

JOSEPH I. LIEBERMAN, CONNECTICUT, CHAIRMAN

CARL LEVIN, MICHIGAN
DANIEL K. AKAKA, HAWAII
THOMAS R. CARPER, DELAWARE
MARK L. PRYOR, ARKANSAS
MARY L. LANDRIEU, LOUISIANA
CLAIRE McCASKILL, MISSOURI
JON TESTER, MONTANA
MARK BEGICH, ALASKA

SUSAN M. COLLINS, MAINE
TOM COBURN, OKLAHOMA
SCOTT P. BROWN, MASSACHUSETTS
JOHN MCCAIN, ARIZONA
RON JOHNSON, WISCONSIN
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JERRY MORAN, KANSAS

MICHAEL L. ALEXANDER, STAFF DIRECTOR
NICHOLAS A. ROSSI, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

April 30, 2012

The Honorable John A. Boehner
Speaker
House of Representatives
H-232 US Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
House of Representatives
H-204 US Capitol
Washington, DC 20515

Dear Speaker Boehner and Democratic Leader Pelosi:

The Senate last week passed a bipartisan postal reform bill designed to preserve the United States Postal Service and put it on a solid financial ground for the next generation of Americans. We are writing to urge that the House of Representatives act promptly, so that the two chambers can reconcile their bills to turn around the Postal Service's daily loss of \$25 million, prevent the unnecessary wholesale closing of regional mail facilities and local post offices, and save this iconic institution that delivers over 500 million pieces of mail a day and sustains over 8 million jobs.

The Postal Service's financial crisis will likely come to a head in the next few months. Without legislation, the Postal Service will not be able to make payments that are due and will likely be forced to slash services. In addition, we face a looming deadline of May 15, when the Postal Service is scheduled to begin wholesale closures of potentially thousands of rural post offices and other retail sites and hundreds of processing centers. We fear that the resulting degradation of mail service will further drive away postal customers, only hastening the loss of postal revenue, the accelerating contraction of mail processing and mail-related industry, and further loss of associated jobs.

We believe the Senate bill, S.1789, takes a better approach. Under the Senate bill, the Postal Service would use the same kinds of retirement-incentives that private industry uses to restructure and voluntarily "right-size" its workforce, to reduce the postal workforce over a period of 3 years by 18 percent, or roughly 100,000 positions, eventually saving \$8 billion per year. Analysis provided by the Postal Service shows this bill would save more than \$19 billion per year by 2016. The bill also establishes an orderly and predictable process for achieving a more optimal network of post offices and

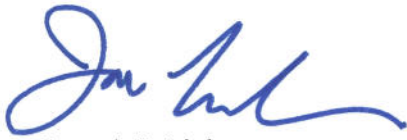
mail processing plants, requiring involvement of local communities to ensure that essential postal services are preserved.

More specifically, the bill that passed the Senate last week would:

- Give the Postmaster General access to money that the Postal Service has overpaid into one of its retirement funds, so that he can use the money to provide incentives to encourage 100,000 eligible employees to retire. This would help voluntarily "right-size" the workforce to take into account the steep decline in first class mail volume;
- Reduce the amount of money that the Postal Service must contribute for future retiree health benefits, by replacing the current fixed annual payments and moving up to this year the 40-year amortization payments now scheduled to start in 2017;
- Retain some overnight delivery of first class mail, but limit it in some cases to shorter geographic distances;
- Prevent the Postal Service from going to five-day delivery for the next two years and require it to exhaust all other cost-saving measures first;
- Require the Postal Service to set standards for retail service across the country, consider several alternative options before closing post offices, and provide for increased opportunity for public input;
- Allow the Postal Service to sell non-postal products and services in appropriate cases;
- Allow the Postal Service to ship beer, wine, and distilled spirits;
- Create a Chief Innovation Officer to foster innovation at the Postal Service;
- Reform the Federal Employees Compensation Act, which is the workers' compensation program for federal employees including postal workers; and
- Expand the alternatives that the Postal Service must consider before closing a post office, and establish a Strategic Advisory Commission, composed of prominent citizens and charged with developing a new strategic blueprint for the Postal Service.

We look forward to working with you and your colleagues in the House of Representatives very soon to reconcile S. 1789 with House legislation to save this vital American institution.

Sincerely,



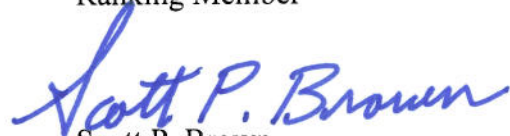
Joseph I. Lieberman
Chairman



Susan M. Collins
Ranking Member



Thomas R. Carper
Chairman
Subcommittee on Federal Financial
Management, Government
Information, Federal Services and
International Security



Scott P. Brown
Ranking Member
Subcommittee on Federal Financial
Management, Government
Information, Federal Services and
International Security

Cc: The Honorable Eric Cantor
Majority Leader
House of Representatives

The Honorable Steny Hoyer
Democratic Whip
House of Representatives

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Management
House of Representatives

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Management
House of Representatives

The Honorable Dennis Ross
Chairman
Committee on Oversight and Government Management
Subcommittee on Federal Workforce
House of Representatives

The Honorable Stephen Lynch
Ranking Member
Committee on Oversight and Government Management
Subcommittee on Federal Workforce
House of Representatives