

**ORAL TESTIMONY OF CLIFF GUFFEY
ON BEHALF OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO**

Senate Committee on Homeland Security and Government Affairs
(September 19, 2013)

Good morning Chairman Carper and members of the Committee. Thank you for this opportunity to testify on behalf of the APWU about maintaining postal services, reducing costs and increasing revenue.

No discussion of reducing Postal Service costs can occur without a discussion of the requirement of pre-funding retiree health benefits. As I have said elsewhere, S. 1486 as it stands now is fatally flawed, and we oppose it as written. It fails to correct the cause of the Postal Service's financial crisis – the mandate in the Postal Accountability and Enhancement Act of 2006 that the Postal Service pre-fund retiree health benefits. Because of that requirement, there has been a lot of ill-considered and destructive cost-cutting by the Postal Service. These sorts of cost-cutting efforts must be stopped. They are penalizing the working men and women of the United States Postal Service by threatening their jobs and undermining their benefits; they are cutting services to the American people; and instead of protecting the Postal Service from impending financial disaster, they are dismantling of our nation's Postal Service.

To our utter dismay, S. 1486 as written would permit cost-cutting from health benefits and retirement benefits. It would remove the cornerstone of the 1970 law

that created the Postal Service, by making it possible for the Postal Service to attack our retirement and health benefits. Those benefits are part of the federal law that created the Postal Service. By permitting the Postal Service to cut costs by attacking those benefits, Congress would be undermining the ability of postal workers to live in security and dignity both as active workers and after they retire. We vehemently oppose any change that would interfere with the right of postal employees and retirees to continue to participate in the Federal Employees Health Benefits Program (FEHBP) and federal retirement programs.

Although the Postal Service claims that it can devise a lower-cost health benefits plan, that is not true. What the Postal Service seeks to do is to shift costs from itself to employees, to retirees and to Medicare. This is not acceptable. It is a desperate and ill-considered attempt to deal indirectly with what should be dealt with directly – the retiree health benefits pre-funding requirement.

Because of the pre-funding requirement the Postal Service has cut costs in ways that have created hardships for postal workers and that threaten to destroy the Postal Service. The Postal Service has closed mail processing facilities, closed post offices, lowered its service standards, and reduced hours at post offices, particularly in rural areas and small communities. The Postal Service has cut its mail processing network so deeply and so recklessly that it is now violating the standards mandated by law, standards that the Senate sought to protect when it approved S. 1789 last year.

Network consolidation is delaying First Class Mail and periodicals by two or three days in many places.

We urge this Committee, the Senate, and the Congress to insist that service standards be maintained.

Likewise, retail services and services to rural areas have been cut and are still at risk. Retail services and rural post offices must be preserved and protected.

In addition, It is past time for the federal government to stop holding onto excess Postal Service funds that have been deposited in federal retirement programs. Postal ratepayers have for many years been subsidizing the federal government through substantial overpayments into federal accounts. This always has been unfair to ratepayers, but now it is more than unfair, it is unsustainable. To correct this, postal retirement obligations must be re-calculated on the basis of postal employee demographics; and all overfunding in federal retirement accounts must be repaid to the Postal Service without restriction.

We think Title V of the S. `486, which would cut benefits for injured employees, is an example of how postal cost-cutting threatens to penalize postal employees. It is wrong; we oppose it, and it must be removed from this bill.

As the Chairman and this Committee have recognized, it is necessary to repeal the restrictions on the Postal Service providing non-postal services. There are many ways in which the Postal Service can use its mail processing, retail, transportation,

and digital networks to provide useful new services that will enhance the Postal Service's performance, aid our communities and small businesses and help to sustain the Postal Service.

We appreciate the fact that Chairman Carper and Ranking Member Coburn have addressed the issue of postal revenues and the CPI cap on rates. We believe the CPI cap is unsustainable. To preserve universal service, a better balance must be found between rates and service.

APWU members have borne the brunt of the drastic changes made by the Postal Service in the past seven years. Our members have been penalized unfairly for financial problems they did not create and could not control. The APWU cannot accept efforts to impose further sacrifices on postal workers.

Thank you. I am available to answer any questions the Committee may have.