



# *National Association of Letter Carriers*

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Testimony of  
**William H. Young**  
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**National Association of Letter Carriers, AFL-CIO**

**Washington, DC**

**Before**

**Subcommittee on Federal Workforce, Postal Service, and the District of  
Columbia**

**U.S House of Representatives**

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Affiliated with the AFL-CIO &  
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Good Morning Chairman Davis and Ranking Member Marchant and thank you for having me. I am proud to be here as the representative of nearly 300,000 active and retired members of the National Association of Letter Carriers.

I am especially proud this week as we prepare for the NALC's annual "Stamp Out Hunger" food drive this Saturday. All across the country, tens of thousands of letter carriers will collect donated food for the nation's food banks to help feed the poor and hungry in more than 10,000 communities. I hope you will spread the word to your constituents to help out families in need by donating what they can.

A year ago we all appeared before you at a similar hearing. A lot has changed since then, both good and bad. Let me start with the positive. Last year, I came to sound the alarm about the Postal Service's growing use of contractors to deliver the mail. I said then, and I still believe today, that the use of low-wage, no-benefit contractors to perform the final delivery of mail is wrong for the and a fundamentally flawed business strategy.

Fortunately, we have made a lot of progress on the issue of contracting out. We averted the need to submit our dispute to a neutral arbitrator by reaching a new five-year collective bargaining agreement last July. We established firm limits on outsourcing and set up a special committee to hammer out solutions with regard to sub-contracting.

While the committee works, there is a moratorium on any new contracting out, a hiatus that has been extended through at least July Thirty-First. We have a long way to go, but we are moving forward and I am hopeful that we can reach a long-term understanding.

I want to thank Postmaster General Jack Potter and Vice President Doug Tulino for working with us in such a constructive manner. I also want to thank Alan Kessler, the new Chairman of the Postal Board of Governors, for seeking to maintain positive labor relations. Indeed, he has even agreed to address our union's convention in Boston this summer.

So there has been progress in the area of labor relations. That's the good news. The bad news is the economy. The recession now taking hold in the economy hit the postal business several months ago. Declining mail volume due to the meltdown in the mail-intensive housing and finance sectors, coupled with major cutbacks in advertising, is placing extreme financial pressure on the Postal Service.

These economic challenges mean it is more important than ever to maintain constructive labor relations—and the NALC is committed to finding win-win solutions. We are working with management on implementing the Flat Sequencing System, automation that may cost us jobs in the short-run but will help the Postal Service thrive in the long-run. We are exploring ways to more efficiently evaluate and adjust routes, both to cut costs and to improve the atmosphere in the nation's delivery units. And we are working to generate new revenues by deploying letter carriers as sales agents for competitive postal products—an effort I am proud to say has resulted in nearly a half a billion dollars in new annual revenue so far.

We believe that there are ways Congress also can contribute to preserving the Postal Service. Innovative uses of our universal service network should be promoted. Vote by Mail is a perfect example. In states that employ postal elections or allow no-excuse absentee ballots, voter turnout has sky-rocketed. That is why NALC urges Congress to pass H.R. 1667, the Vote by Mail Act, and H.R. 281, the Universal Right to Vote by Mail Act sponsored by Congresswoman Susan Davis. These bills would provide grants to the states to develop vote-by-mail procedures and guarantee every voter the right to cast a mail ballot in federal elections.

On the flip side, Congress can also help by addressing the threat of so-called Do-Not-Mail initiatives at the state level. These misguided proposals have popped up all over. Fortunately, none has been enacted, but they pose a real danger by wrongly equating Direct Mail with the unsolicited phone calls that prompted the FTC's do-not-call registry. But direct mail advertising is an unobtrusive medium that encourages economic growth. It helps both large and small businesses find new customers and cultivate existing ones. It is also a vital avenue for political and social advocacy. And direct mail is crucial for underwriting the cost of universal postal service—just as advertising underwrites the cost of radio, television and newspaper communications.

Congress could also bolster the Postal Service's financial stability by taking up a number of matters that did not receive priority attention during the long debate over postal reform legislation. I'd like to mention three of them.

First, under the Postal Accountability and Enforcement Act, the Postal Service is required to pre-fund the cost of health benefits for postal retirees—after receiving a down-payment on this cost from the transferred surplus in the postal portion of the Civil Service Retirement Fund. The amount of this surplus was calculated by the Office of Personnel Management’s Board of Actuaries. The annual cost of this pre-funding, some Five Billion Dollars per year, is excessive because OPM significantly underestimated the true size of the postal pension surplus. The smaller-than-expected transfer means higher-than-expected annual payments for the Postal Service. Although the law allows for a review of the OPM calculation by the Postal Regulatory Commission, it provides for no remedy. We urge Congress to take decisive action to correct this error in order to save the Postal Service—and the stamp-buying public—hundreds of millions, if not billions of dollars per year.

Second, in the P-A-E-A, the Congress correctly transferred from the Postal Service to the United States Treasury the cost of CSRS benefits associated with military service by postal employees before they were hired by the Postal Service. Military costs are rightfully the responsibility of all taxpayers, not rate payers. The same logic applies to the cost of military pension benefits earned by employees under the Federal Employees’ Retirement System. We urge this sub-committee to develop legislation to return FERS military pension liabilities to the Treasury.

Third, we urge Congress to investigate and reverse the decision by the Department of Health and Human Services to deny the Postal Service the employer subsidies provided

by the Medicare Modernization Act. The Postal Service helps underwrite the cost of prescription drug benefits for tens of thousands of Medicare-eligible retirees, but when it applied for the employer subsidies, its application was rejected. HHS did so largely because the Office of Personnel Management decided not to seek the subsidies for the FEHBP as a whole. OPM concluded that using taxpayer funds to support another taxpayer-funded program made little sense. That may be, but the Postal Service is different—it is not funded by taxpayers. We believe the Postal Service is entitled to the Part D subsidies and hope Congress will act to overturn this HHS decision.

The Postal Service will face some very challenging times in the months and years ahead. NALC is committed to doing its part to help the Postal Service succeed. We hope Congress will do its part, too—as it has always done.

Before I conclude, I would like to raise one last issue that came out of postal reform. As you know, the P-A-E-A included a provision that imposes a three-day waiting period on injured postal employees before they can begin receiving benefits under the Worker's Compensation program, OWCP. I was adamantly opposed to that provision because it is discriminatory. No other group of federal workers is required to wait three days. Nobody has ever given me a good explanation of why injured postal workers should be singled out in this way. I urge the Congress to reverse this unfair provision as soon as possible.

That concludes my prepared statement. Thank you again for inviting me to participate in today's hearings. I will be happy to answer any of your questions.