

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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### Opening Statement Chairman Elijah E. Cummings

#### Hearing on “Financial Condition of the U.S. Postal Service” April 30, 2019

Good morning. Today, we are holding a very important hearing on the future of the United States Postal Service.

The Postal Service is one of our nation’s most essential and recognizable institutions. It provides universal service to every single address in the United States. It delivers mail and packages to nearly 159 million locations, no matter how remote. And it binds together every corner of our nation.

Unfortunately, the Postal Service’s financial condition has been deteriorating over the past decade. There are three primary reasons for this. First, there has been a decline in first-class mail, which has been the Postal Service’s most profitable product. Second, the Postal Service’s expenses have been increasing more quickly than its revenues. And third, Congress put in place requirements in 2006 for the Postal Service to make billions of dollars of payments each year to pre-fund retiree health benefits. This is a requirement that no other federal agency or private sector company faces.

The Postal Service has made several changes to meet these challenges. It has reduced its workforce by hundreds of thousands of people. It has hired more part-time employees. And it has consolidated facilities and delivery routes. But at the same time, the Postal Service has an obligation to provide universal service, so it has continued expanding its network to deliver mail to approximately one million new addresses every year.

As a result, even with deep cuts to its workforce, the Postal Service has been forced to begin defaulting on its prefunding payments for retiree health benefits. It now owes more than \$42 billion for retiree health benefits. The Postal Service has also been forced to start defaulting on pension benefit payments as well.

Today, one of the most pressing concerns for the Postal Service is its dwindling liquidity. As its expenses continue to grow more quickly than its revenues, the Postal Service faces challenges with having enough cash to conduct its operations. For example, in fiscal year 2018, the Postal Service had less than two months’ worth of cash on hand on an average day.

If major changes are not made soon, there will come a time when the Postal Service will run out of cash, and its ability to provide the services Americans rely on will be in jeopardy. Congress has a responsibility to ensure that day never comes.

For several years now, I have worked closely with my colleagues on this Committee to develop bipartisan legislation to reform the Postal Service and to place it on more sustainable financial footing. I have worked with Representatives Connolly, Lynch, and Lawrence. I have worked with Representative Meadows—as well as former Chairman Chaffetz and Chairman Gowdy. And I hope to work productively with Ranking Member Jordan as well.

Last Congress, this Committee passed bipartisan reform legislation. We all had to give a little bit during those negotiations. I'm sure nobody was 100% happy with that legislation. But that bill would have saved nearly \$6 billion over ten years, according to the Congressional Budget Office. That was a significant accomplishment. Unfortunately, that bill was never brought to the House floor.

So, today, it is our responsibility to move further than we did in the past. We now have a whole new Congress. We now have Members that are new to this Committee and new to this issue. I hope today's hearing will be an opportunity for all of our Members—new and old—to get an overview of the challenges faced by the Postal Service, to get an update on its current financial condition, and to hear about the many different proposals that have been made for reform.

The Administration has also proposed some ideas through its task force. One is to allow the Postal Service to explore new business opportunities to leverage its current assets and business lines. Of course, this was an initiative that we included in our legislation last Congress, and one that I strongly supported.

Finally, I want to highlight one principle that I hope will guide our efforts. We must not place the burden of reforming the Postal Service on the backs of postal workers. Their wages and benefits are modest. Our nation can and must honor the commitments we have made to the men and women who dedicate their lives to delivering our mail day in and day out in every conceivable condition.

I thank our witnesses for being here today, and I look forward to our discussion.

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