

# Postal Regulatory Commission

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## Press Release

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### PRC Chairman Urges Caution before Nation Cuts Mail Service

**Washington, DC** – Postal Regulatory Commission Chairman Ruth Y. Goldway today cautioned against deciding on major cuts in universal mail service until Congress considers possible changes to Postal Service funding of employee pensions and future retiree health benefits.

In remarks before the Senate postal oversight subcommittee, Goldway said, “These are two unresolved issues that could have major immediate impact on the Postal Service’s financial crisis, as well as a material effect on the five-day delivery issue.” The Commission is currently conducting extensive public proceedings to gather evidence and analyze the impact of eliminating Saturday mail service. She emphasized that no decision has been made. “This important matter requires the consideration of both the Commission and the Congress.”

A recent Commission study for Congress found that a recalculation of the Postal Service’s liability for future retiree health benefits payments would reduce the total by nearly \$35 billion, allowing currently mandated annual payments to be lowered by \$2 billion a year while still meeting the original prefunding goals. The Commission has also initiated a review of OPM’s calculation of Postal Service pension funding, which the Postal Service Inspector General contends is overfunded by \$75 billion.

The potential near-term savings from delivery cuts has significantly less impact on the Postal Service than addressing retiree healthcare liabilities and pension funding, and such cuts could add to the pace of mail declines. With regard to the healthcare liabilities, Goldway said: “My colleagues and I support readjusting the payments to an affordable level, perhaps over a longer period of time and/or tied to the Postal Service’s ability to pay. We see this as an essential part of any plan to help the Postal Service in the future.”

While commending postal management and employees for implementing cost reductions without sacrificing service, Goldway challenged the Postal Service’s ten-year plan for dire forecasts of steep volume declines and huge debt, projections that have been questioned by Commission staff and by the Congressional Research Service. “By concentrating on cuts at the expense of service and innovation, the Postal Service plan offers the path to obsolescence,” she said.

The Chairman offered a positive vision of wide-ranging growth ideas, adjustments in postal retiree benefit outlays and confidence in the improving economy helping to stabilize the Postal Service and maintain high levels of customer service. She recommended that the Postal Service expand government partnerships, improve retail activities, make better use of the postal workforce and enhance its mailing products, including the provision of industry standard tracking and tracing services.

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First among a list of 11 specific ideas included in her testimony, Goldway called for the Postal Service to develop mail products based on value to the customer and not just volume. “This is the fundamental tenet needed to fix the Postal Service’s broken business model,” she said.

“The Postal Service should reposition its goals to meet the needs of an evolving society and its historical obligation to bind the Nation together,” Goldway said. “These are questions that the Postal Accountability and Enhancement Act requires the Commission to ask. What does the Constitution and the law require? What is best for the Nation? How can the Postal Service maintain and improve its universal service to citizens and the business community who rely on the mail. I believe it is possible to create a positive plan that envisions a future with a vibrant communications network, reengineered and reenergized to provide universal service for a new century of customers.”

A copy of the Chairman’s testimony is available at [www.prc.gov](http://www.prc.gov).

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*The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Goldway, the other Commissioners are Vice Chairman Tony Hammond, Dan Blair, Nanci Langley, and Mark Acton. .*

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