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**To the President's Commission on the U.S. Postal Service April 4, 2003**

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The President's Commission is reviewing many issues that will define the Postal Service's role in the 21<sup>st</sup> century. Universal service, six-day delivery, flexibility in the use of our workforce and a cumbersome rate making process are just a few of the issues this Commission has been tasked to examine. Today, I want to join with this Private-Sector Partnership Subcommittee in attempting to "identify opportunities for the Postal Service to enter into partnerships with the private sector and state and federal governments as it seeks to become more efficient and effective." The National League of Postmasters wants to focus on the best utilization of our current network of over 26,000 post offices, of which 62 percent comprises small post office operations located in rural America.

The League of Postmasters is hopeful that this Commission will, as it is mandated, look to improve the Postal Service and its bottom line, but not neglect to identify the need to continue universal service and access to a post office. While delivery of letters, parcels and advertising mail is our core business, we feel there is so much more we can do. Our network of post offices provides a unique opportunity to expand non-postal services at our facilities while utilizing the infrastructure we have. We take pride in serving our customers, and we need to realize our full potential.

Rural and inter city post offices are often perceived as money losers, but this is not a true picture. While the postage revenue is collected where the mailer enters the mail into our system, the cost of delivering the mail is borne by the post office that ultimately delivers the piece. To say that over half of the post offices lose money is not a fair analysis.

Robert Cohen, Director, Office of Rates, Analysis and Planning, testified before this Commission on Feb. 20, 2003, in Washington, DC. He stated: “The cost of universal service is a surprisingly small portion of the Postal Service’s \$70 billion budget. The cost of the 10,000 smallest post offices was \$567 million. [Less than 2 percent of the total budget!]”

Rural customers are not second-class citizens; they deserve access to postal services that those in metropolitan areas enjoy. At the beginning of the 21<sup>st</sup> century, rural America comprises 2,305 counties, contains 80 percent of the nation’s land and is home to 56 million people. A past inquiry initiated by the Postal Rate Commission reported that rural Americans are 26 percent of the population, and make up 34 percent of Americans with incomes below the official poverty line. The study also noted that small towns have the highest concentrations of elderly people. We believe post offices fulfill a need for this segment of the population as well as provide invaluable service to these customers that cannot be measured in dollars. We believe post offices must be measured by the service they provide, and not be judged solely on financial considerations.

Every person in the country is a customer of the Postal Service. The key question is how can we continue to provide the universal service to all Americans and still make it affordable in the face of declining mail volume?

The League of Postmasters has been working with Postal Headquarters to explore revenue-producing ideas, and has also been soliciting ideas from our Postmasters over the past year. The ideas I am presenting you with today can enhance the role the Postal Service plays throughout America. This can be through partnerships with local businesses as well as in government-related services.

Let’s look at some ideas for partnering with the Private Sector:

- Computers for access to the Internet and e-mail could be provided in post office lobbies and a fee charged. While many take e-mail for granted, a large percentage of the population does not currently have access to it.

- Postal lobby bulletin boards and postal vehicles could be used as a means for local businesses to advertise their products
- Use postal lobbies for ATM machines from area banking establishments in “unbanked communities.”
- Coupons and advertising could be sold on the backside of postal receipts as many grocery stores do today.
- Fax and copy services could be offered in communities which currently don’t offer that service.
- Postal Service could work with local power and water companies to allow monthly meter readings to be turned in at the post office and verified every 6 months by meter readers. Utility payments could be accepted at post offices.

#### Partnering with Government Services on Local / State / Federal Levels:

- Sales of fishing and hunting licenses
- Sales and Redemption of Savings Bonds (post offices used to handle these)
- Passport Photos in addition to Passport applications’ processing.
- Provide Student Loan applications.
- Voter registration could be offered at post offices, making it easier for citizens to participate in the democratic process.
- Medicare/ Medicaid assistance: Selected post offices, especially in rural America, could be designated as administering offices for the Medicare/Medicaid program. These offices could maintain a supply of equipment used by Medicare patients. Here is an opportunity to save dollars in Medicare costs while providing enhanced services to citizens who need it the most.
- Prescription drug delivery: A problem in receiving drugs through mail is the adverse effect of weather on the contents of prescriptions left in mailboxes. Numerous customers in rural America receive prescriptions through the mail because there are no pharmacies nearby. A possible solution could be special mailing boxes, where in addition to the mailing address, a phone number is included so that the addressee could be contacted at the destination office. The customer would be called and the prescription held for pick up. This could be a

- critical element of the forthcoming federal prescription drug program currently being considered at the federal level.
- Consideration could be given for post offices to be used to serve the new Homeland Security Agency (HSA). Our national network of buildings could be used as information centers, meeting places, provide storage of emergency items, or however deemed necessary by HSA.
  - Currently, post offices offer many “resource” services for customers, including providing IRS tax forms, registration for Selective Service, wanted posters for FBI, and Duck Stamp sales for the Department of the Interior.

These are just a few examples, and I am sure that with creative thinking we can come up with more possibilities to partner with government and private industry.

If we're not to close post offices just for lack of adequate revenue, let's work to make them not only a lifeline to customers but a positive link to government at all levels. We think there is great value in our network of post offices. While we understand there are legitimate reasons to close a post office, we believe that the existing rules pertaining to the discontinuance of post offices should not be changed or modified. These rules are fair to customers, postal employees and to the management of the Postal Service. The National League of Postmasters believes that if these rules were changed, post offices in rural America would be eliminated without just cause.

I come from a postal family. Before coming to Washington nine months ago, I served as Postmaster in a rural area of South Carolina for the last 23 years. My great grandfather, Walter LeNoir, was the Postmaster in Horatio, South Carolina, from 1900 to 1935.

My mother was Postmaster of Horatio for 32 years. I was the last of seven children and she worked right up until the day I was born. I can still remember my mother sitting me down at the kitchen table and coaching me to study for the postal exam. She did this because she saw a bright future for the postal service. I share her optimism.

The American flag is raised by post offices every day, all across the country. The tradition of the Postmaster—starting with Ben Franklin in colonial times—is connected to many freedoms enjoyed through the Constitution of the United States and the Bill of Rights. It supports and enables many of the rights given to us. Universal service is important to all citizens, all Americans, in the equal opportunity it provides.

The League of Postmasters appreciates this opportunity to appear before the Commission today. We look forward to working with you to explore opportunities to fully utilize the network of post offices we have across this nation.