



NATIONAL ASSOCIATION OF POSTMASTERS
OF THE UNITED STATES

TESTIMONY OF

DALE GOFF

PRESIDENT

POSTMASTER OF COVINGTON, LA

BEFORE THE

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

WASHINGTON, DC

MARCH 20, 2009

Mr. Chairman, Subcommittee members, my name is Dale Goff, president of the 40,000-member National Association of Postmasters of the United States. I am honored to speak with the Subcommittee regarding the universal postal network.

It has been two months since I offered my views regarding Postal Service finances, and the necessity for legislative relief to address the retiree health pre-funding crisis that is undermining the organization. Clearly, the situation has not improved. In March, I testified that there is considerable waste resulting from unnecessary and redundant USPS District and Area management. I also stated that NAPUS has consistently offered Postal Headquarters responsible and effective ways to reduce costs and increase efficiencies – all of which were ignored, or summarily dismissed. Nevertheless, I think it is important to reiterate that the immediate cause of the USPS' financial woes is the weakness of the U.S. economy. It is unreasonable, naïve and short-sighted to suggest that the Postal Service would be insulated from the collapse of the nation's financial sector, retail commerce, automobile industry, and real estate market. After all the postal industry comprises about 8 percent of our nation's gross national product. NAPUS strongly believes that the rationale for short-term legislative help has not abated; consequently, we urge Congress to proceed expeditiously with such relief.

As legislation moves forward, Congress and the Administration must not demand financial tribute from the agency as the cost of its survival. I recognize that last week our government compelled the domestic automotive industry to dramatically reduce its national footprint as the price of relief. The Postal Service is not the automobile industry.

The distinction is unambiguous. There is a clear public expectation and a firm statutory obligation for a universal Postal Service.

Today, the Subcommittee asks NAPUS to focus on one aspect of postal operations, one that constitutes a major portion of the Postal Service's universal service obligation – the retail network. As this Subcommittee is well aware, Postmasters are the managers-in-charge of post offices, the contact point between postal customers and the mail system. Therefore, Postmasters are uniquely positioned to provide insight into the retail network, offer their views on the importance of the network, and where savings may be realized. Consolidation for consolidation sake is not a wise strategy, and closing, as a symbolic cost-cutting gesture, is superficial at best and service-degrading at worst. Many of those who propose to contract-out or hack-away at the retail network have not touched mail for decades – that is, other than depositing it or removing it from their mailbox. Consolidating or closing a facility, without regard to its impact on the overall network is counterproductive and will cost the Postal Service revenue in the long run. Moreover, the Subcommittee needs to consider, as part of its review of retail operations, the USPS' universal service obligation.

There is some basic information that the Subcommittee needs to understand about USPS retail network. Not all retail facilities are the same. According the *USPS 2008 Annual Report*, there are 36,723 retail and delivery postal facilities. While 27,232 are Post Offices, 4,851 are “branches or stations”, 658 are “carrier annexes”, 3,148 are “contract postal units”, and 834 are “community post offices”. Contract postal units and

community post offices are not operated by the U.S. Postal Service, they are entities contracted-out to the private sector. In addition, there are specific postal services that contracted facilities cannot provide.

Branches, stations, carrier annexes, contract postal units and community post offices are all subordinate to a local Post Office. However, in some towns and villages, the only access point for postal services is their community post office. Furthermore, only Post Offices are singled out in Title 39 of the United States Codes for special protection against closing for solely economic reasons.

§101(b) The Postal Service shall provide maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

Far flung, isolated communities throughout the nation use their post office as their community center, their bank, their pharmacy, and their access point to government services. In addition to being the access point, which is revenue generating; post offices are also the destination point of mailed matter. Secure post office boxes and distribution points for accountable mail also characterize these post offices. There are those who propose to close small and rural post offices, as a means to cut costs. In fact, the Postal

Service has closed or consolidated hundreds of such post offices over the past 25 years. However, it is important to note that even if you close every small and rural post office in the United States, you would save only \$586 million – a mere eight-tenths of one percent of the USPS operating budget. Small post offices are not significant drains on the postal budget. In addition, assumed savings are offset by diminished service, which reduces revenue, and increase rural delivery costs. Moreover, postal customers are often forced to travel substantial distances to conduct postal business that cannot be conducted by their letter carrier.

Postmasters believe that there are savings to be realized in the retail network through the elimination of meaningless and counterproductive operational requirements. These prerequisites add substantial work hours and the accompanying costs associated with those added hours. For example, the USPS “Mystery Shopper Program”, which is a privatized operation, is a waste of postal revenue. PRC Chairman Dan Blair recently referred to the program as “not statistically valid”; consequently, it is not used by the Commission as part of its annual compliance determination. The only reason for the program is to harass local postal employees, including Postmasters, and use its derived erroneous data as the basis for arbitrary disciplinary decisions. One bazaar aspect of the Mystery Shopper Program is that the program penalizes postal employees who fail to successfully push a “premium” postal service, in lieu of, for example, “first class mail” or “parcel post” – even when these postal services are requested by the postal customer. The Mystery Shopper Program is a disservice to postal customers, a waste of postal dollars, and wreaks havoc on local postal employee morale. It should be terminated.

In addition, Postal Districts, which should be paired down beyond the six already targeted for elimination, contribute significant unnecessary costs to retail operations. Many of their make-work directives do not add any value to postal products, and do nothing to improve customer service. In fact, many of the directives diminish service. In order to justify their existence, the Districts require Postmasters to participate in pointless teleconferences and file worthless reports, created simply to generate work for District staff. As a result of this waste of time and money, many Postmasters and their staffs must request overtime and/or compromise the staffing needs of their local post offices. For example, Postmasters file a “tracking report” – get this – to track if the Postmasters are completing other requested reports. Talk about folly and redundancy.

In order to extract more savings out of retail operations, I encourage the Postmaster General to negotiate with our unions about cross-craft training. An agreement in this area would enhance the skills of individual postal employees, and enable Postmasters to more effectively utilize the talents of their employees. In this way, we would be able to calibrate, on a daily or hourly basis, the staffing to meet post office lobby traffic and mail volume. I believe this would be a win-win-win proposition. On a related note, the Postal Service has more or less abolished training for its frontline managers; the outcome of this wrong-headed decision is that new Postmasters, and even veteran ones, are denied the necessary tools to more efficiently operate their facilities and save money of their post office.

In addition to cutting retail costs, the Postal Service needs to boost retail revenue. The Postal Service has yet to exploit its tremendous national retail footprint to partner with other governmental entities – national, state, and municipal – and associate with complementary private sector endeavors. Furthermore, the Postal Service has undertaken initiatives that depress retail revenue. For example, its decision to remove postal vending machines from post office lobbies, and impeding the installation of automated postal centers in urban locations is weakening lobby traffic, and associated income. These devices are revenue generators. As a manager of a retail postal facility, I can assure that the expectation of internet sales diminishing the need for local retail transactions was not met. In fact, the decision is costing the Postal Service much needed revenue.

Mr. Chairman, understandably, the task that we confront is daunting; however, the bottom-line is that we must protect postal universality. Postmasters remain committed to working with the Congress towards protecting the Postal Service as a national treasure.