

APWU CONGRESSIONAL TESTIMONY

**American
Postal
Workers
Union,
AFL-CIO**

WILLIAM BURRUS
PRESIDENT

Before The

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

The U.S. Postal Service in Crisis

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Mr. Chairman and Members of the Subcommittee: Thank you for providing the American Postal Workers Union the opportunity to testify on behalf of the members that we are privileged to represent.

The Postal Service is in midst of a severe financial crisis, caused in large part by the nation's economic difficulties and the resulting decline in mail volume – and compounded by the oppressive burden of pre-funding retiree healthcare costs.

The interest of the Chairman and this subcommittee in drafting legislation that would mitigate the pre-funding requirement was welcomed by the postal community. We were aware of the concerns associated with “scoring” such legislation, and looked to the administration and the Chairman for their assistance in achieving a reasonable solution.

The introduction of the Postal Service Retiree Health Benefits Funding Reform Act of 2009 (S. 1507) gave us hope that legislation would soon be enacted that would provide substantial short-term relief to the cash-strapped agency. Progress was well underway, until the Committee on Homeland Security and Governmental Affairs voted to amend S. 1507.

One amendment, which requires arbitrators in the negotiation of postal labor agreements to “*take the financial health of the Postal Service into account*,” drastically changed the focus of the committee's efforts from assisting a troubled industry to an assault on postal workers. It is a mean-spirited amendment that is intended to shift the payment of the employer's share of retiree healthcare liabilities to employees. The committee did not consider imposing a surtax on postage rates to pay the unfunded liability, but adopted an amendment that would, in effect, assess a tax on postal workers.

Let us be clear, the Postal Service's obligation to pay \$68 billion over an 8-year period was the product of the Postal Accountability and Enhancement Act of 2006 (PAEA) – which was endorsed by senators who serve on this subcommittee. The authors of the PAEA did not anticipate the recession that would soon grip the nation, and failed to appreciate the impact it would have on mail volume and postal revenue. Instead, they erroneously identified e-mail and the Internet as the most serious threats to the viability of the Postal Service.

One goal of the PAEA was to force postal management to reduce its network and labor force; it sought to accomplish this objective by squeezing postal finances to such an extent that management was left with no other options. The advocates of postal “reform” imposed on the Postal Service the burden of pre-funding retiree healthcare payments, exacerbating the crisis. By requiring payments of \$14 billion over the last two years – with more payments to come – the supporters of the PAEA share the blame for the Postal Service's inability to ride out the economic crises.

S. 1507 would have alleviated the problem, but the amendment – which is not at all germane to the subject of the main legislation – would subvert the collective bargaining process. By endorsing the amendment, the Committee has declared war on postal workers.

When I began my government career 55 years ago, postal employees labored under the absolute control of Congress, and suffered from serious neglect. After years of struggle, in 1971, the Postal Service was converted to an independent agency of the federal government, and postal workers were granted the right to organize and engage in collective bargaining. Negotiations over the following 38 years have resulted in postal wages that have tracked the Consumer Price Index.

Arbitrator Clark Kerr, a renowned economist, issued a seminal decision in 1984 that interpreted “comparability,” the standard for postal wages. Since then, the parties have been guided by his decision. The recent action of the Committee would jettison this history, and require the unions and management to embark on a contentious journey aimed at applying competing standards.

In the abstract, supporters can make the case that requiring arbitrators to consider the financial health of the Postal Service is a reasonable standard that should be applied universally. But one only has to look at recent history to see that such application has been selective. Wall Street executives who nearly bankrupted the financial institutions of our country awarded themselves indecent bonuses from the treasuries of the companies they nearly destroyed, and massive bailouts were funded by the taxpayers. If there was ever a time to consider financial health, one would think the Wall Street debacle would have been it.

The financial health of the USPS *has* been a consideration in the arbitration of every contract, but the amendment is intended to elevate this factor above all others. It would leave workers at a severe disadvantage, and make the bargaining process more subject to manipulation. One does not have to be a rocket scientist to understand the purpose: Clearly, the authors of the amendment hope it will constrain wages and benefits.

The amendment to S.1507 is not an effort to be fair or reasonable. It is an attempt to turn back the clock and penalize postal employees. And penalize them for what? For abiding by the rules and managing to attain a middle-class wage. Binding arbitration was intended to replace the constitutional right of workers to withhold their labor. A full range of issues have been presented to contract arbitrators, including the financial health of the Postal Service – without the heavy hand of Congress.

I repeat: This is a mean-spirited amendment that undermines the collective bargaining process. The American Postal Workers Union will oppose S. 1507 because we believe its enactment would be disastrous for the American public and for postal employees.

The crisis facing the United States Postal Service is real, and this union offers positive solutions. The amendment to S. 1507 is not positive, and it will not solve the problems of the United States Postal Service.