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NOMINATIONS OF HON. DAVID C. WILLIAMS, HON. ROBERT M. DUNCAN, AND CALVIN R. TUCKER TO BE GOVERNORS, U.S. POSTAL SERVICE

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

NOMINATIONS OF THE HONORABLE DAVID C. WILLIAMS, THE HONORABLE ROBERT M. DUNCAN, AND CALVIN R. TUCKER TO BE GOVERNORS, U.S. POSTAL SERVICE

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NOMINATIONS OF THE HONORABLE DAVID C. WILLIAMS, THE HONORABLE ROBERT M. DUNCAN, AND CALVIN R. TUCKER TO BE GOVERNORS, U.S. POSTAL SERVICE

WEDNESDAY, APRIL 18, 2018

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:04 a.m., in room 342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman of the Committee, presiding.

Present: Senators Johnson, Portman, Paul, Lankford, McCaskill, Carper, Heitkamp, Peters, Hassan, Harris, and Jones.

OPENING STATEMENT OF CHAIRMAN JOHNSON

Chairman JOHNSON. Good morning. This hearing is called to order. We are meeting to have a hearing on the nominations of three individuals to serve on the Postal Board of Governors (BOG), a position that I think is sorely needed.

The history is interesting, in terms of how we came to this, what I consider a pretty sorry state of affairs where we have no Board members on the Board of Governors. The Board of Governors, their task is to, first of all, they are responsible for the hiring and firing of the Postmaster General and the Deputy Postmaster General. The Board of Governors approves the U.S. Postal Service's (USPS) business plan and strategy, including major changes to the USPS network, collective bargaining agreements, and rate increases.

Now I think anybody who has taken a look at the numbers, and I will be the first to admit that the numbers are kind of hard to analyze. We are actually passing out an income statement that was kind of a late-night project of mine last night, trying to make a little bit more sense, to take a look at it from an accountant's standpoint versus kind of government accounting, just kind of laying out exactly what has happened with the Postal Service.

It is pretty easy to diagnose. I mean, you have a fall-off in volume from 2001, where Postal Service delivered, about 103.7 billion pieces of mail to now, last year it was 58.7. It is only 56.6 percent of that total volume.

Now they tried to make it up with parcel post. I think part of the problem—and I do not have as accurate information as I would like before I release some information, but you take a look at the price increases over the last 11 years, since the last time Congress

passed postal reform, which, by the way, did not fix the problem long term, the price increases of United Parcel Service (UPS) and Federal Express (FedEx) far exceed what the postal system has been able to run through. And I have had enough meetings with people who use the Postal Service that like it that way, but it certainly has not produced a long-term, viable Postal Service.

In 2006s postal reform, they came up with this concept of pre-funding, which, listen, as a fiscal conservative I appreciate the fact that they actually wanted to fully fund your pension plans. The problem is the Postal Service has not had the funds. So over the last 11 years, in total, the Postal Service was supposed to pre-fund about $62.5 billion. In fact, they have actually made payments equal to about $20.8 billion, which means they have defaulted on that 2006 postal reform to the tune of about $41.7 billion.

And if you look at their income statement that I did pass out,[1] you can see that the total United States Postal Service report income was a loss of $63.9 billion, and 62.5 percent, virtually all of it, has to do with that pre-funding.

So, again, if you take a look at it in terms of what I passed out here, I think this kind of lays out exactly what has happened over the last 11 years. We obviously need to take a look at the balance sheet. We need to understand what it is going to take to make the postal system a long-term, economically viable organization, which it is not today.

Now we do not have any Governors. The purpose of this hearing is to have one. Right now the Postal Service is basically having to deal with the 535-member Board of Directors and we are not very effective at doing the job.

So again, I appreciate the nominees' willingness to serve. I want to welcome you. I want to welcome your families. I am looking forward to your testimony. And with that I will turn it over to Senator McCaskill.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator MCCASKILL. Thank you, Mr. Chairman. I appreciate you holding this hearing and I certainly underscore and emphasize the comments that you made about how important it is that we confirm some members to the Board of Governors.

The Postal Service is the only delivery service reaching every address in America, and is growing by 1.1 million addressees per year. The Postal Service employs more than 500,000 people, including over 100,000 veterans, to deliver 150 billion pieces of mail and packages each year. It has operations in all 50 States, the District of Columbia, and all U.S. territories.

Even as technological advances make the world feel smaller, mail delivery remains a critical part of the infrastructure that connects people and businesses across the country and world.

The Board of Governors is comparable to a Board of Directors of a publicly held corporation and consists of nine Governors, appointed by the President and confirmed by the Senate. Can you imagine a publicly held corporation that would neglect to have a

[1] The income statement referenced by Senator Johnson appears in the Appendix on page 228.

Board of Directors for 4 years, in terms of there even being a quorum?

We have no Senate confirmed members of this Board, and I am not just pointing the blame at this Administration. I am pointing the blame at the past Administration also, that this was not made a priority in terms of filling this very important Board, especially at this critical juncture, in terms of the Postal Service and the financial constraints it is operating under. It is currently operating under the Temporary Emergency Committee, which includes the Postmaster General and the Deputy Postmaster General. This is untenable. We are in dire need of qualified Governors to help make critical decisions especially to address the financial challenges facing the agency.

As the Chairman has indicated, the Postal Service has experienced 11 consecutive years of net losses, totaling $65 billion. In 2012, it reached a statutory borrowing limit of $15 billion, so it cannot borrow more money from the Treasury, and current law prevents the Postal Service from accessing private financial markets.

These financial problems result from a combination of factors, including the decline of First-Class Mail and requirement to pre-fund 100 percent of its liability. Due to its universal service obligation (USO), the Postal Service is required to deliver to more addresses every year. Closing post offices and processing facilities can save the Postal Service money, but can adversely impact these communities, especially the rural communities, where the local post office is more than brick and mortar. It is very important to the survival of these communities that they continue to have first class postal service.

The bipartisan Postal Reform Act of 2018, which Senator Carper introduced with Senator Heitkamp, Senator Moran, and myself, seeks to balance the Postal Service's competing interests while providing the Postal Service with short-term flexibility to make some necessary capital investments.

I hope that we can move forward with nominees for the Board. We have a long history of pairing nominees from both parties. I am concerned that we are not doing so today. I hope the President will quickly nominate a fourth person to the Board so that we will have a quorum to take action, and short of that, Mr. Chairman, I hope you will work with me to quickly confirm a fifth member to the Postal Regulatory Commission (PRC). I understand there is a nominee under consideration for that position already. We should continue the long bipartisan tradition established by this Committee and ensure that balance is on the Board of Governors at this critical time.

While I remain committed to working with the Board of Governors and Postal Service management to address management and financial hurdles, that will not work if the Postal Service refuses to cooperate with congressional requests. For example, I continue to be concerned that the Postal Service is not maximizing its best but most expensive asset, the last-mile delivery, in its negotiated service agreements with FedEx and UPS. Without the Postal Service, FedEx and UPS would be forced to find more expensive alternatives to deliver packages to the last mile.

I have railed in this Committee for years, we should not be giving a deal to our competitors for the last mile of delivery. They should be paying a premium, not be getting a discount. In no other realm would we be giving a deal to our competitor. And package delivery is the future of the Postal Service. But despite my repeated requests for data and information about these contracts, I have been stymied time and time again. My request for Postal Service negotiated service agreements with UPS and FedEx has gone unfulfilled for years.

I will not be able to support anyone's nomination unless they can commit that this important oversight committee gets a look, and we can negotiate as to how much of that would become public. But it is ridiculous that we have reached such a roadblock in getting this incredibly important information as we try to put the postal service on a more sound fiscal footing.

I see that our leader is here. I apologize for going on once he entered the room, thank you, Mr. Chairman. I will put my entire statement in the record[1] and I look forward to the testimony of the witnesses.

Chairman JOHNSON. Thank you, Senator McCaskill, and in addition to welcoming our nominees we do have the distinct honor of welcoming the Majority Leader of the Senate, Senator McConnell, who would like to introduce Mr. Duncan.

So, Majority Leader.

STATEMENT OF THE HONORABLE MITCH MCCONNELL, A UNITED STATES SENATOR FROM THE STATE OF KENTUCKY

Senator MCCONNELL. Thank you, Mr. Chairman, Senator McCaskill. I appreciate the opportunity to be here this morning to present my friend and fellow Kentuckian, Mike Duncan, to serve on the Board of Governors of the United States Postal Service.

I have known Mike for a very long time. I am glad that President Trump has nominated such an intelligent, able, and experienced individual to once again serve our country. As a businessman, a public servant, and a dedicated mentor to young people, Mike is an outstanding choice to help oversee the world's largest postal organization. He has a wealth of business experience. He brings important skills to the Board to help manage the Postal Service with efficiency and effectiveness.

After graduating from Cumberland College, which is in my State, and the University of Kentucky College of Law, Mike and his wife, Joanne, moved to Inez to lead the Inez Deposit Bank. This is a small community up near the West Virginia line. In a small coal community like Inez, community banks are a critical resource, and Mike's local focus has helped the area for a very long time.

With proven leadership and dedication, Mike has gained a keen understanding of the needs of rural Americans. In addition to his financial work in Eastern Kentucky, Mike has served as President of the Kentucky Bankers Association and a Director of the Cincinnati branch of the Cleveland Federal Reserve Bank. As a result, he is adept in corporate governance and business management. He has shown responsibility, creativity, and integrity, and these quali-

[1] The prepared statement of Senator McCaskill appears in the Appendix on page 32.

ties will continue to serve him and all who rely on the Postal Service well on the Board of Governors.

When Mike and Joanne moved to Inez they committed to spending at least one day a week doing something to benefit their community. Borne from that commitment is Mike's lifetime civic service on a local, State, national, and even international scale. From directing the Christian Appalachian Project to representing our Nation by teaching the principles of democracy to former Communist leaders, Mike has clearly gone above and beyond his initial commitment of one day a week. In fact, in 2006, he took on the herculean task of serving on the Board of the Tennessee Valley Authority (TVA) at a time when the TVA was billions of dollars in debt and failing to adequately serve Kentuckians. The Senate confirmed Mike on a voice vote, and his public service helped to improve the TVA.

Most recently, President Trump asked Mike to chair his commission on White House Fellowships. This position proves both the trust which the President has in him and exhibits Mike's lifetime commitment to mentorship, which all began back in Inez many years ago.

As a dedicated mentor to dozens of young people in Appalachia, Mike helps them understand that they have the ability to flourish in their communities. He emphasizes the importance of hard work and community service and his program pushes these young people to reach their potential. Encouraged by Mike, they are succeeding in their own lives and bringing long-term benefits to their communities.

So, Mr. Chairman, I am confident that Mike will bring all of these qualities—fierce intelligence, business acumen, and a commitment to public service to the U.S. Postal Service. During the course of this hearing, this Committee will come to understand how much the USPS and our Nation will benefit from his leadership and public service.

So I appreciate very much the opportunity to come by and take a few minutes and talk about my good friend, Mike Duncan. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Leader McConnell. I believe Senator Paul would also like to make a few words.

STATEMENT OF THE HONORABLE RAND PAUL, A UNITED STATES SENATOR FROM THE STATE OF KENTUCKY

Senator PAUL. Thanks, Chairman Johnson, and thanks, Senator McConnell, for taking the time to appear on behalf of our mutual friend, Mike Duncan.

I believe Mike is a great pick to serve on the Postal Service Board of Governors. Mike and I have known each other not for as long as Senator McConnell and Mike have known each other but for several years, and I think he will be a great pick. He has worked with several hospitals, several colleges, and other nonprofits, Senator McConnell mentioned, in his resume. But in all the dealings I can tell you, with Mike, that I have found him to be honest, forthright, and fair, which I think are very important qualities for someone serving in government.

Mike has provided successful and steady leadership for an impressive array of organizations, from large national nonprofits to regional quasi-government enterprises to small community enterprises, and throughout his distinguished career across a number of sectors he has always proven that he understands how to cultivate and manage personal relationships in order to effectively balance the needs of stockholders, industry, customers, rate payers, and, really, in the service of the public interest.

The true hallmark of Mike's career, though, as Senator McConnell mentioned, has been his willingness to give generously of his time, including to students in and around his native Martin County and Eastern Kentucky. Though he has been to the big city, I do not think he has forgotten he is from the small city, and those Eastern Kentucky roots of loyalty to his home and loyalty to his State I think have guided him well in his career.

In summary, I think Mike Duncan is a fine man and a dedicated public servant. I believe the U.S. Postal Service Board will benefit tremendously from his broad experience and skilled leadership, as well as, most especially, his good old fashioned Kentucky common sense, and I highly recommend him and hope the Committee will vote him through. Thank you.

Chairman JOHNSON. Thank you, Senator Paul. I would ask consent that my written statement be entered into the record.[1]

It is the tradition of this Committee to swear in witnesses, so if you will all stand and raise your right hand.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. WILLIAMS. I do.

Mr. DUNCAN. I do.

Mr. TUCKER. I do.

Chairman JOHNSON. Please be seated.

Our first nominee is the Honorable David Williams. Mr. Williams is currently the Director for the Center for Performance and Integrity at George Mason University. Mr. Williams is the former Inspector General (IG) for the United States Postal Service, having retired in 2016. He has also served as the watchdog for the Department of Housing and Urban Development (HUD) and Internal Revenue Service (IRS), among other agencies.

Mr. Williams.

TESTIMONY OF THE HONORABLE DAVID C. WILLIAMS[2] TO BE A GOVERNOR, U.S. POSTAL SERVICE

Mr. WILLIAMS. Thank you, Mr. Chairman, and Senator McCaskill, and Members of the Committee. Thank you for considering my nomination. By way of background, my government experience began with military service in the Americal Infantry Division in Vietnam. I then joined the Secret Service. I served with the Department of Justice Organized Crime Strike Force in the Labor Department's Office of Inspector General and was part of President Reagan's Commission on Organized Crime.

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[1] The prepared statement of Chairman Johnson appears in the Appendix on page 31.

[2] The prepared statement of Mr. Williams appears in the Appendix on page 37.

I went on to head the Government Accountability Office (GAO's) of Special Investigations. I was then confirmed by the Senate to be the Inspector General at the Nuclear Regulatory Commission, the Social Security Administration (SSA), and the Treasury. I was also the first IRS Inspector General, and for a time was simultaneously acting as the Inspector General for HUD. Most recently, I served as the Inspector General for the Postal Service for 13 years, until 2016.

As the Postal Service Inspector General, I conducted audits of program efficiency and effectiveness and worked closely with the outside auditor to review Postal Service financial statements. The office also conducted investigations to ensure the integrity of the organization's actions and its business dealings. I am currently a Distinguished Professor at George Mason University.

I believe the Postal Service has long served an important role in America. As an economic engine for commerce and in supporting the daily, the communications, and logistic needs of Americans. I believe that the contribution of the Postal Service continues in this fast-moving and disruptive era. We are certainly fortunate to live in these times but they are continuously challenging and disorienting for citizens and commercial enterprises. The Postal Service and other American infrastructures are stabilizing constants, enabling opportunity while supporting citizens and businesses in this complex ecosphere.

Each year the Postal Service continues to protect the privacy and security of its 150 billion mail and parcel pieces, vigorously investigating thefts and abuses. The business model since 1970 relies entirely on revenues from its product sales. The Postal Service provides the Nation with an unconflicted infrastructure serving the public good.

The Postal Service recently navigated an immense storm that included digital messaging diversion, an historic economic downturn, and while serving as the sole participating in a major experiment to pre-funds its $400 billion benefit programs. And, as a result, there is rightfully a concern for the finances of the Postal Service, which are currently difficult for stakeholders to interpret and understand, and stakeholders, as a result, often accuse one another of understating or exaggerating the financial results.

I believe it is essential for the financial condition to be more clearly presented, so that decisionmakers can make important judgments and chart the future. A first step is to decompose postal liabilities into component parts and to more clearly define the universal service obligation.

I also believe that Congress could use the Postal Service to further support American citizens and to position business enterprises for opportunities and challenges of the digital global era. Today I suspect the Postal Service leaves much of its value to the Nation on the table.

The country is also facing the promise and the specter of coming megacities, featuring smart systems and the Internet of Things (IOT). New systems must integrate our neighborhoods with our cities and surrounding regions and to the world. Binding our coming nation may actually be more challenging in the near future than in our past.

The Postal Service's facilities and truck fleet could help collect and provide needed data for the Internet of Things and perhaps serve as platforms to increase internet broadband access.

The digital age is still unfolding and the period ahead is likely to be challenging. The Postal Service's trusted presence in every American neighborhood could make it a candidate for new national mandates should Congress direct. The neighborhood operations of the Postal Service often provide the most visible presence in the daily lives of American citizens. This is particularly true in rural areas, where the Postal Service may be vital to enabling citizens of small towns and rural areas to enjoy the lives that we have intended for all Americans.

If confirmed, I look forward to the challenges of this complex era and working with you to respond to the needs of our Nation. Thank you.

Chairman JOHNSON. Thank you, Mr. Williams. Our next nominee is Robert Duncan. Mr. Duncan is currently the Chairman and Chief Executive Officer (CEO) of the Inez Deposit Bank and is the former Chairman of the Tennessee Valley Authority. He has over 40 years of experience in community banking and the financial services industry in rural Kentucky.

Mr. Duncan.

TESTIMONY OF THE HONORABLE ROBERT M. DUNCAN[1] TO BE A GOVERNOR, U.S. POSTAL SERVICE

Mr. DUNCAN. Mr. Chairman, Ranking Member McCaskill, and Members of the Committee, thank you for holding this hearing to consider nominations to the U.S. Postal Service Board of Governors. I am, as you know, Robert M. Duncan of Kentucky, and I am pleased to be joined today by my colleagues, David Williams of Illinois and Calvin Tucker of Pennsylvania. I thank the President for having the confidence and trust to nominate me for this important job. I greatly appreciate the encouragement of my Kentucky Senators. Senator Paul, thank you for being here today and the words that you spoke, and Leader McConnell, I thank you very much for being here and speaking on my behalf.

As you know from the material submitted, I have been involved in government, business, and politics at all levels over my career. I believe that my experiences in the public, private, and nonprofit sectors make me uniquely qualified to serve as a Governor of the U.S. Postal Service Board. I have studied management and leadership in different sectors and have an appreciation of the differences, similarities, and best practices in each.

The Postal Service is an interesting blend of a public, private, and nonprofit organization. My service on the Tennessee Valley Authority Board helps me understand this unusual but important structure. I was selected a member of the President's Commission on Executive Exchange in 1989 and 1990, and I worked at the White House in the Office of Public Liaison while studying public and private organizations. I have served in many other governmental positions at the local and State levels and currently serve

[1] The prepared statement of Mr. Duncan appears in the Appendix on page 111.

as Chairman of the President's Commission on White House Fellowships.

My work with nonprofit organizations includes the Christian Appalachian Project, chairing a State University board, and serving for many years as Chairman of Alice Lloyd College. In addition I was Treasurer, General Counsel, and, finally, Chairman of the Republican National Committee.

As a community banker in Appalachia, I have worked with many small businesses and have an appreciation for the challenges and potential of rural America. My work with the American Coalition for Clean Coal Electricity gave me experience of working with CEOs of the largest railroads, utilities, and energy companies in the country.

In addition to my undergraduate and law degrees, I have attended numerous Executive Education programs including programs at the Kennedy School of Government at Harvard and the Harvard Business School. I believe I have both the practical and theoretical knowledge to be an effective member of the Postal Board of Governors.

On a personal note, my grandfather, Walter Duncan, carried mail on horseback in eastern Tennessee and one year was on a train from Cincinnati to Chattanooga as a mail sorter. I have been interested in the post office all my life.

I consider the Postal Service a public trust as every American citizen enjoys universal service. Referenced in the Constitution, the organization has served to bind America together for over 200 years. The Postal Service is in daily contact with virtually every business and citizen. The local postal employees are the primary contact of most Americans with their Federal Government.

My approach to leadership and governance is simple. It is my goal to include all stakeholders through aggressive outreach and communications. The working relationship with the Postal Service, Congress, and the Postal Regulatory Commission is critical. More transparency in governing helps stakeholders plan for the future. An adequate staff is necessary for this Board to carry out its planning and oversight responsibilities. But I believe the reconstituted Board will be strong and independent.

As a new Board member, I do not begin with an agenda of specific recommendations. I support a thorough and transparent planning process. The basic business model must be examined carefully. I will learn as much as possible, as soon as possible, to understand the financial conditions of the organization, Mr. Chairman.

The work of the Board will be particularly challenging as we begin our tenure. There are many unresolved issues and pending legislation that will require flexibility in our approach.

Issues that I expect to confront us are: (1) Governance structure. What are the relationships with Congress and the PRC? (2) Universal service. What is the intent of Congress? (3) Delivery frequency. What is the optimum number of days of service each week? (4) Delivery standards. What is reasonable and affordable? (5) Changes in rates. What are the constraints? (6) Rural service. What is fair to all Americans? And then (7), Mr. Chairman, opioids. What can be done to protect the mail, customers, and employees?

If confirmed, I look forward to working with Congress, my colleagues, the leadership of the Postal Service, the Postal Regulatory Commission, and the stakeholders. The Board's role is to establish policy, monitor results, and evaluate management. As a board I believe that we can accomplish this mission.

Thank you for considering my nomination, and I look forward to your questions, Mr. Chairman.

Chairman JOHNSON. Thank you, Mr. Duncan.

Our third nominee is Calvin Tucker. Mr. Tucker currently owns and is the Managing Partner for Eagles Capital Advisors LLC, a financial consulting business. His work is focused on turning around struggling businesses and starting small businesses in Philadelphia. Mr. Tucker has over 30 years of experience in the financial services industry.

Mr. Tucker.

TESTIMONY OF CALVIN R. TUCKER[1] TO BE A GOVERNOR, U.S. POSTAL SERVICE

Mr. TUCKER. Thank you and good morning Chairman Johnson, Ranking Member McCaskill, and Members of the Committee. It is my pleasure to be here today. I want to thank the President for his decision to nominate me to become a member of the Postal Service's Board of Governors. I am honored and humbled by the confidence that President Trump has placed in me.

I also want to thank my wife, Sharon, who is with us today, and my family, represented by my two sons, Aaron and Bradley. Those who could not join us include my daughter, Sheneen, and my granddaughter, Amaya, and my mother, Emma. I want to thank them all for their support in everything we have accomplished as a family.

Over my 43 years, I have worked at many diverse organizations, and I have had the privilege to serve on numerous community and nonprofit boards. From this experience, I believe I can truly appreciate these communities. If confirmed, I will bring that perspective to help the Postal Service better focus on the needs of the small business and community groups.

For example, in my consulting practice, many clients are single operators who struggle with their day-to-day responsibilities. They will ask questions like, who can help marketing, sales, or simply get product to the customers? So can the Postal Service simplify shipping options so there is one less thing for them to worry about? Are we doing enough to support nonprofits and their good work?

If I am confirmed, these are the kinds of questions I will ask. I want to work with the small business community, postal management, and all stakeholders to ensure that everyone is well represented at the Postal Service. Today, it is essential that the Postal Service consider this small business perspective. Large companies can leave mail in favor of digital, but mom-and-pop businesses still need innovative solutions. For example, a neighborhood accountant may struggle with a digital advertising campaign, so a mail-based, local solution may be necessary. Are we doing everything we can to make it the easy and cost-efficient choice? A rural farmer may

[1] The prepared statement of Mr. Tucker appears in the Appendix on page 171.

not have broadband, but she should always be able to count on mail delivery. How can we service these rural customers better? While my experience is in the small business community, I also appreciate that the Postal Service is a huge part of our Nation's economy. From the smallest to biggest business, from the cities to the countryside, from the richest to the poorest, the Postal Service is public service without playing favorites. Every day it delivers mail to more than 154 billion homes and businesses, made possible by more than 640,000 hardworking employees. If I am confirmed, I will work to ensure that the Postal Service continues to be a significant economic engine for all Americans. I am mindful, however, that the Postal Service faces significant challenges. These include large financial losses, growing debt, and a decline of its most profitable product, First-Class Mail. If I am confirmed, I will use all of my energy to help find solutions. These solutions, I believe, will be found in the Postal Service's strengths. Its 31,000 post offices connect America. Its workforce is dedicated and knowledgeable. And it was, in fact, the very first social media network. If we leverage these strengths, I believe the Postal Service can flourish. While I do not have all the answers, if confirmed, I pledge to bring my perspective and experience, listen closely to all stakeholders, including Congress, and always remember the tremendous responsibility I have been given. Thank you, Chairman Johnson, Ranking Member McCaskill, and Members of the Committee. I look forward to any questions that you may have.

Chairman JOHNSON. Thank you, Mr. Tucker. There are three questions the Committee asks of every nominee, for the record. I will ask the question then just, in order, starting with Mr. Williams, just answer yes or no.

First of all, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. Williams.

Mr. WILLIAMS. No, Sir.

Chairman JOHNSON. Mr. Duncan.

Mr. DUNCAN. No.

Chairman JOHNSON. Mr. Tucker.

Mr. TUCKER. No.

Chairman JOHNSON. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. Williams.

Mr. WILLIAMS. No, sir, I do not.

Chairman JOHNSON. Mr. Duncan.

Mr. DUNCAN. No, Senator.

Chairman JOHNSON. Mr. Tucker.

Mr. TUCKER. No, sir.

Chairman JOHNSON. Finally, do you agree, without reservation, to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. Williams.

Mr. WILLIAMS. I do.

Chairman JOHNSON. Mr. Duncan.

Mr. DUNCAN. I do, Mr. Chairman.

Chairman JOHNSON. Mr. Tucker.

Mr. TUCKER. I do.

Chairman JOHNSON. Well, my intention was to actually defer to our Ranking Member, so I can respect the other Committee Members' time. Are you ready to go for questions?

Senator MCCASKILL. Sure.

Chairman JOHNSON. OK. Senator McCaskill.

Senator MCCASKILL. Let me first ask a brief yes-or-no question for all three of you. Do you agree to provide information and documents when requested by Members of Congress, regardless of party? Mr. Williams.

Mr. WILLIAMS. I do, Senator.

Senator MCCASKILL. Mr. Duncan.

Mr. DUNCAN. Yes, Senator.

Senator MCCASKILL. Mr. Tucker.

Mr. TUCKER. Yes.

Senator MCCASKILL. Do you believe that the USPS management should comply with the requests for documents and information from Members of Congress, regardless of party? Not you, specifically, but the management. As the Board of Directors, would you require the management to respond to requests from Members of Congress, regardless of party? Mr. Williams.

Mr. WILLIAMS. I would, Senator.

Senator MCCASKILL. Mr. Duncan.

Mr. DUNCAN. Yes, Senator.

Senator MCCASKILL. And Mr. Tucker.

Mr. TUCKER. Yes, Senator.

Senator MCCASKILL. Thank you.

Mr. Duncan, before I get into some of the postal issues, I want to just ask you briefly, I know that you have run a bank and banks are typically closed on Federal holidays. Were there any Federal holidays where you required your employees to work?

Mr. DUNCAN. There are no mandatory Federal holidays that our employees are required to work.

Senator MCCASKILL. Let me put it this way. Are there Federal holidays where the bank is closed and you required your employees to work?

Mr. DUNCAN. We have dates where we do training and the bank is closed on those days.

Senator MCCASKILL. And what holidays would those be?

Mr. DUNCAN. In the past it has been President's Day, occasionally it is Martin Luther King (MLK) Day.

Senator MCCASKILL. So every year you require your employees to work on both MLK Day and President's Day?

Mr. DUNCAN. Senator, I am not sure. I have been absent from the bank for a period of time. I would like to be able to respond to you——

Senator MCCASKILL. Well, that would be important, because if MLK Day is the only day that you require your employees to work when the bank is closed, that would be something I think this Committee would want to know about.

Mr. DUNCAN. I can tell you that they are required to work on President's Day. I am sure of that.

Senator MCCASKILL. OK. Well, if you would get us the details of that, I think that is important.

Mr. DUNCAN. Thank you.

Senator MCCASKILL. Thank you.

Let us talk about last-mile delivery and negotiated service agreements. I want you to know that when I began talking about this several years ago, I kept getting reassured that I would get this information. It was clear to me that there had not even been a thorough cost-benefit analysis done as to what they should be charging UPS and FedEx for last-mile delivery. So I kept drilling down and trying to get information, and eventually I came to the conclusion that I was not going to get anything from management other than "trust us."

Now I need to let you know that, on top of that, I have been approached by people who lobby for both FedEx and UPS, saying, "You are right." I had one of the companies go so far as to tell me that the Postal Service has no idea whether it is maximizing its profits on these agreements.

You can imagine, in light of—I mean, it feels like, to me, that their—I am so concerned that their desire for volume has overwhelmed good business decisions, their desire to cut costs has overwhelmed good business decisions, particularly when you talk about the competitive edge we represent, in terms of the number of days we deliver and our access to the last-mile architecture.

If confirmed, would you work with me to ensure that I get a copy of these contracts, Mr. Williams?

Mr. WILLIAMS. Yes, Senator. I want to know more about what is going on. I was present a number of times when you made that representation.

Senator MCCASKILL. You were in the room when I have been hollering about this as IG, right?

Mr. WILLIAMS. I was, and I remember, I think the first time and the other times as well. So I know that it has been going on for a long time, and I know that you have a good concern, and it is a very interesting question. So we do need to get into it. We do need to work with your staff, who I have considered friends for many years, and get to the bottom of it, and I am sorry that that has not occurred as yet.

Senator MCCASKILL. Yes. I understand that they do not want information out in the public domain, in terms of a competitive business situation. That is perfectly understandable. But keep in mind, we go into classified briefings and learn things all the time, that hopefully most of us never share. I am not anxious here to trot out private business information. I am anxious to figure out whether or not we are maximizing profits on the part of the system that is most expensive to us. To me, that seems like a simple oversight request, and I am frustrated that this has been so hard.

Mr. WILLIAMS. And I know that——

Senator MCCASKILL. Did you ever have a chance to look into this when you were IG, as to whether or not they were maximizing profits for these co-optition agreements? What do they call them? Not competition but——

Mr. WILLIAMS. Co-optition.

Senator MCCASKILL. Yes.

Mr. WILLIAMS. We did look at the National Security Agency (NSA) process and I am not sure we looked at these particular agreements other than to assure that they met the floor. So they have a legal deal. Do they have the best deal——

Senator MCCASKILL. Right. I want to know if they have the best deal.

Mr. WILLIAMS [continuing]. Is another better question.

Senator MCCASKILL. Mr. Duncan, would you work with me to ensure I get a copy of these contracts, in some form?

Mr. DUNCAN. Absolutely, and I would work with the Board to make sure the Board has copies of the contracts and analysis of these contracts.

Senator MCCASKILL. Yes. I think it would be really important that analysis be done, especially in light of the explosive growth of packages. I just think that is the future. I do not think we are going back, in terms of volume of packages in this country, and I am very concerned that we have enabled our competition to be more successful while we have hamstrung the Postal Service.

Mr. Tucker, would you agree?

Mr. TUCKER. Yes, I will agree to work with you and the Committee to ensure that we all understand these service agreements.

Senator MCCASKILL. Are all of you comfortable standing up to the President if you determine that the deals that have been cut with Amazon for delivery of packages are a good deal for the United States Postal Service? Mr. Williams?

Mr. WILLIAMS. I would be entirely, and I am anxious to look into it. I would like to look at how NSAs are approved by the Postal Service. It appears as though a review has already occurred with regard to whether they have met that legal floor, but I think that space between the legal floor and the moment we drive Amazon away is the space we need to operate in and get an understanding of.

Senator MCCASKILL. Yes. I am just concerned. Presidential task forces sometimes tell Presidents what they want to hear, and the people who go on the task force are people who want to get in and tell the President what they want to hear.

Mr. Duncan, are both you and Mr. Tucker comfortable with a confrontation with the President over the agreements with Amazon if you determine they are in the best interest of the Postal Service?

Mr. DUNCAN. Senator, we have to follow the facts and the facts will lead us toward the truth, and that will be what we advocate for.

Senator MCCASKILL. Mr. Tucker?

Mr. TUCKER. Absolutely. I would not necessarily characterize it as confrontation but I certainly would be willing to challenge the assumptions if I determined that——

Senator MCCASKILL. Well, there is no question he is on a mission here.

Mr. TUCKER. Yes.

Senator MCCASKILL. He has a thing about the man who owns Amazon, and we all kind of follow the tweets and follow his personality as it relates to when he decides to pick on somebody. Those

who confront him typically are shown the door in not too long a period of time. And I just want to make sure that you are not so afraid of being shown the door that you are not willing to do the right thing for the Postal Service.

Mr. TUCKER. Oh, absolutely, I am willing to do the right thing and I will challenge any assumptions.

Senator MCCASKILL. Thank you.

Chairman JOHNSON. Thank you, Senator McCaskill. I will say that I think one of your biggest tasks is going to be extracting the information you need to make good management decisions. I share Senator McCaskill's frustration. I have been at this for a number of years and we are starting to drill down. I am actually looking forward to the task force being able to extract that information as well. So best of luck to you.

Chairman JOHNSON. Senator Paul.

Senator PAUL. The interesting thing is I think, Senator McCaskill and the President, you are on the same side, really, on this issue. He is concerned about how much Amazon is charged in that last-mile, and that is what we have been talking about, whether or not they are charged adequately or not.

Senator MCCASKILL. Well, there is a difference, Senator Paul, in that Amazon is hiring someone to deliver their packages. UPS and FedEx are the competition to the Postal Service.

Senator PAUL. Right. But there still is——

Senator MCCASKILL. Two different animals.

Senator PAUL [continuing]. There is the question, in that last mile, which is very expensive, are we charging Amazon adequately or are we charging anybody adequately. And, really, the biggest question we face with the post office is, is the post office losing a lot of money? I mean, billions and billions of dollars—how are we going to keep the post office—I mean, these are enormous questions.

And so we have to look at rates. For First-Class Mail it is dwindling, so it is not like we can lower the rates and get more money through volume. We are just losing the volume in first class. What is an appropriate rate? We have to figure that out, and I think we have to have the openness to figure that out.

And I guess it is not so much seeing the contracts is how you get to the contract, how you get to that price. when we deliver that last mile, which is very expensive, to go down that last mile to Inez or some small city, it is very expensive, and are we subsidizing companies by doing that? And we have to look at that, and it is easy to define the problem. It is hard to figure out what is the adequate rate?

Right now Amazon does not have a post office to deliver the last mile, so it is not like they could do it on their own. There is probably some price at which they would do it on their own, actually. But I do not know if we have adequately found that price, and maybe there is room for improvement. And so we do have to explore all of that.

One thing that has amazed me, when we have looked at this before and we have had a bunch of reforms come forward, none of them, I think, have adequately really examined the problem, and this is a problem but not maybe easy for people to actually get to

the solution. Eighty percent of the post office's cost is labor. With UPS it is about 50 percent. With FedEx it is about 38 percent. I am convinced the post office, because of lack of market forces and because their labor costs so much, I do not think they are ever going to be profitable unless something happened with the labor costs. But involves, sort of union contracts, and how we get to more affordable labor, I do not know.

But I think, really, is that I hope you are all open-minded and that you will be open-minded into looking for answers. I do not have a specific question here, but I think what I would like to see is that maybe after you are approved that 6 months later we come back and say, "What have you discovered and what are we going to do to try to fix the post office?"

I think there are things that could be done even short of legislative changes. One, are we charging the adequate rates? Are we negotiating the best deal? And that is the only thing that I would advise, is that maybe we come back and look at this again. And I do not think it has to be—Amazon is a big supplier in our State. I like Amazon. I like all the employees that work in Northern Kentucky for Amazon.

So I am not against Amazon, but I am for seeing what the price is. Are we charging an adequate price for the last mile? It is not easy. It is not like there is a philosophic answer to this so we can say, "This is the price that is the appropriate price." Markets determine prices, and so it has to be based on supply and demand. But when you have only one supplier, That is why it is difficult to let the marketplace work. We have to figure out, is there a way we can try to figure out what the market price is for the last mile.

And I do not say that because I dislike Amazon. I just dislike losing a billion dollars a quarter at the post office, and we have to figure out for all companies that use the last-mile, Amazon just happens to be a big player, but there are thousands of smaller players that use the post office in the same way, for the last mile. We have to figure out how we are getting the adequate price.

But I commend you all, really, for wanting to do this service to the country, and I hope you will really think long and hard about being open to all solutions.

Thanks, Mr. Chairman.

Chairman JOHNSON. Senator Portman.

OPENING STATEMENT OF SENATOR PORTMAN

Senator PORTMAN. Thank you, Mr. Chairman, and, yes, I want to echo Senator Paul. Thanks to you guys for stepping up. This is not an easy job. There are lots of challenges, and I think Senator Paul is correct about the last mile, and, Mr. Tucker, you talked about the importance of that too. So it is not only costly but, qualitatively, it is, in some respects, the most important thing the post office does, because no one else is going to do it. And that is a challenge, but there is a bigger challenge, really, in the financials, if you look at them, and that is this pre-funding of retiree health and how we deal with that, and pre-funding of pensions. And I know that that is something that some of you have some expertise on.

Mr. Williams, in particular, has spent a lot of time looking at that, so you bring really important insider information that prob-

ably no one else on the Board of Governors ever has had, about what is actually going on. You know where the bodies are buried and you have probably buried some of them in your role as IG. And Mr. Duncan has the business experience, and he understands how government works too, which is helpful. And I appreciate you being willing to step up once again and serve your country. Mr. Tucker, you talked a lot about your small business background, and you have been a successful entrepreneur, and that is sort of the bread and butter, ultimately, of the Postal Service. And again, those are people who might get left behind if it is not done right.

So appreciate it, and it is not going to be easy. I know this Committee is looking at the House legislation that came out of their committee, and I know Tom Carper has been at this a long time.

And, by the way, one issue that I feel very strongly about, that some of you are knowledgeable about, I know, is this issue of security of the mail system, and particularly the unbelievable threat that we have right now with fentanyl. I would just tell you, the communities that I represent in Ohio are just getting killed by fentanyl. Columbus, Ohio, that county, Franklin County, just did their analysis of last year, 2017. A 47 percent increase in overdose deaths. Two-thirds of those were from fentanyl.

And guess how it is coming to that community? Through the mail system. I mean, it is coming through the U.S. mail system. And I can say that with some degree of certainty because we spent a year studying it, Senator Carper and I, on the Permanent Subcommittee on Investigation. I think, Senator McCaskill, you were there when we started that investigation.

But it is clear where it is coming from. It is primarily coming from China, primarily coming through the Postal Service. When we went online undercover with some Federal investigators from Homeland Security, the websites that were selling this poison all said the same thing—use the Postal Service. They do not want to use UPS, FedEx, DHL, or anybody else because the Postal Service does not require them to provide the information that could help law enforcement to be able to interdict these packages.

And so I have been on an tirade on this, and we have good legislation that most Members of this Committee, I believe, have already co-sponsored, called the Synthetics Trafficking and Overdose Prevention Act (STOP Act). We have had hearings in this Committee. Unfortunately, it is not in this Committee's jurisdiction, because I know the Chairman cares a lot about it and the Ranking Member. I think we would probably have something done by now, out of Committee, but it comes out of the Finance Committee, which we are working on, because it has to do with our Customs agreements.

But, one, are you all aware of our study on this, and, by the way, it says that the post office is doing a little better. They are now providing advanced electronic data that law enforcement can use to identify these packages on about 36 percent of the packages, as opposed to 100 percent with the private carriers. But even with that 36 percent we found that 20 percent of the time the Postal Service was not presenting the package to law enforcement, and we also found out that some of the data was not legible, not usable by law enforcement.

So, fewer a third of these hundreds of millions of packages are getting reviewed by law enforcement, and meanwhile, the poison keeps coming in and killing more and more Americans.

So I would just ask you, are you familiar with the report, and I would ask all three of you that. And then, second, do you think the post office should be providing this advanced electronic data to U.S. Customs and Border Protection (CBP) and let the law enforcement, which they say is critical to their ability to try to interdict some of these drugs? Mr. Williams.

Mr. WILLIAMS. I am familiar and deeply appreciate what you did with regard to this. This is a nearly unbelievable problem.

There are some complications. I know that the packages received in China are received by China Post, not the United States Postal Service. There are some hopeful signs, as you said. There is a growing number of packages, any packets coming in from China, that do have the data on it, and that is increasing.

I would like to know more, too, about what we are doing with the data that we receive, both with regard to Customs and the postal authorities. What kinds of data analytics are we engaged in? You have to really move fast when that data arrives or it really is not worth anything.

I would like to know, is there any daylight between the efforts of the enforcement agencies? The role of the Customs broker, for the private express carriers, I would like to know more about. Is there a value-added there, and where are we exploiting that, as well as the advanced entry data.

Senator PORTMAN. Let me just say, briefly, the big data capability is impressive, and when law enforcement is provided with this data it is extraordinary what they can do with it, the analytics that they have in place. You are probably aware of that from some of your other experience. But they are much more sophisticated than they used to be, and so it works well in the context of these private carriers.

And I have been to the sites and I have seen what happens, how they pull packages off and how they can get that data immediately. As you say, it has to be real-time. But the post office has to have that level of sophistication too, to be able to present the packages that they identify as suspicious, and that is not happening, and obviously they are not even requiring it from a lot of countries. So there is much more to be done.

Mr. WILLIAMS. There have been some problems at the international centers that are related to that, and I think it would be a great area for us to focus on, for a number of reasons. But certainly opioids is the one that care most about.

Senator PORTMAN. So if you were confirmed for this job, you would want to focus on that and support providing that advanced electronic data to law enforcement?

Mr. WILLIAMS. It would be something I would want to do the very first day.

Senator PORTMAN. Thank you. Mr. Duncan.

Mr. DUNCAN. Thank you, Senator. Yes, I am familiar with your report. I am also familiar with the ravages that are going on in the part of the world where I live, in Appalachia, Huntington, West

Virginia; Ashland, Kentucky; Pineville, Kentucky. That whole area is very personal.

I do not know all the facts. I do not know as much about it as my colleague, Mr. Williams. But I am optimistic about technology. I have some data background, as you know, and I believe this can be a problem that can be solved. I cannot tell you when. I do not know what the finances are. I have a lot of questions about it. But it is a commitment. It is one of the seven issues that I mentioned today.

Senator PORTMAN. Yes. Thank you, Mr. Duncan. Yes, I think your background in terms of using data is very important. Mr. Tucker.

Mr. TUCKER. Yes, Senator. I am generally familiar with it. If confirmed, I will certainly look at it. And as I said in my questionnaire, anything we can do to provide to law enforcement to protect our workers and the American citizens I am in favor of as well.

Senator PORTMAN. Thank you to all three of you. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Heitkamp.

OPENING STATEMENT OF SENATOR HEITKAMP

Senator HEITKAMP. Thank you, Mr. Chairman. This is definitely a very important hearing for us. The post office has been rudderless. We, as a major Board of Directors here on this Committee, but certainly the Board of Directors for the post office has not been functioning for a long period of time, and you see the result of that in the numbers that somebody has put together for us here. And I know, Mr. Williams, as the former——

Senator MCCASKILL. The Chairman put this together late last night.

Senator HEITKAMP. Thank you.

Chairman JOHNSON. The accountant.

Senator HEITKAMP. Yes. The accountant. Well, I appreciate this because I think it is the best we can do right now to really illustrate the enormous challenges that are ahead of us.

Now it is no mistake. I have been very aggressive on this issue. And to give you a sense of how important this is in North Dakota, I opened up a portal on my Web page—now, North Dakota is a very small State, population-wise—and it was called Fix My Mail. And in a month we had over 500 discrete contacts from people who have seen deterioration in service. And just yesterday I was with someone from rural North Dakota who thanked me for the work on the post office.

So understand this. Where frequently the problems that we talk about here may not have reached America in the same way, America knows that the post office is not delivering the way they used to deliver. And I think that has been a responsibility not of the men and women who walk and deliver mail. I think it is the responsibility of management. Whether it is us and you guys as the future Board of Directors or whether it is the upper management of the post office, we have to fix these problems.

And so I am going to ask just some quick yes-or-no questions for all of you. If confirmed as a Governor for the United States Postal Service, will you make sure that the Board focuses on strong serv-

ice performance so mail delivery in rural America is protected and then improved?

Mr. WILLIAMS. Yes, Senator.

Mr. DUNCAN. Yes. It is one of the issues I outlined today.

Mr. TUCKER. Yes, Senator.

Senator HEITKAMP. On the record. How would getting postal reform legislation help you in accomplishing your job? And I would add to that, have you read Senator Carper, Moran, Heitkamp—I think Claire is on this bill too—McCaskill's postal reform bill, the latest iteration here that we introduced a couple of weeks ago. Mr. Williams?

Mr. WILLIAMS. In my mind, you are the reason there is a Postal Service. We have, in this room, some of the express companies. They are the best in the world. You need us not in those big cities but we are needed where you are.

The reform bill that is coming through, and has been presented, is aimed at reestablishing the financial stability of the organization, and that is really the only thing in my mind that ought to be a challenge at all. Our dedication to you is absolute. You are the reason we have.

Senator HEITKAMP. We are going to hold you to that, Mr. Williams, because frequently what we find out is that when push comes to shove and we end up financial, we start hearing about reducing service, we start hearing about reducing delivery. And the other problem that we have—and I will just take a moment—is getting appropriate data. Never mind financial data. Getting service-related data that we can rely on. We come into the post office and say, "Look, it took 10 days to get a letter." They go, "No, that does not happen." Well, yes, it does happen. I mean, do not call the people who are talking to me fibbers. This happens.

And so, Mr. Duncan, can you illuminate us at all on what your expectations would be of this Congress, in this giving you the tools you need to reestablish stability, financial stability, at the Postal Service?

Mr. DUNCAN. Thank you, Senator. I have not read the report, the new legislation, but I have read press reports of it, and I think it goes to the heart of what we are about. We have to develop a business model that requires the cooperation, first, of Congress. It has to be of our regulator, the Postal Regulatory Commission. It has to be of this Board and our stakeholders. And I believe bringing that group together is how you do it.

I am very aware of the level of service difference today as compared to 20 years ago, as someone who uses the mail both professionally and in my business.

Senator HEITKAMP. And, Mr. Tucker, we will give you a chance too. My baseline question is, can you actually do what you hope to accomplish for the Postal Service without a postal reform bill?

Mr. DUNCAN. No.

Mr. TUCKER. No.

Senator HEITKAMP. So we are sending you on a mission that is doomed for failure unless we do our job here. Mr. Tucker, is that a fair statement?

Mr. TUCKER. I would say that 90 percent of what we need to do is directed to Congress. I think we need a reform bill. I think we

need to move a 20th Century business model to the 21st Century, and I think the reform bill, as I understand it, goes a long way to move us in that direction.

Senator HEITKAMP. So our choices are pretty limited. Your choices are going to be pretty limited if we do not do postal reform. You are going to sit in a room and you are going to move money from this pile to that pile, and hope you can make it happen. But there is not any certainty of success in stabilizing the financial outcome or the financial situation for the post office. There is no likelihood of success if we do not do postal reform. Would you agree, Mr. Williams?

Mr. WILLIAMS. Both limited and extremely controversial. The decisions ahead of this, without postal reform get very bad, very fast.

Senator HEITKAMP. Mr. Duncan?

Mr. DUNCAN. The business model must be changed. I am an optimistic person and I think there are things that can be done at the margin, but this comes down to the basic model.

Senator HEITKAMP. Mr. Tucker.

Mr. TUCKER. Yes, I agree. As I indicated in my opening remarks, we can do some business development and bring new clients to the marketplace, particularly small business and community groups and nonprofit organizations. But at the end of the day, we need reform.

Senator HEITKAMP. Yes. I mean, I would just say this. It is like a business that has not modernized, a business that has not taken the appropriate steps for a long period of time, in part because they have been squeezed by requirements of Congress, requirements of this Board of Directors, at this table. And so now, to suggest that we can do this without some kind of opportunity to stabilize in the short term, your job is going to be extraordinarily difficult.

And so I am committed, as I have been since I got here, that we ought to do our job, and that you cannot do your job unless we do our job, and get you the right set of circumstances.

So I want to thank every one of you, and your families, for you guys taking on this job. I think it is one of the hardest jobs right now in America. And I appreciate the extent of the service and the diversity of the opinion here, and I look forward to working with you after you are approved, and get the Board of Directors up and running so that we have a partner that we can work with as we move postal reform.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Heitkamp, and I appreciate you noticing my little income statement. Let me take just a minute here to talk about the numbers, because it is actually pretty stark and pretty easy.

Setting the income statement sheet aside, if you just look at the balance sheet, as of September 30, 2017, when you combine the current retired health care benefit liability with the Civil Service Retirement System (CSRS) liability, the Federal Employees Retirement System (FERS) liability, and the long-term retiree health care benefits, that totals $440 billion. The fund has a balance of $336 billion. That is leaving an unfunded balance of $104 billion. That is the problem.

On the income statement you can see, over the last 11 years, of the $63.9 billion loss that the Postal Service reported, $62.5 billion of that is the pre-funding of that liability.

So if you are not really willing to take a look at how do you fund that obligation to retirees—I mean, you can talk about postal reform but you have to really understand exactly what we are talking about. And we can also throw in pretty words like "Medicare integration," but it has been pulling teeth trying to figure out what does that actually cost, what has been contributed, what has been used by postal—I cannot get it. I have been trying to get it for years.

This little income statement here is the result of extracting information kind of bit by bit from the Postal Service to try and lay out exactly what has happened over the 11 years so we can understand what is happening moving forward. But again, I mean, the basics are in terms of pre-funding, the pre-funding to the tune of about $20 billion, and they have defaulted on about $41.7 billion. And that just tells you it is kind of hard to follow verbally, but is all in the long-term pension and health benefit liability. That is the problem. Senator Peters.

OPENING STATEMENT OF SENATOR PETERS

Senator PETERS. Thank you, Mr. Chairman. And I will just echo the comments made by my colleagues here, and Senator Heitkamp, in particular. You have a very tough job ahead of you, if confirmed. We appreciate your willingness to take on this challenge. But it is a challenge that has to be met, particularly in our rural areas. Michigan is an urban State but it is also an incredible rural State, particularly in Northern Michigan and Michigan's Upper Peninsula, which is a very rural area.

And whether it is a retiree waiting for a Social Security check or life-saving prescriptions, this is a very real and a very big deal for folks, which is why I concur with the sentiments that I have heard about the need for postal reform. It is up to us to push this forward, and I certainly appreciate Senators Carper, Moran, Heitkamp, and McCaskill—thank you for your leadership on this issue. Senator Johnson, I know this is something you want us to focus on as well. We need to make this a priority and move something going forward, and I hope we do that very well.

But Senator Heitkamp alluded to something, the kind of complaints that I have been hearing fairly regularly too, which is how do you balance the very challenging fiscal situation that the Postal Service is in with service? As you cut service to meet the demands of the fiscal needs, then people become disenchanted with the Postal Service and try to look for other options. And then you get, basically, on a slippery slope. You cut more services, you lose more business, and your revenue goes down so you have to do more cuts.

And so I want to focus on a couple of areas that I have been hearing a great deal about, and one of those areas is the consolidation of mail processing centers. As a result of unrealistic budget requirements, we are concerned that two more centers in Michigan will be placed on the chopping block—basically, one in the Upper Peninsula near Iron Mountain and another in Lansing that service a great deal of Northern Michigan. We had a facility near Kala-

mazoo in West Michigan close recently. The pattern of shutting down these processing centers, it seems clear, means that it takes a lot longer for mail to get to places because it is not being processed as quickly with a number of facilities.

So I would like to have each of you tell me, will you weigh in on decisions related to consolidation of mail processing centers, and how are you going to weigh cost savings with customer service, given the current situation that you are in?

We will start with you, Mr. Williams, and if we could go down and kind of get a sense. How do you grapple with this challenge? Give us a sense of your decisionmaking process.

Mr. WILLIAMS. The Postal Accountability and Enhancement Act (PAEA) legislation did a lot of good, particularly in the early years, but it did go on a long time. And as those budget cuts became more extreme in order to meet our obligations, the downsizing became less measured, the targets of opportunity were all wiped out, and there were a number of targets of opportunity. And we are now down to what needs to be a very scientific process. And I think we can only do it through modeling. We need to understand the universal service and we need to create a modeled network that will deliver that.

I know, from my work as the Inspector General before, some of the early analyses efforts for the impact of closure were wrong and mistakes were made. And some of the mistakes became more frequent as the financial crisis became more serious.

So I am a huge believer in modeling. I do not believe we can close things through professional judgment any longer. Those are all gone. And we need to show you how we are going to do it, and give everyone a chance to arrive at the same conclusion that we did, that we now have the model for a network that will deliver on our promises.

Senator PETERS. Thank you. Mr. Duncan?

Mr. DUNCAN. I agree with what my colleague is saying today. I guess I am an optimistic person and I start on the revenue side first. I think that is where I look before I start doing the cuts, because, as a business person I know that there is a tipping point, that if you cut into the muscle then you lose many other things in an organization. So my predilection would be to start looking on the revenue side to make sure that we are properly charging for our services.

I think defining what universal service means, what Congress means by that, will help us along the way. I have felt the cutbacks, personally, in the processing centers. I have seen the change in the standard. We need to know what the American people want, what Congress wants, what our stakeholders want.

Senator PETERS. Thank you. Mr. Tucker.

Mr. TUCKER. Yes. I agree that modeling is an area that we need to look at. We need to define that universal service obligation, what it means today, and how do we maintain our service standards in communities across this country. I would look at both revenue and expenses in making decisions. But I think we need to see all of the analytics around how it is going to affect those communities before decisions are made with respect to consolidation or doing some other things.

Senator PETERS. The strength of any organization is dependent on the people within that organization. So morale, as all three of you know, is incredibly important to having an efficient, well functioning organization. People have to come to work motivated to do a good job and take pride in their work. And what I have heard, on a regular basis, is that morale is a challenge at the Postal Service. Workers feel that they have too much mandatory overtime, their opinions are not listened to, and they are not communicated to in terms of some of the decisions that have to be made, sometimes difficult decisions.

So in the remaining time, if you briefly could give us a sense of your vision of how are we going to strengthen the postal workforce and the morale in that workforce, which will be critical to making sure that this organization runs properly?

We will start with you, Mr. Tucker, and then work the other way.

Mr. TUCKER. No, morale is key to a strong and committed workforce. I think some of the internal tools that the Postal Service should use, it is internal communications, to communicate some of the issues that we face, some of the opportunities, and bring people in on an incentive basis to help them create the opportunities they want, the income that they are trying to achieve. And I think just information is important to driving morale in any organization.

Senator PETERS. So where does that rank in your priorities, in this new position?

Mr. TUCKER. That ranks pretty high because we do not—as I noted in my opening remarks, we have 640,000 people and that is the No. 1 asset of the Postal Service is our workforce. And to keep an interested and committed workforce is the No. 1, I think, priority that we should strive to do. Because without the workforce, we can do all of these reforms and other issues and still not achieve what we need because it is the people that is going to make things happen.

Senator PETERS. Right. Mr. Duncan?

Mr. DUNCAN. Well, I think the postal employees have a lot to be proud of. Consistently, they have delivered the mail, day in, day out. They are consistently ranked as the best government agency, and I think they have a lot to be proud of.

On the other hand, they have to have constant communication, and that communication is in the form of education. They have to understand it is up to us. The tone is set at the top by the management of the postal board. That is how they work with the union representatives but also the rank and file everyday member of the organization. And it is communication. It is constant and consistent communication.

Senator PETERS. So that will be one of your priorities?

Mr. DUNCAN. It has to be one of the priorities of the organization.

Senator PETERS. All right. Thank you. Mr. Williams?

Mr. WILLIAMS. The last couple of years have been really rough on the Postal Service employees. In response to that, they have risen to the occasion. They were the first ones back after September 11, 2001, after Hurricane Katrina. And their morale has taken a beating but it is extremely high. It is a very dedicated group. And as Senator McCaskill said, there are 113,000 veterans

there, and they bring with it the discipline that they learned to this new job.

We downsized very fast. It reached a reckless pace. The wheels were coming off the wagon. And also we focused so much on our problems that we only focused on our problems, and there were some extraordinary accomplishments that we forgot to thank people for. They are our assets. They are 80 percent of our operation, and we need to take care of them and thank them for what they have done. We need to focus on the successes as well as the problems ahead, and the successes have been enormous.

We also kind of inherited a legacy before any of us were on the scene in this. There were labor management problems that went back to the 1950s and the 1960s, that still sort of cast a pall over things. I am glad that you mentioned this. It is a big deal and we never talk about it, and its time has come. We need to address this and make sure that morale remains high and we do not just, intuitively, rely on it.

Senator PETERS. Well, I appreciate that. I appreciate all three of your comments. It is a strong workforce. They care deeply about their job. But it is important to celebrate them and it is important to make sure that they are a part of the decisionmaking process, because they do bring a great deal of expertise to the job each and every day. So thank you for your comments.

Chairman JOHNSON. Thanks, Senator Peters. Mr. Williams, real quick while we are on the subject of employee morale, having been the Inspector General, do you happen to, off the top of your head, know the top pay scale, on a per-hour basis, for postal workers?

Mr. WILLIAMS. I think I understand. There is a pay scale for all of the various professional series.

Chairman JOHNSON. Just for a letter carrier. Do you know what the top pay scale is?

Mr. WILLIAMS. I have it in my head that it is around $50,000.

Chairman JOHNSON. Do you know how soon they can retire on full benefits, how many years?

Mr. WILLIAMS. I think it is a combination of experience and age, and I think it is about 30 years of experience.

Chairman JOHNSON. OK. Again, we will explore all of this as we work together with the task force.

Mr. WILLIAMS. And if I am wrong, I will send a confirmed note.

Chairman JOHNSON. No. Again, unfair question at this point in time, but because of your past experience I thought you might be able to answer it.

Mr. WILLIAMS. I think that is right.

Chairman JOHNSON. OK. Senator Carper.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. A couple of guys on—probably some gals as well, on our committee, are baseball fans. Senator Peters and I both turned out to be Detroit Tigers fans, for reasons I will explain later. Ben Cardin is our big Orioles fan. And I watched the end of the Tigers-Orioles game last night, where the Tigers actually won a game, 4–2. And one of the things that you are always worried about as a pitcher, is that you are not telegraphing your pitches. You want to telegraph your pitches to the hitters.

I am going to telegraph my pitch, and my first pitch deals with revenues, which I think, Mr. Duncan, you mentioned. And I think I have met you before. I am happy to meet you today and to welcome you, and thank you for your willingness to serve. We have known David Williams for a long time and just thank him for all of his service.

Mr. WILLIAMS. Thanks, Senator.

Senator CARPER. We need Governors. I am an old Governor. We need Governors, desperately. To have the idea we have maybe the second-largest business in the country and we do not have a Board of Directors, we do not have a Board of Governors? I mean, that is awful. And hopefully we can do something about that real soon, and we can also move a kind of bipartisan legislation, Senator Moran and I, and others, have worked on with folks in the House. But I am delighted that we are here today. This is an important step.

All right. Before we talked about—and the pitch I am going to telegraph is to ask you what the Postal Service should be doing to innovate, to bring in revenues, the kinds of revenues it needs to be able to invest in capital, whether it is capital in processing plants, post offices, technology, technology on new vehicles that actually do not break down, that are not 30 years old, and they are actually a better size for the kind of work the Postal Service is doing these days with packages and parcels. So To start thinking about that.

And I will just say, as a backdrop, the Postal Service has gone through a lot of cutting, as I am sure Mr. Williams knows. They have half as many processing centers as they used to have, one-half. They have about a third as many full-time employees as they had before. And about a third of all the post offices across the country no longer are open 6 days a week, say from 8 or something in the morning to 5 in the afternoon. We are basically on a much tighter—slower schedule—smaller schedule. And there is a menu of options that smaller communities and towns can take in terms of how do they want to provide service to Postal Service, to their residents and their customers.

But one of the things that I focused on as Governor for 8 years is balancing budgets, and we were fortunate to be able to balance budgets 8 years in a row. We actually reduced taxes 7 out of 8 years. A lot of jobs were created. I am told more jobs in those 8 years than any 8-year period in history in the State of Delaware.

The reason why I mention that is we paid off debt. We got AAA credit ratings for the first time in State history, and I was so proud of that. So proud of little Delaware getting AAA credit ratings, across the board. And I remember after we got the AAA credit ratings, meeting with the rating agencies the next year, and they said, you have done—and not just me, but previous Governors and legislators—Pete du Pont, Mike Castle and others—did really yeoman's service in terms of their fiscal responsibilities and leadership.

But each of the rating agencies said to us, me and my cabinet, they said, "You have done, over the years, really responsible stuff, good stuff in managing your State's finances. You still have one obligation, one liability, you now have to address." We literally were amortizing 10 years the unfunded liability for pensions. We had no money in the pension fund, 10 years later. We were amortizing

over 40 years, and within 10 years we got there. And we just had a lot of extra money and we just threw it in the pension fund and did it in 10 years.

But fast forward. We have AAA credit ratings in Delaware in 1999, and the agency said, "You still have a major liability that you have not addressed." And we said, "What is that?" And they said, "You have all these pensioners, fully funded pension fund, but they have a health care liability that you have not put aside any money to address, and you need to do that." And so we started doing that.

As it turns out, we were not the only one. I did not know. Almost no State had even acknowledged that was a liability, health care liability through the pensions. And they said, "You need to get to work on that."

Well, as it turns out, that was like 19 years ago, and if you look across the country, you look at most States, most States still have not really acknowledged that that is a liability, and they are not setting aside money. But they certainly have not funded it to 100 percent of the liability, on 90 or even 80 percent, or 70 percent, or 60 or 50 percent.

And if you look at big businesses, I had my States look at Fortune 100 companies, Fortune 500 companies, Fortune 1000 companies and see what they are doing to fund their health care liability for the pensioners. Almost nobody that I know of has actually funded to 100 percent of the liability, and very few are even close to 50 percent.

And part of the Postal Service's problem, as you know, is that they have been required to meet a liability—how do you meet this liability, a real liability, and how do you do it over a reasonable period of time? How do you do it over 10 years? Well you cannot, and that is what we said. You have to not only realize and recognize this liability but you have to pay it off in 10 years.

And sort of, I think, the genius behind what Senator Moran and I and others are trying to do is to say, this is a liability. We want you to address it. We want you to fund it, but over a reasonable period of time. And that is 40 years. That is part of what we are trying to do. And so I just want to mention that up front.

All right. Let us talk about—what would you all need—and let us start with David, if we could—some ways that you might suggest that we would allow the Postal Service to innovate and to be more creative and bring the revenues it needs to invest, realizing that all that growth in packages and parcels is coming out of technology, it is out of the internet. And there is just a lot of running room there, to make money. But go ahead, please. I talked too long.

Mr. WILLIAMS. Thanks, Senator. There are a lot of levers that can be pulled that will result in revenue for the Postal Service that we have not fully exploited in the past, and we need to look at the implications of exploiting those. There are down sides too. But in my mind I think of things like returns management. A huge issue for e-commerce is the number of packages being returned. Those can best be managed at the point that they are returned, and the Postal Service could easily manage that. It is a perfectly situated adjacent space to the services we have.

A lot of foreign shoppers would love to buy here but they cannot, because they do not have an address. We could provide virtual post

office boxes for them and it would help commerce and it would help the Postal Service. There are a lot of services we could do in connection with last-mile. We could provide presence services for the elderly and deliver nutrition to the elderly. There is a growing army of freelance workers that now have no office. They work at home. And that is only going to grow in the future. Better supporting them in this last-mile effort. Smart cities are going to bring with them smart systems, and the collection of data from the Internet of Things. There is something that these 227,000 vehicles and the 30,000 post offices could do to collect and do initial analysis for.

We could do 3–D shippings, where we are not shipping anything. We are just shipping the software, and we actually produce it at the point that it is delivered. So there are an ocean of things that could be done, and this exactly how world posts have gone from losing money to profitability.

Senator CARPER. Thank you so much. Those are great. Mr. Duncan?

Mr. DUNCAN. I think it starts with technology. I am very optimistic about technology. I like the technology that we are using at the Postal Service today to allow you to see what your mail is going to be. I think that there are things that will build off of that platform. My colleague has mentioned some other things, the returns. I think this goes to partnerships, and it goes to the ability of us being able to flexibly act on an agile basis. One of the things that you can help us with is to make sure that we have the ability to act on these opportunities that come forward.

Also look at our physical plant. I have been in many of the post office buildings, for example, the Farley Building in New York. I have been in one in Indianapolis. And I look at how little of the space is being used in some of those buildings. We have partnership opportunities there.

Senator CARPER. All right. Thank you. Mr. Tucker?

Mr. TUCKER. Yes. I know my colleague talked about informed delivery, the innovation side of what the Postal Service has been doing. When I first learned about informed delivery I mentioned it to my son, who is a millennial, and he was excited. He thought it was great that you could see 12 pieces of mail that is being delivered to your home, regardless of where you are. So I think if we could tell that story, get that out to the marketplace, that is going to be a driver of some revenues.

But in my opening statement I talked about three things: small business, community organizations, Consumer Directed Community Support (CDCs), as well as nonprofits. Those are areas that I think we need to cultivate and farm, and possibly raise some significant revenue from those communities, and heretofore I am not sure if the Postal Service has been working with those revenue generators.

Senator CARPER. All right. Thanks. Grateful that you are here. Mr. Chairman, thank you so much for holding this hearing for these nominees, and we look forward to working with you, to move forward. Thank you.

Chairman JOHNSON. Thank you, Senator Carper.

As is usually the case, my colleagues have done a good job answering the questions that you are really in a position to answer. My questions really have to deal with the detailed financial infor-

mation that you are going to have to gain access to, so we can actually go through a problem-solving process, develop the information, gather it, do a root cause analysis, define achievable goals. I mean, do that first. Then we will start working on exactly what the solution is. I think past attempts have just really not had adequate information.

So, again, I appreciate your willingness to serve, and, again, I want to say thank you to your families for working with you on this.

I do have a couple of magic words to read. The nominees have made financial disclosures and provided responses to biographical and pre-hearing questions submitted by the Committee. Without objection, this information will be made part of the hearing record,[1] with the exception of financial data,[2] which are on file and available for public inspection in the Committee offices.[3]

The hearing record will remain open until noon tomorrow, April 19, for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 11:29 a.m., the Committee was adjourned.]

[1] The information submitted by Mr. Williams appears in the Appendix on page 40.
[2] The information submitted by Mr. Duncan appears in the Appendix on page 113.
[3] The information submitted by Mr. Tucker appears in the Appendix on page 175.

APPENDIX

Opening Statement of Chairman Ron Johnson
Nomination Hearing to Consider Robert "Mike" Duncan, Calvin Tucker, and David Williams to be Governors, United States Postal Service.
April 18, 2018

Today the Committee will consider three nominations for Governor of the United States Postal Service. The Board of Governors has similar functions as those of a board of directors for a private company, overseeing the operational and financial decisions of the Postal Service. The Board also represents the public interest, ensuring that the Postal Service continues to meet the needs of customers and the American people.

The consideration of these nominees comes at a critical time for the Postal Service. Due to the dysfunction in Washington, D.C., the Board of Governors has not had a quorum since December 2014, and it has not had any governors since December 2016. As several members of this committee told President Trump in a letter last November, the Board is necessary to "provide accountability for operational deficiencies, such as intentional mail delays, drug trafficking through the Postal Service's network, and dramatically falling mail volumes and revenue."

Last year, the Postal Service announced its eleventh consecutive year of losses, which have accumulated to a total of $65 billion. Although a functional Board is an important start, I believe nothing short of a total restructuring by an independent body is necessary to achieve long term viability for the Postal Service.

Last week President Trump announced that the Secretary of Treasury will chair a Task Force on the United States Postal System to examine this very issue. I look forward to working with this task force and to reviewing any legislative proposal they provide to the committee.

The Nominees

Mike Duncan is currently the Chairman and CEO of Inez Deposit Bank and Chairman of the President's Commission on White House Fellows. He has an extensive career in both the public and private sectors, having worked for over 40 years in community banking and financial services in rural Kentucky and serving on the board of the Tennessee Valley Authority.

Calvin Tucker is currently the Managing Partner of Eagles Capital Advisors, in Philadelphia, PA. He has over thirty years' experience in business consulting and financial management, including advising struggling businesses and starting entrepreneurial ventures.

David Williams is the former Inspector General for the Postal Service. He currently serves as Director for the Center of Performance and Integrity at George Mason University. Mr. Williams was previously the Inspector General for the Internal Revenue Service, the Department of Treasury, the Social Security Administration, and the Nuclear Regulatory Commission.

I'd like to thank the nominees who have volunteered to serve in these important positions, and I look forward to hearing their testimony.

U.S. Senate Committee on Homeland Security and Governmental Affairs
Nominations of Calvin R. Tucker, David C. Williams, and Robert M. Duncan to be Governors, United States Postal Service

April 18, 2018
Ranking Member Claire McCaskill

Opening Statement

Thank you Mr. Chairman. I appreciate you holding this hearing and I want to thank the nominees for their willingness to serve.

Today we convene to provide advice and consent for the President's nominees to be Governors of the United States Postal Service, an agency that touches nearly every American nearly every day.

The Postal Service is the only delivery service reaching every address in America and is now growing by about 1.1 million addresses per year. USPS employs more than 500,000 people - including over 100,000 veterans – to deliver about 150 billion mail pieces each year, and has operations in all 50 states, the District of Columbia, and all U.S. Territories.

Even as technological advances make the world feel smaller, mail delivery remains a critical part of the infrastructure that connects people across the country and the world. The Board of Governors of the U.S. Postal Service is comparable to a board of directors of a publicly held corporation and consists of nine governors appointed by the President and confirmed by the Senate. Currently, the Board has no Senate confirmed members and has lacked a quorum for four years.

Since 2016, the Board of Governors has operated under authority delegated to the Temporary Emergency Committee (TEC), which includes the Postmaster General and the Deputy Postmaster General. This situation is untenable. The Postal Service is in dire need of qualified Governors to help make critical decisions to address the financial and management challenges facing the agency.

Since 2007, the USPS has experienced 11 consecutive years of net losses, totaling $65.5 billion. In 2012, USPS reached its statutory borrowing limit of $15 billion, so it cannot borrow more money from the Treasury, and current law prevents USPS from accessing private financial markets. The financial problems result from a combination factors, including the steady decline in first-class mail and the requirement to prefund 100% of its retiree health liability.

Due to its universal service obligation, the postal service is required to deliver to more addresses every year as more homes are built and new businesses start up. Fulfilling this mission is critical to ensure that Americans across the country, especially in rural areas, have regular access to the mail. Closing post offices and processing facilities can save the Postal Service money, but can adversely impact these communities. In addition, as more and more of the USPS workforce reach retirement age, it remains critical to ensure that the Postal Service also meets its financial obligations to its current and former employees.

All of these obligations require the Postal Service to operate more efficiently than private sector competitors, but without the pricing flexibility enjoyed by the private sector. So, to summarize, the Postal Service has to deliver to more homes every year, with declining mail volumes, but can't close post offices, can't close processing plants, can't raise rates, and has a funding obligation imposed by Congress that no other public or private sector entity has to deal with. It's an impossible situation, and underscores the need for a full Board of Governors.

The bipartisan Postal Reform Act of 2018, which Sen. Carper introduced with Senator Heitkamp, Senator Moran and myself, seeks to balance the Postal Service's competing interests while providing the USPS with some short-term flexibility to make necessary capital investments.

The USPS is facing significant challenges and needs a quorum of competent Board of Governors with the management skills and creativity to help USPS and Congress to navigate these issues. Unfortunately, while I am committed to moving these nominees as quickly as possible, assuming this committee determines that they are qualified, the Board will still lack a quorum even if all three are confirmed. This committee has a long history of pairing together nominees for the Board from both parties, and I am concerned that we are not doing so today. I hope that the President will quickly nominate a fourth person to the Board so that it will have a quorum to take action, and short of that, Mr. Chairman, I hope that you

will work with me to quickly confirm a 5th member to the Postal Regulatory Commission. I understand that there is a nominee under consideration for that position already. We should continue the long bipartisan tradition established by the Committee and ensure balance on the Board of Governors at this critical time.

With respect to the nominees before us today, Mr. Williams, you served as Inspector General of the Postal Service under Presidents George W. Bush and Barack Obama. I have been pleased to work with you during my time in the Senate and hope to hear more about your goals if you transition to the Board of Governors. Mr. Tucker and Mr. Duncan, I am not as familiar with your work, but I look forward to learning more about how your experience would influence your roles as Governors, if confirmed. Frankly, I am concerned based on your policy questionnaire responses, that there might be a steep learning curve. I look forward to hearing more about what you have learned preparing for this hearing.

Finally, while I remain committed to working with the Board of Governors and USPS management to address management and financial hurdles, that relationship cannot work if the Postal Service refuses to cooperate with congressional requests. For example, I continue to be concerned that the Postal Service is not maximizing its best, but most expensive asset – last mile delivery – in its negotiated service agreements with FedEx and UPS to provide "last mile" parcel delivery for those companies. Without the Postal Service, FedEx and UPS

would be forced to find more expensive alternatives to deliver packages the last mile to places that are fundamentally unprofitable for these companies to deliver to. The Postal Service needs to capitalize on its network and make sure that it is maximizing its opportunities if it is going to be helping out its competitors and I have seen no evidence that that is the case.

My request for the Postal Service's negotiated service agreements with UPS and FedEx has gone unfulfilled for years. This is basic oversight, and is part of this committee's fundamental responsibility. We handle sensitive business information all the time, and the fact that the Postal Service refuses to provide these agreements to me is extremely disappointing and frustrating.

I look forward to hearing from the witnesses about improving USPS operations, and also about their commitment to ensuring that USPS cooperates with congressional requests.

Thank you, Mr. Chairman.

Prepared Statement of
David C. Williams
BEFORE THE SENATE HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS COMMITTEE
April 18, 2018

Chairman Johnson, Ranking Member McCaskill, and members of the Committee, thank you for considering my nomination. By way of background, my government experience began with military service in the Americal Infantry Division in Vietnam. I then joined the Secret Service. I served with the Department of Justice Organized Crime Strike Force in the Labor Department's Office of Inspector General and was part of President Reagan's Commission on Organized Crime.

I went on to head GAO's Office of Special Investigations. I was then confirmed by the Senate to be the Inspector General at the Nuclear Regulatory Commission, the Social Security Administration and the Treasury. I was also the first IRS Inspector General and for a time was simultaneously the Acting Inspector General at HUD. Most recently I served as the Inspector General of the Postal Service for 13 years, until 2016.

As the Postal Service Inspector General, I conducted audits of program efficiency and effectiveness and worked closely with the outside auditor to review Postal Service financial statements. The office also conducted investigations to assure the integrity of the organization's actions and its business dealings. I am currently a Distinguished Professor at George Mason University.

I believe that the Postal Service has long served an important role in America as an economic engine for commerce and in supporting daily, the communications and logistics needs of Americans.

I believe that the contribution of the Postal Service continues in this fast moving and disruptive era. We are certainly fortunate to live in these times, but they are continuously challenging and disorienting for citizens and commercial enterprises. The Postal Service and other American infrastructures are stabilizing constants enabling opportunity, while supporting citizens and businesses in this complex ecosphere.

Each year, the Postal Service continues to protect the privacy and security of its 150 billion mail and parcel pieces, vigorously investigating thefts and abuses. The business model, since 1970, relies entirely on revenues from its product sales. The Postal Service provides the nation with an un-conflicted infrastructure, serving the public good.

The Postal Service recently navigated an immense storm that included digital messaging diversion and an historic economic downturn, while serving as the sole participant in a major experiment to pre-fund its $400 billion benefit programs.

As a result, there is rightfully a concern for the finances of the Postal Service, which are currently difficult for stakeholders to interpret and understand. Stakeholders often accuse one another of understating or exaggerating financial results.

I believe it is essential for the financial condition to be more clearly presented, so that decision-makers can make important judgments and chart the future. A first step is to decompose Postal liabilities into component parts and to more clearly define the universal service obligation.

I also believe that Congress could use the Postal Service to further support American citizens and position business enterprises for the opportunities and challenges of the digital global era. Today, I suspect that the Postal Service leaves much of its value to the nation on the table.

The country is also facing the promise and the specter of coming megacities featuring smart systems and the Internet of Things. New systems must integrate our neighborhoods with their cities, surrounding regions and to the world. Binding our coming nation may actually be more challenging in the near future, than in our past.

The Postal Service's facilities and truck fleet could help collect and provide needed data for the Internet of Things and perhaps serve as platforms to increase internet broadband access.

The digital age is still unfolding and the period ahead is likely to be challenging. The Postal Service's trusted presence in every American neighborhood could make it a candidate for new national mandates, should Congress direct. The neighborhood operations of the Postal Service often provide the most visible government presence in the daily lives of citizens.

This is particularly true for America's rural areas, where the Postal Service may be vital to enabling the citizens of small towns and rural areas to enjoy the lives that we have intended for all Americans.

If I am confirmed, I look forward to the challenges of this complex era and to working with you to respond to the needs of our nation.

###

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

REDACTED

1. Basic Biographical Information

Please provide the following information.

Position to Which You Have Been Nominated	
Name of Position	**Date of Nomination**
Governor United States Postal Service	October 26, 2017

Current Legal Name			
First Name	**Middle Name**	**Last Name**	**Suffix**
David	Curtis	Williams	None

Addresses					
Residential Address (do not include street address)			**Office Address** (include street address)		
[redacted]			Street:3351 Fairfax Drive Office 615		
City: Arlington	Virginia	22202	Arlington	Virginia	Zip:22201

Other Names Used						
First Name	**Middle Name**	**Last Name**	**Suffix**	Check if Maiden Name	**Name Used From** (Month/Year) (Check box if estimate)	**Name Used To** (Month/Year) (Check box if estimate)
None					Est ☐	Est ☐
					Est ☐	Est ☐

Birth Year and Place	
Year of Birth (Do not include month and day.)	**Place of Birth**
1947	Granite City, Illinois

Marital Status					
Check All That Describe Your Current Situation:					
Never Married	**Married**	**Separated**	**Annulled**	**Divorced**	**Widowed**
☐	x☐	☐	☐	☐	☐

Spouse's Name (current spouse only)			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix
Nancy	Kay	DiPaolo	none

Spouse's Other Names Used (current spouse only)						
First Name	Middle Name	Last Name	Suffix	Check if Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
none					Est ☐	Est ☐
					Est ☐	Est ☐

Children's Names (if over 18)			
First Name	**Middle Name**	**Last Name**	**Suffix**
none			

2. Education

List all post-secondary schools attended.

Name of School	Type of School (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	Date Began School (month/year) (check box if estimate)	Date Ended School (month/year) (check box if estimate) (check "present" box if still in school)	Degree	Date Awarded
Southern Illinois University, Edwardsville	University	Est September 1964 ☐	Est Present June 1971 ☐ ☐	Bachelor	June 1971
University of Illinois	University	September 1971	Est Present August 1975 ☐ ☐	Master s Degree and Advanced Certificate in Education	August 1975
		Est ☐	Est Present ☐ ☐		
		Est ☐	Est Present ☐ ☐		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

Type of Employment (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other	Name of Your Employer/ Assigned Duty Station	Most Recent Position Title/Rank	Location (City and State only)	Date Employment Began (month/year) (check box if estimate)	Date Employment Ended (month/year) (check box if estimate) (check "present" box if still employed)
Active Military	U.S.Army	Sergant E-5	Vietnam and St. Louis, Mo.	6/26/67 Est ☐	3/27/70 Est ☐
Federal Employment	United States Secret Service	GS-12 Special Agent	Chicago	10/28/75 Est ☐	06/02/79 Est ☐
Federal Employment	US Department of Labor	GS-15 Director of Operations	District of Columbia	6/03/79 Est ☐	10/11/86 Est ☐
Federal Employment	General Accounting Office	SES Director of the Office of Special Investigations	District of Columbia	10/12/86 Est ☐	12/02/89 Est ☐
Federal Employment	Nuclear Regulatory Commission	Inspector General PAS	Rockville, Maryland	12/3/89 Est ☐	9/02/95 Est ☐

See Attachment A for additional employment

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

Name of Government Entity	Name of Position	Date Service Began (month/year) (check box if estimate)	Date Service Ended (month/year) (check box if estimate) (check "present" box if still serving)
Government Accountability and Transparency Board (later the Transparency Act Implementation Board)	Vice Chairman	7/28/11 Est x☐	2/28/16 Est ☐

		Est ☐	Est ☐ Present ☐
		Est ☐	Est ☐ Present ☐

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
None

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.
None

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

US Bronze Star
Vietnamese Medal of Honor First Class

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.
None
Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of $1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

Name of Organization	Dates of Your Membership (You may approximate.)	Position(s) Held

none		

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?
No

Name of Office	Elected/Appointed/ Candidate Only	Year(s) Election Held or Appointment Made	Term of Service (if applicable)
None			

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

Name of Party/Election Committee	Office/Services Rendered	Responsibilities	Dates of Service
None			

(C) Itemize all individual political contributions of $200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

Name of Recipient	Amount	Year of Contribution
None		

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

All reports and testimony that I issued were part of the records maintained by the Offices of Inspector General and General Accounting Office. I did not remove them at the time of my departure. They are on the websites of those government departments. I issued all reports on the websites for the period of my service at various Departmental Offices of Inspector General. The investigations are maintained in confidential file and the larger matters are part of the semi-annual reports to Congress. I estimate that there are several thousand of these including 60 to 80 testimony documents.

Title	Publisher	Date(s) of Publication

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

All testimonies and speeches delivered remain at the GAO or Federal offices of Inspectors General where I served. They are on the websites of those Departments or part of their records.

Title/Topic	Place/Audience	Date(s) of Speech

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

Title	Place/Audience	Date(s) of Speech
Debate Panel on Governance Models for World Posts	Geneva, Switzerland	September 2017

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than $300 and did not include alcohol or drugs.) No
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official? No
- Have you been charged, convicted, or sentenced of a crime in any court? No
- Have you been or are you currently on probation or parole? No
- Are you currently on trial or awaiting a trial on criminal charges? No
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation? No

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation,

where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

Does not apply

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
2) Firearms or explosives: **Yes / No**
3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**

1) Name of the law enforcement agency that arrested/cited/summoned you:

2) Location of the law enforcement agency (city, county, state, zip code, country):

F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**

1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):

2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:

3) If no, provide explanation:

G) Were you sentenced as a result of this offense: **Yes / No**

H) Provide a description of the sentence:

I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

L) If conviction resulted in probation or parole, provide the dates of probation or parole:

M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: Yes / No

N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings. None

Date Claim/Suit Was Filed or Legislative Proceedings Began	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/Proceeding	Results of Action/Proceeding
None				

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Date Claim/Suit Was Filed	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/Proceeding	Results of Action/Proceeding

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

Name of Agency/Association/ Committee/Group	Date Citation/Disciplinary Action/Complaint Issued/Initiated	Describe Citation/Disciplinary Action/Complaint	Results of Disciplinary Action/Complaint
No			

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy? no

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State). No

14. Outside Positions

x☐ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Name of Organization	Address of Organization	Type of Organization (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	Position Held	Position Held From (month/year)	Position Held To (month/year)

15. Agreements or Arrangements

x☐ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

Status and Terms of Any Agreement or Arrangement	Parties	Date (month/year)

16. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

/s/ David C. Williams David Williams

This November day of 7, 2017

Attachment A (employment continued)

Type	Employer	Position	Loc	Beg	Leave
Federal Gov	Social Security Admin	Inspector General PAS	Bal-timore, MD	9/3/95	6/20/98
Federal Gov	Dept of Treas	Inspector General PAS	DC	6/21/98	5/3/99
Federal Gov	Dept of Treas IRS	Inspector General PAS	DC	5/4/99	8/24/02
Federal Gov	Dept of Transportation/ Dept of Homeland Security Transportation Security Ad	Dep Asst Secretary Air Security	DC	8/25/02	8/19/03
Federal Gov	U.S.Postal Service	Inspector General SES	Roslyn, VA	8/20/03	2/28/16
Self-Employ	Center for Performance And Integrity	Director, Center for Performance and Integrity	Arling-ton,Va	3/1/16	Present
State Gov	George Mason University	Director, Center for Performance and Integrity	Arling-ton,Va	3/1/16	Present

UNITED STATES OFFICE OF
GOVERNMENT ETHICS

REDACTED

November 6, 2017

The Honorable Ron Johnson
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

Therefore, I am forwarding a copy of the financial disclosure report of David C. Williams, who has been nominated by President Trump for the position of a Governor on the Board of Governors, United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

1201 NEW YORK AVE NW • SUITE 500 • WASHINGTON DC • 20005

The Honorable Ron Johnson
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID APOL

Digitally signed by DAVID APOL
DN: c=US, o=U.S. Government, ou=Office of Government Ethics, cn=DAVID APOL, 0.9.2342.19200300.100.1.1=95491002981870
Date: 2017.11.06 10:17:53 -05'00'

David J. Apol

Acting Director and General Counsel

Enclosures REDACTED

David C. Williams

September 20, 2017

Michael J. Elston
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics & Compliance Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Mr. Elston:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will continue to serve as a Distinguished Professor at George Mason University and as the sole shareholder of the Center for Organizational Performance and Integrity, LLC. In my role as Governor, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of George Mason University or the Center for Organizational Performance and Integrity, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I also will not participate personally and substantially in any particular matter involving specific parties in which I know that a client or former client of mine is a party or represents a party, for a period of one year after I last provided service to that client, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I will retain my position as Trustee of the Constance Kraus Living Trust. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the Constance Kraus Living Trust, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1) and 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2) and 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I will meet in person before my first meeting of the board in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Federal Express, United Parcel Service, DHL, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Federal Express, United Parcel Service, DHL, etc.). I will divest my interests in United Parcel Service (UPS) after my appointment but before I assume the duties of the position of Board member. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).
Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

David Williams

David C. Williams

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of David Williams to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Did the President give you specific reasons why he nominated you to serve as a Governor of the United States Postal Service?

   No

2. Were any conditions, express or implied, attached to your nomination? If so, please explain.

   There were none.

3. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

   I have not.

4. Are you aware of any business relationship, dealing, or financial transaction that could result in a possible conflict of interest for you or the appearance of a conflict of interest? If so, please explain what procedures you will use to recuse yourself or otherwise address the conflict. And if you will recuse yourself, explain how you will ensure your responsibilities are not affected by your recusal.

   My wife and I have already sold several small stock holdings at the request of the Postal General Counsel. There are no other conflicts of interest.

II. Background of the Nominee

5. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

   Postal workers have the same obligations and rights as government employees. I have been a government employee in positions that range from entry level GS 7 to the top of the SES at level 6.

   I held the position of Inspector General for the Postal Service between 2003 and 2016.

6. If confirmed, how would your experience as Inspector General of the Postal Service prepare you to serve as a Governor of the Postal Service?

For 13 years I led the organization that examined the efficiency and effectiveness of all Postal programs, and conducted investigations to assure the integrity of Postal employees and contractors. During that period. I remained in close touch with the many postal stakeholders and Congressional Oversight Committees. During the 13 year period I engaged in the huge learning curve involving postal operations and related matters.

7. If confirmed, what actions, if any, would you encourage the Board to take based on the knowledge and experience you acquired during your tenure as Inspector General of the Postal Service?

I would work diligently to understand the current financial crisis by decomposing the liabilities into their respective elements, validating them and to assure that a plan was in place to manage and reduce the liabilities to levels below the assets that the Postal Service has in place.

I would encourage the defining of the universal service obligation and the development of the optimal organizational structures that would assure that the obligation be met. I would assure that the optimization model would maximize efficiency and be implemented in the most effective and cost saving manner possible. The models should be transparent to the point that Congress and the PRC could join in assuring the adequate capacity and efficiency to assure the Universal Service Obligation (USO) performance and sustainability. The optimization models would include post office, plant, delivery route networks and an administrative organizational structure providing mission support and operational command and control.

I would assure that the organization is customer and user centric and that the Postal Service is in close touch with their changing needs and challenges. I would assure that the public receives our full support during this challenging era of innovation and disruption and that businesses are enabled for success by a dependable, fast, and supportive logistics support.

8. Please describe:

a. Your leadership and management style

I try to constantly survey the operational and competitive environment that makes up the domain of the organization. I work with the organizational leadership, but also key stakeholders to identify internal and external challenges and identify the elements of their solution. I try to anticipate the implications of proposed solutions and attendant investments before rolling them out.

That approach requires a great deal of communication and consulting with stakeholders and those charged with the solution's development and implementation. I make every effort to assure that the strongest ideas emerge from meetings regardless of their origin and encourage a strong examination of contrarian thought and cautionary warnings. Once a matter is decided, however, I believe the solution needs to be implemented timely and well by capable and strong leaders.

Lastly, I try to keep the current customers and recipient users at the center of all organizational communications and systems. The Postal Service should be easy and convenient to use and open to the ideas and requests of stakeholders. Every postal employee should understand that the mission of the Postal Service is to position American businesses for success and to support citizens through this challenging digital era of endless innovations and disruption of the familiar world they grew up in.

b. Your experience managing personnel.

I became a first level manager in 1980, then an office director in 1982 and an Inspector General with my own independent offices in 1989. I have engaged in all aspects of managing government employees including planning, leading change, daily operations, evaluating performance, designing incentive and reward programs, and taking adverse action.

c. What is the largest number of people that have worked under you?

I have supervised two organizations with over 1,000 employees. The Postal IG had 1,150 careerists and 300 contractors working on-sight daily.

III. Role of a Governor of the United States Postal Service

9. Please describe your view of the Postal Board of Governor's (Board) core mission and a Governor's role in achieving that mission.

I believe the Board of Governors' (BOG) core mission is to provide input and to review the Postal Service strategic direction. The BOG should be aware of all major events occurring and the outcome of major projects in progress. The BOG should assure that the organization is operating efficiently and effectively and with the greatest integrity at all levels. The BOG should provide Congress with its observations and in turn implement Congressional mandates. The BOG is required to make certain decisions and have the opportunity to provide advice and directions for important decisions made by the Postmaster General and other key executives.

The BOG should assure that the Postal Service is fair and honest with all parties since it is held to the high standards of an American government entity. This sometimes

disadvantages the Postal Service as a business, but it is important to assure that we place our responsibility to the citizens above our own interests.

Perhaps most importantly, the BOG should look out for the interests of the customers and recipient users of the postal service, remembering that they are the sole reason for our existence.

10. If confirmed, what specific contributions do you hope to make during your time on the Board?

I can provide insights and corporate knowledge of program performance and historic problems. Also, I have an understanding of the financial crisis and how the postal service got there. I can discuss the impact of recent legislation on postal operations. Furthermore, I know the postal stakeholders. I am familiar with the employee groups, labor unions, and mail associations. Moreover, I have studied the changing needs of businesses and the public for postal services. I have a good relationship with the private express carrier representatives. Also, I am aware of the postal service capacity to combat fraud and the misuse of mails. I know a number of international post representatives and staff of the UPU. Finally, I am aware of changing trends in the mail mix and volume.

11. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

Individual governors support the entire Board, but also serve on Committees that examine the major areas of Postal operations and policy. The Committees go into greater detail than the full board to understand various aspects of the Postal Service and select important developments and trends as well as proposals for action to the full Board. Additionally, the members advise the Postmaster General on matters brought before them and are required to make certain decisions, rather than the Postmaster General and her executive staff.

I think my qualifications include having presented to the BOG in the past and being present for a large number of their meetings. I am knowledgeable of operational and fiscal matters that the BOG Committees are tasked with understanding and providing advice for. I will have a deep understanding of integrity matters involving investigation and adjudication of misconduct and fraud. I have a good understanding of challenges and inherent risks associated with program areas within the Postal Service.

12. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges?

I believe the BOG should immerse itself immediately in the fiscal crisis facing the Postal Service. The BOG should determine if the Postal Service strategic plan and metric

aligned to the plan will take it in a direction that continuously improves its performance and finances and addresses the current and emergent needs of Americans and American business enterprises.

Defining and pricing the costs of the USO and modelling organizational networks that align to the USO are critically important to the development of a business model that is sustainable and compelling for customers.

13. What do you believe should be the respective roles and functions of the Board and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

Postal Service management must be responsible for operational and tactical matters. The BOG should have a role in the development of strategic direction and major policies. Also, the BOG should join the senior executive staff in reviewing capital investments. The BOG should advise in assuring that the Postal Service is customer centric and appropriately data driven as an organization.

The BOG and Executive staff should communicate to Congress their observations and understanding of the financial condition and strategic direction of the Postal Service, along with other matters of urgency or that might involve legislative action to resolve.

14. The Governors are chosen to represent the public interest generally. As a Governor, how will you plan to interact with various stakeholders interested in postal issues and how can you effectively represent their interests?

Conversations with Congress and with public interest groups are important to understanding concerns and ideas of the public and businesses throughout the nation. Postal Employee Associations and Labor organizations are important sources of information on both postal employee and customer issues. Postal customer groups and business associations will provide essential information about the support requirements of enterprises to position themselves and compete in the current environment of disruption and rapid change. Postal leaders also are important sources of customer and user inputs.

15. The Postal Accountability and Enhancement Act of 2006 (PAEA) requires that by the end 2015, at least four members of the Board have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

It is a good idea to assure that the Postmaster General and Congress have competent advisors and partners in decision-making. The size of the organizations identified, however, may eliminate a huge number of candidates and may cause challenges for finding nominees.

Additionally, since the requirement was put in place there have emerged very large commercial enterprises that could provide important advice on digital automation and working effectively with millennial customers. Even the largest of these firms have very few employees and the requirement could deprive the Postal Service of the very experts it needs for its navigation through the remainder of the 21st Century. The voices of small businesses and entrepreneur advisors may also be muted by this requirement.

The BOG has historically seen members who lacked expertise in any of these areas, and who do not have insights in the operation of government enterprises and the workings of government.

IV. Policy Questions

Postal Reform and Financial Issues

16. The Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2017 with a net loss of $2.7 billion.

    a. In your view, what is the Board's role in overseeing the Postal Service's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

    The BOG should require that universal service be defined and that the organization be optimized to assure that the Postal Service is able to assure Universal Service at the lowest possible cost.

    The Postal Service should stay in very close touch with the changing needs of Americans and the demand for services such as the frequency of delivery for mail and for parcels.

    The BOG should assure that the Postal Service be part of the solution to new American challenges such as smart cities and the coming mega-cities. The Postal Service should incentivize the consolidation of last mile delivery for private carriers and businesses that deliver their own goods. Consolidation would provide health, safety, environmental, and fuel use economies that could serve the nation. The Postal Service should enlarge its collaboration with Congress on the appropriate levels of diversification of services to augment businesses going virtual and government agencies that no longer can provide field services. For instance, the Post Offices could validate identification of persons and businesses seeking government benefits, entitlements, grants, and loans. The Postal Service is best positioned to manage returns of purchases, since it is located at the point of delivery of the goods to be managed.

b. How does the Board's role differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

The BOG role is to assure the operation of the Postal Service and ensure that its strategic planning is guiding the organization toward a sustainable future that serves the changing needs of the public and business enterprises.

The PRC assures that the Postal Service is performing its duty in providing timely and reasonably priced Universal Service.

The Congress provides guidance and direction on the Postal Strategic plan, assures that Postal services are appropriate for its role and passes legislation that enable and limit the authority of the Postal Service. Congress also is able to gauge the needs and desires of its constituents for Postal services and provides funding for discounts to segments of the public and for the purchase Postal Services.

17. Postal Service volumes and revenues associated with its letter mail and other market dominant products continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and its competitive products have grown significantly in recent years.

a. How can the Postal Service remain viable as letter mail volume declines?

There are areas of the country where mail volume has not decreased and should be more robustly promoted. As the novelty of internet advertising subsides, it is becoming clear that mail is dramatically more effective in triggering responses to advertising at a time when television advertising is also declining dramatically. Large segments of the population still demand billing and remittances be made through the mail. People find themselves erasing internet bills that are often intermingled with ads. Certain types of mail triggers the use of other mailings and shipments such as catalogue mailings and newspaper mailings. The Postal Service should recognize the value of such mail and incentivize it. Having said that, traditional types of mail are declining and the network should be redesigned for the changing mail mix to assure greater efficiency.

b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

The Postal Service should strengthen its partnerships and coordinative efforts with private express carriers to consolidate last mile delivery. I have already discussed the societal benefits of consolidation earlier. A tremendous challenge for the e-commerce industry is managing returns. The Postal Service should seek a role in managing returns since they are ideally located at the point of delivery. Also, the Postal Service should continue exploring the value of 7-day parcel delivery and separate it further from door-to-door mail. The Postal Service should enlarge its

service to entrepreneurs, small businesses, new entrants, and to e-commerce to encourage their growth and provide them with a level playing field for competition.

Until recently, parcel delivery only played a marginal role for the Postal Service. As mail volume has decreased and parcel delivery has increased the Postal Service should assure that parcel service is fully integrated into its operations to assure that optimal economies and efficiencies are rebalanced.

c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

The Postal Service should continue its migration to a digital data driven operation that is customer centric. Also, the Postal Service must become agile and responsive to the current rapidly changing world of constant technological disruption, global competitive risks, opportunities, and the innovations flowing from the digital age. All of these changes are challenging for citizens and businesses. The Postal Service should constantly be asking, how it can be supported by own network and international connections among world posts. The near-term development of smart cities and mega cities present extreme challenges that the Postal network could help mitigate.

d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

The bias of the Postal Service should be in enabling the private sector to serve the public and to compete globally. Citizens often face challenges in obtaining certain goods and services whenever businesses have gone and withdrawn from a local presence. Where services have disappeared, communities may well petition for post offices to serve as physical platforms in their neighborhoods. If Congress assigns an expanded role to the Postal Service to provide additional government services or diversify its products in post offices, it should seek out private sector partners. As a last resort, the Postal Service could provide limited products and services on its own where revenues can help support universal service costs.

e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

Traditionally the BOG has spent a great deal of its time and energy advising and overseeing cost cutting measures and revenue generating initiatives. I think that the role suggested in the question is an appropriate one for the BOG. Understanding and advising on pre-funding issues, consolidating and streamlining operations and reviewing optimization modelling and efforts are all appropriate roles for the BOG.

f. What are the Board's role and responsibilities in identifying opportunities for the Postal Service to increase volume?

The BOG members should be qualified to provide valuable advice to the Postal Service because of their varied experience, geographic representation, and knowledge of business trends. The Postal Service should also be a stronger competitor in providing services to federal, state, and local governments.

18. What are your views on the "universal service obligation"?

The sole reason for a Postal Service is to provide Universal Service to bind the nation, providing access and delivery to all Americans. If there is no need for Universal Service the private express companies are the world's best and are perfectly capable of delivering items where there is a profitable market and density of demand.

The Universal Service Obligation (USO) does need to be defined and perhaps redefined as a result of digital messaging and ecommerce. If the USO is not defined, it cannot be priced and the postal network cannot be optimized. Part of the definition is determining what American businesses and citizens want in this very changed age. Service performance goals, service frequency levels and proximity of access are all important elements.

19. How do you view current service standards and delivery frequency with respect to the obligation for service to every American?

Service scores must assure the inclusion of the mail types that customers care most about, and must be regularly validated to explore concerns about the accuracy of the scoring that have arisen among recipients in the western states and rural areas.

I do not believe that enough is known about what citizens and businesses value and want from mail service and delivery frequency. If more was known about these demand questions then we could assure that supply is adequate but not excessive and that the products and services being offered are desired and profitable.

20. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2017 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009, after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

As I said earlier, optimization modelling that flows from an updated and clearly defined USO would assure the nation of reasonable access and the provision of products and services, for which there is a demand. Continuing to consolidate last mile delivery and diversification of products and services, especially in rural and remote areas, also holds promise for savings and revenue enhancement.

The provision of the USO in sparsely populated areas has always caused the Postal Service to be responsible for supporting a network that includes many centers that do not operate at a profit. Businesses have already aggressively closed such centers, but they do not have a USO.

The cost of USO has to be met by the government or permitting diversification of offerings. The monopolies over letter mail and access to the mailbox are no longer sufficient to support such loss centers. The mailbox access prohibitions are now more about the sanctity of mail than a provision that assures income.

A review of the approach to pre-funding may also result in major savings. Since enacting the pre-funding requirement, no other government entity has joined the effort. The Postal Service can attribute much of its significant losses to contributing to pre-funding contributions. The funds have now accumulated a $330 billion reservoir from postal operational revenues.

21. The Postal Service has estimated its liabilities (including retiree pension and health benefits) to be over $484.8 billion while the combined assets are $363.1 billion, leaving an unfunded liability of $121.7 billion. How do you believe the Postal Service should address its liabilities?

The liability needs to be better understood and validated in a transparent manner, so that Congress and other stakeholders can be part of the resolution. Obviously, pre-funding would be part of the examination. The pre-funding projections and assumptions must be validated in light of a long history of large errors made by OPM and others. The impact of interest rate increases should be understood, since they have a major impact and the nation is just now coming out of an extended period of record low interest rates.

Network optimization is being hampered by a lack of definition for USO. Defining USO and understanding demand could result in substantial further savings. Consolidation of mission support offices, administrative centers, districts, and areas could also result in additional savings.

Businesses today own far fewer assets than in the past. A comprehensive review of what the Postal Service should own and the mission support services it should operate could be of great value in cost cutting and improving operational efficiency and effectiveness.

22. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other necessary capital investments in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

The first step is to validate the finding that funding for capital investments is lacking.

The BOG should then work with Postal management to determine how much funding is available for the investments and to begin the purchase of vehicles to the extent that it is able. The current fleet of vehicles should be assessed to identify vehicles that can continue in use as the purchase of vehicles occurs over time. If there is a gap in the availability of end of life vehicles, then elements of the new fleet will have to be financed with borrowing or lease arrangements.

When the pre-funding amortization period is determined in the new legislation, the new payments should take into consideration the concurrent need of the Postal Service to use the same funding stream to address this capital funding emergency.

23. What short and long-term actions should Congress take to assist the Postal Service in achieving financial viability?

Options include the restructuring of the pre-funding requirement, that is already under way. The restructuring of payments will provide a more sustainable spending plan. Congress should require the Postal Service to develop an optimization plan for its network and execute the plan in a progressive, but orderly manner. Congress could permit diversification of products offered in its retail outlets to transform post offices from loss centers into profit centers. Congress could pay off the forgone debt it owes to the Postal Service. Also, Congress could fully fund the postal mandates that it has required, but not funded. Congress could determine that delivery frequency of mail could be adjusted.

Postal Rates and New Products

24. One of the core principles of PAEA was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing of the Postal Service's market dominant products. Pursuant to PAEA, the PRC completed a review of whether the rate cap met the criteria laid out by 39 U.S.C. § 3622, including stability, fairness, and generating adequate revenue to cover Postal Service costs. The PRC found that the cap did not meet all of these criteria, specifically the requirement that the cap did not allow for long-term financial stability of the Postal Service or for the Postal service to maintain high quality service standards.

a. Do you believe the inflation-based rate cap has met the objectives and factors laid out in 39 U.S.C. § 3622?

The early years of PAEA were extremely useful. The legislation focused the Postal Service on right sizing and left no room to escape this responsibility. PAEA served as a surrogate for efficient market forces that do not exist in government departments or monopolies. USPS, of course, is both. The 10-year review was a great idea, but may

have been delayed too long given the pace of change and given the unforeseen the economic downturn.

The belt tightening went on for so long that staff and facility cuts proceeded at a reckless pace. Service began to fail in some areas of the country. As the CPI cap extended over a number of years the organization had to live on diminishing profit margins. An unanticipated consequence was that private express carriers also had to slash prices to match the prices of the USPS, causing them to operate on very thin profit margins as well.

The CPI increase did not allow for any expenditures other than inflation and as I just mentioned that the Capital Investments were raided eventually to meet pre-funding contributions for as long as possible.

Lastly, the inflation factor selected was CPI, which may not be suitable for a labor-intensive organization or an organization that incurred inflation at the ECI level. CPI may also not be suitable for use in a declining industry such as the Postal Service with its loss of volume and expanding delivery points.

In summary, I think PAEA was extremely beneficial in the early years, but may be remembered unfairly for the difficulties that resulted in the later years. If price controls are to be continued, a variation of the CPI or the partial use of ECI may be worth considering.

b. Which of these objectives or factors, if any, do you believe should be weighted above others?

In my view, the financial stability of the organization is the most important of the factors cited.

25. The PRC also recently proposed adjusting the rate cap to allow the Postal Service to raise prices above inflation on market dominant products. In considering price increases, how should the Postal Service balance the need for additional revenue with the possibility that higher rates could further reduce mail volumes?

I think that the principle consideration for the Postal Service is to position customers for success. We are nearing a time when many products cost more to ship than to produce. I also believe that last mile delivery should be encouraged for the sake of the country. Five trucks rumbling through residential neighborhoods to deliver five small items in oversized boxes is an unsafe and unstable solution. Postal price increases are not consistent with incentivizing other carriers to use the Postal Service for last-mile delivery.

Regarding mail, I do not believe that there is a great deal of elasticity risk from price increases. The reason for moderate increases is to keep prices reasonable as part of the Universal Service Obligation.

It might be tempting to ask if price controls are as important as they once were. There are alternative channels and competition for nearly all postal products. Efficient market forces may now nearly be the only control needed to keep prices at their lowest levels possible.

The principle upward pressure on prices may have resulted from pre-funding requirement that Congress is already reviewing. We may have reached the point that if the Postal Service raises its prices, it could face extinction as do all other business enterprises. If that is true, I believe that efficient market forces serve as a much more desirable and natural environment than artificial price controls.

26. The Postal Service has requested legislation authorizing greater flexibility in offering non-postal products.

a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

I believe that non-postal products should be offered where post offices operate at a loss, yet are needed to provide reasonable access to citizens and businesses.

I believe that the product and service offerings by post offices should be requested by the local community to the PRC for their review and that the request should include the reason why the products and services are needed by the community.

The products/services should pay for their costs and contribute meeting the costs of the host post office's operation.

I believe that if a private sector business partner could be found to join in offering non-postal products, a private sector partner should be used.

I believe that non-postal services that are part of the larger postal supply chain and are needed by businesses to enable their success should be allowable. For instance, I mentioned the need for returns management services by retailer that could be provided by the Postal Service.

b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

I believe that non-postal products should be partially relied upon to pay for the post office network necessary to maintain the USO. Accenture has reported that world posts now rely on non-mail sales for the majority of their profits. As I discussed

above, the use of the post offices as a platform for private sector partners is the most desirable model for these offerings.

c. How would you ensure the Postal Services does not compete unfairly with the private sector in selling non-postal products?

The best way is to provide a marketplace retail platform for the private sector to offer its products. Many retail operations cannot survive with a brick and mortar network. The post office could provide the brick and mortar stores for multiple private firms that have gone virtual.

27. How can the Postal Service take better advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

A program encouraging "Address hygiene" is important to making mail more valuable and less a nuisance for disinterested recipients. Rewarding companies that use innovative mail piece technologies that provide functionality across physical and virtual channels could make mail more effective and valuable. Efforts to restore the mail moment to households by encouraging pieces that recipients truly want and that excite them, such as mail containing product samples, catalogues, items that recipients ordered, and discounts. The Postal Service could also provide discounts for mail that creates further mail usage such as discount offers with self-addressed envelopes or catalogues that stimulate shipping of goods.

The Postal Service should consider asking patrons what mail they would like to receive and that would appeal to their interests, improve their professional skills, or that enrich their lives.

Additionally, the Postal Service should educate advertisers as to the results achievable with mail advertising. The Postal Service should also provide information to small businesses and free-lance workers as to the office support and shipping services that the postal service can provide them.

Facility Closings and Service Changes

28. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

I believe that the targets of opportunity for closings are now gone for the Postal Service. It needs a comprehensive model for the permanent state of its network and a plan to arrive at this steady state without causing unpleasant surprises and inconvenience among its customers and users. The models for the network should be transparent. The network model should receive the approval of the governors and the review of Congressional committees.

29. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

The Postal Service can appear secretive and reclusive at times. I have discovered that there is seldom a secret being protected. I think that the Postal Service would be better served by a climate of transparency and accountability and I will try to encourage that if confirmed.

There is already a good level of coordinative meetings with the mailers, and the Postmaster General meets regularly with labor leaders and management groups. The BOG has regular public meetings. The number of meetings is already demanding, so if a problem remains, the solution may be for the meetings to become more conversational and interactive, rather than a briefing or broadcast model. I regularly see the Postmaster General and executives at Postal stakeholder events, so I know personally that they are active in attending them. The public meetings of the BOG could definitely be greatly improved and would go a long way to addressing the issues that you identified.

30. The Postal Service is required to deliver mail to every address in the country, creating the need for retail postal locations in low-density counties and towns. How would you balance the Postal Service's universal service obligation and the need for rural counties to have reasonable access to the postal services when looking at ways to improve the Postal Service's financial condition?

Assuring the same service to rural and remotely located residents are the reason that the Postal Service exists. We have world class private express carriers that can deliver mail to profitable areas. These same areas are often places where mail is still popular and where money orders are sold in large volume. If we are not willing to serve all of America, I do not understand why there would be a Postal Service.

We have many options for making post offices profitable and for not risking loss of business by the closures. I cannot imagine a rationale for discussing the closing the post offices needed for the USO until all options are exhausted.

31. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

I believe that customers appreciate the availability of automated postal centers and access to the postal website. Contract post offices have worked properly but are sometimes not well placed. The outplacement of post offices in stores operated by store employees has gone badly so far. Employees often mischarged the rates and made disparaging remarks about the Postal Service. No business would tolerate such a condition and expect to survive. Further relocation of postal services away from post

offices needs to be explored, but all factors need to be on the table, including the sanctity of the mail.

32. The Postal Service has, in the past, proposed both the elimination of Saturday delivery of some classes of mail and has nearly eliminated the overnight service standard.

a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail and lower certain service standards?

I believe that we do not yet know enough about customer demand to make decisions regarding Saturday delivery or relaxed service standards. We need to survey the desires of the public and businesses to inform these decisions. I suspect that customers might be comfortable with relaxed service standards if they could depend on the certainty of the Postal Service meeting the new standards. Unfortunately, at the time the standards were relaxed, the Postal Service also experienced some serious service problems and the two issues were mixed together in the minds of customers.

Information about demand and what our users and customers want will inform us all about the road ahead. The information is badly needed and must be gathered before we can go forward.

I do feel confident that the public wants and expects 7-day parcel delivery. It is an integral part of the digital era.

b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm any subset of postal customers and are consistent with the Postal Service's universal service obligation?

I do not believe that differing levels of service for Americans is an option that we should explore. Poor service to rural or remote places has never been such an unforgivable idea, as it is today. The Postal Service would not survive such a decision.

c. How do you believe that changes to service affect customers' attitudes towards and use of the Postal Service?

I think that we need to find out what America wants from its citizens and businesses. The Postal Service belongs to the nation and we need to ask citizens what they want from their Postal Service and if our rates for the services remain reasonable.

d. How should the Postal Service balance the potential cost savings gained or potential revenue lost from changing service?

This is another area that we seem to know much about. We do have historic cost and revenue numbers, but the environment is fast changing. We can calculate the cost savings with some accuracy, having experimented with it for some years now. The

revenue potential will be difficult to gauge until we have a comprehensive network model and final decisions on diversification of non-mail products.

Workforce-Related Issues

33. Since 1999, when the workforce peaked at over 900,000 employees, the Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. In the last two years, however, this trend is reversing and the number of Postal Service employees is increasing. Does the Postal Service have sufficient flexibility to adjust its workforce to its operational needs? If not, what additional flexibility is needed?

    I believe that they have.

34. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

    I understand that the Postal Service has a robust succession planning process that was carefully overseen by the BOG. There are a number of postal managers eligible, but they have not historically left in alarming numbers even after eligibility. The turn-over may be somewhat above desirable levels, but the opportunity also exists to recruit new talent with skills and knowledge that could be a good fit for the changing environment.

35. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Postal Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

    This is an area that has not gone well for the Postal Service. Poor metrics and poor measurement dominated the early years of the program. I do not know if things have improved. There were widespread feelings that the process was dominated by favoritism and the goal posts were clearly moved to correct faulty metric and goal results. The problems could have been resolved, but I will satisfy myself and advise you if issues remain.

36. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

    I think that a relationship that is inclusive and conversational is most desirable. Processes that feature maximum transparency and accountability are powerful tools as well. Mutual respect and routine communications could go a very long way to healing a storied legacy of confrontation and poor relations.

Labor contract negotiations are by their nature arms-length and combative. To assure that the process does not undermine normal relations, I believe that it is essential that the leadership of the organization build strong bonds of respectful collegiality with the leadership of the labor organizations. A second channel of routine meetings while the negotiating teams are at work could help matters.

The Postal Service has an admirable commitment to mission and that has caused some explosive situations between labor and management. This is understandable when the number one goal is delivering 150 billion pieces of mail, but stronger relations could have seen the organization through such trauma had they been in place.

The Postal Service has been in a mode of crisis for a very long time and the pressures of those years have worn nerves pretty thin. I believe that the Postal Service has not always acknowledged its success and the magnitude of its accomplishments through the worst financial crisis since the great depression. Looking back, I think that many of us should have acknowledged the dedication and hard work of the employees and credited their impressive achievements.

Accountability

37. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from Members of Congress?

The Board should intervene to assure that Congress is advised of the reason for the delay and that the requested information is provided as soon as possible. If the problem is repeated or chronic, the system for controlling requests and notification of failures to meet deadlines should be reviewed and assessed.

38. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the Postal Service Office of Inspector General (USPS OIG)? What do you believe should be the proper response of the Board to recommendations made by the USPS OIG to Postal Service management?

There has been an occasional history of failure to respond to requests for information and access to information systems. They have been ultimately resolved, but have resulted in expensive delays. The problem is not out of control, but is greater than I have seen in other departments. There needs to be a system in place for rapid acceleration of incidents where data requests and access were denied.

If management accepts recommendations they need to be taken in a timely manner. It is understandable that corrective actions may need to be integrated into other demands and the handling of emergencies. However, managers must be committed to continuous improvement and if corrective actions accumulate, it is the task of the executive management team and the BOG to understand why improvements are not occurring. Any organization needs to maintain capacity for continuous improvement.

39. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the GAO? What do you believe should be the proper response of the Board to recommendations made by the GAO to Postal Service management?

I would view GAO recommendations and IG recommendations as being interchangeable in their importance and handling.

40. Protecting whistleblower confidentiality is of the utmost importance to this Committee.

a. During your career in the federal government, how did you address whistleblower complaints?

I assured that inquiries were handled immediately and that findings were acted upon promptly. I followed up to assure that corrective action had occurred and whether the victim reported any indication of retaliation for having reported the problem.

If the complaint happened in my office I would request that the Office of Special Counsel (OSC) handle the inquiry. Sometimes the OSC would determine that the matter did not raise to a level meriting their attention, and I would request that another OIG handle the inquiry.

b. How do you plan to implement policies within the Postal Service to encourage employees to bring constructive suggestions forward without the fear of reprisal?

The Postal Service is not subject to provisions of the Whistleblower Act, but at the recommendation of the IG, the Postal Service voluntarily subjected itself to the provisions. I believe that the program functions well, but I would want to assure that after the victim is made whole and our appreciation expressed, that we go beyond the Act to determine if management misconduct occurred and assure that appropriate action is taken.

c. Do you commit without reservation to work to ensure that any whistleblower within the Postal Service does not face retaliation?

Yes

d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

Yes

V. Relations with Congress

41. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Yes

42. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

Yes

43. Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

Yes

VI. Assistance

44. Are these answers your own? Have you consulted with Postal Service management, employees, or any other interested parties? If so, please indicate which entities.

They are my own answers. I have not consulted with anyone.

U.S. Senate Committee on Homeland Security and Governmental Affairs
Minority
Supplemental Pre-hearing Questionnaire
For the Nomination of David Williams to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Has the President or his staff asked you to sign a confidentiality or non-disclosure agreement?

   No.

2. Has the President of his staff asked you to pledge loyalty to the President or the Administration?

   No.

3. During your tenure, have you asked any federal employee or potential hire to pledge loyalty to the President, Administration or any other government official?

   No.

II. Background of Nominee

4. Do you seek out dissenting views and how do you encourage constructive critical dialogue with subordinates?

   I value dissenting views for normal operations continuously, but more so when trying to solve a problem. If there are no dissenting views I try to recognize the blind spot in the process and ask everyone to imagine the negative implications and weaknesses of what we are about to do. Lastly, I make it a practice to adopt the strongest idea in the room regardless of who suggested it.

5. Please give examples of times in your career when you disagreed with your superiors and aggressively advocated your position. Were you ever successful?

   I have investigated a number of superiors and peers within the organizations where I have worked. In three instances, the officials that I reported to stepped down immediately, following our investigation.

6. Please list and describe examples of when you made politically difficult choices that you thought were in the best interest of the country.

I would cite the instance I listed above in response to this question. I was told implicitly or explicitly a number of times by Department Secretaries and their General Counsels not to investigate or audit matters or received their suggestions as to how the matters should be concluded. I rejected these inputs where they had no merit or were self-serving, which was often the case.

7. What would you consider your greatest successes as a leader?

I have taken a number of troubled organizations in crisis, restored them to health and then led them to become the best offices of their type in government. I was asked to lead both the new TIGTA IG at the IRS and the HUD IG that was going through a crisis until another Inspector General could be found. During the period of 9/11 both offices were destroyed in the New York Trade Towers. While relocating the offices and restoring them to normal operations I organized over 100 IG investigators to join the FBI investigation of the incident.

8. What would you consider your greatest failure as a leader? What lessons did you learn from that experience?

Sometimes, at the end of challenging or short turn-around tasks, I realize that I micro-managed projects too much, rather than using the opportunity to develop the skills of the people assigned to perform the tasks. All too often, I rushed off to the next fire without thanking and recognizing the excellence of the staff.

III. Role of a Governor of the United States Postal Service

9. The Postal Service possess vast physical assets (processing plants, equipment, vehicles, land, and buildings), much of which were transferred to the Postal Service from the former Department of the Post Office and were paid for by taxpayers. As an essential part of the nation's supply chain, these assets can deliver about 154 billion mail items annually, nation-wide.[1]

Additionally, the Postal Service is at the center of the mailing and shipping industry, supporting about seven million jobs and about $1.4 trillion in revenues[2] – generating enormous value and wealth for mail-related industries, their workers, and the economy as a whole. The Postal Service holds about $27 billion in balance sheet assets.[3]

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[1] United States Postal Service, *Postal Facts 2017* (2017) (https://about.usps.com/who-we-are/postal-facts/postalfacts2017-v2.pdf).

[2] Envelope Manufacturers Association Foundation, *US Mailing Industry Jobs and Study* (2015) (tensionenvelope.com/sites/default/files/2015-mailing-industry-job-study.pdf). .

[3] United States Postal Regulatory Commission, *United States Postal Service: 2017 Report on Form 10-K* (Nov 14, 2017) (https://about.usps.com/who-we-are/financials/10k-reports/fy2017.pdf). .

The Postal Service OIG has estimated that the Postal Service's real estate portfolio asset value alone to have a market value of about $85 billion.[4]

If confirmed, how will you work to protect taxpayer and public ownership interests in the Postal Service's enormous physical assets, financial holdings, and retirement funds? How can the Postal Service realizes and retain more of the value and profits its capital assets and operations generate?

The process begins with a strong inventory and asset protection and accountability system. Preventive maintenance and life-cycle approaches for assets from their acquisition to end of life is essential.

I also believe that it is valuable to survey asset ownership decisions to determine if they should be owned or whether it would be better to lease, contract, or subscribe for services. There are increasingly world posts that are trying to achieve an asset-free program.

Lastly, an aggressive review of investments that are not working well must be made, and a strategy devised to mitigate their poor performance or rid the organization of them. Organizations sometimes tolerate poorly functioning assets to avoid the embarrassment of admitting that they were a poor investment.

The pre-funding efforts have caused extreme cost cutting measures for the Postal Service. In the early years of the combined effects of the CPI cap and pre-funding payments the effects were very good. The Postal Service focused on a long overdue streamlining program that was hugely successful. As the years went by under the program, the funds to maintain capital assets and purchase new replacement assets was raided until vehicles and buildings began to fall into disrepair. Going forward a plan is needed to restore a normal upkeep and replacement program is needed and overdue.

The pre-fund now has a balance of about $330 billion. Additionally, properties at full market value have a significant value as well. It would be useful to review the liabilities and assets to assure that the asset-liability gap is accurate and then to decompose the liability into component parts and construct plans around each category to restore financial health to the Postal Service. For instance, OPM has a disturbing history of errors in projecting liabilities for the Postal Service. Also, it is useful to examine external factors, including the very likely increase in interest rates and project their impact on liabilities such as the pension fund liability projections.

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[4] United States Postal Service, Office of Inspector General,*Be Careful About What You Assume* (Feb. 16, 2015) (uspsoig.gov/blog/be-careful-what-you-assume).

Lastly, I agree that we do have to seriously consider the actions we take that could adversely affect this large segment of the economy. The Postal Service is the long pole in the tent for this substantial industry and it does not use tax dollars to operate. I disagree with the estimate of this industry supporting 7 million workers. I believe that the industry supports 7 million families.

10. How will you work to promote public transparency and oversight of the Postal Service's Operations and Financial performance, as well as, its management actions and overall integrity?

I believe that the Postal Service needs to be more transparent and accountable. In acting more like a business, it is essential to remember that we are stewards for the real owners of the Postal Service - the American people. There are moments when the Postal Service may be disadvantaged by the disclosure of information, but the Postal Service is strong and in taking the long view, I believe that transparency will make its brand stronger. I also believe that like a number of traditional government organizations, there is a culture of confidentiality and secrecy at the Postal Service, even when matters are not actually secret. That level of unnecessary secrecy in government departments is not consistent with the behavior of a democratic nation.

IV. Policy Questions

Financial Issues and Operations

11. America's population, and with it, the total number of addresses, continues to grow. Despite the growth in addresses, all of which the Postal Service is still required to deliver mail to, mail volumes continue to decrease. That puts the Postal Service in the difficult position of expanding its network despite shrinking demand. How should the Board be involved in decisions to right-size postal retail and mail processing networks, including decisions to close specific facilities?

There are a growing number of addresses in the delivery network. It is right that we understand the cost implications of these additional responsibilities. We should also be keenly aware of the opportunity these new recipients represent. The real strength of the Postal Service is in the size of its user base. In the case of the new internet giants any chance to enlarge their user base is received as a huge welcome opportunity.

I believe that the targets of opportunity for facility closings is now gone. The road ahead calls for an optimization plan that is designed to enable the USO. Additionally, the USO definition needs to be updated to fit the demands of a very changed world. I believe that proceeding with further closings without such a plan is becoming increasingly reckless.

12. The 2006 Postal Accountability and Enhancement Act of 2006 required the Postal Service to prefund 100% of its future retiree health benefits liability. Without the prefunding requirement, the U.S. Postal Service would have produced a net profit every year from 2012 to 2016, roughly coinciding with the greater economic recovery from the Great Depression. Are you aware of any U.S. company that prefunds 100% of any retiree benefit liability? Do you believe this is a sound accounting and business practice? If so, why? If not, why not?

I have found no such company or government agency. In addition, the agencies that have recommended pre-funding have not taken on the same effort themselves. There are numerous government departments that are in far greater jeopardy than the Postal Service and they have not been asked to pre-fund. I do not think that it is terribly likely that the United States will become the only nation in the world without a Postal Service. Such a decision would greatly disadvantage American businesses attempting to gain a global market share.

Having said all that, the goal is a good one and enormous progress has been made. Businesses are required to include this liability in their financial statements, although often little is occurring to address the situation beyond disclosure. So the goal is a good one and represents the very best in leading practices. I am aware that Congress is attempting to address the extremely aggressive payments and adjust the amortization period for pre-funding.

If Congress would like to continue to pursue pre-funding I would recommend some additional considerations:

- Validate the projection of the liability. OPM has repeatedly made huge errors. Also, the projection of the liability will be strongly affected by the increase in interest rates. Interest rates have been held very low to stimulate and stabilize the economy and will predictably return to more historic levels as the economy returns to normal. Adjust the value of Postal assets to include the market value of its substantial properties.
- Determine whether the future health cost liability can be reliably set. Businesses often conclude that technology and pharmaceutical advances will have an unknown effect on the liability. Likewise, disease threats are impossible to gauge reliably. Life expectancy estimates are increasingly unreliable. As a result, while the pension liability can be forecast reliably, the health costs involve significant unknowns and guess work.

13. Too often, efforts to improve the Postal Service's financial condition have been borne by rural communities because post offices in those communities are not as profitable as higher-trafficked urban post offices and delivery costs are higher. Yet rural communities are, in many cases, more reliant on the Postal Service for delivering needed goods and services. What additional factors should be considered before the postal service makes decisions on cost-cutting efforts?

The Postal Service needs a comprehensive model for the USO that assures access, proper sortation, transport, and delivery. I agree that rural post offices often operate at a loss rather than at a profit. I believe that diversification of product offerings in the post office would provide revenue as well as products and services needed by communities. The additional revenues would likely assure that the post offices would show profitability. The Postal Service must assure that there is demand for any new products. Perhaps a request from the communities and approved by the PRC would assure that the impact of diversification would be a positive one. I also believe that local business partners providing offerings in the Postal Service would allow small firms the ability to remain in business at a time when stand-alone brick and mortar shops are struggling.

14. In 2012, the Postal Service reduced delivery standards in order to consolidate a number of mail processing facilities. What do you think are the long-term financial costs and benefits to reducing the quality of the Postal Service's core products?

Maintaining aggressive delivery standards can be expensive. That expense is particularly wasteful when the standards are not supported by demand for them. I think that the Postal Service needs to better understand the desires of citizens and businesses. Surveys should also explain the implications of aggressive service standards.

Unfortunately, at exactly the same time that the Postal Service relaxed the standards it also experienced a lengthy period of failure in meeting its new standards across the board. That confluence prevented the new standards from being tested properly and resulted in understandable frustration and concern. The Postal Service had just finished an unprecedented reduction in its staff levels and service suffered even as overtime costs rose.

Lastly, the Postal Service needs to examine the service delivery claims in rural areas and western states, where strong anecdotal evidence exists that the service levels being claimed are not reliable.

Postal Reform

15. Some view the Postal Service as "a business" to serve paying customers: others see it as a government services that must continue to be available to all citizens regardless of the financial profitability of operating in certain, more rural areas of the country. Which view should take priority?

The reason for the Postal Service is the Universal Service Obligation. In the absence of that promise to nationwide delivery, the postal service is not needed since we have world class private express delivery firms.

Additionally, the Postal Service must occasionally be disadvantaged over other private businesses, because the Postal Service belongs to the American people, who demand a postal service that is fair and trusted and is held to a very high standard. Those standards are also required to assure the sanctity of mail and parcel contents. I believe that those near-term disadvantages will be more than made up in the long term.

The Postal Service can and has learned a great deal from American private enterprise, but it is also an entity of the federal government with a commitment and promise of providing service to the American people and to providing a level playing field for small businesses and new entrepreneurs attempting to compete.

Rates

16. Since 2007, the Postal Service has reduced its career workforce by more than 200,000 employees and closed 1,716 post offices. The Postal Service is also limited in its ability to increase revenue through rate increases on first class mail. With these restrictions in place, what are the Postal Service's best alternatives to raise additional revenue? Should it consider increasing prices on its parcel products?

The long-term prospects for a postal recovery lie in incentivizing last mile delivery, consolidate for carrier operations, and product/service diversification for post offices. Price increases make continued last mile consolidation prospects a dim possibility.

I believe that the targets of opportunity for post office closures are gone. A comprehensive plan for a postal network should assure that Universal Service is achieved. To do this, Universal Service must be defined and decisions around diversification must be made, so that the Postal Service can develop a long term optimized network.

Customer Service

17. The Postal Service sometimes is forced to temporarily close a retail postal facility, for example after a natural disaster. Yet many of these facilities stay closed for as much as 5 years or longer with little or no communication with the affected community. How can the Board ensure that the Postal Service improves communication with its customers?

The Postal Service does need to provide timely and transparent information to the public and its business customers following natural disasters. The comprehensive network plan that I just discussed could be a guide to inform decisions about rebuilding infrastructure destroyed and damaged during a disaster.

The BOG should oversee such a transparent accountable communications plan.

Oversight

18. The Postal Service has been operating without any independent Board Members for over a year and without a quorum since 2015. In the event this occurs in the future, what additional authorities should the Postmaster General, Deputy Postmaster General and Postal Regulatory Commission be given to ensure that the Postal Service can continue to operate effectively and efficiently in the interim?

    Clearer guidance is needed for an emergency committee regarding allowable decisions that can be made during the period of operation.

    The ability to make change and appointment actions could require Congressional notification and a waiting period could be considered.

19. Recent reports by the USPS OIG have found instances where practices and procedures by postal employees and management did not uphold the reliability and integrity of the Postal Service's performance data, such as scanning mail as delivered even if it was not. What steps should the Postal Service take to help ensure the integrity of its service performance system?

    Employees should be alerted as to the importance of accurate measures and receive fair warning that engaging in such practices will lead to dismissal. Criminal actions should also be considered, where the measures are tied to salary increases and bonuses. Lastly, the Postal Service should continuously search for better technology to gauge performance.

20. As providers of vital services, many foreign nations' postal operators are required to meet well defined universal service obligations. The U.S. Postal Service has few mandated, measurable service standards. Are such standards needed in the U.S. and, if so, what steps would you take to being implementing them?

    As I discussed earlier, defining the USO with metrics and goals aligned to meeting the obligation would also help in this area. Further requiring notification to the PRC of service standard failures would be helpful. It is important that the mail and parcel types of greatest importance to customers should be part of the service standard measurement.

Opioids

21. Criminals are using the Postal Service as a means to distribute illegal narcotics, including deadly opioids, posing enormous risks to American citizens. This has put not just the lives of the users at risk, but also the lives of postal workers. Yet the sanctity of mail against government inspection has been a hallmark of postal policy, requiring search warrants to allow law enforcement to open a mail item. Should law enforcement be given wider latitude to open suspicious mail items? How might privacy concerns be balanced against the need to protect public and worker safety?

The sanctity of mail sealed against unreasonable inspection is an important and historic feature of postal legislation. This very significant feature is coming into conflict with the important goal of addressing the large scale deadly opioid crisis.

The Postal Service does not operate in foreign countries that have an important role in examining items entered into international mail streams.

Firms and their responsible principals that are identified as drug smugglers should be banned for life from using the mails. Nations that refuse to meet standards for inspection should not qualify for postal discounts, being required to pay full postage rates for all mail and parcel pieces, until they come into compliance.

The Universal Postal Union should create an enforcement arm that penalizes nations for failing to meet inspection standards that exist and are decided upon in the future. These postal measures must be an integrated part of a greater plan involving sanctions against doctors and pharmacies engaged in reckless or abusive acts.

Wages and Benefits

22. Postal Service is having difficulty recruiting younger workers. What might be done to change the image of working for the Postal Service?

PAEA's provisions have stopped the Postal Service from evolving into its future and integrating with the digital era. Revisiting those prohibitions and encouraging innovation should attract those considering future careers. The most critical change that I can imagine is for the Postal Service to stop declaring that it is failing and that it is going out of business. Without that, other actions are hopeless.

I believe that hiring university and trade school students while they are still in school would be a useful strategy. Encouraging postal studies and research would also interest students in administrative, technical and leadership positions while stimulating new ideas for Postal Service use. As the Postal Service becomes more technology rich and data driven additional young people will likely find the positions challenging and attractive. The clerk positions will become more interesting if diversification of product lines and enabling access to government services occurs. The Postal Service can participate more heavily in career days in cities and schools or can host career days. Young employees may also become interested in postal careers if the Postal Service conducts pilot projects to experiment with future innovations.

V. Accountability

23. What is your assessment of the oversight work performed by the USPS OIG over the past decade? What do you view as the greatest challenges facing the USPS OIG?

The Postal Inspector General office is a very strong part of the Postal Service and the Inspector General Community. The organization has a strong leadership and management cadre. Its digital analytics program to attack fraud and conduct continuous audit is unparalleled. The digital analytics investment was paid for entirely with seized funds.

The return on investment for the office is often the highest of the IG community as a result of acceptance and implementation of recommendations by the Postal Service. There are also a steady stream of insightful findings and recommendations and major investigations. The Acting IG is very impressive and is among the best of the IG leaders, despite being new to the ranks of the community and holding only an acting position.

Regarding challenges to effectiveness, the Postal Service has been reasonably cooperative over the period of time that I was the Inspector General. There was considerable resistance to passing over jurisdiction from the Inspection Service to the Inspector General Office as directed in legislation, but it ultimately occurred. The most recent problem has been access to data systems so that the IG office could deploy data analytics to combat fraud and examine the efficiency and effectiveness of programs in real time.

The Organization was cooperative and very good about adopting cost saving measures identified by the IG office. I conducted two investigations of BOG members that resulted in their resignations and the results were in large part due to the strong actions of the Postmaster General and other BOG members. The Postmaster Generals also removed a substantial number of Vice Presidents following investigations and in my experience, that speaks very well of the organization.

24. During your career, has your conduct as a federal employee ever been subject to an investigation or audit by an Inspector General, Office of Special Counsel, Equal Employment Opportunity Commission, Department of Justice, or any other federal investigative entity? If so, please describe the investigation or audit and its outcome.

There have been instances of employees who were being disciplined raising counter charges and complaints. Those are the only instances that come close to being investigated. The subsequent inquiries found no fault on my part and often the charges were withdrawn at the conclusion of the personnel action against the employee. I was never warned, sanctioned, or asked to take remedial action of any sort.

25. During your career as a federal employee, have you ever declined to implement recommendations made by the Office of Inspector General, the Office of Government Ethics, the Office of Special Counsel or the GAO? If so, please describe the recommendations that were made and your reasoning for not implementing them.

I have not declined to implement recommendations given me by GAO, at the conclusion of peer reviews or reviews by other agencies.

26. If confirmed, do you pledge to implement recommendations made by the USPS OIG, Office of Government Ethics, the Office of Special Counsel and the GAO?

Yes

VI. Relations with Congress and the Public

27. If confirmed, how will you make certain that you will respond in a timely manner to Member requests for information?

I will use Postal Service control systems with deadlines for correspondence and verbal requests. If the systems are deficient I will insist they be improved. I will ask to be briefed on any late requests.

28. If confirmed, do you agree without reservation to reply to any reasonable request for information from the Ranking Member of any duly constituted committee of the Congress?

Yes.

29. If confirmed, do you agree without reservation to reply to any reasonable request for information from members of Congress?

Yes.

30. If confirmed, do you commit to take all reasonable steps to ensure that you and your agency comply with deadlines established for requested information?

Yes.

31. If confirmed, do you commit to protect subordinate officials or employees from reprisal or retaliation for any testimony, briefings or communications with members of Congress?

Yes.

32. If confirmed, will you ensure that your staff will fully and promptly provide information and access to appropriate documents and officials in response to requests made by the GAO and the Congressional Research Service?

Yes.

33. If confirmed, will you agree to work with representatives from this Committee and the GAO to promptly implement recommendations for improving the Postal Service's operations and effectiveness?

Yes.

34. If confirmed, will you direct your staff to fully and promptly respond to Freedom of Information Act requests submitted by the American people?

Yes.

35. If confirmed, will you ensure that political appointees are not inappropriately involved in the review and release of Freedom of Information Act requests?

Yes.

36. If confirmed, will you direct your staff to adopt a presumption of openness where practical, including identifying documents that can and should be proactively released to the public without requiring a Freedom of Information Act request?

Yes.

37. If confirmed, will you keep this Committee apprised of new information if it materially impacts the accuracy of information your agency's officials have provided us?

Yes.

VII. Assistance

38. Are these answers completely your own? If not, who has provided you with assistance

They are my own and I did not receive advice or assistance.

39. Have you consulted with the Postal Service management or any other interested parties? If so, please indicate which entities.

No, I have not.

I, David Williams, hereby state that I have read the foregoing Pre-Hearing Questionnaire and Supplemental Questionnaire and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

David Williams

(Signature)

This 3day of February, 2018

Senator Rand Paul
Post-Hearing Questions for the Record
Submitted to the Honorable David C. Williams

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

On the Universal Postal Union and the international mail system:

As you may know, international mail is exchanged and delivered under the auspices of a treaty known as the Universal Postal Union (UPU). Because of its status as a treaty, the U.S. Department of State is the lead agency involved in negotiating the terms of the UPU. Nevertheless, the members of the Board of Governors of the U.S. Postal Service (USPS) should at a minimum be aware of several issues of growing concern involving the UPU and international mail pricing, trafficking and security.

To that end, please answer the following as completely as possible.

1. Are you aware that under the UPU, the USPS is required to deliver foreign packages at rates lower than those available to domestic shippers?

   Response: I am aware of these issues and find them disturbing. The Opioid issue alone represents a dire emergency. I have discussed the issue with private express company representatives, but would like to do so more formally and inclusively. I would like to include your staff to the degree that they are available and I believe Senator Jones should be involved as well.

2. Are you aware that under the UPU, foreign postal services are not required to follow the same customs and security processes that are imposed on other international shippers?

   Response: There are law enforcement and Postal International Service Center actions that can be immediately undertaken to make the best of the situation and more substantial actions that should be undertaken that may require your help and that of others. I believe this should merit an emergency meeting of the UPU.

3. Are you aware of the Senate Permanent Subcommittee on Investigations (PSI) report[1] on vulnerabilities in the international mail system that concluded that "the federal government's policies and procedures are inadequate to prevent the use of the international mail system to ship illegal synthetic opioids into the United States"?

   Response: Yes, I am aware and I find it concerning, and if confirmed it is an issue I want to examine and understand.

[1] https://www.hsgac.senate.gov/subcommittees/investigations/hearings/combatting-the-opioid-crisis-exploiting-vulnerabilities-in-international-mail

4. Are you aware that that same Senate PSI report noted that, due to the customs and security exemptions under the UPU for foreign postal services, "... 318,891,780 packages entered the United States with no associated [advanced electronic data, or AED] on the sender's name and address, the recipient's name and address, or the contents of the package. With no AED, [Customs and Border Protection] was unable to target any of these packages for further inspection before they entered the United States."

   Response: Yes, I am aware and, if confirmed, will look into the matter.

5. If confirmed, will you commit to investigating these concerns, and to working with the U.S. Department of State to correct underpricing of international mail?

   Response: I will undertake this immediately and I know it greatly concerns the other Governor nominees. Additionally I will work with the Department of State to encourage their action, as well.

On assessing the USPS' unfunded liabilities:

As I mentioned in the hearing, I believe the Committee would benefit from regular updates on the financial condition of the USPS, including (as mentioned by Mr. Williams in his testimony) "decomposing" the agency's long-term liabilities into their respective elements and developing a plan to improve the management of those liabilities.

1. Would you be supportive of efforts by the USPS Board of Governors to provide regular updates on the financial condition of the USPS to the Committee?

   Response: Yes.

On overhead and labor costs:

As I noted in the hearing, and as the USPS notes in its December 31, 2017 Form 10-Q filing[2], the USPS's "costs are heavily concentrated in wages and benefits for both current employees and retirees."

1. In your opinion, what is the role of the USPS Board of Governors in reviewing the percentage of operating expenses that are attributable to labor?

   Response: I believe that it is the job of the Board of Governors to examine this closely and I know that traditionally it has been a Board responsibility. I will also factor in the return on investment of the employee work force.

2. Would you be supportive of efforts by the USPS Board of Governors to review and conduct comparative analyses of the labor costs of the USPS relative to both its competitors as well as other public enterprises (such as transit systems, foreign posts, and quasi-government agencies such as the Tennessee Valley Authority)?

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[2] http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2018-q1.pdf

Response: A broad study would be useful, and I will also review some earlier work that has been done by the Postal Service and others.

On pricing and organizational transparency:

1. Would you be supportive of efforts by the USPS Board of Governors to review how USPS accounts for and allocates its costs among its various lines of business? Specifically, would you support analyses designed to determine whether and to what degree USPS "monopoly" products may be cross-subsidizing its competitive (parcel delivery) products? Would you support making the results of these analyses available to members of Congress and the public?

   Response: I do support such a study. Even though the Postal Regulatory Commission has an adjudicatory responsibility in such matters, it is our responsibility to assure that the data being submitted to them is accurate and sufficient to enable them to make judgments. We will assure that cross-subsidization and attribution are at the heart of our review.

2. Where appropriate and if necessary, would you be willing to assist members of Congress in seeking additional information from the U.S. Postal Service on behalf of their constituents?

   Response: I am willing to assist in such inquiries.

Ranking Member Claire McCaskill
Post-Hearing Questions for the Record
Submitted to the Honorable David C. Williams

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

POST OFFICE CLOSINGS AND SERVICE CUTS

Q: Do you support making cuts to USPS mail delivery service or the number of delivery days? Why or why not?

Response: I believe that we need to serve the needs of Americans and respond to the market demands for our services. We need to more aggressively learn from our customers what they want and need, assuring that they understand the cost of such services. That may well result in an expansion of the services that are provided by our Post Offices and Delivery personnel. We have to be fiscally responsible, but most industries welcome new demand and we should respond to the services being requested by American enterprises and citizens.

I think the first casualties of service cuts and revenue opportunities are likely to be in rural areas. I would like to imagine ways in which Post Offices increase their identities as community assets and have the freedom to respond to community needs. The Postal Service is the most visible symbol of the American government in communities and we need to strengthen our role in binding the nation through them.

The Postal Service has a number of levers of action it may take increasing its revenue. If we instead cut service to Americans, particularly in rural areas and where such a drastic action is unnecessary, it brings into question the need for a Postal Service at all.

Q: What impact do you think cutting mail delivery service or closing post offices will have on rural communities in particular?

Response: If we do not serve everyone, at reasonable rates, we are no longer binding the nation and fulfilling our most basic reason for being. There are other subordinate objectives that are noble, but subordinate.

I believe that the elephant in the room is pre-funding. I believe that we can continue and expand prefunding efforts and I have ideas about how to do that, but prefunding is a means, not an end, and not our reason for being.

Thanks to PAEA, the USPS is now among the most well-funded benefit programs in the nation and world, with $330 billion set aside and earning large returns. The world posts are now largely showing profitability and the United States will unlikely be the only

nation without a link to the world postal services. Preparing for our funeral should not be the cause of our death or a reason to abandon American enterprises and citizens.

The Postal Service has had to deliver to more addresses every year, but is handling less mail. The explosive growth in packages has not come close to filling the void left by declining first class mail volumes.

Q: What steps can the Postal Service take to ensure that it meets its universal service obligation, especially in rural America, while also becoming financially self-supporting?

Response: The Postal Service needs an optimization model for universal service that assures access, delivery and rapid, dependable service.

It needs to examine its ability to make last-mile delivery a more valued customer experience and continue on its successful path of incentivizing last-mile consolidation.

Post Offices should strive to become universal access points for government services and for businesses that have gone largely virtual, but still find it desirable to have some window services and identity validation available to customers.

The prefunding efforts need to be set back on a successful pathway. That effort should begin with a validation of assumptions being made about the liability size and about postal assets available, if needed, to ensure that taxpayers will never be burdened.

The impact of the return of normal interest rate levels should be judged. The amortization period should be reevaluated to avoid payments that represent rate shocks for American businesses.

The CPI cap should be revisited to determine if a CPI-plus or a blended ECI cap would be a more stable measure. The ECI blend would factor in the cost of labor, rather than a total focus on commodities. We should continue to monitor the growing role of the competitive revenue streams.

The Negotiated Service Agreement process has experienced explosive growth and there is need for a review study to assure fairness and optimal revenue streams are being achieved.

ROLE OF THE USPS BOARD OF GOVERNORS

Q: How do you view the postal service – as a service available to every constituent in the country or as a business that must be profitable despite obligations that no private company faces?
Response: The role of the Postal Service is to serve as an unconflicted operator of an infrastructure created to serve Americans and their business enterprises. I believe that

reasonable rates, convenient access and rapid dependable delivery are needed. If the Postal Service cannot bind the nation to provide that to everyone, it has failed in its basic mission.

Reasonable (lowest achievable) rates are a vital part in binding the nation by assuring inclusion.

Financial viability is essential, unless the Congress wishes to change the course it took in creating the Postal Service as a government entity. PAEA achieved a great deal and should receive credit for boxing in the USPS to focus on its fiscal problems and difficult choices. PAEA now needs to be replaced by the current legislation under consideration. The Postal Service should be freed to go off to its future. The prefunding requirement, which achieved much, needs to be reevaluated for the road ahead.

POSTAL SERVICE FINANCES

Q: Are there provisions of the PAEA that Congress should consider changing to help improve the Postal Service's ongoing financial viability?

Response: I have discussed the pre-funding provisions. I believe it time to take a look at how to achieve the rest of that huge and partially successful task.

The CPI cap should be reviewed. It also achieved a great deal, but may be destructive if it becomes an permanent feature of the landscape.

Post Office Services should be responsive to the needs and wishes of the local communities.

I believe the provisions that encourage profitability should be reviewed. The Postal infrastructure should provide the lowest possible costs achievable to Americans, not profits.

I believe that the smaller sized Board of Governors, currently in the proposed legislation, is a helpful. Some further direction on how the Postal Service is to operate without a quorum would be helpful for those times in which the Postal Service must operate with an Emergency Committee.

I would like ask that the Congress revisit the move of the Inspector General from the Board and PRC, to a Presidentially appointed position. The office is large and badly needed by the PRC and Board. The loss or distancing of such a valued and useful office will prevent and slow some of the needed changes that are desired by stakeholders and the two governing bodies.

Q: Are you aware of the restructuring that the Postal Service has undergone recently, and if so, can you briefly describe some of its recent cost-cutting measures?

Response: I have been gone for two years and look forward to becoming more aware of streamlining and optimization efforts. I am aware that service levels were beginning to suffer serious deterioration around 2015-2017 and that there has been an impressive recovery of the levels under the current Postmaster General. I am also aware that service level measures are under question and do not match experiences of customers. The integrity of the measures and the experiential gaps need to be understood. If problems are found, they must be rapidly address and mitigated.

Q: Could you give a few examples of what additional restructuring of the Postal Service's business model you would suggest?

I do not believe that the Postal Service should rely on its professional judgment in making further closures or expansions. Optimization modelling is now needed, although the rapid closure of "targets of opportunity" may have been useful in the early stages of the process. The optimization models should flow from the Universal Service Obligation to serve all citizens and bind the nation in a changing era.

I think that further consolidation of mission support and command control elements may be possible through automation and digital analytics.

POSTAL REFORM LEGISLATION

Q: Where do you see the Postal Service in 10 or 20 years?

Response: I am hopeful that the last-mile experience and services available to residents and work-at-home professionals is greatly increased.

I would imagine that Post Offices may be tasked with becoming universal access centers for government services and commercial enterprises that find window services desirable for themselves and their customers

Data analytics should free managers to engage in higher order duties and enable mission support and command and control structures to be reduced.

Law enforcement efforts also should become much more data driven and tightly connected to the Internet of Things.

Employees should be incentivized for their productivity and they should feel much more as though they are independent service providers.

The Postal Service should closely watch the advance in technology to support and assist workers and to employ technologies that provide fast and flexible logistics services to

customers. Customers should be allowed to reprogram delivery destinations and schedule deliveries. I think smart mailboxes, cognified stamps and barcodes, and autonomous delivery vehicles should be closely studied. Comprehensive transportation grid mapping software is needed to exploit excess capacity opportunities. These grids should include trucking, air and trains.

EXECUTIVE ORDER ON POSTAL REFORM

Last week, the President issued an executive order establishing a commission to examine postal reform. The Treasury Secretary was selected to head the commission, but curiously, the Postal Service is not represented, nor are any stakeholders like unions, big mass mailers, or Members of Congress whose constituents are going to be directly affected by the Commission's findings.

Q: If confirmed, how will you ensure that the Postal Service is adequately represented in the Commission's deliberations and conclusions?

Response: Presidential commissions and working groups can be useful in bringing fresh ideas, and I was pleased to see a variety of backgrounds for participants. New ideas and perspectives are very welcome, particularly as the new Board of Governors arrive. The vulnerability of such study groups, particularly those with short deadlines, is that they will fall prey to the hidden agendas of their advisors. A second vulnerability is failing to expose draft recommendations to discussion and vetting before issuance.

I do believe the Postal Service should be consulted and draft recommendations discussed, in case they are terrible ideas or fatally flawed and cause damaging harm. I do not know to what degree discussions are already occurring between the study group and the Postal Service, but will do all that I can to begin such communications.

INTERNATIONAL MAIL

We have a huge, complex problem right now with illicit opioid manufacturers in China using the Postal Service to deliver fentanyl in small packages to the U.S. The Postal Service currently receives about 1 million packages per day, mixed in with millions of pieces of international letter mail. By contrast, UPS handled 3 million international packages total in 2017. And the Postal Service does not control the data associated with these packages from start to finish the way that FedEx and UPS do. Making things even more difficult, the Postal Service is bound by treaty obligations that the express shippers do not have to deal with. All of which makes finding a solution to this problem extremely complicated. But it's one that we must solve. We need to find ways to improve data collection and screening capabilities.

Q: If confirmed, will you take some time to get up to speed on the issue and present some formal recommendations and a path to start to resolve this issue?

Response: I will take on the issue immediately and contact your office to communicate what I am learning. I know that other members share this concern and will also

communicate with them to understand their concerns and ideas and to share what we are learning.

During your hearing, you stated that, "analyses were wrong and mistakes were made," in closing and consolidating processing facilities pursuant to the Post Plan.

Q. Can you describe some of the mistakes you are referring to?

Response: The Postal Service requires an assessment of the impact of facility closings. Particularly early on in the process, Postal Headquarters did not provide sufficient direction on how these assessments were to occur and many mistakes were made and factors neglected. Perhaps the most common failure was to consider added transportation costs incurred when a facility disappeared from the network. Overtime costs were underestimated and the need for additional employees was not factored. Headquarters eventually provided templates and asked the IG to review most or all of the proposals along with postal managers. The template and the enhanced reviews have helped the process.

Q. Are you aware of any changes to assumptions made for that effort so that these mistakes are not repeated again in the future?

Response: The universal templates and improved management review helped and the IG review proved valuable. Perhaps a better communication plan about lessons learned would be of additional value.

Senator Tom Carper
Post-Hearing Questions for the Record
Submitted to the Honorable David C. Williams

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

1. In 2017, the independent Postal Regulatory Commission (PRC) found that parcels contributed $7 billion more in revenue to the Postal Service than they cost to process deliver. In fact, according to PRC calculations, the share of institutional costs covered by competitive products has quadrupled over the last decade. This tells me that these products are not being subsidized, as has been suggested. Instead, parcels appear to be extremely profitable for the Postal Service and are helping defray the cost of universal mail service. I believe that growing parcel revenues helps to stabilize the Postal Service's finances and protects the Postal Service's ability to meet the obligation we place on it to deliver First Class Mail and other products to every address in the country.

   What are your views on this issue? Given the universal service obligation and the growing cost of Postal Service liabilities, what would you propose that the Postal Service do to make its package products more competitive and more profitable?

   Response: An essential element of the universal service obligation is reasonable costing for Postal products and services, to assure inclusion of citizens, and to position businesses to be competitive. As a result, I would favor a low and reasonable cost structure. Americans are already having trouble making ends meet and businesses are struggling to be competitive internationally. That is coupled by the fact that increasingly products cost more to ship than to manufacture.

   The final consideration in keeping costs low is that, at a certain cost point, it is tempting for shippers to begin delivery services on their own. As the number of last mile shippers increase, we will experience increased traffic congestion, parades of trucks rolling through neighborhoods with children present, truck exhaust and unnecessary fuel use. Increasing numbers of delivery employees will be entering residential properties and onto their porches, and into offices, within reach of mailboxes and packages already delivered, all presenting security issues.

   On the other scale for the Postal Service is the need to continue to meet expenses and continue efforts to prefund benefit programs. Last year, as the exigency increase was withdrawn, the Postal Service failed to meet it expenses by $800,000,000 and that is likely to grow this year. The Postal Service again failed to contribute to funds being set aside to pay future benefits costs as well. The increase in parcel costs could result in additional revenues to meet this challenge. A large increase would likely have a serious elasticity response, however. It doesn't matter how much we make per shipment, if the shippers have fled.

With all those factors on the table, I believe the Postal Service needs to keep a close eye on the efficient market forces affecting both themselves ***and*** *American business and citizens, as the USPS struggles to make up revenues lost from the withdrawal of the exigency increase and to understand how to renew its efforts to put aside monies for it future Benefit fund needs.*

In recent years parcel delivery services provided by the Postal Service has slowly but substantially improved and stabilized and now match the service provided by the private express companies. If the Postal Service is allowed to keep its prices competitive, I believe that this sector will continue to earn its share of revenue that is needed to balance the Postal budget.

Sales from this sector are already increasing at a substantial level. I think many changes are needed by the Postal Service, but perhaps this sector should be left to grow and remain competitive.

2. The Postal Service's affordable delivery of packages is an economic lifeline to many Americans. I am concerned that any effort to make the Postal Service charge more for package delivery will harm, not help, small businesses and consumers, especially rural business and consumers who may not have access to any affordable alternatives. Can you speak to your commitment to ensuring rate stability and predictability when it comes to the Postal Service's package products? Do you agree it is essential to preserve universal access to affordable package delivery services?

   Response: The Postal Service was put into the parcel business in 1913 to halt the joint efforts of express companies and the Robber Barons, who were attempting to brutalize small businesses and entrepreneurs and fix prices at predatory levels. Since then, the Postal Service has been intended as a public option for businesses and should keep its costs as reasonable as is achievable.

   A major sector of our economy is dependent on parcel shipping, including the huge ecommerce sector. A major increase in shipping costs would predictably have a serious negative impact on the ability of small businesses and innovative new enterprises to fulfill their vital role at this crucial time in the unfolding digital global era.

3. As you know, the Board of Governors has been completely vacant since the end of 2015 and without a quorum since 2014. If confirmed, what steps will each of you take to evaluate the status of the Postal Service and the steps that need to be taken in the coming months to address both its short-term and long-term financial challenges? Given that no single part-time governor can possibly focus on everything, what will your main areas of interest be?

   Response: I would want to look at the performance metrics and goals that are set for each of the Postal functional areas to assure that they are comprehensive and

aggressive. If any areas are failing, I would want to assure that a plan is in place to restore proper performance levels. The Governors need to understand the operational and business climate in which the USPS must succeed. We also need to stay in close touch with stakeholders and customers to understand their current and coming needs and how the USPS can best enable them to succeed. The Board needs to work effectively with Congress to clearly understand the letter and intent of the direction that we receive from them and to communicate business intelligence and demand for services that the Postal Service is gathering from customers. Finally, we need to address the fiscal crisis by decomposing the problem and developing realistic plans to address each distinctive challenge successfully.

4. As you know, the Board of Governors is charged with hiring and overseeing the work of the postmaster general and other senior postal managers. If confirmed, what steps will you take to evaluate the team in place today? Going forward, what qualities would you look for when looking to fill key positions?

Response: I think we should look at the assignments and performance of the senior leadership team. This should include their plans for continuous improvement of their areas. I believe that the Postal Service performance metrics and goals will reveal a great deal. There is a surprisingly steep learning curve for executives at the Postal Service, which has made insularity a tempting option for filling vacancies. Yet outside expertise, especially in this era of rapid unfolding change, is essential. I would hope that a richer blend of outside talent and insider knowledge could be introduced that would provide a powerful combination for the road ahead. The Postal Service is very strong operationally, but predictably is finding fiscal, pricing and marketing challenges difficult. They have impressive resources in each of the areas, but an infusion of outside thinking and ideas might be hugely beneficial. I also think the Postal Service needs to greatly improve the manner in which outside firms with new ideas, products and services are received and evaluated.

Senator Doug Jones
Post-Hearing Questions for the Record
Submitted to Mr. David C. Williams

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

Mr. Williams, our nation is facing a national illegal drug and opioid crisis of epidemic proportions. A great deal of these illegal drugs arrive in the United States through the mail. Currently, the Postal Service is exempt from the requirement that applies to private sector shipping companies that they obtain advance electronic data on packages imported into our country and provide that data to the Customs and Border Protection service. This data could allow the CBP to target high-risk shipments for screening and possible interdiction.

In my home state of Alabama, law enforcement seized 8,200 grams of fentanyl in 2016 and 2,677 grams in 2017. Most of that fentanyl was imported from China, according to law enforcement officials.

In January of this year, Homeland Security officials at John F. Kennedy International Airport in New York managed to intercept one teddy bear loaded with 18 grams of fentanyl. That's enough to kill 36,000 people. Investigators figured out an Alabama man had ordered the fentanyl shipment on the dark web from overseas drug dealers using Bitcoin. The investigation involved Customs, the U.S. Postal Service Inspection Service, and Alabama law enforcement authorities. This is an excellent example of multiple agencies working to together to safeguard our communities.

Having what they call "package level detail" information on all incoming packages would almost certainly help CBP intercept other such deadly shipments.

Would you support eliminating this exemption and requiring the Postal Service to provide this important information to law enforcement?

Response: One important element in addressing the opioid crisis in America is effective law enforcement. A major weapon for law enforcement has been the use of advanced shipment information for parcels being shipped, which enables law enforcement agencies to use digital analytics and network analysis software to track and act upon suspicious shipments of illegal drugs.

As you correctly stated, the private express shipping companies have different requirements for package handling. The reason for that, presumably, is that express companies and their partners actually receive the parcels from the shippers in foreign countries. In the case of the world posts, the country receiving the package is responsible for collecting the shipping data. Some currently collect and forward the data, some do not. Actually, China Post gathers quite a lot of data compared to most nations. The USPS

has no way of collecting the data first hand, since unlike the private express companies, it must rely on the postal service of the nation receiving the package.

The international organization responsible for coordinating the efforts of the world posts is the Universal Postal Union. They have been slow and ineffective in requiring many needed changes including reforms in this area.

That leaves the USPS with some frustrations, but also some options that must be acted upon.

The Postal Inspector General and Postal Inspectors must engage in coordinated and seamless efforts to build and operate a world class digital analytics operation and response protocols. They in turn must operate very effectively with the Customs Service and other law enforcement agencies to interdict illegal shipments and aggressively prosecute both senders and receivers. These efforts will likely include operations directed against Dark Net sellers.

The USPS International Service Centers must forward all advanced data immediately to authorities to enable effective responses.

Drugs are also being shipped through private express company parcels. The requirement for private express companies to use Customs Brokers should be reviewed to determine if there is a substantial value-added role being provided by the Brokers' services or whether there is a more effective use of those resources.

The UPU needs to focus on this issue and take timely action.

The bottom line is that it is not acceptable that the United States be party to an agreement that is costing American lives and failing to enable law enforcement agencies to snap the spine of opioid dealers.

Opening Statement of Robert M. Duncan

Senate Homeland Security and Governmental Affairs Committee

Confirmation Hearing, U.S. Postal Service Board of Governors

April 18, 2018

Mr. Chairman, Ranking Member McCaskill, and members of the Committee, thank you for holding this hearing to consider nominations to the U.S. Postal Service Board of Governors. I am Robert M. Duncan of Kentucky, and I am pleased to be joined today by nominees David Williams of Illinois and Calvin Tucker of Pennsylvania. I thank President Trump for having the confidence and trust to nominate me for this important job. I greatly appreciate the encouragement of my Kentucky Senators, Majority Leader McConnell and Senator Paul.

As you know from the material submitted, I have been involved in government, business, and politics at all levels over my career. I believe that my experiences in the public, private, and nonprofit sectors make me uniquely qualified to serve as a Governor of the U.S. Postal Service Board. I have studied management and leadership in the different sectors and have an appreciation of the differences, similarities, and best practices in each. The Postal Service is an interesting blend of a public, private, and nonprofit organization. My service on the Tennessee Valley Authority Board helps me understand this unusual but important structure. I was selected a member of the President's Commission on Executive Exchange in 1989-1990 and worked at the White House in the Office of Public Liaison while studying public and private organizations. I have served in many other governmental positions at the local and state levels and currently serve as Chairman of the President's Commission on White House Fellowships.

My work with nonprofit organizations include the Christian Appalachian Project, a large social service organization, chairing a state University board, and serving for many years as Chairman of Alice Lloyd College. In addition I was the Treasurer, General Counsel, and, finally, the Chairman of the Republican National Committee.

As a community banker in Appalachia, I have worked with many small businesses and have an appreciation for the challenges and potential of rural America. My work with the American Coalition for Clean Coal Electricity gave me experience with CEO's of the largest railroads, utilities, and energy companies in the country. In addition to my undergraduate and law degrees, I have attended numerous Executive Education programs including programs at the Kennedy School of Government and the Harvard Business School. I believe I have both the practical and theoretical knowledge to be an effective member of the Postal Board of Governors. On a personal note, my grandfather Walter Duncan carried mail on horseback in rural east Tennessee and worked for one year as a mail sorter on a train.

I consider the Postal Service a public trust as every American citizen enjoys universal service. Referenced in the Constitution, the organization has served to bind America together for over two hundred years. The Postal Service is in daily contact with virtually every business and citizen. The local postal employees are the primary contact of most Americans with the federal government.

My approach to leadership and governance is simple. It is my goal to include all stakeholders through aggressive outreach and communications. The working relationship with the Postal Service, Congress, and the Postal Regulatory Commission (PRC) is critical. More transparency in governing helps stakeholder's better plan for the future. An adequate staff is necessary for the Board to carry out its planning and oversight responsibilities. I believe the reconstituted Board will be strong and independent.

As a new Board member, I do not begin with an agenda of specific recommendations. I support a thorough and transparent planning process. The basic business model must be examined carefully. I will learn as much as possible as soon as possible to understand the financial condition of the organization.

The work of the Board will be particularly challenging as we begin our tenure. Many unresolved issues and pending legislation require flexibility in our approach.

Issues that I expect to confront are:

1. Governance structure: What are the relationships with Congress and the PRC?
2. Universal service: What is the intent of Congress?
3. Delivery frequency: What is the optimum number of days of service each week?
4. Delivery Standards: What is reasonable and affordable?
5. Change in Rates: What are the constraints?
6. Rural Service: What is fair to all Americans?
7. Opioids: What can be done to protect the mail, customers, and employees?

If confirmed, I look forward to working with Congress, my colleagues, the leadership of the Postal Service, the Postal Regulatory Commission, and stakeholders. The Board's role is to establish policy, monitor results, and evaluate management. As a board I believe we can accomplish this mission.

Thank you for your considering my nomination. I look forward to your questions.

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

REDACTED

1. Basic Biographical Information

Please provide the following information.

Position to Which You Have Been Nominated	
Name of Position	**Date of Nomination**
United States Postal Service Board of Governors	10-30-2017

Current Legal Name			
First Name	**Middle Name**	**Last Name**	**Suffix**
Robert	Michael	Duncan	Sr.

Address					
Residential Address (Do not include street address)			**Office Address** (Do not include street address)		
[redacted]			Street: 41 West Main		
City: Inez	State: KY	Zip: 41224	City: Inez	State: KY	Zip: 41224

Other Names Used						
First Name	**Middle Name**	**Last Name**	**Suffix**	**Maiden Name**	**Name Used From (Month/Year) (Check box if estimate)**	**Name Used To (Month/Year) (Check box if estimate)**
Mike		Duncan			Est ☐ 04/1951	Est ☐ Present
Robert R	M M	Duncan Duncan	Sr.		Est ☐ 05/1978 04/1951	Est ☐ Present Present

Birth Year and Place	
Year of Birth (Do not include month and day.)	Place of Birth
1951	Oneida, TN

Marital Status					
Check All That Describe Your Current Situation:					
Never Married	Married	Separated	Annulled	Divorced	Widowed
☐	X	☐	☐	☐	☐

Spouse's Name (current spouse only)			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix
Joanne	Kirk	Duncan	

Spouse's Other Names Used (current spouse only)						
First Name	Middle Name	Last Name	Suffix	Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
Joanne		Kirk		X	Est ☐ January 1950	Est ☐ June 1971
					Est ☐	Est ☐

Children's Names (if over 18)			
First Name	**Middle Name**	**Last Name**	**Suffix**
Robert	**Michael**	**Duncan**	**Jr.**

2. Education

List all post-secondary schools attended.

Name of School	Type of School (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	Date Began School (month/year) (check box if estimate)	Date Ended School (month/year) (check box if estimate) (check "present" box if still in school)	Degree	Date Awarded
University of the Cumberlands	College	Est ☐ **06/1968**	Est ☐ Present ☐ **05/1971**	**BA**	**05/1971**
University of Kentucky	University – College of Law	Est ☐ **08/1971**	Est ☐ Present ☐ **05/1974**	**JD**	**05/1974**
		Est ☐	Est ☐ Present ☐		
		Est ☐	Est ☐ Present ☐		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

Type of Employment (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other	Name of Your Employer/ Assigned Duty Station	Most Recent Position Title/Rank	Location (City and State only)	Date Employment Began (month/year) (check box if estimate)	Date Employment Ended (month/year) (check box if estimate) (check "present" box if still employed)
Non-government employment (excluding self-employment)	Inez Deposit Bank	Chairman and CEO	Inez KY	09/1974 Est ☐	Est X
Non-government employment (excluding self-employment)	American Coalition for Clean Coal Electricity	President and CEO	Washington DC	09/2012 Est ☐	12/2016 Est ☐
Non-government employment (excluding self-employment)	Republican National Committee	Chairman and CEO	Washington DC	01/2007 Est ☐	01/2009 Est ☐
Federal Employment	Tennessee Valley Authority	Director	Knoxville TN	03/2006 Est ☐	01/2012 Est ☐
(See Attachment)				Est ☐	Est ☐

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

Name of Government Entity	Name of Position	Date Service Began (month/year) (check box if estimate)	Date Service Ended (month/year) (check box if estimate) (check "present" box if still serving)
Presidents' Commission on White House Fellows	Chairman	05/2017 Est ☐	Est ☐ Present X
Tennessee Valley Authority	Director	03/2006 Est ☐	01/2012 Est ☐ Present ☐
(See Attachment)		Est ☐	Est ☐ Present ☐

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. (See Attachment)

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity. (See Attachment)

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievements. See Attachments.

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of $1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

Name of Organization	Dates of Your Membership (You may approximate.)	Position(s) Held
(See Attachments)		

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?
Answer: No.

Name of Office	Elected/Appointed/ Candidate Only	Year(s) Election Held or Appointment Made	Term of Service (if applicable)

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

Name of Party/Election Committee	Office/Services Rendered	Responsibilities	Dates of Service
Republican National Committee	National Committeeman from Kentucky	Governance and Oversight	1992 – Current

Republican National Committee Executive Committee	Member	Governance and Oversight	1996 – 2009
Republican National Conventions Credential Committee	Chairman	Governance and Oversight	2016
Republican National Conventions Rules Committee	Member	Governance and Oversight	2004
Republican National Conventions	Delegate at Large		1972, 1976,1992, 1996, 2000, 2004, 2008, 2012, 2016
Republican Party of Kentucky State Central Committee	Member	Governance and Oversight	1992 – Current
Republican Party of Kentucky Executive Committee	Member	Governance and Oversight	1992 – Current
Republican Party of Kentucky Budget Committee	Chairman	Governance and Oversight	1996 – Current
Jim Bunning for Senate	Chairman	Daily management and strategy	1998
Data Trust and GOP Data Trust	Chairman Dorector	Governance and Oversight	2011-2012 2011-present
American Crossroads	Member Chairman	Governance and Oversight	2010 – Current 2010 - 2012, 2016
Senate Leadership Fund	Member Chairman	Governance and Oversight	2016 – Current 2017-Current

(C) Itemize all individual political contributions of $200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

Name of Recipient	Amount	Year of Contribution
(See Attachment)		

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

Title	Publisher	Date(s) of Publication
EPA Owes Georgia More Time, More Answers	Atlanta Journal – Constitution	July 28, 2014
Letter to the Editor (G.O.P. Myopia on Coal)	New York Times	November, 2014

Letter to the Editor	(New EPA regulations)	September 2013
New EPA Rules Will Kill Clean Coal	Wall Street Journal	October 29, 2013
It is possible that other articles, reports or published materials were issued under my name while I served as Chairman of the Republican National Committee and the American Coalition for Clean Coal Electricity. I have included the material contained in my files.		

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

Title/Topic	Place/Audience	Date(s) of Speech
Annual Awards Gala	**Washington Coal Club**	**11-28-12**
Strategic Planning Meeting	**AAR (Railroad Association)**	**1-31-13**

Annual Meeting	Tri-State Generation and Transmission Association	4-3-13
Remarks	National Council of Coal Lessors	4-15-13
Remarks	Contractor/Supplier Meeting of the Lignite Energy Council	4-17-13
Remarks	Politico Policy Briefing	7-13-13
Remarks as President and CEO of ACCCE	NARUC Subcommittee on Clean Coal Breakfast	7-26-13
Huntington Chamber of Commerce	Ninth Annual Energy & Natural Resources	11-12-13
Remarks	Real Clear Politics' Forum	1-15-14
Remarks	Ohio Rural Electric Cooperative Trustees Conference	2-11-14
Remarks as President and CEO of ACCCE	Colorado Mining Association	4-15-14
Remarks	West Virginia Land & Mineral Owners Association	5-14-14
Remarks as President and CEO of ACCCE	Kentucky Chamber of Commerce	7-22-14
Remarks as President and CEO of ACCCE	Paducah Chamber of Commerce	9-11-14
Remarks	SME Annual Conference and Expo	2-23-15
Remarks as President and CEO of ACCCE	Pennsylvania Coal Alliance	3-28-15
Remarks	U.S. Court of Appeals Press Conference	4-16-15
Remarks – Annual Meeting	Associated Electric Cooperative, Inc.	6-2-15
Remarks	RAGA Policy Panel	8-3-15

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee. Cam

Title	Place/Audience	Date(s) of Speech
In addition to these speeches, C-span Video Library contains 34 of my activities and appearances beginning in 1997. Please see www.c-span.org/organization/252147Kentucky	Various	Beginning in 1997 through 2016
Lincoln/Reagan	4th District Lincoln/Reagan Day Dinner/Ft. Mitchell, KY	2-26-2000
Lincoln	Martin County Lincoln Dinner/Inez, KY	3-31-2000
Lincoln	63rd Annual Fifth District Lincoln Dinner/Corbin, KY	3-17-2001
Welcome	Governor Ernie Fletcher Inauguration/Frankfort, KY	12-9-2003
Lincoln	Pulaski County Lincoln Club/Somerset, KY	2-20-04
History of Rogers Scholars	Rogers Scholars Graduation 2006	6-30-06
Campaign Speech	Marion County Hardin Day Dinner/Waldo, OH	4-12-07
Campaign Speech	Ohio 15th Congressional District Luncheon/Marysville, OH	4-13-07
Future of the Republican Party of Kentucky	Kentucky GOP Central Committee/Frankfort, KY	11-10-07
Humor with Howard Dean	Gridiron Club Speech	11-07
Role of the RNC	House Conference Retreat/Greenbrier, WV	1-24-08
Get Involved	Generic Party Event Speech/Various Locations	2/08
Concession Speech Campaign 2008	National Press Club Campaign 2008/National Press Club	11-5-08

Meaning and Adventure in Politics	**Forsyth County Day**	**1-1-09**
Citizens of the Century Program	**Johnson County Joint Civic Club Meeting/Paintsville, KY**	**6-23-09**
The Five People I Met at Cumberland College	**University of the Cumberlands Alumni Dinner/Williamsburg, KY**	**10-10-09**
So You Want to Run for Office	**RPK Party Training/Owensboro, KY**	**11-21-09**
How to Conduct an Effective Meeting	**Big Sandy Technical College Women's Leadership Seminar**	**3-2-10**
Leadership Development	**Kentucky Agriculture Leadership**	**7-20-10**
Why I Am a Republican	**KFRW Executive Speech**	**8-20-10**
A Life of Meaning and Adventure	**Leadership Tri-State Honors Nelda Barton-Collings/Corbin, KY**	**2-22-11**
Possibilities of Your Future	**Sheldon Clark High School Seniors**	**5-2-11**
History of Rogers Scholars	**Rogers Scholars Graduation 2011**	**8-15-11**

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than $300 and did not include alcohol or drugs.) Answer: No.
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official? No
- Have you been charged, convicted, or sentenced of a crime in any court? No
- Have you been or are you currently on probation or parole? No
- Are you currently on trial or awaiting a trial on criminal charges? No
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation? No

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
2) Firearms or explosives: **Yes / No**
3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**

1) Name of the law enforcement agency that arrested/cited/summoned you:

2) Location of the law enforcement agency (city, county, state, zip code, country):

F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**

1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):

2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:

3) If no, provide explanation:

G) Were you sentenced as a result of this offense: **Yes / No**

H) Provide a description of the sentence:

I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

L) If conviction resulted in probation or parole, provide the dates of probation or parole:

M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: Yes / No

N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings. Answer: No.

Date Claim/Suit Was Filed or Legislative Proceedings Began	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/Proceeding	Results of Action/Proceeding
N/A				

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Date Claim/Suit Was Filed	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/Proceeding	Results of Action/Proceeding
2002 (No. 02-582 and No. 02-874)	US District Court for DC	McConnell v Federal Election Commission	Determine the constitutionality of the Bi-Partisan Campaign Reform Act.	The District Court and ultimately the US Supreme Court upheld the statute.

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity. Answer: I was a plaintiff individually and as Treasurer of the Republican National Committee challenging the Constitutionality of the Bipartisan Campaign Reform Act.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed. No

Name of Agency/Association/ Committee/Group	Date Citation/Disciplinary Action/Complaint Issued/Initiated	Describe Citation/Disciplinary Action/Complaint	Results of Disciplinary Action/Complaint

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy? Answer: No.

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

Answer: I have never been a registered lobbyist but have advocated on public issues for the Tennessee Valley Authority, during my tenure as Director, for the American Coalition for Clean Coal Electricity, during my tenure as President, for banking issues as a shareholder and officer of a community bank, and for conservative issues and principles as a member of the Republican National Committee.

14. Outside Positions

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-

profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Name of Organization	Address of Organization	Type of Organization (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	Position Held	Position Held From (month/year)	Position Held To (month/year)

15. Agreements or Arrangements

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

Status and Terms of Any Agreement or Arrangement	Parties	Date (month/day/year)

16. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Robert M. Duncan 12-19-17

UNITED STATES OFFICE OF
GOVERNMENT ETHICS

REDACTED

November 6, 2017

The Honorable Ron Johnson
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

Therefore, I am forwarding a copy of the financial disclosure report of Robert M. Duncan, who has been nominated by President Trump for the position of a Governor on the Board of Governors, United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

1201 NEW YORK AVE NW · SUITE 500 · WASHINGTON DC · 20005

The Honorable Ron Johnson
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID APOL

Digitally signed by DAVID APOL
DN: c=US, o=U.S. Government, ou=Office of Government Ethics, cn=DAVID APOL, 0.9.2342.19200300.100.1.1=93491002981870
Date: 2017.11.06 10:15:31 -05'00'

David J. Apol

Acting Director and General Counsel

Enclosures REDACTED

Robert M. Duncan

October 24, 2017

Michael J. Elston
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics & Compliance Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Mr. Elston:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will continue to serve as Chairman and CEO of Inez Deposit Bank and as Chairman and CEO of Community Holding Company. My spouse is also employed by Inez Deposit Bank and the Community Holding Company. In my role as Governor, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Inez Deposit Bank or Community Holding Company, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

I will retain my unpaid positions as Trustee and Secretary for Highlands Regional Medical Center, as Trustee for Consolidated Health Systems, as Chairman and Trustee for the College Board of Alice Lloyd College, as Director of Data Trust and Director of DT Client Services, and as a member of the College Visiting Committee of the UK College of Law and the UK School of Public Policy. I will not participate personally and substantially in any particular matter in which I know that any of these organizations or entities has a financial interest, if the particular matter has a direct and predictable effect on that interest, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1) or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I resigned from my position with the American Coalition for Clean Coal Electricity in December, 2016. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which I know the American Coalition for Clean Coal Electricity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1) and 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2) and 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I will meet in person before my first meeting of the board in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Amazon, Federal Express, United Parcel Service, DHL, etc.). I will divest my present interest in Amazon (through a profit sharing plan) within 90 days of my confirmation. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Amazon, Federal Express, United Parcel Service, DHL, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

Robert M. Duncan

Robert M. Duncan

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Robert Duncan to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Did the President give you specific reasons why he nominated you to serve as a Governor of the United States Postal Service?

   The President did not give me specific reasons why he nominated me to serve as a Governor of the United States Postal Service (USPS).

2. Were any conditions, express or implied, attached to your nomination? If so, please explain.

   There were no conditions expressed or implied attached to my nomination.

3. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

   I have made no commitments with respect to the policies and principles I will attempt to implement as Governor.

4. Are you aware of any business relationship, dealing, or financial transaction that could result in a possible conflict of interest for you or the appearance of a conflict of interest? If so, please explain what procedures you will use to recuse yourself or otherwise address the conflict. And if you will recuse yourself, explain how you will ensure your responsibilities are not affected by your recusal.

   I am not aware of any business relationships, or financial transactions that could result in a possible conflict of interest other than those disclosed to Michael Elston, Designated Agency Ethics Official, US Postal Service by letter dated October 24, 2017 and attached to this answer. I have agreed to divest my present interest in Amazon (through a profit sharing plan) within 90 days of my confirmation. I also agreed that during my service as a member of the Board of Governors I will not invest in any company that directly competes with the US Postal Service (eg. Amazon, Federal Express, United Parcel Service, DHL, etc.). I agree to recuse myself from participation on a case-by-case basis unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Robert M. Duncan

October 24, 2017

Michael J. Elston

Designated Agency Ethics Official
Associate General Counsel and Chief Ethics & Compliance Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

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I will continue to serve as Chairman and CEO of Inez Deposit Bank and as Chairman and CEO of Community Holding Company. My spouse is also employed by Inez Deposit Bank and the Community Holding Company. In my role as Governor, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Inez Deposit Bank or Community Holding Company, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

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these organizations or entities has a financial interest, if the particular matter has a direct and predictable effect on that interest, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1) or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

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Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

Robert M. Duncan

II. Background of the Nominee

5. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

I am affirmatively qualified to be a Governor of the Postal Service by my education and experience in the public, private, and nonprofit sectors. I have served on numerous boards including as Chairman of the Tennessee Valley Authority (TVA), Chairman of the Republican National Committee, President of a national trade association, the American Coalition for Clean Coal Electricity, and Chairman of a community bank, the Inez Deposit Bank. My education includes a BA from the University of the Cumberlands, a JD from the University of Kentucky College of Law, and executive education programs at the University of Wisconsin, the Kennedy School of Government, and the Harvard Business School.

6. If confirmed, how would your experience in the private sector prepare you to serve as a Governor of the Postal Service?

My private sector experience includes general management, personnel, financial management, and strategic planning. The experience as a member of the President's Commission on Executive Exchange allowed me to study the best practices of government and business enterprises. I feel prepared to work in the public, private, and nonprofit sectors. Service as Chairman of both the Republican National Committee and the Tennessee Valley authority gave me an appreciation of large, diverse organizations and helped me develop strategies for communicating externally and internally as a leader.

7. Please describe:

   a. Your leadership and management style.

My management style is collaborative. I believe the cultural tone of an organization is set at the top.

b. Your experience managing personnel.

I have managed organizations of all sizes from small businesses to the largest political organization in the world.

c. What is the largest number of people that have worked under you?

As Chairman of the Republican National Committee, I had over 500 direct employees and thousands of volunteers reporting to me.

III. Role of a Governor of the United States Postal Service

8. Please describe your view of the Postal Board of Governor's (Board) core mission and a Governor's role in achieving that mission.

The core mission of the Board of Governors is to ensure that the Postal Service carries out its mission by directing and controlling expenditures and reviewing the policies and practices of the Postal Service, selecting the Postmaster General and Inspector General and determining the direction by strategic decision making. Individual Governors advise and question management.

9. If confirmed, what specific contributions do you hope to make during your time on the Board?

If confirmed, I will focus on the enumerated statutory responsibilities and serve the public interest. I do not have a predetermined agenda.

10. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

Individual Governors are charged by statute with responsibilities which must be independently decided to serve the public interest. There may be times I would dissent from recommendations of management and other board members. My experiences in various sized organizations in the public, private, and nonprofit sectors helped prepare me for the responsibilities. Governors must ask probing questions of management and assure accountability.

11. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges?

The Postal Service has numerous challenges including financial constraints, operational efficiencies, and disruptive technology. A top priority will be

maintaining a high level of service while observing fiscal responsibility. Developing and implementing a strategic business plan is another top priority.

12. What do you believe should be the respective roles and functions of the Board and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

The Board's role is setting strategic goals and overseeing those goals. I'm confident that management will provide sufficient detailed information for both functions. The Board should be respectful of management's day to day responsibilities while asking pertinent questions to assure accountability. Management must be responsive to reasonable oversight requests from the Board.

13. The Governors are chosen to represent the public interest generally. As a Governor, how will you plan to interact with various stakeholders interested in postal issues and how can you effectively represent their interests?

I recommend that a public listening session be held in conjunction with Board meetings. I also plan to attend meetings and conferences relating to postal stakeholders. I hope to visit various postal facilities and meet with staff and customers.

14. The Postal Accountability and Enhancement Act of 2006 (PAEA) requires that by the end 2015, at least four members of the Board have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

The public interest is served by having a diverse Board, including those with experience managing large organizations.

IV. Policy Questions

Postal Reform and Financial Issues

15. The Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2017 with a net loss of $2.7 billion.

    a. In your view, what is the Board's role in overseeing the Postal Service's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

The Board has an important oversight role in improving the USPS financial condition, and balancing the interests of statutory requirements, including universal service obligations, with cost saving and revenue opportunities. The Board must consider the consequences of fiscal proposals and advise management and Congress through the budgeting process.

b. How does the Board's role differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

The ultimate authority lies with Congress on significant policy issues. The Postal Regulation Commission has separate statutory duties from the Board, but the issue areas overlap. The PRC must consider competitive aspects of Board policies and act as an impartial regulator.

16. Postal Service volumes and revenues associated with its letter mail and other market dominant products continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and its competitive products have grown significantly in recent years.

a. How can the Postal Service remain viable as letter mail volume declines?

The Postal Service can remain viable as letter mail volume declines by being agile and flexible in developing new business products and programs.

b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

A priority is making sure USPS has the best technology employees and consultants while aligning policies and practices to take advantage of the great opportunities in e-commerce and package delivery. This starts with a sound business plan.

c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

It appears the Postal Service lacks the flexibility to move quickly to take advantage of market changes due to overlapping responsibilities with the PRC and Congressional mandates.

d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

The special status for mail delivery and tax exemption comes with a responsibility of fairness to the private sector and service to customers. I will encourage management to look for opportunities to expand postal products and services for customers including partnerships with private sector entities.

e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

Daily operations are the responsibility of management. Management should recommend priorities for cost cutting and execute the policies adopted by the Board.

The efficiency of the plans should be monitored regularly by the Board with appropriate accountability included.

f. What are the Board's role and responsibilities in identifying opportunities for the Postal Service to increase volume?

The Board's role in identifying opportunities for Postal Service increased volume begins with a well-developed business plan, supplemented by aggressive policies fostering innovation, and followed by regular oversight and evaluation tied to accountability.

17. What are your views on the "universal service obligation"?

The universal service standard is an essential mission of the Postal Service and assists in "binding the nation together." I strongly support the concept.

18. How do you view current service standards and delivery frequency with respect to the obligation for service to every American?

I have not formed an opinion on the standards and frequency of delivery. I recognize the changing postal habits of consumers and businesses and require more internal Postal Service information to develop a position.

19. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2017 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009, after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

The Postal Service can ensure its long-term viability by being agile and flexible in developing new business products and programs to meet market demands. The Postal Service should focus on opportunities in the digital economy through the growth of e-commerce and package delivery, including "last mile" delivery services. In addition, the Postal Service should concentrate internally on finding efficiencies and reducing costs.

20. The Postal Service has estimated its liabilities (including retiree pension and health benefits) to be over $484.8 billion while the combined assets are $363.1 billion, leaving an unfunded liability of $121.7 billion. How do you believe the Postal Service should address its unfunded liability?

The Postal Service must address the challenges of declining mail volume and growing expenses. The status quo is not acceptable or sustainable. I would consider

proposals to better utilize non-productive assets for the purpose of reducing the unfunded liability.

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other necessary capital investments in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

Capital investments are critical for the future of the Postal Service to provide infrastructure for sustainable services. The Board must develop a strategic process to align expenses needed for delivering services with revenue produced.

22. What short and long-term actions should Congress take to assist the Postal Service in achieving financial viability?

I do not have a predetermined agenda, but I believe Congress must address the gap between the Board's broad responsibility and lack of authority. This was pointed out by the former Inspector General in a report on governance.

Postal Rates and New Products

23. One of the core principles of PAEA was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing of the Postal Service's market dominant products. Pursuant to PAEA, the PRC completed a review of whether the rate cap met the criteria laid out by 39 U.S.C. § 3622, including stability, fairness, and generating adequate revenue to cover Postal Service costs. The PRC found that the cap did not meet all of these criteria, specifically the requirement that the cap did not allow for long-term financial stability of the Postal Service or for the Postal service to maintain high quality service standards.

a. Do you believe the inflation-based rate cap has met the objectives and factors laid out in 39 U.S.C. § 3622?

It appears that the cap does not allow for adequate pricing flexibility resulting in the Postal Service's inability to generate adequate revenues to cover costs and secure long-term financial viability.

b. Which of these objectives or factors, if any, do you believe should be weighted above others?

It is imperative that the Postal Service generates adequate revenues to cover costs and allows for long term financial viability.

24. The PRC also recently proposed adjusting the rate cap to allow the Postal Service to raise prices above inflation on market dominant products. In considering price increases, how should the Postal Service balance the need for additional revenue with the possibility that higher rates could further reduce mail volumes?

It is always possible to increase prices to the point of losing volume and that is why this issue must be thoroughly considered. Will a high level of service offset a price increase? How mission critical is the price increase? Are costs being adequately covered and revenues produced for future investments? These and many more questions must be answered before moving forward with a large increase.

25. The Postal Service has requested legislation authorizing greater flexibility in offering non-postal products.

a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

If greater flexibility is available to offer non-postal products, then the Postal Service should consider offering the products while not using tax payer dollars to compete with the private sector.

b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

I do not have sufficient information to answer the question.

c. How would you ensure the Postal Services does not compete unfairly with the private sector in selling non-postal products?

If greater flexibility is available to offer non-postal products, the Board should develop guidelines on the utilization of tax payer assets to compete with the private sector.

26. How can the Postal Service take better advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

While the postal brand is trusted, it represents the past. I would consider a strategic rebranding of Postal Assets with emphasis on e-products, such as the daily scanning service. I believe technology will allow new products for the Postal Service.

Facility Closings and Service Changes

27. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

The Board's role in decisions to realign postal retail and mail processing networks should be, as a fiduciary, to review the recommendations and advise management by seeking to align with both Congressional authorization and intent while observing fiscal responsibility.

28. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

The Postal Service must ensure that it communicates with its customers and employees about the consolidation process by using a multi-channel approach, including print, television, and social media. It is critical for the Board to remain transparent about the process while seeking stakeholder involvement at every level.

29. The Postal Service is required to deliver mail to every address in the country, creating the need for retail postal locations in low-density counties and towns. How would you balance the Postal Service's universal service obligation and the need for rural counties to have reasonable access to the postal services when looking at ways to improve the Postal Service's financial condition?

The universal service standard is an essential mission of the Postal Service and assists in "binding the nation together." Congress has called on the Postal Service to provide a "maximum degree of effective and regular postal services to rural areas." To balance this requirement with improving financial viability, the Postal Service should remain agile and flexible in identifying and executing the standards and frequency of postal services and delivery.

30. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

Yes, I believe the Postal Service should increase alternate retail channels to increase revenue and improve customer experiences through enhanced convenience and expanded access points. This allows the Postal Service to shift traditional retail business to lower-cost channels and expand partnerships with the private sector.

31. The Postal Service has, in the past, proposed both the elimination of Saturday delivery of some classes of mail and has nearly eliminated the overnight service standard.

    a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail and lower certain service standards?

The Postal Service should remain agile and flexible in identifying and executing the standards and frequency of postal services and delivery.

b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm any subset of postal customers and are consistent with the Postal Service's universal service obligation?

The Postal Service must obtain public input and analyze potential effects of any service changes to determine how changes would harm customers. The Postal service should remain agile and flexible in identifying and executing the standards and frequency of postal services and delivery to meet the needs of each subset of customers.

c. How do you believe that changes to service affect customers' attitudes towards and use of the Postal Service?

I believe if the process is open and transparent customer attitudes will not significantly change.

d. How should the Postal Service balance the potential cost savings gained or potential revenue lost from changing service?

Both cost savings and revenue gains must be considered in changing service. Finding the point to maximize revenue to assure long-term viability of the enterprise is critical.

Workforce-Related Issues

32. Since 1999, when the workforce peaked at over 900,000 employees, the Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. In the last two years, however, this trend is reversing and the number of Postal Service employees is increasing. Does the Postal Service have sufficient flexibility to adjust its workforce to its operational needs? If not, what additional flexibility is needed?

The constraints imposed on the Postal Service limit the flexibility needed to adjust workforce and operational needs. The process to close offices, to reduce daily service, and prefunding retiree benefit liabilities are examples of limitations on management. These and other issues require cooperation with Congress, the PRC, employees, management and the Board.

33. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

Succession planning is essential to businesses, government agencies, and nonprofits of all sizes. Having consistent policies and practices that recognize the changing workforce and identification and nurturing successor management at all levels is essential.

34. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Postal Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

I generally favor performance-based compensation but recognize that specific performance measures on results and not activity is a key. The performance requires strict oversight by the Board to assure performance results. Successful systems have agreed to measures with clearly defined outcomes.

35. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

I believe the labor-management relationship should be collaborative. Management must have constant communications with employees at all levels. I have served on boards of organizations with large and small labor unions and organizations of no unions. I believe the keys are consistent behavior and constant communications.

Accountability

36. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from Members of Congress?

The Board should ask management to maintain a matrix of Congressional inquiries and their responses. Policies and procedures should be developed to monitor the responses. If there are exceptions to the policy they should be addressed at the next Board meeting or at an appropriate Board committee. The ability to manage their procedures would be part of management evaluations.

37. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the Postal Service Office of Inspector General (USPS OIG)? What do you believe should be the proper response of the Board to recommendations made by the USPS OIG to Postal Service management?

Policies and procedures must be in place to assure all reasonable requests for information from the Inspector General are answered in a timely manner by Postal Service management as part of the Board's oversight role. The Board or appropriate committee should meet with the Inspector General regularly to consider recommendations.

38. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the GAO? What do you believe should be the proper response of the Board to recommendations made by the GAO to Postal Service management?

The same principles apply as outlined in questions 37 to all reasonable GAO requests.

39. Protecting whistleblower confidentiality is of the utmost importance to this Committee.

a. During your career in the federal government, how did you address whistleblower complaints?

Whistleblower confidentiality is essential to the Board oversight role. As a Director at TVA, I supported a plan to have a third party outside hotline readily available to all employees. I support the Board taking a proactive stance in protecting the integrity of the process.

b. How do you plan to implement policies within the Postal Service to encourage employees to bring constructive suggestions forward without the fear of reprisal?

Implementation of policies rest with management, but the Board must help create a culture of encouraging employees to bring forward constructive suggestions without fear of reprisal. Cultural changes require time to filter through a large organization and must begin at the top with the Board and Executive Management.

c. Do you commit without reservation to work to ensure that any whistleblower within the Postal Service does not face retaliation?

Yes

d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

Yes

V. Relations with Congress

40. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Yes

41. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

Yes

42. Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

Yes

VI. Assistance

43. Are these answers your own? Have you consulted with Postal Service management, employees, or any other interested parties? If so, please indicate which entities.

Yes, these answers are my own. I have not consulted with Postal Service management, employees, or interested parties.

U.S. Senate Committee on Homeland Security and Governmental Affairs
Minority
Supplemental Pre-hearing Questionnaire
For the Nomination of Robert Duncan to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Has the President or his staff asked you to sign a confidentiality or non-disclosure agreement?

   No

2. Has the President of his staff asked you to pledge loyalty to the President or the Administration?

   No

3. During your tenure, have you asked any federal employee or potential hire to pledge loyalty to the President, Administration or any other government official?

   No

II. Background of Nominee

4. Do you seek out dissenting views and how do you encourage constructive critical dialogue with subordinates?

   I seek dissenting views and encourage constructive dialogue with subordinates both formally and informally. I have successfully used anonymous written assessments. I have conducted 360° assessments. I also use informal off-the-record sessions to encourage constructive criticism.

5. Please give examples of times in your career when you disagreed with your superiors and aggressively advocated your position. Were you ever successful?

   I became a community bank CEO at an early age, so most of my advocating was to board members. The same is true with most of my leadership positions. I have advocated long-term policies of investing in training that has short-term costs but long-term payback. An example is a 40-years investment in a formal paid Intern Program which is expensive but provides leadership development benefitting the community. In the nonprofit sector, I have advocated for more stringent conflict of interest policies and transparency. I have met limited success with some organizations.

6. Please list and describe examples of when you made politically difficult choices that you thought were in the best interest of the country.

In my role as RNC Chairman, I advocated within the membership of the organization and externally for a comprehensive immigration policy that recognized that America is a nation of laws and a nation of immigrants. As a board member of the Tennessee Valley Authority, I voted for rate increases that preserved the financial viability of the organization.

7. What would you consider your greatest successes as a leader?

I consider my greatest success as a leader the development of talented young people. I have been involved in leadership development in all of my pursuits. The bank Intern Program was developed 40 years ago based on the White House Fellows Program. I currently chair the White House Fellows Program. I have chaired and participated in numerous programs including the Governor's Scholars Program and the Rogers Scholars Program. I have been able to move across public, private, and nonprofit sectors leveraging leadership skills I have learned and helping develop a new generation of leaders.

8. What would you consider your greatest failure as a leader? What lessons did you learn from that experience?

My greatest failure as a leader was not changing the culture of the TVA. I was asked to become Chairman after an environmental disaster. A majority of the board was not happy with the communications and legal response to the event. While I was able to work with management to improve our external messaging and take responsibility for our damage to property owners, I found the culture of the organization did not promote internal criticism and transparency. The board worked with management to implement a cultural improvement plan, but changes in the board membership and management meant the plan did not achieve success throughout the organization. In retrospect, I did not pay enough attention to the cultural warning signs signaled by the Inspector General prior to the disaster. Internal criticism may have prevented the event. The culture and "tone at the top" are priorities I now evaluate in every organization.

III. Role of a Governor of the United States Postal Service

9. The Postal Service possess vast physical assets (processing plants, equipment, vehicles, land, and buildings), much of which were transferred to the Postal Service from the former Department of the Post Office and were paid for by taxpayers. As an essential part of the nation's supply chain, these assets can deliver about 154 billion mail items annually, nation-wide.[1]

[1] United States Postal Service, *Postal Facts 2017* (2017) (https://about.usps.com/who-we-are/postal-facts/postalfacts2017-v2.pdf).

Additionally, the Postal Service is at the center of the mailing and shipping industry, supporting about seven million jobs and about $1.4 trillion in revenues[2] – generating enormous value and wealth for mail related industries, their workers, and the economy as a whole. The Postal Service holds about $27 billion in balance sheet assets.[3] The Postal Service OIG has estimated the Postal Service's real estate portfolio asset value alone to have a market value of about $85 billion.[4]

If confirmed, how will you work to protect taxpayer and public ownership interests in the Postal Service's enormous physical assets, financial holdings, and retirement funds? How can the Postal Service realize and retain more of the value and profits its capital assets and operations generate?

I will work to protect taxpayer and public ownership interest in the Postal Service assets by applying sound financial principles, beginning by obtaining a clear understanding of the balance sheet and financial audits. There may be assets that can be better utilized; there may be pricing policies that should be reworked; there may be new products and services to be offered. I reserve judgment until I can adequately understand the extent of the assets and liabilities.

10. How will you work to promote public transparency and oversight of the Postal Service's operations and financial performance, as well as, its management actions and overall integrity?

Transparency is a primary goal based on my previous public service experiences. I will carefully review recommendations from the Inspector General and other management studies. I will advocate for internal policies for transparency by the board and management while guarding any necessary business secrets.

IV. Policy Questions

Financial Issues and Operations

11. America's population, and with it, the total number of addresses, continues to grow. Despite the growth in addresses, all of which the Postal Service is still required to deliver mail to, mail volumes continue to decrease. That puts the Postal Service in the difficult position of expanding its network despite shrinking demand. How should the Board be

[2] Envelope Manufacturers Association Foundation, *US Mailing Industry Jobs and Study* (2015) (tensionenvelope.com/sites/default/files/2015-mailing-industry-job-study.pdf).

[3] United States Postal Regulatory Commission, *United States Postal Service: 2017 Report on Form 10-K* (Nov 14, 2017) (https://about.usps.com/who-we-are/financials/10k-reports/fy2017.pdf).

[4] United States Postal Service, Office of Inspector General, *Be Careful About What You Assume* (Feb. 16, 2015) (uspsoig.gov/blog/be-careful-what-you-assume).

involved in decisions to right-size postal retail and mail processing networks, including decisions to close specific facilities?

The Board is charged with determining the direction of the Postal Service and providing strategic decision making. The Board will review recommendations of management and align Congressional authorization and fiscal responsibility.

12. The 2006 Postal Accountability and Enhancement Act of 2006 required the Postal Service to prefund 100% of its future retiree health benefits liability. Without the prefunding requirement, the U.S. Postal Service would have produced a net profit every year from 2012 to 2016, roughly coinciding with the greater economic recovery from the Great Depression. Are you aware of any U.S. company that prefunds 100% of any retiree benefit liability? Do you believe this is a sound accounting and business practice? If so, why? If not, why not?

I am not aware of a company that prefunds 100% of its retiree benefit liabilities. While the prefunding may protect current employee's earned benefits and possibly reduce long term taxpayer expense, it creates difficulties in the Postal Service's ability to invest in the future and foster long term financial viability. This is a policy question that requires additional information and discussion.

13. Too often, efforts to improve the Postal Service's financial condition have been borne by rural communities because post offices in those communities are not as profitable as higher-trafficked urban post offices and delivery costs are higher. Yet rural communities are, in many cases, more reliant on the Postal Service for delivering needed goods and services. What additional factors should be considered before the postal service makes decisions on cost-cutting efforts?

As decisions are made on cost-cutting efforts, the availability of alternate retail channels and distance to nearby post office locations should be considered. The concept of a "basic and fundamental service to bind the nation together" is a statutory requirement.

14. In 2012, the Postal Service reduced delivery standards in order to consolidate a number of mail processing facilities. What do you think are the long-term financial costs and benefits to reducing the quality of the Postal Service's core products?

The Board must consider the consequences of fiscal proposals and advise management. It appears that the reduction in delivery standards and the decline in the volume of first-class mail make the challenge of long-term financial viability more difficult. The Board should consider policies to add value to the first-class mail product while achieving operational efficiencies.

Postal Reform

15. Some view the Postal Service as "a business" to serve paying customers: others see it as a government services that must continue to be available to all citizens regardless of the financial profitability of operating in certain, more rural areas of the country. Which view should take priority?

I believe the Postal Service has a wider responsibility than a private sector business to serve the public interest. Congress, the Board, management, the citizens of America, and all stakeholders should have an opportunity to discuss this important question. There are other organizations that have public and private characteristics that should be studied.

Rates

16. Since 2007, the Postal Service has reduced its career workforce by more than 200,000 employees and closed 1,716 post offices. The Postal Service is also limited in its ability to increase revenue through rate increases on first class mail. With these restrictions in place, what are the Postal Service's best alternatives to raise additional revenue? Should it consider increasing prices on its parcel products?

The Postal Service should evaluate the use of alternate retail channels, such as private retailers, self-service kiosks, and digital platforms to increase revenue and improve customer experiences. The Postal Service should be agile and flexible to meet market demands while providing fair and reasonable rates and fees. All sources of revenue and levels of services should be evaluated.

Customer Service

17. The Postal Service sometimes is forced to temporarily close a retail postal facility, for example, after a natural disaster. Yet many of these facilities stay closed for as much as 5 years or longer with little or no communication with the affected community. How can the Board ensure that the Postal Service improves communication with its customers?

It is unacceptable that there has been little or no communications before and/or after the closure of a postal facility, Transparency and open communications are essential. The Board should establish guidelines to ensure the Postal Service engages affected communities through a multi-channel approach while providing a reasonable estimate of permanent closure or reopening. This should be delegated to management with adequate reporting and accountability measures includes.

Oversight

18. The Postal Service has been operating without any independent Board Members for over a year, and without quorum since 2015. In the event this occurs in the future, what additional authorities should the Postmaster General, Deputy Postmaster General and Postal Regulatory Commission be given to ensure that the Postal Service can continue to operate effectively and efficiently in the interim?

Guided by statutes and its bylaws, the Board ensures that the Postal Service carries out its mission by directing and controlling expenditures and reviewing the policies and practices of the Postal Service. There are a number of decisions that must be authorized specifically by the Governors including hiring and setting the compensation for the Postmaster General and Deputy Post master General. I understand that the service is hampered without independent board members, and actions may be legally challenged, but I am reluctant to delegate fiduciary duties of the Board to others. I believe Congress will act in the public interest to confirm Board members or change the structure.

19. Recent reports by the USPS OIG have found instances where practices and procedures by postal employees and management did not uphold the reliability and integrity of the Postal Service's performance data, such as scanning mail as delivered even if it was not. What steps should the Postal Service take to help ensure the integrity of its service performance system?

The Postal Service must act with integrity, reliability, and transparency. Expectations must be established, training provided, and supervision exercised to hold employees accountable for intentional or reckless errors. This is the responsibility of management, and the tone must be set at the top. The Board must evaluate management appropriately.

20. As providers of vital services, many foreign nations' postal operators are required to meet well defined universal service obligations. The U.S. Postal Service has few mandated, measurable service standards. Are such standards needed in the U.S. and, if so, what steps would you take to being implementing them?

Establishing standards and best practice procedures is essential for all enterprises. My limited research indicates that the United States is a member of the Universal Postal Union and that the universal service standards are an essential mission of the Postal Service.

Opioids

21. Criminals are using the Postal Service as a means to distribute illegal narcotics, including deadly opioids, posing enormous risks to American citizens. This has put not just the lives of the users at risk, but also the lives of postal workers. Yet the sanctity of mail against government inspection has been a hallmark of postal policy, requiring search

warrants to allow law enforcement to open a mail item. Should law enforcement be given wider latitude to open suspicious mail items? How might privacy concerns be balanced against the need to protect public and worker safety?

I am a strong supporter of the Fourth Amendment to the U.S. Constitution and believe in the sanctity of the mail against government inspection. I also recognize the risk to Postal Service employees and all Americans. I believe latitude exists to open suspicious mail under the egis of a valid search warrant insuring the recipient's constitutional right to privacy. I am open to further debate on expanding powers under court supervision.

Wages and Benefits

22. Postal Service is having difficulty recruiting younger workers. What might be done to change the image of working for the Postal Service?

This is a problem facing many employers in all sectors. While the Millennials are not monolithic, I generally believe that younger workers seek work-life balancing career opportunities that offer early advancement and professional development. Employers are expected to demonstrate a mission-driven purpose and a high level of work schedule flexibility to compete for top talent. To the extent that the organization can accommodate these requirements, the Postal Service should promote these values and actively recruit younger workers.

V. Accountability

23. What is your assessment of the oversight work performed by the Postal Service Office of Inspector General (USPS OIG) over the past decade? What do you view as the greatest challenges facing the USPS OIG?

I do not have adequate information to assess the work of the Postal Service Office of Inspector General over the past decade. I strongly support the concept of Inspector Generals and consider the office necessary for management accountability and Congressional oversight.

24. During your career, has your conduct as a federal employee ever been subject to an investigation or audit by an Inspector General, Office of Special Counsel, Equal Employment Opportunity Commission, Department of Justice, or any other federal investigative entity? If so, please describe the investigation or audit and its outcome.

I am not aware of any investigation into my conduct as a special federal employee.

25. During your career as a federal employee, have you ever declined to implement recommendations made by the Office of Inspector General, the Office of Government Ethics, the Office of Special Counsel or the GAO? If so, please describe the recommendations that were made and your reasoning for not implementing them.

As a special federal employee, I was not responsible for implementing or declining to implement recommendations made by an Inspector General, the GAO or office of Special Counsel. I strictly adhered to all recommendations related to me individually by the Office of Government Ethics.

26. If confirmed, do you pledge to implement recommendations made by the USPS OIG, Office of Government Ethics, the Office of Special Counsel and the GAO?

I pledge to implement all reasonable recommendations made by USPS OIG, Office of Government Ethics, the Office of Special Counsel and the GAO.

VI. Relations with Congress and the Public

27. If confirmed, how will you make certain that you will respond in a timely manner to Member requests for information?

I will respond in a timely manner to all Congressional requests using my personal knowledge. In some instances I will request staff support to answer more technical and complicated requests.

28. If confirmed, do you agree without reservation to reply to any reasonable request for information from the Ranking Member of any duly constituted committee of the Congress?

Yes

29. If confirmed, do you agree without reservation to reply to any reasonable request for information from members of Congress?

Yes

30. If confirmed, do you commit to take all reasonable steps to ensure that you and your agency comply with deadlines established for requested information?

Yes

31. If confirmed, do you commit to protect subordinate officials or employees from reprisal or retaliation for any testimony, briefings or communications with members of Congress?

Yes

32. If confirmed, will you ensure that your staff will fully and promptly provide information and access to appropriate documents and officials in response to requests made by the Government Accountability Office (GAO) and the Congressional Research Service?

Yes

33. If confirmed, will you agree to work with representatives from this Committee and the GAO to promptly implement recommendations for improving the Postal Service's operations and effectiveness?

Yes

34. If confirmed, will you direct your staff to fully and promptly respond to Freedom of Information Act requests submitted by the American people?

Yes

35. If confirmed, will you ensure that political appointees are not inappropriately involved in the review and release of Freedom of Information Act requests?

Yes

36. If confirmed, will you direct your staff to adopt a presumption of openness where practical, including identifying documents that can and should be proactively released to the public without requiring a Freedom of Information Act request?

Yes

37. If confirmed, will you keep this Committee apprised of new information if it materially impacts the accuracy of information your agency's officials have provided us?

Yes

VII. Assistance

38. Are these answers completely your own? If not, who has provided you with assistance?

Yes, they are completely my answers based on my personal knowledge and research. I received clerical help from my personal assistants.

39. Have you consulted with the Postal Service management or any other interested parties? If so, please indicate which entities.

I had incidental contacts with various USPS management officials, White House officials, and Postal Regulatory Commission officials concerning the nominating process and publically available information. I have not consulted on specific issue topics.

I, Robert M. Duncan, hereby state that I have read the foregoing Pre-Hearing Questionnaire and Supplemental Questionnaire and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Robert M. Duncan
(Signature)

This 12th day of March, 2018

Senator Rand Paul
Post-Hearing Questions for the Record
Submitted to Mr. Robert M. Duncan

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

On the Universal Postal Union and the international mail system:

As you may know, international mail is exchanged and delivered under the auspices of a treaty known as the Universal Postal Union (UPU). Because of its status as a treaty, the U.S. Department of State is the lead agency involved in negotiating the terms of the UPU. Nevertheless, the members of the Board of Governors of the U.S. Postal Service (USPS) should at a minimum be aware of several issues of growing concern involving the UPU and international mail pricing, trafficking and security.

To that end, please answer the following as completely as possible.

1. Are you aware that under the UPU, the USPS is required to deliver foreign packages at rates lower than those available to domestic shippers?

   I am generally aware that treaty requirements mandate delivery of foreign packages at rates lower than those available to domestic shippers. I find this unacceptable and will ask that the agreements be reviewed and revised.

2. Are you aware that under the UPU, foreign postal services are not required to follow the same customs and security processes that are imposed on other international shippers?

   I am generally aware that foreign postal services are not required to follow customs and security processes imposed on international shippers. I find this disturbing and a national security issue. I look forward to working with various stakeholders to remedy the situation.

3. Are you aware of the Senate Permanent Subcommittee on Investigations (PSI) report[1] on vulnerabilities in the international mail system that concluded that "the federal government's policies and procedures are inadequate to prevent the use of the international mail system to ship illegal synthetic opioids into the United States"?

   I am generally aware of the PSI report on vulnerabilities and the inadequacies to prevent the use of international mail to ship illegal synthetic opioids into the United States. I find this appalling and will task management to make this a priority.

[1] https://www.hsgac.senate.gov/subcommittees/investigations/hearings/combatting-the-opioid-crisis-exploiting-vulnerabilities-in-international-mail

4. Are you aware that that same Senate PSI report noted that, due to the customs and security exemptions under the UPU for foreign postal services, "... 318,891,780 packages entered the United States with no associated [advanced electronic data, or AED] on the sender's name and address, the recipient's name and address, or the contents of the package. With no AED, [Customs and Border Protection] was unable to target any of these packages for further inspection before they entered the United States."

   I am not specifically aware of the customs security exemptions. I find this unacceptable.

5. If confirmed, will you commit to investigating these concerns, and to working with the U.S. Department of State to correct underpricing of international mail?

   If confirmed, I am committed to investigating the concerns in the four previous questions and committed to working with the U.S. Department of State to correct pricing disparities of international mail. I look forward to learning more from the Postal Service response. We must take action to keep our mail system safe. I will work with all stakeholder groups to correct these problems.

On assessing the USPS' unfunded liabilities:

As I mentioned in the hearing, I believe the Committee would benefit from regular updates on the financial condition of the USPS, including (as mentioned by Mr. Williams in his testimony) "decomposing" the agency's long-term liabilities into their respective elements and developing a plan to improve the management of those liabilities.

1. Would you be supportive of efforts by the USPS Board of Governors to provide regular updates on the financial condition of the USPS to the Committee?

   I am committed to providing the Committee regular updates on the financial condition of the Postal Service.

On overhead and labor costs:

As I noted in the hearing, and as the USPS notes in its December 31, 2017 Form 10-Q filing[2], the USPS's "costs are heavily concentrated in wages and benefits for both current employees and retirees."

1. In your opinion, what is the role of the USPS Board of Governors in reviewing the percentage of operating expenses that are attributable to labor?

   The Board's role is setting strategic goals and overseeing these goals, including the budget process. I expect an analysis and breakdown of operating expenses and a

[2] http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2018-q1.pdf

comparison of best practices that lists labor expense ratios for postal systems in other countries, domestic competitors, and other quasi-governmental organizations.

2. Would you be supportive of efforts by the USPS Board of Governors to review and conduct comparative analyses of the labor costs of the USPS relative to both its competitors as well as other public enterprises (such as transit systems, foreign posts, and quasi-government agencies such as the Tennessee Valley Authority)?

   I support a thorough analysis of labor costs including comparisons to competitors and other government entities.

On pricing and organizational transparency:

1. Would you be supportive of efforts by the USPS Board of Governors to review how USPS accounts for and allocates its costs among its various lines of business? Specifically, would you support analyses designed to determine whether and to what degree USPS "monopoly" products may be cross-subsidizing its competitive (parcel delivery) products? Would you support making the results of these analyses available to members of Congress and the public?

   Yes, I support a cost allocation review and would make the analysis available to Congress and the public subject to proprietary information being reserved.

2. Where appropriate and if necessary, would you be willing to assist members of Congress in seeking additional information from the U.S. Postal Service on behalf of their constituents?

   I am willing to assist Congress in seeking additional information on behalf of constituents subject to proprietary information being reserved.

Ranking Member Claire McCaskill
Post-Hearing Questions for the Record
Submitted to the Mr. Robert M. Duncan

Nominations of Honorable David C. Williams, Calvin Tucker,
And Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

EMPLOYEE ISSUES

Q. Please list any federal holidays that you have required your employees to work, despite the bank being closed to customers for the day.

The Federal Reserve recognizes ten holidays each year. Banks are not required to observe any of the ten days. The Inez Deposit Bank is closed on six of the ten days: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Internally, we refer to these as the mandatory holidays. The bank has limited customer service on three days: Martin Luther King Jr. Day, Columbus Day and Veterans Day. Limited service days consist of drive up service and lobby and loan service by appointment. The bank is totally closed to customers on President's Day, and all staff is required to attend mandatory compliance and security training as well as management updates. In addition to limited service and banking by appointment on Martin Luther King Jr. Day, all staff works on records and retention, year-end close out projects and organizing the workplace for the coming year.

Q: Please explain why you required your employees to work on these holidays, and your reasoning for choosing these particular federal/bank holidays and not others.

Employees are required to work on President's Day to receive mandatory training required by various federal banking regulations and for internal communications purposes such as communicating the strategic plan and employee awards. President's Day is near the beginning of the year in February and coincides with having our official financial numbers for the previous year. Martin Luther King Jr. Day was chosen for limited service and work on records retention, closing out issues from the previous year, and organizing the workplace for the coming year. It was chosen because of its proximity to the previous year. The limited service days were chosen to conform to local banking patterns, particularly for retail commercial accounts.

POST OFFICE CLOSINGS AND SERVICE CUTS

Q: Do you support making cuts to USPS mail delivery service or the number of delivery days? Why or why not?

The Postal Service should remain flexible in identifying and executing the time and frequency of postal services and delivery to better serve customers.

Q: What impact do you think cutting mail delivery service or closing post offices will have on rural communities in particular?

In many instances, the post office is the community center and social hub in rural communities. Rural communities are more likely to be disadvantaged in access to alternate retail channels and proximity to the next-closest postal facility.

The Postal Service has had to deliver to more addresses every year, but is handling less mail. The explosive growth in packages has not come close to filling the void left by declining first class mail volumes.

Q: What steps can the Postal Service take to ensure that it meets its universal service obligation, especially in rural America, while also becoming financially self-supporting?

The extensive network operated by the Postal Service is a competitive advantage and obligation. The universal service obligation can be used to leverage the extensive network making sure all citizens have effective and efficient service. I encourage management to look for strategic partnerships to better utilize Postal assets.

ROLE OF THE USPS BOARD OF GOVERNORS

Q: How do you view the postal service – as a service available to every constituent in the country or as a business that must be profitable despite obligations that no private company faces?

Both. The Postal Service is a hybrid institution and must be recognizes as both. On the one hand the Postal Clause in Article 1, Section 8, Clause 7 of the U.S Constitution empowered Congress to "establish post offices and post roads." Today, the universal service standard is an essential mission of the Postal Service and assists in "binding the nation together." On the other hand, 39 U.S.C. Section 201 provides the Postal Service is an "independent

establishment of the executive branch." This means the Postal Service is a self-supporting agency that is designed to cover its operating costs by generating revenue through the sale of postage and related products and services.

POSTAL SERVICE FINANCES

Q: Are there provisions of the PAEA that Congress should consider changing to help improve the Postal Service's ongoing financial viability?

The funding requirement in the Postal Accountability and Enhancement Act of 2006 creates difficulties in the Postal Service's ability to invest in the future and foster long term financial viability. It is premature for me to be prescriptive for Congress action until I have more information.

Q: Are you aware of the restructuring that the Postal Service has undergone recently, and if so, can you briefly describe some of its recent cost-cutting measures?

I am generally aware of cost cutting efforts since 2012 resulting in the reduction of hours at some facilities and reduction in backroom operation's capacity. I am personally aware of reductions of service standards. Recently, I received a properly addressed first class letter that took twelve days to travel approximately 150 miles.

Q: Could you give a few examples of what additional restructuring of the Postal Service's business model you would suggest?

My approach to additional restructuring of the Postal Service's business model centers on being agile, aggressive, and accountable. The Postal Service should be agile and flexible in developing new business products and programs as well as in identifying and executing the standards and frequency of postal services and delivery. The Postal Service should be aggressive in implementing policies and initiatives that foster innovation, meet the numerous challenges ahead, and take advantage of the great opportunities in e-commerce and package delivery. Finally, the Postal Service should be accountable with a focus on transparency and responsiveness and regular Board over- sight and evaluation.

POSTAL REFORM LEGISLATION

Q: Where do you see the Postal Service in 10 or 20 years?

The future of the Postal Service will be determined by agile, aggressive, and accountable management. The use of technology offers opportunities to enhance and leverage the "last mile delivery" of mail and other products. The Postal Service employees and infrastructure are the greatest assets. I envision postal facilities delivering high tech, high touch products including imaging and manufacturing materials. The facilities will deliver additional government services for benefits and initial agency contacts. The amount of information

generated by the postal system is valuable and will help determine future products and services. I'm optimistic about the future of the Postal Service, but survival requires a high level of cooperation among the stakeholder groups.

EXECUTIVE ORDER ON POSTAL REFORM

Last week, the President issued an executive order establishing a commission to examine postal reform. The Treasury Secretary was selected to head the commission, but curiously, the Postal Service is not represented, nor are any stakeholders like unions, big mass mailers, or Members of Congress whose constituents are going to be directly affected by the Commission's findings.

Q: If confirmed, how will you ensure that the Postal Service is adequately represented in the Commission's deliberations and conclusions?

If confirmed in the next few weeks, I will encourage the new Board to petition the Treasury Secretary to add our newly elected Chairman to the Commission. The Postal Service can best serve the Commission and nation by providing accurate information and analysis during the process.

INTERNATIONAL MAIL

We have a huge, complex problem right now with illicit opioid manufacturers in China using the Postal Service to deliver fentanyl in small packages to the U.S. The Postal Service currently receives about 1 million packages per day, mixed in with millions of pieces of international letter mail. By contrast, UPS handled 3 million international packages total in 2017. And the Postal Service does not control the data associated with these packages from start to finish the way that FedEx and UPS do. Making things even more difficult, the Postal Service is bound by treaty obligations that the express shippers do not have to deal with. All of which makes finding a solution to this problem extremely complicated. But it's one that we must solve. We need to find ways to improve data collection and screening capabilities.

Q: If confirmed, will you take some time to get up to speed on the issue and present some formal recommendations and a path to start to resolve this issue?

If confirmed, I will review issues related to international mail and task management with making formal recommendations to help resolve the issues. I am personally aware of the need to keep dangerous materials out of the mail system.

Senator Tom Carper
Post-Hearing Questions for the Record
Submitted to Mr. Robert M. Duncan

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

1. In 2017, the independent Postal Regulatory Commission (PRC) found that parcels contributed $7 billion more in revenue to the Postal Service than they cost to process deliver. In fact, according to PRC calculations, the share of institutional costs covered by competitive products has quadrupled over the last decade. This tells me that these products are not being subsidized, as has been suggested. Instead, parcels appear to be extremely profitable for the Postal Service and are helping defray the cost of universal mail service. I believe that growing parcel revenues helps to stabilize the Postal Service's finances and protects the Postal Service's ability to meet the obligation we place on it to deliver First Class Mail and other products to every address in the country.

   What are your views on this issue? Given the universal service obligation and the growing cost of Postal Service liabilities, what would you propose that the Postal Service do to make its package products more competitive and more profitable?

   I believe that the Postal Service must provide value for customers at a price they can afford. A competitive price structure will allow the Postal Service to continue to grow its market share. The universal service obligation assures all customers will receive fair and competitive pricing of products. The last mile delivery of the Postal Service is a competitive advantage for the Postal Service, but should not be priced to encourage other market entrants thus driving down Postal Service volume. Most businesses face similar concerns of over- pricing or underpricing and the market makes the final decision.

2. The Postal Service's affordable delivery of packages is an economic lifeline to many Americans. I am concerned that any effort to make the Postal Service charge more for package delivery will harm, not help, small businesses and consumers, especially rural businesses and consumers who may not have access to any affordable alternatives. Can you speak to your commitment to ensuring rate stability and predictability when it comes to the Postal Service's package products? Do you agree it is essential to preserve universal access to affordable package delivery services

   I believe price stability is essential in a well-managed organization. It allows customers to plan and price accordingly. Price stability is important for small businesses to compete, and I would look very carefully at significant changes.

Universal service helps communities underserved by commercial carriers to compete by maintaining reasonable prices.

3. As you know, the Board of Governors has been completely vacant since the end of 2015 and without a quorum since 2014. If confirmed, what steps will each of you take to evaluate the status of the Postal Service and the steps that need to be taken in the coming months to address both its short-term and long-term financial challenges? Given that no single part-time governor can possibly focus on everything, what will your main areas of interest be?

   My focus as a Postal Board Governor will be examining the business model and strategic plan for the organization particularly as it relates to the well-known financial problems. I will also pay close attention to the level of transparency and cooperation with Congress, the PRC, postal workers, and other stakeholders. In addition, I listed several areas of anticipated concern in my prepared statement: Governance Structure, Universal Service, Delivery Frequency, Delivery Standards, Change in Rates, Rural Service, and Transportation of Opioids.

4. As you know, the Board of Governors is charged with hiring and overseeing the work of the postmaster general and other senior postal managers. If confirmed, what steps will you take to evaluate the team in place today? Going forward, what qualities would you look for when looking to fill key positions?

   If confirmed, I will review the contracts of the Post Master General and Deputy Post Master General along with their stated goals and objectives and evaluations for the past few years. I will interview and evaluate the two top leaders to discuss their views on leadership and management focusing on "tone at the top" issues of cooperation and transparency with emphasis on the Postal Service culture.

   In filling key Postal Management positions, I will look for vision, proven leadership, flexibility, communication skills and passion for the job. Proven leadership in leading and managing complex organizations is essential whether the leader is an external or internal candidate. The ability to adapt and innovate is critical in today's environment. Great leaders must have a vision of how to make the organization thrive and the passion to execute their visionary plans. They must know how to communicate their vision to all stakeholders and how to manage people and projects for success.

Testimony before the United States Senate Homeland Security and Government Affairs Committee for

Calvin Tucker, Nominee

To Be A Member of the U.S. Postal Service Governing Board

April 18, 2018

Good morning Chairman Johnson, Ranking Member McCaskill and Members of the Committee. It is my pleasure to be before you today. I want to thank President Donald J. Trump for his decision to nominate me to become a member of the United States Postal Service's Board of Governors. I am honored and humbled by the confidence and trust that President Trump has placed in me.

I also want to thank my wife, Sharon, who is here with us today, and my family, represented today by my two sons, Aaron and Bradley. Those who could not join us include my daughter, Sheneen, my granddaughter, Amaya, and my mother, Emma. I want to thank them all for their support in this endeavor, and in everything we have accomplished as a family.

Over the 43 years of my professional life, I have served in various capacities at diverse organizations. These include Eagles Capital Advisors (a small minority management and financial consulting firm); Advance Bank (a minority financial institution); United Bank of Philadelphia (a minority financial institution); Milligan & Associates (A minority accounting and consulting firm); GMAC Commercial Mortgage Corporation (an international mortgage banking firm); Resolution Trust Corporation (a federally-chartered corporation established by Congress

in 1989 under the Financial Institution Reform and Recovery Act), as well as other businesses and financial institutions.

I have also had the privilege to serve on numerous community boards, such as: Habitat for Humanity of Philadelphia; African American Chamber of Commerce of Philadelphia and Vicinity; Commonwealth of Pennsylvania/ Philadelphia County Board of Public Assistance; Presbyterian Children Village; Paul Roberson House; Urban Financial Services Coalition and Community Capital Works, just to name a few.

From a career mostly in small to medium-size businesses and my advocacy through nonprofits, I truly appreciate the needs of those communities. If confirmed, I will bring that knowledge and perspective to help the U.S. Postal Service better focus on the needs of small business and community groups. For example, in my consulting practice, many of my small business clients are single operators who struggle with the day-to-day responsibilities of making their enterprises a success. My clients will typically ask questions like, who will help them with marketing, sales or simply getting their product to their customers? So, can the Postal Service simplify shipping options so that these businesses owners have one less thing to worry about? Are we doing enough to support the non-profit community and the good work they do? What can we do to better support small business partners who lack the expertise and resources available to bigger business? If I'm confirmed, these are the types of questions I will bring to the table, and I will work with the small business community, postal management and other stakeholders to ensure that small and medium-sized businesses and the customers they serve are well represented at the Postal Service.

Today, more than ever, I believe that it is essential that the Postal Service genuinely consider this small business perspective. As larger companies shift out of mail in favor of digital, mom-and-pop businesses still need innovative communication solutions. For example, a small neighborhood accounting business may struggle with a digital advertising campaign, so a mail-based, local solution might appeal to them. Are we doing everything we can to make that the easy and cost-effective solution? A rural farmer may not have access to broadband, but she should always be able to count on the regular delivery of mail. Are we devoting the resources and attention that rural postal customers deserve?

While my experience and expertise is in the small business community, I also appreciate how the Postal Service is an integral part of our nation's economic system. From the smallest to biggest business, from our most populated cities to the most sparse rural area, from the richest to the poorest, the Postal Service provides an essential public service without playing favorites. Every day it delivers mail to more than 156 million homes and businesses, made possible through the work of more than 640, 000 hardworking and dedicated employees. If I'm confirmed, I will work with my fellow Board members and other stakeholders to ensure that the Postal Service continues to be a significant economic engine for the American people.

I am mindful, however, that over the last 11 years, the Postal Service has faced very significant challenges. These include tremendous financial losses, growing debt, and a decline of its most profitable product, First-Class Mail. If confirmed, I will use all of my energy and experience to help find solutions to these challenges.

The solution, I believe, will be found by utilizing the Postal Service's strengths. It has faithfully served as the link connecting Americans through daily delivery and its network of approximately 31,000 Post Offices. It has a dedicated and knowledgeable workforce, and it was, in fact, the first Social Media Network. If we can leverage those strengths and adapt to the new needs and circumstances, I believe the Postal Service can continue to play its vital and necessary national role. While I do not claim to have all the answers, if confirmed, I pledge to bring my perspective and experience, work openly with my fellow Governors, listen closely to all stakeholders, and always remember the tremendous responsibility I have been given.

Thank you, Chairman Johnson, Ranking Member McCaskill and members of the Committee for giving me the opportunity to present this testimony to you. I look forward to any questions that you may have.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

Position to Which You Have Been Nominated	
Name of Position	**Date of Nomination**
Governor, United States Postal Service Board of Governors	October 26, 2017

Current Legal Name			
First Name	**Middle Name**	**Last Name**	**Suffix**
Calvin	Ray	Tucker	

Addresses					
Residential Address (do not include street address)			**Office Address** (include street address)		
[redacted]			**Street:** 6644 Lincoln Drive		
City: Philadelphia	**State:** PA	**Zip:** 19119	**City:** Philadelphia	**State:** PA	**Zip:** 19119

Other Names Used						
First Name	**Middle Name**	**Last Name**	**Suffix**	Check if Maiden Name	**Name Used From** (Month/Year) (Check box if estimate)	**Name Used To** (Month/Year) (Check box if estimate)
(None)					Est ☐	Est ☐

Birth Year and Place	
Year of Birth (Do not include month and day.)	**Place of Birth**
1952	Memphis, Tennessee

Marital Status					
Check All That Describe Your Current Situation:					
Never Married	**Married**	**Separated**	**Annulled**	**Divorced**	**Widowed**
☐	☒	☐	☐	☐	☐

Spouse's Name (current spouse only)			
Spouse's First Name	**Spouse's Middle Name**	**Spouse's Last Name**	**Spouse's Suffix**
Sharon	Ellen	Tucker	

Spouse's Other Names Used (current spouse only)						
First Name	**Middle Name**	**Last Name**	**Suffix**	**Check if Maiden Name**	**Name Used From (Month/Year) (Check box if estimate)**	**Name Used To (Month/Year) (Check box if estimate)**
Sharon	Ellen	Irving		☒	April 1957 Est ☐	May 1976 Est ☐

Children's Names (if over 18)			
First Name	**Middle Name**	**Last Name**	**Suffix**
Sheneen	Nicole	Tucker/Brockington	
Aaron	Calvin Ray	Tucker	
Bradley	Ray	Tucker	

2. Education

List all post-secondary schools attended.

Name of School	**Type of School** (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	**Date Began School** (month/year) (check box if estimate)	**Date Ended School** (month/year) (check box if estimate) (check "present" box if still in school)	**Degree**	**Date Awarded**
Pierce	College	Est ☒ January 1970	Est Present ☒ ☐ May 1972		
Temple	University	Est ☒ June 1972	Est Present ☒ ☐ August 1972		
Lincoln	University	Est ☒ Sept. 1972	Est Present ☒ ☐ May 1975	BSBA	May 1976
LaSalle	University	Est ☒ Sept. 1976 ☐	Est Present ☒ ☐ May 1978		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

Type of Employment (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other	Name of Your Employer/ Assigned Duty Station	Most Recent Position Title/Rank	Location (City and State only)	Date Employment Began (month/year) (check box if estimate)	Date EmploymentEnded (month/year) (check box if estimate) (check "present" box if still employed)
Self-Employment	Eagles Capital Advisors, LLC	Managing Partner	Philadelphia, PA	Est ☒ May 2009	Present Est ☒
Non-Government Employment	Advance Bank	Vice President	Philadelphia, PA	Est ☒ April 2004	Est ☒ May 2009
Non-Government Employment	United Bank of Philadelphia	Vice President	Philadelphia, PA	Est ☒ April 2003	Est ☒ April 2004
Non-Government Employment	C.R.Tucker Associates	Financial & Management Consultant	Philadelphia, PA	Est ☒ January 2002	Est ☒ February 2003
Non-Government Employment	Milligan & Company, LLC	Director of Marketing	Philadelphia, PA	Est ☒ February 2001	Est ☒ September 2002
Non-Government Employment	GMAC Commercial Mortgage Corp., USA and Canada	Vice President	Horsham, PA	Est ☒ August 1997	Est ☒ November 2000
Non-Government Employment	International Mailing Technologies, Inc	President	Wyndmoor, PA	Est ☒ May 1996	Est ☒ August 1997
Government Employment	Resolution Trust Corporation	Director	Valley Forge, PA	Est ☒ June 1990	Est ☒ May 1996
Non-Government Employment	Sears Mortgage Corporation	Senior Mortgage Officer	King of Prussia, PA	Est ☒ February 1990	Est ☒ May 1990
Non-Government Employment	Mortgage Makers, Inc.	Vice President	Philadelphia, PA	Est ☒ March 1989	Est ☒ February 1990
Non-Government	Margaretten & Company	Mortgage Officer	Fort Washington, PA	Est ☒ September 1988	Est ☒ March 1989
Non-Government	Home Unity	Assistant Vice	Blue Bell, PA	Est ☒ July 1985	Est ☒ August 1988

Employment	Mortgage Services, Inc	President			
Non-Government Employment	Leevy Redcross and Company	Senior Business Analyst	Philadelphia, PA	Est ☒ August 1984	Est ☒ July 1985
Non-Government Employment	C.R.Tucker Associates	Business Consultant	Philadelphia, PA	Est ☒ January 1980	Est ☒ August 1984
Non-Government Employment	Council for Labor & Industry	Account Manager/ Economic Development Specialist	Philadelphia, PA	Est ☒ August 1978	Est ☒ December 1979
Non-Government Employment	Latimer & Buck, Inc	Mortgage Portfolio Manager	Philadelphia, PA	Est ☒ June 1976	Est ☒ August 1978

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

Name of Government Entity	Name of Position	Date Service Began (month/year) (check box if estimate)	Date Service Ended (month/year) (check box if estimate) (check "present" box if still serving)
U.S. Treasury Department/ Community Development Financial Institution Fund	Reader/Consultant	Est ☒ March 2006	Est ☒ March 2007

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

None.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

List of special recognition for outstanding service or achievement:

1. Resolution Trust Corporation, Special Achievement Award, Sept. 1993, Dec. 1993, Jan. 1995, and Oct. 1995.
2. Resolution Trust Corporation, Certificate of Appreciation, Dec. 1995.
3. Philadelphia Metropolitan Board of Realist, Certificate of Appreciation Award, Feb. 2008.
4. National Association of Real Estate Brokers, Appreciation Award, Oct. 1991.
5. African American Chamber of Commerce, Distinguished Service Award, Dec. 2004.
6. Habitat for Humanity of Philadelphia, Special Appreciation Award, 2007.
7. Germantown Republican Club, William J. McLaughlin Award, Feb. 2015.
8. Mayor of Philadelphia, James F. Kenney, Citation for Social & Civic Contribution, October 2016.
9. Certificate of Special Congressional Recognition, Representative Bob Brady, April 2016.

6. Memberships

List all membersbips that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of $1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

Name of Organization	Dates of Your Membership (You may approximate.)	Position(s) Held
Vesper Club	2005 to 2014	Member
Pennsylvania Society	2010 to present	Member
Alpha Phi Omega	1975 to present	Member

52nd Street Business Association	2005 to 2007	Vice President
African American Chamber of Commerce	2006 to 2008	Board Member
Republican National Committee/ Pennsylvania State Republican Party	2012 and 2016	National Delegate
Pennsylvania State Republican Party	2012 to present	State Committeeman
Philadelphia Republican Party	2010 to present	Ward Leader

10. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

Name of Office	Elected/Appointed/ Candidate Only	Year(s) Election Held or Appointment Made	Term of Service (if applicable)
Pennsylvania State Representative	Candidate Only	1980	N/A

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

Name of Party/Election Committee	Office/Services Rendered	Responsibilities	Dates of Service
Philadelphia Republican City Committee	Assistant Treasurer	Campaign Reporting	2015
Germantown Republican Club	President	Leadership	2013
Pennsylvania/Philadelphia Black Republican Council	Chairman	Leadership	2011
Donald J. Trump for President	Pennsylvania Media Surrogate	Representation of candidate to public and media	April/May 2016 through Nov. 2016.

(C) Itemize all individual political contributions of $200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

Name of Recipient	Amount	Year of Contribution
Pennsylvania Republican Party-Commonwealth Club	$1,000	2015
Pennsylvania Republican Party-Commonwealth Club	$1,000	2016
Pennsylvania Republican Party-Commonwealth Club	$840	2017

11. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

Title	Publisher	Date(s) of Publication
The Fundamentals of Business Credit	WPFSI-ON LINE *	January 2014 (Est.)
The Pitfalls of Predatory Lending	WPFSI-ON LINE	December 2013 (Est.)
Reviewing Your Business Performance: 12 Key Financial Metrics	WPFSI-ON LINE	February 2014 (Est.)
What is Working Capital and Why is it Important for a Business to Understand its Working Capital Position	WPFSI-ON LINE	March 2014 (Est.)
What Is An Operating Cycle in a Business	WPFSI-ON LINE	April 2014 (Est.)
Business Planning-Lifeblood of Diverse Business Growth	WPFSI-ON LINE	November 2013 (Est.)
Co-Host Radio Show "There's Money Out There"	WFSI on WURD Radio 900 AM and 96.1 FM	Various shows from December 2015 to October 2017 (Est.) [see mp3s attached]
A Guide to Business Assistance in Philadelphia	Council for Labor and Industry/The City of	1980 (Est.)

	Philadelphia	

* All WPFSI-ON LINE programs are available at
https://wurdradio.box.com/s/8ktr2ebs90i0icudqwbbq2ltzpya0idu

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

Title/Topic	Place/Audience	Date(s) of Speech
Various Business and Political Speeches	Philadelphia, PA	Various. Not relevant to the position that I have been nominated to. I have no formal recording or records of these speeches.

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

Title	Place/Audience	Date(s) of Speech
N/A		

12. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than $300 and did not include alcohol or drugs.).
  No.
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?
  No.
- Have you been charged, convicted, or sentenced of a crime in any court?
  No.

- Have you been or are you currently on probation or parole?
  No.

- Are you currently on trial or awaiting a trial on criminal charges?
  No.

- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?
  No.

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

Not Applicable.

A) Date of offense:

   a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?
   1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
   2) Firearms or explosives: **Yes / No**
   3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes /No**

   1) Name of the law enforcement agency that arrested/cited/summoned you:

   2) Location of the law enforcement agency (city, county, state, zip code, country):

F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**

   1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):

2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:

3) If no, provide explanation:

G) Were you sentenced as a result of this offense: **Yes / No**

H) Provide a description of the sentence:

I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

L) If conviction resulted in probation or parole, provide the dates of probation or parole:

M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**

N) Provide explanation:

13. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

Date Claim/Suit Was Filed or Legislative Proceedings Began	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/ Proceeding	Results of Action/Proceeding
11/12/2002	Municipal Court Philadelphia & District Magistrate Court	University Commons/ PA State College and Aaron Tucker	Landlord - Tenant	Paid and dismissed
2/8/2001	Municipal Court	Napoleon Vaughn and Aaron Tucker	Disputed Doctor's Bill	Satisfied and dismissed

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

No, but in my professional capacity, I was called as a witness in a criminal proceeding.

Date Claim/Suit Was Filed	Court Name	Name(s) of Principal Parties Involved in Action/Proceeding	Nature of Action/Proceeding	Results of Action/Proceeding
9/29/2014	United States District Court	United States V Eric SIJohn Brown, Et Al.	Subpoena to testify	Conviction of Defendants

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

As a result of my lending role with Advance Bank, Philadelphia office, I was subpoena to testify at a hearing or trial in a criminal case of United States of America V. Eric SIJohn Brown, Et Al. Mr. Brown was a borrower at Advance Bank where he was alleged to have falsified records to induce the bank to lend him money. I was called as witness for the United States.

14. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No.

Name of Agency/Association/ Committee/Group	Date Citation/Disciplinary Action/Complaint Issued/Initiated	Describe Citation/Disciplinary Action/Complaint	Results of Disciplinary Action/Complaint
N/A			

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No.

15. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No.

14. Outside Positions

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Name of Organization	Address of Organization	Type of Organization (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	Position Held	Position Held From (month/year)	Position Held To (month/year)

15. Agreements or Arrangements

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

Status and Terms of Any Agreement or Arrangement	Parties	Date (month/year)

16. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 17 **day of** 11 **, 20**17

REDACTED

UNITED STATES OFFICE OF
GOVERNMENT ETHICS

November 6, 2017

The Honorable Ron Johnson
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

Therefore, I am forwarding a copy of the financial disclosure report of Calvin R. Tucker, who has been nominated by President Trump for the position of a Governor on the Board of Governors, United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

1201 NEW YORK AVE NW · SUITE 500 · WASHINGTON DC · 20005

The Honorable Ron Johnson
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID APOL

Digitally signed by DAVID APOL
DN: c=US, o=U.S. Government, ou=Office of Government Ethics, cn=DAVID APOL, 0.9.2342.19200300.100.1.1=9549100298187 0
Date: 2017.11.06 10:17:09 -05'00'

David J. Apol

Acting Director and General Counsel

Enclosures **REDACTED**

Calvin R. Tucker

October 24, 2017

Michael J. Elston
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics & Compliance Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Mr. Elston:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will continue to serve as President of Eagles Capital Advisors, LLC and as Co-Managing Director of Lincoln Wealth Management, LLC. In my role as Governor, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Eagle Capital Advisors or Lincoln Wealth Management, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I also will not participate personally and substantially in any particular matter involving specific parties in which I know that a client or former client of mine is a party or represents a party, for a period of one year after I last provided service to that client, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1) and 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational

services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2) and 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I will meet in person before my first meeting of the board in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Federal Express, United Parcel Service, DHL, Amazon, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Federal Express, United Parcel Service, DHL, Amazon, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

Calvin R. Tucker

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Calvin R. Tucker to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Did the President give you specific reasons why he nominated you to serve as a Governor of the United States Postal Service?

   No.

2. Were any conditions, express or implied, attached to your nomination? If so, please explain.

   No.

3. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

   No.

4. Are you aware of any business relationship, dealing, or financial transaction that could result in a possible conflict of interest for you or the appearance of a conflict of interest? If so, please explain what procedures you will use to recuse yourself or otherwise address the conflict. And if you will recuse yourself, explain how you will ensure your responsibilities are not affected by your recusal.

   No.

II. Background of the Nominee

5. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

   My background and experience as an entrepreneur, small businessman, financial and management consultant, former board member of various nonprofit organizations and community activist qualifies me to be a Governor of the Postal Service.

6. If confirmed, how would your experience in in the private sector prepare you to serve as a Governor of the Postal Service?

My experience in the private section gives me the ability to assess and analyze a problem and to strategically develop solutions and assist in the implementation of a resolution to the defined problem or problems.

7. Please describe:

a. Your leadership and management style.

My leadership and management style is participatory. I believe that management and employees working together can solve simple or complex issues. Also, by working together, management and employee can maximize productivity.

b. Your experience managing personnel.

I have managed variously sized groups of personnel from as small as one person to well over 100 employees, both domestically and internationally.

c. What is the largest number of people that have worked under you?

During my tenure at the Resolution Trust Corporation, a temporary Federal Corporation, I managed a very significant temporary receivership staff.

III. Role of a Governor of the United States Postal Service

8. Please describe your view of the Postal Board of Governor's (Board) core mission and a Governor's role in achieving that mission.

The Postal Board of Governor's core mission is to;

- **Set policy;**
- **Establish the strategic direction of the Postal Service;**
- **Set prices for postal products;**
- **Oversee the operations of the Postal Service, and**
- **Represent the interest of the American people.**

9. If confirmed, what specific contributions do you hope to make during your time on the Board?

If confirmed, I will assist the Board in bring the following:

- **Setting policy;**
- **Establishing the strategic direction of the Postal Service;**
- **Setting prices for postal products;**
- **Overseeing the operations of the Postal Service, and**
- **Representing the interest of the American people.**

10. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

The functions and responsibilities of an individual Governor is to assist with the following:

- **Setting policy;**
- **Establishing the strategic direction of the Postal Service;**
- **Setting prices for postal products;**
- **Overseeing the operations of the Postal Service, and**
- **Representing the interest of the American people.**

As a businessman, entrepreneur, banker and federal bank liquidator and board member, I have assisted in the development and implementation of policies and practices for organization and have overseen the administration of those policies and practices.

11. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges?

The main challenges facing the Postal Service are as stated above [answer number 10].

12. What do you believe should be the respective roles and functions of the Board and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

The Board's role should be one that is principally focused on the following:

- **Setting policy;**
- **Establishing the strategic direction of the Postal Service;**
- **Setting prices for postal products;**
- **Overseeing the operations of the Postal Service, and**
- **Representing the interest of the American people.**

Postal management's role should center on the implementation of policies and practices as directed by the Board and/or other regulatory bodies.

13. The Governors are chosen to represent the public interest generally. As a Governor, how will you plan to interact with various stakeholders interested in postal issues and how can you effectively represent their interests?

As a Governor, I intend to have an open policy with respect to meetings and discussing with all stakeholder solutions to the issues, concerns and challenges faced by the Postal Service.

14. The Postal Accountability and Enhancement Act of 2006 (PAEA) requires that by the end 2015, at least four members of the Board have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

I do not have a specific opinion with respect to this question.

IV. Policy Questions

Postal Reform and Financial Issues

15. The Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2017 with a net loss of $2.7 billion.

    a. In your view, what is the Board's role in overseeing the Postal Service's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

    As a Governor, I will use my overall skills to address the most serious issues.

    b. How does the Board's role differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

    The Postal Regulatory Commission reviews rates, nationwide service standard changes and new products and services approved by the Board. The Postal Regulatory Commission also oversees the operations of the Postal Service and makes determinations about whether they comply with law and existing standards.

16. Postal Service volumes and revenues associated with its letter mail and other market dominant products continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and its competitive products have grown significantly in recent years.

    a. How can the Postal Service remain viable as letter mail volume declines?

    The Postal Service can remain viable by:
    - **Providing reliable delivery of postal products, especially parcels;**
    - **Making prudent infrastructure investments;**
    - **Innovating, especially with digital technology; and**
    - **Maintaining excellent customer service.**

    b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

The Postal Service needs predictable and reliable delivery of all postal products and efficient processing and transportation of packages.

c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

The Postal Service needs to take advantage of leveraging its end-to-end network in the digital economy.

d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

While private sector is the backbone of American commerce, the Postal Service must be careful to follow the law, not abuse its governmental status and not unfairly disadvantage the private sector, especially on competitive pricing.

e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

The Board should always be proactive with respect to increasing revenue sources and reducing costs to the enterprise.

f. What are the Board's role and responsibilities in identifying opportunities for the Postal Service to increase volume?

The Board has a strategic planning role to help identify opportunities for the Postal Service.

17. How do you view current service standards and delivery frequency with respect to the obligation for service to every American?

The Postal Service should meet its current delivery standards and meet its statutory delivery obligations.

18. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2017 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009, after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

GAO's finding rests on two premises:One, the business model that relies on the profits of First Class mail to subsidize other, less profitable activity is severely threatened. Two, there are significant unfunded liabilities—particularly retiree

pension and health care obligations—that will be impossible to sustain given the problems with the business model and these will grow more burdensome with time.

One could argue that the key is solving the business model problem. By meeting the needs of the American people for effective mail service and accomplishing this through reforms that allow the Postal Service to remain a self-supporting federal entity, the Postal Service's long-term viability can be assured.

Given the complexity of the mail industry, finding the proper reforms and strategies will require significant input from management experts, stakeholders, and ultimately the Congress. If confirmed, as a new Governor I pledge to examine and challenge the strategies to ensure that the Postal Service can continue to provide its essential service while meeting its obligations.

The Postal Service is a highly complex organization, and therefore any solution to its financial situation will also be complex. Plans likely will involve generating new revenue by offering innovative products and improving existing ones, and making all possible improvements to the Postal Service internal business structure, all while meeting and exceeding the needs and expectations of customers. Striking the right balance between these factors will require careful review of the Postal Service's business plan

19. The Postal Service has estimated its liabilities (including retiree pension and health benefits) to be over $484.8 billion while the combined assets are $363.1 billion, leaving an unfunded liability of $121.7 billion. How do you believe the Postal Service should address its unfunded liability?

By pursuing a sustainable business model, the Postal Service will be able to meet its long-term liabilities over the decades ahead.

Currently, however, the Postal Service lacks the ability to pay all of its unfunded liabilities, and until the business model is restructured, it will need to prioritize its unfunded liability payments based on its available cash, the operational needs of providing service, and ensuring that it is able meet its obligations to its employees and retirees.

20. There are differences of opinion about the privatization of the Postal Service. What are your views on privatization?

If confirmed, my goal is to help set the strategic plan for the United States Postal Service that would allow it to meet its universal service obligation, especially in rural America, and become financially self-supporting. I have not investigated the issue of privatization.

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other necessary capital investments in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

This question will require more extensive review before a recommendation can be made.

22. What short and long-term actions should Congress take to assist the Postal Service in achieving financial viability?

As a governor, I will use my extensive private sector background to examine the financial condition of the postal service, and make informed judgements about establishing a strategic focus for the Postal Service.

Postal Rates and New Products

23. One of the core principles of PAEA was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing of the Postal Service's market dominant products. Pursuant to PAEA, the PRC completed a review of whether the rate cap met the criteria laid out by 39 U.S.C. § 3622, including stability, fairness, and generating adequate revenue to cover Postal Service costs. The PRC found that the cap did not meet all of these criteria, specifically the requirement that the cap did not allow for long-term financial stability of the Postal Service or for the Postal service to maintain high quality service standards.

    a. Do you believe the inflation-based rate cap has met the objectives and factors laid out in 39 U.S.C. § 3622?

    As a general business principle, price caps limit the ability of producers or service providers to pass along costs to consumers, and thus result in incentives to control costs in order to achieve or manage profitability. While fairly judging whether the objectives and factors in 39 U.S.C. § 3622 have been met would require extensive study, the Postal Regulatory Commission has the responsibility to determine whether the price cap has met its statutory objectives. If confirmed, and when the PRC has completed its review, I would expect to carefully examine its conclusions with the view of how the Postal Service can best fulfill its mission to provide effective mail service.

b. Which of these objectives or factors, if any, do you believe should be weighted above others?

As written by Congress, each of the objectives and factors is seemingly given equal weight, and each is important. In weighing them, if confirmed, I would assess them based on how each contributes to the public interest generally.

24. The Postal Service has requested legislation authorizing greater flexibility in offering non-postal products.

a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

The Postal Accountability and Enforcement Act defines when non-postal products can be offered. The Postal Service should act consistent with the law defining non-postal products. This will also ensure that the Postal Service does not unfairly compete with private sector on these products.

b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

Same answer as above.

c. How would you ensure the Postal Services does not compete unfairly with the private sector in selling non-postal products?

Same answer as above.

25. How can the Postal Service take better advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

Like any other commercial enterprise, to be successful the Postal Service must offer excellent service at a price point that will attract customers. To do so, it must control its costs while recognizing that it must simultaneously provide world-class service. It must be innovative and respond to the market. It must build on its strengths and improve in those areas where business opportunities exist. In other words, the Postal Service can be successful and attract additional business by providing a product that Americans value.

As the digital economy dramatically changes the mailing industry, the Postal Service must continue to adapt to these changes. One way to make mail more appealing is to build on its current efforts to integrate digital with hard copy mail, such as with Informed Delivery, where customers can see the current day's mail on their smartphones before it gets delivered.

Facility Closings and Service Changes

26. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

The Board should set the strategic direction of the Postal Service and approve major operational decisions.

27. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

The Board can encourage management to use its monthly newsletter and social media present to communicate with customers and employees.

28. The Postal Service is required to deliver mail to every address in the country, creating the need for retail postal locations in low-density counties and towns. How would you balance the Postal Service's universal service obligation and the need for rural counties to have reasonable access to the postal services when looking at ways to improve the Postal Service's financial condition?

The Postal Service needs to pay particular attention to meeting the needs of rural Americans because they often lack access to other communication networks such as broad band.

29. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

In achieving financial solvency, the Postal Service will need to match its capacity to declining First Class Mail volumes, while simultaneously adjusting to increasing package volumes. One way to assist in this adjustment might be by increasing alternative retail channels, like self-service kiosks, which are less expensive to operate, but would enable to the Postal Service to maintain essential services.

While the specific business case for how best to provide added retail channels must be carefully examined, today's consumers value added choices and convenience must be factored into this process. If confirmed, I would rely heavily on the subject matter experts with specific knowledge of the mailing industry in helping formulate plans to more effectively serve the American people.

30. The Postal Service has, in the past, proposed both the elimination of Saturday delivery of some classes of mail and has nearly eliminated the overnight service standard.

a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail and lower certain service standards?

Finding the proper balance between consumer expectations, what services can be provided at what price, and how any changes (or any lack of changes) will affect the long-term viability of a business is a difficult task. In the case of the Postal Service's Saturday delivery, changes are further complicated by the statutory requirement to deliver mail six times per week. Understanding this background, if confirmed I would want to learn more about the issue of Saturday delivery or changing service standards before I would be comfortable offering an informed opinion.

b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm any subset of postal customers and are consistent with the Postal Service's universal service obligation?

I believe that the universal service obligation is fundamental to the Postal Service, and any proposed changes should be considered according to whether they would improve service to the public generally. Singling out specific customers for disproportionate service cuts would violate the universal service obligation and, if confirmed, I would oppose it.

c. How do you believe that changes to service affect customers' attitudes towards and use of the Postal Service?

Like any commercial entity, the Postal Service must protect its brand and reputation. Changes that diminish that reputation in the eyes of the public would be counterproductive.

d. How should the Postal Service balance the potential cost savings gained or potential revenue lost from changing service?

The Postal Service must carefully balance the needs of customers and the business constraints in providing effective service and a valuable product. Any changes to services must be carefully accessed and the Governors should take a big-picture view and consider whether any change provides for a better, more effective, more sustainable Postal Service.

Workforce-Related Issues

31. Since 1999, when the workforce peaked at over 900,000 employees, the Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. In the last two years, however, this trend is reversing and the number of Postal Service employees is increasing. Does the Postal Service have sufficient flexibility to adjust its workforce to its operational needs? If not, what additional flexibility is needed?

In 1991 the Postal Service workforce was approximately 900,000 employees. Today, it stands at approximately 600,000. It appears that the Postal Service has been able to reduce its workforce. But as a governor I will study this issue more comprehensively.

32. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

The Postal Service needs a good succession planning process. In the private sector, I was involved with several excellent succession planning operations. I will bring this experience to the Board.

33. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Postal Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

The Board can ensure the credibility of the performance-based compensation system by constantly evaluating and testing performance criteria and publishing the score card results.

34. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

At times the Postal Service's labor-management relationship has been confrontational, and at others, it has been collaborative. If confirmed, I would expect management and labor representatives to have a healthy, respectful relationship, and I would hope that both recognize that neither can be successful at the expense of the other. My hope would be that labor and management can work together to provide the best possible service to the American people.

Accountability

35. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from Members of Congress?

The Board should ensure that Congress, the OIG and the GAO have the information they need to fulfil their oversight roles.

36. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the Postal Service Office of Inspector General (USPS OIG)? What do you believe should be the proper response of the Board to recommendations made by the USPS OIG to Postal Service management?

The Board should ensure that Congress, the OIG and the GAO have the information they need to fulfil their oversight roles.

37. What do you believe should be the proper response of the Board if Postal Service management is not responsive to requests for information from the GAO? What do you believe should be the proper response of the Board to recommendations made by the GAO to Postal Service management?

The Board should ensure that Congress, the OIG and the GAO have the information they need to fulfil their oversight roles.

38. Protecting whistleblower confidentiality is of the utmost importance to this Committee.

a. During your career in the federal government, how did you address whistleblower complaints?

While at the Resolution Trust Corporation (RTC), I did not have any whistleblower complaints.

b. How do you plan to implement policies within the Postal Service to encourage employees to bring constructive suggestions forward without the fear of reprisal?

I intent to encourage an open line of communication with employees.

c. Do you commit without reservation to work to ensure that any whistleblower within the Postal Service does not face retaliation?

Yes.

d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

Yes.

V. Relations with Congress

39. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Yes.

40. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

Yes.

41. Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

Yes.

Assistance

42. Are these answers your own? Have you consulted with Postal Service management, employees, or any other interested parties? If so, please indicate which entities.

Yes, these are my answers. I have not consulted with Postal Service management, employees, or any other interested parties, though I have asked for background and context from the Postal Service's Governmental Relations group.

U.S. Senate Committee on Homeland Security and Governmental Affairs
Minority
Supplemental Pre-hearing Questionnaire
For the Nomination of Calvin R. Tucker to be
Governor of the United States Postal Service

I. **Nomination Process and Conflicts of Interest**

1. Has the President or his staff asked you to sign a confidentiality or non-disclosure agreement?

   No.

2. Has the President of his staff asked you to pledge loyalty to the President or the Administration?

   No.

3. During your tenure, have you asked any federal employee or potential hire to pledge loyalty to the President, Administration or any other government official?

   No.

II. **Background of Nominee**

4. Do you seek out dissenting views and how do you encourage constructive critical dialogue with subordinates?

   I often seek out dissenting views and when the opportunity arises I meet with employees to encourage constructive critical dialogue. A key to this is providing an environment where everyone feels valued and everyone feels safe in expressing their opinion. While businesses and organizations must ultimately decide on a course of action and implement it, successful organizations value and respect critical ideas and outlooks.

5. Please give examples of times in your career when you disagreed with your superiors and aggressively advocated your position. Were you ever successful?

While at the Resolution Trust Corporate one of my earlier responsibilities was the management and disposition of various assigned receivership commercial assets. In that role, I would recommend the disposition of an asset through the delegated authority granted to my superior. As such, the modified disposition manual typically recommended a bulk sale of assets, but often I would achieve a higher disposition value for a single sale. This point would typically cause much discussion with my superior, but in the end my superior would see the merit in my argument and thereby approve the single asset disposition process. Yes, I was often successful as I achieved the maximum value for the government and the receivership creditors.

6. Please list and describe examples of when you made politically difficult choices that you thought were in the best interest of the country.

As a Republican in an overwhelmingly Democratic city [Philadelphia] I have often been able to work with leaders of the Democratic Party, despite ideological differences, for the betterment of our city and country.

7. What would you consider your greatest successes as a leader?

My ability to be fair when evaluating a situation. Example: During my tenure at the Resolution Trust Corporation while servicing as a field site manage/liquidator in charge, I was assigned a specific receivership institution to liquidate (assets and liabilities equal to $800 million), which I was able to do in less than forty-five [45] days. As a leader, I was able to plan, direct and strategize the successful payout of depositors [i.e. liabilities] and perform the necessary resolution and disposition of the receivership assets to return liquidity/capital back to the U.S. Treasury for the benefits of the excess receivership depositors.

8. What would you consider your greatest failure as a leader? What lessons did you learn from that experience?

My greatest failure occurred while an executive with United Bank of Philadelphia. During the approximately 15 years of the bank's prior existence it had built a reputation for poor customer service, unprofitability, not paying a return on shareholders' equity and poor management. My role at the bank was to help guide the bank into a new direction from a business development and marketing standpoint. As such, after much study and participating in many one on one meetings with community leaders and opinion makers, I recommended that the bank, in addition to improving the aforementioned, should consider a new branding strategy [i.e., a name change]. Unfortunately, other members of the executive team,

including the CEO, were not convinced that a new name was warranted, and therefore my suggestion did not prevail. Since that time the bank has further declined in its overall market presence and competitiveness. In hindsight, I should have made a direct appeal to the Board of Directors with respect to this new branding strategy.

III. Role of a Governor of the United States Postal Service

9. The Postal Service possess vast physical assets (processing plants, equipment, vehicles, land, and buildings), much of which were transferred to the Postal Service from the former Department of the Post Office and were paid for by taxpayers. As an essential part of the nation's supply chain, these assets can deliver about 154 billion mail items annually, nation-wide.[1]

Additionally, the Postal Service is at the center of the mailing and shipping industry, supporting about seven million jobs and about $1.4 trillion in revenues[2] – generating enormous value and wealth for mail related industries, their workers, and the economy as a whole. The Postal Service holds about $27 billion in balance sheet assets.[3] The Postal Service OIG has estimated the Postal Service's real estate portfolio asset value alone to have a market value of about $85 billion.[4]

If confirmed, how will you work to protect taxpayer and public ownership interests in the Postal Service's enormous physical assets, financial holdings, and retirement funds? How can the Postal Service realizes and retain more of the value and profits its capital assets and operations generate?

I will rely of the various evaluations and reports that are produced by Postal management, USPS OIG and the GAO to ascertain the ongoing status of the financial condition, asset value and the retirement fund obligation.

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[1] United States Postal Service, *Postal Facts 2017* (2017) (https://about.usps.com/who-we-are/postal-facts/postalfacts2017-v2.pdf).

[2] Envelope Manufacturers Association Foundation, *US Mailing Industry Jobs and Study* (2015) (tensionenvelope.com/sites/default/files/2015-mailing-industry-job-study.pdf).

[3] United States Postal Regulatory Commission, *United States Postal Service: 2017 Report on Form 10-K* (Nov 14, 2017) (https://about.usps.com/who-we-are/financials/10k-reports/fy2017.pdf).

[4] United States Postal Service, Office of Inspector General, *Be Careful About What You Assume* (Feb. 16, 2015) (uspsoig.gov/blog/be-careful-what-you-assume).

10. How will you work to promote public transparency and oversight of the Postal Service's operations and financial performance, as well as, its management actions and overall integrity?

I will continue to encourage open meetings, and internal and external discussions with stakeholders.

IV. Policy Questions

Financial Issues and Operations

11. America's population, and with it, the total number of addresses, continues to grow. Despite the growth in addresses, all of which the Postal Service is still required to deliver mail to, mail volumes continue to decrease. That puts the Postal Service in the difficult position of expanding its network despite shrinking demand. How should the Board be involved in decisions to right-size postal retail and mail processing networks, including decisions to close specific facilities?

The Board should set the strategic directions of the Postal Service and approve major operational decisions.

12. The 2006 Postal Accountability and Enhancement Act of 2006 required the Postal Service to prefund 100% of its future retiree health benefits liability. Without the prefunding requirement, the U.S. Postal Service would have produced a net profit every year from 2012 to 2016, roughly coinciding with the greater economic recovery from the Great Depression. Are you aware of any U.S. company that prefunds 100% of any retiree benefit liability? Do you believe this is a sound accounting and business practice? If so, why? If not, why not?

The Postal Service should be able to adequately fund its retiree health benefits obligations. If the Postal Service's fundamental business challenge—finding a sustainable business model—can be addressed, then there will be adequate resources to meet the liabilities.

Prefunding 100% of any retiree benefit liability is a worthy goal, but this requirement has increased the financial strain on the Postal Service, and they have not been able to make these payments in recent years, in part, because of the declining First-Class Mail volume. To make these payments on a consistent basis, the Congress will likely need to enact postal reform legislation to change the Postal Service's business model.

13. Too often, efforts to improve the Postal Service's financial condition have been borne by rural communities because post offices in those communities are not as profitable as higher-trafficked urban post offices and delivery costs are higher. Yet rural communities are, in many cases, more reliant on the Postal Service for delivering needed goods and services. What additional factors should be considered before the postal service makes decisions on cost-cutting efforts?

The Postal Service should take into consideration the local and regional impact of cost cutting measures.

14. In 2012, the Postal Service reduced delivery standards in order to consolidate a number of mail processing facilities. What do you think are the long-term financial costs and benefits to reducing the quality of the Postal Service's core products?

If confirmed, I will need to study this issue to address the overall financial impact of reducing delivery standard.

Postal Reform

15. Some view the Postal Service as "a business" to serve paying customers: others see it as a government services that must continue to be available to all citizens regardless of the financial profitability of operating in certain, more rural areas of the country. Which view should take priority?

The Postal Service is a government service that must be able to meet its universal service obligation while meeting its financial obligations.

Rates

16. Since 2007, the Postal Service has reduced its career workforce by more than 200,000 employees, and closed 1,716 post offices. The Postal Service is also limited in its ability to increase revenue through rate increases on first class mail. With these restrictions in place, what are the Postal Service's best alternatives to raise additional revenue? Should it consider increasing prices on its parcel products?

This matter requires further study.

Customer Service

17. The Postal Service sometimes is forced to temporarily close a retail postal facility, for example after a natural disaster. Yet many of these facilities stay closed for as much as 5 years or longer with little or no communication with the affected community. How can the Board ensure that the Postal Service improves communication with its customers?

The Board can ensure improved communications through the overall strategic plan and operational directives.

Oversight

18. The Postal Service has been operating without any independent Board Members for over a year, and without quorum since 2015. In the event this occurs in the future, what additional authorities should the Postmaster General, Deputy Postmaster General and Postal Regulatory Commission be given to ensure that the Postal Service can continue to operate effectively and efficiently in the interim?

I do not have a specific opinion with respect to this question.

19. Recent reports by the USPS OIG have found instances where practices and procedures by postal employees and management did not uphold the reliability and integrity of the Postal Service's performance data, such as scanning mail as delivered even if it was not. What steps should the Postal Service take to help ensure the integrity of its service performance system?

I would like to study this matter further before having to render an opinion.

20. As providers of vital services, many foreign nations' postal operators are required to meet well defined universal service obligations. The U.S. Postal Service has few mandated, measurable service standards. Are such standards needed in the U.S. and, if so, what steps would you take to being implementing them?

U.S. Postal Service is currently governed by service standards.

Opioids

21. Criminals are using the Postal Service as a means to distribute illegal narcotics, including deadly opioids, posing enormous risks to American citizens. This has put not just the lives of the users at risk, but also the lives of postal workers. Yet the sanctity of mail against government inspection has been a hallmark of postal policy, requiring search warrants to allow law enforcement to open a mail item. Should law enforcement be given wider latitude to open suspicious mail items? How might privacy concerns be balanced against the need to protect public and worker safety?

The Postal Service must be given as much latitude as possible in initiating security measures while preserving privacy in protecting customers and its employees.

Wages and Benefits

22. Postal Service is having difficulty recruiting younger workers. What might be done to change the image of working for the Postal Service?

If confirmed, I look forward to learning more about the specifics of the Postal Service's efforts to recruit younger workers. In general, however, I believe that younger workers value a work environment that is interesting, respectful and fair. Beyond offering equitable pay, does the Postal Service offer good advancement opportunities? Does it value fresh or different perspectives? Is it innovative—for instance using social media or new technical developments? If we can answer yes to these questions, it might go a long way to solving any trouble recruiting the next generation of postal workers.

V. Accountability

23. What is your assessment of the oversight work performed by the Postal Service Office of Inspector General (USPS OIG) over the past decade? What do you view as the greatest challenges facing the USPS OIG?

I have not had an opportunity to review the USPS OIG works over the past decade and cannot comment on its greatest challenges.

24. During your career, has your conduct as a federal employee ever been subject to an investigation or audit by an Inspector General, Office of Special Counsel, Equal Employment Opportunity Commission, Department of Justice, or any other federal investigative entity? If so, please describe the investigation or audit and its outcome.

No.

25. During your career as a federal employee, have you ever declined to implement recommendations made by the Office of Inspector General, the Office of Government Ethics, the Office of Special Counsel or the Government Accountability Office (GAO)? If so, please describe the recommendations that were made and your reasoning for not implementing them.

No.

26. If confirmed, do you pledge to implement recommendations made by the USPS OIG, Office of Government Ethics, the Office of Special Counsel and the GAO?

Yes, assuming recommendations are consistent with the mission of the Postal Service.

VI. Relations with Congress and the Public

27. If confirmed, how will you make certain that you will respond in a timely manner to Member requests for information?

I will set a deadline to respond to Congress or any member.

28. If confirmed, do you agree without reservation to reply to any reasonable request for information from the Ranking Member of any duly constituted committee of the Congress?

Yes.

29. If confirmed, do you agree without reservation to reply to any reasonable request for information from members of Congress?

Yes.

30. If confirmed, do you commit to take all reasonable steps to ensure that you and your agency comply with deadlines established for requested information?

Yes.

31. If confirmed, do you commit to protect subordinate officials or employees from reprisal or retaliation for any testimony, briefings or communications with members of Congress?

Yes.

32. If confirmed, will you ensure that your staff will fully and promptly provide information and access to appropriate documents and officials in response to requests made by the GAO and the Congressional Research Service?

Yes.

33. If confirmed, will you agree to work with representatives from this Committee and the GAO to promptly implement recommendations for improving the Postal Service's operations and effectiveness?

Yes.

34. If confirmed, will you direct your staff to fully and promptly respond to Freedom of Information Act requests submitted by the American people?

Yes.

35. If confirmed, will you ensure that political appointees are not inappropriately involved in the review and release of Freedom of Information Act requests?

Yes.

36. If confirmed, will you direct your staff to adopt a presumption of openness where practical, including identifying documents that can and should be proactively released to the public without requiring a Freedom of Information Act request?

Yes.

37. If confirmed, will you keep this Committee apprised of new information if it materially impacts the accuracy of information your agency's officials have provided us?

Yes.

VII. Assistance

38. Are these answers completely your own? If not, who has provided you with assistance?

Yes.

39. Have you consulted with the Postal Service management or any other interested parties? If so, please indicate which entities.

No. These answers are my own, though I have asked for background and context from the Postal Service's Government Relation group.

I, **Calvin R. Tucker**, hereby state that I have read the foregoing Pre-Hearing Questionnaire and Supplemental Questionnaires and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

(Signature)

This 9th day of March 2018

Senator Rand Paul
Post-Hearing Questions for the Record
Submitted to Mr. Calvin Tucker

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

On the Universal Postal Union and the international mail system:

As you may know, international mail is exchanged and delivered under the auspices of a treaty known as the Universal Postal Union (UPU). Because of its status as a treaty, the U.S. Department of State is the lead agency involved in negotiating the terms of the UPU. Nevertheless, the members of the Board of Governors of the U.S. Postal Service (USPS) should at a minimum be aware of several issues of growing concern involving the UPU and international mail pricing, trafficking and security.

To that end, please answer the following as completely as possible.

1. Are you aware that under the UPU, the USPS is required to deliver foreign packages at rates lower than those available to domestic shippers?

   Yes, I am aware that the Postal Service is required to deliver packages from foreign post offices, according to the treaties and agreements that have been agreed to.

2. Are you aware that under the UPU, foreign postal services are not required to follow the same customs and security processes that are imposed on other international shippers?

   Yes, I am aware that the Postal Service, as the entity covered by the UPU, has different requirements and obligations than those of the other international shippers.

3. Are you aware of the Senate Permanent Subcommittee on Investigations (PSI) report[1] on vulnerabilities in the international mail system that concluded that "the federal government's policies and procedures are inadequate to prevent the use of the international mail system to ship illegal synthetic opioids into the United States"?

   I am generally aware of the report and, if confirmed, look forward to learning more about this complex subject.

4. Are you aware that that same Senate PSI report noted that, due to the customs and security exemptions under the UPU for foreign postal services, "... 318,891,780 packages entered the United States with no associated [advanced electronic data, or AED] on the sender's name and address, the recipient's name and address, or the contents

[1] https://www.hsgac.senate.gov/subcommittees/investigations/hearings/combatting-the-opioid-crisis-exploiting-vulnerabilities-in-international-mail

of the package. With no AED, [Customs and Border Protection] was unable to target any of these packages for further inspection before they entered the United States."

Yes, I am generally aware of the report and, if confirmed, look forward to learning more about this subject, and specifically what can be done to increase the amount of advanced electronic data.

5. If confirmed, will you commit to investigating these concerns, and to working with the U.S. Department of State to correct underpricing of international mail?

   Yes, if confirmed, one of my priorities will be to ensure that the Postal Service does everything possible to support and enable fair and equitable international mail arrangements.

On assessing the USPS' unfunded liabilities:

As I mentioned in the hearing, I believe the Committee would benefit from regular updates on the financial condition of the USPS, including (as mentioned by Mr. Williams in his testimony) "decomposing" the agency's long-term liabilities into their respective elements and developing a plan to improve the management of those liabilities.

1. Would you be supportive of efforts by the USPS Board of Governors to provide regular updates on the financial condition of the USPS to the Committee?

   Yes, I believe that Congress must have a regular and thorough understanding of the Postal Service's financial condition, and if confirmed I will support all efforts to ensure that the Postal Service is as transparent as possible.

On overhead and labor costs:

As I noted in the hearing, and as the USPS notes in its December 31, 2017 Form 10-Q filing[2], the USPS's "costs are heavily concentrated in wages and benefits for both current employees and retirees."

1. In your opinion, what is the role of the USPS Board of Governors in reviewing the percentage of operating expenses that are attributable to labor?

   By law, the Board of Governors is responsible for approving all budgets and plans, and setting the overall policy for the Postal Service. As such, reviewing and planning for operating expenses is an integral part of the job.

2. Would you be supportive of efforts by the USPS Board of Governors to review and conduct comparative analyses of the labor costs of the USPS relative to both its

[2] http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2018-q1.pdf

competitors as well as other public enterprises (such as transit systems, foreign posts, and quasi-government agencies such as the Tennessee Valley Authority)?

Yes, if confirmed, as a Governor I will focus on solving the Postal Service's financial crisis, and getting the proper analysis will be a necessary first step. I will support all efforts to produce the comparisons, analysis, and research that will allow the Board to understand the problem, and if it is not forthcoming, I will use my position to demand it.

On pricing and organizational transparency:

1. Would you be supportive of efforts by the USPS Board of Governors to review how USPS accounts for and allocates its costs among its various lines of business? Specifically, would you support analyses designed to determine whether and to what degree USPS "monopoly" products may be cross-subsidizing its competitive (parcel delivery) products? Would you support making the results of these analyses available to members of Congress and the public?

   It is my understanding that today, by law, the Postal Service's monopoly products cannot cross subsidize its competitive products. If confirmed, I would ensure that the Postal Service is complying with the law, both the letter and the intent. I also know that the Postal Regulatory Commission has a role in ensuring compliance, and I will expect the Postal Service to give deference to them, where appropriate. On transparency, I will support making as information public as is possible, recognizing the need to preserve some information to protect the Postal Service's commercial interests.

2. Where appropriate and if necessary, would you be willing to assist members of Congress in seeking additional information from the U.S. Postal Service on behalf of their constituents?

   Yes.

Ranking Member Claire McCaskill
Post-Hearing Questions for the Record
Submitted to the Mr. Calvin Tucker

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

POST OFFICE CLOSINGS AND SERVICE CUTS

Q: Do you support making cuts to USPS mail delivery service or the number of delivery days? Why or why not?

As I testified to in the confirmation hearing, I believe it is essential that we—the Governors, Congress, the stakeholders, and the public at large—reexamine the Postal Service's business model. As a nation, we have to ask, what do we want the Postal Service to do and how do we want to accomplish it? Cutting delivery service in isolation would not solve the Postal Service's problems. Reducing the number of delivery days is not a solution. But, if reductions are necessary as a part of realigning the business model for the 21st century, they also cannot be summarily taken off the table.

Q: What impact do you think cutting mail delivery service or closing post offices will have on rural communities in particular?

I recognize the vital role the Postal Service plays in rural communities, given the lack of alternatives for the citizens. Therefore, if confirmed, I will be very mindful of any change and how it will affect our rural communities where changes—depending on the proposal—could have a greater potential impact.

The Postal Service has had to deliver to more addresses every year, but is handling less mail. The explosive growth in packages has not come close to filling the void left by declining first class mail volumes.

Q: What steps can the Postal Service take to ensure that it meets its universal service obligation, especially in rural America, while also becoming financially self-supporting?

As I testified to during the confirmation hearing, I believe that the solutions to the Postal Service's current problems will be found in building on its strengths. One of its greatest strengths is universal service, and the challenge is to find ways to leverage the existing infrastructure to meet new needs. Can we better align delivery with the way people are living and working today? What new service is the Postal Service uniquely positioned to provide (because it goes everywhere and serves everyone) that it is not providing today? How can we monetize that for the future? I do not pretend to know the exact answer, but I do think that any path back to financial health will rely on universal service.

ROLE OF THE USPS BOARD OF GOVERNORS

Q: How do you view the postal service – as a service available to every constituent in the country or as a business that must be profitable despite obligations that no private company faces?

I believe that the Postal Service is a basic service provided by the government, available to everyone, that by law has been directed to be self-supporting through the sale of its products. When Congress created it, the Postal Service was clearly intended to be profitable—it was told to be self-supporting. But, at the same time, it is not a business, and instead has been given a mandate to provide mail service on a universal basis. In that way, Congress has created something that is unique.

POSTAL SERVICE FINANCES

Q: Are there provisions of the Postal Accountability and Enhancement Act (PAEA) that Congress should consider changing to help improve the Postal Service's ongoing financial viability?

As I previously answered and testified to at the confirmation hearing, I believe that the Postal Service's business model must be reexamined, and Congress has its critical role. I know that there are proposals to reexamine how pensions and retiree healthcare are funded, proposals about rates and product flexibility, and ideas about non-postal products and governance reform. If confirmed, I look forward to learning more about the specifics and how these proposals would interact with one another, but without a more detailed examination, specific prescriptions to Congress would be premature.

Q: Are you aware of the restructuring that the Postal Service has undergone recently, and if so, can you briefly describe some of its recent cost-cutting measures?

I am generally aware of the Postal Service's efforts to reduce costs over the last several years. I know that there have reductions in the operating hours at some Post Offices, and the Postal Service argues that the new hours were in response to volume and foot traffic declines. I know that the overnight letter mail was changed so that First-Class mail generally takes two to three days. My understanding is that this allowed for a reduction in the number of plants processing mail.

Q: Could you give a few examples of what additional restructuring of the Postal Service's business model you would suggest?

As I answered previously and testified to in the confirmation hearing, I believe it is essential that we—the Governors, Congress, the stakeholders, and the public at large—reexamine the Postal Service's business model. This examination must concentrate on providing the services the American people need and want, and doing so on a self-supporting basis (unless Congress, in its role, decides to change this legal requirement).

To restructure the business model, examples would include increasing revenue, decreasing expenses, or most probably, some combination of the two.

POSTAL REFORM LEGISLATION

Q: Where do you see the Postal Service in 10 or 20 years?

Though the future is hard to predict and technology develops in unforeseeable ways, today we are moving to a much more digital world. In that future, the Postal Service will play a vital role as the universal service provider that offers delivery connecting the digital to the physical. Someone will have to deliver those packages, including delivery to places that a purely profit-driven company would ignore. The Postal Service will also continue for the foreseeable future to play its role in letter mail for those items that either can't be digitized or for those customers who simply prefer paper communication.

EXECUTIVE ORDER ON POSTAL REFORM

Last week, the President issued an executive order establishing a commission to examine postal reform. The Treasury Secretary was selected to head the commission, but curiously, the Postal Service is not represented, nor are any stakeholders like unions, big mass mailers, or Members of Congress whose constituents are going to be directly affected by the Commission's findings.

Q: If confirmed, how will you ensure that the Postal Service is adequately represented in the Commission's deliberations and conclusions?

If confirmed, I look forward to working with the Commission to examine the role of the Postal Service and offer reforms. Though the Commission, as announced, did not include a direct role for USPS, I expect that it will lean heavily on its knowledge and expertise, and so it will be a priority to ensure that the Commission has the information and perspective necessary for it to complete its work.

INTERNATIONAL MAIL

We have a huge, complex problem right now with illicit opioid manufacturers in China using the Postal Service to deliver fentanyl in small packages to the U.S. The Postal Service currently receives about 1 million packages per day, mixed in with millions of pieces of international letter mail. By contrast, UPS handled 3 million international packages total in 2017. And the Postal Service does not control the data associated with these packages from start to finish the way that FedEx and UPS do. Making things even more difficult, the Postal Service is bound by treaty obligations that the express shippers do not have to deal with. All of which makes finding a solution to this problem extremely complicated. But it's one that we must solve. We need to find ways to improve data collection and screening capabilities.

Q: If confirmed, will you take some time to get up to speed on the issue and present some formal recommendations and a path to start to resolve this issue?

Yes, if confirmed, one of my priorities will be to ensure that the Postal Service is doing everything possible to keep illicit, harmful or dangerous items out of the mail.

Senator Tom Carper
Post-Hearing Questions for the Record
Submitted to Mr. Calvin Tucker

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

1. In 2017, the independent Postal Regulatory Commission (PRC) found that parcels contributed $7 billion more in revenue to the Postal Service than they cost to process deliver. In fact, according to PRC calculations, the share of institutional costs covered by competitive products has quadrupled over the last decade. This tells me that these products are not being subsidized, as has been suggested. Instead, parcels appear to be extremely profitable for the Postal Service and are helping defray the cost of universal mail service. I believe that growing parcel revenues helps to stabilize the Postal Service's finances and protects the Postal Service's ability to meet the obligation we place on it to deliver First Class Mail and other products to every address in the country.

   What are your views on this issue? Given the universal service obligation and the growing cost of Postal Service liabilities, what would you propose that the Postal Service do to make its package products more competitive and more profitable?

   By law, the Postal Service must support itself only through the sale of its products and services. In some products—like packages and parcels—it competes against private industry, while in other segments—like First-Class mail—it has a statutory monopoly. It has certain other advantages that private industry does not enjoy. On top of all of this, the Postal Service alone has a universal service obligation to serve all parts of the nation on an equal basis. Without the benefit of knowing the proprietary details available to the Postal Service and the PRC, we should trust the judgement of the PRC, which seems to me to have earned a reputation for objectivity. If confirmed, I would look forward to learning more details, but I would be mindful that the Postal Service is must provide universal service supported by certain monopoly products (which it should not abuse) and by competing in the marketplace (which it should do fairly).

   To make its package products more competitive and profitable, the Postal Service—like any commercial enterprise—must focus on providing products that customers will value at prices that will attract sales. If confirmed, I look forward to learning how this balance was set for its current products and whether new options or differently priced products could better serve customers. As I said during my confirmation hearing, I believe that the solutions to the Postal Service's difficulties will be found by relying on its strengths to better meet the needs of the American people.

2. The Postal Service's affordable delivery of packages is an economic lifeline to many Americans. I am concerned that any effort to make the Postal Service charge more for

package delivery will harm, not help, small businesses and consumers, especially rural business and consumers who may not have access to any affordable alternatives. Can you speak to your commitment to ensuring rate stability and predictability when it comes to the Postal Service's package products? Do you agree it is essential to preserve universal access to affordable package delivery services?

It is my understanding that most of the Postal Service's package products are provided as competitive products—that is, they are meant to compete against the other national, regional and local providers of delivery services. In this case, rate stability and predictability is a competitive advantage because ignoring those factors would only drive customers into the arms of the Postal Service's competitors.

I also understand that, given how rate changes for competitive products are approved and regulated, even in those markets where the Postal Service may be the only option, these customers enjoy the benefits of competition because rates are set at the national level. But, even if that was not the case, I believe that universal access is the Postal Service's essential characteristic—its whole reason for being in the first place. If confirmed, I would be committed to a USPS that serves everyone on an equal footing, and I agree that it is essential that we preserve universal access.

3. As you know, the Board of Governors has been completely vacant since the end of 2015 and without a quorum since 2014. If confirmed, what steps will each of you take to evaluate the status of the Postal Service and the steps that need to be taken in the coming months to address both its short-term and long-term financial challenges? Given that no single part-time governor can possibly focus on everything, what will your main areas of interest be?

   You are right to recognize that this will be a challenging task, but if confirmed, I would focus on understanding the causes of the Postal Service's financial crisis and evaluating the options to address it. In this effort, I expect to rely heavily on Postal Service subject matter experts, but I will be mindful that my role is to challenge assumptions and judge from the perspective of the broad public interest. More directly, and I as I testified to during the confirmation hearing, I will focus on how the Postal Service is addressing the needs of small businesses and community groups and how meeting the needs of those segments can play a role in reviving the Postal Service as a whole.

4. As you know, the Board of Governors is charged with hiring and overseeing the work of the postmaster general and other senior postal managers. If confirmed, what steps will you take to evaluate the team in place today? Going forward, what qualities would you look for when looking to fill key positions?

   If confirmed, I will strive to fairly evaluate the current management, but I believe we should focus on the future. Given that Governors have the responsibility of setting the goals and policy while management is responsible for executing those

directions day-to-day, I believe it will be fair to evaluate how well plans have been executed from my personal observation.

In the future, I believe we should look for candidates who have a bold vision for the Postal Service and who can bring those plans to reality.

Senator Doug Jones
Post-Hearing Questions for the Record
Submitted to Mr. Calvin Tucker

Nominations of Honorable David C. Williams, Calvin Tucker, and Robert M. Duncan to be Governors, U.S. Postal Service
April 18, 2018

A Postal Service Reform Act pending in the House would require the appointment of a Chief Innovation Officer to manage development and implementation of innovative postal and non-postal products and services.

What sorts of innovative non-postal services do you think are appropriate for the Postal Service to provide?

> As I testified to during the confirmation hearing, I believe the solutions to the Postal Service's current problems will be found in relying on its strengths. So, when I think about innovations, I believe the proper place to begin is to ask, what does the Postal Service do well, today, and how can we build on that? How can we use the current infrastructure (the post offices, processing plants, delivery routes) and products to provide more value to the American people? If confirmed, and if Congress expands the scope of those services the Postal Service may provide, I believe the Postal Service should look first to expanding and leveraging its core business.

USPS Income Statement
(in billions of dollars)

	FY2007		FY2017		Total FY 2007-2017	
Operating Revenue		$74.8		$69.6		$761.0
Cash Operating Expense	($61.3)		($57.4)		($625.8)	
Workers' Comp (FECA)	($.9)		($.8)		($22.6)	
Retiree Health Annual	($1.7)		-		($25.1)	
Retiree Pension Annual	($5.7)		($6.6)		($66.4)	
Total Operating Expense		($69.6)		($63.3)		($739.9)
Cash Operating Income		$5.2		$6.4		$21.1
Depreciation		($2.2)		($1.7)		($22.5)
Operating Income (Loss)		$3.0		$4.7		($1.4)
Healthcare Prefunding	($8.4)		($4.6)		($59.4)	
Pension Prefunding	-		($2.7)		($3.1)	
Total Prefunding		($8.4)		($7.3)		($62.5)
USPS Reported Income (Loss)		($5.3)		($2.6)		($63.9)
Cash Flow Adjustments						
Non-Cash Adjustments	$.5		$.2		($1.3)	
Change in FECA Liability	-		($2.2)		$9.5	
Depreciation	$2.2		$1.7		$22.5	
Subtotal		$2.5		($.3)		($30.8)
Cash Flow Before Retiree Default		($2.8)		($2.9)		($33.192)
Retiree Prefunding Default	-		$4.6		$38.5	
Retiree Current Default	-		$2.7		$3.2	
Total Default		-		$7.3		$41.7
Increase (Decrease) in Cash		($2.8)		$4.4		$8.5

Source: USPS Annual 10ks

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