

ONE HUNDRED ELEVENTH CONGRESS
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Opening Statement
Ranking Member Jason Chaffetz

Subcommittee on Federal Workforce, Postal Service, and the District of Columbia
Hearing Entitled “*Making Sense of it All: An Examination of USPS’ Station and Branch Optimization Initiative and Delivery Route Adjustments*”

July 30, 2009

I thank the Chairman for holding this hearing today.

On June 24 the Subcommittee amended and marked up H.R. 22, allowing USPS to adjust required payments to future retiree health benefits.

The full committee adopted our approach by marking up the bill on July 10.

USPS correctly advised us at the time that the legislation, while substantial, would not completely resolve all of their financial issues. That has certainly turned out to be the case.

Just this week GAO announced that USPS would be designated as “High Risk”. This is sobering news. In 2006, the Postal Accountability and Enhancement Act was passed in part to help get USPS off the High Risk List, which it did.

Thus, GAO’s renewed designation should serve as another powerful reason for Congress to act, and act quickly, in passing H.R. 22 and any other legislation which will help get USPS out of the fiscal swamp in now finds it self in.

Consolidating branches is important and complex. Consolidation can best take place on the merits for the system to work.

A primary reason the Postal Service is in trouble right now is because it lacks the flexibility to adapt to a changing environment. The USPS has experienced the largest drop-off in mail volume in its 234-year history—greater than the declines during the Great Depression.

A number of major mailers are in financial trouble. Bulk mail volume and advertising mail is down. This is due in part to the poor state of the economy. Also, the “postal monopoly” does not extend to e-mail and internet advertising, which continues to grow.

The forecasts for the return of this volume are not optimistic.

The Postal Service must right-size itself to the market it serves.

When looking to make cuts and find long-term solutions, one must evaluate the entire operation of the Postal Service.

I look forward to discussing the rearranging of delivery routes and other potential structural changes. But even that is not the complete solution.

One of the changes being pondered is an exigency rate increase of 2.4% to be established “only when justified by exceptional or extraordinary circumstances.” But raising the price of an item will only reduce sales, not increase them, especially when demand is clearly decreasing. Thus, exigency rate increases appear counter to any sound economic logic and will only serve to further complicate the USPS’s woeful financial circumstances.

There are those who suggest that the Postal Service is a dinosaur living in a modern world. It is certainly a paper-based, labor intensive service at a time when most Americans are more and more comfortable with e-mail and internet communication. However, the Postal Service remains essential.

I look forward to hearing from all the witnesses.