. A recent review found that Postal Service letter carriers received a starting salary that was slightly more than FedEx carriers and slightly less than UPS drivers, both on an initial per hour basis and after several years of service.

Second, the Postal Service has been aggressively reducing its workforce. The current workforce is the smallest in 20 years, employing nearly 100,000 fewer workers than in 2008. Since 2000, the Postal Service has reduced its workforce by nearly 27%, and it plans to continue reductions through attrition and by extending its current hiring freeze.

Third, the Postal Service is actively examining additional proposals to further reduce costs. For example, GAO recently recommended a host of cost-cutting measures, including a legislative proposal to modify the Postal Service's mandated requirement to pre-fund retiree health benefits. Currently, the Postal Service is the only federal entity required to pre-fund retiree health benefits, and these costs are expected to average \$5.5 billion annually through fiscal year 2016.

Mr. Chairman, as we discuss these proposals today, I would like to offer a note of caution. More than 200,000 members of the American Postal Workers Union are in the midst of voting on a tentative labor agreement concluded with the Postal Service on March 14, 2011. This agreement would institute a two-year freeze on wages and cost-of-living adjustments and is projected to save approximately \$1.7 billion. It would allow the Postal Service to reduce the starting salary of postal clerks even further, from \$40,800 to \$35,300, and it would implement one of the recommendations made by GAO by allowing greater use of non-career and part-time employees.

While it is appropriate for this Committee to conduct oversight of the Postal Service, we must be sensitive to criticism that we are using today's hearing to improperly shape the outcome of the impending vote. Both management and the union have negotiated in good faith, and we should allow workers to consider this tentative agreement without undue congressional intervention.

Finally, Mr. Chairman, I would like to thank all Postal Service employees for their dedication and hard work. For the sixth consecutive year, the Postal Service, above all other government agencies, continues to be named as the "Most Trusted and Reliable Government Agency" by the American people.

The Postal Service is also one of the largest employers of veterans in our country, with approximately 22%, or about 114,000 employees, having previously served in the U.S. Armed Forces. Moreover, approximately 49,000 of these employees are disabled veterans.

I feel strongly that our Committee should focus not only on stemming recent losses at the Postal Service, but on pursuing options to create a healthy and profitable Postal Service for the future. And a key component of this new organization must be a reasonable and livable wage for these devoted and trustworthy public servants.

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