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Opening Statement

Rep. Elijah E. Cummings, Ranking Member

Hearing on "The President's Fiscal Year 2015 Budget Proposal for the Postal Service" April 8, 2014

I thank the Chairman for convening today's hearing to enable us to review the President's fiscal year 2015 budget proposals for the Postal Service.

The Postal Service remains the link that holds all corners of our nation together. It delivers mail to more than 150 million addresses nationwide and maintains a network of approximately 32,000 post offices.

However, as we well know, declining mail volumes have reduced the Postal Service's revenues even as it continues to be statutorily required to make multi-billion dollar annual payments into a fund to cover future retiree health benefits—a requirement no other agency has.

The Postal Service has now defaulted on nearly \$17 billion in retiree health benefits payments, and it will default on the payment due at the end of September of this year.

The Postal Service's cash position has improved, however, due largely to increased parcel and package volumes, which grew by six percent between fiscal year 2012 and fiscal year 2013. Parcels and packages now account for almost one-fifth of the Postal Service's revenues.

The President's budget proposes several operational reforms that the Administration believes would provide significant relief to the Postal Service and place it on firmer financial footing over the long term.

Many of these proposals echo provisions contained in legislation I and Congressman Lynch have previously offered.

For example, H.R. 2690, which I introduced last year, would recalculate the Postal Service's liability to the Federal Employees Retirement System on the basis of demographic assumptions that better reflect the unique characteristics of the Postal Service's workforce. The President's budget endorses this proposal.

The President's budget also would return to the Postal Service the overpayments it has made into the retirement system.

The President's budget also supports the restructuring of the Postal Service's payments into the Retiree Health Benefits fund. The Administration indicates the plan it has offered would provide \$9 billion in cost savings.

The President's budget would make permanent the exigent rate increase recently approved by the Postal Regulatory Commission.

The Postal Service already has the authority to convert addresses receiving door delivery to curbside or centralized delivery. I believe the Postal Service should continue to make such conversions where they make sense and where neighborhoods support this change. New addresses should continue to be required to receive curbside or centralized delivery.

Ultimately, I believe that delivery frequency should be considered in the context of comprehensive postal reform legislation.

Given the concerns of our colleagues on both sides of the aisle, any consideration of changes to the frequency of delivery should be the subject of a robust debate involving all stakeholders.

As I close, I commend the Administration for supporting comprehensive postal reform and offering a thoughtful package of policy proposals for our consideration.

As we proceed, I hope we will focus on measures we can all agree on rather than measures that drive us apart.

It has been more than eight months since the Committee marked up the Chairman's Postal Reform measure. Since then, the Senate Homeland Security and Government Affairs Committee has passed a bipartisan reform bill. Although I don't agree with everything in the Senate's bill, it offers the bipartisan starting point from which we could craft a measure that will ensure the Postal Service is positioned to succeed while serving the changing needs of its customers.

I look forward in hearing from our witness today.

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