



American Postal Workers Union, AFL-CIO

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The Honorable Darrell Issa, Chairman
The Honorable Elijah E. Cummings, Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa and Ranking Member Cummings:

I am writing to you to follow up my testimony before your committee and to discuss H.R. 2748, which is scheduled for markup by the Committee on Wednesday, July 24, 2013. The American Postal Workers Union, AFL-CIO (APWU) appreciates your efforts to move forward with legislation that will address the Postal Service's financial problems. We want to emphasize four fundamental principles that must underlie any effective postal legislation.

- Service standards must be preserved as a means of protecting the value of postal services. This will require ensuring that the Postal Service has sufficient resources to maintain its mail processing and retail establishments at a level to deliver prompt reliable service to all Americans. Closings of mail processing plants and post offices are damaging communities and businesses by delaying service and severely limiting access to postal services.
- The Postal Service, and postal rate-payers, must be relieved of the burden of unnecessary payments into the federal treasury. This will require repealing the requirement of payments into the retiree health benefits fund; re-calculating postal retirement funding obligations past and future on the basis of Postal Service specific demographic and actuarial data; and refunding overpayments into retirement funds for the use of the Postal Service to maintain service and control rate increases for postal customers.
- The Postal Service must be released from the too-narrow strictures of present law and permitted to offer new services that take advantage of the postal infrastructure in cooperation with federal, state and local agencies.

- Collective bargaining agreements must be respected, and the right of postal employees to bargain over their wages, hours and working conditions under federal labor laws must be continued unfettered.

We have reviewed H.R. 2748 in anticipation of the markup of that bill by your Committee. While we appreciate your decision to move forward with legislation, there are some elements of H.R. 2748 that we strongly oppose, and there are some important elements that must be included in postal legislation that are not included in H.R. 2748.

1. The requirement that the Postal Service pre-fund its retiree health benefits obligations must be repealed. Pre-funding has already reached nearly \$50 billion. Without the burden caused by that pre-funding requirement, the Postal Service would be in a far stronger position today and would have the financial resources to maintain service and adapt to changing conditions. Re-amortizing the pre-funding requirement, as has been proposed by Ranking Minority Member Cummings would be a step in the right direction, but even that proposal and the provision included in legislation passed by the Senate last year would still burden the Postal Service with \$2.1 billion per year in unnecessary payments. No other federal agency or private company is required to make such payments. This burden to the Postal Service and its ratepayers should be repealed.
2. We support the proposal to use Postal Service specific demographic assumptions to calculate the Postal Service's liabilities and annual payments for both the FERS and the CSRS pension funds. However, we oppose the provision in H.R. 2748 that would require that surpluses in those accounts be paid into the retiree health benefits fund. Those surpluses represent payments made by postal customers. The excess funds should be returned to the Postal Service for its use in preserving postal services and to help control rate increases.
3. We oppose legislation that would reduce or eliminate postal services. The Postal Service should be directed to maintain service standards and levels as they were in 2011. This should include maintaining door-to-door delivery. Because of financial pressure caused by the retiree health benefits pre-funding requirement, the Postal Service has begun making cuts in its mail processing network that will reduce service so much that the cuts will hurt postal customers and drive business away from the Postal Service. The principle of universal First Class Mail service at a uniform rate throughout the nation is being compromised by the Postal Service in violation of the will of Congress. The Postal Service network is critical to its ability to compete in the rapidly-growing parcel market and to continue to provide vital services such as the timely delivery of prescription medicines. For these reasons, we also oppose provisions in H.R. 2748 that would support delaying and degrading mail service by cutting service standards.

We also oppose provisions that would encourage or expedite the closing of post offices that are operating at a deficit. These cuts inevitably will hurt service most in the rural and

hard-to-serve areas that most need postal services. Even small or unprofitable post offices are a vital part of the network required to provide postal services to all Americans.

4. We strongly oppose provisions in H.R. 2748 that would interfere with collective bargaining agreements and curtail bargaining rights. Giving postal workers the right to bargain collectively over wages, hours and working conditions is a cornerstone of the Postal Reorganization Act of 1970. Collective bargaining and peaceful dispute resolution through interest arbitration have worked very well. Since postal wages were last set by Congress in 1971, postal wage increases have closely tracked CPI increases. Postal rate increases also have been kept in check. Recent collective bargaining agreements provided the Postal Service flexibility that will control postal costs. Postal rates in the United States are already the lowest among rates in industrialized nations. There is no justification for interfering with a collective bargaining process that has worked well.

We specifically and strongly oppose provisions that would mandate certain provisions on health insurance premium contributions. Negotiations between the Postal Service and all the postal unions have resulted in reductions in Postal Service payments for health insurance premiums. But those changes are, and any future changes must continue to be, the product of give-and-take bargaining. The Postal Service's efforts to get Congress involved in negotiations over health benefits are misplaced. The workers we represent are part of a very successful and efficient health benefits program, the FEHBP. We are willing to discuss in collective bargaining, as we have in the past, but not as a part of legislation, whether there are ways to improve FEHBP health benefits for our members that also would provide savings for the Postal Service; but that is a matter for collective bargaining not legislation.

The other provisions in H.R. 2748 that would curtail bargaining rights are also unacceptable. Although H.R. 2748 backs away from the effort to abrogate existing agreements, it still would prohibit the negotiation of no-layoff provisions in future agreements. Again, there is no justification for a restriction on collective bargaining rights. We strongly oppose proposals to repeal Section 1005(f) of the Postal Reorganization Act, to change the comparability standard for postal compensation, to require the Postal Service to report to Congress on union officers' and stewards' activities, and to amend and restrict the process for resolving collective bargaining disputes.

Section 306 of H.R. 2748 has no place in postal reform legislation and we strongly oppose it. It is beyond the scope of this legislation and deals with an issue, workers compensation, which should be addressed by the Committee on Education and the Workforce. The change in the law by this provision would be unfair to workers injured on the job.

5. We oppose the imposition of a temporary governance authority over the Postal Service and oppose giving any such authority the powers described in your bill. The conditions specified in the bill would be impossible for the Postal Service to meet and amount to a prescription for the dismantling of the Postal Service. A very different approach to the financial problems of the Postal Service is needed. The CPI cap placed on rates in 2006 should be repealed. This would permit the Postal Service to adjust rates to take account of market realities. This does not mean that we think dramatic increases in postal rates are necessary or desirable, but some increases higher than the rate of inflation will be needed. There can be no justification for continuing to substitute an artificial CPI ceiling in place of market-sensitive-rates for postal services.
6. We strongly support provisions that would give the Postal Service authority to offer non-postal services. H.R. 2748 would take a small step in that direction, but it would not go nearly far enough. Our testimony last Wednesday addressed this issue in more detail and listed the following non-postal services that should be authorized:
 - Micro-Banking
 - Check cashing
 - New technology and media services
 - Warehousing and logistics
 - Facility leasing
 - Public internet access services
 - Driver licensing
 - Vehicle registration
 - Hunting and fishing licenses
 - Notary services, and
 - Voter registration

Wherever necessary, the Postal Service must be authorized to enter into cooperative arrangements with other federal agencies, state and local governments, and private enterprises.

Thank you for your attention to these points and for your efforts to move forward with postal legislation.

Sincerely



Cliff Guffey
President

cc: Members - Committee on Oversight and Government Reform