

Opening Statement of Chairman Thomas R. Carper
“Outside the Box: Reforming and Renewing the Postal Service,
Part II - Promoting a 21st Century Workforce”
September 26, 2013

As prepared for delivery:

We meet today for the third hearing we've held this year to consider the financial challenges facing the United States Postal Service, and the second since Dr. Coburn and I put forward a comprehensive and bipartisan proposal to address those challenges.

As I mentioned at our hearing last week, one of my top goals since joining this committee has been to not just help the Postal Service get by, but to help it be strong again and remain viable for the long term.

Despite my efforts, those of my predecessors on this committee, and those of postal management, postal employees, and others, we find ourselves closer than we've ever been to losing the vital services that the Postal Service offers. At risk as well are the approximately 8 million jobs that depend on its continued vitality.

The Postal Service has maxed out its credit line with the Treasury and is rapidly running out of cash. Despite an improving economy and some positive signals from some parts of its business, its immediate future is unfortunately not very bright. Absent legislative intervention, the Postal Service will likely limp along for a few months unable to invest for the future, with its employees and customers uncertain of what that future holds. It can only limp this way for so long.

There is no single easy solution to this problem. It's a problem that has been years in the making, and will take years still to tackle. But, with urgent action from Congress and the administration, the collapse of the Postal Service is avoidable.

Last week, my colleagues and I debated the tough decisions that will need to be made in the coming months and years regarding the level of service the Postal Service should offer the American people. We also discussed how it should price and market its products. Most importantly, we heard about some innovative ways the Postal Service can make itself relevant to new generations of customers by taking creative advantage of its one-of-a-kind retail, processing, and delivery network.

Today, our focus will be the postal workforce and the steps the Postal Service must take to make sure it has the right people with the right skills as it works to survive and thrive in the years to come. We will also touch on the financial obligations the Postal Service - and, by extension, the Treasury - has made to postal employees, and how those obligations should be funded.

At its peak in 1999, the postal workforce totaled about 800,000 people. Today, the Postal Service employs just under 500,000 men and women to service an ever-growing number of addresses across the country. This is possible due in part to the recent declines in mail volume, but also to automation and some hard work on the part of postal management and the rank and file to make processing and delivering the mail more efficient. More clearly must be done in this area. My bill I've introduced with Dr. Coburn would help.

Our bill would also help end longstanding debates about how much the Postal Service owes the Treasury for its employees' pension and health care obligations, how much it should be paying to fund these obligations, and how aggressive its payment schedule should be.

On pensions, we would require the Office of Personnel Management to use more accurate data on how postal employees are paid and how much they actually draw down over their lifetimes from the Federal Employees Retirement System and the Civil Service Retirement System. This reform would likely save the Postal Service billions over time. It would also show that the Postal Service had overpaid its FERS obligations and result in a refund of as much as \$6 billion.

On health care, we would end the extremely aggressive schedule put into place in 2006 to pay down the Postal Service's unfunded retiree health obligation.

That payment schedule was put into place for a noble purpose. The goal was to make certain that a then-healthy Postal Service that faced an uncertain future due to the growth in electronic communication was putting away as much money as it could so that taxpayers wouldn't be stuck with its health care bill. But the size of the payments have been crippling.

Our bill would create a more sensible and affordable schedule for paying down the vast majority of the Postal Service's long-term obligation over the next 40 years. It would also give the Postal Service access to the more than \$40 billion in its retiree health account today to pay its growing costs related to premiums for current retirees.

These reforms alone would make the Postal Service's books look dramatically better, and free up cash that it can use to invest in innovation, its vehicle fleet, and other long-neglected needs. But the reforms in our bill intended to enable more efficient use of the Medicare benefits the Postal Service and its retirees have paid for have the potential to dramatically reduce its outstanding health care obligations, and as a result its retiree health pre-funding payments.

Finally, our bill would give the Postal Service and the unions representing its employees the authority they need to have a full - and hopefully productive - conversation about the package of pay and benefits current and future postal employees should receive. Unlike other proposals that have been made over the years, it would not enable layoffs or break union contracts. Rather, it would simply require a conversation and trade-offs between management and labor. This reflects the fact that it is not my goal to make postal employees pay the price associated with fixing the Postal Service.

Before I turn to Dr. Coburn for his statement, I'll point out that my goal is - and what I believe what his goal as well. Our goal is to provide some certainty to both postal employees and customers. It's also to ensure that taxpayers — along with all of the fiscal challenges we face as a country — are not also saddled with shoring up a failing Postal Service. I don't want to be back here in a few years discussing how we can dig ourselves out of yet another postal crisis.