

**STATEMENT  
OF THE  
NATIONAL POSTAL MAIL HANDLERS UNION**

**BEFORE THE  
SUBCOMMITTEE ON FINANCIAL SERVICES AND  
GENERAL GOVERNMENT  
OF THE  
SENATE COMMITTEE ON APPROPRIATIONS**

**U.S. POSTAL SERVICE:  
CURRENT FINANCIAL SITUATION**

**MARCH 18, 2010**

Thank you, Chairman Durbin, for holding this timely oversight hearing. The Postal Service's financial situation has been garnering lots of headlines and editorials recently, but not all of them have been accurate or fair. These hearings certainly are an important part of gathering the facts, and starting the process necessary to provide financial and other relief to the nation's postal system.

The National Postal Mail Handlers Union (NPMHU) represents 50,000 mail handlers. Our members are located in all of the major mail processing facilities. Mail handlers load and unload the trucks; cancel, prepare, sort, and dispatch the mail; and perform most of the allied duties necessary to the processing of mail. It is difficult and sometimes dangerous work.

In recent years, the NPMHU has worked diligently with Postal Service management on a variety of cost-saving initiatives. We have been meeting on a regular basis, at every level where results can be achieved, from the workroom floor to USPS headquarters at L'Enfant Plaza. We have adopted voluntary programs to improve safety, prevent accidents, and cut ergonomic injuries; we have produced joint interpretation manuals to reduce labor-management disputes and the overall number of grievances and arbitrations; we have agreed to early retirement programs, both with and without incentives; and we have cooperated with USPS efforts to automate and save costs while processing the mail more quickly. Mail handlers also have experienced substantial decreases in the number of career employees, as well as cuts in hours and overtime; and we have had thousands of our members involuntarily reassigned or excessed into other hours, onto other tours or days of work, or into other facilities, sometimes in far off locations.

The NPMHU recognizes that the current economic environment may require additional responses. We do not believe, however, that eliminating Saturday delivery is change for the better. Saturday delivery anywhere in the United States is a hallmark of the Postal Service, and weekend processing and delivery of mail is vital to maintaining the postal network.

The Postal Service acknowledges, as it must, that the elimination of Saturday delivery will adversely affect some of its current business. There are

numerous examples: Netflix is one of the Postal Service's largest customers. Many of your constituents look forward to that Saturday delivery of a DVD, as it provides entertainment for the weekend. What about the delivery of VA or Social Security checks, particularly if there is a Monday holiday? Businesses, particularly small businesses, often rely on Saturday delivery and weekend processing for their financial well-being. There are just too many ways that this proposal is wrong for the Postal Service to allow it to go forward. The NPMHU simply cannot agree that artificially accelerating the loss of volume is a good idea.

Thus, eliminating Saturday delivery is a last resort that should not be seriously considered when there are better solutions available that will not degrade the Postal Service. Several alternatives are obvious, and require action by Congress:

- + First and foremost, Congress must fix the wholly unrealistic, but statutorily required, schedule for the pre-payment of retiree health care benefits. The provisions of the 2006 Postal Accountability and Enhancement Act (PAEA) that established the Retiree Health Benefit Fund (RHBF) may have made sense in 2006 when the economy was healthy and the USPS was growing, but today they need to be modified. Congress and the White House need to step up to the plate and make changes to the RHBF. No federal agency or significant private entity has any yearly liability remotely resembling the \$5 billion burden now imposed on the Postal Service. Those who want the Postal Service to run more like a private business should allow the USPS to do what businesses are allowed to do: let the Service postpone and adjust its payments to reflect the economic realities currently presented.

Furthermore, the size of the future liability for retiree health was calculated improperly. Gross errors were made on the number of retirees and the annual rate of inflation for health care, to name the two most prominent examples. These should be fixed, as the adjustments will provide an important lifeline to the Postal Service.

In short, protestations to the contrary, whether in the halls of Congress or publicly, do not change the actual facts: the calculations underlying the Retiree

Health Benefit Fund, and the repayment schedules established by the PAEA, are to blame for a large part of the Postal Service's current financial woes.

+ Second, the USPS portion of the CSRS pension fund also was improperly calculated. The Office of Personnel Management must be directed to recalculate the USPS liabilities using actuarial methods that are accurate and fair, and then must initiate an inter-governmental transfer of the resulting surplus to the USPS and its ratepayers.

+ The NPMHU also urges support for the "vote-by-mail" legislation currently before the Senate.

+ We also urge Congress to grant the Postal Service more flexibility in developing new, innovative ways of conducting its business and increasing its customer base.

With regard to specific legislation, the NPMHU supported the original version of S. 1507, which had a realistic approach to the RHBF funding schedule. Had that legislation passed as introduced, this entire proceeding would have a different character to it. The original version of S. 1507 was legislation that most parties agreed was acceptable. However, the bill was amended into a vehicle to tilt the collective bargaining process in favor of management, despite the fact that the process for four decades has functioned as it was intended, without any labor stoppages, lock-outs, or similar labor-management strife since its inception. The changes added to S. 1507 about the financial condition of the Postal Service were an unnecessary block to constructive resolution of these serious funding issues.

As noted, the financial situation facing the Postal Service calls for immediate resolution, and that resolution rests with Congress and the Executive Branch. Congress must act to ensure that changes to the Retiree Health Benefit Fund and the calculation of the CSRS overpayments are made, so that the Postal Service is able to follow rational accounting methods and commonsense budgeting while it struggles to remain solvent during these tough economic times.

Thank you, again, for holding this oversight hearing.