

TESTIMONY OF
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BEFORE THE
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES, AND
INTERNATIONAL SECURITY

OF THE
SENATE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENT AFFAIRS

"The Road Ahead II: Views from the
Postal Workforce on Implementing Postal Reform"

July 25, 2007

Thank you, Chairman Carper and members of the Subcommittee, for asking me to testify today. The National Postal Mail Handlers Union serves as the exclusive bargaining representative for approximately 57,000 mail handlers employed by the U.S. Postal Service. I appreciate this opportunity to present our views to your Subcommittee. I will not repeat the details of my April statement to your Subcommittee, but ask that it be included in the record of this hearing. I also ask that today's written testimony be submitted for the record, as I will only summarize it.

The specific question you have asked us to address – what are the effects of the Postal Accountability and Enhancement Act on postal employees? – is difficult to answer at this point. During the thirteen years that postal reform was debated, written and re-written, we continued to negotiate and implement negotiated agreements, and continued our long history of labor stability within the collective bargaining process. Our most recent agreement from 2006, finalized last December only days before Congress passed the postal reform legislation, will last for five years. At this point in time, from the perspective of any individual mail handler who works on the floor at a major postal facility, the most significant difference is the mandated cut in the workers' compensation program. We continue to believe that the OWCP change included in the reform act was both unnecessary and unwise.

Let me turn, Mr. Chairman, to the subject of safety and health, as I know that several members of the Subcommittee have taken a personal interest in

these issues, and that the reform legislation mandated a study of workplace safety at the Postal Service. Mail handlers appreciate your assistance. Often we work in dangerous conditions. The Mail Handlers Union is engaged in several efforts at reducing those dangers, including—

- + The Mail Security Task Force. This task force meets monthly with the Inspection Service to address, in a pro-active way, emergency preparedness and contingency plans for chemical and biological attacks. It grew out of the 2001 anthrax situation and has developed specific protocols related to such incidents. It also addresses a potential pandemic flu and natural disaster that could disrupt mail processing and delivery. Mail processing was one of the first operations back in place after Hurricane Katrina, for example.

- + The Ergonomic Risk Reduction Program. We have been very successful in reducing repetitive motion injuries, probably by as much as 35%. This program establishes committees that meet in the individual plants on a weekly basis to identify ergonomic risks. Unfortunately, notwithstanding the forceful backing of the Postmaster General and his headquarters staff, some plant managers have been reluctant to participate fully. They will tell you that the pressure to “make budget” causes them to keep employees processing mail all the time, and not to give time off to staff this program. We think this attitude is “penny wise and pound foolish.” It has been estimated that the Risk Reduction Program saves (on average) 20 injuries per facility per year where the process is used – about a five-fold return on the dollar.

+ Voluntary Protection Program. This program is driven by the employees and is OSHA-related. Rather than looking at recurring injuries, it looks at the cause of a specific, often traumatic injury. It seeks to prevent a recurrence. During the past five years where this program has been implemented, it has become a major factor in the reduction of injury and illness rates. There are measurable differences in the injury rates in facilities that use this program versus those that do not. Unfortunately, only 10-20% of the major postal installations have the program in place. This non-participation is caused, at least in part, by a complicated set of regulations that must be followed. We are working with OSHA to streamline those regulations.

These are all joint management-labor programs that are intended to protect both employees and the public. They also have the effect of making the Postal Service a more efficient, less costly work environment. They improve the worklives of our members, and at the same time they improve the finances of the Postal Service. We believe that much of the recent increase in productivity of postal employees is directly related to Union involvement, something which none of us should overlook.

Another important aspect of the postal reform legislation is the flexibility provided to the Postal Service in pricing its products and responding to economic crises. The legislation specifically is intended to recognize the volatile world in which we live, where gasoline can cost \$35 per barrel one month and \$70 per

barrel shortly thereafter, or where drastic reductions in mail volume can occur without warning. There also are extreme examples, such as the terrorist attacks on September 11th or anthrax in the mail. Consequently, the "exigency clause" and "banking provision" were added to the bill, and were broadened during congressional debate to cover not just extraordinary events, but also merely exceptional circumstances, including but certainly not limited to those I already have noted. We therefore respectfully but vehemently disagree, Mr. Chairman, with the April 2007 letter that you and Senator Collins wrote to the Postal Regulatory Commission suggesting that the exigency clause should be read narrowly.

In other areas as well, interpretation of the postal reform legislation has become more controversial than the original debate surrounding its enactment. We have heard the public pronouncements of postal management and some members of the Board of Governors that they must privatize the Postal Service to stay within the price cap set by the Consumer Price Index. We reject that notion. Not only did the legislation re-confirm the commitments stated in the 1970 Postal Reorganization Act to career postal employees, but we believe that the Postal Service's arguments ignore the true costs of privatized labor. That cost is not simply our wages versus a low-wage, low benefit privatized work force. Our wages and benefits certainly are better. But as we saw at Walter Reed and elsewhere, there are hidden costs and perilous dangers in privatizing. As we see in the safety and health areas, unions provide an environment that can be a "win-win" situation for all.

Subcontracting, on the other hand, employs a low-paid, no-benefit, non-career, and often transient workforce. We believe that you get what you pay for. We believe that the processing and delivery of mail in the postal system should be a core function of the professional workforce employed by the Postal Service, and should not be subject to the low-bid ideology. Surely, the American people do not want some contract employee reaching into their neighborhood mail box, or handling and processing their package to a loved-one – either here or in the military overseas. The public has a trust level that is breached when privateers are hired. Thus, the Mail Handlers Union believes that the use of low-paid private workers to perform core postal functions, and the resulting reduction in career postal jobs, is a sufficient reason for the Postal Service to stop its subcontracting.

But we also live in the 21 century, and therefore we know that some will argue that getting the work performed more cheaply is the same as getting the work performed efficiently, safely and securely. As I noted earlier, the Board of Governors likes to point out that the Postal Service has to live “within the CPI” or the rate of inflation, because it only will be allowed to raise rates by increases in the Consumer Price Index starting next year. Thus, their argument goes, the Postal Service has to subcontract in order to save the higher costs of performing the work in-house.

The premise of their argument, however – that the Postal Service will save money by allowing private contractors to perform the work currently performed by mail handlers and other career postal employees – is totally false. Recent experience has shown that subcontracting of mail handler jobs has not worked. In fact, it has had the opposite effect of leading to expensive inefficiencies that have cost postal customers much more than the Postal Service expected.

For example, the largest subcontract for mail handler work ever signed by the Postal Service was implemented approximately ten years ago. At that time, the Postal Service decided to contract with Emery Worldwide Airlines to process Priority Mail at a network of ten mail facilities along the Eastern seaboard. Nearly one thousand mail handler jobs were privatized. Today, the work at those facilities has been returned to mail handlers and other career employees within the Postal Service, but not before the Postal Service suffered severe losses in the hundreds of millions of dollars. At a meeting of the USPS Board of Governors, one Governor stated publicly that the Emery subcontract was one of the worst decisions that the Board ever made.

This was not just idle speculation. In September 1999, the USPS Office of Inspector General audited the Priority Mail Processing Network. The OIG released an audit report that concluded, and here I am quoting from the report:

[W]e disclosed that Priority Mail processed through the network [using private workers] **cost 23 percent more** than Priority Mail processed by [career employees] of the Postal Service without a network. In addition, we found that the Priority Mail

Processing Center Network **was not meeting overall delivery rate goals** referenced in the contract.

To its credit, postal management eventually recognized its mistake. They concluded that – and again I am quoting from the OIG – “an early end to the contract would limit the Postal Service’s financial exposure.” As noted, the work of processing Priority Mail was returned to mail handlers and other career postal employees, but not before postal customers incurred dramatic financial losses.

As I suggested earlier, a privatized mail system is contrary to the original Postal Reorganization Act. It states that the USPS should provide quality, career jobs for employees. Historically, the Postal Service has provided an important career for millions of Americans, allowing entry into the middle class. A postal career has allowed millions of American families, including my own and undoubtedly including many other families represented here today, to buy a home, send their kids to college, and pay their fair share of taxes. We do not believe Congress should be encouraging a Postal Service of poorly paid employees for whom health care means a visit to the Emergency Room and for whom retirement means a bare existence on Social Security.

Who handles your personal mail and who has access to your identity is a public policy issue for Congress to decide. Sending military mail to Iraq or Afghanistan via a private subcontractor is also a policy issue. The piecemeal privatization of this nation’s communications network is a policy issue. We do not believe the postal reform legislation passed less than one year ago should be

a convenient excuse to dismantle the Nation's postal system. We believe that the postal system should remain in the hands of its professional, career work force – not some fly-by-night, private labor force.

Thank you, Chairman Carper, and I will be glad to answer any questions that the Subcommittee may have.