



NATIONAL ASSOCIATION OF POSTMASTERS  
OF THE UNITED STATES

TESTIMONY OF

ROBERT RAPOZA

NATIONAL PRESIDENT

HEARING

SENATE SUBCOMMITTEE ON FEDERAL FINANCIAL  
MANAGEMENT, FEDERAL SERVICES, AND  
INTERNATIONAL SECURITY  
WASHINGTON, DC

MAY 17, 2011



The National Association of Postmasters of the United States (NAPUS) once again appreciates the opportunity to share with this Subcommittee the views of our 38,000 members regarding the future of the Postal Service. The most recent Postal Service quarterly fiscal report illustrates a \$2.2 billion loss for the past quarter, and provides sobering news on mail volume. Taken together, the data is a warning sign for the rest of the economy. In addition to intensifying the budget pressures on the Postal Service, the continued mail volume decline may represent the leading edge of the next recession. Consequently, NAPUS urges the Committee to pursue a two-track strategy to ensure the continued viability of the Postal Service. First, address pension overpayment and pre-funding retiree health benefits; and, second, tackle broader operational issues.

When NAPUS appeared before this panel in December, I explained that our primary goal should be to recognize the massive Postal Service overpayments into the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). In addition, legislation is essential to permit the agency to use its surplus contributions to meet its legal, albeit unique, obligation to pre-fund future retiree health benefits. Indeed, recognition of the estimated \$55-75 billion in overpayments would go a long way to help address the immediate fiscal crisis confronting the federal agency.

Last week, a representative group of mailers testified before the House Postal Subcommittee and proclaimed their endorsement of H.R. 1351. The bill, which was introduced by Rep. Stephen Lynch, directs the Office of Personnel Management to accurately and fairly calculate the Postal Service's past retirement obligations, and provide the agency with immediate financial relief by permitting the overpayment. NAPUS is pleased that two bills that are or will be pending before the Subcommittee, Sen. Collins' legislation (S. 353), and the bill that the Chairman just introduced (POST Act) also seek to address the over-funding and pre-funding issue. Consequently, NAPUS strongly supports Title I of the Chairman's legislation and section 101 of S. 353. NAPUS continues to believe that pension liability and retiree health pre-funding is at the center the Postal Service's current crisis and the issue should be segregated from other controversial proposals, and be enacted prior to the end of this fiscal year.

It is important to note that the Postal Service has shed over 100,000 jobs over the past two years, including Postmaster positions, and there has been virtually no investment in capital. The postal infrastructure and vehicle fleet is deteriorating. Before the Postal Service begins to cut deeper into the bone of its services, the agency needs to prune further its bureaucracy and eliminate its still-bloated administrative overhead, which includes an oversized Area and District Office structure. Therefore, NAPUS supports section 104 of S. 353.

In this constantly transitioning digital age, the Postal Service has not done enough to design and implement a comprehensive and compelling strategy to improve relevancy, and exploit its consistently high trust level and ubiquity. NAPUS has persistently urged the Postal Service to maximize the use of its footprint and become the universal government portal, enabling citizens and businesses to access federal, state and municipal

services through their local Post Office. Consequently, NAPUS supports section 301 of the POST Act and commends Chairman Carper for encouraging the Postal Service to establish partnerships with other federal agencies, as state and local governments to provide services. This type of universal governmental access compliments the Postal Service's universal obligation, and would be especially beneficial to Americans who live or work in small towns and rural areas

However, we are deeply concerned about statements, policies and regulations that would take the Postal Service in a completely different direction, to irrevocably contract its universal mission. Such misguided policies do irreparable harm to confidence in our postal system, and the economies of communities, large and small. For this reason, NAPUS is troubled by sections 201 and 202 of the POST Act, and urges the Chairman to revisit these provisions. Sections 201 and 202 could unfairly target rural areas and small towns for reduced postal services. Under the provisions, the Postal Service would no longer be required to provide "a maximum degree of" services to thousands of communities. In addition, the sections would eliminate the prohibition against closing a post office solely for having expenses that exceed revenue. Post offices are not simply revenue generators; they are service providers. Sections 201 and 202 cast in harm's way more than 10,000 post offices. It is important to remind the Subcommittee that closing all rural and small post offices would only save the Postal Service about 0.7% of its operating revenue. Moreover, two successive Gallup Polls, one in 2009 and the other in 2010 record overwhelming citizen opposition to Post Office closing (88% and 86%), identifying post office shuttering as the most objectionable postal cost-cutting tactic. Post Offices remain the undisputed most valued governmental institutions in the nation.

Nevertheless, NAPUS has consistently testified that it does not believe that all post offices are sacrosanct. In fact, we do not oppose seeking expanded postal access points to generate increased revenue. Co-location of postal services with commercial enterprises should be explored in attracting more business. However, alternative postal access cannot be abused to indiscriminately close Post Offices, or exploited to deny communities full postal services. The Postal Service cannot advance such dishonest monikers as a "Village Post Offices", when such a non-public entity is not a Post Office, nor can it offer the full array of services that a Post Office provides. In addition, while the increased availability of postal kiosks may be appropriate in some locations, it is not a viable option in most.

NAPUS notes that section 203(b) of the POST Act outlines specific standards with regard to expanding retail alternative to Post Offices, including community impact and input, and revenue growth. This language is constructive, and NAPUS believes the section should be a prerequisite to Post Office discontinuances. Additionally, it would be premature to manufacture an environment conducive to closing Post Offices, absent Postal Regulatory Commission review of the plan and the establishment of clear retail service standards. Post Office discontinuance should not to be taken lightly, because such actions have a lasting effect on communities and neighborhoods. The criteria for Post Office discontinuance and the process must be transparent, and the impacted community must be informed of the process, as well as having constructive input in the decision. Regrettably, Post Office discontinuance regulations, filed by the Postal Service on March

31, failed to hit the mark. The proposed regulations violate both the letter and the spirit of existing law. Furthermore, weakening the existing statute, by enacting section 201 and 202, may have the unintended consequence of providing license for wholesale Post Office closures.

Finally, NAPUS would like to bring to the Subcommittee's attention another proposed Postal regulation that, if implemented, would violate existing law – a law that the Chairman championed. The Postal Services seeks to redefine “Postmaster”, contrary to the 2003 Postmasters Equity Act, which was jointly introduced by Senators Akaka and Collins. Among the early Senate cosponsors were Chairman Lieberman and Chairman Carper. Early this month, the authors of the legislation, Senators Akaka and Collins, submitted comments to the Postal Service contesting the legality of the regulations. The Committee report that accompanied the legislation lays out the importance Postmasters and their essential role in postal operations.

The next few months and years will be pivotal for the future of the Postal Service; and NAPUS looks forward to working with the Committee as it helps assure an effective and essential Postal Service.

Thank you.