

**TESTIMONY OF ANTHONY CONWAY
ALLIANCE OF NONPROFIT MAILERS
BEFORE THE
SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND
THE DISTRICT OF COLUMBIA
OF THE
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

JULY 24, 2008

Mr. Chairman and members of the Subcommittee, my name is Anthony Conway. I am the Executive Director of the Alliance of Nonprofit Mailers. Thank you for inviting me to testify on behalf of the Alliance about the importance of network realignment of the United States Postal Service.

The Alliance is a coalition of nonprofit organizations that is dedicated to the preservation of affordable postage rates and dependable mail service. Established in 1980, the Alliance is comprised of over 300 nonprofit organizations and commercial service providers that have an interest in nonprofit mailing issues. Our members include many of the Nation's best-known charitable, religious, educational, scientific and other nonprofit organizations. These members rely heavily on Nonprofit Standard Mail and Nonprofit Periodicals Mail to generate necessary support and to communicate with existing and potential members, beneficiaries, and other stakeholders.

The United States Postal Service provides a vital service that is critical to the American economy and society. It provides universal service to all through a network of postal facilities and mail delivery routes that has grown as America has grown. The Postal Service's monopoly product, First-Class Mail, has provided much of the funding for this infrastructure growth. Year after year First-Class Mail volume would increase and provide more revenue needed to help pay for the Nation's growing postal system.

Unfortunately, First-Class Mail stopped growing five years ago, and growth appears unlikely to resume. That means the Postal Service must find other sources of revenue growth and, at the same time, must pursue unprecedented cost control measures to keep costs and revenue in balance. The days of business as usual are over.

The Postal Service's mail processing and delivery network provides a tremendous opportunity for streamlining and cost saving. Designed largely since the Postal Reorganization Act of 1970, the network has remained fairly constant while mail flows have radically changed. The result is a network in need of major overhaul to reduce excess capacity and enhance operational efficiencies. Rationalizing the Postal Service network is no easy chore, but it must go forward. Without the financial and operational benefits a redesigned network offers, the Postal Service will be hard pressed to meet the business challenges it faces.

In Docket No. N2006-1, the Postal Rate Commission criticized the Postal Service for failing to consult sufficiently with its customers to ensure that network realignment optimizes the combined costs of the network for both the USPS and its customers. We agree that an open dialogue should occur among stakeholders to ensure that all voices are heard as a needed network realignment plan is designed and implemented. At the same time, however, it is crucial that process not become an obstacle to progress, and that stakeholder input not be used by some to create paralysis by analysis.

Thank you for your time and attention. I would be pleased to answer any questions you may have.

