

APWU CONGRESSIONAL TESTIMONY

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

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PRESIDENT

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

**Making Sense of It All: An Examination of
USPS's Station and Branch Optimization Initiative
and Delivery Route Adjustments**

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Mr. Chairman and members of the subcommittee: Thank you for convening this hearing, and for providing me the opportunity to testify on behalf of the dedicated employees that the American Postal Workers Union is privileged to represent.

In response to the dramatic reduction in mail volume, the United States Postal Service has initiated many programs intended to reduce costs. The Station and Branch Initiative is the most recently announced service reduction; others include the elimination of Saturday delivery, consolidation of mail-processing facilities, delivery route adjustments, and realignment of the bulk mail network. These programs are based on a two-fold management analysis: that savings must be achieved, and that mail volume will never reach previous heights.

Until very recently, postal executives have asserted that the decline in volume has been caused by the conversion of hard-copy mail to electronic communication. I have long been skeptical of the claim that individual consumers' increased use of e-mail and the Internet has placed the USPS in jeopardy.

It is imperative that postal decision-makers correctly identify the cause of the reduction in volume and the trends that will drive future communication. Precious time has been lost as attention was focused on an illusory cause. Even now, decisions are being made with scant appreciation of what will cause volume to increase or decrease.

After conducting a detailed review of mail volume over recent years, I have concluded that the decline in hard-copy communication has been less affected by electronic conversion than by the nation's economic downturn.

The Facts

It is important to note that our nation's mail volume was highest in 2006 (reaching 213 billion pieces), when the use of electronic communication was already widespread. We also must keep in mind that the mail stream is – and will continue to be – dominated by business-related communication, which is especially sensitive to the economic environment.

Analysts generally separate mail into Household mail and Non-Household mail, and review the interactions between these groups. In 2006, of the 213 billion mail items, 190 billion pieces involved Non-Household communication; only 2.9 percent, or 19.4 billion pieces, constituted Household-to-Household mail.

Of course, the business community has explored other means of communication, and will continue to do so. But these marketing decisions go far beyond the evolution of personal communication.

To date, there is no general agreement among analysts about the future of commercial messaging. Television, radio, newspapers, e-mail, and online advertising are all receiving mixed analyses of the prospects for growth, and there is no conclusive evidence that the USPS will fail to be as competitive in the future as it was in 2006. One respected analyst, *Magna*, predicts that between now and 2014, mail will grow 2 percent annually; yet postal management is betting that mail will cease to be relevant.

Acts of Surrender

Mail has unique advantages over other commercial messaging, including targeting, attention and retention. I predict that hard-copy mail will be competitive far into the future. I admit I have no crystal ball, but neither do the postmaster general or the USPS Board of Governors. If they are wrong and I am right, the initiatives presently under way will leave the Postal Service ill-equipped when mail volume returns commensurate with an economic recovery.

Station and branch closings and five-day delivery schemes will unquestionably have a negative effect on the postal monopoly, and will impede the Postal Service's ability to compete. These are acts of surrender – when the outcome of the battle is still in doubt.

Nonetheless, the Postal Service must respond to the recent declines in mail volume, and I commit the cooperation of my union in sensible and effective efforts.

I conclude my testimony with the admonition that the ill-conceived rush to legislative “reform” in 2006 has been a major contributor to the Postal Service's current financial predicament. Major-mailer associations, management associations, the postmaster general, the Board of Governors, some labor organizations, and some Members of Congress have, through their support of the Postal Accountability and Enhancement Act, forced the USPS to make payments of \$14 billion over the last two years for future retiree healthcare liabilities.

Absent this misguided “reform,” the \$14 billion allocated to date would have provided the Postal Service the financial underpinning to weather the current economic storm. Those who supported the legislation share in the responsibility for the Postal Service's current financial debacle and the drastic actions undertaken in response.

I have been consulted by postal management on the subjects affecting service and the impact on my members. Regarding the elimination of Saturday delivery, I advise, “*Don't do it.*” The immediate benefits will not equal the long-term damage.

On the closing of stations and branches, I have reminded postal management that the APWU-USPS Collective Bargaining Agreement, which remains in force through November 20, 2010, includes the following:

“The parties agree that all existing retail operations will remain within the installation of which they are a part and all future retail operations established within the jurisdiction of an installation shall become a part of that installation.”

I expect that postal management will fully comply with this contractual agreement.

Thank you. I will be pleased to answer any questions you may have.