



NATIONAL ASSOCIATION OF POSTMASTERS
OF THE UNITED STATES

PRESENTATION OF

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POSTAL POLICY FORUM

HOUSE COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM

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On behalf of the 39,000 members of the National Association of Postmasters of the United States, I would like to express our appreciation to Chairman Towns, and the House Oversight and Government Reform Committee and its staff for convening this important Postal forum. This larger-than-roundtable discussion provides a unique opportunity to talk about issues of tremendous importance to the future of the Postal Service and its employees, as well as the American public.

Slightly less than three decades ago, I was a young staff member on the House Post Office and Civil Service Committee – a committee whose jurisdiction was inherited by the Subcommittee presently chaired by Representative Lynch. The situation confronting the Postal Service today is far more challenging than the environment it faced in the 1980s. Now, the agency and its stakeholders are attempting to crawl out from a deep and broad recession that has crippled so many postal-dependent industries. In response to the dire economic environment, over the past two fiscal years, the Postal Service has reduced its costs by about \$10 billion and cut its employment by more than 84,000 employees. On one hand many Postmaster positions remain vacant, remaining Postmasters have assumed many functions, which had been carried out by craft employees. The craft positions are unfilled or have been eliminated. Reduced Post Office hours, understaffing, abuse of postal Post Office “suspension authority”, late deliveries are testament to these reductions, and a stressed workforce.

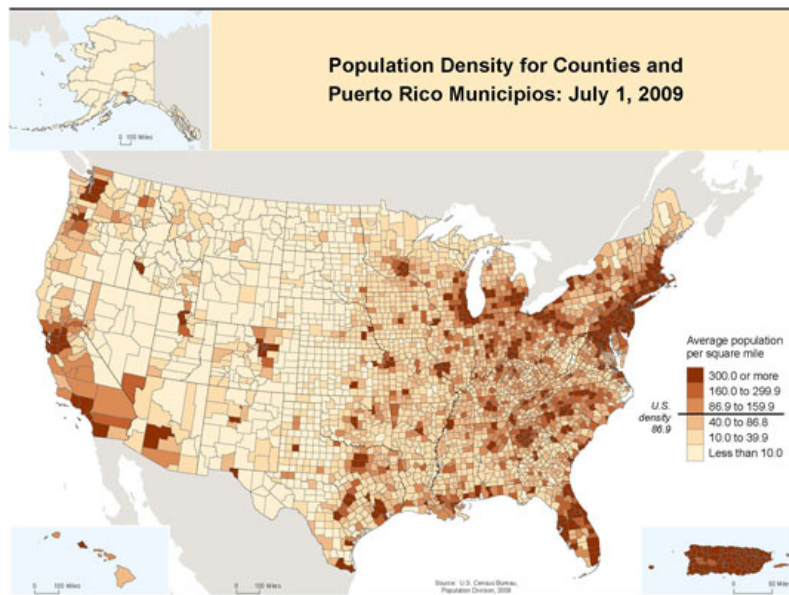
Unless Congress acts soon, the Postal Service is embarking on an irreversibly bleak journey to oblivion that will engender public outrage. NAPUS firmly believes that

Congress needs to address two underlying causes of the agency's current financial instability – a flawed 36-year-old statute that has resulted in the Postal overfunding its retirement obligation by \$75 billion, and a 4-year-old provision that implants an inaccurate charge for pre-funding retiree health costs. The annual prefunding charge is \$5.6 billion. We would caution that the actuaries of Office of Personnel Management (OMB) and the Office of Personnel Management are not neutral referees in assessing the Postal liabilities – the White House agencies have traditionally viewed the Postal Service as a “cash cow.” Therefore it is crucial that Congress direct an independent judge to settle on the correct postal liability, using the credible “years of service” methodology. It is important that Congress direct an independent referee to determine the appropriate assessment of postal liability using the credible “years of service” methodology.

We understand that Chairman Lynch has under consideration a proposal, that would strive to address the overly burdensome pre-funding requirement and more accurately calculate the Postal Service pension obligations. NAPUS believes that this legislation should be considered expeditiously, and should exclude controversial provisions that would impede passage.

Earlier this year, as part of testimony submitted to the Senate Appropriations Committee, NAPUS suggested that Congress appropriate the \$460 million that is currently authorized in law. Current law establishes an appropriation to provide “a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining.” (39 USC 2401(1)(G)). The Postal Regulatory

Commission’s 2009 comprehensive study on the Universal Service Obligation estimated that maintaining small Post Offices cost only about \$549 million, about 0.7% of the USPS operating budget. The provision protecting Post Offices date back to the Postal Reorganization Act of 1970 and was strengthened in 1976, as the result of the acceleration of Post Office closings, particularly in small communities and rural areas. NAPUS would be deeply concerned about legislation to weaken postal accessibility and postal equality. The Census Bureau chart illustrates the large swaths of the country that would be endangered should Post Office protection language be stricken from the current statute or weakened. Consequently, Congress should tread very lightly should it consider establishing a commission to close Post Offices.



US Census Bureau, Population Division

The importance of Post Offices is highlighted by a March 2010 Gallup Poll, which found that an overwhelming majority of Americans oppose closing Post Offices – 86 percent. A March *Washington Post-ABC News Poll*, independently, came to the very same conclusion. Post Offices are the welcomed face of the federal government throughout the nation. Moreover, Post Offices are not simply retail units that sell stamps, but are origination, distribution and destination points for mail. Post Offices serve a key social value, providing community identity and provide an economic anchor for businesses that provide jobs for America. In fact, the Urban Institute recently outlined some of these characteristics for further review by the Postal Regulatory Commission.

NAPUS believes that prior to even considering closing Postal Offices, the Postal Service should trim non-service functions from its expansive bureaucracy. This is what NAPUS has been advocating since our 2003 testimony before the President's Commission on the Postal Service – that is the Postal bureaucracy should be “delayed.” No rational institution would have a front-line manager report to a postal operations manager, who then reports to one of 74 Postal Districts, who then reports to one of seven Postal Areas, who then reports to any of a number of Divisions within Postal Headquarters, and then reports up the food chain in headquarters. At the very least, 74 Postal Districts for 50 states makes no sense.

As we look beyond immediate retiree health care funding and pension reform, NAPUS believes that the Postal Service needs to generate greater revenue by maximizing its postal network, and leveraging its national ubiquity and high-trust factor. To the extent

there are legislative impediments to maximizing its retail footprint; Congress should modify them. There has been discussion about the Postal Service becoming more visible and active with regard to financial services. These types of activities date back a considerable amount of time, since the Postal Service issues postal money orders. More importantly, Congress should aid the Post Offices in becoming the public portal to a wide variety of federal, state, and municipal government services and products. Partnerships should be fostered with commercial entities, so they can access outlying communities and enter into win-win opportunities with the Postal Service. These relationships could help underwrite the cost of universal postal accessibility. The Postal Service should more aggressively implement and market “intelligent mail bar-coding” and create products stemming from it. Indeed, such postal products, as state vote-by-mail, would benefit by such tracking systems.

Thank you for the opportunity to represent the views of NAPUS at this forum.