



NATIONAL ASSOCIATION OF POSTMASTERS  
OF THE UNITED STATES

TESTIMONY OF

DALE GOFF

PRESIDENT

POSTMASTER OF COVINGTON, LA

BEFORE THE

HOUSE SUBCOMMITTEE ON THE FEDERAL  
WORKFORCE, THE POSTAL SERVICE AND THE  
DISTRICT OF COLUMBIA

WASHINGTON, DC

MARCH 25, 2009

Mr. Chairman, distinguished Committee members, my name is Dale Goff. I am President of the 40,000-member National Association of Postmasters of the United States (NAPUS). I am also the proud Postmaster of Covington, Louisiana.

In my capacity as NAPUS President, I represent the managers-in-charge of the 27,000 independent Post Offices in this nation. These post offices serve Americans residing and working in urban, suburban and rural communities. Some of these post offices support a network of postal stations, community postal units and contracted postal stations; other offices are so small that they define a community, employ just the Postmaster, and have limited hours of operation. Customers living in these isolated towns pick up their mail on a daily basis; a post office is their lifeline to the outside world. In fact, during this past summer, three NAPUS members testified before the Postal Regulatory Commission on the importance of small and rural post offices. A New England Postmaster, serving a remote off-shore town, stressed that her office is the commercial hub of the island. Mail is ferried to and from the island post office. The post office is the town's pharmacy, since mail order drug companies are the primary means of dispensing medications, and the town's bank, since postal money orders are used for commerce.

The picture being painted today is not very pretty. Mail volume is crashing, and so is its associated revenue. Service cuts and work hour reductions are not only being implemented, they are being deepened. Countless post office residential and business customers are feeling the squeeze as Postmasters are being directed to cut window hours, close on Saturdays, consolidate delivery routes, defer necessary repairs, and restrict access to mail supplies. Service and safety are being compromised. Regrettably, the factors that have necessitated these actions are way beyond the control of the agency. The extended national economic contraction has swallowed up mail volume and revenue. My fear is that the recession will be longer than anticipated and too short a financial lifeline is fool's gold.

As front-line managers who actually administer all facets of postal operations, and contact postal customers on a daily basis, Postmasters are highly qualified to offer input

with regard to the financial *instability* of the Postal Service and long-term strategies for streamlining its operations.

First and foremost, it is crucial that the Committee report favorably H.R. 22, bipartisan legislation to provide the Postal Service and its customers a temporary financial lifeline. This measure permits the Postal Service to accelerate, by eight years, the effective date of using the Postal Retirees Health Benefit Trust Fund to pay current retiree Federal Employees Health Benefits Program premiums. It would also amortize the remaining Fund liability to a more attainable period of time. This acceleration and refinancing proposal is neither a bailout, nor does it cost U.S. taxpayers a dime. H.R. 22 is fair, responsible and helps protect a universal Postal Service.

It is imperative to note that the crisis plaguing the Postal Service is the result of economic conditions beyond its control and a fiscal climate that Congress did not envision in 2006, when the Postal Accountability and Enhancement Act was signed into law.

Consequently, the 3-year-old tools with which Congress equipped the Postal Service and the associated fiscal requirements are problematic. Postmasters are troubled by budget analysis, which theorizes that temporary postal relief would undermine efficient business practices and aggressive cost cutting. Mr. Chairman, efficiency is not at-risk if Congress enacts H.R. 22; rather, extinction of universal postal service would be the product without it. In the absence of remedial legislation, on September 30, 2009, the Postal Service will no longer be able to perform its Constitutional duties on behalf of our country. Of course, prior to *Postal Doomsday*, the Service may be forced to file an “exigent rate case”, in compliance with the Postal Accountability and Enhancement Act, or borrow money from the U.S. Treasury to meet its obligations. These may be its only viable choices. Eight percent of this nation’s gross domestic product is tied to the Postal Service, so failing to respond to the crisis is not an option.

The current Administration can help to alleviate the crisis. The Office of Personnel Management has the authority to more accurately compute the 2002 estimate of the USPS’ projected *overpayment* into the Civil Service Retirement Trust Fund. The

calculation made by the previous Administration significantly understated the projected USPS overpayments into the CSRS Trust Fund. In addition, the Center of Medicare and Medicaid Services should permit the Postal Service to apply for Medicare Part D employer subsidy, an opportunity recognized in the original Part D legislation.

The Postal Service can also help itself. Clearly, the multi-layered Postal bureaucracy contributes to its institutional inefficiencies and costs. In fact, in 2003, NAPUS testified before the Presidents' Commission on the U.S. Postal Service about the necessity to "de-layer" the bureaucracy. On Friday, the USPS took a tentative first step by phasing out six Postal Districts. As a result, 74 Districts will remain. Regrettably, this action falls short of the mark.

Fortuitously, last week, I glanced through the transcript of a 1951 hearing before the House Post Office and Civil Service Committee (February 8, 1951). Robert Johnson, chairman of Citizens Committee for the Hoover Report, observed that the Report "provided for the decentralization of the postal service into 15 regions, enabling closer supervision of the more than 40,000 post offices." Mr. Chairman, today, we have 13,000 fewer post offices than in 1951, yet the agency finances about 6 times as many districts, as proposed in the 1950 Hoover Report. Why? The swollen postal bureaucracy not only adds to postal costs, it also interferes with the management of local post offices and the service they provide to the mailing public. Let me quote the prophetic 58-year-old words of House Post Office and Civil Service Committee Chairman Tom Murray, as he took issue with the creation of a mere 15 postal districts:

... this recommendation instead of saving money and bringing about more efficient operations, will cost considerably more money to the Post Office Department. You cannot tell me that you can set up 15 districts with 15 directors of post, and with innumerable superintendents in each district, a little army of bureaucrats in each one of those 15 districts, that it will not cost more money. And it will not in my opinion cause any more efficient operation. You would have 15 little assistant Postmasters General sitting down in 15 districts in the United States.

Chairman Murray was no postal novice; he served on the Post Office Committee for 23 years and, as its Chair, for 15 of those years.

Finally, Mr. Chairman, I would point out that while there are 38,000 retail postal facilities in the United States, only 27,000 of them are Post Offices. In consolidations and closing decisions, only Post Offices are recognized and accorded unique status by Title 39 of the United States Code. Nevertheless, the Postal Service has closed about 2,000 post offices since 1984; and, according to the PRC, closing all small and rural post offices would yield savings of only \$586 million, 8-tenths of one percent of the postal operating budget. Consequently, closing every single small and rural post office in this nation would not make a difference in postal sustainability. However, post office discontinuance would drive away business and would deny millions of Americans access to core postal services.

Mr. Chairman, the future of the Postal Service is in the hands of this Committee and H.R. 22 is the only means of salvation readily available.