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Congress of the United States
House of Representatives
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COMMITTEE ON
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MIDDLE EAST AND NORTH AFRICA
ASIA AND THE PACIFIC

June 3, 2014

The United States Postal Service is Not a Piggy Bank!

Oppose Reckless Efforts to Hold the Highway Trust Fund Hostage in Exchange for Eliminating Saturday Mail Delivery

Dear Colleague Endorsed by:

American Postal Workers Union (APWU); Consumer Action; Greeting Card Association (GCA); National Association of Letter Carriers (NALC); National Postal Mail Handlers Union (NPMHU); National Rural Letter Carriers' Association (NRLCA)

Dear Colleague:

I am writing to alert you to an alarming proposal courtesy of the Offices of the Speaker, Majority Leader, Majority Whip, and Chairman Shuster of the Transportation and Infrastructure Committee; Chairman Ryan of the House Committee on the Budget; and Chairman Issa of the House Committee on Oversight and Government Reform, that would recklessly hold the Highway Trust Fund (HTF) hostage unless demands are met to eliminate Saturday mail delivery by the United States Postal Service (USPS).

This non-germane, anti-Postal provision would undermine a trillion dollar American mailing industry that supports more than 8 million private sector jobs and represents 7 percent of our Nation's Gross Domestic Product. The loss of jobs resulting from eliminating Saturday mail delivery would not be limited to the private sector, as approximately 80,000 full-time and part-time middle-class postal workers, including rural letter carriers, would find themselves out of work. Such a drastic loss of jobs would not only harm our economy, but also offset any deficit reduction, since the tens of thousands of newly unemployed middle-class families would suddenly find themselves in desperate need of financial assistance.

Eliminating Saturday mail delivery would also be inequitable. Degrading the universal service standard would disproportionately impact millions of elderly Americans whose way of life continues to rely on paper documents, while hurting small businesses that rely on the Postal Service to deliver time-sensitive legal forms. Since many rural communities lack access to quality, affordable internet service, these closures would effectively isolate Americans living in low density regions, forcing them to endure costly, prolonged deliveries, to pay bills or receive income.

The U.S. Postal Regulatory Commission (PRC) analyzed the USPS proposal to eliminate Saturday delivery in 2011. The PRC concluded that the Postal Service *overstated* annual net savings by \$1.4 billion as a result of utilizing overly optimistic methodology that failed to fully account for revenue losses stemming from volume declines. Further, the PRC also found that eliminating Saturday delivery would *cause 25 percent of all First-Class and Priority mail to be delayed*, and noted that, “The Postal Service did not evaluate the impact of the proposal on customers who reside or conduct business in rural, remote, or non-contiguous areas.”

Proponents of eliminating Saturday mail delivery implicitly acknowledged that USPS cannot cut its way to prosperity earlier this Congress when they abandoned their long-sought effort to also eliminate Saturday package and parcel delivery. Regrettably, this acknowledgement that the future of the Postal Service can only be found in *growing* business and revenue was not extended to Saturday mail delivery. Yet make no mistake, forcing the Postal Service to cease Saturday mail delivery would initiate a vicious cycle of even greater reductions in mail volume that would cause revenue streams to collapse, drive away customers, and undermine USPS’ ability to innovate and compete.

The bottom line is that transforming the Postal Service to thrive in the 21st Century depends on USPS leveraging *innovative growth opportunities* in the rapidly evolving and growing world of e-commerce. As the global internet retailer Amazon.com testified before Congress, “Our customers have come to appreciate and expect Saturday delivery, and this is an instance where the USPS currently maintains a decided advantage over other carriers. And, in some urban/suburban areas, we have even begun to use the USPS for *Sunday* delivery, via Express Mail.”

The Postal Service should be solely devoting its energies to finding creative ways to further leverage its national delivery network to support American businesses and continue binding our Nation together. A so-called “hybrid” proposal that preserves Saturday delivery for certain products yet requires USPS to unnecessarily overhaul its mail delivery network would only serve as a costly distraction that impedes the Postal Service from effectively evolving to meet the economic challenges of our connected age.

Simply put, eliminating Saturday mail delivery would be bad for business, harm consumers, and not surprisingly, lacks the necessary majority to pass the House under regular order.

There is broad support for preserving 6-day mail delivery in the Congress. The bipartisan Graves-Connolly House Resolution 30, which expresses the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to ensure the continuation of its 6-day mail delivery service, boasts 220 cosponsors, including **40 Republican Members**.

It is time for Congress to cease kicking the can down the road by engaging in budgetary gimmicks. Proposing to pay for an on budget transfer into the Highway Trust Fund with an off budget cut to the Postal Service both fails the laugh test and violates PAYGO and CUTGO Congressional Budget Rules.

The House Majority Leadership claims that “real savings for the general fund of the treasury (in the form of reducing the size of a future bailout)” may be derived from making cuts to the Postal Service’s operating expenses, yet USPS operations are **100 percent** funded through sales of postal products and services without relying on a single taxpayer dollar. This audacious assertion is fundamentally flawed in its logic and misguided.

Attempting to project budget savings through counterfactual claims based on averting events that may or may not take place in the future is soothsaying, not budget scoring. By this budgeting logic, adding an additional Carrier Fleet would constitute “real savings for the general fund of the treasury,” perhaps in the trillions, if we can start counting savings from reducing the incidence of hypothetical future conflicts. As the conservative organization Heritage Action for America noted:

According to the Leadership’s memo, the plan seems to count as “savings” the difference between a future hypothetical federal bailout to the USPS under its current policies versus one that assumes 5-day delivery. In other words, the GOP plan assumes a large taxpayer bailout of the USPS in the future, then claims credit for promising a smaller bailout.

While I strongly take exception to the inside the beltway conventional wisdom that posits a Postal Service bailout is a pre-ordained fate decades down the line (few individuals realize that **USPS achieved an operating profit of \$600 million for 2013** and that the entire cause of the Postal Service’s supposed financial loss is a result of Congress refusing to allow USPS to operate like any other private sector or public sector enterprise and use pay-as-you-go accounting for future retiree health benefits), I concur with Heritage Action that the House Majority Leadership’s proposed HTF off-set essentially amounts to “Creating Money Out of Thin Air.”

There is a reason a diverse range of stakeholders, from the Transportation Trades Department of the AFL-CIO to Heritage Action for America, strongly oppose raiding the Postal Service as part of a budget gimmick to fund the HTF. These organizations recognize that USPS is not a Piggy Bank, and that off-budget USPS funds simply cannot be used to fund on-budget transfers.

Finally, it must be noted that there is simply no nexus between funding vital transportation projects and the off-budget United States Postal Service, which does not rely on a single taxpayer dollar to fund operations. Establishing a precedent that ties transportation funding to completely unrelated matters would carry many negative unintended consequences. I strongly urge all Members to oppose this fundamentally flawed proposal.

Sincerely,

A handwritten signature in black ink, reading "Gerald E. Connolly". The signature is fluid and cursive, with a long horizontal line extending to the right from the end of the name.

Gerald E. Connolly (VA-11)
Member of Congress