

**Statement of
Mitch King, Manager Government Relations
United States Postal Service
Before the
U.S. Election Assistance Commission
Washington DC**

February 7, 2008

Chairman Rodriguez, members of the Election Assistance Commission, and Executive Director Wilkey, I am very happy to be here today and I appreciate the opportunity to speak on behalf of the United States Postal Service regarding the findings of the "Free Absentee Postage Study." I also appreciate the work that Ernie Hawkins and the Elections Center have done on this study.

From the perspective of the Postal Service, we recognize the vital role that mail plays in the American democratic process and we are extremely proud to be able to participate in this process. The most basic activity in our innovative system of self government is the selection of our leaders through the ballot box. And with our basic mission "to bind the Nation together through the correspondence of the people," we at the Postal Service are excited about the opportunity to serve the growing numbers of Americans who choose to cast their ballots through the mailbox.

We recognize that our role has expanded, through "no excuse" absentee voting in more and more jurisdictions, and through the switch to all mail voting in Oregon, and most of the counties in the State of Washington. We recognize that this role may continue to expand, as other states explore aspects of "vote by mail." And we recognize that mail can enhance the election process, helping to reduce election costs while contributing to higher voter turnout.

States have the responsibility and the accountability for running elections and it is not the role of the Postal Service to say how elections are conducted. However, when states choose to conduct elections by mail, the Postal Service is ready to

do everything it can to make sure voters experience a smooth, well-organized process – one that provides them with the highest levels of trust and confidence when they cast their ballots by mail. To this end, we have developed a national Election Mail program which has as its primary objectives:

- To understand the mailing needs of the nation's Election Officials;
- To provide easy access to postal products, services and information to meet those needs;
- To educate postal employees on the importance and proper handling of election mail pieces;
- To work with state and local Election Officials to develop new ideas for innovation.

We enthusiastically embrace our role in supporting the most important exercise in democracy experienced by Americans, but the role of providing free postage for mail-in ballots raises significant concerns.

The Postal Service is a unique Federal agency, in that it receives no tax payer funding to support its operations. The cost of the daily collection and delivery of mail to over 147 million addresses is paid by the users of the system, and a basic tenet of that system is that each user pays their own costs and not those of another. Consequently, any requirement to provide free service raises concern as to how this service will be funded.

As background, for many years, the Postal Service received congressional appropriations to fund free and reduced rates of mail. In the 1980s, the funding requirement for these special categories of mail users reached nearly \$1 billion, annually. These categories of mailers included free mail for the blind and for overseas and military voters, and reduced standard mail rates for certain preferred mailers and nonprofit groups. To address a developing funding shortfall of monies owed for services rendered, Congress passed the Revenue

Forgone Reform Act of 1993. This act ended the annual appropriation for reduced rate mail by phasing these rates upward over six years, but continued free mail for the blind and overseas voters.

Because of previous funding shortfalls and the cost associated with the phase-in of rates, the Postal Service was owed \$1.2 billion, which the Congress promised to pay off with an interest free installment of \$29 million per year for 42 years. Now in the 16th year of those payments, the Postal Service is carrying approximately \$750 million in debt that remains to be paid. Each year during the annual appropriations process, the Postal Service is never certain that the next installment will be paid. In fact, for the last three years, the Administration's Budget has recommended not paying these funds to the Postal Service.

The remaining portion of appropriated funds, free mail for the blind and overseas voters and military voters, continues to be funded annually. But, even these funds are not provided without problems. Because of Federal budget constraints in 2000, Congress began to delay the Postal Service's receipt of these funds until the first day of the next fiscal year. So even the funding to pay the postage costs for the blind and for the ballots of our men and women serving their country in the military, has been placed at risk. Simply stated, the Federal funding mechanism to support special mail users is deeply flawed, and has been for some time.

This funding problem has been exacerbated by the enactment of the Postal Accountability and Enhancement Act of 2006. This new law has changed the way the Postal Service sets rates. Unlike the former process which allowed the Postal Service to raise rates to cover its costs, the new law, while providing more flexibility in rate setting, mandates that the Postal Service not raise rates over the inflation rate of the Consumer Price Index. The proposed increased cost for handling election mail for free could force the Postal Service to make operational cost cuts elsewhere.

Certainly, free postage could be provided through an appropriation. Because of our experience with funding for preferred rates, the Postal Service would urge that any appropriation be directed to the potential mailers, and not directly to the Postal Service. In this manner, funds could be provided through a central entity directly to states to assist them with financing postage-paid return envelopes. As suggested in the study, postage-paid return envelopes provide an excellent, well-established method to allow voters to return ballots without the need for postage.

There is nothing more basic to our nation than a citizen's right to vote and the Postal Service sees its role in today's process as fundamental. Whatever the future holds, the Postal Service is committed to continuing our work with Secretaries of State and local election officials to provide the tools and information they can use to meet the needs of voters.

We believe mail is the smart choice for elections.

Thank you. That concludes my remarks. I would be happy to answer your questions.

#