

STATEMENT OF SENATOR JOHN MCCAIN, RANKING MEMBER

**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES AND
INTERNATIONAL SECURITY**

**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL
AFFAIRS**

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

June 23, 2010

Senator Carper and Congressman Lynch, thank you for holding this joint hearing on the future of the U.S. Postal Service, and welcome to our colleagues from the House. I look forward to hearing the views of the mailing community and postal employees on how to ensure a sustainable Postal Service.

The Postmaster General testified in April that mail volumes continue to drop significantly, the cost of delivering mail continues to increase, and the Postal Service’s financial situation remains “precarious.” The Postal Service again faces an estimated \$7 billion loss at the end of this fiscal year. It is so strapped for cash that it will not be able to make both retiree health benefit trust fund payments and October’s payroll, despite drawing on another \$3 billion from the U. S Treasury.

The Postal Service’s financial problems are exacerbated by restrictive collective bargaining agreements and enormous labor costs, which accounted for nearly 80% of total expenses in 2009. The Postal Service is statutorily required to pay wages and benefits comparable to the private sector, yet it does not have the workforce flexibility of the private sector. During business downturns, it cannot lay off employees or assign idle employees to perform tasks outside their designated craft. Furthermore, it is restricted from exercising some of its outsourcing capabilities. And, the Postal Service must pay for health and life insurance benefits greater than those offered by other federal agencies.

Given the backdrop of these labor restrictions and costs, I was alarmed to read a June 13, 2010 article in *The Columbus Dispatch* that postal employees were getting paid for doing no work. The article states:

“A group of Postal Service employees in Columbus spent five days in late May and early June being paid to do no work. A supervisor told them to stay in an area of the processing and distribution center near Port Columbus. The nine men played cards and took naps. One of them brought in coloring books and they had a contest to see who could make the prettiest picture. They all earned their regular wages, \$20.58 to \$26.34 per hour.”

Such scenarios occur because of restrictions placed in collective bargaining agreements. These agreements should not and cannot be so restrictive or costly that they lead to the demise of the Postal Service. It is the job of postal management to press for adequate flexibility in workplace rules during collective bargaining negotiations. Likewise, it is the responsibility of employee unions to ensure a sustainable cost structure for the Postal Service and not negotiate themselves out of a job. The past failures of postal management and the continued inflexibility of employee unions must change.

Earlier this year, the Postal Service’s Inspector General identified a \$75 billion pension overpayment by the Postal Service. There have been some disagreements between the Postal Service and the Office of Personnel Management as to whether an overpayment exists. The Postal Regulatory Commission is currently evaluating the potential overpayment and is expected to issue a ruling on the matter in mid-July. If the ruling goes in favor of the Postal Service, it will be a substantial financial boost, but it will not fix the Postal Service’s broken business model. We need comprehensive reform, and everyone must do their part.

Thank you again, Chairman Carper and Chairman Lynch.