



American Postal Workers Union, AFL-CIO

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William Burrus
President

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The Honorable Joseph Lieberman, Chair
Committee on Homeland Security and Government Affairs
340 Dirksen Senate Office Building
Washington, DC 20510

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Dear Senator Lieberman:

I am pleased to respond to the questions submitted by Senators McCaskill and Coburn for inclusion in the record of the Senate Homeland Security and Governmental Affairs Committee hearing, which was held on Aug. 6, 2009. I regret that the senators were unavailable during my testimony, when we could have engaged in discussion of the pending legislation, but I respect the competing demands on their time.

1) Keeping in mind your organization's opposition to S. 1507, what are the substantial steps the APWU is willing to take to assist the Postal Service in weathering its severe crisis?

Before I address the substance of the inquiry, I want to point out that the question misstates the position of the American Postal Workers Union: We support S.1507 as it was originally drafted. We oppose the amendment that would require interest arbitrators to consider the financial health of the Postal Service. During the hearing, I explained in some detail the reason for our opposition to the amendment.

In response to the question: The financial problems of the Postal Service transcend the wages and benefits of postal employees. They are caused by three major factors: the nation's economic crisis; the requirement to pre-fund retiree healthcare costs, and excessive workshare discounts. The economy will eventually rebound, and I am optimistic that Congress will correct the pre-funding debacle. Excessive discounts also must be eliminated.

The American Postal Workers Union has challenged the postmaster general to discontinue the excessive discounts the USPS offers to large mailers, and instead to compensate postal employees for processing letters and flats at a cheaper per-piece rate. This would reduce the Postal Service's costs; improve efficiency, and make better use of underutilized equipment and employees. As an added incentive, we propose to process parcels at no charge.

Regrettably, the USPS vigorously defends the excessive discounts, which, under the law, may not exceed the “postal costs avoided.” If the discounts are indeed below the costs avoided, our offer would lower expenses substantially.

The entire postal community has a responsibility to help eradicate the USPS deficit, so I hope that you also have asked other stakeholders what actions they are willing to take to assist the Postal Service. If all postal parties undertake serious steps to enhance the viability of the USPS, we would be willing participants.

2) Do you support Congress allowing the Postal Service the flexibility that was giv[en] to them in the 2006 Postal reform bill to reduce mail delivery from 6 to 5 days? If no, please explain why.

Before I explain the APWU's position, I want to note that the Postal Accountability and Enhancement Act of 2006 (PAEA) did not authorize the Postal Service to reduce the number of delivery days. The Postal Service requested such authority, but the Fiscal Year 2010 Financial Services and General Government Appropriations Bill continued the requirement of six-day delivery.

The American Postal Workers Union strenuously opposes a reduction in the number of delivery days, because we believe it would lead to the demise of the Postal Service. Eliminating Saturday delivery would enhance privatization and undercut the Postal Service's ability to serve citizens and businesses. In the long run, it would undermine universal service at uniform rates.

It is doubtful Congress would dictate that mail *cannot* be delivered on Saturdays; more than likely, legislation would simply abolish the Postal Service's *obligation* to deliver on the sixth day. Private companies would welcome the opportunity to deliver mail on Saturdays – in *some* locations – and the march to privatization would begin.

The proposal to reduce mail delivery to five days per week raises the question: If private firms are permitted to deliver mail on Saturdays, why not on Fridays or Thursdays?

Furthermore, as the economy improves, we expect mail volume to return to the height it reached in 2006. If delivery is reduced in the meantime, the Postal Service would not have the ability to handle the higher volume once it returns.

For example, during weeks with holidays, the Postal Service would be required to deliver 100 percent of the workload during a work week set at 42 percent.

3) Do you support allowing the Postal Service the flexibility to close facilities that are under performing or can be consolidated to improve the financial health of the Postal Service? If no, please explain why.

Existing law limits the right of the Postal Service to close post offices solely because they operate at a deficit, noting that it is the specific intent of Congress to ensure that effective postal services be provided to residents of both urban and rural communities. The APWU supports Congress' intent, and we believe the USPS has sufficient flexibility to optimize its operations.

The basic question we must ask is, "Do we want a Postal Service that generates profits, or do we want a Postal Service that serves the communication needs of the country?" I am convinced that the Postal Service can serve our nation's needs at 1971 costs adjusted for inflation without the significant reduction in service that would be caused by the closure of a substantial number of stations and branches.

4) Besides addressing the Retiree Health Benefits payments, what other solutions are you recommending that Congress, the Postal unions or the Postal Service should do to ensure the long-term financial viability of the Postal Service?

The requirement that the Postal Service fully fund future retiree health benefits over an arbitrary period of time was unwise and unreasonable; it has severely damaged the institution and will continue to do so if it is not corrected. Between 2006 and 2009, the USPS paid approximately \$15 billion from its operating budget to pre-fund retiree healthcare benefits. This requirement has destabilized the Postal Service at the same time that volume was seriously eroded by a weak economy.

I ask that Congress permanently correct this colossal mistake by recalculating the future healthcare costs to reflect reality, and that Congress provide the USPS with a flexible payment schedule, unrelated to the "scoring" process of the federal government.

In addition, any comprehensive review of the Postal Service should analyze the entire postal system, including private providers of mail service. To date, all examinations of the mail system have focused on the USPS, with the stated objective of promoting efficiency and eliminating redundancy. The fallacy of this approach is that it artificially limits the definition of the postal network.

All stakeholders – including postal unions, management, major mailers, private mail consolidators and pre-sorters, transportation providers and suppliers – have a role to play in ensuring the long-term viability of the institution. Focusing on any single entity within an industry that employs 9 million people and generates \$900 billion ignores major components of the vast enterprise and serves only to meet political objectives.

5) Do you think the Federal government should subsidize the Postal Service?

Having spent 52 years as a postal employee or representative of employees, I have personally experienced the effect of federal subsidies on the USPS: My response is an unequivocal *No!*

6) Not taking into account the Retiree health Benefit payments, do you think that the Postal Service currently has a viable business plan?

It is difficult to answer this question because it ignores the fundamental predictor of the Postal Service's future viability. It is akin to asking **if an individual has a plan for crossing the street after being hit by a car.**

However, setting aside our concerns about the retiree healthcare benefits, we must conclude that the Postal Service lacks a viable business plan.

In the 21st century, with advances in computerization, the Postal Service must evolve beyond serving as the conduit of messages generated by others. Over the 230-year history of the Postal Service, hard-copy communications have been generated in sufficient quantity to support a national network. Technology has improved communication in critical areas, often at the expense of mail volume. I believe that civilization will continue to use mail as a means of communication; the question is, communicating what?

Many personal and business transactions have or will migrate to other forms because of the advantages in speed and cost. This is a sign of progress and it serves no purpose to bemoan such change. But mail has unique advantages in conveying graphics and text messages that must be absorbed in order to influence behavior. In a capitalistic environment, this is a golden opportunity for mail. To realize the benefits, the USPS must grow beyond a passive conveyer and become an enterprise that serves as a catalyst for hard-copy communication.

The USPS must combine the benefits of technology and hard-copy communication, enabling commercial enterprises and individual citizens to convey messages. Under the traditional system, a company or citizen purchases paper and envelopes; combines them into a single item (mail); affixes an address and postage, and deposits the product at a post office or collection box for delivery. These multiple steps and purchases can be combined into "one-stop shopping" on the Internet, and can be delivered to the addresses of 200 million homes and businesses, six days per week. The Postal Service can perform the printing or permit the sender to create the message using the Internet. The entire process can be billed after the fact. This is a business model that can survive far into the future.

Sincerely,

A handwritten signature in dark ink, appearing to read "William Burrus". The signature is stylized with a large, looped "W" and a cursive "Burrus".

William Burrus
President