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ONE HUNDRED THIRTEENTH CONGRESS

# Congress of the United States

## House of Representatives

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November 12, 2014

LAWRENCE J. BRADY  
STAFF DIRECTOR

The Honorable Hal Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Andrew Crenshaw  
Chairman  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Nita Lowey  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable José Serrano  
Ranking Member  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairmen Rogers and Crenshaw and Ranking Members Lowey and Serrano:

We urge you to include in any legislation making further appropriations for fiscal year 2015 a moratorium on closing or consolidating additional Postal Service mail processing facilities. We also urge you to include a requirement the Postal Service maintain and comply with the service standards for first-class mail and periodicals in place on July 1, 2012.

Over the past two years, the Postal Service has consolidated 141 mail processing facilities and reduced service delivery standards for some first-class mail and periodicals. In January, the Postal Service plans to begin implementing phase two of the Network Rationalization plan. During this phase, the Postal Service plans to consolidate up to 82 additional mail processing facilities and eliminate the overnight service standard requirement for all first-class mail and periodicals.

Critical questions about the impact of these proposed consolidations and service delivery changes remain unanswered. The Postal Service Inspector General issued a report on October 6, 2014, finding that the Postal Service has not conducted impact studies of the processing facilities that are scheduled to absorb the operations of the 82 consolidated facilities in phase two.<sup>1</sup> The Inspector General determined that the Postal Service has not thoroughly assessed the reasonableness of the proposed consolidations, the impact on customers, or the probability that these consolidations will be successful. The Inspector General also found that the Postal Service failed to inform stakeholders

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<sup>1</sup> United States Postal Service, Office of Inspector General, *Management Alert—Lack of Service Standard Change Information in Area Mail Processing Feasibility Studies* (Oct. 6, 2014).

The Honorable Hal Rogers  
The Honorable Andrew Crenshaw  
The Honorable Nita Lowey  
The Honorable José Serrano  
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about anticipated service changes, which is required by the 2006 Postal Accountability and Enhancement Act.<sup>2</sup>

The Postal Service has estimated that altering service delivery standards may result in the loss of 1.7% of mail volume.<sup>3</sup> Others believe the loss will be greater. The Postal Regulatory Commission found that cost savings could be offset by “reduced contribution to the bottom line from volume loss by mailers who no longer believe the service provided meets their postal needs.”<sup>4</sup> We are not aware of any studies identifying the specific impact of additional reductions in service delivery on rural areas, small businesses, and senior citizens.

The Postal Service has asserted that consolidations and service delivery changes proposed in the phase two plan may save \$1.2 billion. In September 2012, however, the Postal Regulatory Commission projected that savings from the entire Network Rationalization plan would be lower than Postal Service projections and that the Postal Service used sub-optimal modeling to assess the likely impacts of its plan.

It is also unclear what impact these proposed consolidations and service delivery changes would have on the Postal Service workforce. The Postal Service estimates that phase two may result in the elimination of 15,000 positions.<sup>5</sup> However, it is unclear how these cuts will be achieved.

Given the lack of clear information regarding the potential impact of these proposed infrastructure and service delivery cuts, we request that you include language in fiscal year 2015 appropriations legislation that would prevent the Postal Service from consolidating more mail processing facilities and that would require the Postal Service to maintain and comply with the service standards for first-class mail and periodicals in place on July 1, 2012.

Sincerely,



Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform



Stephen Lynch  
Ranking Member  
Committee on Oversight and  
Government Reform  
Subcommittee on Federal Workforce,  
U.S. Postal Service & the Census

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<sup>2</sup> *Id.*

<sup>3</sup> Postal Regulatory Commission, *Advisory Opinion on Mail Processing Network Rationalization Service Changes* (Sept. 28, 2012).

<sup>4</sup> *Id.*

<sup>5</sup> United States Postal Service, *Phase 2 Network Rationalization, Frequently Asked Questions* (online at <https://about.usps.com/news/electronic-press-kits/our-future-network/assets/pdf/ofn-phase-2-faqs.pdf>) (accessed Nov. 7, 2014).

The Honorable Hal Rogers  
The Honorable Andrew Crenshaw  
The Honorable Nita Lowey  
The Honorable José Serrano  
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cc: The Honorable Barbara Mikulski  
Chairwoman  
Senate Committee on Appropriations

The Honorable Tom Udall  
Chairman  
Senate Committee on Appropriations  
Subcommittee on Financial Services and General Government

The Honorable Richard Shelby  
Ranking Member  
Senate Committee on Appropriations

The Honorable Mike Johanns  
Ranking Member  
Senate Committee on Appropriations  
Subcommittee on Financial Services and General Government

The Honorable Thomas Carper  
Chairman  
Senate Committee on Homeland Security and Governmental Affairs

The Honorable Tom Coburn  
Ranking Member  
Senate Committee on Homeland Security and Governmental Affairs

The Honorable Darrell Issa  
Chairman  
Committee on Oversight and Government Reform

The Honorable Blake Farenthold  
Chairman  
Committee on Oversight and Government Reform  
Subcommittee on Federal Workforce, U.S. Postal Service & the Census