

**TESTIMONY ON BEHALF OF THE
NATIONAL POSTAL MAIL HANDLERS UNION**

PRESENTED BY

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ASSISTANT TO THE NPMHU NATIONAL PRESIDENT

BEFORE THE

**SUBCOMMITTEE ON
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION,
FEDERAL SERVICES, AND INTERNATIONAL SECURITY
OF THE
SENATE COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**

AND THE

**SUBCOMMITTEE ON FEDERAL WORKFORCE,
POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA
OF THE
HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM**

**“Having Their Say: Customer and Employee Views on the
Future of the U.S. Postal Service”**

June 23, 2010

Thank you, Congressman Lynch and Senator Carper, for holding this important joint hearing. Mail Handlers National President John Hegarty sends his regrets that he could not be here this morning to testify personally.

My name is Richard Collins. I have served since 1994 as the Assistant to the National President. I also was a mail handler with the Postal Service for almost thirty years. My current duties include working on a daily basis with the U.S. Postal Service on a vast array of issues. I have served as the Union representative to the Mail Security Task Force, which met periodically about bio-hazards, including anthrax, and I serve as a member of the National Joint Steering Committee of the Quality of Work Life process and as the Union representative on the Ergonomic Work Group.

The Mail Handlers Union represents nearly 50,000 craft employees, the overwhelming majority of whom work in the large processing facilities. Our members often perform the most dangerous, dirty, and difficult jobs in the postal system. We staff mail sorting machines that sometimes are a city block or more long. We drive the forklifts and other heavy machinery. Our members are the first to touch the mail when it arrives for processing, and often are the last to touch it when as it winds its way to delivery facilities.

Processing is time-sensitive, and any reduction in processing hours or days will have a direct, and, we believe, a dire impact on the timely processing and delivery of both Standard and First Class Mail. This is especially true for mail items that need prompt processing and delivery, such as medicines from various pharmacy companies, DVDs through Netflix, newspapers and magazines, and a host of other mail items that are time sensitive.

That is why the Mail Handlers Union is opposed to the Postal Service's proposal to eliminate residential delivery on most Saturdays. We firmly believe that cuts in service that are expected by the American public, both consumers and business, are not the answer to the Postal Service's current financial woes.

The Mail Handlers Union has been working closely with the Postal Service to achieve whatever savings can be accomplished. Mail handlers have approved and participated in several early retirement programs, reducing our ranks by almost 14% in the last few years. In the safety and health field, we have joined with the Postal Service in an Ergonomics Risk Reduction Program and a Voluntary Protection Program, which have significantly reduced workplace injuries and saved hundreds of millions of dollars in the costs of workers' compensation. We also have partnered with the Postal Service in our Quality of Work Life program, improving employee morale and jointly producing best practices and programs that save money. These important and money-saving activities, however, alone are not sufficient. The Mail Handlers Union

looks to Congress to aid with certain aspects of the ongoing financial crisis faced by the Postal Service. We believe that this crisis is caused not only by the recent recession, but by various policy decisions that have been made, and can be fixed, by the Congress.

Everyone understands the bottom line: During the worst recession since the Great Depression, the Postal Service has been losing significant amounts of money, even with drastic cuts in the number of employees. But in reality, looking at postal operations, the Postal Service has been a break-even or even profitable enterprise for two of the past three fiscal years. How many Fortune 500 companies can say that? Not FedEx and not UPS, competitors whose volume is down more than the Postal Service.

As noted, there certainly has been tremendous down-sizing of the Postal Service, including over 100,000 career jobs eliminated, producing billions of dollars in savings in each of the past few years. These changes have not been accomplished easily or without friction. But they have shown that, without extraneous factors, the Postal Service remains a viable and vibrant institution grappling with tough times.

By extraneous factors, my Union is referring to unreasonable mandates placed on the Postal Service to fully fund the Retiree Health Benefits Fund (RHBF) during the next seven or eight years. That is why Congress needs to

focus on – and fix – the RHBF. That fix is needed immediately, certainly before the end of this fiscal year on September 30th.

My Union understands that relying on a fix to the RHBF, and relying on the economic reality that the Postal Service is a viable institution, runs directly counter to the narrative coming from Postal Headquarters. The Postal Service's dominant message is: We are broke. We are swimming in a sea of red ink. We are a debt-ridden institution whose survival is dim. But we can be saved by cutting service and becoming less reliable. To the Mail Handlers Union, that is not very reassuring nor is it very realistic.

We can think of no Fortune 500 company projecting the same, consistent doom-and-gloom outlook. Critics of the Postal Service, with an ideological agenda to eliminate universal service and privatize postal delivery, have picked up on the Postal Service's mantra to urge cuts in service and other draconian measures. But this approach will lead to a gradual demise of the Postal Service, and will become a self-fulfilling prophecy.

We disagree with the Postal Service's basic analysis. As already noted, despite an incredibly bad recession since 2008, the Postal Service has been a break-even or profitable enterprise for two of the past three fiscal years. To be sure, there has been diversion of a significant amount of mail to the internet

and other electronic means of communication, but the Postal Service has reduced its workforce, and is reducing its network, to address those issues.

The Mail Handlers Union believes that Congress should deal immediately with the funding of the Retiree Health Benefit Fund, which already contains more than \$35 billion. In addition, it would be worthwhile for Congress to require recalculation of the postal pension surplus in the Civil Service Retirement System. The bottom line is that simply suspending the mandated payments in the RHBF for several years will provide the necessary space needed by the Postal Service to ascertain its real needs in a realigned economy. Significantly, it also makes good business sense, and is consistent with common-sense bookkeeping and the actions taken by the private sector. Indeed, most economists now predict a general leveling of the economy, so that by 2012 there will be a much better picture of the Postal Service's real financial future.

The RHBF currently is healthy and growing, which is a good position to hold during good economic times. The Mail Handlers Union firmly believes in a healthy RHBF. But in the current economic climate, mandated payments into the Fund have become both an unacceptable burden and an unjustified luxury, required of no other federal agency or private-sector employer. Rather, the current payments are dictated by arcane budget rules that tie Congress in knots. Preserving a fiscally sound and historically important institution like

the Postal Service, which serves as the core of this nation's communications network and the producer of hundreds of thousands of productive jobs, should not be sacrificed because of some economists' vision of "scoring." With all respect, such budgeting is not rational, and does not produce rational solutions.

The calculation of the CSRS pension costs is similarly an internal matter that deserves resolution. If, as the Inspector General and others have concluded, the numbers are wrong to the tune of \$75 billion, then they need to be fixed. The importance of this situation cannot be overstated. To paraphrase the Postmaster General when appearing before Senator Durbin's subcommittee, if the Postal Service had the \$75 billion, we would not be sitting here talking about reducing delivery to five days. In other words, the Postal Service is proposing to take an action of emergency proportions that may not be necessary – an action that has generated much resistance on Capitol Hill, and has hurt the Postal Service's reputation among customers and employees. Instead of discussing Saturdays, we should focus on an increased role for the Postal Service and an improved business model for the 21st Century.

In short, the Mail Handlers Union believes that we need legislation focusing on two issues – the RHBF and the overfunding of the CSRS – possibly even to use the overfunded pension obligation as a substitute for payments to the RHBF. In our discussions with many of the mailers, a clean bill is a viable

bill. Such legislation is reasonable during a recession. A diverse coalition of mailers, unions, and management groups would back it. It would allow Congress and the Postal Service to determine the future unencumbered by these unjustified payments. The Postal Service would have a much clearer idea of its real liabilities and necessities for the upcoming decade. If the legislation reaches beyond those two goals, it begins to accumulate unnecessary opposition.

We understand that recalculating the pension fund can be accomplished either through Congress or by the Administration. We urge both branches of government to work together to resolve the issue.

In sum, the Mail Handlers Union believes that adjustments to the Retiree Health Benefit Fund and the funding of the CSRS will go a long way towards addressing the Postal Service's future financial needs. To be sure, the Postal Service has spent a lot of money to produce reports from consultants whose authors addressed a "worst case scenario." In fact, however, their reports were based on a scenario that does not exist and will not exist. They were inaccurate before they were published, and it would be foolish to base important policy decisions on such inaccurate information.

Thank you, Chairmen Lynch and Carper, for holding this hearing, for allowing me to testify, and for making the future of the Postal Service an

important, front-burner issue. I look forward to answering any questions you may have.