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Rep. Steve Lynch
Chairman
Subcommittee on the
Federal Workforce,
the Postal Service and
District of Columbia

Postal Subcommittee Trolls for Data on New Postal Products

On November 5, the House Oversight and Government Reform Committee on the Federal Workforce, Postal Service and the District of Columbia conducted a hearing, focused on the development and diversification of new products and services. Subcommittee Chairman Steve Lynch (D-MA) mentioned that the hearing was inspired by Postmaster General Potter's October 8th comments at the National Press Club relating to the necessity of new Postal offerings. During the October press event, the PMG argued that the Postal Service requires enhanced regulatory and legislative latitude to provide Americans innovative services and products, such as those offered by foreign postal authorities. At yesterday's hearing, USPS President for Mailing and Shipping Services Robert Bernstock reiterated and expanded on the PMG's request, underscoring the need for increased postal revenue to support a universal postal service.

Postal Regulatory Commission (PRC) Chairman Ruth Goldway, Government Accountability Office Director (GAO) Phillip Herr, and former USPS officials Michael Coughlin and Robert Reisner joined Bernstock at the witness table. The hearing chatter clearly illustrated the multiple dilemmas confronting postal policy makers. In a significant way, strategic revenue generating strategies would complement a modestly optimistic prognosis of mail volume. However, at least two of the witnesses, did not agree with that optimism. In addition, it was unclear how much of the projected \$7 billion loss could be offset by new revenue-generating ventures. Concern was also expressed about the Postal Service's past forays into new product lines, and the anticipated objection of private sector providers, who market products and services that the USPS would like to sell.

At one point in the hearing, Chairman Lynch exclaimed that the USPS needs "transformational leadership" to help it survive; and Ranking GOP Member Jason Chaffetz (R-UT) remarked that it is crucial for the institution to "increase its relevancy". In response to a question about the USPS' aptitude for innovation, former Deputy Postmaster General Michael Coughlin responded that there are "pockets of innovation – not a culture of innovation." Rep. Dennis Kucinich (D-OH) reminded everyone not to forget that the Postal Service "belongs to the people [of the U.S.]". PRC Chairman Goldway argued that the USPS should use its "strategic advantage of ubiquity".

In his prepared statement, Bernstock anticipated calls for innovation, and he acknowledged that the Postal Service must "optimize" its omnipresent retail network. He noted that "8 to 10 million people visit a Post Office each day" and Americans continue to rank the Postal Service "as the most trusted government agency and one of the top three businesses in the U.S." Bernstock suggested that these key traits can be leveraged to broaden the appeal of new postal products.

New product and service offerings can be divided into two categories – those that can be provided under current law (e.g., contract pricing) and those that require changes to current law. In addition, amongst those that require statutory change, there are “no-brainers” and then there are those that would be controversial. The USPS has suggested for sometime that the Post Office ought to be a community’s access point for a variety of government services. After all, the USPS already administers a considerable portion of the U.S. Passport program for the State Department. The Subcommittee spoke about the Postal Service providing similar fee-revenue-generating “credentialing processes” for state, local and federal governments. Rep. Chaffetz reminded the panel of his ongoing interest in having the Postal Service play a substantial enumeration role in the decennial Census.

The Subcommittee also delved into the PMG’s view that the Postal Service should be able to offer financial services, similar as those provided by foreign postal authorities. It would not be a far-stretch from postal money orders to other types of financial products. Subcommittee members briefly explored the creation or creating partnerships with community banks.

Besides renewing its request to reduce delivery frequency and modification of its retiree health care prefunding schedule, the USPS called for the following statutory changes to improve revenue-generation:

- Expand the services the USPS could offer other federal agencies
- Provide explicit authority for the USPS to cooperate and provide services to state and local governments
- Broaden the definition of postal services to include “electronic services”
- Enable the USPS to provide non-postal products and services at retail locations

Subcommittee Considers TSP Improvements

The Federal Workforce Subcommittee had a very busy week. In addition to the aforementioned postal hearing, it also conducted a hearing to review the status of the Thrift Savings Plan (TSP). H.R. 1256, the Tobacco reform bill, which President Obama signed into law in June, included TSP automatic enrollment and immediate agency contributions for all new federal employees and the addition of a new Roth 401(k) investment option. In addition, the legislation permits the creation of a mutual fund investment feature.

One of the issues that came up during the hearing was a new IRS ruling that enables 401(k) participants to deposit unused leave (annual and sick), which could otherwise be paid out in a lump-sum, into their retirement account. Under current law, this new rules would not apply to federal and postal employees, since there is no opportunity for a lump-sum cash distribution of unused “sick-leave”, and the TSP is only authorized to accept “basic pay”.

The Subcommittee seems interested in pursuing legislation that would permit TSP participants to contribute their unused “annual leave” into their TSP account. (Effective October 28, the unused “sick leave” of FERS employees may be credited towards retirement. On that date, President Obama signed into law PL 111-84, which established the new FERS benefit.)

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