



NATIONAL ASSOCIATION OF POSTMASTERS  
OF THE UNITED STATES

TESTIMONY OF  
OSCAR “DALE” GOFF, JR.  
NATIONAL PRESIDENT

BEFORE THE  
  
SENATE SUBCOMMITTEE ON  
  
FEDERAL FINANCIAL MANAGEMENT,  
GOVERNMENT INFORMATION, FEDERAL SERVICES  
AND INTERNATIONAL SECURITY

JULY 25, 2007

Mr. Chairman, Ranking Member Coburn, and distinguished Subcommittee members, I am Dale Goff, President of the 40,500-member National Association of Postmasters of the United States (NAPUS). I welcome the opportunity to appear before the Subcommittee to share with you my thoughts regarding the ongoing implementation of the Postal Accountability and Enhancement Act – Public Law 109-435. As Postmaster of Covington, Louisiana, I understand the challenges and opportunities that the new law is currently presenting to the U.S. Postal Service. Additionally, I recognize the benefits that my customers will reap from the new law, as the Postal Service meets the new challenges, and exploits the opportunities presented to it.

As signed into law, the Postal Reform Act is still not a finished product; I believe that Congress did not intend it to be so. Congress charged postal managers, craft employees, the Postal Regulatory Committee, postal stakeholders, and the Postal Service itself to complete and perfect the legislative project. Implementation is the key to success. Together, the postal community needs to put the finishing touches on your artwork. However, postal reform is not “paint-by-the-numbers” and the lines within which we must employ our brushstrokes are not so clearly defined. Therefore, Postmasters are working with the postal community to help guarantee the triumph of Postal Reform to present to America the finished product. I have faith that implementing the new law will not be as daunting as passing it. Presently, Postmasters are discussing with

Postal Headquarters, the PRC and others strategies on how to ensure the new postal paradigm enhances this postal system.

Thirty-six years ago, people of postal faith labored to make the Postal Reform Act of 1971 work for the benefit of this country. In the early 1970s, I recall there was tremendous anxiety about the creation of the Postal Rate Commission and the establishment of a self-sufficient federal entity that was mandated to break even. How would this new postal creation be able to survive? Well, it did, and it evolved into the most efficient postal system in the world. In 2006, we created a Postal Regulatory Commission with new powers, and instead of break-even self-sufficiency we are now anticipating the Postal Service will be a profit-making enterprise. Postmasters believe that the new law provides the Postal Service with new tools to maintain its high standards.

As you may recall, on April 19, NAPUS submitted testimony to the Subcommittee. I would like to very briefly outline the key points that NAPUS made earlier at that time. First, we underscored the timeless importance of a universal, affordable, and accessible Post Service. Second, we highlighted the role that Postmasters will continue to play in ensuring the quality and reliability of mail service to your constituents. Third, we cautioned the Subcommittee that chronic Post Office understaffing undermines mail service, and could jeopardize the ability of Postmasters to ensure compliance with certain aspects of the section 404

of the Sarbanes-Oxley (SOX) Act, as applied to the individual Post Offices by Postal Headquarters.

In order to meet this last challenge, NAPUS is currently meeting with the USPS SOX point people on how Post Office should put into practice SOX requirements. Indeed, we all want successful accountability. For this reason, NAPUS intends to continue to work with Postal Headquarters to secure the necessary staffing levels to efficiently and effectively operate our nation's Post Offices, whose core function is to accept and deliver mail.

NAPUS is working to educate the managers-in-charge of the approximately 26,000 Post Offices about the fresh approach necessary under PL 109-435. We are explaining to Postmasters the responsibilities that they may have under the new Act. Obviously, education and training are an absolute necessity. Therefore, it is important for NAPUS, in conjunction with the Postal Service, to develop an appropriate instructional program and to effectively and clearly communicate the new processes and expectations to frontline postal managers.

Postmasters and the Postal Service are accustomed to a long-lead time between filing a rate case and the implementation of the new rates. Congress recognized the adverse consequences of a protracted lag time between a proposed rate adjustment and its execution. Therefore, the

new law authorized periodic predictable rate adjustments. It will be incumbent that the Postal Service anticipates regular rate adjustments in its software and the software packages developed for mailers. The Postal Service will have to download new rate data into retail postal facilities software expeditiously. At the same time, Congress and the PRC need to recognize that there may be a time, or times, in which the Postal Service may be forced to file the much-reviled exigent rate case. Although, under the new law, postage for market-dominant products is indexed, the American public's access to a universal postal system is not.

Postmasters are familiar with the over-three-decade concept that the Postal Service operated within a breakeven world. Now that the Postal Service can retain earnings, a "profit" incentive is built into the postal model. In order for this new business model to operate properly, Postmasters need to be allowed to make operational decisions, without the level of micromanagement to which they have grown accustomed. Implicit in this empowerment is idea that the Postmaster will be equipped with the necessary resources, including personnel, to market postal products to the community that they serve. Indeed, the Postal Reform Act presents Postmasters with the prospect of promoting new post products to their customers and being able to market "competitive" postal products. I have been telling my members that the future of the Postal Service may very well depend on how well we are able to expand our product line, both in the market and in the competitive domain.

Currently, the Postal Service earns 90% of its revenue from market-dominant products. These are the items that will be indexed to inflation. Postmasters are cognizant of the challenge imposed in operating under a price-index system. It is also important to understand that over the life-span of the Postal Reorganization Act of 1971 – a time period when faxes became widespread, emails began to encroach on mail volume, and health care costs were accelerating at record velocity – postage rates were still able to keep pace with inflation. Employee productivity, creative management, and committed teamwork made this possible – and I believe these same factors will continue under the new rate system.

We have witnessed the precipitous erosion of first-class mail, which used to represent the preponderance of mail volume. We have inherited a postal culture that relies on volume mailings, not necessarily value mailings. The system has bred volume discounts, not value incentives. It will be important that the Postal Service and the Postal Regulatory Commission work together to create appropriate incentives to encourage mailers to emphasize value in their mail program, rather than simply generate volume. Certainly, the advent of *Intelligent Mail* creates that “eureka” opportunity for the Postal Service.

In a large part, the Postal Service’s success with marketing competitive products will depend on whether the agency will be permitted to operate

on a truly competitive basis – that is unimpeded by regulatory interference. NAPUS strongly believe that unfettered competition was Congress’ intent in creating the competitive products category. The Postal Service needs sufficient breathing space to bring new, as well as time-tested competitive products to the marketplace. It should be anticipated that the Postal Service will need to increase the competitive-product-generated revenue beyond the current 10%. As this growth occurs, Postmasters will need to sharpen their skills and have the assets to be an aggressive sales force. In addition, Postmasters will need the tools to differentiate between the market baskets of postal products.

Mr. Chairman, implementation of this new law will rely on everyone’s dedication to the principle that the Postal Service must be true to its historical mission – universal, affordable and accessible service. Moreover, it is equally true that Postal Service, the Postal Regulatory and postal customers must be willing to invest in the infrastructure and the personnel that will be needed to support the new postal business model, as envisioned by PL 109-435.

Thank you.