

TESTIMONY OF

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BEFORE THE

SUBCOMMITTEE ON
FEDERAL WORKFORCE, POSTAL SERVICE, AND
THE DISTRICT OF COLUMBIA

OF THE

HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM

**“The Postal Service:
Network Realignment”**

July 24, 2008

Good afternoon, and thank you Chairman Davis and members of the Subcommittee for inviting me to testify. My name is John Hegarty, and I am National President of the National Postal Mail Handlers Union, which serves as the exclusive bargaining representative for nearly 60,000 mail handlers employed by the U.S. Postal Service.

You have asked us to testify today about the three R's, "Realignment, Rightsizing and Responsiveness." These are all related to the Postal Service's recent June 2008 report known as "The Network Plan."

During this Subcommittee's previous oversight hearings, I testified on the question whether the Postal Service should be outsourcing some of its core functions, including the processing of mail normally handled at air mail centers or the processing of military mail headed to our troops in Iraq and Afghanistan. I also have challenged the economics of privatization, preferring to focus on the real cost of privatization. As part of that prior testimony, I also pointed out the disastrous private contracts that have been let in the past. I will not repeat that testimony here today. I would like, however, to talk about the Postal Service's most recent ill-advised foray into subcontracting, which involves the recently issued "Draft Request for Proposals" to outsource work from the Bulk Mail Centers.

For many years, the Mail Handlers Union has tried to work with the Postal Service towards a better, more efficient and more economical

operation. However, we have several problems with this latest RFP. The premise of the subcontracting proposal, according to the Postal Service, is that they will be moving the machines used by the Flats Sequencing System (or FSS) into the Bulk Mail Centers. This decision about the FSS is based primarily on space available, not on the current workload. As a consequence, the Postal Service has a choice – what to do with the work that is being displaced, which is primarily the sorting of parcels, trays and tubs now being performed at the Bulk Mail Centers. The work can be shifted to other available, nearby facilities based on local capacity, or the work can be outsourced. And the draft RFP suggests that the Postal Service is leaning toward outsourcing. In other words, the FSS is being used as an excuse to outsource current mail processing.

It makes absolutely no sense to this Union to give away mail volume to the private sector, when the nearby postal plants, as is well documented, are suffering from a major loss of mail volume themselves. If the FSS is going to cause work to be moved out of the Bulk Mail Centers, it would make perfect business sense to relocate that work to the nearby plants. There simply is no need to outsource this work!

On a related issue, the Postal Service is talking about realigning its plants, through closings and consolidations, based on the assumption that the current loss of mail volume nationwide is permanent, and that this mail volume will never return. Although the Network Plan does not specifically identify any facilities, it appears that the Postal Service is

intending to make permanent changes, based on a temporary condition. To the Mail Handlers Union, this also does not seem like a logical business decision.

It bears noting that their own report references a lack of available data. While I understand that this report was required to be filed in June by the terms of the Postal Accountability and Enforcement Act, it seems that much of it is premature. We have gone down this road before. Both the Postal Rate Commission and the General Accountability Office found the Postal Service's previous report on realignment to be sorely lacking.

This time, however, I must agree with the Postal Service that it lacks both the historical data and the accurate future projections that are necessary to finalize any realignment plans. Despite that shortcoming in this report, my union and our members have been working with the Postmaster General to make the system more streamlined, resulting in the increased productivity and the higher service standards referenced in the report. Where we see an achievable goal that is based on a concrete analysis of on-the-ground conditions, we have been able to achieve the results that best serve the American public. Both service and productivity are at an all-time high. Career Mail Handlers and other postal employees are doing a fantastic job, under difficult conditions.

To be sure, when postal plants are closed or consolidated into other facilities, there are a lot of dislocations and much inconvenience to the local communities and the postal employees directly affected by the realignment. From a union perspective, any movement of employees must be accomplished in accordance with the collective bargaining agreement, and should make good business sense. The Postal Service should not be making changes, just for the sake of change. Improving the postal system includes preserving the skilled workforce that moves the staggering total of more than 200 billion pieces of mail a year, or 700 million pieces every day.

Finally, the process followed by the Postal Service prior to realignment is critical. Presenting employees and their organizations with a fait accompli for either closures or realignment is foolish, counterproductive, costly, and a disservice to those who have given the best years of their lives to the Postal Service. By not analyzing each situation in advance, with employee and community input, the Area Mail Processing studies being issued have been seriously flawed, and often draw absurd conclusions – conclusions that anger workers, community leaders, and Members of Congress.

As has been proven numerous times, the career craft employees often have valuable input and insights to share. While the Postal Service can boast about saving billions of dollars, based on productivity gains and improved efficiency, I wish postal officials would publicly

acknowledge that much of the savings is the result of engaging the unions in the process of making realignment and related decisions.

Finally, I must mention the most recent development, which has the Postal Service offering voluntary early retirements to thousands of career employees. Obviously this is a voluntary program, and early retirement may not make sense for most eligible employees, but again the Postal Service is thinking about making permanent changes based on temporary economic conditions. Ultimately, some mail handlers may opt for this early retirement option, and I do not wish to prevent them from doing so. But as a policy matter, we do not believe it makes business sense to ask employees to retire voluntarily while also proposing to outsource postal work to private contractors. Should not someone in postal management be trying to realign the work so that career employees who otherwise might retire can continue to perform the work that otherwise might be subcontracted?

Thank you for allowing me to testify. I would be happy to answer questions.