

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Nominations of Calvin R. Tucker, David C. Williams, and Robert M. Duncan
to be Governors, United States Postal Service**

**April 18, 2018
Ranking Member Claire McCaskill**

Opening Statement

Thank you Mr. Chairman. I appreciate you holding this hearing and I want to thank the nominees for their willingness to serve.

Today we convene to provide advice and consent for the President's nominees to be Governors of the United States Postal Service, an agency that touches nearly every American nearly every day.

The Postal Service is the only delivery service reaching every address in America and is now growing by about 1.1 million addresses per year. USPS employs more than 500,000 people - including over 100,000 veterans – to deliver about 150 billion mail pieces each year, and has operations in all 50 states, the District of Columbia, and all U.S. Territories.

Even as technological advances make the world feel smaller, mail delivery remains a critical part of the infrastructure that connects people across the country and the world. The Board of Governors of the U.S. Postal Service is comparable to a board of directors of a publicly held corporation and consists of nine governors appointed by the President and confirmed by the Senate. Currently, the Board has no Senate confirmed members and has lacked a quorum for four years.

Since 2016, the Board of Governors has operated under authority delegated to the Temporary Emergency Committee (TEC), which includes the Postmaster General and the Deputy Postmaster General. This situation is untenable. The Postal Service is in dire need of qualified Governors to help make critical decisions to address the financial and management challenges facing the agency.

Since 2007, the USPS has experienced 11 consecutive years of net losses, totaling \$65.5 billion. In 2012, USPS reached its statutory borrowing limit of \$15 billion, so it cannot borrow more money from the Treasury, and current law prevents USPS from accessing private financial markets. The financial problems result from a combination factors, including the steady decline in first-class mail and the requirement to prefund 100% of its retiree health liability.

Due to its universal service obligation, the postal service is required to deliver to more addresses every year as more homes are built and new businesses start up. Fulfilling this mission is critical to ensure that Americans across the country, especially in rural areas, have regular access to the mail. Closing post offices and processing facilities can save the Postal Service money, but can adversely impact these communities. In addition, as more and more of the USPS workforce reach retirement age, it remains critical to ensure that the Postal Service also meets its financial obligations to its current and former employees.

All of these obligations require the Postal Service to operate more efficiently than private sector competitors, but without the pricing flexibility enjoyed by the private sector. So, to summarize, the Postal Service has to deliver to more homes every year, with declining mail volumes, but can't close post offices, can't close processing plants, can't raise rates, and has a funding obligation imposed by Congress that no other public or private sector entity has to deal with. It's an impossible situation, and underscores the need for a full Board of Governors.

The bipartisan Postal Reform Act of 2018, which Sen. Carper introduced with Senator Heitkamp, Senator Moran and myself, seeks to balance the Postal Service's competing interests while providing the USPS with some short-term flexibility to make necessary capital investments.

The USPS is facing significant challenges and needs a quorum of competent Board of Governors with the management skills and creativity to help USPS and Congress to navigate these issues. Unfortunately, while I am committed to moving these nominees as quickly as possible, assuming this committee determines that they are qualified, the Board will still lack a quorum even if all three are confirmed. This committee has a long history of pairing together nominees for the Board from both parties, and I am concerned that we are not doing so today. I hope that the President will quickly nominate a fourth person to the Board so that it will have a quorum to take action, and short of that, Mr. Chairman, I hope that you

will work with me to quickly confirm a 5th member to the Postal Regulatory Commission. I understand that there is a nominee under consideration for that position already. We should continue the long bipartisan tradition established by the Committee and ensure balance on the Board of Governors at this critical time.

With respect to the nominees before us today, Mr. Williams, you served as Inspector General of the Postal Service under Presidents George W. Bush and Barack Obama. I have been pleased to work with you during my time in the Senate and hope to hear more about your goals if you transition to the Board of Governors. Mr. Tucker and Mr. Duncan, I am not as familiar with your work, but I look forward to learning more about how your experience would influence your roles as Governors, if confirmed. Frankly, I am concerned based on your policy questionnaire responses, that there might be a steep learning curve. I look forward to hearing more about what you have learned preparing for this hearing.

Finally, while I remain committed to working with the Board of Governors and USPS management to address management and financial hurdles, that relationship cannot work if the Postal Service refuses to cooperate with congressional requests. For example, I continue to be concerned that the Postal Service is not maximizing its best, but most expensive asset – last mile delivery – in its negotiated service agreements with FedEx and UPS to provide “last mile” parcel delivery for those companies. Without the Postal Service, FedEx and UPS

would be forced to find more expensive alternatives to deliver packages the last mile to places that are fundamentally unprofitable for these companies to deliver to. The Postal Service needs to capitalize on its network and make sure that it is maximizing its opportunities if it is going to be helping out its competitors and I have seen no evidence that that is the case.

My request for the Postal Service's negotiated service agreements with UPS and FedEx has gone unfulfilled for years. This is basic oversight, and is part of this committee's fundamental responsibility. We handle sensitive business information all the time, and the fact that the Postal Service refuses to provide these agreements to me is extremely disappointing and frustrating.

I look forward to hearing from the witnesses about improving USPS operations, and also about their commitment to ensuring that USPS cooperates with congressional requests.

Thank you, Mr. Chairman.