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

STATEMENT OF CHAIRMAN DANNY K. DAVIS

HEARING ON "INQUIRING MINDS WANT TO KNOW: WHAT IS THE POSTAL SERVICE CONTRACTING OUT?"

Thursday, July 19, 2007

Ranking Member Marchant, members of the Subcommittee, and hearing witnesses, welcome to the Subcommittee's hearing on contracting out services within the United States Postal Service (the Postal Service). Today's hearing will examine the Postal Service's use of private contractors to deliver and collect mail and the Postal Service's plans to contract out future services.

At the first postal oversight hearing on April 17, 2007, many of the labor unions expressed concerns about the contracting out of postal services. This hearing is to engage the postal community in a discussion about outsourcing new mail delivery routes to contractors rather than career postal employees. It has been long-established and accepted that highway contract routes are performed by contractors for bulk mail and delivery services in rural areas. What is less established is the Postal Service's use of contractors to deliver the mail to suburban and rural areas and whether or not this practice is good public policy. In addition, the Subcommittee would like to know, generally, what current and future services the Postal Service intends to contract out.

In discussions with the Postal Service, I have been assured that only new postal routes will be considered for outsourcing and that established routes will be given to postal employees. The Postal Service and the National Association of Letter Carriers, as part of the collective bargaining process, have agreed that exiting city routes will no longer be contracted out. For example, an abandoned building in the middle of Bronx, New York, was renovated and converted into apartments it was classified as a new route by the Postal Service and a contractor was assigned to deliver the mail -- even though this building was within an established route that could have been divided among the current letter carriers.

Postal unions were concerned that the practice of contracting out is being extended into what, up until a year ago, would have been city routes serviced by career, uniformed, unionized letter carriers. Due to the new collective bargaining agreement, the Bronx, and similarly awarded contracts have been cancelled and are now being divided among the existing city letter carriers.

The President has, as part of his management agenda, championed the idea of privatization and contracting our government services but at what cost? Currently, contractors are only 2.6 percent of all city and rural routes, but that number is increasing, especially in the Midwest where neighborhoods are growing fastest. Where does it stop? Is a fifty percent contractor rate acceptable, do we want all letter carriers to be contractors in order to save on mail delivery? What other services will be contracted out and what assurances do we have that contract staff will be held accountable for their actions and that the mail is secure?

As part of its mission the Postal Service states that it shall provide prompt, reliable and efficient services to patrons in all areas and shall render postal services to all communities. Mail delivery in the United States is, for the most part, affordable and reliable. Outsourcing postal services is a tool among many that could be used to keep postal costs down while maintaining efficient and reliable mail delivery.

I am pleased that the Postal Service and NALC have reached an agreement on how existing city routes will be serviced. However, this Subcommittee intends to engage the postal communities in discussions to answer the broader public policy question of what postal services are “inherently postal” and whether or not they should be contracted out.

Thank you and I look forward to the testimony of today’s witnesses.
