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Written Statement of Don Cantriel, President National Rural Letter Carriers' Association

Before the

Senate Homeland Security and Governmental Affairs Subcommittee on
Federal Financial Management, Government Information, Federal Services,
and International Security

And the

House Committee on Oversight and Government Reform Subcommittee on
Federal Workforce, Postal Service, and the District of Columbia

June 23, 2010

Chairman Carper and Chairman Lynch, and members of the Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security and the House Committee on Oversight and Government Reform Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, my name is Don Cantriel, and I am President of the National Rural Letter Carriers' Association (NRLCA), which represents 123,000 bargaining unit rural letter carriers. Our members work in rural, suburban, and urban areas throughout the United States and function as a "post office on wheels" because rural letter carriers offer Postal customers all of the services performed over the counter at a post office. We sell stamps and money orders, accept express and priority mail, offer signature and delivery confirmation, registered and certified mail, and, of course, collect our customers' parcels.

Mr. Chairman, our country is experiencing a myriad of economic challenges, and the Postal Service has not been immune to these difficult financial times. The typical mailers who represent a large portion of the mailing business -- the financial, mortgage, and credit card industries -- have all scaled back their mailings as a direct result in cost cutting measures by businesses and the American consumer, resulting in unusually low mail volumes. These unusually low mail volumes have caused the Postal Service to consider drastic steps to change its business model and its operations. The cornerstone of the Postal Service's plan is to do away with Saturday mail delivery to the millions of homes and business that receive mail. This idea is terribly misguided and will hurt, not help, the Postal Service's business and the customers it serves.

Chairman Carper and Chairman Lynch and members of the Senate and House Subcommittee, I urge you in the strongest and most forceful way not to support the Postal Service's proposal to eliminate the congressionally-mandated 6-day delivery language provision. The provision stating "That 6-day delivery and rural delivery of mail shall continue at not less than the 1983 level" *must* be included once again in the annual 2011 Senate Appropriations bill.

The Administration's Budget Proposal recommends the inclusion of the mandated 6-day delivery provision. The Administration recognizes that the Postal Service is facing real financial challenges. The Administration has pledged to work with the Postal Service, the employee unions, Congress, and other stakeholders to make sure that the Postal Service remains viable and a pillar of the economy. I encourage you to follow the Administration's lead by supporting the mandated 6-day delivery language in the 2011 bill and allow the Postal Service to do what it does best -- serve the American public.

The Postal Service cannot expect that by working less it will achieve more. There is a dispute between the Postal Service and the Postal Regulatory Commission (PRC), which has regulatory oversight of the Postal Service, over how much money may actually be saved by eliminating a day of delivery. The Postal Service claims it will save \$3.5 billion if it were to eliminate Saturday delivery. The PRC disagrees, reporting the savings will be only \$1.9-\$2.1 billion. Either number represents a very small savings compared to the amount of revenue the Postal Service will lose as businesses or consumers find other methods of delivery to have their mail, packages, and products delivered. Recent history supports my contention that there will be a major loss of revenue if the Postal Service is given the green light to stop Saturday delivery. After passage of the Postal Reorganization Act of 1970, the Postmaster General essentially gave away the parcel business, because the Postal Service believed that its future was going to be in the collection and delivery of letters - not parcels. The Postal Service thereafter created an Express Mail product, only to give that business away -- once again -- to private delivery companies. The Postal Service has been fighting ever since to regain a share of each of those markets.

The point I am trying to make Mr. Chairman, is that consumers and businesses will not use a Postal Service that reduces service by one day a week or 17 percent. Once consumers and businesses find an alternative – and they surely will – they likely will stay away from the Postal Service for good. The vacuum that would be left by shutting down delivery operations on Saturdays is sure to be filled by a competitor and once we lose that business, we will forever be fighting -- at even greater expense -- to get it back. Customers and businesses that rely on the mail will see an increase in the delivery time for their product. Failure to meet postal customer's delivery expectations could negatively impact the Postal Service's business model and the public's expectation that mail will be delivered in a timely manner. This is why I urge you not to support the elimination of Saturday mail delivery.

But there would be other catastrophic effects of moving to Saturday delivery and those effects would disproportionately hurt rural letter carriers. In our craft, we have a unique system of substitute employees who fill in for regular, full-time rural carriers at the drop of the hat. There are approximately 53,000 rural craft employees who do this work and it is a condition of their employment to be available at all times. It is a tough job. The wages could be higher and there are no benefits – no sick or annual leave or retirement program. These substitute employees – we call them relief carriers – typically work three or more days per week (in more metropolitan areas often six days a week) and must do so until a regular route goes up for bid. It can take five or more years for a route to become vacant so these relief employees have, in effect, a very long apprenticeship period. It is hard work and many must provide their own vehicle suitable for mail delivery. They have had to make that investment. They did not have a choice. If we go to five-day delivery, there will be no need for most of these relief carriers. Tens of thousands of rural carrier relief employees will be without a job, without a livelihood, and this is particularly difficult to stomach, especially when our folks have been waiting five or more years to obtain full-time employment with the Postal Service. It is also tough to accept when the proposed solution simply will not work -- will not do what the Postal Service says it will do. Our people need not be sacrificed in this way.

If there is no Saturday delivery, the ancillary functions our carriers perform at no cost to the American public will be missed. There will be no heroic actions out on the route -- the report of a house fire, an accident, or assistance to the elderly. These byproducts of the work we do and the fact that we are out and visible working with the public in communities large and small – will be curtailed on the weekend. Our public health and safety function will also be curtailed if rural carriers are not working on Saturdays. Back in 2002, in the wake of 9/11 and the anthrax attacks that terrorized the Nation and killed private citizens and Postal workers alike, we were prepared to serve as a public health army. We were to play an important role in the delivery of medicines in the event of biological terrorism. We play that role still today but we cannot fulfill that mission completely if our employees are not working on Saturdays.

Our customers will miss Saturday service. We hear that message. They want the contact with their rural carrier and many absolutely depend on it. Whether it is prescription drugs, public assistance, vital legal documents, or important business mailings, our customers and mailers want and need Saturday delivery. A radical response to cyclical change and a down economy is not good for the Postal Service or our customers. Indeed, our greatest concern is that we may have far fewer customers if we are unable to provide them the service to which they have become accustomed.

There is an easier way to put the Postal Service on firm financial footing that does not involve eliminating Saturday delivery. First, something must be done about the pre-funding of the Future Retirees Health Benefits Fund (FRHBF). When the 2006 Postal Accountability and Enhancement Act (PAEA) was passed, the Postal Service was experiencing high mail volumes and record revenues. Much has changed since then. Under the PAEA, the Postal Service's statutorily-required payment schedule is too much to bear and is patently unfair

during these trying times. No other government agency or corporation is required to pre-fund their retiree health benefits -- let alone required to almost fully pre-fund them at an accelerated pace. Reducing the amount of money the Postal Service is required to pay into the FRHBF has the potential to save the Postal Service billions of dollars and still not put employee pensions at risk.

Moreover, the Inspector General reported that the Postal Service has been overcharged \$75 billion on its CSRS Pension Fund responsibility. According to the OIG report, this overcharge has been used to pay the retirement costs of federal employees, not just postal employees. The report continues to say that if the overcharge was used to prepay the FRHBF; it would fully meet the retiree health care liabilities and eliminate the need to continue for the Postal Service to continue paying \$5 billion annually as mandated by the PAEA. The Postal Service should be permitted to have the monies it was overcharged returned.

Additionally, the Postal Service can initiate internal cost-cutting measures right now to reduce its operating expenses. I have gone on record before, and I will go on record again as saying if an employee is not involved in the processing, collecting, or delivering of mail, their job should be under the microscope. What I mean by this is there are simply too many layers of middle management that can be eliminated. We have manager's managing managers. The ratio of manager's overseeing employees is approximately one to seven. Think about this for a second. For every seven postal employees, there is a manager looking over their shoulder. This is among one of the highest manager-to-employee ratios in the country. This is simply not necessary.

The Postal Service can also reduce its operating expenses by consolidating many of the current Districts. There is no logic to the number of Districts or Areas that currently exist. One only has to look at a map to see how illogical the current structure really is. The consolidation of Districts and Areas, with the repetitive positions in each of those districts and areas would save the Postal Service millions; if not billions of dollars, and in my opinion would make for more consistent policy and better consistent service.

Thank you for inviting me to testify today on behalf of the National Rural Letter Carriers' Association for today's Joint Subcommittee hearing. I would be happy to answer any additional questions you may have.