

**ABOLISH USPS BOARD OF GOVERNORS AND REQUIRE
PRESIDENTIAL APPOINTMENT OF POSTMASTER
GENERAL WITH SENATE CONFIRMATION**

**HEARINGS
BEFORE THE
SUBCOMMITTEE ON
POSTAL PERSONNEL AND MODERNIZATION
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS**

FIRST SESSION

ON

H.R. 19

**A BILL TO AMEND TITLE 39, UNITED STATES CODE, TO ALTER
THE ORGANIZATIONAL STRUCTURE OF THE UNITED STATES
POSTAL SERVICE, TO REVISE THE PROCEDURE FOR ADJUST-
ING POSTAL RATES AND SERVICES, AND FOR OTHER PURPOSES**

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(George B. Gould, Subcommittee Staff Director, Room 219 Cannon Building—Ext. 53718)

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ABOLISH BOARD OF GOVERNORS OF USPS AND REQUIRE PRESIDENTIAL APPOINTMENT OF POSTMASTER GENERAL WITH SENATE CONFIRMATION

WEDNESDAY, MARCH 16, 1977

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON POSTAL PERSONNEL AND MODERNIZATION,
Washington, D.C.

The subcommittee met at 11 a.m. in room 311, Cannon House Office Building, Hon. Charles H. Wilson (chairman of the subcommittee) presiding.

Mr. WILSON. I want to apologize for the delay in getting started with our hearing. As you know, there has been a Democratic Party caucus in progress.

This morning the subcommittee commences hearings on several concepts contained within H.R. 19, legislation I have sponsored which would return some reasonable degree of accountability for postal management decisions to the President and the Congress, as the American people are clearly demanding.

Specifically, we will focus in these hearings on my proposals that the Postmaster General once again be a Presidential appointee, with Senate confirmation, and that the USPS Board of Governors be abolished.

Our first witness will be Deputy Postmaster General William F. Bolger. Mr. Bolger, who began his career with the Post Office Department in 1941 has served in various managerial positions including regional postmaster general for the eastern and northeastern regions, and was appointed Deputy Postmaster General on September 4, 1975. As Deputy Postmaster General, he is a member of the Board of Governors.

As a career postal employee, Mr. Bolger is well acquainted with operations prior to postal reorganization as well as since the changeover. I am confident that his perspective will be of considerable value to the subcommittee.

Before beginning, I would like to note that we fully expect Postmaster General Bailar and other members of the Board of Governors to testify in the very near future, since the subcommittee will act expeditiously to complete these hearings and move to legislative markup on these issues.

It is our intention, as I indicated, to move as quickly as possible on this legislation and not to have any lengthy hearings. We want to make it possible for all persons who have a direct interest in the Postal Service to present their views.

We have found that some have elected to present their views in written form so we just accept those who are prepared to tell us what they think of the legislation and then proceed from there.

Mr. Bolger, we are happy to have you with us this morning. You are welcome to proceed.

Mr. BOLGER. I am accompanied this morning by Mr. Finch, Jim Finch, our Assistant Postmaster General for Government Relations, and Louis A. Cox, General Counsel.

STATEMENT OF WILLIAM F. BOLGER, DEPUTY POSTMASTER AND MEMBER, BOARD OF GOVERNORS, U.S. POSTAL SERVICE, ACCOMPANIED BY JAMES FINCH, ASSISTANT POSTMASTER GENERAL FOR GOVERNMENT RELATIONS, AND LOUIS A. COX, GENERAL COUNSEL

Mr. BOLGER. Mr. Chairman and members of the subcommittee, I am William F. Bolger, Deputy Postmaster General, and member of the Board of Governors of the U.S. Postal Service. I am here today at your request to discuss proposals in the bill H.R. 19 to abolish the Board of Governors and to have the Postmaster General appointed by the President with the advice and consent of the Senate. At present, the nine Governors are so appointed and confirmed. The Postmaster General is appointed by the Governors, and the Deputy Postmaster by the Governors and the Postmaster General.

As one who has had 36 years of experience in the postal system, under the many leadership changes during that time, I am convinced that today the Postal Service is receiving better management throughout the system than it has at any prior time during my years of service. Accordingly, I think that changes in the structure of management would be a grave mistake.

Today's management, from top to bottom, has more postal experience and knowledge than I have witnessed before.

The opportunities for career advancement in this kind of a system have enabled us to develop motivated, hard-working managers and to reward performance with matching responsibility. No job is too high for a career postal employee to aspire and work toward.

Just a few days ago I returned to Washington from a series of conferences with managers and other employees in each of the five postal regions around the country. In those meetings, I had my confidence in the effectiveness of the present system reinforced once more. We now have rational budgeting and planning techniques being applied at each management level, with a success that was not possible until the present structure was established. In addition, the results in terms of saving the public's money while continuing to provide good service are showing more and more, in my opinion.

I believe that having the Board of Governors has been a key to the better management that has been obtained. From serving on the Board, I have observed at first hand the dedication and know-how that the Governors bring to the postal system. Moreover, having worked for many years under the former Post Office Department, I believe it would be most naive to suppose that having direct political appointment of the Postmaster General, without the buffer that the Board

provides, could be done in a way that would preserve nonpolitical management below the top level. Instead, politics could penetrate much of the system as before.

In my opinion, we cannot afford to throw away the good leadership that has been obtained by returning in a direction that was tried for many years and did not serve as well.

A return to the Presidential appointment system would be inconsistent with continuity in postal management; inconsistent with the principles of collective bargaining; and inconsistent with the principle that the postal system should be managed on the basis of the public's postal needs without regard to partisan obligations arising from election campaigns.

On the last point especially, I want to be particularly clear. Our political processes are essential to our national life, and I feel strongly that those who make those processes work deserve a great deal of respect. But the fact remains that the old partisan system did not work well in the Postal Service. Because the Postal Service maintains a physical presence in nearly every community in the country, the opportunity for political abuse of the system is far greater than for any other Government agency. Many fine people came into the Postal Service through the political process only to find that they could not manage effectively because of political obligations that had to be met. Advancement by experienced career personnel was blocked by periodic political turnover; there was no continuity of management and long-range planning was almost unheard of because of the short-term tenure of appointees; there was too little incentive to control costs. Too many decisions were made on grounds of favoritism rather than on the merits.

I doubt that anyone can understand how much better the Postal Service is being run today than it was under the old system unless he has worked under both. I doubt that anything has contributed more to the improved management down through the system than has the incentive that has come from knowing that career advancement on the merits is now a fact of life in the Postal Service. All of the 19 appointments or promotions among postal officers in the last 2 years have come from within the Service. Moreover, field management, especially at our sectional centers, has been vastly improved, thanks largely to the policy of career promotions. Of the 15,000 postmasters appointed since postal reorganization, approximately 10,000 had prior experience in one or more of the crafts and another 3,000 were from the ranks of the supervisors.

Quite frankly, Mr. Chairman, as a longtime observer of both systems, I think the proponents of change back to the old system have failed to carry the burden of explaining specifically what is to be gained by such a move.

I agreed with the need for reform in 1970, and I have been privileged to watch many of the changes for the good come to fruition over the last 5 years.

So far as I know, no one has urged a return to the political extremes that permeated the old system. But neither has anyone explained how to draw the line at appointment of the Postmaster General. Could we really expect a politically appointed Postmaster General to ignore politics in appointing those under him? The implications are ob-

vious and, for one who has given much of his life to the Postal Service and who has seen the vast improvements made possible by the postal reform legislation of 1970, they are very disturbing.

This concludes my prepared statement, Mr. Chairman. I would be glad to try to answer any questions.

Mr. WILSON. Thank you, Mr. Bolger.

I find it difficult to understand the fear that you have that politics might creep back into the Postal Service with this change that is being proposed.

You are not suggesting that the members of the Board of Governors, at the present time, are not political appointees; are you?

Mr. BOLGER. They are not political appointees, in my judgment, Mr. Chairman. They are appointed by the President on advice and consent of the Senate.

Mr. WILSON. Well, as you know, there is a regulation that not more than five members of the Board can be from any one political party.

Mr. BOLGER. Yes.

Mr. WILSON. And that had been evaded quite successfully by Republicans becoming Independents and substituting those members so that they could successfully avoid having to appoint a Democrat to the Board of Governors.

That smacks of politics to me.

Mr. BOLGER. Sir, I can say that I have been sitting on the Board for 19 months and except for a couple of people on the Board who have expressed their political views, I don't know the politics of any of them.

Mr. WILSON. Of course you probably wouldn't as long as everybody is the same party. Since these people are appointed by the President, I find it difficult to understand what makes them so different from any other political appointee who is appointed by the President.

Mr. BOLGER. Well, I think the whole concept of the postal reorganization was in limiting the President in selecting the people for the Board of Governors where he might have political differences to only five of any party. They have a responsibility to be accountable to the people. They were the buffer to keep us out of the politics.

I think they have been successful in that.

Again, as to the political makeup of the Board of Governors, I'm not familiar. The only thing I know, a couple of people have expressed their own partisan views.

I might add, sir, when I was appointed to my present job, neither the Postmaster General nor any member of the Board of Governors ever asked me what my political persuasion was.

Mr. WILSON. On page 3 you say that:

A return to the Presidential appointment system would be inconsistent with continuity in postal management; inconsistent with the principles of collective bargaining.

Why would this be inconsistent with the principles of collective bargaining?

Mr. BOLGER. Well, in my judgment, the Presidential appointment could take place in a Presidential election year when we might be engaged in a collective bargaining with our unions. Certainly, if the Postmaster General is politically appointed he would have an obliga-

tion to make sure that the President of the United States be elected and protect his interests. And I think there would be a great deal of influence by the Executive over the Postmaster General, in his collective bargaining agreements or negotiations.

I think right now that has not happened. My understanding is that this has been one result under the reorganization of the Postmaster General not being a political appointee.

I can really foresee this happening, particularly in an election year.

Mr. WILSON. Well, I suppose it could work either way. Unions could be prejudiced against if it was felt that the public might be opposed to a particular item in a collective bargaining contract.

In connection with previous contracts, you have been accused of giving in on everything or just about everything because you don't want to have a strike.

Therefore, I don't know that the management has been as responsible as it might be in telling the truth to the public and I feel that the appointment of the Postmaster General by the President will make management more responsible.

Mr. BOLGER. I have never had the privilege of dealing directly in the collective bargaining process. I wasn't at that level of management in either the 1971, 1973, or 1975 negotiations. But from what I've seen of our contract and compared to other industries around the country, I think we have a very fair agreement that we are operating under, the 1975 to 1978. I think it is fair to the employees, fair to the Postal Service, and fair to the public.

I just want to correct what I think—how I feel about those surpluses. They are real. We don't pretend about these surpluses. With what we have been able to achieve in the transition quarter and in the first quarter fiscal 1977 we have not said that the financial problems of the Postal Service have disappeared.

-- Unfortunately, they have not and there is going to be some additional funding needed either through rates or funding or the combination of both in calendar 1978.

Mr. WILSON. Of course in the legislation we specifically spell out that there will be no changes in the collective bargaining procedures and also there is no change in the law that presently exists that prohibits politics in the appointment of any person to a Postal Service position.

We have had a situation where there was very little interest expressed in the Postal Service by either Mr. Nixon or Mr. Ford. They kind of let the thing go as it would, and it is my hope that President Carter will take a greater interest in the Postal Service. I hope he will recognize the importance of the Service to the public and how much the public feels that we in the Congress should be doing something to help improve the Service.

We have to determine whether this is a service or whether it is supposed to be a money-making project or what it is. The public feels it should be service.

Could you explain the method used over recent years by the Board of Governors to solicit the views of the American public about the Postal Service? Have there been any open meetings or anything of that nature?

Mr. BOLGER. No, sir. There have not been any open public meetings before the Governors. There will be open meetings commencing with the April meeting. We come under the Sunshine Act clause.

Mr. WILSON. Is that all meetings?

Mr. BOLGER. All meetings except for things that have to be held in executive session.

In addition to that, the Board of Governors have been moving the meetings out to various field locations. We have been trying to hold about every third meeting in the last year or so out at a field location. That point being that the Board of Governors makes itself accessible mainly to some of our larger customers in the area. Not really public meetings, but we do meet some of our larger customers in the area.

Mr. WILSON. Do you really have a public relations program that is in existence to aid the larger customers and to let them know about special programs that are available for them, or do they just have to find out about it themselves?

Mr. BOLGER. Well, we are trying to help all of our customers whether it is someone who mails 1 letter or the largest customers with over 20 million letters at any given time.

For the larger customers, we have a series of councils located in large cities where there are a lot of commercial customers and we have frequent periodic meetings with the customer councils.

We have seminars that are conducted by postal people with various representatives of these customers to help them do a better job with their mail, to help them obtain discounted rates by doing some of the work that normally would have to be done by the Postal Service. We are constantly working with our major customers. We are trying to work with all our customers, the small and the large.

Our postmasters are speaking to Rotary Clubs, Kiwanis, and service clubs of different types. If we have a controversial issue like the closing of a postal office or the change of service affecting customers, we try to keep in communication with representatives of those customers, with the mayors, with city councils, and that type of activity.

I think we are doing a lot more. I think we have a lot more to do. I think that we probably should be making ourselves more available to the public on a periodic basis to get out and actually say we are being located at certain areas and we would like to receive the comments, suggestions, or complaints of the customers.

I think we need to do more of it, but we have been doing this a great deal in the past couple of years.

Mr. WILSON. I think the open hearing should help that. I can't see that the field meetings that you have held, which were also closed, give the public a real opportunity to participate.

Mr. BOLGER. Well, the public meetings are not a participatory type. It is a board conducting meetings in a normal fashion. The public will be able to observe them. They will be notified at least 7 days in advance of where the meeting is going to be held, how many people we can accommodate at the public meeting, and what the agenda items are that are going to be discussed.

Mr. WILSON. I might state that everyone but me is waiting with bated breath for the report of the Commission on Postal Service.

I have heard the reports about the many numbers of pages of testimony that they received. I know what they did in Los Angeles because I had a staff representative there at that meeting.

They were supposed to try to chart a course for the future of the Postal Service and make recommendations on the major policy that should be followed by the Postal Service. However, I suspect that possibly 50 to 75 percent of the testimony they received is useless testimony insofar as their responsibility or role was.

But we will find that out.

Mr. BOLGER. They held 26 hearings in 21 different cities and about 460 people testified. This ran the gamut from the individual citizens up to large commercial mailers.

I have read a great deal of the testimony but hardly all of it, so I really couldn't comment.

Mr. WILSON. What objection does the Board have to being in personal contact with Members of the Congress soliciting our views on public policy such as rate increases or service modifications?

Mr. BOLGER. I don't know with any certainty. I know of certain members that have made some contacts up here on the Hill with individual members.

Mr. WILSON. I haven't had any Governors contact me.

Mr. BOLGER. They have appeared before hearings such as this committee.

Mr. WILSON. They have appeared at hearings, and occasionally we get invited to lunch at L'Enfant Plaza and we shake hands, but that is about the height of interest they have shown to me as the chairman of this subcommittee.

Perhaps they picked out particular Members to talk with for some other reason than what their position is on the committee.

Mr. BOLGER. I hardly know what each one has been doing, but I do know they have made some contact up here.

Mr. WILSON. Actually, isn't it true that the Board resents any congressional scrutiny of the postal operations and is rather indifferent to the views of some of the knowledgeable Congressmen such as Mr. Hanley, Mr. Taylor, and Mr. Derwinski?

Mr. BOLGER. I have sat in Board meetings for 19 months, since I have been appointed, and I have never heard that expressed.

As a matter of fact, I think most responsible people, including the Board of Governors, welcome congressional oversight of our independent agency. I think it is a very desirable and necessary thing and I believe that most people, most members, if not all members of the Board feel that way. I have never heard them express anything to the contrary.

Mr. WILSON. Well, a number of former members of the Board have stated that that is the case.

Mr. BOLGER. It is possible.

Mr. WILSON. You speak of continuity of management and opportunities for advancement by career postal employees.

Isn't it true that about as many American Can Co. employees have been given post office jobs since 1970 as career employees? Haven't we just seen a substitution of corporate politics for what went on prior to the reorganization?

Mr. BOLGER. As far as I know, most of the people that were brought in from American Can are no longer with the Postal Service and I can point to the last 2 years.

Mr. WILSON. Well, the Postmaster General—

Mr. BOLGER. The Postmaster General is one, but I don't know when you become a career employee, Mr. Chairman. The Postmaster General has been there for 5 years now, and we are talking about a clerk or mail handler or a carrier and they are considered a career employee after they have been through their probationary period. Most of our management has been around a good long time, at least 5 years or more, including the Postmaster General, but the present Postmaster General has appointed the last 19 officers from the career Postal Service and there are 3 or 4 of us down there, our total time is over 120 years. So I think you will find that the career services is being rewarded and qualified people are being promoted. I think there is a continuity of management all the way up through the Postmaster General.

He has only been there for 2 years, but he has held senior positions for the last 5 years.

Mr. WILSON. Could you specifically explain why rational budget techniques could not exist in the proposal of H.R. 19?

Mr. BOLGER. I don't believe I said that. I said that the budgetary techniques we had in the past were not rational because there was just no continuity.

I didn't express or I didn't intend to express that opinion of H.R. 19.

Mr. WILSON. Mr. Taylor, do you have some questions you would like to ask at this time?

Mr. TAYLOR. Thank you very much.

Mr. Bolger, it seems to me that one of the criticisms that I hear most frequently about Postal Service is that this is not done at the so-called forks of the creek and the inconsistency of the Postal Service results.

You say in your testimony that having been around over the country and visited with people you find that there is a great deal of support in a series of conversations with managers and other employees of the five postal regions. That you have had your confidence in the effectiveness of the present system reenforced.

But as I visit the post office and the postal people in my district, and I will say this, that I think that a vast majority of our career postal employees are dedicated people. In fact I think there is probably no more dedication to any branch of our Government than we have in the U.S. Postal Service at all levels, and most of them, even though they probably got into the Postal Service through the political system, I don't believe that detracts a bit from their dedication.

I say that being a Republican with the full knowledge that most of the people are Democrats. I think they are good people. I think they do a good job. But in my judgment our postal people, especially our postmasters, are pretty confused about the silly regulations that come out, each one contradicting the other or revoking another. I find that the political people, especially postmasters, are about as confused as a long-tailed cat in a room full of rocking chairs.

They absolutely don't know from one day to the next what they are supposed to do. I believe we have had a loss of autonomy in the Postal Service. He was master of the gate and it was his job and he was supposed to have the basic knowledge, the intelligence, and the expertise to handle the mail in the most efficient and economical man-

ner, to serve the taxpayers and the patrons of the United States Postal Service.

Thank God, one of the changes that was made was that the gag rule has been removed.

I don't believe the postal employees were second-rate citizens; I think that was ill-advised and it is probably still bearing bad fruit today because it did happen. You did revoke that and I understand that, but would you say that we have had too many regulations, too many conflicting regulations or are these people wrong when they tell us this?

Mr. BOLGER. Well, frankly, we are trying to eliminate conflict. What we had in the Postal Service, I'll just give you an example.

I was Regional Director of a 6-State region and had 1,800 postmasters reporting to me. Obviously day-to-day operations are impossible to control down through 1,800 people reporting directly to you.

When we went to the new management concept, we tried to change the process. It has been an evolutionary process.

We started in 1971 to put these sectional centers together. It is their function in and their assigned area to control the operation in that area.

Now, it isn't intended that they will take over day-to-day decision-making from postmasters. We want the individual postmaster to run his office under a set of rules and we don't expect nor do we desire or want the rules changing from day to day. They shouldn't change from day to day. I think for the most part our sectional center managers and the staffs that are supporting them are doing a fine job. I recognize anything as vast as the Postal Service, we have some people who aren't doing it as they should be doing it. As these things are brought to our attention, we are doing something to correct it.

These five field management meetings, a major part of my conversations with these managers was about that a lack of day-to-day, face-to-face contact with the postmasters helping them to resolve their problems. We don't want them causing more problems; we want them to help resolve them.

That is what we are trying to get done.

Mr. TAYLOR. Mr. Bolger, if the President of the United States, under the present system, decided that he was going to inject politics, full-scale politics into the Postal System, doesn't he have the same opportunity to do it with his authority to appoint the Board of Governors as he would have to appoint a Postmaster General.

Mr. BOLGER. I think if the President appointed board members of the Board of Governors with the understanding that he wanted politics to come back into the service it would have the same effect.

Under the law, it should happen that way, the current law.

Mr. TAYLOR. I certainly agree and I wouldn't want to see our Postal System destroyed with the injection of partisan politics. I think this has been one of the good things that has come out of the reorganization. But by the same token if this legislation is passed as the chairman stated there should be no reason why we should throw out the good things. Why should we make the Postal Service again a political boondoggle?

I notice in your statement that you indicate on page 4 that advancement by experienced career personnel was blocked by periodic political

turnover and that there was no continuity of management and long-range planning was almost unheard of because of the short-term tenure of appointees and there was too little incentive to control costs.

Well now, this goes way back to the days when the Postal Service was appointed every time the administration changed. We haven't been in that situation for many, many years. The postmaster, once he was appointed, admittedly generally by the political faith of the President, the Postmaster General wasn't subjected to a short turnover. He was still protected as a career employee as were those under his control; were they not?

Mr. BOLGER. The postmasters have had tenure since 1938, but that didn't stop the political influence.

The postmaster was appointed by a political party and he had tenure, he was a career postmaster from there on in, but he still had influence of the political party on supervisory appointments and other appointments, even going down to the civil service appointments and the civil service register.

He might be manipulating, maneuvering a civil service list to reach the right person at the dictates of some politicians.

Very frankly, that was happening in the Postal Service.

Mr. TAYLOR. How does it work today?

Mr. BOLGER. Today we have the registers and they are picked in order, right off the top of the list, the qualified people and otherwise. If we don't have a list, there are qualified people coming in. There is no political consideration given at all to any of our appointments from the Postmaster General right on down to the last appointed clerk or mail handler or other craft employee.

Mr. TAYLOR. Do you believe that the sectional center postmasters, are most of them the postmasters themselves?

Mr. BOLGER. Yes, sir.

Mr. TAYLOR. In larger areas, but do you believe that they have the knowledge to exercise the authority that they exercise over a small post office 50 miles away?

Mr. BOLGER. I do. I think they have the knowledge, the expertise in the Postal Service, they and their staffs combined, to do that.

I do believe that the local postmaster is the best judge of what needs to be done in his community, but we have to have a defined set of rules and policies for him to follow. But I think he is the best judge, the local postmaster.

As far as bringing it all together to carry out the programs of the Postal Service, I think the sectional center manager can do the best job in day-to-day operations in the Postal Service.

Mr. TAYLOR. I question whether the local postmasters in the areas are having that prerogative or if it is being extended to them, because they say, the sectional center postmaster says this when you talk to him. He says, "I'm following the regulations coming down to me from Washington."

And we have people 50 miles away brought in to work in a post office for 3 or 4 hours a day or sometimes 16 hours a week, when people who live in that local area are being carted clear across the country to work somewhere else.

Now, I just can't see that as the efficient dissemination of personnel. I can't understand it. There is no way that I can understand it.

I can't understand why in Lebanon, Mo., in my district, their mail must be picked up and that is a town of 12,000 people, and that mail carted 50 miles away to Rolla to be postmarked, and then brought back to Lebanon. And when you ask the postmaster why he says, "God, don't ask me."

There is no one down there that can tell you how the efficiency of the post office is being increased by doing something like that.

Mr. BOLGER. For one thing, we get better productivity. Our system for that is called "Area Mail Processing," and it is generally designed on economics. We can't afford this everywhere, but to gain the productivity gains, we try to mass the mail at the sectional centers or other mail processing offices where you can utilize this mechanization.

We bring that mail down and we get it back out. The system is designed to get it back out so that the local mail will still be delivered that next delivery date.

We found that about 40 percent of all mail, originating mail, stays in the local area and the rest of it goes out to some other area.

I would be glad to have someone look into any specific problems you are having down in the Lebanon, Mo., area.

Mr. TAYLOR. I have requested that, Mr. Bolger, and I get a form letter back.

Mr. BOLGER. You got a form letter.

Mr. TAYLOR. I got a form letter back. This is something that they have determined is good, but no one down there thinks it is.

Has not the Board acknowledged that the sectional center is a failure?

Mr. BOLGER. No, sir.

Mr. TAYLOR. They have not?

Mr. BOLGER. No, sir.

Mr. TAYLOR. Well, thank you very much.

I would just say in closing that my mind is open on this thing. I think it is a matter of great concern though to the people of this country to have their postal system revitalized. I think that the system we have had has probably had good people working in it, trying to do their best.

Let me ask you one thing, Mr. Bolger. You have been in the Postal Service since when?

Mr. BOLGER. 1941.

Mr. TAYLOR. Did you come in as a political appointee?

Mr. BOLGER. No, sir. I came off of the civil service register as a clerk.

Mr. TAYLOR. I see. Then the way you came up there was no political influence back in the old days?

Mr. BOLGER. I had a little taste of political influence where I couldn't get a promotion for about 11 years one time.

Mr. TAYLOR. I see. I believe that is all.

Mr. WILSON. Mr. Bolger, I appreciate your loyalty in keeping the stand that you have taken on this matter of political influence in the Postal Service, but I think you are wrong.

About 4 years ago, I believe, in Arkansas a postmaster was fired and when Mr. Mills and others got into the act he was brought back and re-hired again.

I think there have been many instances like that. I think that there are at least three members of the Board of Governors who were appointed by Members of Congress. So the business of politics has played a part in the Postal Service right along. And I think to continually deny that it has not been a factor is incorrect and hypocritical.

Now, if the Board of Governors has been a key to better management, could you enumerate the specific programs that have been generated by the Board and not simply rubber stamped?

Mr. BOLGER. Well, the programs are mainly generated by the management of the Postal Service; the Board's function is to take the major programs and review them and review the management programs and to approve or disapprove of them and that has been their function.

I think such things as the increased capital expenditures, every one that exceeds \$10 million, their contribution is that they are to be approved by the Board. And, of course, the appointment of the Postmaster General—again those are prerogatives of the Governors.

I can cite for the record—I don't have them with me—a number of things that the Board has gotten involved in.

Mr. WILSON. Did they have anything to do with the bulk mail system?

Mr. BOLGER. Yes, they did.

Mr. WILSON. Was that their recommendation?

Mr. BOLGER. It was their approval of the recommendation of the management.

Mr. WILSON. They don't have a very good record then; do they?

Mr. BOLGER. Well, I think if I might enjoy a luxury right now to look back, I would do things differently if I had the opportunity to abolish the plan of having 21 places to operate our bulk mail, perhaps more of them, with some smaller ones and some with less mechanization in them than we have right now, but we don't have the luxury.

We have the 21 right there in front of us and they have to be as efficient as we can operate them.

Mr. WILSON. Do you believe the Board of Governors' concept is so good that it should be used in other branches of the Government like HEW?

Mr. BOLGER. I don't know enough about the other branches of Government and what they are and how they work to make that judgment, sir.

Mr. WILSON. You would not support the abolition of the board. Would you support a full-time board?

Mr. BOLGER. I don't think there is a need of a full-time board. I think the management of the Postal Service has to do the full-time operation and the decisions.

That is where, that is the function of the management of the Postal Service.

I don't believe it is necessary to have a full-time board.

Mr. WILSON. Do you think the board should be given its own staff?

Mr. BOLGER. If the board feels they need a staff, I would have no objection to seeing them have their own staff.

Mr. WILSON. That is another one of the features of the bill that we have before us, is to give the Rate Commission its own budget so that they would become completely independent of the Postal Service.

What do you think of that?

Mr. BOLGER. I think the question is whether the budget of the Rate Commission should be approved by the Board of Governors of the Postal Service; and frankly, I have no problem with the Rate Commission going and getting budget directly from the President, through the recommendations from the President to the Congress, without the Board of Governors being involved.

I have no problem with that at all.

Mr. WILSON. It is pretty hard for them to be completely independent of the Postal Service unless they have their own budget; wouldn't you agree?

Mr. BOLGER. I have no problem. They have their own staff. I have no problem with them having their own budget. That is fine.

Mr. TAYLOR. Would you yield?

Mr. WILSON. Yes.

Mr. TAYLOR. How many members of the present Board of Governors, excluding yourself, have had prior postal experience?

Mr. BOLGER. Well, Postmaster General Bailar has 5 years. Two of us. I don't know of any of the other members who have had postal service.

But Mr. Hardesty is one of the newest members and he worked for the Postal Service Headquarters for a limited period of time, and I don't know how long that was.

Mr. WILSON. Now, you indicated that the Board of Governors hasn't been involved in any collective bargaining sessions that have taken place.

The White House has been involved in each one of them though; hasn't it?

Mr. BOLGER. Not to my knowledge, no, sir.

Mr. WILSON. Not to your knowledge.

Mr. BOLGER. Not to my knowledge. I'm not a very good witness on that subject since I wasn't on the Board of Governors at the time of the last collective bargaining agreement.

Mr. WILSON. It is my understanding that they have very much been involved in each of the collective bargaining sessions that have taken place.

Mr. BOLGER. The Board or the White House?

Mr. WILSON. The White House.

Mr. BOLGER. Not to my knowledge. If they have, it is something I don't know about.

Mr. WILSON. You are the only Governor that is a career postal employee and the only one that really knows what you are doing and yet you don't have too much knowledge of what is going on in the Board of Governors.

Mr. BOLGER. I wasn't on the Board of Governors at the time of the last collective bargaining agreement. The last collective bargaining agreement was July 20, 1975, and I wasn't appointed until September 4, 1975.

Mr. WILSON. Would you favor a fixed term of the Postmaster?

Mr. BOLGER. I think it is just something that doesn't need to be done. I wouldn't be against a fixed term of a Postmaster General, but it really isn't necessary. The Postmaster General has a term that runs from month to month from the Board of Governors. The Board of Governors can pick up his option at any time they desire.

Mr. WILSON. Another provision of H.R. 19 would require congressional review of postal capital investment projects costing \$200 million or more.

Do you agree that this would be beneficial?

Mr. BOLGER. Well, I don't like to put it in the context of bulk mail experience, but I haven't really studied that issue that much.

Offhand, I would say it is no problem with having congressional oversight of the large expenditures in the Postal Service or any other governmental agency.

Mr. WILSON. Do you have any other question, Mr. Taylor?

Mr. TAYLOR. No; I do not. Thank you, Mr. Chairman.

Except just to say that I want to express my appreciation to Mr. Bolger for being here and for your statement, and while the questions we have asked may seem somewhat penetrating, I still firmly believe that the people in the present Postal Service are doing the best they can. I think you are dedicated.

But, I have serious reservations about our present system. I think there is some merit to the chairman's bill. Someone has to get a hand on this thing.

And as long as the Congress is going to be responsible for appropriating the money to take up the deficits that have occurred, and which recurred, hopefully are not going to be as big as they were. I do believe that we have some responsibility to the taxpayers to exercise oversight and to take a look at this bill with very serious consideration.

Mr. WILSON. Thank you, Mr. Taylor.

Just one last question then, Mr. Bolger.

The only other feature of the bill that we haven't discussed is congressional involvement in rate increases and service cuts.

Do you have any opinions on that?

Mr. BOLGER. Again, I haven't studied that deeply to look into every subsection in that, that is mentioned in the bill; but offhand, no, sir, I have no objection to that whatsoever.

Mr. WILSON. Well, the reason you came over here, Mr. Bolger, was as an expert witness from the Postal Service on this legislation. Therefore, it seems to me that the Postal Service should have sent someone who knew what was in the bill and had some opinions about the various parts of the bill. And certainly no one should know more about it than you. You are the only knowledgeable person down there.

Mr. BOLGER. I understand, sir, but my understanding of the purpose of my being here was to discuss two issues: the Presidential appointment of the Postmaster General; and the abolishment of the Board of Governors.

I read the bill. I read it again last night for the second or third time and I understand the question you are asking me.

As far as reviewing the rate structure of the Postal System, I said I have no objection to that. It might be a good idea.

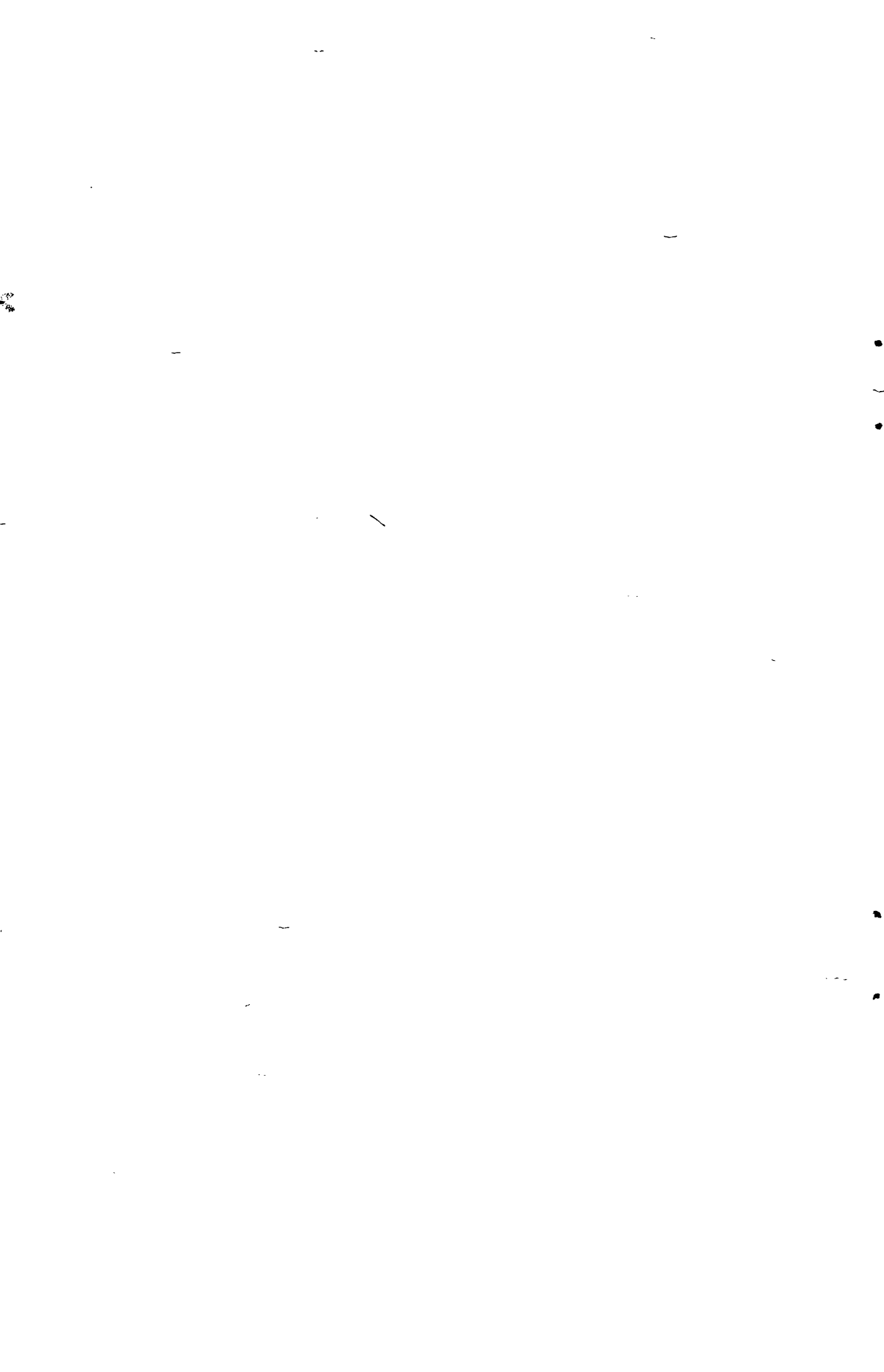
Mr. WILSON. As far as you are concerned, as long as Congress assumed the responsibility of approving the increases, we have to assume the responsibility of funding it.

Mr. BOLGER. Somewhere in the legislative branch, we have to find ways and means to fund whatever postal service the people of this country want. It has to be funded. It can be funded in many ways. It can be funded by rates, straight rates; it can be funded by a combination of rates and appropriations. I think that is a determination for Congress to make how they want it funded, and I would have no objection to that feature of your bill whatsoever.

Mr. WILSON. Fine. Thank you very much, Mr. Bolger. I appreciate you being with us.

The subcommittee will meet again on March 23 to hear witnesses that represent the postmasters and supervisors.

[Whereupon, at 12 noon, the hearing was adjourned.]



ABOLISH BOARD OF GOVERNORS OF USPS AND REQUIRE PRESIDENTIAL APPOINTMENT OF POSTMASTER GENERAL WITH SENATE CONFIRMATION

WEDNESDAY, MARCH 23, 1977

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON POSTAL PERSONNEL AND MODERNIZATION,
Washington, D.C.

The subcommittee met at 10 a.m. in room 311, Cannon House Office Building, Hon. Charles Wilson (chairman of the subcommittee) presiding.

The CHAIRMAN. This morning the subcommittee will continue hearings on H.R. 19, a bill I have sponsored, which would make the Postmaster General once again a direct Presidential appointee with Senate confirmation. It would abolish the Board of Governors, and in essence establish a congressional veto over postal rate increases; this among other provisions.

Our witnesses this morning represent employees throughout virtually all levels of the Postal Service. Their thorough understanding of postal operations should provide the subcommittee with important insights as we consider this legislation.

I am quite anxious to know whether or not the longtime career postal employees testifying today agree with Deputy Postmaster General Bolger, who told us last week that the Postal Service is receiving better management throughout the system today than in the past.

I also wonder if our witnesses today share Mr. Bolger's view that the Board of Governors has been a key to the better management that has been obtained, and that direct Presidential appointment of the Postmaster General would make politics all-pervasive throughout the Postal System.

Before we hear from the postal organizations we are fortunate to have as our first witness a colleague of mine in the House of Representatives who has distinguished himself by his attention to postal legislation, Congressman Bill Alexander of Arkansas.

I would like to say that Mr. Alexander and I have joined together in the past in trying to bring some reason out of what we felt had been chaos at the Postal Service.

STATEMENT OF HON. BILL ALEXANDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

MR. ALEXANDER. Thank you very much, Mr. Chairman.

Let me first respond by expressing to you my appreciation for the opportunity to appear before the subcommittee on H.R. 19 and to ex-

press my praise and to applaud your initiative in scheduling these hearings while we await the recommendations of the Commission on the Postal Service, which, as I understand it, will present its report to the Congress sometime around April 18.

I trust that the chairman and members of the subcommittee share my concern that the report will come 1 month later than mandated by the law we passed the last session.

I also want to congratulate the chairman's leadership and the diligence that you have demonstrated in your quest for postal reform and I thank you personally and I thank those other members of the full committee that have supported my efforts in the past to get accountability provisions with teeth in them included in the law we passed last year.

As we have discussed, Mr. Chairman, on previous occasions, I came into this fight by nature of self-defense. I am here today because the people of the First Congressional District of Arkansas, whom I represent, were not only dissatisfied, but were disgusted with the kind of national policies that produced a lack of service to the nonmetropolitan regions of this country.

After your support of my efforts, I had hoped that the concept of accountability of postal management to the American people would have been included in this proposal now before this committee.

Now, Mr. Chairman, I remain convinced that until we remove the heavily added insulation of independence that surrounds the Postal Service and make its management fully accountable to the U.S. Congress and to the people that they will continue to be faced with the problems which this committee is so familiar and which were so adequately articulated in this committee's report that was published last year, namely, that the Postal Service suffers from favoritism, from waste, and from inefficiency.

Mr. Chairman, in deference to the Postal Service, I would hasten to add that the present management of the Service has done a great deal to remedy some of the problems that were contained in your report, but still, and even if all of the problems were remedied, the problems—the fundamental problem of insulation which is caused by the existence of the Postal Service as an independent agency, unaccountable to the Congress and the American people, will continuously present a threat to the American people of a repetition of these problems of waste and inefficiency and favoritism that bring us here today.

Last year the House on two occasions approved a proposal, which I offered, calling for an annual authorization and an annual appropriation for the Postal Service.

Yet, supposedly in the interest of securing some meager measure of postal reform in the 94th Congress, the House and Senate conferees chose to pass the buck on this issue to the 95th Congress. I refer to the Postal Commission as the pass-the-buck Commission because it is clear to me that the 94th Congress passed the buck on this issue to the 95th Congress for it to seek a resolution of these complicated problems. We are now confronted again with the same issue of accountability.

And I have said time and time again that I support a subsidy for the Postal Service. I represent a nonmetropolitan district in central, northeast, and east central Arkansas. Statistics show that it is simply

not profitable for the Postal Service to deliver mail in rural areas. Americans living in the countryside have just as much right to convenient mail service as those Americans who live in the cities.

What I do not support is the philosophy of unaccountability that Postal Service symbolizes.

The U.S. Postal Service to me is a symbol of unaccountability to the American people.

Mr. Chairman your bill goes far in correcting a number of problems with the current postal operation. I wholeheartedly support the provisions of H.R. 19, as far as it goes, which calls for President appointment and Senate confirmation of the Postmaster General as I did last year. I support the provisions to abolish the Board of Governors.

I believe that the Board of Governors is just another expensive layer on the cake of the Federal bureaucracy that does not justify its existence.

I agree with the gentleman's contention that it would be unwise for the Congress to totally reinject itself into the postal ratemaking process, but that Congress does need to have some input in this process.

The gentleman's proposal on ratemaking authority is reasonable. And I support the provision of H.R. 19 that expressly states the intent of the Congress not to disrupt USPS's currently mandated collective bargaining system, as I tried to convey when my proposal was considered on the House floor last year.

My proposal has absolutely nothing to do with the process of collective bargaining. My proposal is merely an attempt to restore the fundamental democratic concept of accountability of every Federal agency to the people that the agency was established to serve.

I would, however, urge the committee to consider several other options. While no one doubts the need for a review of all capital investment projects, I still maintain that full review of the entire Postal Service operation will give the best measure of accountability of the postal management to the Congress and to the American people.

I am prepared to compromise on this point however. I recognize both the planning and collective bargaining ramifications of an annual authorization and an annual appropriation.

I believe the measure of accountability of top postal management for which the House expressed itself so loudly and strongly in the session last year can be obtained by a biennial authorization and appropriation and still give USPS a reasonable period of time for planning and contract negotiation.

In all fairness to the Congress, I believe that in a few years we will be considering biennial authorization and biennial appropriations anyway, and this may lead the way toward unsnarling the complicated authorization and appropriation process that now reaches the point of almost being unworkable.

I am today introducing legislation to that effect, and I hope the subcommittee will give that alternative serious consideration before this bill would reach the House floor.

I have two other concerns, Mr. Chairman. As you know, the moratorium on postal rate increases and service cutbacks expired on March 15. It is conceivable that the Postal Service could reinstitute its plans to close scores of small post offices throughout the Nation

before the blue ribbon Commission ever submits its report to the Congress.

I hope the subcommittee will give consideration to an extension of the moratorium for 6 months or for a period of time sufficient for the Congress to act on the Commission recommendations. That provision will be a part of my bill as well.

I would also urge the subcommittee to consider a provision in the bill mandating that a person in charge of a post office, regardless of its size, of any class shall be a postmaster and not a clerk.

Mr. Chairman, let me close with a comment and a question on the suddenly bright financial picture which we get from the bookkeeping department of the Postal Service. Is the gentleman satisfied that these financial reports are a true picture of the financial status of USPS, that the Postal Service is actually making a profit, or are they simply not losing as much as their quarterly forecasts had predicted?

I thank the subcommittee. I thank the gentleman for your hospitality and for receiving me as you have, and I pledge my full cooperation with the gentleman in the months ahead to achieve the best possible results that can be achieved in the name of postal reform for the benefit of the American people.

Thank you very much.

The CHAIRMAN. I want to thank the gentleman for his statement.

I would agree with you about the bright financial picture that we have been getting from the Postal Service. There are many reasons for this of course. They were the beneficiaries of extra parcel business that resulted because of the UPS strike over the holidays.

The figures also reflect the extra business they got from the holiday period.

They're going to have to come to grips with the facts of life soon. So I think it has been a less than honest approach which has confused the American people by making them think that the USPS is on the road to a brighter and better financial situation.

Mr. ALEXANDER. Mr. Chairman, I would like to add one other thing if I might to my statement.

I noticed as I came in this morning that there were many officials here from the very fine postal organization that has helped in this plight and also from the USPS itself and I sometimes wonder if people who are so intense in representing one particular institution are not so close to that institution that they can't see the forest for the trees.

It is so clear to me in my travels around the country at large and in my dealings with the people in Arkansas and Washington that one of the very basic reasons why our President is so popular is because he is willing and has demonstrated his willingness to take on the establishment that has so characterized the attitude that has been demonstrated in Washington, D.C. over the past several years. Any public official who is willing to take on the establishment is popular with the American people and I think that the people who are in this room today need to give some consideration to that very basic fact that exists within our body politic.

I think that the amendment that I offered last year will pass the House this year and will pass the Senate this year and we could make much more progress if all of us sat down and worked together and

tried to negotiate a reasonable approach toward settling the problems that exist within the Postal Service that require me to go before the high council of the American people in the House of Representatives and do it the hard way like we did it last year.

But I'm committed to that objective. I am introducing a bill today and I am serving notice on everyone in this room that if this bill does not contain the proper reform that I will be in the well of the House of Representatives arguing this point before the American people.

The CHAIRMAN. I can assure the gentleman while I am not certain as to the condition the bill will be in when it leaves this committee as a result of the divided jurisdiction between Mr. Hanley's subcommittee and that of my own. The fact that the committee may decide Mr. Hanley should hold hearings on the subsidy aspect, I would be prepared to support the gentleman and do everything that I can if we have to do it on the floor to make that part of this legislation.

Mr. ALEXANDER. I thank the gentlemen and I appreciate your dedication and I pledge my cooperation.

The CHAIRMAN. I want to thank the gentleman for appearing here this morning and assisting in the hearing and I can assure him that we will continue to work together.

Mr. ALEXANDER. Thank you very much, Mr. Chairman.

The CHAIRMAN. Our next witness is Mr. John C. Goodman, the national president of the National Association of Postmasters of the United States.

Mr. Goodman, if you have colleagues of yours that would like to join you, that would be fine.

Mr. GOODMAN. Thank you.

STATEMENT OF JOHN C. GOODMAN, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES, ACCOMPANIED BY JOSEPH GONDOLA, NAPUS LEGISLATIVE CHAIRMAN AND POSTMASTER OF CLIFTON, N.J., AND FRANK L. MIKLOZEK, NAPUS EXECUTIVE DIRECTOR

Mr. GOODMAN. Mr. Chairman and members of the subcommittee, I am John C. Goodman, president of the National Association of the United States.

I have the privilege of representing approximately 27,000 postmasters on active duty and 6,000 retired postmasters.

With me today are Joseph Gondola, NAPUS legislative chairman and postmaster of Clifton, N.J., and Frank L. Miklozek, NAPUS executive director.

On behalf of our membership, I think you for this opportunity to speak out before such a knowledgeable, legislative body as your subcommittee; and I congratulate you on your candor in spotlighting postal problems and offering possible solutions.

H.R. 19 offers a five-pronged possible solution to a postal problem which has become more and more apparent. The top management of the U.S. Postal Service is not now accountable to the public it serves through the duly elected representatives of the people, nor is it sensitive to the valid fears and low morale of the employees it manages.

Simply stated, H.R. 19 provides for (1) Presidential appointment of the Postmaster General with the advice and consent of the Senate, (2) the abolishment of the Board of Governors, (3) a cognizant relationship between rates and appropriations, (4) a review of large capital investments, and (5) the establishment of the Postal Rate Commission as a separate entity. NAPUS supports each of these provisions.

In your opening remarks, Chairman Wilson, you focused your attention on the first two provisions of your bill; thus, I will direct my remarks.

Title 39 states, "The exercise of the power of the Postal Service shall be directed by the Board of Governors." Title 39, in outlining the procedures of the Board, prescribes action. "The Board shall direct, control, review, act." Yet, the present Board cannot be characterized as one of decision and action.

Deputy Bolger, in his statement before this subcommittee, spoke glowingly of the postal experience of career employees, and in the same statement he explained that the Board has been a key to better management.

Among the present Board members there is a serious lack of experience in postal affairs. All of the governors are of a business or utility background, and their efforts are diluted by their professional interests. This has led to an abrogation of their authority and power to the Postmaster General and his Deputy who actually determine policy and operating plans.

Though individual Governors, at times, offered up questions to the Postmaster General and his chief counsel, on the whole, the Board has acted as a rubberstamp body shirking aggressive guidance and providing thick insulation for the true decisionmakers.

In this framework, the public and Congress are kept much in the dark concerning the decision making of USPS. The public service concept has been woefully neglected as more and more emphasis is placed on the attractive accounting of the "bottomline."

I feel that the Board of Governors has failed in its exercise of power, and should be abolished. As a lesser alternative, should the Board be retained, a new Board should be appointed the members of which should possess knowledge of postal affairs.

The Postal Service is an important institution to all of the American people. It deserves the positive attention, care, concern and guidance from the executive branch at all times. In 1976, our Postmaster General could not even get his telephone calls returned by those in the executive branch.

Making the Postmaster General a Presidential appointment will insure that the Postal Service receives the necessary attention and support. Senate approval would generally necessitate hearings which could determine a candidate's qualifications, background and philosophy.

In addition to this scrutiny, the Postmaster General would be, in fact, an extension of the President and the Congress. Both are extremely sensitive to the public, and that sensitivity would be passed on to the Postmaster General.

We are talking about making the chief executive officer of the Postal Service responsive—sensitive to the desires of the public. We are not suggesting the return of politically appointed Postmasters, nor are we the proponents of a political pork barrel at USPS headquarters.

Those who cry out of fear at a political appointment should take a hard look at the abuses of the merit system. Not the systems, but the abuses of the systems should be censured.

Presidential appointment of the PMG is not a return to the old system; it is a recognition of where responsibilities should lie. An institution which touches the lives of every business and individual in this country should not be totally divorced from responding to the demands of the public.

I would fully expect a Presidentially appointed Postmaster General to continue to promote from within the Service. I would expect such a Postmaster General to pay attention, to react and respond to the publicly accountable representatives of the people, the Members of Congress when they require answers or actions concerning those they represent. In 1976, Members of Congress had to sue the Postal Service before they received reaction and response.

I am astounded at the pie-in-the-sky pronouncements by our Postmaster General and Deputy Postmaster General in recent weeks. We hear of an improved financial outlook. I suppose second-degree burns are an improvement over third-degree burns, but neither offers reason for rejoicing on the part of the burned victim. The USPS faces huge deficits which will not be erased by squeezing the lifeblood out of the middle management turnip.

In last week's hearing before this subcommittee and that of Chairman Hanley, research and development were emphasized. I agree that concentration must be placed on ways to improve and enlarge service, rather than on ways to produce or eliminate service. Only then may we think about an improved financial outlook. Only with the support of the Congress, the administration and ultimately the public will the U.S. Postal Service regain the position of reliable mediator and valued public servant.

Should the USPS be allowed to continue its present course, disregarding the public interest, reducing service and raising rates, I believe the private express statutes will eventually be repealed destroying this Nation's bond of communication.

H.R. 19 offers responsible alternatives.

I want to thank you for the opportunity of appearing and we would be happy to answer any questions that you might have.

The CHAIRMAN. Thank you, Mr. Goodman.

Your statement makes so much sense and is so to the point that it's difficult to ask questions of you about it.

I am so surprised that we can't get the same type of intelligent and sensible statements from the Postal Service. I wonder if you would expand on your opinion of Mr. Bolger's statement that, "there is better management in the Postal Service now than in the past."

Would you care to add to that?

Mr. GOODMAN. Personally, I don't think the management is any better. I think what the Deputy Postmaster General was responding to, which I am in favor of, that is the promotion of management people from within the Service rather than going to the outside such as we've experienced with American Can and all of the other U.S. Chamber of Commerce buddies of Mr. Blunt, Ted Glassman.

The CHAIRMAN. Do you have any evidence of the Board of Governors direct involvement in postal decisionmaking?

Mr. GOODMAN. Not to the best of my knowledge. The only knowledge that I have is the Board of Governors asked our organization to provide them with facts and figures which they could not obtain from the Postal Service.

Well, I think, Congressman, in addition to John's comments—just recently a decision was made by Postal Service managers to purchase additional 96 letter sorting machines and the decision was made well before the approval of the Board of Governors was given to go ahead with that. So, consequently, the Board of Governors as we characterize it, is nothing more than rubberstamp for the policies formulated by the Postmaster General in his efforts.

The CHAIRMAN. It's supposed to be the other way around.

Mr. DOWD. It should be the other way around, obviously.

Mr. MIKLOZEK. Chairman Wilson, I'd like to make a comment that when I was a national president a few years ago, that I attempted to meet with the Board of Governors and we were discouraged in all approaches that we could make with the Board of Governors.

They did not want us to give our view point to them and we felt that we could them the view point of the people out in the field that would be unbiased and that they needed a second view point.

The CHAIRMAN. I was going to ask about that. Has your organization ever had been asked to participate in a Board of Governor's field meeting, or one in Washington, for that matter?

Mr. MIKLOZEK. I can speak that during my term as national president, I was never given that opportunity and I was discouraged in whatever attempts I made in order to become close with the Board of Governors.

Mr. DOWD. As a matter of fact, our only contact with the Board of Governors was at one of our national conventions when a member of the Board of Governors came and was a delightful after-dinner speaker.

He certainly spoke more about the university that he represented than the Postal Service which he was then allegedly serving.

The CHAIRMAN. Again, Mr. Bolger, when he appeared as a witness on H.R. 19, he was concerned that the appointment of the Postmaster General by the President would get the USPS back into politics.

Do you feel that politics has been eliminated from the USPS? Will anything terrible happen as a result of the President appointing the Postmaster General rather than the Board of Governors?

Mr. GOODMAN. Definitely not; in fact, I have a news article that appeared in the Star-Times, dated Sunday, August 15, 1976 where former Senator Hiram Fong was interviewed and he plainly states that the last appointee to the Board of Governors was President Nixon's fundraiser in the Hawaiian Islands. And he made no bones about it that it was a political appointment for his devoted duty to the Republican Party.

Mr. CHAIRMAN. Politics can be played many ways and the President can have some influence on the selection of the Postmaster General whether he was given the direct responsibility or not.

So, I see nothing wrong with this. To me, politics is not a dirty name; that's my business. It doesn't bother me if a President selects someone from his own political party to head up an agency. I would expect him to do so; but to try and fool the people into thinking that

there would be more politics as a result of my legislation I think is rather naive.

Mr. Dowd. Congressman, quite frankly, I am very disturbed by those who want to besmirch anything in government and wave that flag in politics.

Before I came to the Postal Service I was a schoolteacher and many of the books that we taught history to the students the phrase merely appeared that "politics was the lifeblood of the American government." I was disturbed recently in looking into a dictionary, and I find even now, the dictionaries are differentiating between a politician and a statesman rather.

The politician is characterized as one who's involved in clandestine affairs and what-have-you; whereas, a statesman is interested in that which is good for the people and good for government.

The CHAIRMAN. You're looking at four statesmen up here. [Laughter.]

Mr. Dowd. If I had to characterize what the people are doing here, I would characterize it as statesmanship, not politics.

Mr. GOODMAN. I would like to add one other thing. We would much rather be back into a Democratic, or Democrat-Republican situation than the cronyism that we're faced with in our daily operation in the Post Office. Cronyism in our system is much worse. At least we knew where we were in the Republican and Democratic situation.

Now, we have no idea.

The CHAIRMAN. Mr. Lott, do you have any questions?

Mr. LOTT. Thank you, Mr. Chairman, and thank you, Mr. Goodman, for your statement.

I'd like to start off before I get into some mild partisan statement—I'd like to say that I think you know from my background, the 2 years I've been on this committee, that I'm an admirer of the men, women, and the association that you're representing here. I think that you've done a great job and I think the Postal Service would be much better off if more of the people in the Washington level of the Postal Service would check with the postmasters and the postal supervisors and the people that are working in the systems on a daily basis before they make some of the changes or make some decisions that they do in Washington.

I have never appointed a postmaster in my life, but I know the postmasters in the Fifth Congressional District of Mississippi to be outstanding people and are trying very hard to do a good job under difficult conditions. I commend you and your association for the job you're trying to do and I hope that you will continue your efforts to make the postal system work whatever problems you might have to deal with. And I hope that you will continue to try and have input at the Washington level about what it's really like down in the trenches.

Mr. GOODMAN. Thank you.

Mr. LOTT. Now, having said that, I do want to ask a few questions and make a few comments.

I hope this won't get to be a partisan-type thing. A question of who's in power now, Republican and Democrats. I don't really like the idea of making a particularly big point, but the last appointee was a Republican fundraiser.

Let's not make this all politics. We're not going to make this situation any better if we get on one political situation, the Board of Governors, and get into a pure political situation on the other hand. I don't understand all this taking a slap at one political arrangement in preference for another political arrangement.

Now, all you're saying is to put all the cards on the table, let's go to a straight political appointment and let's not have this Board of Governors, which has not functioned as well as it should.

I urge you and others again not to make this a partisan issue, because it's not a partisan issue. The Postal Service is a national issue and I hope that things won't be said and done that will make it difficult for me to support some changes that I think are necessary. So, let's get away from a Democratic appointee, a Republican appointee. We want to change the situation. Some Members of Congress want to change the situation now because there's a different man in the White House.

I don't think that's the issue. I didn't like the way the Postal Service was run under a Republican administration and I have got a feeling I'm not going to like it under this administration unless some changes are made.

So, I want to urge my colleagues on this committee and in Congress, let's don't approach it from that standpoint.

You mention in your testimony that Members of Congress in 1976 had to sue the Postal Service before they received reaction and response. I was one of those Members; I was one of the original ones to join that group to stop the Postal Service from closing small post offices. I feel very strongly about that.

Now, I won't preach any more, but I get a little upset sometime when it gets to be partisan politics. That's not the issue here. I know that you don't want to go back to the old system of pure politics and neither do I. What we want to do is improve the situation that has not been working well in many instances.

Now, let me ask you some questions. Some of this doesn't relate directly to what your testimony is based on, but I know that postmasters now are, for instance, not in the regular contract salary increases, but you're also not getting the cost-of-living increases; is that correct?

Mr. GOODMAN. That's correct.

Mr. LOTT. What are you proposing should be done in that area. Do you think you should be included in the regular management cost-of-living increases?

Mr. GOODMAN. We have a lawsuit still pending on the fact that they took 23,000 of our members and placed them into a separate, what they call NCE schedule, which many of our postmasters have not been given a raise and others just very nominal raises. Certainly none have received any cost of living or any kind of comparability with the crafts that are under collective bargaining. And, of course, we are meeting right now by a Federal judge's ruling on the pay issue with the Postal Service. In fact, we meet tomorrow.

Mr. DOWD. I think, Congressman, to answer your question what we're interested in is that the Postal Service live up to the present law and in that law they indicate that they maintain a spread between the people whom we supervise and those that are supervisors, and quite frankly, what is happening in the pay policies of the Postal

Service now, whereas, you indicate the craft employees, they're raising automatically because of their contract and their labor agreement, and we have been bypassed. In many instances, the people we supervise make more money than we do and certainly that doesn't make sense to a logical being.

Mr. LOTT. How much, if any, input do you have now into the management type of decision?

Mr. GOODMAN. Very little, if any.

Mr. LOTT. You do think we could have higher and improved levels of services that are being offered today, don't you?

Mr. GOODMAN. Yes, I do.

Mr. LOTT. Do you think that the sectional center management concept has worked?

Mr. GOODMAN. Yes, I do.

Mr. LOTT. Do you think it has worked and is serving a good function?

Mr. GOODMAN. Let me qualify that by saying where mechanization has been installed and the mail could be brought to a centrally located spot, yes.

Mr. LOTT. You know, we've had some problems with that because of going to a mechanized system, but you think that is beginning to work itself out and ought to improve the service?

Mr. GOODMAN. Only in such areas that have processing offices that has the mechanization. If they don't, manually, they cannot touch the distribution in the main suburban offices.

Mr. DOWD. You know, Congressman, I'd like to comment relative to your interest, but not allowing this to become a political partisan situation again.

But addressing your question, generally I would say that the SCF management concept is working well, but it's working well where the SCF manager is a qualified common employee. Unfortunately, we have some situations where that fellow has been appointed because of the fact he is friendly with someone. We have that cronyism issue. And quite frankly, we do have problems in those situations, but if we were to rely strictly on the merit situation where people who are competent and knowledgeable were appointed and promoted to these positions, I think we would find the concept is extremely viable.

Mr. LOTT. I believe your position is you don't think that higher rates are necessary or needed, is that correct?

Mr. GOODMAN. That higher rates are necessary?

Mr. LOTT. Right.

Mr. GOODMAN. Well, it would depend on the subsidy.

Mr. LOTT. Well, that is my next question. So, maybe you can comment on the two together?

Mr. GOODMAN. I testified that there are several programs that Congress institutes such as OSHA, and the other OSA Act and employee compensation that cost the Postal Service, and as an example, the BEC, the Bureau of Employment Compensation, we went from \$38 million to \$980 million in 1 year because of the ruling. Now, what I am saying is that we should have a floating subsidy and that all these programs are fine, but the Congress ought to fund that in dollars and cents to the Postal Service.

Mr. Lorr. And that is a key point with me. If the American people as a whole are going to have to help foot the bill through the subsidy, then they have the right to get some answers through their Representatives and Members of the Congress.

I think that we are beginning to have some impact on the Postal Service and getting more responsive answers when we make inquiries on behalf of our people.

But the point that I'm leading to and then I'm going to get to the actual bill we are working on, we are talking about a need, a legitimate need for a better salary situation. A higher salary for postmasters. We are talking about a need for a necessity for better service, and yet we're not sure we want higher rates. Generally, we don't. We talk to people out there in the country, they don't want to pay any more for postage.

So, on the other hand we are looking at a larger and larger subsidy, and that's where the problem begins to come in. Now, how much is Congress and the President going to be able and willing to go in the way of subsidy when you look at the overall concept of a balanced budget.

Do you have any comments on that?

Mr. GOODMAN. I think that there are other areas that money can be saved in Postal Service, and I would like to bring it up at this time. You could save numerous amounts of money, in my opinion, if the district level of management were eliminated. It's a layer of management that we don't need. There's no reason why we couldn't go through the sectional center management concept if the SCF were properly staffed, and then report directly—meaning the directional centers or the regions. I see no need for the districts, which is just one area that I could think of off the top of my head.

Mr. Lorr. I think that is a good point. On this particular bill do you think it would help if we could rework the Board of Governors, make it a smaller Board and a permanent full-time position?

Mr. GOODMAN. I would say that that would be fine with one clarification. If the people who were selected by the President and confirmed by the Senate had expertise in Postal Service affairs, otherwise, I don't think it would do any good.

Mr. Lorr. Let me state my position. And I am open on this. I like the idea of a Postmaster General having to be confirmed by the Senate. I think that it would spare him some lumps down the road to the damage of the Postal Service if he is aware of some of the problems that he is going to have to deal with, and some of the questions that he is going to have to answer when he gets into the job. I think it is an informational thing to PMG, as well as an opportunity for the people's Representatives to be heard through this man, but I must confess that I like the idea of having some possible layer in there between direct political appointment.

I acknowledge that the Board of Governors, even at full time in a smaller group, will still be a political appointee. But they would be committed and obligated, hopefully, to try and take into consideration on a less direct political basis the real qualifications of the man or woman who's going to be the Postmaster General. And for that reason I am inclined at this point to want to keep some hurdle in there, the Board of Governors, but go ahead and require the confirmation by the Senate.

Do you have any reaction to that possibility?

Mr. GOODMAN. Well, I couldn't be against it as long as it has Postal Service expertise, and that they worked full time and they were actually going to do what was intended for them in the original act, and that was to operate the Postal Service.

Mr. LOTT. What if the President were a Republican or Democrat. We don't want to get a straight political act as a Postmaster General. Hopefully it will be July 1.

I would like to see the Postmaster General more often come from within the ranks of the Postal Service. The guy who has been down there, who got his head beat in daily trying to get that mail shuffled, and maybe that's what we need to resolve this. But I'm not convinced yet.

Let me just ask you one more question and I'll stop. You know there is the Postal Study Commission that has been functioning and that is going to submit a report and recommendation to the President and Congress on April 18.

Do you believe that report will be a basis for meaningful and comprehensive postal legislation?

Mr. GOODMAN. We were under the hopes that they would define one question, just what is the American public willing to do to pay for the Postal Service and how important it is to the American public.

If they just come out with that one statement, we think the Commission is worthwhile, and hopefully, they will be able to find public service.

Mr. LOTT. What I'm getting to, and I want to ask you to comment. I wonder at this point if we may be premature if we act on this bill before they get the recommendation of this Commission which we set up, I just think we should wait and see what they have to say, but again, I appreciate your time and testimony and your comments representing your fine organization.

The CHAIRMAN. Thank you, Mr. Lott.

The report will be available before we complete our work because we anticipate having more hearings. Mr. Bailar, Postmaster General; and Mr. Wright, Chairman of the Board of Governors have been asked to be with us. I join with you, Mr. Lott, in hoping that our efforts will continue to be as bipartisan and as nonpartisan as possible.

We are very happy to have on the committee, and on the subcommittee, a new member, Mr. Ralph Metcalfe from Illinois.

I'm going to let Mr. Metcalfe ask some questions at this time. And he's from that nonpartisan city of Illinois where politics is not played too heavily.

Mr. METCALFE. Thank you very much, Mr. Chairman.

First let me associate myself with the fine evaluation of Mr. Goodman's statement, which is all inclusive and I'm very impressed with it. It doesn't leave many questions. He was very definitive in his presentation. I would like to prepare my remarks by saying that I have come to this committee in not a completely objective manner. I am of the opinion that the problem on the pieces of legislation that Congress has ever passed was reorganization of the Postal Service.

I am really somewhat hesitant to completely criticize the system because I wasn't here at that particular time, but I think it is the consensus that the Postal Service, since reorganization, has been worse. I

believe that if there had been a study made, an evaluation, I think the post office is doing more than the Congress in terms of a service and when we talk in terms of increasing rates, people are willing to pay recognizing the increase in the cost of living and inflation that we are undergoing if they are going to get service.

So, therefore, I see the need for us to take up H.R. 19.

Now, in your statement, Mr. Goodman, you indicated that you are supportive of the provision that's listed here, and I particularly want to address myself to the question of the abolishment of the Board of Governors, that is your first position that you would like to abolish, is that right?

Mr. GOODMAN. Right.

Mr. METCALFE. Then you proceed to say in the event that on page 2, the Board should be retained—the Board should be appointed by members, of which should possess knowledge of postal affairs. Would you be kind enough to set forth the criteria of what you think would be the prerequisites for a member of the Board. Should the Board be retained?

Mr. GOODMAN. Actually, in the makeup, I would like to see a seven-member board if it has to be a Board. If we can't abolish it. Three being appointed by the President of the United States, two by the Senate, and two by the House. I think that would be an ideal makeup of the committee.

Mr. METCALFE. What about these appointments. I want to get a little deeper and find out what are the qualifications, I mean that the President should consider. What are the qualifications that the Senate and the House should consider in the appointment of the Board members?

Mr. GOODMAN. Well, they are retired postal officials that have been regions and post offices. There are large mailers that have had expertise in mailings. There are many areas to draw from. I mentioned two, but there are an awful lot of retired postal people and both in the business of mailing.

Mr. METCALFE. Thank you. Now, did I understand you correctly when you said that you proposed in streamlining the system that you would eliminate the district postmasters and go to the region postmasters?

Mr. GOODMAN. I had reference to eliminating a layer of management that we have called, district offices, and I definitely think that they should be eliminated. Sectional center managers should have complete staffing and those that we report to should then—meaning the sectional centers should report directly to the region instead of to another layer of management.

Mr. METCALFE. Unless we are in game of semantics here, the sectional district postmasters, I have problems with that because in Chicago, would you eliminate the postmaster there. I can understand that you may want to do so in some of the more rural communities, but I mean not where you have the volume.

Mr. GOODMAN. If I might answer that, Congressman. Emmett Cooper, in Chicago, reports directly to the region. They let him, because of the size of the Chicago Post Office, bypass the district level of management.

Mr. Dowd. I think the Congressman should clarify this. Right now, we have 352 sectional center managers in addition to which we have 52 district managers and this is the layer that we are suggesting to be eliminated.

Mr. METCALFE. What is the title of Emmett Cooper?

Mr. GOODMAN. He is the postmaster of Chicago.

Mr. METCALFE. That's right, postmaster.

Thank you very much, Mr. Chairman, I have no further questions.

The CHAIRMAN. Unless there are other questions, we want to thank you for being with us today and we appreciate your testimony.

Mr. Eugene Dalton, president of the National League of Postmasters is next.

STATEMENT OF EUGENE B. DALTON, PRESIDENT OF THE NATIONAL LEAGUE OF POSTMASTERS AND POSTMASTER AT BALDWIN, GA., ACCOMPANIED BY ROBERT DOUD, LEGISLATIVE CHAIRMAN, AND CHIC JENNINGS, PAST PRESIDENT

Mr. DALTON. Thank you very much, Mr. Chairman.

Before I begin my testimony, I would like to make two corrections in the preparation of the testimony. I think the chairman is aware—I know his counsel is aware—of the heavy workload that I have of the last week, and I didn't get a proper chance to review.

On page 3, down in the third paragraph where it says, "* * * such that no officers of the third-class, * * *," that should be "offices."

On page 5, the fifth line from the bottom where it appears, "*** general consensus that only outsider and postal personnel * * *," it should be "* * * that only outsiders and a select group of postal personnel * * *"

Two changes I would like to institute.

Thank you very much, Mr. Chairman.

Of course, I am Eugene B. Dalton, president of the National League of Postmasters.

I have with me at the witness table this morning, the past president of our organization and adviser to our legislative counsel, Chic Jennings, of Tennessee, and on my right, Bob Doud, from Michigan, who is our legislative representative.

Due to the time, I would like to entertain questions more so than a testimony. I would like to request that our testimony be entered into the record in full this morning and I will give a brief synopsis of what we are here for.

We have already conveyed to you, Mr. Chairman, and for the record, that the National League of Postmasters is in full support of H.R. 19, your present bill.

We can find no phases of your bill that would not be an improvement over the situation that we have today in the Postal Service. We are certainly willing to look at any counterproposals and to make any concessions necessary in order to come up with a bill that might be better for both the Postal Service and the postal workers as far as this is concerned.

We do not have a closed mind to this in any way, but H.R. 19 is the best thing that has come down the pike yet, that we have had an opportunity to look at.

In regard to the other phases of our testimony, it has been our experience with the present system, we find many inequities that exist today. Through the advice and counsel of the employees within our organization, and with the assistance of the Congress, we would hope to see in this Congress many of these inequities corrected. Whereby, we might, once again, establish the word "service" in its true meaning to the American people today.

We do appreciate the opportunity to appear before you this morning. Our testimony pretty well conveys our thoughts, and with that, Mr. Chairman, I would request that we go to the question and answer session at this time and maybe give more of an opportunity for your subcommittee to get more general information that is involved in our thinking.

[The complete statement follows.]

PREPARED STATEMENT OF EUGENE B. DALTON

Mr. Chairman and members of the subcommittee, I am Eugene B. Dalton, president of the National League of Postmasters and Postmaster at Baldwin, Ga. The Baldwin Post Office is located in a rural community and serves approximately 3,000 customers. Being a Postmaster from a small office, I feel that I am familiar with the level of services that a Post Office this size provides to its customers.

I am accompanied here today by Robert Doud, our organization's Legislative Chairman. It is indeed an honor for the National League of Postmasters to have the opportunity to give testimony on H.R. 19. You are to be commended, Mr. Chairman, for your knowledge and foresight in making the supreme effort to correct some of the inequities that exist in the United States Postal Service today. The record clearly shows that you have been one of the leading advocates in securing the best possible Postal Service at the least possible cost to its customers. The National League of Postmasters is most honored to wholeheartedly endorse H.R. 19 in its entirety. We wish to assure you and your distinguished subcommittee of our full cooperation and request we be given the opportunity to assist in every way possible to secure the passage of this important legislation.

We are aware that there are some people who feel that the Postal Reorganization Act, which was initiated by Congress in 1970, is doing well under its present structure. We have heard prior testimony from top postal officials who would have us believe that the service provided to the American people today is better than ever before. Some advocates of the new Postal Service would have the general public believe that all Postal employees are completely satisfied with the service we are providing today. This is simply not true, Mr. Chairman. The morale of Postmasters of this National has never been at such a low ebb. We are continuing to witness cut-backs in service, reduction of clerical assistance, and an increase in useless paperwork. Rural routes are being consolidated without the advice and consent of the local Postmasters involved. Much of this has been brought about by budget cuts from Headquarters.

In many cases, the Sectional Center Managers are restricted by too small a budget to give proper assistance to these offices. We have approximately four layers of management issuing directives which many times contradict each other. As these policies are issued from Headquarters, the Regions establish their own from them and those are in turn sent to the Districts. The Districts give their own interpretation to the policies and they are then sent to Sectional Center Managers. In many cases, by the time policies reach the local Postmaster, they are entirely different from the original directives.

This was illustrated so vividly this past Christmas when a policy on leave for Postmasters was issued by Postal Headquarters and ended up as five different policies by the time it reached the field managers. Some Postmasters were given Christmas Eve off while others were required to be present for a full 8 hours even though the needs of their community did not require it. Again we see where managerial decision making has been completely removed from the local Postmasters and a Sectional Center Manager has been given this authority. This in itself is bad enough, but insult has been added to injury. Because in the majority of cases, personnel from within a Sectional Center, who have no basic knowledge

of functions the smaller offices are required to perform, are making major decisions.

There are, within our Sectional Centers, many managers who are doing an outstanding job under the criteria that has been established for them. But in a few remote areas, we have Sectional Center Managers who have absolutely no business being managers. They were appointed simply because they happened to be in the right geographical location when the Sectional Centers were established. We contend, Mr. Chairman, that responsibility for answering the needs of our customers must rest with the local Postmaster if proper service is to be given to the American people.

In many cases, blanket cuts in clerical assistance were made in the smaller offices without regard to the workload of that particular office. As an example, the criteria of some regions was such that no offices of the third class would be allowed any clerical assistance except Postmaster replacement. In many offices of this size, the the incoming workload of mail, for sometimes as many as two rural routes plus a box section, must be worked by one person. Yet, this person is expected to have all the mail available for his customers within a time frame established by a policy from the Sectional Center.

The amount of mail generated in an office this size, in many cases, is very small. Therefore, in rendering decisions of clerical cuts, only the revenue of that office was taken into consideration. Local Postmasters were told that their mail would be processed and postmarked at the area mail processing center. Therefore, there would be no need of clerical assistance. This demonstrates so vividly the lack of knowledge of some personnel who are establishing policy.

In the average rural Post Office, it requires approximately 30 minutes per day to prepare a dispatch of mail. In order to achieve a reduction in the number of employees, which we have all heard so much about, the Postal Service stated it would use one clerk to service several of these smaller offices. This person would be known as the "roving clerk." The fallacy of this policy is, a clerk from a Sectional Center or another Post Office, knows absolutely no one by name in these small offices. Since many pieces of mail received by our customers do not contain a box number, how can we expect anyone who worked in that office only once a month, to distribute mail to its proper place? If this clerk is replacing a Postmaster who is on leave and another Postmaster becomes ill during the night, there is no clerk to call in to replace the Postmaster. His instructions are to notify the Sectional Center Manager. Can you imagine the enthusiasm of a SC manager who is notified at 5 a.m. that he must provide a clerk for an office when in all probability, the clerk does not even know where the Post Office is located.

Some people would have Congress believe that the only job requirement within a Post Office is to sell stamps and other special services at the window. Certainly, if this were true, a roving clerk would be sufficient. But, there are many other functions within these offices which must be performed. Would the members of this distinguished committee enjoy relinquishing the keys and safe combination of your offices to a total stranger, when ultimately, you are charged with the responsibility of the funds for that office? I think not.

But yet, our members are faced with these situations daily, Postmasters are falsifying their time cards, because under the Fair Labor Standards Act, the Postal Service would be required to pay overtime. The workload of giving service to customers coupled with the high volume of unnecessary paperwork, forces Postmasters to exceed the 40 hour per week limit in order to get the job done. While all forms of conservation have been stressed by the Executive Branch of the Government, the Postal Service continues to build a mountain of paperwork. As a typical example, we are required to use a completely different set of books for recording financial transactions within offices of the third class than those of a second class office. This causes additional costs for printing and doubles the amount of forms required to be kept in the supply centers. The number of forms used by the United States Postal Service could be reduced by one-third with the proper implementation of its design. We are faced with a crisis today, Mr. Chairman that must be met by everyone involved. The oversight of the Postal Service must once again be retained by Congress.

In reviewing the appointments of people to serve on different study commissions, at no time were Postmasters given the opportunity to furnish someone from their own ranks. It would appear to be the general consensus that only outsiders and a select group of postal personnel have enough intelligence to serve on these commissions. However, at the same time, Postmasters bear the full brunt of responsibility for their respective offices. The USPS is involved in a lawsuit today because of discrimination in compensation to Postmasters and Supervisors.

If the morale of Postmasters and Supervisors were as high as some would lead you to believe, this lawsuit would not be pending.

Postmasters were not given the opportunity to offer any input into the writing of the Postal Reorganization Act of 1970. If they had had the opportunity, we might not find ourselves in our present position. Since 1970, we have been experiencing outlays in excess of \$3 million paid to a firm, that had no connection with or concept of the functions of a Post Office, for writing job descriptions for Postmasters. This to us, Mr. Chairman, is just as foolish as asking an electrical engineer to perform open heart surgery. Given proper mechanization and money and the right to manage our operations, Postmasters today could once again provide service to our customers at less cost.

We do not feel that the appointment of the Postmaster General and his Deputy by the President would return us to the old political patronage. If anything, it is a political appointment now, because the President appoints the Board of Governors and they in turn appoint the Postmaster General and his Deputy. Under the present structure, the Postmaster General is actually accountable to no one for his action. The Board of Governors, who are appointed to look over his shoulder, are experts in their fields, but their knowledge of the Postal Service is very limited. An example of this was demonstrated a few years back when a member of the Board of Governors approached an organization and requested copies of their monthly publication in order to brief himself on what was happening in the Postal Service at that time.

Unfortunately, the Board of Governors has little knowledge of the internal workings of the field operations of the Postal Service. We have witnessed within the last two years, the void that exists in communications between the President and the Board of Governors. We feel, Mr. Chairman, that this communications gap will continue to exist until such time as H.R. 19 becomes law.

Some adversaries of your legislation have maintained that Presidential appointment of the Postmaster General would be inconsistent with the continuity in Postal Management. But only within the last 18 months have we witnessed any type of continuity as far as Headquarters is concerned. A joke was made two years ago that a revolving door had been placed on Headquarters because of the high turnover in employees. From 1970-1974, we had a great number of people from outside industry who were given 5 year contracts and only served a short period of time, yet the Postal Service was obligated to pay off these contracts.

There has been much discussion on politics being removed from the Postal Service. I will concede, Mr. Chairman, at this point, that my good friend Deputy Postmaster General Bolger was correct in his statement that bi-partisan politics had been removed from the selection of postmasters. But this has been replaced by a more inequitable form of politics, that of the "buddy" system. This was clearly evidenced in USPS's own figures in testimony delivered by DPMG Bolger on March 16. On Page 4 of his testimony, Mr. Bolger states "of 15,000 Postmasters appointed since Postal Reorganization, approximately 10,000 had prior experience in one or more of the crafts, and another 3,000 were from the ranks of supervisor." This leaves approximately 2,000 Postmaster positions that have been filled by promotion of Postmasters. In some areas, games are being played in the selection of Postmasters to fill vacancies. The record will show that a vast majority of these vacancies have been filled from the Sectional Centers. We contend, Mr. Chairman, that all applications of qualified people be considered by the selection board as a whole. The procedure at this time gives Sectional Center Managers the authority to select three persons from the names submitted. Only these three applications go to the selection board for consideration.

We were especially happy to see within H.R. 19 a provision for limiting the outlay for expenditures in excess of \$2 million without prior Congressional approval. Had this clause been in the Postal Reorganization Act, we would not be faced with the dilemma we find ourselves in today: that of having 21 bulk mail facilities and a continued decline in our parcel post business. The appropriation for the Bulk Mail Center concept by the Board of Governors is just one illustration of monies being expended on mechanization without prior proper testing. Nowhere does the record show that a test program was conducted before the equipment for the Bulk Mail Centers purchased. You above all people, Mr. Chairman, have had a first hand look at the problems we faced in the beginning with Bulk Mail Centers. The true record will show we are experiencing longer delays in delivery of 4th class mail than we had before Bulk Mail Centers. Our largest competitor United Parcel Service, has already proven it does not take highly sophisticated mechanization in order to make money with 4th class mail.

Too little effort is being made by USPS to regain the business that was lost to UPS.

If Bulk Mail Centers were doing the jobs they were designed to do, we would not be experiencing the large amount of damage we are encountering today. The blame has been placed on the shoulders of the local Postmasters for accepting parcels that have not been properly prepared for mailing. I have seen parcels placed in the mailstream that would withstand almost any manual handling, including being thrown, that still arrived in broken and damaged condition beyond recognition.

We are very much in favor of the provision in H.R. 19 which will speed up the ratemaking process with oversight by Congress. As local managers of Post Offices, we have witnessed a decline in special delivery services simply because we have priced ourselves out of the market. I would have to agree with Congressman Solarz that we are dispensing false information to the customer when we charge for special delivery services which are not guaranteed by the Postal Service. An exorbitant amount is being charged for this service when in many cases, the special delivery letter receives no better treatment when it leaves the dispatch office than that of an ordinary letter. If we in the Postal Service were doing our jobs correctly in acceptance of parcel post, we could gain much additional revenue by insuring each parcel at a nominal rate which the general public could stand.

To summarize, Mr. Chairman, we have attempted to point out the inequities that exist under the present structure of the Postal System. It is our hope that you, as Congress, will regain, through legislation, the oversight needed to place service to the American people foremost in the minds of those at Headquarters. We wish to reiterate that we are not opposed to every aspect of the Postal Reorganization Act. Many good things have come forth from it. In the past two years, we have witnessed a change in the attitude of the Postmaster General. Employees from within the Postal Service with postal backgrounds have been sought to fill the top positions. Only by taking the approach of using people with years of experience and who are dedicated to serving the needs of the American public, can we ever hope to achieve the service to which they are entitled.

Again, Mr. Chairman, the National League of Postmasters wishes to convey to you our sincere appreciation for the opportunity to appear before your distinguished committee and give our views on H.R. 19.

I would be most happy to respond to questions at this time.

The CHAIRMAN. Thank you very much, Mr. Dalton. I notice here on page 8 of your statement you make reference to the statement of Mr. Bolger about becoming a postmaster since the Postal Reorganization Act was passed. You indicate that the new system allows the sectional center managers the opportunity to determine who the postmaster might be. They are given a preference because they make the three selections that go the Selection Board, is that true.

Mr. DALTON. That is correct, Mr. Chairman. Since the merit promotion system was established, the criteria has been changed once or maybe twice, but basically anyone who is interested in being promoted to an office of a larger size, be it a craft employee, a postmaster, a supervisor, or whatever, has what is known as a 991, which is an application for promotion.

The 991's are sent to the sectional center. The inspection service runs an investigation of all of the 991's that have been submitted and their report comes back to the sectional center manager. He determines, within his own mind, the best qualified three and these are the names that are submitted to the Board for review.

Now, the Board has the authority to throw out all three names if they figure there is a little bit of hanky-panky going on in the submission of these names. We have pretty well found conclusive evidence that there has been some hanky-panky in times past, and we come back to the thing that I shared with the Congressman from the great State of

Mississippi, Mr. Lott on this. I am not getting into the bipartisan part of it, but we are dealing with a situation that is much greater, much more detrimental to the postal employees today, in the fact that we have the buddy-system. We like to think of it as that which is going on, and it is very conceivable. We know that it has happened where an MFC manager, maybe has a golfing partner within his FCL who wants a post office somewhere. It's very easy to submit his name along with two people—maybe whose qualifications are not as good as some of the other 991's.

The Selection Board is a little bit like the Board of Governors. They come from all walks of life and they come into the Selection Board and they have before them not the recommendation, but the three applications that have been presented to them. Anyone with good intelligence can look at the information that has been presented to them and normally come up with the person who the SCF manager wants in the position to begin with.

We get many of the 991's back from the FCL on our postmasters that say "qualified, but not nominated." The figures speak for themselves as far as we're concerned. There was a period of time, in defense of the postal service I want to bring this out, that postmasters were reluctant to move. In a majority of the cases where an office became vacant if it were within 12 to 25 miles away, we had the situation existing where the postmaster would apply for the larger offices. But it seems to be a situation and I think this came from the experience of private industry. You know private industry has a knack for moving their managers every so often. They have one on the east coast. They're there for about 2 years, and then they want to send him to the west coast. I think this was something that was brought to us from private industry. The postmaster who was in the vicinity and would not have had to move to begin with seemed not to have been considered, but maybe a postmaster a few hundred miles away was qualified and selected for the purpose.

Out of 15,000, this situation has reversed. Now, we have postmasters by the hundreds who have applied for larger offices. The merit promotion system, as it was originally established, would be a wonderful thing. It gives an opportunity, and this was the original thinking behind it, whereby a postmaster, we'll say, on a level 15 would want to go to a 17, it gave him an opportunity for promotion, and, then a craft employee who wanted to go 15, could move into that slot.

But postmasters, it would appear, are being given the runaround and this has been brought about by excesses of employees within the sectional center. They have a budget within the sectional center that they have to adhere to. If they have excess employees, it's very easy to put this employee in one of those post offices in order to get him off their payroll. So, it's a game being played.

The CHAIRMAN. Yesterday, when I was at your legislative conference, one of the gentlemen indicated that the Postal Service was only charging people for writing out money orders, and that this prevented the Postal Service from being competitive with the bank or other people who write money orders. Now, is that a fact, if so, is there anything in the law that requires that they do this or is it the policy of the Postal Service management to establish the rate for writing a money order.

Mr. DALTON. Mr. Chairman, this is law. The Postal Reorganization Act states that all classes of mail must pretty well pay their own way. This is a fallacy. First of all, because the money order business that we do in the majority of post offices where money order business is a big thing are in your rural areas. In your metropolitan area, they use the banks and otherwise, but we have in the rural areas, people who depend upon the money order system for paying their utility bills and everything else.

These people are being discriminated against with the high cost, those that do not have a bank available. The Postal Service really is not at fault here because they are only following the mandate of the law. This is, in our opinion, where the Congress must take a look at this and make some provisions and changes within it.

I want to go a little bit further and say this in that regard. We are not in favor of scrapping the Postal Reorganization Act in any way, but we would like to disassemble it, take a look at the bad parts, correct those, and keep that which is good.

The money orders themselves, of course, the cost of it has been partly the responsibility of the Postal Service. They went in and bought all of this highly mechanized equipment in order to process the money orders once they reached the data center and, of course, all that cost has to be taken into consideration as far as what it costs to do this business, but to give you a typical example, a postmaster is paid on an annual rate. He gets the same amount of money whether he writes 10 money orders or 50 money orders a day as far as he is concerned. And in the majority of the rural offices, which I speak of today, it is a one person operation.

The CHAIRMAN. Let me get back to the cost of money orders. Does it cost the same all over the country, or is it based on the size of the money order?

Mr. DALTON. Yes, sir, it's based upon the amount of the money order.

The CHAIRMAN. No matter if it is a rural post office or city post office the rate is the same?

Mr. DALTON. That's right, but it's still based upon the amount of the money order. Up to \$10, it's one fee; from \$10 up to \$50, it's another.

The CHAIRMAN. And this is based on the fact that this is what it costs to write a money order.

Mr. DALTON. That is their interpretation. It costs approximately 13 cents for us to write a money order.

The CHAIRMAN. How much more are you charging?

Mr. DALTON. But we're charging 50 cents now for a \$10 money order, and that's after we take into consideration all of the mechanization and everything else.

One thing that I don't think was figured into it is the float on the money order. The Postal Service gains by this float in time that they have this money versus the time that the money order makes its round. With the amount of money generated in this, the interest alone for even 5 days, is considerable, but that's not taken into consideration.

The CHAIRMAN. Perhaps this is one of those areas where we have given up service for the concept that we have to make everything pay for itself. It seems to me that that is still an exorbitant fee to charge

for a \$10 money order, and it can't possibly cost that much to process a \$10 money order.

It is hard for me to believe that the law was written to require this type of fee. Aren't these fees handed down by the management. What does the law say in this respect?

Mr. DALTON. Well, it just says that each class of mail should pay its own pay, except that there are certain provisions for certain classes of mail that are not required to pay their own way.

The CHAIRMAN. Does every class of mail pay its own way?

Mr. DALTON. No, sir, not in any way.

Mr. CHAIRMAN. Which class would be the greatest violators?

Mr. DALTON. Would be the greatest violators?

The CHAIRMAN. Or the greatest recipients?

Mr. DALTON. Second class. One other thing in regard to this, Mr. Chairman. Each time that these rates have gone up, the volume has dropped which has just created that much more differential between actually paying its own way on the money orders and otherwise. Every rural post office in the country will tell you their volume of money order business has dropped drastically.

The CHAIRMAN. Do you have any reason to think that there has been a deliberate attempt to try to limit the Postal Service's money order business so that the business will eventually go to private industry?

Mr. DALTON. Mr. Chairman, I would be otherwise, everything but honest this morning if I did not say that I have seen several things, not only the money orders, but I personally feel there is an attempt to do this. I'm not saying this one thing was done to do that, but the general consensus seems to be that.

The CHAIRMAN. Do you think that the noncompetitive attitude by the Postal Service concerning the bulk mail business is another case where the Postal Service is really trying to get rid of business?

Mr. DALTON. I believe, Mr. Chairman, you were present when a high postal official made this statement in a hearing and in one of our consultants meetings where we were consulting only the fees of money orders, another high official made the statement basically to the affect that they weren't concerned that we were losing the money order business.

Mr. CHAIRMAN. Well, I recall Mr. Brower made the statement before our subcommittee that they were not trying to recover parcel post business. He said that he didn't think that it was their responsibility to try to recover it. They would not compete with private industry in this respect.

Mr. Lott, do you have any questions?

Mr. LOTT. Just a couple of questions. I was very interested in your statement of how these postmasters are selected. I know more about it now than I have been able to find out about it over a 4-year period. Thank you very much.

I sincerely resent that practice that you mention of bringing in these Postmaster Generals from other States and from other parts of the State when you've got qualified local people. And I agree with you that it is demoralizing for qualified local people and I have serious questions about how these postmasters are being selected. In fact, I am very apprehensive about who's going to be the next postmaster

of my own home town because I am fearful that they're going to bring somebody from far off when there are presently a number of local qualified people.

What solution do you recommend in that area since this particular bill we're discussing this morning doesn't deal with that. I am nervous about sectional center activity here and how would you deal with it.

Mr. DALTON. Mr. Lott, we have made the recommendation to the postmaster selection people over at headquarters of E.L. & R., that one thing that would drastically improve this situation is that all of the people who are found qualified, have their 991's go to the Selection Board for their review.

We feel that in this way, you would have more than one person taking a look at the people who would qualify. Now, that doesn't cure all of your ills as far as this is concerned, but it would sure help to put a handle where we could get ahold of this thing.

A typical example we had not long ago, and I give all the credit in the world to Ms. Ruth Peters who is now the director, of postmaster appointments over there. She corrected the situation. We called a sectional center manager who had submitted a name of a career clerk of the sectional center and then two people who had only been with the Postal Service just a very short time and, yet, we had postmasters with 15 year's experience that had applied for the office.

Ms. Peters looked into it, the list was thrown out and started again. But we cannot nail all of those cases. The rumor is circulating, and I cannot vouch for the validity of it to prove what you just said about your home town office, that a person within postal headquarters right now is already been appointed as the postmaster in a big city office in the far west.

Now, it appears strange to me that they're not qualified people on the west coast, so to speak, that could fill that office. Here, again, the validity of the story I cannot vouch for. It is strictly a rumor, but it might pay the subcommittee to keep an eye on it.

Mr. LOTT. The present selection process that's just been set up through regulations. The law doesn't set that up specifically, does it, or doesn't it?

Mr. DALTON. No, sir, it doesn't. This is regulation.

Mr. LOTT. While you're on that subject, how are the sectional center managers selected, the same process?

Mr. DALTON. No, sir. Your sectional center manager, you'll find in the testimony in the original concept of it—if they happen to be in the right geographical location, they are appointed section center managers. That's why we ended up with some of the ones we have today.

I have to disagree with my fellow postmasters and other organizations. I'm in favor of doing away with the districts also, but they didn't make hardly a clean enough sweep to get the segment of center hall to a similar process.

Let's go back and establish a region, be it 10, 15, or whatever, because all you're going to do when you fully staff a sectional center is you're going to have that many more layers of management there coming out and trying to tell a postmaster how to run his office when they know one faction of the operation of a post office be it mail processing or whatever.

Our postmaster has to know every phase of it, from that of cleaning the bathroom to registering a letter worth millions of dollars. Yet, sectional center managers send these people out to tell us how to operate our office, and we've got quite a bit. I think that any Congressman would resent another Congressman walking into his office and saying, look, you're not operating your office as efficient as you should and I want you to move this desk over here and move that desk over here. And that is the situation we have here with this MFC concept, and it has not worked.

Mr. LOTT. Mr. Chairman, let me ask just one more question. I enjoy hearing his testimony. Have you noticed how softly the words of these southern gentlemen fall? It seems like everybody's from Georgia also.

[Laughter.]

Mr. LOTT. Would you try to tell me why and how you think H.R. 19 is really going to improve the situation?

Mr. DALTON. Yes, sir, I'd be most happy to. As I stated in the beginning of my testimony, this is the only bill we have had to compare anything else with at the present time. I feel, Mr. Lott, and I speak strictly from a personal standpoint that the conditions that we are still waiting to finally solve, I have to agree with the distinguished Senator from South Carolina, a blue ribbon Commission got us into this mess, and we are in it today, and I just personally don't look for too much to come out of this Commission. Maybe I am being very pessimistic about it, but we have waited—postmasters and supervisors have waited for 2 long hours for someone to take hold and do something so that we can give service to our people again.

Sure, we have a law suit pending against them on compensation, but more than that, postmasters today are concerned with the cuts in service, among other things, as we see experienced in our own office to our customers. So, let's get to the first phase of H.R. 19, the appointment of the Postmaster General by the President and confirmation by the Senate.

We feel personally what we saw in the last year when the present Postmaster General—when he was in terrific problems financially, was trying to make contact with the White House and he finally got to OMB, and not much reaction from there, and they all wanted to use the excuse that we have legislation pending, and Mr. McGee's bill was going to solve all of the problems.

But while they were trying to solve those problems we had survey teams going throughout the country, surveying our post offices for closing and a \$100 million that we saved if all 12,000 of them are closed is only a drop in the bucket when you look at the deficit today. And any community is worth \$8,000 and that's the basic price they're putting on the identity of that community.

We feel that if this man is appointed by the President, whoever it might be, would have a little closer contact, and he could get this man if he needed some assistance.

Now, for just a moment, stop and consider one thing, J. Edgar Hoover served under both administrations for years. I'm not setting him up as an idol. Our contention is that if a Postmaster General is doing the right type of job, he is not necessarily going to be moved just because we have a change in the administration. So, at the present

time, we support this concept because we see nothing better that has come down the pike yet.

Mr. LOTT. Just one comment. I can tell the way you talk and where you're from, that you are a gentleman that is also concerned about costs and I believe the Postal Service is a service and it's going to have to be subsidized—

Mr. DALTON. Yes, sir.

Mr. LOTT [continuing]. In order to provide these services to these small post offices and these rural routes that that we run way out to Route 5, Buckatunna, Miss. It's going to cost. But, at the same time, you know, there's a limit beyond which Congress won't go any further of spreading that cost among all the people as opposed to making the people that use the service bear the cost of it.

We do raise salaries, which I admit are needed in many instances, but we can't have it continuing forever going up. We maintain that all of these different services, I just hope that, you, with the Postal Service management and the Congress are also looking at what the cost of all of this is going to be. I know you are, but what comments might you have on that?

Mr. DALTON. Mr. Lott, I'm happy that you asked that question because I do have a comment on it.

The first thing that the Postal Service did when it began looking at a cost, they said we are going to remove this one-on-one business. They came in, they wiped out the assistant postmaster and many of the offices. They took the clerks out of some offices that were needed through a blanket policy without any regard to the need of that particular office, but yet we go across the street and we see a Postmaster General, we see a deputy, we see a senior assistant, and then a junior assistant and, then it is right on down.

Yes, sir, we are concerned with saving money, but let's take a look first of all at home before we go out and rob every small post office in every small community of that post office. Yes, sir, we are fully in favor of saving money, but there is a lot of difference in a postmaster making \$14,000 a year and someone over in postal headquarters that is so crowded for space that they have to have secretaries in the hallways over there making \$45,000 to \$50,000 a year. So, let's look at the big offices. Let's let them pay their own way for a while.

They hit the small offices until it's ridiculous. And they would like to destroy the small offices and by the help of dedicated people such as yourself, Congressman Alexander, Congressman Wilson, and people on the Senate side, we were able last year to get the moratorium amendment placed into H.R. 8603 that said, "These criteria will be established."

Otherwise, we would be without a lot of post offices today that we have.

Mr. LOTT. You're just saying that one of the problems is that they're topheavy, and yet there's too much being spent in the headquarters?

Mr. DALTON. Four layers of management.

Mr. MIKLOZEK. Mr. Lott, if I might comment.

Mr. LOTT. Certainly.

Mr. MIKLOZEK. As you know the people that we reach through the Postal Service the majority are not in a position to use Amtrak, they

are not in a position to use many other services that the Federal Government subsidizes, and these people by subsidizing the Postal Service through the rural areas is really the only benefit that we receive from out tax dollar and we pay the same dollar as those people in the larger areas.

And I feel, myself, that my tax dollar is providing service to a metropolitan area that I have no contact with and am not, and probably will never be able to use that particular service. But I can provide a service to each individual in the United States through the Postal Service and it is the only branch of government that touches each individual in the United States.

Mr. LOTT. I agree with you very strongly. I want that flag flying in those small communities that need that service, and that is their only contact with the Federal Government. And I don't want to prolong this any further.

Thank you Mr. Dalton.

Mr. DALTON. I'd like to make one other comment as to what you and Congress can do to help out.

Another phase that has definitely hurt and caused the Postal Service to go further into the deficit is this—not excluding postmasters from the LSA.

Postmasters in a one person operation do not have the time within the the 8 hours of a day to do all of the work that's in an office and still do all the reports that are necessary. Therefore, he has to actually criminalize himself by falsifying the time cards and saying he's not working more than 40 hours, but actually he is, in order to maintain his job.

We think that Congress should take a look at this and give some relief in this department also.

Mr. LOTT. I agree with you. Thank you.

The CHAIRMAN. Thank you, Mr. Lott.

Thank you gentlemen. There's so many other questions, but we do have two other groups appearing this morning so, I'm going to excuse you now. I want to thank you very much for your testimony.

Our next witness is Mr. Maurice Twomey, executive vice president, National Association of Postal Supervisors.

STATEMENT OF MAURICE J. TWOMEY, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS, ACCOMPANIED BY VINCENT J. LAMBUSTA, VICE PRESIDENT FOR FIELD SERVICES

Mr. TWOMEY. Mr. Chairman and members of the House Subcommittee on Postal Personnel and Modernization, my name is Maurice J. Twomey. I am the executive vice president of the National Association of Postal Supervisors which is composed of more than 35,000 of the approximately 38,000 supervisors in the postal field service, with members in all 50 States, Guam, Puerto Rico, and the Virgin Islands.

Our members are employed in post offices, branches, stations, motor vehicle facilities, maintenance units, air mail facilities, bulk mail centers and in all other mail-handling installations in the field service.

I am accompanied by our vice president for field service, Vincent J. Lambusta.

Mr. Chairman, I am here today to speak in favor of your bill, H.R. 19. We are pleased to have been given the opportunity to appear to share our views with the subcommittee regarding your proposed changes in the Postal Reorganization Act of 1970. I shall review the reasons why the association considers the enactment of H.R. 19 necessary.

In 1969-70, our association opposed the Postal Reform legislation which was finally enacted into law. We then pointed out some pitfalls which, in fact, have now been encountered. I shall now quote from testimony presented in November of 1969 on H.R. 11750.

In our opinion, the first question to be decided is whether the post office should be a profitmaking form of communications or a service to the people of the United States.

We firmly believe that the post office is and should be a service run for and in the interest of all Americans. We believe also that it should be operated as economically as possible.

We can see no reason why the post office must be considered a profitmaking or break-even business. The continuous movement of the mails is of the utmost importance to all citizens of the United States.

Imagine the chaos that would result from reduced services or constantly increasing rate adjustments. One of the main criticisms of the Postal Service is that it does not break even or operate at a profit. We do not believe that the Postal Service was initiated to show a profit, and no other agency or department of the U.S. Government was established for profitmaking.

The Post Office was organized to perform a reasonably priced and efficient public service.

Almost the very same words are being repeated now, 8 years later to show why postal reorganization is not working. To continue:

We believe that a corporation, in spite of certain congressional controls, would grant the Board of Directors a decision of life or death over the quality and availability of the service, over the welfare of postal employees, and over the rates which the users of the mail would have to pay.

We can foresee the closing of postal installations, such as third- and fourth-class post offices, which do not make money but provide the needs of a large segment of our population, although this would probably not happen during the first year.

We can foresee curtailment of rural deliver. We have already heard top officials of the Post Office Department express the opinion that there is nothing sacred about next day delivery of first-class mail.

Certain services have already been curtailed, such as special delivery, mail deliveries in business areas and mail collections.

Where would it stop under a corporation?

The reason hearings are being held today is in answer to the last question just quoted, "Where would it stop under a corporation?" That break-even or profit posture of the Postal Service must be brought into line with the wishes of Congress and the American citizen to provide equal service to all parts of the land, whether rural or metropolitan, at reasonable costs.

Mr. Chairman, this is why our organization asked to testify on your bill, H.R. 19. In January, we appeared before the Commission on Postal Service and presented our views which are almost the same as those we present today on your bill, H.R. 19.

All the provisions of H.R. 19 contain one single thread that is very obvious—the need for congressional oversight to protect the interests of the American public and the rights of each individual citizen. I

shall, at this time, express our views on the four major provisions of H.R. 19.

One. We favor the Presidential appointment of the Postmaster General with the advice and consent of the Senate. We have experienced, since reorganization of the Postal Service, Postmasters General who although have been good businessmen have not been aware of the social or political implications of their decisions.

We do not agree with some critics of the proposal to appoint the PMG who fear that such a process would return the Postal Service to "politics-as-usual." We do feel, however, a sensitivity to the people's desires is far more preferable to the "cronyism-as-usual" as practiced since postal reorganization. Nor are we threatened by the lack of continuity of management as certainly the turnover the PMG's has not lessened with the corporation concept.

Two. We were opposed to the Board of Governors concept in the original reform legislation and are still opposed to it. If there is to be a governing board for the Postal Service, it should be Congress.

The present Governors, although appointed by the President and confirmed by the Senate, are answerable to no one. They represent a level of management which is ineffective and unnecessary.

None of the Governors, as far as we know, were selected for their knowledge or expertise in postal matters. Although they may be outstanding and honorable persons in their own fields of endeavor, their membership on the Postal Service's Board apparently has been more of an honorary nature than anything else.

I should not in passing that we find it difficult to explain the logic of those critics of this provision, who, on one hand, cry politics in regard to Presidential appointments of Postmasters General while, on the other hand, fight vigorously to retain a Presidentially appointed Board of Governors.

Three. While progress under the present Chairman of the Postal Rate Commission has been made in the ratemaking procedure for the Postal Service, we feel some change is necessary.

Congress must reassert their oversight of this process. The proposals as expressed in this bill are a step in the right direction toward improvement of the ratemaking process.

To assume that the establishment of postal rates is somehow a simple mathematical computation is to be idealistic. Without some form of congressional input on postal rates, the safeguards for all levels of the American public are not observed. These decisions can best be made by Congress.

Four, the capital investment of \$1 billion in an untested bulk mail system, clearly supports the need for congressional oversight of major capital programs as envisioned in H.R. 19. Whether or not a \$200 million break point is a logical figure, we cannot comment.

We believe that Congress should not be involved in every capital expenditure. At the same time, projects involving less than \$200 million may well need the attention of Congress.

In summary, Mr. Chairman, H.R. 19 indicates that you believe as we do—that some degree of sensitivity to the public's interest should be returned to our Postal System.

Although we originally presented objections and counterproposals to the Postal Reform Act, since its passage, as dedicated postal super-

visors and managers, we have done our best to make this concept work. But the time has now come when changes must be made. Passage of H.R. 19 will make these necessary changes.

Thank you, Mr. Chairman and members of the subcommittee, for granting us this opportunity to present the views of our association.

The CHAIRMAN. Thank you very much, Mr. Twomey, and we appreciate your statement.

Your organization, if I understand correctly, has gone to court on two occasions against the Postal Service and have won both law suits, is that true?

Mr. TWOMEY. We have gone to court on four cases, three in the District and one in New York State, which was filed on behalf of all postal supervisors.

The CHAIRMAN. Was that on four different matters?

Mr. TWOMEY. On four different matters, yes.

The CHAIRMAN. This is unusual. You are looked upon by the Postal Service as part of the management group, and yet, you found it necessary to go to court to enforce the law. Is that correct?

Mr. TWOMEY. That is correct, Mr. Chairman. I think probably the best example of that is one of the two court cases that has just been decided and is currently under finalization is commonly called the PTAC case. Whereby the Reorganization Act, we had the right to consult with top management as management and as supervisors—and as clearly pointed out in title 39—Congress recognized the need for this consultaion on the part of supervisors and intended anyone in managerial status. We had to go to court because top management had unilaterally taken positions which had over the years been represented by our organization, and had always been considered as managers in the Postal Service, and arbitrarily placed them into a separate schedule and denied them the title of manager and made them professional, administrative, technical, or clerical administrative type of job in their definition.

The CHAIRMAN. Now, one of the problems that you have is related to the legislation, which I have introduced in the previous Congress.

Mr. TWOMEY. Right.

The CHAIRMAN. My legislation passed through the House but was not acted upon by the Senate. Is it your intention to seek consideration of that legislation again this year?

Mr. TWOMEY. Yes, it is Mr. Chairman—we had hoped to have that already introduced in the House by this time, but by winning the law suit on the *PTAC* case, it means that it needs to have some word changes in that bill before it is presented to the House for sponsorship.

The CHAIRMAN. When you work out the language I'm sure there will be someone on the subcommittee who would be happy to introduce legislation for you.

Mr. TWOMEY. Thank you, Mr. Chairman.

The CHAIRMAN. I recall Mr. Ledbetter on previous occasions indicating that members of your organization had taken recommendations or complaints about the bulk mail system to top management. But, their observations were ignored. Are you acquainted with that?

Mr. TWOMEY. At that time, Mr. Chairman. I was not currently a resident officer, although I was here during the hearings last year. Yes, that's very true. That happened prior to my coming on board,

in fact, it was in November 1975 when our office received a call from some of our supervisors who were quite concerned about the problem of the Atlanta bulk mail center.

President Ledbetter did call this to the attention—through a phone call—of Mr. Brower and Mr. Dorsey. At that time, they looked into it, but yet later in a meeting, which came about 2 weeks later, our members in that particular area took Mr. Ledbetter over there to show him, physically, what they were talking about and there was a problem here, and in talking to the officials at the headquarters after that, it was pointed out that some of this was loose in the mails rather than damaged parcels so that there was a difference in definition on their part, and I believe that was brought out in the subcommittee hearings.

The CHAIRMAN. I want to take this opportunity to compliment your organization on hiring Mr. Halliday to assist you in your legislative program. He is very well respected by all of the members of this committee and I think that it was a loss to the Postal Service when he left. I don't think he was appreciated there, but I'm sure he is going to be appreciated by your organization and he should be a great asset to you.

Mr. TWOMEY. He certainly is going to be and we really value the opportunity to retain his services, Mr. Chairman.

The CHAIRMAN. Mr. Lott.

Mr. LOTT. Thank you, Mr. Chairman. We appreciate your taking the time to present your statement on behalf of the National Association of Postal Supervisors.

I just have one question for you which I have already asked this morning. Does your organization have any recommendations or possible changes or amendments to the bill? Are you endorsing it totally in its present form?

Mr. TWOMEY. Pretty much totally in its present form, Mr. Lott. The reason for that is we feel that actually the Board of Governors is indifferent to the needs of the Postal Service. In other words, it serves no purposeful function at the present time under the present setup that it is in.

It was mentioned a little while ago there are senior assistant postmasters general. They act as a function of the executive committee, which takes up individual situations or problems that are affecting the Postal Service and those are recommended to the Board of the Governors and, as such, I think these people are versed in postal affairs. It would be most helpful if they were given a little more authority in advising the Postmaster General, who would be appointed by the President with the consent and advice of the Senate. I think this is the most important area because it keeps the Postal Service very much in line with the needs of the Congress and the needs of the citizens through the Congress in responding to what the Postal Service is here to do and that it is to give service to the American public.

Mr. LOTT. I just hope that you will look at it before we do act on it, and we want to make improvements.

Mr. TWOMEY. Right.

Mr. LOTT. We don't want to make the situation worse than it already is. I'm not saying that it would be, but let's just be cautious that we

don't rush headlong into something in this instance that might cause problems the same as the reorganization has.

That's all I have. Thank you.

Mr. METCALFE. Thank you, Mr. Lott. I heard the chairman say that he did not want to get into bulk mail discussion, but I do, for a brief moment. I ask you if you have knowledge as to what is happening in my vicinity of Illinois, where they are proposing to move the facility from Ford City out to Forest Park. Are you familiar with that post transfer?

Mr. TWOMEY. No, I am not, Mr. Metcalfe. I have read a little bit about it, but we have no reports from our supervisors in that area as to problems to our office at this time.

Mr. METCALFE. Well, let me indicate to you that I am very much opposed to it. I sent a mailgram to the regional postmaster general expressing my opposition to it as well as to persons who convene at the Southeast Illinois Planning Commission. I sent mailgrams to the mayor and the commissioner opposing it. Forest Park doesn't want it in the first place.

Thank you very much. I have no other questions to ask you and we thank you very much for coming before us.

The CHAIRMAN. Mr. Lott, do you have anything else?

Mr. LOTT. No, sir.

The CHAIRMAN. Thank you very much, gentlemen, for being with us.

We now have representatives of the National Alliance of Postal and Federal Employees as the next witnesses.

STATEMENT OF JOHN WHITE, LEGISLATIVE DIRECTOR, NATIONAL ALLIANCE OF POSTAL AND FEDERAL EMPLOYEES, ACCOMPANIED BY JACQUELINE MOORE, NATIONAL EDITOR

Mr. WHITE. Mr. Chairman, I am John W. White, legislative director for the National Alliance of Postal and Federal Employees. I am accompanied by our national editor, Mrs. Jacqueline Moore. I shall skip the first paragraph, Mr. Chairman.

We deeply appreciate the opportunity to appear before you today to express our views on H.R. 19, a bill which would put in tune the organizational structure of the U.S. Postal Service and revise the procedures for adjusting postal rates and services. As we understand H.R. 19, if enacted, it would return a meaningful degree of accountability for postal management decisions to the President and the Congress, who are directly responsible to the American people.

It is understood that these hearings will focus primarily on your proposals, to again, make the Postmaster General a Presidential appointee, with Senate confirmation, and to eliminate the Board of Governors. It is hoped that we shall be permitted to make comments beyond this highly important but limited scope, because it seems almost impossible to departmentalize any discussion of the Postal Service into strict areas of committee jurisdictions. The need is also strongly felt to review some recent postal history as we contemplate proposed remedial action. The chairman may be requested to indulge us a bit if we appear to stray too far from the issues at hand.

Mr. Chairman, you have made immeasurable contributions toward the betterment of the lost of postal and Federal employees since you were elected to the House, over a decade ago. You have displayed the stamina and courage which are required to take visible stands on tough issues. Members of this union think of you as a friend.

Section 202 of H.R. 19 possesses much merit and would be a vital step in strengthening the Postal Service. It would require the appointment of the Postmaster General by the President with the advice and consent of the Senate. Such an arrangement would enable the Senate to closely scrutinize the qualifications of a nominee and to take appropriate action to confirm or reject the individual involved. The method of setting the annual rate of pay seems to be reasonable and appears to be identifiable and equitable.

A Postmaster General who is appointed by the President presumably would have access to the President as opposed to one who was selected by an isolated Board of Governors.

During a part of the 94th Congress, the second session, the current Postmaster General could be observed scurrying through the corridors of the office buildings on Capitol Hill. The rapidity of his motion seemed to be related to the worsening crisis in the U.S. Postal Service and the increasing dismay of the American people with diminishing service and increasing postal rates. He apparently was seeking help from the source, Congress, which created the nightmare known as Public Law 91-375 or the Postal Reorganization Act.

He had the problem of rising operation costs, public resistance to rate increases, managerial ineptitude and a desperate need for operating funds.

He apparently had discovered that the Board of Governors which selected him possessed neither a comprehension of the function of the Postal Service nor the time to learn and to act responsibly in the best interest of the American public—the public which pays the taxes from which the postal subsidy must come.

The Postmaster General publicly stated, last year, before the Senate Committee on Post Office and Civil Service that he had made many phone calls to the White House but that they had not been returned. Mr. Lynn of the Office of Management and Budget and the President had continuously given Ben Bailer the cold shoulder.

Some Capitol Hill watchers were amazed when Mr. Bailer publicly told the truth about the White House; they expected his head to roll.

His deep frustration may have caused him to become a bit reckless by standards of behavior on the banks of the Potomac but it depicted a vacuum which we cannot allow to continue to exist.

If section 202 of H.R. 19 is enacted, the President will be accessible to the Postmaster General, because he will be an agent of the President. He would serve at the pleasure of the President, who must answer to the American people.

In section 203 of H.R. 19, the Deputy Postmaster General is described as the deputy chief executive officer of the Postal Service, who shall be appointed by the Postmaster General. The Postmaster General would possess the authority to remove the Deputy Postmaster General and the annual rate of pay of the Deputy Postmaster General would be fixed and adjusted at a level no less than \$2,500 below the existing compensation of the Postmaster General.

We believe that the Postmaster General should be allowed to use his own discretion in choosing a deputy. His deputy would be his chief conduit in downward communication in the agency and must function in the absence of the Postmaster General. Such an official must be coordinated with, compatible and supportive of the Postmaster General's program. In effect, he or she must be an alter ego of the Postmaster General.

The formula for determining the pay of a deputy would protect such an official from any unpredictable or erratic behavior by his or her superior. His pay would never be less than \$2,500 below that of the Postmaster General. On the other hand, the area between the arbitrary maximum \$2,500 difference between the two officials could be used to attract an official with needed skills and to further motivate a deputy who had been hired.

We believe that section 203 makes sense.

Section 205 of H.R. 19 sets forth the general authority of the Postmaster General as follows:

The Postmaster General shall direct and control the expenditures and review the practices and policies of the Postal Service and perform other functions and duties prescribed by this title.

This section would place a specific duty on the chief executive officer of the Postal Service. It would also make him (her) visible and accountable. His (her) capacity to act would be related to the requirement of the law, his access to the President, and the oversight responsibility of Congress.

The language in section 205 of H.R. 19, among other things, would replace the current section 205 of Public Law 91-375, the Postal Reorganization Act, which is captioned, "Procedures of the Board of Governors."

A brief study of the language which outlines these procedures provides an opportunity for a further brief comment on the Board.

Last year the Board of Governors appeared before a House Committee on Post Office and Civil Service with most of its members present and together, in public, for the first time, according to our knowledge. Their prepared statement was read and it sounded exactly like statements which the Postmaster General had been making most of the time to the press and committees on Capitol Hill. They appeared uninformed and preoccupied in their responses to questions by members of the committee.

Congressman James Hanley repeatedly sought assurances that a moratorium on the reduction in services and closing of post offices would be declared, but none was forthcoming. In lieu of a moratorium, they steadfastly pointed to the requirement of the law to break even by a certain date.

Congressman Paul Simon asked why the Board met in secret and even barred Congressmen and their staff people from attending its meetings. No satisfactory reply was given on the practice of secrecy.

This union believes that something is seriously wrong when individuals who become members of the Board of Governors of the U.S. Postal Service decide that the American people must be excluded from its meetings. Don't they trust the taxpayers who pay the bill, or is it that they can't stand a little sunshine during their deliberations?

In testimony before a House subcommittee, last year, we testified in support of a bill which would have abolished the Postal Rate Commission. It was introduced by Congressman Paul Simon and would have used the Consumer Price Index as a factor in determining postal rates. It would have also required Congress to play a role in the rate setting procedure. Further study of the postal rate making process may enable us to clarify our position on this issue.

We are unwavering in our belief that the break-even concept of Public Law 91-375 must be abandoned and that mail service must be provided to all of the people on a regular basis, at a price which they can afford to pay. We also believe that the American taxpayer will support a postal service which meets the needs of all of the people. Such a service would not of necessity run counter to the goal of efficiency and humane treatment of postal employees.

Mr. Chairman, we opposed the enactment of H.R. 8603 because we believed that it failed to deal effectively with questions that had been raised in connection with the faltering Postal Service.

History may show that Public Law 94-421 became a synonym for Band-Aid because it was used on the Postal Service, in 1975, when a tourniquet and major surgery were required. We protested but our voice was as one crying in the wilderness. Perhaps, because we were black, small, and independent, our cry was not heeded.

In the fall of 1976, it may have seemed politically expedient to use the Band-Aid technique to get past a national election but such behavior did nothing to enhance the image of the doctor and it failed to improve the patient's chance for recovery. It is here noted, Mr. Chairman, that you voted against the conference version of H.R. 8603, which became Public Law 94-421.

In our opinion the Postal Service has been studied almost to death. It is a burning question as to whether or not it has suffered more from managerial ineptitude or the virus which may have been injected into it by study groups. We are convinced that no new study was needed on which to base sound corrective action.

The Commission on Postal Service, which was created by Public Law 94-421, declared in its first news release that the American people would be barred from its meetings. Its decision to bar the taxpayers from its administrative sessions was protested by this union, to no avail.

In a letter of December 2, 1975, Mr. David Minton, the executive director, stated, in part:

The decision to meet in executive session was made in the belief that candid discussion would more likely result than might be the case if the meetings were held in a public forum.

It was noted in the letter of protest that ranking officials of two postal unions, who professed to represent their members must have agreed to the exclusion of their members. They, too, had become a part of the secrecy syndrome.

We find it difficult to trust the actions of a Commission which cannot trust the people. Copies of the letters are attached.

Mr. Chairman, you are commended for moving forward with H.R. 19 and the subcommittee is urged to report its completed version of the bill to the full committee for early action. It seems to us that Congress has a responsibility to move, now, in reclaiming or redirect-

ing the people's Postal Service. It can ill afford to wait for the dubious results of the secret and delayed deliberations of the Commission on Postal Service. It is here noted that the Commission has been granted an additional month in which to complete its report to Congress. Our members, around the country, are asking us why the Commission did not complete its job as originally required by law, on March 15. We cannot provide them with an accurate answer because the Commission made its decisions in secret.

Mr. Chairman, the record will show that the National Alliance of Postal and Federal Employees consistently opposed any proposed legislation which would create a corporation concept operation of the old Post Office Department. We feared the outcome and predicted many of the dire results which now afflict mail users and taxpayers. This was prior to the passage of the Postal Reorganization Act in August of 1970, when most, if not all, rank and file unions in the Post Office Department vigorously opposed shifting control to the post office away from Congress. Our opposition was consistent but our brothers and sisters in the labor movement deserted us, in a time of crisis.

In testimony before the House Committee on Post Office and Civil Service, July 17, 1969, the national president of a major craft union accompanied by the current president, made a lengthy and impassioned plea against turning the Post Office Department into a corporation.

His main argument was presented under the caption, "The Corporation Mythology." His argument was persuasive and he sounded sincere. In fact, he sounded like us, except that we had fears which came from being black, small, and independent. It is amazing how he and the other craft unions changed their positions and became strong supporters of the corporation concept. They traded the heritage of the Postal Service, the American people and their members for a "mess of pottage."

It is interesting to note that this former craft union president who influenced Congress to go wrong in 1970, is now the Vice Chairman of the Commission on Postal Service, which meets in secret. An excerpt from his statement of 1969 is attached.

The foregoing has been an honest attempt to express some of this union's concerns about the people's Postal Service. The opportunity to appear before you is deeply appreciated, and we thank you, Mr. Chairman.

[The excerpt referred to follows:]

(Excerpt from hearings before the Committee on Post Office and Civil Service, House of Representatives, Ninety-First Congress, first session, on various proposals to reform the Postal establishment—Thursday, July 17, 1969.)

EXCERPTED TESTIMONY OF JAMES H. RADEMACHER, FORMER PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS

THE CORPORATION MYTHOLOGY

In recent months, I have been particularly impressed, and rather appalled, by the almost blind and child-like faith that so many Americans have in the efficiency of corporations per se. This faith which seems to be equally shared by a large section of the American press, a large segment of the American people, and a surprisingly large number of Members of Congress, seems to hold that a corporation by very virtue of its being a corporation, can do no wrong—and that Government, by very virtue of its being Government, can do no right.

This is part of the American mythology.

I might say that like all other myths, it is inconsistent.

Something goes wrong with the Post Office Department and a large number of citizens want to scrap it and turn it into a corporation.

On the other hand, something goes wrong with the privately owned Washington transit corporation, and a large number of citizens want to scrap it and turn it into a Government agency.

There is a certain element of restlessness apparent, a desire for change for change's sake. I submit that in a matter so important as the structure and ownership of the Post Office, we cannot afford to indulge in such capriciousness.

When Mr. Frederick Kappel—who is certainly one of the most devoted and distinguished citizens in the land—testified before this committee recently, he exhibited an almost naive faith in the efficacy of paying top executives majestic salaries as a means of curing the Post Office of all its ills.

This seemed to me almost a classic case of an overcommitment to expertise.

The payment of enormous salaries to top executives is no guarantee of managerial efficiency.

The CHAIRMAN. Mr. White, I appreciate your statement very much. We found ourselves in a minority last year on H.R. 8603 when I tried to work with Mr. Alexander to improve the bill.

I wish I had the foresight you had in 1970 when we passed the Postal Reorganization Act. However, I believed the glowing story that I was told by Mr. Blount.

I have since then realized what a great mistake I made. If given another opportunity, I will certainly correct that mistake.

I think there are other members of this committee who feel much the same way.

I have no questions to ask you, other than to commend your organization for its sincerity and its dedication to the principles which you strongly believe in.

This makes a very strong case and certainly something that should be very persuasive to the Members of the Congress.

Mr. WHITE. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. White.

The subcommittee will adjourn at this time. We will meet tomorrow on another bill, H.R. 41.

[Whereupon, at 12:20 p.m., the hearing was adjourned, subject to the call of the Chair.]

ABOLISH BOARD OF GOVERNORS OF USPS AND REQUIRE PRESIDENTIAL APPOINTMENT OF POSTMASTER GENERAL WITH SENATE CONFIRMATION

TUESDAY, MAY 10, 1977

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON POSTAL PERSONNEL AND MODERNIZATION,
Washington, D.C.

The subcommittee met at 10 a.m. in room 311, Cannon House Office Building, Hon. Charles H. Wilson (chairman of the subcommittee) presiding.

Mr. WILSON. The subcommittee will now come to order.

This morning the subcommittee will continue hearings on the postal reform legislation which I have sponsored, H.R. 19, and also hear comments on the new provision added to the bill when I recently reintroduced, with 18 cosponsors, as H.R. 6520.

That new provision is a prohibition against the cutback of home mail delivery from 6 to 5 days per week which postal management is so eager to implement.

When I first advocated abolition of the Board of Governors and direct appointment of the Postmaster General by the President several years ago, some critics said my assertion that the Board did not play a meaningful role in postal decisionmaking was unproven.

Subsequent events, including two open sessions of the Board, have dispelled any doubts about the Board's subservient role, however.

Mr. Freeman's Commission notwithstanding, I think virtually everyone knowledgeable about postal affairs now realizes that the Congress must go in the direction called for by H.R. 19; that is, greater postal management accountability to the President and Congress.

We must have a Postmaster General clearly responsive to public policy needs.

We must dispose of the needless smokescreen which the Board of Governors represents.

We must provide the Congress with the opportunity to focus in a simple and direct way on the public policy implications of future postal rate hikes and service cuts.

We must have a mechanism to review major postal capital investment projects before they are initiated, so that a disastrous error as the bulk mail system will not happen again.

H.R. 19 will accomplish these necessary steps, and for that reason, I expect this subcommittee to move very soon into markup on the bill; indeed, this may well be the last hearing on the bill.

I am confident that our witnesses this morning will not seek to muddy the waters with compromises that would ultimately weaken the bill, but rather will be of assistance to us in our deliberations.

We certainly welcome any constructive suggestions which will strengthen the concept of greater postal accountability.

Our first witness this morning is our very distinguished colleague from Illinois, Mr. Paul Simon.

I apologize for the fact that we still do not have other members of the committee here, but because of your time schedule, I think we should start the meeting and let you make your statement. Other members are coming shortly.

STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SIMON. Thank you, Mr. Chairman. I'm pleased to be here, and I wish I were still a member of your subcommittee to be working in behalf of your legislation.

My remarks are going to be very brief. I have no prepared statement.

Let me, first of all, tell you about two grocery stores in a small community.

One grocery store got new management. And they thought they would improve things—improve their profit and loss picture.

They cut out Saturday grocery store business. They increased their prices. They cut out all kinds of other services like delivery carts and a variety of those services.

For some reason their business was going down and they couldn't figure out why, so they put some PR people in and ran ads in magazines and things like that.

That still didn't help, and, finally, they appointed a committee. They appointed a committee of people, and they put this new store manager on the committee.

And this committee reported back to the people that the people liked the store and the way to solve the problem was to decrease services even further and increase prices.

The other store in town cut its prices, was open 7 days a week, was providing services the people wanted. And, not surprisingly, the other store did a great business.

Now, the analogy is very, very clear. That small grocery store that's losing business is the Postal Service. It's moving in exactly the wrong direction, and the Commission didn't help it.

But what obviously has to happen is that we have, first of all, to get control of this thing. And that means the President has to get control. And your move to have the President appoint the Postmaster General is absolutely essential, I think.

Secondly, appropriations ought to go through Congress. We have to have some control there so that we do not have a constant lessening of service and increase of rates. As that happens, just as in a grocery store, it can only mean fewer and fewer customers.

And then we have to integrate that postal service through the President, through Congress, into national needs—employment needs.

We say that we want to help small communities, and yet yesterday's

Wall Street Journal has the Postal Service considering massively closing post offices in small communities around this Nation—which is not going to improve the quality of the service; it's not going to improve the income to the Postal Service. It's just one more step downhill along with all the other steps.

One other small item. I have a bill. I sent out a "dear colleague," and we were inundated with people who wanted to get on as cosponsors. The bill says that in communities of 5,000 or fewer population that local people—people who work in the post office or who qualify by examination—ought to get preference if they qualify for the postmasterships.

This business of moving—and I see it in my district now—moving people from one community where they are acquainted over to another small community—where the Postal Service in a great part is a personal thing where you know people and you know how to handle things—it just is another step backward for the Postal Service.

Beyond that I simply want to testify and assert that I think your bill is a step in the right direction, and I want to do everything and anything I can to be of assistance on its behalf.

I'll be happy to answer any questions that you have.

Mr. WILSON. Thank you very much, Paul. I appreciate you coming here this morning and taking time to endorse this legislation.

Maybe we could keep going, step by step, under the philosophy of postal management, and, perhaps, deliver mail just every other day—maybe 3 days a week.

The Commission on Postal Service had a survey taken which asked if, by delivering mail only 5 days we would be able to keep the postal rates for first-class mail down, would you support the reduction in service?

We can keep cutting people out, taking jobs away, and discontinuing service; and, I suppose, they would probably find some excuse for it. But that's not the purpose of the Postal Service as I see it; do you?

Mr. SIMON. I couldn't agree more. The logic that says that we should discontinue service on Saturday suggests also we ought to discontinue on Wednesday. And, you know, pretty soon we get down to what you're talking about—3 days a week or less.

And the same logic is here on the small post offices. They say that they can save \$100 million closing the small post offices.

I can suggest a way they would save a billion dollars; just close all the post offices. It's very simple.

But it is a postal service, and it should be a service to the Nation. And somehow we have to force the leadership of the Postal Service to get their heads out of the clouds—to, in fact, give the kind of service the people of this Nation want.

And for the Commission that reported recently to say that the American people are very satisfied with the Postal Service they're getting today, they're not talking to the same American people I'm talking to, or, I'm sure, you're talking to.

Mr. WILSON. It's possible that in their survey they just sent it to Seventh Day Adventists, too.

[Laughter.]

Mr. WILSON. Well, thank you very much, Paul. I appreciate your coming.

Mr. SIMON. Thank you.

Mr. WILSON. The first of our postal union representatives will be the representatives of the American Postal Workers Union: Pat Nilan, legislative director; Edward L. Bowley, legislative assistant; and Dan Jordan, counsel.

Mr. Nilan.

STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR, AMERICAN POSTAL WORKERS UNION, ACCOMPANIED BY EDWARD L. BOWLEY, LEGISLATIVE ASSISTANT, AND DAN JORDAN, COUNSEL

Mr. NILAN. Thank you very much, Mr. Chairman.

For the record, I am Patrick J. Nilan national legislative director of the American Postal Workers Union, AFL-CIO. Appearing with me are legislative aide Edward L. Bowley and Mr. Dan Jordan an attorney and member of our general counsels staff.

We speak in behalf of more than 300,000 postal employees for whom we are the exclusive national representative for labor-management relations and collective bargaining with the U.S. Postal Service. Our membership is employed in post offices in all 50 States, the District of Columbia, Puerto Rico, Virgin Islands, and Guam. We are an industrial union representing clerks, maintenance and motor vehicle employees, special delivery messengers, and employees at USPS mail depositories, postal data centers, and the mail equipment shop.

We appreciate this opportunity to present the views of our labor union concerning H.R. 19 which proposes to amend the Postal Reorganization Act of 1970 by altering the organization structure of the U.S. Postal Service and revise the procedure for adjusting postal rates and services.

We want to publicly commend you, Mr. Chairman, for proposing this timely and though-provoking legislation which is intended to accomplish what up to this time has not been accomplished, and that is to make certain the Postal Service is continued as a public service for all citizens throughout this great country of ours and as intended by section 101 of the Postal Reorganization Act of 1970 now cited in title 39 of the United States Code as follows:

The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, education, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.

The drafters of the Constitution of the United States saw fit to include in that document certain language which authorized the Congress to provide post offices and post roads to the Nation as an exercise of the Federal jurisdiction. This was done to continue the existence of the Postal Service which had first been established when this Nation was a group of colonists of the British Empire.

Wisely, the language allowed the Congress to provide a nationwide postal service for a growing and expanding nation.

Historically, the Postal Service has provided as a public service a postal service to all citizens of the United States, not only for their

private communications, but for the dissemination of newspapers, periodicals, books, and other documents as a subsidized service to benefit all of the people of the Nation.

Very wisely for the most part during the 200 years of the existence of the Postal Service the security, the privacy and the availability of the Postal Service as a public service has been safeguarded by the Congress, by the judiciary and by the executive department of the Nation.

Financial stringency is not unique to the U.S. Postal Service. It is apparent throughout the Government, the private and the business economy of the most affluent nation on Earth. This is not a time for the Congress, the judiciary, the executive department, nor those hundreds of thousands of public servants who make up the Postal Service to retreat from the ideals of a communication system which has served the Nation in poverty and in prosperity; at peace and at war.

One of the functions of the American Postal Workers Union, AFL-CIO, is to provide a means of orderly and effective relations between the U.S. Postal Service and the employees whom this union represents. Certainly, there have been some flaws in the actions of those on both sides of the table, but collective bargaining has proven for employer and employee alike to be the best means of providing a productive and dedicated labor force. Let us not retreat from these ideals.

The entire Postal Service is a public service. Probably no agency of Government providing a service to the American public except possibly the TVA which has a different charter and mission is in anyway required to be self-sufficient insofar as finances are concerned.

We believe the citation from title 39, United States Code and our views expressed above are consistent with the intent of our forefathers more than 200 years ago in drafting the Constitution of the United States. It is also our hope that H.R. 19, the legislation before us this morning, will consolidate both of these goals in the best interest of all Americans and all postal workers.

Now having said this, Mr. Chairman and members of the committee, we will address the balance of our statement to the pending legislation which we hope may be a vehicle to reaffirm the constitutional establishment of the Postal Service and equally important, improve and sustain the USPS as a properly funded, operated, and responsive public service binding the Nation together through financially acceptable and efficient handling of all U.S. mails. We will also make occasional reference to the report of the Commission on Postal Service.

The House Committee on Post Office and Civil Service and its subcommittees in the 93d and 94th Congress held extensive hearings in Washington and nationwide studying and examining the many, varied and involved problems of the U.S. Postal Service culminating last year in the enactment of Public Law 94-421.

This statute was an interim measure and not a permanent solution to USPS problems but rather designed primarily to accommodate among other things: First, keeping the USPS financially afloat for a 12-month period: second, permit—potentially—a newly elected President and a new Congress in 1977 to have the opportunity and time to realistically seek legislative solutions to problems plaguing the Postal Service, and third, receive the findings and recommendations of the Public Law 94-421 established Commission on Postal Service concerning the USPS. —

The only thing for sure is that the new law did result in the Congress appropriating the first \$500 million to keep USPS afloat temporarily with the second \$500 million authorization still awaiting congressional appropriation. It remains to be seen if the 12 months from October 1, 1976 forward is sufficient time for the new President, Jimmy Carter and the new 95th Congress to permanently resolve funding, operational and service problems of the U.S. Postal Service through legislation.

The Commission on Postal Service reported on April 18, 1977, approximately 1 month later than the anticipated March 15, 1977, reporting date. It is not our intention here to become too deeply involved evaluating the Commission either as to its studies, findings or recommendations except as to the extent each of these may be concerned with the pending legislation H.R. 19. Perhaps, too many expected too much from a 6-month study when the Congress and executive branch have been equally concerned for many years.

At the very least, the Commission has again pointed up the extremely difficult task of resolving the many special interest and controversial aspects of a governmental service which from its inception was never intended to be financially self-sufficient or a profitmaking business but rather was originally designed by our forefathers and Congress to be truly a public service for all Americans throughout this great Nation of ours.

In this regard, it is unfortunate that the Commission after identifying the services of USPS which are in part or all public service needs did not labor longer and provide the President and Congress with at least some barometer or guidelines for permanent and realistic financing from the general treasury to reimburse USPS for these services.

The Commission on page 27, volume 1, of its report listed 15 aspects which the U.S. Postal Service performs as public services and indicates the list "is by no means complete and some overlap others because of the obligation to serve". The American Postal Workers Union does agree in this instance with the Commission naming these services and considers them a sufficient importance to include with this statement as follows:

- (1) Delivery to remote and sparsely populated areas.
- (2) The costs of the postal delivery network system in excess of the costs incurred to meet the minimum needs of senders of mail, costs which are incurred to satisfy the need of recipients for rapid, dependable, and convenient service: (a) universal six-day deliveries; (b) door delivery; and (c) intercity and local transportation of mails in support of a six-day delivery system.
- (3) Maintaining 30,800 rural and community postal facilities which generate only 4.5 percent of postal revenues.
- (4) Maintaining 9,700 retail facilities in urban areas.
- (5) Collection of mails to meet service standards for letter mail.
- (6) Three-tour procession of mail which could be processed more economically in two tours.
- (7) Costs incurred exceeding revenues from nonstandard size mail.
- (8) Uneconomic minimum quantities of mail entered at bulk rates.
- (9) Losses incurred in serving small-volume compared to large-volume mailers and in processing mail of widely divergent characteristics.
- (10) Congressional restraints on postal services to protect the private sector.
- (11) Parcel post size and weight limits (for shipments between first-class post offices) which are more restrictive than size and weight limits for shipments by private carriers.
- (12) Uniform rate requirements for letter mail and parcels mailed as special fourth class matter.

(13) Parcel rates based on weight and distance which do not cover the cost for oversized parcels.

(14) Uniform rates (instead of zone rates) for the nonadvertising portions newspapers and periodicals.

(15) Certain investigative and law enforcement activities of the Postal Service's Inspection Service.

In evaluating H.R. 19, the American Postal Workers Union is guided by three fundamental principles, namely:

First, the need to provide all Americans with "first-class" mail service as efficiently and economically as possible.

Second, the need to preserve the gains made by postal workers under the "Postal Reorganization Act of 1970" by continuing to minimize political influence over the Postal Service.

Third, the absolute need to preserve the "free" and responsible collective bargaining system established under the PRA which has been the chief vehicle for achieving gains since 1970.

The statement of these three basic and irrevocable principles point the way to our following views concerning H.R. 19.

APPOINTMENT OF THE POSTMASTER GENERAL

The American Postal Workers Union supports the concept in H.R. 19 which would provide for appointment of the Postmaster General by the President with the advice and consent of the U.S. Senate. Quite frankly, we do this reluctantly but with little choice in view of the past 6 years experience which saw Postmaster Generals appointed by a Board of Governors and being totally ignored by two different Presidents in the White House who apparently were more interested in letting the Postal Service "sink" than "swim". There were even some indications that these two administrations were giving consideration to ultimately turning the "whole mess" over to the private sector.

As an example, the present Postmaster General in testifying before the U.S. Senate stated that he had on eight separate occasions attempted to make contact with the White House on serious problems adversely affecting the U.S. Postal Service. It was not until these televised hearings were made that a White House representative eventually made contact with the Postmaster General.

However, Mr. Chairman, the American Postal Workers Union wants this committee and the Congress to exercise extreme caution in this substantive change, making the Postmaster General a Presidential appointee. We do not want under any circumstances a return to the political system which had been in effect prior to enactment of the Postal Reorganization Act. Prior to this statute in nearly every instance the Postmaster General became a "political figurehead" of the administration in power and spent nearly all of his time engaging in the politics of his respective party, rather than running the business of the former Post Office Department.

Recognizing the facts of life, and the demonstrated need for a responsible and effective "bridge" between the Postal Service and the White House, APWU has decided to support the proposed H.R. 19 change in method of appointing the Postmaster General. However, in an effort to insulate such an appointment to the maximum extent possible from political pressures or reprisals the American Postal Workers Union strongly recommends that the Congress establish a 6-year

term for such appointments which will not run concurrently with the term in office of the President. And further, provide that a Postmaster General once appointed and confirmed cannot be removed except for just cause as defined by law.

ELIMINATION OF BOARD OF GOVERNORS

H.R. 19 proposes that the USPS Board of Governors be "liquidated" with all authority, power and responsibilities being transferred to the Postmaster General. APWU agrees, as the Congress might just as well do by statute what the Board of Governors has apparently done by acquiescence namely, permit the Postmaster Generals to run USPS with no or only nominal direction or supervision by the Board of Governors.

It appears the Congress, the Commission on Postal Service and our union all agree that the Board of Governors has done a "lousy" job since its inception. There is no valid reason to believe it would ever be anything but a "rubber stamp" for any Postmaster General (as charged by many of its critics) regardless of its makeup or power base. Therefore APWU concurs with the H.R. 19 provision in this regard even if the Postal Commission does not.

If, the Congress in its wisdom should decide to restructure and redefine the functions and powers of the Board of Governors to in some way assure its independence and also require it to perform as originally intended then APWU recommends that the Board be reconstituted to insure that it is composed of persons having an interest in sustaining the postal system of this Nation as an efficient public service and at least some basic knowledge of the tremendous and so far unsolved problems confronting the USPS.

We recommend such a Board be composed of two persons from postal labor: two from the mail users and three public members to be appointed by the President. And if constitutionally possible not more than four members identifiable as being of one major party with the other three members being of the other major political party. Such a Board would be independent from the Postmaster General and Deputy PMG although, we do recommend that both of them be ex-officio members of the Board but without vote.

The American Postal Workers Union position on appointment of the Postmaster General and Board of Governors is consistent with that of the AFL-CIO as enunciated by its Executive Council on February 24, 1977.

RETENTION OF THE POSTAL RATE COMMISSION

The American Postal Workers Union supports retention of the Postal Rate Commission with complete authority to act on rate matters. Our position is predicated on the PRA as amended by Public Law 94-421. It is essential that the public interest be served by an independent rate-fixing and regulatory body as the PRC.

The main problem area with the Rate Commission in the past has been in its time-consuming delays in approving rate increases which have cost the U.S. Postal Service billion of dollars in revenue and contributed substantially to the horrendous deficit under which the U.S. Postal Service is now operating. We believe Public Law 94-421 ade-

quately remedied this problem by placing a limitation of 10 months in which the Rate Commission must act.

It was interesting to note however, that the chairman of the Rate Commission in testifying before the Commission of Postal Service suggested the time limitation be established at 9 months. APWU is certainly agreeable to an amendment that would reduce the time limit to 9 months or even 6 months if this is found to be feasible and practical.

ADJUSTMENTS OF RATES AND SERVICES

With all due respect Mr. Chairman and members of the committee, we do have reservations concerning those provisions in H.R. 19 which would involve Congress in the ratemaking process. We say this even though we recognize that section 6 of H.R. 19 is intended to protect the "free" and responsible collective bargaining rights of postal employees and their unions with postal management.

It is entirely possible that your colleagues in reviewing the financial needs of the U.S. Postal Service particularly, in the area of shortfall between revenue available and total estimated costs of the Postal Service for each fiscal year and related postage rate proposals may inject other considerations in their review of public service and financial need which could adversely affect wages, fringe benefits and other components of a negotiated agreement and a contract settlement.

In this regard, and after reviewing the pertinent provisions in H.R. 19, it is our understanding that if the U.S. Postal Service determines that total estimated revenues for any fiscal year will not meet its estimated costs, it will be given certain options which it does not now have.

At the present time it can go to the Postal Rate Commission for a rate increase, or it can propose service cuts, or both. The Rate Commission must act on a request for a change within 10 months under the 1976 legislation (Public Law 94-421). If the Postal Service is dissatisfied with the Commission's decision on a rate increase, the Governors under section 3625 can resubmit their request and the Commission again considers it. If the Governors are still dissatisfied, they can seek judicial review or they can themselves modify any such further Commission decision, but only if all Governors agree in writing to do so.

Under Section 3661, the Rate Commission must hold a hearing on a proposed change in service but its opinion is advisory only and the Postal Service can eventually make the change on its own.

Under H.R. 19 the Postal Service would have the option to request an additional appropriation from Congress to make up any anticipated "shortfall" in revenue or it could request an increase in rates from the Rate Commission, or propose a reduction in services, or a combination of all three.

If Congress fails to make an appropriation or appropriates less than asked for within a 5-month period, the Postal Service can thereafter activate its requested rate increase with the Postal Rate Commission for the balance it believes it requires.

The Commission then must act within another 5-month period. Thus, the maximum total elapsed time to a Commission decision is still 10 months as in the present law.

If the Postal Service is dissatisfied with a Commission decision, it can request reconsideration and a further recommended decision. H.R.

19 would permit the Postmaster General to modify a further recommended decision on his own volition after being satisfied that certain requirements as prescribed in the legislation as to its necessity are met.

We do not fault the intent of H.R. 19 to provide Congress with greater and more authoritative legislative oversight of the Postal Service, its financing and its operation. However, we do suggest the Committee consider modifying the proposed new section 3628 by identifying by statute the public service needs mentioned earlier in this statement, require the U.S. Postal Service to submit documented cost estimates for such services, determine minimum service standards or levels of service, and then determine a realistic and ongoing public service appropriation formula which would automatically recognize and respond to USPS revenue "shortfall" each fiscal year attributable to related cost increases.

REVIEW OF PROPOSED CAPITAL INVESTMENTS

Mr. Chairman and members of the committee, the American Postal Workers Union has no problem with the proposed section 2011 of H.R. 19, "Review of Proposed Capital Investments".

EFFECT ON COLLECTIVE BARGAINING

Mr. Chairman, we appreciate your genuine concern and interest in protecting the established rights of postal employee unions to engage in "free" and responsible collective bargaining with the U.S. Postal Service and reaching agreement in negotiated labor contracts. Certainly, section 6 of H.R. 19 attempts to preserve the integrity of the collective bargaining process by providing that nothing herein affects any existing collective bargaining agreement.

This section also states that the authority of the Postal Service to engage in collective bargaining in the future is not affected.

However, APWU is not completely satisfied that the latter provision adequately safeguards the sanctity of future collective bargaining agreements. The present bill contemplates Presidential appointment of the Postmaster General. We can foresee the day when such a Postmaster General, prodded by a politically oriented Office of Management and Budget will attempt to renege on collectively bargained commitments or even preclude free collective bargaining by claiming that the Postal Service is unable to pay the compensation settlement because of legislative mandates in this bill.

We urge that H.R. 19 be further amended to provide that no obligation entered into by the Postal Service in any future collective-bargaining agreement shall be affected by anything contained in the bill or in any amendment thereto.

APWU OPPOSES ANY REDUCTION IN SERVICES INCLUDING SIXTH DAY DELIVERY OF MAIL

The American Postal Workers Union is opposed to any reductions in the present levels of service to the American public. We believe certain services reduced in recent years should be restored. We urge the Congress to establish by law, if necessary, basic minimum national mail service policies.

We endorse the action by you, Mr. Chairman, and numerous cosponsors when you introduced a bill similar to H.R. 19 but with an additional provision barring any reduction in home delivery of mail from 6 days to 5 days a week. It is almost unbelievable and even tragic that a Postmaster General would consider implementing this one ill-advised recommendation of the Commission on Postal Service without prior review by the Congress.

We say this, Mr. Chairman, as the Commission estimated it would save less than 1 cent of postage if a sixth mail delivery day would be abolished. However, it would not potentially eliminate 20,000 to 30,000 postal jobs during a period when the rate of unemployment generally is still above 7 percent, but also would substantially reduce mail delivery to the American public.

We also urge the Congress and this committee to consider permanent restrictions on reducing levels of service other than sixth-day delivery such as: closing of small post offices, arbitrary relocation of existing postal installations and operations, reductions in window service to the public and other similar service changes.

DISCONTINUANCE OF RPO TRAINS

In this regard, Mr. Chairman, we request you and your colleagues to use your good offices and other means at your command including legislation to stop the U.S. Postal Service from discontinuing the operation of Railway Post Office trains Nos. 3 and 4 operating between New York, N.Y., and Washington, D.C. These two RPO trains are the only remaining railway post offices from a once proud, efficient, and economical railway mail service.

We understand these RPO trains are scheduled for discontinuance on or about June 30, 1977, so anything you and your colleagues can do to retain the service must be done at once.

In this regard Mr. Chairman, I would like to state that in our opinion the former high level of mail service to the American public really began to slip when the Post Office Department and many railroad corporations acted separately and in concert in the 1950's and the early 1960's to destroy the Railway Mail Service. The en route distribution and transportation of mail on trains throughout the country made possible 1-day delivery of mail in most cities, towns, and hamlets throughout our country. Such is not the case today—unfortunately.

The proposed discontinuance of RPO trans Nos. 3 and 4 between Washington, D.C., and New York, N.Y., would itself be another tragic reminder of the mail service that was, is, and could be. If retained and expanded the New York and Washington RPO could provide next-day delivery to patrons up and down the east coast, from Maine to Florida—to the Atlantic Ocean on the east and up to 300 miles on the west. All that would be needed are adequate connecting star route service or supply lines to and from cities in the areas served by an expanded RPO service.

The Amtrak Corporation on January 6, 1977, advised the U.S. Postal Service of the need to rebuild the RPO mail cars and offered to do so if a reasonable guarantee of continued operation would be agreed to by USPS. Amtrak offered to discuss "a whole new concept" in providing RPO cars and service. Unfortunately, for all concerned

the U.S. Postal Service rejected the offer on April 6, 1977, and so advised Amtrak.

Copies of this exchange of correspondence between Amtrak and USPS is included at the end of this statement. We will appreciate it being included in the record. Again, we will be grateful for anything you and your congressional colleagues can do to persuade the U.S. Postal Service to retain the Washington and New York RPO trains Nos. 3 and 4 with consideration given to expanding the service.

THE IMPACT OF ELECTRONIC COMMUNICATION

Mr. Chairman and members of the committee, the American Postal Workers Union was greatly disturbed to see the present Postmaster General quoted in a recent edition of the New York Times as saying that he and the Board of Governors were not certain that this was the appropriate time for the Postal Service to become involved in telecommunication. He was correct, Mr. Chairman, now is not the time—5 years or even 10 years ago was the more appropriate time for the former Post Office Department and more recently the U.S. Postal Service to get involved.

More recently in the U.S. News & World Report dated April 25, 1977, Postmaster General Benjamin Franklin Bailar in an exclusive interview was asked numerous questions regarding the present and future of the Postal Service. We would like to quote two questions and answers in particular that were raised which are indicative of the Postmaster General's general attitude:

Question. How about electronic transfer of mail? Is that a visionary thing?

Answer. No, it's not. Electronic funds transfer and electronic message systems are very real threats to postal volume. We now have about 6 million Social Security payments a month being made through the electronic funds transfer. That's expected to go up to about 18 million by 1980. We also know that the telephone is tending to get an increasing share of the message market. A number of private organizations have facsimile systems between offices. Those various situations are all diversion of existing postal volume. There has been a good deal of discussion about whether the Postal Service ought to move to get into that electronic transfer business. It's going to be a major subject of discussion over the next year or two.

Question. What changes would you like to make in the Postal Service?

Answer. I don't think I would recommend any changes in the law that set up the Postal Service. The law is a well-conceived effort to both allow and require the Postal Service to fit a changing time. It's an effort on the part of Government to see that this institution is molded to fit the public's needs. Somebody asked me a few months ago what I thought the Postal Service needed in 1977. And my answer was I thought the Postal Service needed to be left pretty much as it is. The best way to serve the American public would be to strengthen our resolve to make the Postal Service work within the mandate of the existing law.

It is obvious, Mr. Chairman, that the attitude of postal management as reported by the Postmaster General believes that the Postal Service should continue doing business in the same manner as it has in the past. Dr. Louis T. Radar, Chairman of the U.S. Postal Service Support Panel, Committee on Telecommunications, delivered testimony to the Subcommittee on Postal Operations and Services chaired by Congressman James M. Hanley of New York on the subject of electronic communications. In essence, Dr. Radar suggested that U.S. Postal Service top management adopt a firm and continuing commitment to involvement in the electronic message field and also that addi-

tional involvement in planning, research, and development was needed.

The American Postal Workers Union has established an ongoing national committee studying the impact of telecommunication on our industry as a whole and on our workers in general. We are disappointed to know that it is quite apparent that the Postal Service has its "head in the sand" on this issue. Our APWU Committee reviewing this subject has great fears that unless the U.S. Postal Service involves itself immediately and in a meaningful manner, then we will not have to concern ourselves with the Postal Service and all of its troubles within the next decade or perhaps sooner.

We will not have to concern ourselves with providing the Postal Service with a monopoly as provided in the private express statutes for they will have lost so much business that the only thing left will be the personal "mom and pop" type of letters and the cost of postage for the processing and delivery of such mail will be prohibitive. We are grateful that your colleague, Chairman Hanley, and the members of his subcommittee have commenced hearings on this important subject of telecommunications and the American Postal Workers Union is looking forward to working closely with the Congress in this extremely important field involving the future of the U.S. Postal Service.

U.S. POSTAL SERVICE PRIVATE EXPRESS STATUTES

Mr. Chairman and members of the committee, at the present time there are a considerable number of bills pending in the House of Representatives to either repeal or substantially modify the "private express statutes" of the U.S. Postal Service which for more than 100 years have protected the processing and delivery of letter mail to all Americans. It is our sincere hope that Congress will reject all such legislation.

However, we now find another recommendation of the "Commission on Postal Service" which we believe inconsistent with a viable, efficient, and healthy U.S. Postal Service. On page 72 of volume 1 of the Commission's report we find a proposal to relax even though minimal the USPS monopoly on delivery of mail. The Commission requests USPS (and the Congress?) to consider suspending operation of the private express statutes where "letters" require extremely expedited delivery service which the Postal Service does not provide.

We answer this Commission suggestion by urging USPS to provide any and all services with appropriate postage fees for the delivery of any and all communications defined as letter mail. The USPS monopoly must be guarded jealously in the public interest.

Mr. Chairman and members of the committee, thank you for your patience and consideration in permitting us this opportunity to present the views of the American Postal Workers Union on H.R. 19 and related issues of great concern to us as postal workers and in the public interest.

My colleagues, legislative aide Edward L. Bowley, our counsel Dan Jordan, and I will be happy to respond to any questions concerning this statement.

[The letters referred to follow :]



OPERATIONS GROUP
Washington, DC 20260

April 6, 1977

Mr. Frank W. Kane
Manager-Mail Service
National Railroad Passenger
Corporation
955 L'Enfant Plaza North S. W.
Washington, D. C. 20024.

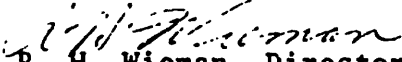
Dear Mr. Kane:

Reference is made to your letter dated January 6, 1977, offering to operate RPO trains between New York, NY and Washington, D. C.

We must decline your offer because a decision has been made to discontinue operation of RPO trains 3 and 4. However, after discontinuance of ConRail Train 3 and 4 there may be a need for the use of Amtrak's Train 179 and 66 to operate between New York, NY and Washington, D. C. We will contact you later regarding the unit size needed in those trains.

We appreciate your continuing interest in the U. S. Postal Service.

Sincerely,


R. H. Wieman, Director
Transportation Services Office
Mail Processing Department



January 6, 1977

Mr. R. H. Wieman
Director
Transportation Services Office
Mail Processing Department
United States Postal Service
Washington, D. C. 20260

Dear Mr. Wieman:

The contract for the RPO train operated by Conrail between New York, N. Y. and Washington, D. C., using equipment of Amtrak ownership on a day-to-day basis, has an expiration date of June, 1977. The equipment cannot continuously be made available to Conrail in the future.

The service has been performing on a year-to year basis. This equipment is seriously depreciated due to the uncertainties of the service during the short contract terms.

In their present condition, it is not probable the service life of these cars will provide for any extended period of future use without consideration of a major overhaul.

Our Mechanical Department has thoroughly inspected the fleet. All cars are immediately in need of major heavy overhaul. It is estimated each car would cost approximately \$100,000.00 to restore to standard. A minimum of six cars would be required to maintain levels of service. There are eight cars in the fleet.

The question at hand is, would the Postal Service desire to continue this fine service in the future? If so, Amtrak would be agreeable.

As you realize, these circumstances require an early determination to establish a maintenance program essential to its continued operation rather than at the traditional end of the contract year. There will be a change of contractors under these circumstances.

The high capital investment required for major overhaul suggests other exceptional requirements for your consideration in making this determination for its future use. These are:

1. Amtrak would require a six year contract term due to the highly specialized and dedicated use of the equipment in captive service, and;
2. Reasonable indemnification for cancellation for postal convenience during that term.

Other considerations for use at your discretion would be service in existing Amtrak trains that provide the same relative schedule of the dedicated mail train such as trains no. 66, Northbound and train no. 183, Southbound, extended to D. C. This consideration determines the modifications made to the equipment while undergoing heavy overhaul to make them compatible to these trains. It would reduce operational costs and control inflation of your transportation dollar while providing the same high levels of service. Intangible benefits in this would be the advantage of reduced transit time in these trains during the span of contract term from improvements in the Northeast Corridor, now underway.

You may wish to consider a whole new concept, the advance quality in the ride of the new Amfleet cars modified for RPO use. This would increase the productivity of the postal clerks in a greatly improved working environment. Incorporating today's postal technology in automatic mail processing modified for ride compatibility would reduce postal labor costs considerably for enroute distribution, while promoting even greater productivity. There is opportunity in this. It is of the future. Grasping this potential for improved service with reduced economics could expand to emerging corridors to meet your critical future needs.

We would wish to review and discuss with you the future operations of the RPO service, and if relevant, the above proposals.

Would you please advise a time and date at your convenience and we will arrange to be present.

Sincerely,



F. W. Kane
Chief, Mail Sales

Mr. WILSON. Thank you, Mr. Nilan.

Probably part of your recommendation in connection with section 3628 presents no problem to us. However, on page 12 of your statement you say, "and then determine a realistic and ongoing public service appropriation formula which would automatically recognize and respond to USPS revenue 'shortfall' each fiscal year attributable to related cost increases," raises the question: Have you worked out a formula?

Mr. NILAN. Mr. Chairman, we did give a great deal of thought to that. We did have some tentative language on it, but discussing it with our counsel, we thought that at this particular time it would, perhaps, be inappropriate to offer any specific language on it.

We will be happy to submit language that would cover this area.

Mr. WILSON. That, I believe, would come under Mr. Hanley's jurisdiction. Yet, I would like to keep my reform bill intact, as I said.

Following the announcement by the Postmaster General that he wants to initiate 5-day delivery, I wrote to President Carter attempting to point out to the President the arrogance of the Board of Governors and the Postmaster General, and urging him to give us his support for my legislation.

Upon the President's return from his trip to Europe, he is to meet with the Postmaster General to allow him to present his position on the Postal Service.

After he has had a chance, with his Domestic Council, to review postal matters, he, hopefully, will make a decision as to whether or not he wants to support this legislation.

And it is for that reason that we don't know whether this will be our last hearing, or whether there will be another hearing to hear from a Presidential representative.

But we do intend to mark the bill up as soon as possible, and to present it to the full committee. We would like to have it in as good a shape as possible when we bring it out of the subcommittee so that everyone understands what the bill does, and there won't be any unnecessary time taken in presenting it before the committee.

I think the Congress is prepared for this type of legislation. They are anxious to see something significant done, and I feel quite confident in the bill and its potential success.

I don't know what more we could have done with the collective bargaining section. We said specifically that having the Postmaster General appointed by the President shall not affect collective bargaining at all.

Do you have other language that you want us to consider?

Mr. NILAN. Mr. Chairman, we concur with what you're saying. We certainly recognize that it is your genuine interest to make certain that nothing interferes with collective bargaining.

But we do feel that, perhaps, there could be just some additional language, as we indicate on the bottom of page 13 where it says:

We urge that H.R. 19 be further amended to provide that no obligation entered into by the Postal Service in any future collective bargaining agreement shall be affected by anything contained in the bill or in any amendment thereto.

Now, this may be repetitious; I don't know. But you certainly have taken care of existing contracts. The language of your bill takes care of any present contract.

You also point out that you don't intent to restrict any bargaining or new agreement being entered into by the Postal Service.

We just would like to suggest additional language that any obligation that any Postal Service comes up with, as a result of a new agreement, that they would be in a position to financially respond to without having any serious problems with the Congress.

And this ties into the part that I talked about with the appointment of the Postmaster General by the President. When you get involved with the long and tough arm of OMB—and, certainly, you in the Congress have experienced this one.

So, our concern is that with the Presidential-appointed Postmaster General, with a Presidential-appointed Director of OMB, it is possible that they could work together, based on the position of the administration—the administration might be repressive in regard to USPS funding.

Mr. WILSON. Well, we have that problem with OMB now. Last year, when Mr. Hanley was handling H.R. 8603, which the unions supported, we weren't able to move the bill until OMB approved it.

And I don't see why OMB would have any more effect on a Presidential appointed Postmaster General than they already have on the fate of the Postal Service since we already subsidize them.

Mr. NILAN. Well, we do have this concern because previous experience has been that OMB wouldn't talk to the Postmaster General. He couldn't get the OMB to talk about the financial problems of USPS.

Mr. WILSON. Well, don't you think you would have more access to the Postmaster General if he is a Presidential appointee?

Mr. NILAN. Yes, but we wouldn't have to go to the other extreme where the OMB and the Postmaster General sit down with a Presidential adviser and say, "This is the limit of what we will support in regard to any public service money or anything else." It's just a concern, Mr. Chairman.

Mr. WILSON. I suppose some of these recommendations come from your counsel?

Mr. NILAN. I did ask our counsel to prepare at least some language which might help us—we wanted to be as certain as we could—that we have no problem protecting our collective-bargaining rights and future agreements.

Mr. WILSON. Thank you very much. We appreciate your appearing before us, and we'll certainly give very serious consideration to the recommendations that you have made.

Mr. NILAN. Thank you, Mr. Chairman.

Mr. WILSON. Our next witness will be Mr. J. Joseph Vacca, president of the National Association of Letter Carriers, and he'll introduce the other gentlemen.

Mr. VACCA. Good morning Mr. Chairman. With me this morning is Tony Huerta, the executive vice president and legislative director for the National Association of Letter Carriers; Ralph Merigliano, who is the legislative liaison elected for the retirees and who is very interested in this legislation as well; and my administrative assistant in charge of legislative affairs, Jerome Waldie.

Mr. WILSON. Welcome to the subcommittee hearing, gentlemen.

STATEMENT OF J. JOSEPH VACCA, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO, ACCOMPANIED BY TONY HUERTA, EXECUTIVE VICE PRESIDENT AND LEGISLATIVE DIRECTOR; JEROME WALDIE, ADMINISTRATIVE ASSISTANT IN CHARGE OF LEGISLATIVE AFFAIRS; AND RALPH MERIGLIANO, LEGISLATIVE LIAISON FOR RETIREES

Mr. VACCA. Thank you very much, Mr. Chairman.

Mr. Chairman, I will say I was listening very intently to Congressman Simon this morning and happened to have in my briefcase something that would solidify his position—an excerpt from the book, "The United States Postal Service," that was written by G. Cullinan who was an administrative assistant of mine.

And on page 72, it has the information concerning the act of 1851, A paragraph on that page states that:

No post office now in existence shall be discontinued, nor shall the mail service on any mail route, in consequence of any diminishing of revenues may result from this act. It shall be the duty of the Postmaster General to establish new post offices and place the mail service on any new mail route established or that hereafter may be established, in the same manner as though this act had not been passed.

So, the more things change, the more they are the same, Mr. Chairman.

Mr. Chairman, my name is J. Joseph Vacca, and I am the president of the National Association of Letter Carriers, AFL-CIO, a postal union of 230,000 members who deliver the mail to every resident in this vast Nation.

Our members, your letter carriers, perhaps have the greatest opportunity of any of the 600,000 postal employees of the U.S. Postal Service to observe the public's reaction to their postal service.

We meet them in their homes and businesses on a daily basis. Our patrons most often are our friends as well. We know what Americans are thinking and saying about postal service today. Frankly, they are becoming increasingly unhappy with a noticeable decline in that service.

We deeply appreciate the opportunity to appear before you today to express our views on H.R. 6520, a bill which, as we understand it, would rectify the organizational failures of the Postal Service, revise the procedure for adjusting postal rates and insure a level of public service that benefits the public.

The change that could best assure the elimination of management deficiencies which have contributed to the decline of the USPS would be the appointment of the Postmaster General and Deputy Postmaster General by the President and confirmed by Senate.

This would translate to a meaningful degree of accountability and proper concern for service. These institutions, the Office of the President and the U.S. Senate, are responsive and accountable to the people.

Their concern for a high level of service would be far better reflected in their selection of the top managers of USPS than has been the case under the profit orientation of the Board of Governors.

The numerous management deficiencies that have contributed to the present financial crisis and low level of service cannot be overlooked.

The list is depressing and monotonous: the bulk mail system, the freeze on hiring which led to the absolute breakdown of one Christmas delivery season, the abandonment of the accelerated business collection delivery—ABCD—program calling for same day delivery of business mail, the reduction of street collection boxes and the reduction in frequency of collection for those remaining, and the proposed elimination of 6-day deliveries.

I purposely do not overemphasize the particulars of these management failures, because I consider them part and parcel of the business-like attitudes that the break-even concept imposed on the Postal System.

Once the decision was made to emphasize profit over service, the managers of the system were selected according to their single-minded devotion to profit. Each of these management failures resulted in a further reduction of service.

If the Postal Service is to fulfill its constitutionally mandated purpose of service, it will be necessary to replace the management attitudes of profit over service that are pervasive in the present USPS administration by restoring the President and Congress to the selection process of top management of the USPS.

This appointment and confirmation process eliminates even further any role for the existing Board of Governors.

A recent illustration of the necessity of obtaining greater sensitivity as well as accountability on the part of the Postmaster General was his startling action involving the reduction of mail delivery to 5 days a week.

You will recall that Congress created the Commission on Postal Service last year ordering it to study the service and to report its recommendations for improvement of service to the Congress and the President.

After a 6-month study, the Commission publicly released its report and recommendations. Prior to the Commission's appearance before Congress to formally present its study, and on the very next day after publicly releasing its contents, the Postmaster General invited the presidents of the four exclusive postal unions to meet with his representatives on the following Friday to discuss the reduction of delivery days.

I immediately responded to the Postmaster General that his action in beginning implementation of that particular and selective recommendation was premature and unwise, and I declined to participate.

I further stated the position of the NALC was unequivocal and firm, and that we would oppose any further reductions in patron service—of any kind—including reduction to 5-day delivery.

My view was not an isolated reaction to this display of insensitivity to patron needs and to the role of the USPS in terms of accountability to the Congress and the President. This committee strongly asserted its own unhappiness with this precipitous and unwise move of the Postmaster General by sending him a letter from Chairman Nix, signed by all members from both Parties—except three who were unavailable—expressing similar sentiments and urging that he take no further action on any of the recommendations of the Commission pending their review by Congress and the President.

And, Mr. Chairman, I want to thank you for also sending a letter to the Postmaster General.

Even the Chairman of the Commission, Mr. Freeman, in testimony before the Hanley subcommittee, responded to a question from Congressman Wilson as to his views on this action by the Postmaster General, describing it as "dismaying" and "embarrassing."

One might have excused this lapse in judgment on the part of the Postmaster General were it to have ended after the response from the unions, the Congress, and the Chairman of the Commission.

But the extent of the lack of accountability and insensitivity was dramatically displayed only a few days later when the Postmaster General sought and received the permission of the Board of Governors to file a request with the Postal Rate Commission for reductions in service, clearly referring to the 5-day delivery standard.

A recitation of this dismal series of recent events is necessary to illustrate the extent of the attitude of present USPS management that it is not accountable to the Congress or to any of its extensions, such as the Commission on Postal Service; nor does it intend to be in the slightest dissuaded from any of its policies no matter how concerned the Congress might be as to their wisdom.

In addition, this latest incident dramatically demonstrates the key failure on the part of USPS management; namely, a persistent lack of sensitivity to patron service.

Finally, this incident is compelling in demonstrating the lack of usefulness of the Board of Governors. As it has been in the past, so it remained; namely, an obedient servant of the Postmaster General.

Accordingly, Mr. Chairman, the provisions of H.R. 6520, requiring Presidential appointment of the Postmaster General and abolition of the useless Board of Governors, directly address the most significant failure of the Postal Reorganization Act; namely, an overemphasis on the part of management with profits and a neglect, amounting at times to intentional destruction, of service to our patrons.

Similarly, Chairman Wilson's prompt introduction of H.R. 6520, as a response to the decision of the Postmaster General to reduce delivery standards by 16 percent to accomplish a minimal six-tenths of 1 cent savings on a first-class stamp, is essential.

The language in H.R. 6520 that statutorily sets 6-day delivery as the minimally acceptable patron service level is needed and warranted, and we strongly urge its adoption.

We also believe the provision of H.R. 6520, designed to assure a more stable financial base for the Postal Service, represents a vast improvement over the existing formula contained in the Postal Reorganization Act.

The basis of the Postal Reorganization Act was a break-even concept; and, certainly, experience has amply demonstrated the failure of that concept.

The inflexibility of the present subsidy language has distorted the service response of the USPS to the point where service, once the primary objective of the mail system, is now relegated to speeches on the part of management, but is conspicuously absent from their policies.

Given the language of H.R. 6520, greater flexibility in the financial needs of USPS is possible, and, more importantly, a role is provided Congress to participate in solving those financial needs.

The inevitable and commendable result should be a restoration of higher levels of service to the American postal patron.

The NALC, however, desires to emphasize our concern that the integrity of the collective-bargaining process, so successful under the otherwise defective Postal Reorganization Act, in no way be compromised.

We believe the strong language assuring this result contained in H.R. 6520 is important. But we also underline the intention of NALC to constantly monitor the effectiveness of the prohibition against interference with the collective-bargaining process.

Since H.R. 6520 addresses those problems of the USPS with which the Commission on Postal Service concerned itself, I wish to make a comment on that report.

After a very cursory examination of the complex problems confronting the USPS, and after the expenditure of almost \$1 million, the Commission report recommends solutions exactly opposite to those contained in H.R. 6520.

Needless to say, our views are in total disagreement with those expressed by the Commission and in general agreement with those solutions embodied in H.R. 6520.

We have already expressed our disagreement with the recommendations of the Commission regarding the appointment of the Postmaster General by the Board of Governors, the retention of the Board of Governors, and the reduction in delivery days from 6 to 5 a week.

Similarly, we believe your bill, Mr. Chairman, much more accurately addresses the financial difficulties of the USPS than does the recommendation of the Commission merely increasing the amount of subsidy by a fixed percentage.

But there is more in that report with which we strongly disagree. The Commission has recommended a relaxation of the vital protection to a nationwide delivery system that is embodied in the private express statutes.

Though the Commission gives lipservice to the necessity of maintaining the postal monopoly, it deprives that sympathetic view of validity by accompanying it with a proposal that the monopoly be suspended to provide private couriers with competitive opportunities under certain "limited" conditions.

We believe there can be no such thing as a flexible monopoly, and that any relaxation invites the ultimate elimination of the monopoly and the assured destruction of the Postal Service.

Though the Commission properly castigated the USPS management for its failure to invest in research and development to ready itself for a major role in electronic communications, it side-stepped the essential need for control of this new communications media by USPS.

We believe—and I have so testified before the Commission—that we stand in danger of losing, literally, the postal service as we now know it unless we involve ourselves in this electronic revolution.

The heart of the mail system is found in first-class mail involving financial transactions and messages. Both EFTS and EMTS have already made huge inroads into that essential volume of mail, and the future diversion of first-class mail by these electronic systems is predictably staggering in percentages of total volume.

Unless USPS not only involves itself in this method of transmitting funds and messages, but in fact becomes the arbiter of the system,

there will be little left of the nationwide mail system that has been such a vital part of this Nation's growth and unity.

The USPS is properly situated in the communication system of the Nation to be the governmental agency that assigns the proper roles in the electronic communications revolution. Such an eminent position would enable the USPS to assure that the beneficiaries of the postal system, the patrons, are, in fact, the beneficiaries of the technological revolution now upon us.

But such attitudes are absent from present USPS management. It could appear to a disinterested observer that the lack of interest of USPS management in this issue was a deliberate policy to phase out the Postal Service and to deliver what is left to the private sector for profit.

Congress can and should assure that policy goes no further than it already has; and, in fact, should take the steps in H.R. 6520 that will begin the policy of reversing the drastic mistakes that have occurred since passage of the Postal Reorganization Act.

In closing, Mr. Chairman, let me express my gratitude and appreciation for the efforts of you, personally, and of the full committee in the House in seeking solutions to the problems confronting us all in the deteriorating postal system.

This committee has worked hard and long in exercising oversight of the USPS. The example you have set, were it to have been followed in the Congress as a whole, might well have prevented the massive problems we are now confronting.

Our confidence in this committee remains unshaken. Our commitment to sharing your responsibilities in seeking these necessary solutions remains total.

Thank you, Mr. Chairman.

Mr. WILSON. Thank you very much, Mr. Vacca.

Are you supporting this legislation without any reservations?

Mr. VACCA. Yes, sir; I am, Mr. Chairman. It's just slightly different from the recommendations that I made to the study commission.

Mr. WILSON. What would the impact be on the public, and on postal employees, if home delivery were cut back from 6 to 5 days per week?

Mr. VACCA. Well, on our craft alone the immediate effect would be on approximately 55,000 letter carriers—not that they would lose their jobs; 30,000 of them, however, would only be guaranteed 2 and 4 hours respectively, depending on whether their offices have a complement of 200 man years or less.

Those individuals, by receiving only approximately 4 and 8 hours per pay period, which is every 2 weeks, would, necessarily, have to find other work.

They wouldn't be laid off, per se, but they certainly couldn't live on that.

The other 20,000 employees who are the replacement regulars for persons who have a day off during the 6-day delivery week would, naturally, become unassigned regulars and would soon be excessed into other crafts. If there are no vacancies in their own installations, junior employees would be excessed to other crafts out of the installations within a distance of 100 miles or more.

The effect on the patrons would be devastating, of course, because a business may be closed on certain days, and there is no guarantee

that the day eliminated would be Saturday. Therefore, such a firm would receive no mail 2 days per week.

If you recall, when parcel post was reduced from 6 to 5 days in 1965 by Postmaster General Gronouski, he gave the authority to the local postmasters to determine which day parcel post would not be delivered.

This could conceivably happen in reducing delivery from 6 to 5 days at this time. However, even if it were just Saturday, who is to say that businessmen don't receive mail at home? Mail goes wherever they are; and if they are off on that day, they are looking for it as well.

I know myself, even being a letter carrier, so often—I'm so used to going to the mailbox, I find myself going to the mailbox even on holidays.

Mr. WILSON. Well, that's certainly a very serious thing; it's difficult to understand why the Commission would come up with the recommendation.

Well, I think Mr. Krebs explained why they came up with it when he said that the Postmaster General had his representatives sitting in all meetings. Perhaps they orchestrated the decisions that were being made and also had great influence on the report that came out.

Do you mind telling me what your opinion of the poll taken by Nielson Co.?

Mr. VACCA. Mr. Chairman, as you know I'm sure, it depends upon the question asked in the poll, as to what type of answer you would receive. And I'm sure the question asked by that poll was: "Would you rather have a reduction of delivery to 5 days than have an increase in postage?"

And the answer has got to be yes, because the USPS has been saying that the price of first-class postage could be anywhere from 17 to 22 cents per letter when, in reality, this saving would be only .6 of 1 cent of a postage stamp.

And, then, as the Postmaster General pointed out in his most recent statement, the \$450 million that would be saved would be over a 3-year period. It would not be immediate; so, it's even less per year.

The best way to make a poll, Mr. Chairman, is to ask the letter carriers to go to every home, as they do everyday anyway, and ask the people.

Mr. WILSON. What is your opinion about the danger of politics returning to the Postal Service if the President appoints the Postmaster General?

Mr. VACCA. I don't think there is that risk any more than we have that risk right today, Mr. Chairman. I don't see that risk there.

Mr. WILSON. There's politics now in the Postal Service, isn't there?

Mr. VACCA. Mr. Chairman, I happen to believe that there's politics in every walk of life, whether it be a church organization, whether it be private industry, whether it be the Postal Service—whatever it is—in the promotion of people.

Mr. WILSON. Mr. Vacca, I have no further questions to ask you. I want to thank you very much for your being with us. You've made a great contribution.

Mr. VACCA. Thank you, Mr. Chairman.

Mr. WILSON. Before you come up, Mr. LaPenta, there is a question I wanted to ask Mr. Nilan.

I was wondering, Mr. Nilan, on the meeting with postal management on 6-day delivery, did your organization participate in it?

Mr. NILAN. Yes, Mr. Chairman. Emmet Andrews, the director of our APWU industrial relations department solely for the purpose of advising the Postmaster General, the American Postal Workers Union did respond, that APWU was unequivocally opposed to any elimination of 6-day delivery by the Postal Service.

Mr. WILSON. How many participants were there in the meeting?

Mr. NILAN. I wasn't there; I don't know.

Mr. WILSON. You don't know what other organizations were there?

Mr. NILAN. The National Rural Letter Carriers Association might have been, but I don't know.

Mr. WILSON. And how long was the meeting?

Mr. NILAN. I understand it was short and sweet, whatever that means—half an hour, 20 minutes, whatever. It was a very perfunctory thing.

It's not my responsibility, but I was told that Mr. Andrews went over there only to make certain that the Postal Service specifically and categorically understood that APWU would do everything we could to beat their proposal to reduce from 6-day to 5-day delivery.

Mr. WILSON. All right; thank you very much.

Our final witness this morning is Mr. James J. LaPenta, director of the Federal Public Service Division of the Laborers' International Union of North America.

Mr. LaPenta?

STATEMENT OF JAMES J. LaPENTA, DIRECTOR, FEDERAL PUBLIC SERVICE DIVISION, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

Mr. LaPenta. Thank you, Chairman Wilson.

I am James J. LaPenta, representing the Laborers' International Union, AFL-CIO, Mail Handlers' Division. Our union has 600,000 members of which 100,000 members are in the Federal, postal, and public sectors.

Mr. Chairman, our union supports the provisions of your bill, H.R. 19. You are to be commended for this bill. It brings needed changes to the Postal Reorganization Act of 1970 and the 1976 amendments which ducked critical issues.

The U.S. Postal Service has once again been studied to death by a commission appointed by a President, Senate leader, and a Speaker no longer in office. The Commissioner on Postal Service rubberstamped much of the U.S. Postal Service staff study of last year. It is obvious the Commission was not independent of the U.S. Postal Service. In blunt words, they—Commission—were brainwashed like the Board of Governors.

The radical postal reformers in the person of ex-American Can executives and their high-priced consulting firms, like A. D. Little Co., gave us the Postal Reorganization Act of 1970—Postal Service, Inc.—and now are proposing their 1977 version.

They are the same people who gave us less postal service at more cost—not more efficiency and more service at the same cost—as they promised Congress if it would pass the Postal Reorganization Act in 1970.

They are the same people who studied the Postal Service to death—A. D. Little-Kappel Commission 1967.

They are the same people who favor mail users—business—over mail recipients—77 million American households—and who propose to rip off these householders with a vengeance by cutting their mail delivery from 6 days to 5, forcing them to leave their homes and walk to the curb or blocks away to cluster boxes to get their mail.

They are the same people who gave us: Modular constructed-computerized bulk mail centers that mangle your packages—cost, \$1 billion; automatic letter sorters that misdirect your mail—cost, \$2 billion; and motorized delivery routes that waste costly gasoline—cost, \$1 billion.

They are the same people who now say all this mechanization—70 percent—and motorization—84 percent—will not produce more efficiency or increased productivity as the Postal Service will have to remain labor intensive.

They are the same people who overcharge first-class mailers \$1.5 billion to pay for a bulk mail center system that doesn't process a first-class letter, yet complain that it cost \$500 million to operate rural Americans) 30,000 post offices and postal facilities and suggesting they all be closed.

They are the same people who are now asking for more of your tax dollars without any changes in the present postal management system—Postal Service, Inc.

While the study was underway, the present postal administration engaged in an unfair, unsubstantiated fear campaign against your bill alleging politics will return to the U.S. Postal Service. And, to put it very bluntly, that's a "crook."

The first witness, the Deputy Postmaster General, was not very convincing in his assertion politics would return under your bill. He supported provisions of your bill except wherein the President would appoint the Postmaster General and Deputy Postmaster General. It meant to me he was copping a plea—a political plea—to save his and the boss' job.

H.R. 19 changes three provisions of the Postal Reorganization Act which have not worked satisfactorily: (1) The Postmaster General selected by an appointed Board of Governors; (2) a non-full-time Board of Governors appointed for terms up to 9 years; and (3) a Postal Rate Commission who nearly bankrupted the Postal Service interminably dragging on rate case decisions.

The collective-bargaining provision is working well, and the bill protects postal workers from those antilabor forces who want to destroy their collective-bargaining protection for reasons unrelated to postal problems.

The wrong-headed public policy which the Postal Reorganization Act stamped upon the Postal Service when it created a buffer Board of Governors made up of nine political appointees is corrected in H.R. 19.

This will stop the picking of top postal managers from one company, like American Can. And this will stop the substitution of corporate cronyism for patronage.

This will stop big business managers, not responsible to the President or the Congress, from running our postal service, a constitutional

service, our first national service agency—along the product-line concept of industry.

And that product-line concept in the Postal Service instance has given the public less service at a higher cost. We've gone from a 6-cent stamp to a 13-cent stamp, and that's because that Board was nothing but a rubberstamp of the Postmaster General.

Now, when he proposed radical postal reforms, postal patrons were outraged—and you know they were outraged, because you know the volume of mail that hit this Congress every time they made one of their moves to curtail service and to put in one of these new, fancy programs that didn't amount to a hill of beans. They didn't give the American people the service they were entitled to.

The posture and philosophy of the Postmaster General who has influenced these two groups, the Board of Governors and the Study Commission, is public record and is, unquestionably, a policy—if adopted—that would bring the Postal Service down, make it obsolete, and give profitable Postal Service to private business.

And that's what the whole name of this game is. That love affair that goes on between the Chairman of the Board of Governors and the Postmaster General and the Chairman of the Postal Study Commission has proven that.

You check that Commission Report, and you check the U.S. Postal Service staff's study of 1976, and they are almost identical, with some very, very slight variations.

At recent hearings of the Subcommittee on Postal Service, statements of the Postmaster General on postal research and development policy were that the USPS is budgeting 0.5 percent for research and development.

The communications industry, meanwhile, is budgeting 5.2 percent. When asked about the Postal Service entry into the telecommunications market, the Postmaster General outlined no policy at all.

When further questioned about his philosophy regarding USPS involvement, he stated he saw only an extremely limited one for the Postal Service.

And he's not kidding. Look at the facts: the capital investment associated with the USPS is \$1,500 per employee—negligible when compared with A.T. & T. whose investment is \$70,000; the agricultural industry, whose investment is \$35,000 per man; and the manufacturing industries in this country whose investment is \$25,000 per employee.

Further probing at the hearing brought forth the USPS failure to capitalize on the former Post Office Department's driving a superior technical product, the telegram, out of the market. And that telegram was driven out of the market by the first-class letter which these postal managers today disdain.

They disdain the first-class letter. They say it's obsolete, and that people don't want the first-class letter—let's go to 5-day service, and let's go to 3-day service.

But how come the first-class letter drove the telegram out of the market? And why didn't Postmaster General Bailar answer the question as to why the mailgram was not developed systematically as an in-house postal product?

That could have been our baby completely—lock, stock, and barrel—that mailgram system; and what did he do about it?

Last year your hearings brought out the overcapitalization of the postal system with obsolescent mechanization in its most profitable product line—which they love to talk about, product-line. That's the first-class mail.

Yet, they overcapitalized it with a lot of obsolescent machinery; and at the same time, also, your committee hearings brought out the complete lack of competitiveness of present postal managers in the parcel market. And, as a result, the field is left almost exclusively to United Parcel.

This nonpolicy of the Postmaster General means the death of the Postal Service within 5 or 10 years.

The "business scenario" brought into the Postal Service by big business postal managers during the 8 years of the Nixon-Ford administrations dooms the Postal Service to obsolescence.

It must not happen. Our Nation needs its Postal Service. Congress must save the Service. Our citizens need a Federal postal-telecommunication service.

Congress needs to pass your bill this session. In my remaining pages of testimony that need is apparet when you review postal organization, postal management, postal funding, and the lack of attention given to these important functions.

PERSPECTIVES ON RECENT DEVELOPMENTS IN POSTAL SERVICE

The reduction in service in the 1970's closed thousands of post offices, eliminated delivery routes, and abolished 63,000 jobs. In recent years services that were once performed by the post office have been given back to the public to perform for itself. Thousands of street letter boxes have been eliminated, and collection schedules have been vastly restricted requiring the public to use its own transportation to take mail to distant central collection points. In the face of energy shortage and rising fuel costs, is it really a saving for each of us, duplicating our neighbor's efforts, to contribute these services independently, or should the Postal Service perform the same service for all at once?

In 1950, residential communities received two deliveries of mail a day; today they receive one. Business areas received three deliveries a day; today they receive one. In the near future it may be none, for it is more economical to require the public to obtain its mail at central delivery points.

Now, if all citizens were strong, healthy people; each with an automobile; each highly organized so that he completed all his letter writing by the Postal Service's 5 p.m. curfew; and each with clear handwriting or a typewriter to address his or her envelopes, these wouldn't be serious problems at all. Unfortunately, many of us do not have all these qualities. Is the Postal Service only for those who do—or can we afford some measure of humanity in our public service?

THE POSTAL SERVICE—BUSINESS OR PUBLIC SERVICE

Fundamental to any effective effort to put the Nation's Postal Service on a proper course is the need to abandon the myth of those of both political parties who have sought to affect the management of this service. It is the notion that the Postal Service is a business and that it should break even.

During the years immediately preceding passage of the Postal Reorganization Act of 1970, this myth was so firmly held it became the excuse by many responsible for managing postal affairs to abandon any serious effort at management and to occupy themselves with lobbying Congress and the media on the unmanageability of the Postal Service. This is the excuse for current postal reformers to pursue only the most radical alteration in the organization's structure and policies and to downgrade other, less drastic alternatives.

Postal Service today is no less a public service than in 1829, when, after considerable deliberation, it was changed from being a revenue-raising arm of the Treasury Department into a cabinet-level department dedicated to the service of handling the Nation's mail, a major element of our communication system, and a vehicle to insure the constitutional guarantee of a free flow of information. The Postal Service extends to every citizen, not because each citizen can afford to pay the cost of such service, but as a matter of public policy. This is the difference between a business and a public service. This Postal Service is effectively a public service in its entirety.

No commercial enterprise would touch the kind of business represented by the village post office. Yet today's U.S. Postal Service, acting under orders of the Board of Governors until stopped by Congress curtailed these services and many more—and did so despite the fact that the Reorganization Act insists that effective postal services be insured to residents of both urban and rural communities, and that no small post office shall be closed solely for operating at a deficit.

Postal management rationalizes these moves by pinning the closures on needs other than operating deficits, and by arguing that equivalent or better alternate services were substituted in place of those that were cut. The quality of the alternate services, however, often leaves much to be desired.

Why is it that a service that is needed by our citizens must pay for itself almost solely out of income derived from the sale of that service? And what, exactly, does the term "pay for itself" mean anyway? In a day when a whole range of "private" industries either receive direct Government subsidies; live off Government contracts; get tax writeoffs and tax shelters; and sometimes pay less back in taxes than some wage earners, the term "self supporting" is indeed illusive. Perhaps we would be wiser to ask only whether the Postal Service receives enough income to pay for its costs and stop making a sacred cow of one source of income for one Government agency.

In fiscal year 1976, the Department of Defense received nearly \$105 billion, the Department of Health, Education, and Welfare received over \$20 billion, the Department of Labor received over \$11 billion, the Department of Housing and Urban Development received in excess of \$30 billion.

These agencies are considered essential and they perform invaluable services—but they do not have impact on all communities and all citizens alike as does the Postal Service.

In fiscal year 1976 the U.S. Postal Service received less than \$1.5 billion—along with a barrage of criticism for being inefficient because some of its costs are paid for from taxes.

By these standards, the Postal Service might be cheap if its appropriation were \$10 billion.

If only the users of a specific postal service are required to pay the entire cost of that service, either the price of many such services will

rise or the services will be curtailed, or both; and as prices rise and/or services are curtailed, the volume of mail and other postal services eventually declines because users cease to use the services—as has happened in fiscal year 1976 when volumes of mail dropped for the first time since World War II.

In 1970, there were 741,216 postal employees servicing a population of over 213,600,000. Many communities that included postal employees in their citizenry no longer have them. This reduction of 63,000 postal workers has taken place as a direct consequence of the premise that the Postal Service must pay for itself, and the users of the service must pay for the service. The reduction is not a consequence of increased efficiency, but a result principally of giving the public less. It comes also at a time when 7 million people are unemployed.

POSTAL ECONOMY AND EFFICIENCY

Is this indeed economy or is it shortsighted deception of self and others? Efficiency, after all, is only increased by increasing the amount of output (service) for a given amount of input (cost). What has been achieved in the Postal Service is the creation of less service for greater cost.

POSTAL MANPOWER MANAGEMENT

Postal management has rather consistently herded postal processes and employees into large structures. In the field of employment the process has taken the form of centralizing large volumes of mail at huge central locations, employing large numbers of employees at each location and then directing these employees impersonally and in gangs. In this circumstance, not even the narrow energy-conserving concept of efficiency has been served. The dehumanizing treatment of employees in the large mail processing facilities produces its own kinds of inefficiencies in the form of increased errors, and a variety of other forms of irresponsible behavior. In smaller work units, where human relationships can be more personalized and where work processes and products are more comprehensible, these errors tend to be minimized, and employees tend to be more responsive to both management and the public. These advantages of the small, decentralized postal operation may well outweigh those of the large centralized operation, which has been the trend in postal organization and facilities construction for many years.

The high-water mark of this trend is the establishment of 21 bulk mail centers. In theory, the centers can handle bulk mail more expeditiously because of their specialized character, and they cut out rehandling of cross country mail because the mail is shipped direct from a center in one part of the country to a center in another part, with no handling in between. In fact, the bulk mail centers have been less than successful and are now operating below the break-even point.

The Postal Service remains a highly labor-intensive industry, despite much investment and hoopla by postal management for over nearly three decades. The fact is that postal work that has been mechanized has yet to reach an optimum efficiency and produces delays and damages to mail and parcels. Missent and misdirected mail in mechanized operations is much higher than in manual operations. And the impact on postal productivity of that which has been mechanized is either negligible or highly suspect.

POSTAL SERVICE INC.

The "Postal Service as a self-supporting business" myth derives part of its appeal from the notion that requiring managers and employees to make a profit or break even will promote efficiency. It hasn't happened. Presumably, the theory is that managers and employees, looking over their shoulders at the financial charts and the competition, will work harder, find a better way, et cetera. In the Postal Service it consists largely of unpalatable service cuts, and, postal managers doctoring their mail count under vigilant pressure to increase their output.

Efficiency in the Postal Service can be achieved without this tired nonsense. The postal service is and has been highly efficient when we take into account what we all want it to do, in addition to making money. The Postal Service is as efficient as most other large enterprises when all is taken into account. This is not to say that postal efficiency and productivity cannot be improved on. But this task must be approached with a broad and honest view to what is wanted from this Service.

RESTORATION OF POSTAL SERVICE

Restoration and improvements in services, eroded by years of unilateral cutbacks in postal service would also restore some measure of confidence in the integrity of government by showing each citizen tangible benefits, in place of years of rhetoric and empty promises.

To insure that service restoration and improvement is carried out on the basis of current needs and priorities and to demonstrate a genuine faith in the will of the people, the public itself should be enlisted in the decisionmaking process. First, a complete catalog of service cuts over the past 25 years should be compiled. This should be made available to the public as part of a large-scale, open-ended opinion survey, in which the public is invited to express its preference for restoration of past services, as well as for new service improvements.

Planned improvements could then be laid out in a proposed schedule, taking into account such matters as: expressed public priorities; cost; implementation time and other factors; and these plans could be exposed for public comment and suggestions before being acted upon.

IMPROVEMENTS OF POSTAL FUNDING, ORGANIZATION AND
MANAGEMENT

These recommendations will cost money to put into effect, and the postal service will have to be organized and managed in ways and by people that will insure that the changes are made and have reasonable opportunity to be effective. The changes may not (in the net) cost as much as might first be imagined, and all new costs may not need to be incurred immediately. Similarly, the changes may not require radical changes in organization or require them all at once. A careful, thoughtful approach—but not one consisting of endless studies—appears appropriate. Also, any substantial changes involving postal finance and organization need to be planned in coordination and in relationship with broader studies and plans concerning the entire Government.

REALISTIC AND ADEQUATE FUNDING

There may or may not be just so much money to go around, but there certainly are many variables that can be looked at in connection with how much of it can and should go to the postal service.

Also, postal rate studies should be made or looked at anew to see if downward adjustments of some or all rates might help optimize, rather than minimize, mail volumes and usage of postal services at a possible increase of net postal revenues.

If the economy is revitalized and a total public service concept adopted, realistic and adequate funding can be made available.

ORGANIZATION AND MANAGEMENT

Sober thought needs to be given to whether and to what degree the problems of the postal service are due to its structure or the people who populate the structure—particularly at the top. This would include consideration of how amenable top postal management might be to instituting changes suggested by the Congress and the Chief Executive. It would also include a look at the degree to which the President might begin immediately to change the character of the Board of Governors and the Postal Rate Commission through new appointments, which are his prerogative.

In H.R. 19 nothing is done that would encourage a return to the political patronage practices of the past and something is done to discourage the substitution of cronyism that appears to have found its way into personnel appointments in postal administration since the Postal Reorganization Act.

H.R. 19 brings about needed improvements in postal management and greater responsiveness to public service. An unhealthy approach to these matters has grown up in the postal service over many years—and it is the gospel with many of the new managers who joined the postal service from industry during the Nixon-Ford administration. It is illustrated by some of the earlier references to recent practices related to efficiency, productivity, centralized mail processing, mechanization, and other aspects of postal service management or mismanagement. It seems basically to stem from a fallacious belief that an employee or customer come last; and that money—"the system"—are more important than people. The attitude is contagious, and it has come from the top. It must be changed from the top.

New approaches to service efficiency and economy need to be implemented that do not simply involve "giving 'em less" or having the customer do the work himself—self service—and contracting out to the big mail user—work sharing. New approaches to the use of machines should be used—they are already known—in which the machine is the servant of the worker, and not vice versa. No operator, for example, should have to pace himself to the mechanically timed movement of a letter or parcel or sack sorting machine, simply because management has decided that the worker cannot be trusted to set the pace of the machine he supposedly runs.

We support H.R. 19. We believe it is a workable program stressing a realistic postal service—short on the rhetoric used these last 8 years by managers of the present system.

What it all comes down to is that time has passed us by, and you are the only one who has moved with dispatch—who has tried to rally your colleagues around to save the Postal Service.

And, sure, down the road there possibly could be some technical amendments to your bill. None of us think we are perfect. I've seen your operations for a long time, and I know I've never seen you take an arrogant stance about anything.

On the other hand, I just don't feel that, at this particular point in time, your bill needs any substantive amendments. I think that bill should go and should move swiftly. If it doesn't we're going to be too late.

Right around the corner we're going to be faced when we turn that corner with finding no Postal Service, Mr. Chairman.

Mr. WILSON. Mr. LaPenta, whenever you testify very few questions are left to ask, because you don't leave any doubt in anybody's mind where you stand.

Let me ask you the same question I asked Mr. Vacca: does the cut-back from 6-day to 5-day for home delivery affect your people?

Mr. LAPENTA. Yes, Mr. Chairman; it will both directly and indirectly affect the mail handler occupational group. Although mail handlers work inside at the post office, the cutback from 6 days to 5 will affect them because they provide what is called the allied labor in the whole mail preparation and mail processing and mail delivery functions.

So, yes, they would be affected.

They would also be affected by the proposal which hasn't surfaced, and hasn't really been examined as carefully as the 6- to 5-day proposed cut.

And this other proposal, which would also affect manpower, is the one whereby they would reduce tours from three to two tours. Now, that's going to have an effect on manpower also—manpower in all of the crafts.

Also, it's going to affect delivery standards. You know, this current postal management, which goes back—and its predecessor which goes back to 1969—came in with the Nixon administration.

You will know that they have never—they have never—brought delivery standards back up to the 1968 level because of the policies they've put into effect.

Now, if they cut from 6 days to 5; if they cut from three tours to two tours and cut back on manpower—whenever you cut back on manpower you've got to curtail or you've got to eliminate service.

And if they go from 6 days to 5 days, and three tours to two, I'm saying that, effectively, they will have achieved more than just reducing delivery from 6 days to 5 days—that will really reduce delivery from 6 days to 4.

You'll actually be getting your mail in some 4-day time period; that's what that amounts to.

So, this is the deviousness here, making us believe that, you know, this is a modest proposal, 6 days to 5, and that the American people want it.

The Postal Commission survey wasn't an open-ended survey.

Mr. WILSON. Do you have any comments on the the recommendation that the Postmaster General be appointed for a 6-year fixed term?

Mr. LAPENTA. Well, I appreciate my sister union, the APWU, proposing what they feel to be in their best interest. I happen to disagree with them very strongly.

For whatever reason, I think that proposal is misguided, and I don't see where it's going to solve any problem. I don't see where it's going to afford any protection for the collective bargaining process by having a Postmaster General with a fixed term.

We've had Postmaster Generals come and go. A lot of them have tampered with, and tinkered with, and interfered with the collective bargaining process—including this Postmaster General.

And I want to make a couple of other points clear about that. Every single negotiation that we were in in 1970, 1971, 1973, 1975, the White House interfered in those postal negotiations.

And a 6-year term of Postmaster General is not going to keep the Office of Management and Budget or the White House out of our collective bargaining process, because we are too big, and we're generally, in the off year, the largest collective bargaining experience in the United States—in the off year collective bargaining.

And, naturally, what we do affects a lot of things and titilates the interests of some people who shouldn't have any interest in it, but they try to get involved anyway.

Mr. WILSON. Both of the other unions have indicated that the Postal Service can play a significant part in the electronic message market, that it would present no problem to them as far as manpower is concerned. Would you agree with them?

Mr. LAPENTA. No, I disagree.

Mr. WILSON. Disagree?

Mr. LAPENTA. Sure, because when you change from a material handling-transportation type of industry delivering a hard-copy message, and you go to an electronic type of industry, you, of necessity, have got to change not only the structure of the work force but also the size of the work force and the types of jobs that that work force does.

And the impact of telecommunications, whether we get into it a little bit or whether we get into it a lot, is going to have a terrible impact on postal workers. And it's going to decimate postal workers' jobs.

That's why it's more important than ever that we protect the collective bargaining process; we've got to determine an equitable way in which to handle the retraining requirements and the moving requirements of postal workers into other industries, so that they will be gainfully employed.

Mr. WILSON. Don't you feel that, unless the Postal Service does get into the electronic transfer of mail, the Postal Service could fall apart.

Mr. LAPENTA. Mr. Chairman, I wish I could sit here and say—because I believe that the Postal Service should be in the telecommunications business.

I am convinced that Postmasters General Blount, Klassen, and Bailar have neglected this aspect so long that I don't see how it's possible for us to get into the telecommunication business.

I think they've been successful in doing what they set out to do—as I pointed out in my testimony—wind down the Postal Service and put it out of business.

The answer to your question: yes, I believe we belong in a postal communication business, even though it will have a drastic impact on manpower.

It would be easier for us to train the people that we currently have, I would think, to go into that business, for a reason that I'd like to develop a little bit later.

That reason has to do with the recent GAO report about how these new electronic systems can be penetrated.

And one of the ways to stop the penetration of these is by having the proper physical and technical security devices, and having the personnel with the integrity and the kind of personal background our postal people have.

Over the years the dedication of postal workers—their integrity, their protection of the mail, their guarding the safety and sanctity of the mail—has been proven. And this is the type of work force you would need in telecommunications. This work force is made to order for that.

But these guys have waited too long, and I don't see how we can stop the Postal Service from becoming obsolescent.

Mr. WILSON. Mr. LaPenta, you are the person who brought to my attention the serious problems in Bulk Mail Center in Detroit as to handling of the bulk mail, and so forth.

And, have you noticed, in the past year, any improvement at the centers?

Mr. LAPENTA. We still have some problems. I had a meeting with the Mail Handlers Division—Lonnie Johnson and his staff. He has asked me to prepare a letter to go to the Postmaster General, pointing out that the overtime in the Bulk Mail Centers is scandalous; that, contrary to saving money, they're cutting manpower on one end and working people overtime on the other end—and that's "robbing Peter to pay Paul."

He has also reported to me that they are beginning to get reports of increase again in the number of injuries. The accident frequency rate there is going up.

And he told me, also, that the staff is reporting to him that the damage in mail is increasing. And I would presume that that, again, goes along with working people these disgracefully long hours 6 and 7 days a week.

It goes with cutting back on personnel; it goes with supervisors being forced to push harder than they want to push, perhaps. All of these things, I think, enter into that.

So, my response to you is: yes, the problems continue in the Bulk Mail Centers; and, of late, they are increasing—the problems that you saw in Detroit.

If I get further data on that I will supply it for the record.

Mr. WILSON. When we were in Detroit we noticed a lot of damaged packages from Sears, Montgomery Ward, and so forth.

At that time I thought the only problem was with the mechanism. However, during our trip to Europe, in connection with the military mail program, we noticed the same problem.

Apparently the Postal Service was receiving badly packaged mail. It appears to me now that some of the fault lies with the companies themselves, in the faulty way they prepare their packages.

It's rather ironic that the Postal Service insists that the service person carefully prepare their packages for mailing, and yet the Postal

Service is allowing these mail houses to send their items in inferior packages.

Mr. LAPENTA. Well, I don't think there's any question that part of it's true. And you've had more first-hand look at that than I have. But, I do want to remind you, you remember what we saw in Detroit—that computer program the Postal Service has to go along with that induction system.

Let's face it. The people who have been in the business of moving materials for a long time could have told the Postal Service: "What you're proposing to do in having this kind of system in these Bulk Mail Centers isn't feasible. There are better induction systems and there are other systems."

So, I still think the whole concept of the Bulk Mail Centers was wrong, and the mechanism used in there is not the correct kind of mechanization.

But, on the other hand, you're absolutely correct in saying that a lot of this problem is also the business of how they're packaged. You're absolutely correct, but I don't want you to lose sight of some of the startling things that we did discover in our Detroit trip.

Mr. WILSON. Well, Mr. LaPenta, thank you very much for your testimony today. I appreciate your contribution, and it's always a pleasure having you before us.

We have another gentleman who has asked if he might appear. We have a little bit of time left.

Mr. Roy Braunstein, who is the legislative director of the New Jersey Shore Area Local of APWU, sent in a statement.

Mr. Braunstein, we'll put your whole statement in the record and if you could brief it to the best of your ability it would be appreciated.

Mr. BRAUNSTEIN. Fine; thank you.

STATEMENT OF ROY BRAUNSTEIN, LEGISLATIVE DIRECTOR, NEW JERSEY SHORE AREA LOCAL, AMERICAN POSTAL WORKERS' UNION

Mr. BRAUNSTEIN. Distinguished Chairman and Congressmen, my name is Roy Braunstein, and I am the legislative director of the New Jersey Shore Area Local of the American Postal Workers' Union, APWU. I am pleased to come here today to support H.R. 19 and H.R. 6520.

My testimony will focus on the indifferent attitude of our current Postmaster General as exemplified by his actions over the past 2 years regarding the Toms River, N.J., Mail Processing Center relocation dispute.

I will not attempt to enunciate the issues of that dispute at this time, which can be found in the Postal Study Commission's transcript of the Toms River hearing of February 9, 1977.

The dispute began in August of 1975. By October of that year Congressman Edwin Forsythe of New Jersey came to the Toms River facility to ascertain the facts.

When the issue of savings surfaced, the Postal Service representatives pointed out "that consolidations always result in savings, although the dollar figures were not available at that time. They insisted that a data analysis report was currently being prepared."

When the report was turned over to Congressman Forsythe 6 weeks later, it was dated August 1974.

The Postal Service spokesmen either misled or were not telling the truth in that meeting. Certainly the existence of this report must have been known to them in October.

Thank you, Mr. Chairman.

Mr. WILSON. Mr. Braunstein, it seems to me the greater part of your testimony has to do with the Toms River facility. That is not the subject of our hearing today. I'm pleased to include your whole statement in the record. I'm interested, however, principally in your observation and views on the legislation before us. It is not our purpose today to hear individual problems of individual areas. We're trying to cover overall postal problems.

Mr. BRAUNSTEIN. Well, I'm familiar mostly with the Toms River situation, and the reason why I was supporting the bill is because we have found, in the past years, an extremely different attitude—a stubborn attitude—on the part of the Postmaster General.

We feel that accountability would be returned to the American public with Presidential appointment and confirmation of the Postmaster General. We're very concerned with that.

We're very concerned with the continuation of 6-day delivery. We see a tremendous deterioration in service if 5-day delivery is started.

We see a loss in jobs that we do not feel is acceptable with the high rate of unemployment at the present time.

That is our basic reason for coming forth with this type of testimony.

This is only testimony relating to Toms River—not going into the specifics of the dispute—only as to the attitudes of the Postmaster General as exemplified by his actions not only with the Postal Union but with Congressmen involved—with the Study Commission, with the fact that it was the first vote of its nature in the United States—countywide vote. The hearing was unique in itself. These factors were all ignored.

That's the basic reason we're here: to see that we can have a Postmaster General that is cognizant of the will and wishes of the people, and that situations like this will not be ignored in the future.

Mr. WILSON. Well, I thank you, of course. That's one of the principal reasons that this legislation is necessary. If we do have a Presidentially appointed Postmaster General, we are going to have a person that is responsible to the Congress, and through us, to the public.

You are generally in agreement with the statement of your national legislative director?

Mr. BRAUNSTEIN. Definitely. I might add one thing: there was a delegation letter. Every Member of Congress from the State of New Jersey has protested this relocation, and that, too, has been ignored by the Postmaster General.

We feel that he is ignoring not only the wishes of the people, but of the Congress. Men and women who have been elected to represent the people in Congress have taken this position, have studied the issues. And, this position is being ignored totally.

Mr. WILSON. Thank you very much, Mr. Braunstein.

Mr. BRAUNSTEIN. Thank you, Mr. Chairman.

Mr. WILSON. The committee will adjourn at this time.

[Whereupon, at 11:45 a.m., the hearing was adjourned.]

[The prepared statement submitted by Mr. Braunstein follows:]

STATEMENT OF ROY BRAUNSTEIN BEFORE THE SUBCOMMITTEE ON POSTAL PERSONNEL AND
MODERNIZATION, COMMITTEE ON POST OFFICE AND CIVIL SERVICE, MAY 10, 1977

Distinguished Chairman and Congressmen, my name is Roy Braunstein, and I am the Legislative Director of the New Jersey Shore Area Local of the American Postal Workers' Union, APWU. I am pleased to come here today to support H.R. 19 and H.R. 8520. My testimony will focus on the indifferent attitude of our current Postmaster General as exemplified by his actions over the past two years regarding the Toms River, NJ Mail Processing Center relocation dispute. I will not attempt to announce the issues of that dispute at this time, which can be found in the Postal Study Commission's transcript of the Toms River hearing of February 9, 1977.

The dispute began in August of 1975. By October of that year Congressman Edwin Forsythe of New Jersey came to the Toms River facility to ascertain the facts. When the issue of savings surfaced, the Postal Service Representatives pointed out "that consolidations always result in savings, although the dollar figures were not available at that time. They insisted that a Data Analysis Report was currently being prepared." When the report was turned over to Congressman Forsythe six weeks later, it was dated August 1974. The Postal Service spokesmen either misled or were not telling the truth at that meeting. Certainly the existence of this report must have been known to them in October.

By February of 1976, Congressman Forsythe finally received a written response to his questions after two months of waiting. He chastized Mr. Bailar for "simply rewriting an earlier four-paragraph position statement issued by the Postal Service." "I need not remind you, Mr. Bailar, that many, many Members of Congress are disillusioned with the overall operation of the Postal Service and are of the view that Congress should have more direct control. I cannot help but conclude that decisions such as the one we are discussing here constitute part of the problem which you face."

During the debate on H.R. 8603, which created the Postal Study Commission, Congressman Bill Alexander of Arkansas, spoke to the House on September 9, 1976. "Mr. Speaker, Americans all across this great land are saying that they are disillusioned with Government. A recent poll indicates that as much as 50 percent of the voting population may not go to the polls in November because they feel their vote will not change anything."

"Americans are saying that Government does not work, that Government is not interested in our problems, that Government does not serve our needs."

"Some of us are trying to change it, to make Government work; others have become discouraged and may go fishing on election day."

"America is down on bureaucracy and the Washington establishment. And I say it is about time. For years I have struggled with the Washington Postal Establishment and numerous other Federal agencies because I am determined to make Government work, so that it will respond to the needs of the people it was created to serve."

In November, 1976, Ocean County, NJ citizens voted on the proposed consolidation of the Toms River MFC and overwhelmingly requested the facility to remain. In the first vote of its nature in the United States, over 67,000 people voted to keep the facility. This public sentiment was totally ignored by Mr. Bailar.

In February 1977, Toms River was the scene of the only public hearing in the United States conducted by the Postal Commission dealing with one particular problem. Citizens unanimously requested the USPS to reconsider its position. Every member of Congress from New Jersey (17 in all) has protested this move. This sentiment too, has been disregarded.

STATEMENT OF ROY BRAUNSTEIN, Continued

Congressman William Hughes of NJ testified at that hearing, and referring to the claim of better mail service, "that suggests the never-never land that some of our Postal Service policymakers live in." Commissioner Rademacher termed the USPS proposal "a mad and desperate attempt to save a few dollars, at the expense of service."

Three Commissioners of the Postal Study Commission, Paul Krebs, James Rademacher and David Johnson, wrote in the Commission report, "The Postal Service originally announced the planned move to Hamilton Township without consulting with State and Local officials in advance. The Postal Service should have done so and should do so in every case in which it plans on closing a facility. Local officials will then be able to determine the impact of a closing and provide that information to the Postal Service before a final decision to close a facility is made. The Postal Service, as well as any Government agency, should make every effort to minimize or eliminate any adverse impact on a community as the result of a closing. This adverse impact on closing the Toms River Facility - lost jobs increasing even more an already high unemployment level, a reduced postal service standard in a rapidly expanding area that will be needing more, not less, service - was never considered by the Postal Service."

This is just one incident whereby the USPS has moved or attempted to move precipitously. Others which can be cited and are well documented are the B.M.C. expenditure of one billion dollars. The USPS did not make any attempt to compete with UPS in spite of consistently declining volume, compared with similar rising volume by UPS. Another example would be the closing of the 3rd and 4th class Offices, which resulted in a lawsuit filed by over 50 Congressmen against the USPS, and finally the Hanley Moratorium, House Resolution 1216, which passed by a vote of 399-14 on June 22, 1976. This later was reflected by the moratorium on Service cutbacks as a result of H.R. 8603, which expired March 15, 1977.

I request today a new moratorium on any future service reductions until Congress decides its course of action and subsequent reductions only with Congressional approval.

Presidential appointment and Senate confirmation of the Postmaster General and the Deputy Postmaster General would hopefully eliminate the callous, insensitivity currently shown by the Postmaster General. Since Congress is concerned about the feelings of a community, public sentiment would not be treated with indifference or stubbornness. Accountability would return to the American people with H.R. 19, as amended.

H.R. 6520, which deals with the continuation of six-day delivery, is most important to keep America's mail service prompt, as provided in the Reorganization Act. Five-day delivery is seen as an attempt to reduce service by 16%, which might only hold down any subsequent rate increases by 1%, and also cost possibly 20,000 Postal Service jobs. This is inconsistent with reducing unemployment Nationwide.

We request the bill currently being considered clearly state that Congress shall not have the power to amend or veto any negotiated or subsequently negotiated contract between the USPS and the four exclusive Postal unions.

I thank you for the opportunity to present our views and would be glad to answer any questions regarding my testimony.

95TH CONGRESS
1ST SESSION

H. R. 19

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1977

Mr. CHARLES H. WILSON of California introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend title 39, United States Code, to alter the organizational structure of the United States Postal Service, to revise the procedure for adjusting postal rates and services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3

SHORT TITLE

4 SECTION 1. This Act may be cited as the "Postal Re-
5 organization Act Amendments of 1977".

6

ORGANIZATION OF POSTAL SERVICE

7 SEC. 2. (a) (1) Section 202 of title 39, United States
8 Code, is amended to read as follows:

I

1 **“§ 202. Postmaster General**

2 “The chief executive officer of the Postal Service is the
3 Postmaster General, who shall be appointed by the Presi-
4 dent, by and with the advice and consent of the Senate. The
5 pay of the Postmaster General shall be at an annual rate
6 equal to the annual rate of basic pay, as in effect from time to
7 time, for level I of the Executive Schedule of section 5312
8 of title 5.”.

9 (2) The table of sections for chapter 2 of title 39,
10 United States Code, is amended by striking out the item
11 relating to section 202 and inserting in lieu thereof the fol-
12 lowing new item :

 “202. Postmaster General.”.

13 (b) (1) Section 203 of title 39, United States Code, is
14 amended to read as follows :

15 **“§ 203. Deputy Postmaster General**

16 “The deputy chief executive officer of the Postal Service
17 is the Deputy Postmaster General, who shall be appointed
18 by the Postmaster General. The Postmaster General shall
19 fix the term of service of, and shall have the power to re-
20 move, the Deputy Postmaster General. The pay of the
21 Deputy Postmaster General shall be at an annual rate, fixed
22 and adjusted by the Postmaster General, not more than
23 \$2,500 less than the annual rate of basic pay of the Post-
24 master General, as in effect from time to time.”.

1 (2) The table of sections for chapter 2 of title 39,
2 United States Code, is amended by striking out the item re-
3 lating to section 203 and inserting in lieu thereof the follow-
4 ing new item:

“203. Deputy Postmaster General.”

5 (c) (1) Section 205 of title 39, United States Code,
6 is amended to read as follows:

7 **“§ 205. General authority of Postmaster General**

8 “The Postmaster General shall direct and control the
9 expenditures and review the practices and policies of the
10 Postal Service and perform other functions and duties pre-
11 scribed by this title.”

12 (2) The table of sections for chapter 2 of title 39,
13 United States Code, is amended by striking out the item
14 relating to section 205 and inserting in lieu thereof the
15 following new item:

“205. General authority of Postmaster General.”

16 (d) (1) (A) Section 102 of title 39, United States
17 Code, is amended to read as follows:

18 **“§ 102. Definition**

19 “As used in this title, ‘Postal Service’ means the United
20 States Postal Service established by section 201 of this title.”

21 (B) The table of sections for chapter 1 of title 39,
22 United States Code, is amended by striking out the item

1 relating to section 102 and inserting in lieu thereof the
2 following new item:

“102. Definition.”.

3 (2) Section 204 of title 39, United States Code, is
4 amended by striking out “Board” and inserting in lieu thereof
5 “Postmaster General”.

6 (3) Section 207 of title 39, United States Code, is
7 amended by striking out “Board” and inserting in lieu
8 thereof “Postmaster General”.

9 (4) (A) Title 39, United States Code, is amended by
10 striking out section 402.

11 (B) The table of sections for chapter 4 of title 39,
12 United States Code, is amended by striking out the item
13 relating to section 402.

14 (5) Section 1001 (d) of title 39, United States Code,
15 is amended by striking out “of the Board or”.

16 (6) Section 1002 (a) of title 39, United States Code,
17 is amended by striking out “Governor or”.

18 (7) Section 1011 of title 39, United States Code, is
19 amended by striking out “Board” and inserting in lieu thereof
20 “Postmaster General”.

21 (8) Section 2402 of title 39, United States Code, is
22 amended to read as follows:

23 **“§ 2402. Annual report**

24 “The Postmaster General shall submit to the President

1 and to the Congress an annual report concerning the opera-
2 tions of the Postal Service under this title.”.

3 (9) Section 3621 of title 39, United States Code, is
4 amended by striking out “Governors” and inserting in lieu
5 thereof “Postmaster General”.

6 (10) Section 3623 (b) of title 39, United States Code,
7 is amended by striking out “Governors” and inserting in
8 lieu thereof “Postmaster General”.

9 (11) (A) Section 3624 (c) (1) of title 39, United States
10 Code, is amended by striking out “Governors” and inserting
11 in lieu thereof “Postmaster General”.

12 (B) Section 3624 (d) of title 39, United States Code,
13 is amended by striking out “Governors” and inserting in
14 lieu thereof “Postmaster General”.

15 (12) (A) Section 3625 (a) of title 39, United States
16 Code, is amended by striking out “Governors” and inserting
17 in lieu thereof “Postmaster General”.

18 (B) Section 3625 (b) of title 39, United States Code,
19 is amended by striking out “Governors” and inserting in
20 lieu thereof “Postmaster General”.

21 (C) Section 3625 (c) of title 39, United States Code,
22 is amended by striking out “Governors” and inserting in
23 lieu thereof “Postmaster General”.

24 (D) (i) The first sentence of section 3625 (d) of title

1 39, United States Code, is amended by striking out "Govern-
2 nors" and inserting in lieu thereof "Postmaster General".

3 (ii) The last sentence of section 3625 (d) of title 39,
4 United States Code, is amended to read as follows: "How-
5 ever, the Postmaster General may modify any such further
6 recommended decision of the Commission under this sub-
7 section if the Postmaster General expressly finds that—

8 " (1) such modification is in accord with the record
9 and the policies of this chapter; and

10 " (2) the rates recommended by the Commission
11 are not adequate to provide sufficient total revenues so
12 that total estimated income and appropriations will equal
13 as nearly as practicable estimated total costs."

14 (E) Section 3625 (e) of title 39, United States Code,
15 is amended by striking out "Governors" and inserting in
16 lieu thereof "Postmaster General".

17 (F) Section 3625 (f) of title 39, United States Code,
18 is amended by striking out "Board" and inserting in lieu
19 thereof "Postmaster General".

20 (G) (i) The heading for section 3625 of title 39, United
21 States Code, is amended to read as follows:

22 "§ 3625. Action relating to recommended decisions".

23 (ii) The table of sections for subchapter II of chapter
24 36 of title 39, United States Code, is amended by striking

1 out the item relating to section 3625 and inserting in lieu
2 thereof the following new item:

"3625. Action relating to recommended decisions."

3 (13) Section 3628 of title 39, United States Code, is
4 amended by striking out "Governors" each place it appears
5 therein and inserting in lieu thereof "Postmaster General".

6 (14) Section 3641 of title 39, United States Code, is
7 amended by striking out "Governors" each place it appears
8 therein and inserting in lieu thereof "Postmaster General".

9 (15) Section 3684 of title 39, United States Code, is
10 amended by striking out "Governors" and inserting in lieu
11 thereof "Postmaster General".

12 (16) Section 5206(c) of title 39, United States Code,
13 is amended by striking out "Board" each place it appears
14 therein and inserting in lieu thereof "Postmaster General".

15 PROCEDURES FOR ADJUSTMENT OF RATES AND SERVICES

16 SEC. 3. (a) (1) Title 39, United States Code, is
17 amended by redesignating section 3628 as section 3629 and
18 by inserting immediately after section 3627 the following
19 new section:

20 "§ 3628. Appropriations or adjustments for operating
21 deficits

22 "(a) (1) If the Postal Service determines that total
23 estimated revenues of the Postal Service for any fiscal year

1 are not sufficient to defray total estimated costs of the Postal
2 Service for such fiscal year, the Postal Service may—

3 “(A) request the Congress to authorize the appro-
4 priation of, and appropriate, an amount which, together
5 with such total estimated revenues, will defray as nearly
6 as practicable such total estimated costs;

7 “(B) make a request under section 3622(a) of
8 this title for a recommended decision of the Postal Rate
9 Commission; or

10 “(C) propose a change in the nature of postal
11 services under section 3661(b) of this title.

12 “(2) (A) If the Postal Service makes a request to the
13 Congress under paragraph (1) (A) of this subsection, the
14 Postal Service shall notify the Postal Rate Commission of
15 such request and shall provide the Commission with data and
16 an analysis with respect to the amount of any increase in a
17 rate or rates of postage or in a fee or fees for postal services,
18 or with respect to the nature of any change in postal services,
19 which would be necessary if the Congress fails to appropriate
20 the amount involved in such request.

21 “(B) If the Postal Service makes a request under sec-
22 tion 3622(a) of this title, or proposes a change under
23 section 3661(b) of this title, as a result of a determination of
24 the Postal Service under subsection (a) of this section, the
25 Postal Rate Commission shall notify the Congress of such re-

1 quest or proposal and shall provide the Congress with data
2 and an analysis with respect to the amount of appropriated
3 funds which, together with total estimated revenues of the
4 Postal Service for the fiscal year involved, would defray as
5 nearly as practicable the total estimated costs of the Postal
6 Service for such fiscal year.

7 “(b) (1) If the Congress fails to appropriate the amount
8 requested by the Postal Service under subsection (a) (1)
9 (A) of this section, or if the Congress appropriates an
10 amount which is less than such amount, during the 5-month
11 period immediately following the date upon which such re-
12 quest is made, and the Postal Service has not made a re-
13 quest under section 3622 (a) of this title or proposed a
14 change under section 3661 (b) of this title during such 5-
15 month period, the Postal Service may make such request or
16 propose such change, as a result of a determination of the
17 Postal Service under subsection (a) of this section, at any
18 time after such 5-month period. Any such request or proposal
19 shall take into account the amount of any appropriation
20 made by the Congress as a result of a request of the Postal
21 Service under subsection (a) (1) (A) of this section during
22 such 5-month period.

23 “(2) In the case of any request made by the Postal
24 Service under section 3622 (a) of this title after the 5-month
25 period immediately following the date upon which the Postal

1 Service makes a request under subsection (a) (1) (A) of
2 this section, the Postal Rate Commission shall transmit its
3 recommended decision to the Postmaster General no later
4 than 5 months after receiving such request under section
5 3622 (a) of this title.

6 “(c) (1) If the Postal Service makes a request under
7 section 3622 (a) of this title as a result of a determination
8 of the Postal Service under subsection (a) of this section,
9 the Postal Rate Commission may not make a recommended
10 decision with respect to such request during the 5-month
11 period immediately following the date upon which such
12 request is made. If the Congress appropriates funds to the
13 Postal Service during such 5-month period for the purpose
14 of defraying as nearly as practicable the total estimated costs
15 of the Postal Service for the fiscal year involved, the request
16 made by the Postal Service under section 3622 (a) of this
17 title shall be modified to take into account such appropriation.

18 “(2) If the Postal Service submits a proposal under
19 section 3661 (b) of this title as a result of a determination
20 of the Postal Service under subsection (a) of this section,
21 such proposal may not take effect during the 5-month period
22 immediately following the date upon which such proposal is
23 submitted. If the Congress appropriates funds to the Postal
24 Service during such 5-month period for the purpose of de-
25 fraying as nearly as practicable the total estimated costs of

1 the Postal Service for the fiscal year involved, the proposal
2 submitted by the Postal Service under section 3661 (b) of
3 this title shall be modified to take into account such appro-
4 priation.

5 “(d) The provisions of this section shall not apply to
6 any adjustment of a rate or rates of postage which is author-
7 ized by section 3627 of this title.

8 “(c) For purposes of this section, the Congress shall
9 not be deemed to have passed legislation making an appro-
10 priation unless such legislation becomes law.

11 “(f) For purposes of this section, the term ‘total esti-
12 mated costs’ has the meaning given it by section 3621 of
13 this title.”.

14 (2) The table of sections for subchapter II of chapter
15 36 of title 39, United States Code, is amended by striking
16 out the item relating to section 3628 and inserting in lieu
17 thereof the following new items:

“3628. Appropriations or adjustments for operating deficits.

“3629. Appellate review.”.

18 (b) (1) Section 3624 (c) (1) of title 39, United States
19 Code, is amended by inserting immediately before the period
20 at the end thereof the following: “, except that such rec-
21 ommended decision shall be transmitted no later than 5
22 months after receiving any such request from the Postal
23 Service if such request is subject to the provisions of section
24 3628 (b) (2) of this title”.

1 (2) Section 3624 (c) (2) of title 39, United States
2 Code, is amended by inserting "5-month period or" im-
3 mediately before "10-month period".

4 (c) Section 3627 of title 39, United States Code, is
5 amended by inserting immediately after "provision of this
6 subchapter" the following: "(other than the provisions of
7 section 3628 of this title)".

8 REVIEW OF PROPOSED CAPITAL INVESTMENTS

9 SEC. 4. (a) Chapter 20 of title 39, United States Code,
10 is amended by adding at the end thereof the following new
11 section:

12 **"§ 2011. Review of proposed capital investments**

13 "(a) The Postal Service may not carry out any capital
14 investment project having a total estimated cost which ex-
15 ceeds \$200,000,000 unless the Postal Service, before com-
16 mencing such project, transmits a report to the Post Office
17 and Civil Service Committees of the Senate and the House
18 of Representatives. Such report shall contain a detailed de-
19 scription of the project involved, together with a justification
20 for such project.

21 "(b) The Post Office and Civil Service Committees of
22 the Senate and the House of Representatives, upon receiving
23 any report from the Postal Service under subsection (a) of
24 this section, shall review the project involved and conduct
25 such hearings with respect to such project as each committee

1 considers necessary. Each such committee shall transmit
2 recommendations to the Postal Service with respect to such
3 project no later than 4 months after receiving a report under
4 subsection (a) of this section.

5 “(c) The Postal Service may not commence any capital
6 investment project with respect to which a report has been
7 transmitted by the Postal Service under subsection (a) of
8 this section until the Postal Service has received recom-
9 mendations with respect to such project from the Post Office
10 and Civil Service Committees of the Senate and the House
11 of Representatives under subsection (b) of this section. The
12 Postal Service shall take such recommendations into account
13 in making its final determination with respect to carrying out
14 the project involved.

15 “(d) For purposes of this section, the term ‘capital in-
16 vestment project’ means any project the cost of which is
17 not properly chargeable, under generally accepted account-
18 ing principles, as an expense of operation and maintenance.”.

19 (b) The table of sections for chapter 20 of title 39,
20 United States Code, is amended by adding at the end there-
21 of the following new item:

“2011. Review of proposed capital investments.”.

22 POSTAL RATE COMMISSION BUDGETS

23 SEC. 5. Section 3604 (d) of title 39, United States Code,
24 is amended to read as follows:

1 “(d) The Commission annually shall prepare and sub-
2 mit to the President a separate budget of the expenses of the
3 Commission, including expenses for facilities, supplies, com-
4 pensation, and employee benefits. The President shall in-
5 clude the budget of the Commission, with his recommenda-
6 tions but without revision, as a separate item in the budget
7 required by section 11 of title 31 to be transmitted to the
8 Congress.”.

9 **EFFECT ON COLLECTIVE BARGAINING AGREEMENTS**

10 **SEC. 6.** Nothing in this Act, or in any amendment made
11 by this Act, affects—

12 (1) any collective bargaining agreement entered
13 into by the United States Postal Service which is in ef-
14 fect on the effective date of this Act; or

15 (2) the authority of the United States Postal Serv-
16 ice under chapter 12 of title 39, United States Code, to
17 engage in collective bargaining with respect to any col-
18 lective bargaining agreement into which the United
19 States Postal Service may enter.

20 **EFFECTIVE DATE**

21 **SEC. 7.** The provisions of this Act shall take effect at
22 the beginning of the first fiscal year which begins after the
23 date of the enactment of this Act.