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House of Representatives
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Statement of Rep. Darrell Issa, Ranking Member

“Continuing to Deliver: An Examination of the Postal Service’s Current Financial Crisis and its Future Viability.”

April 15, 2010

Thank you, Mr. Chairman, for holding today’s hearing about the ongoing struggles facing the Postal Service and their plans for the future.

Within the broad jurisdiction assigned to this Committee, the responsibility to oversee the United States Postal Service is one of the most critical. Article I, Section 8, of the U.S. Constitution provides that Congress has the power to “establish post offices and post roads.” This power, from the earliest days of our Republic, was thought to be relatively benign. But soon after ratification, controversy set in over the extent of Congressional authority.

Nearly one hundred years after Congress established the Office of Postmaster General, the Supreme Court handed down a landmark decision that affirmed the far-reaching power of Congress over the mail. In fact, Congressional control over the Postal Service has been characterized as a constitutionally-mandated monopoly. There is no other authority, and no other institution of oversight, with the ultimate responsibility to address the many problems facing the Postal Service.

And that is why, Mr. Chairman, it falls to us today to examine the causes of the current financial crisis and challenges to the Postal Service’s future viability. Those challenges, Mr. Chairman, are many.

First, USPS is rapidly losing revenue. Even before the effects of the current recession were being felt, the price of postage was gradually rising and the volume was steadily dropping. Congress requires the Postal Service to operate like a business, and to be self-supporting, yet the relative inflexibility in pricing hinders USPS’s ability to compete with their private sector counterparts.

Second, USPS is struggling with the fiscal strain brought on by an oversized organization. It is clearly time to right-size its workforce to meet current demand. Existing contracts severely limit USPS from adjusting its workforce to bring cost in line with revenue. In spite of efforts to cut labor costs, they continue to consume roughly 80% of total Postal revenue each year. Studies have indicated that a significant reduction in the Postal workforce is in the best interest of the Postal Service and its customers.

We are aware that this year the Postal Service is negotiating two major union contracts and two more next year. These negotiations cannot be business-as-usual. If USPS expects congressional cooperation, then it is going to have to present a strategic plan that brings postal services – including its labor problems – in line for long-term viability.

Third, USPS is struggling to keep pace with technology. Electronic mail and other recent advances in technology offer the kind of convenience and timely delivery that neither the Postal Service nor its private sector counterparts can provide. Facing this reality, USPS must reinvent itself to survive and thus perform its core function of providing mail delivery to every American address.

Last year, Mr. Chairman, we worked on a bipartisan basis to enact H.R. 22 and provide a quick fix for USPS's financial problems. As we approach the fall, we are aware that those problems have not been resolved in any fundamental way, and that a major funding issue is still upon us. Indeed, if we fail to enact serious postal reforms this year, we will have no choice but to come head-to-head with the possibility of another taxpayer bailout. This we will not allow.

To ensure the future success of USPS, every option must be on the table. I trust, Mr. Chairman, that we will be able to build upon our past collaboration to find a permanent bipartisan solution, and I look forward to hearing from today's witnesses.

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