

UPDATE

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Postal Reform Long Overdue, Witnesses Tell Senate Panel

A sense of urgency about postal reform prevailed at a [Senate hearing](#) on Thursday, as lawmakers learned of the growing likelihood of a postal financial calamity later this spring, created by the expiration of the exigency surcharge in April.

Postmaster General Megan Brennan told the Senate Homeland Security and Governmental Affairs Committee that the Postal Service projects a loss of \$1.2 billion this year and \$2 billion in 2017 if the 4.3 percent exigency surcharge goes bye-bye. Equally alarming, under current law postage rates also would return to their lower, pre-exigency levels, an irrational result, Brennan said.

The PMG left undefined the role of cost-cutting measures to make up for the lost exigency revenue if Congress does not intervene to make the exigency price increase permanent. Processing plant closures, which Brennan suspended last year, could return as part of a cost-cutting mix.

Throughout Thursday's hearing, PMG Brennan and officials from the PRC, GAO and OIG-USPS criticized the "unsustainable" USPS business model created by current law, and they called for reforms in pricing and product limitations that are long overdue, they said. "We need postal reform now," Brennan said.

NAPS President Louis M. Atkins, in a [statement](#) filed with the Committee, also urged immediate Congressional action on reform. "Postal reform is not only politically possible, it is a virtual necessity," Atkins said. "Meaningful postal reform requires the preservation of prompt mail service to all Americans, the repeal of barriers that harm the Postal Service's financial health, and the infusion of innovation into our postal system.:

Despite the consensus on the need for reform, Senate committee chairman Ron Johnson (R-WI) expressed doubts. Johnson acknowledged the need to avoid the consequences of the exigency price rollback, but also said, "I'm still not there in understanding the financial condition of the Postal Service, exactly what these proposals will do, as well as who's for and who's against them ..." "We have to find the sweet spot. We haven't had all those parties come together," Johnson said, likely referring to continued divisions among major mailers over the exigency pricing issue. That disagreement has blocked progress on postal reform in the Congress for months.

Whether Sen. Johnson will find the sweet spot for postal reform, or find the energy to find the sweet spot amid a tough reelection fight for his Wisconsin Senate seat remains to be seen. Committee ranking Democrat Sen. Tom Carper (D-DE) will continue to promote his comprehensive iPost legislation (S. 2051), while the Postal Service will push its smaller, four-point proposal.

Observers point to the pressing need for a committee markup soon if postal reform stands a chance during a shortened Senate session in an election year. That means delegates to the upcoming NAPS Legislative Training Seminar, March 6-9, could arrive in Washington at a pivotal time amid efforts to save the post office.

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