United States Senate
WASHINGTON, DC 20510

February 14, 2012

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C. 20515

The Honorable Susan Collins
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C. 20515

The Honorable Thomas R. Carper
Chairman
Subcommittee on Federal Financial
Management, Government Information,
and International Security
United States Senate
Washington, D.C. 20515

The Honorable Scott P. Brown
Ranking Member
Subcommittee on Federal Financial
Management, Government Information,
and International Security
United States Senate
Washington, D.C. 20515

Dear Chairman Lieberman, Chairman Carper, Ranking Member Collins, and Ranking Member Brown:

As you know, we have serious concerns with the United States Postal Service's (USPS) plan to close thousands of mostly rural post offices, eliminate hundreds of mail processing plants, slash its workforce by 220,000, and substantially slow down mail delivery. If this plan is implemented, it will have a devastating impact on rural America, small businesses, veterans, the elderly, and our entire economy.

Last December, many of us worked with the Postmaster General on a five-month moratorium to prevent the closure or consolidation of rural post offices and mail processing facilities. This moratorium, which lasts until May 15th, has given Congress some time to enact a comprehensive bill to allow USPS to succeed in the 21st Century, protect rural communities and preserve the prompt and reliable delivery of mail.

Everyone understands that the Postal Service is in the midst of a serious financial crisis that must be addressed. But, we believe that this financial crisis can be solved in a way that does not substantially slow down the delivery of mail and harm rural America. Over the short-term, we believe that the Postal Service should be allowed to recover more than $10 billion in overpayments it has made to its pension plans. Further, we believe that the Postal Service should not be required to pre-fund 75 years worth of future retiree health benefits over a 10 year period. Over the long-term, we believe that the Postal Service must develop a new business model for it to succeed in the 21st Century, just like virtually every other postal service in the industrialized world has already done.

We thank you for your leadership on this issue and the extraordinary amount of work you and your staff have devoted in reforming USPS. As a result of your efforts, legislation you introduced to reform USPS (S.1789) was placed on the Senate calendar on January 26, 2012. Clearly, S.1789 is an improvement over the draconian cuts proposed by USPS.

We believe, however, that significant improvements can be made to S1789 before it reaches the floor and look forward to working with you to make that happen.

Specifically, we believe S.1789 should be strengthened by taking the following steps.

1. **<u>Maintain 1-3 day delivery standards for first class mail.</u>** As we move forward with reforms, we must prevent cuts to service standards that will allow for the closure of 252 area mail processing facilities. The Postal Service has already reduced its number of mail processing facilities from 675 to 508 over the last six years, and the Postmaster General has made clear that any additional reductions would result in a substantial decline in the reliable and expedient postal service that Americans have come to expect.

   USPS cannot afford to disappoint its customers in this manner. It does not exist in a vacuum but rather competes for market share with private services that have the capacity to offer convenient and expedient delivery. If USPS becomes inconvenient and slow, many of its most loyal customers—from home delivery medication companies to newspaper publishers—will turn to private mailing options. Once those customers leave, they are most likely not coming back, and the Postal Service's financial woes will continue to spiral.

   Therefore, we would urge you to include manager's amendment language to prohibit USPS from ending 1-3 day delivery standards for first class mail. We would support a four-year sunset on this provision to give USPS the time it needs to come up with a new business model.

2. **<u>Protect Rural Post Offices.</u>** We must prevent the closure of rural post offices. In many rural parts of the country, post offices are often the heart and soul of their communities. As just two examples, many seniors in rural areas rely on the local post office for timely delivery of prescription medication, and many small businesses rely on the local post office for shipping their product. For centuries, USPS has provided a maximum degree of service to rural communities and, as current law provides, it is "the specific intent of the Congress that effective postal service be ensured to residents of both urban and rural communities." The closures of thousands of mostly rural post offices currently being studied by USPS fly directly in the face of this universal service requirement, as they would leave many residents to drive up to an hour to reach the nearest post office. It makes no economic sense to have hundreds of people spending hours driving back and forth multiple times to a distant post office rather than maintaining a local post office, potentially with reduced hours.

To protect rural post offices, S.1789 includes the Moran-Tester amendment. This is a good step forward, but we would go further. Specifically, we would ask that manager's amendment language be included to strengthen this provision by ensuring that USPS is required to consider the lack of access to internet, broadband, and cell phone coverage before it can close down a post office. In addition, we believe that the Postal Regulatory Commission should have binding authority to prevent post offices from being closed in cases in which USPS did not follow the service standards of the Moran-Tester amendment. Finally, we would note that there is support for prohibiting the postal service from closing any post office which results in more than 10 miles distance (as measured on roads with year-round access) between any 2 post offices as a backstop to ensure our most isolated communities are not left without access.

3. **Maintain 6-day delivery of mail.** As you know, S.1789 prevents USPS from eliminating 6-day delivery for the next two years. After this two-year period, the Postal Service can eliminate 6-day delivery if the Government Accountability Office (GAO) has determined that all of its other cost-cutting and revenue options have been exhausted and it is the only way for the Postal Service to return to profitability. We believe that this is a good first step, but that it should be improved.

   We would ask that manager's amendment language include changing the two year ban on ending 6-day delivery to four years. Further, we would recommend that language be added to make it clear that after this four year ban has ended, USPS could end 6-day delivery only if the GAO determines that this is the only viable option for the Postal Service to achieve long-term fiscal sustainability (rather than profitability).

4. **Establish a blue ribbon entrepreneurial commission to develop a new business model for the postal service to succeed in the 21st Century.** Finally, we would ask that manager's amendment language be inserted to establish a blue ribbon commission to develop a new business model for the Postal Service to succeed in the 21st Century.

   As you know, under current law, USPS is prohibited from engaging in new non-postal business opportunities. This prohibition is putting the U.S. Postal Service at a severe financial disadvantage compared to many other post offices in the developed world.

   One of the very positive provisions of S.1789 is that it allows USPS to contract with state and local governments to perform services such as issuing hunting and fishing licenses, copying, and notarizing. S.1789 also allows the postal service to ship wine and beer. Further, S.1789 would allow USPS to perform other new activities as long as they do not unfairly compete with the private sector.

We see this provision as a very positive step towards providing more flexibility that will allow USPS to generate new revenue. We think that concept, however, could be expanded. We would ask that manager's amendment language be included to establish a blue-ribbon commission of entrepreneurs, innovators, postmasters, experts in the mailing industry, and labor to develop a report recommending a new business model for USPS to achieve long-term fiscal sustainability. This report should be completed within six months and USPS would have three years to implement this plan.

Thank you in advance for your consideration to our request. We look forward to working with you on this important issue.

Sincerely,

Bernard Sanders
United States Senator

Claire McCaskill
United States Senator

Jon Tester
United States Senator

Kirsten E. Gillibrand

Kirsten Gillibrand
United States Senator

Dianne Feinstein
United States Senator

Robert P. Casey, Jr.
United States Senator

Sherrod Brown
United States Senator

Amy Klobuchar
United States Senator

Ben Cardin
United States Senator

Mary Landrieu
United States Senator

Mark Begich
United States Senator

Patrick Leahy
United States Senator

Ben Nelson
United States Senator

Max Baucus
United States Senator

Michael Bennet
United States Senator

Mark Udall
United States Senator

Tim Johnson
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Jeanne Shaheen
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Tom Udall
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Ron Wyden
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Al Franken
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Tom Harkin
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Richard Blumenthal
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