

**STATEMENT OF
TED KEATING, PRESIDENT
NATIONAL ASSOCIATION OF POSTAL SUPERVISORS**

**APPROPRIATIONS SUBCOMMITTEE ON FINANCIAL SERVICES
AND GENERAL GOVERNMENT**

UNITED STATES SENATE

MARCH 18, 2010

Chairman Durbin, Ranking Member Collins and Members of the
Subcommittee:

Thank you for holding this hearing on the financial crisis afflicting the United States Postal Service and the current proposal to eliminate six-day mail delivery to American households and businesses. The current mandate upon the Postal Service to deliver six-days-a-week, as you know, is contained in the annual appropriation law covering the Postal Service.

The National Association of Postal Supervisors, which represents the interests of the 33,000 supervisors, managers and postmasters who are responsible for mail operations throughout the Postal Service, wants to express our deep concern about the merit of introducing five-day delivery.

I should note at the outset that our association represents Postal Service supervisors who are doing their share to help the Postal Service modernize and change. We support changes in the law, infrastructure and operations of the Postal Service that make sense and will modernize and sustain Postal Service operations, products and services.

However, we believe that the elimination of six-day delivery will be devastatingly

counter-productive to the Postal Service and its customers. It will pose problems for thousands of business mailers who depend upon Saturday delivery, who likely will adopt alternative delivery measures that only accelerate the migration of business mail to the internet. Elimination of Saturday delivery will be harmful to the millions of household customers of the Postal Service, including the elderly who rely upon the timely receipt of their Social Security checks and the sick who rely upon the timely receipt of medicine and other medical products.

More fundamentally, elimination of six-day delivery will damage the Postal Service brand, the competitive position of the Postal Service and cyclically draw down volume faster. Business competitors will fill the vacuum and offer Saturday delivery at premium prices, thereby gaining overall market share against the Postal Service.

Congress should refrain from changing current law and granting approval to five-day delivery, at least for the time being. Five-day delivery should be the last resort, not the first. Better options are available now to preserve the health and vitality of the nation's postal system.

Foremost among them is Congressional passage of legislation that mandates the re-calculation of the Postal Service's pension obligation to the Civil Service Retirement System pension fund, using more equitable, reasonable and financially-stable calculation methods and assumptions; and credits to the Postal Service \$75 billion for an overcharge in its payments into the CSRS pension fund and transfers that credit to satisfy the Postal Service's obligation to the Postal Retiree Health Benefit Fund, which will fully fund all mandated payments through 2016.

In addition, Congress and the Postal Service should adopt new ways to increase revenues and cut costs. Congress should confer greater authority to the Postal Service to introduce and sell new products and services that expand the definition of "mail," as well as provide wider pricing flexibility. This should involve re-examination of the Postal Service business model and its underlying legal and regulatory framework.

The Postal Service also needs to continue to cut costs, reduce excess postal facility capacity, and eliminate wasteful programs -- continuing the steps taken thus far that already have generated billions of dollars in savings.

During the past several years, our organization has collaborated with the Postal Service on major organizational changes to cut costs and increase efficiencies. Some of these changes have eliminated management and supervisory jobs. In 2009 alone, nearly 3,600 management positions were eliminated in the Postal Service. These changes have dramatically impacted the lives of management employees represented by our organization. Nonetheless, we acknowledged the necessity for these changes because of their underlying merits.

In contrast, the elimination of six-day delivery lacks business sense and is counterproductive. Reducing delivery days now, when other steps are available, will only degrade the value of mail services for households and the mailing industry that use and rely upon the Postal Service.

Thank you for your leadership and your consideration these comments.