

STATEMENT BY
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UPON THE
OPENING OF NEGOTIATIONS
WITH THE
UNITED STATES POSTAL SERVICE

WASHINGTON, D.C.
AUGUST 30, 2011

We are pleased to be here to open negotiations, on behalf of the National Postal Mail Handlers Union and the 47,000 Mail Handlers that our Union represents. We anticipate a difficult round of bargaining, but nonetheless the NPMHU will make every effort to reach an agreement that is good for our members, good for the Postal Service, and good for the American mailing public.

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The Postal Service is facing some severe economic realities. The worst American recession since the Great Depression and a larger-than-expected decline in mail volume caused, in part, by electronic diversion have combined to test the Postal Service's financial well-being. In little more than a month, at midnight on September 30, 2011, absent Congressional action the Postal Service will not be able to meet its statutory obligation to continue the pre-funding of its retiree health benefits.

Initially the Postal Service, and then the press, have labeled this a point of insolvency for the Postal Service. But that so-called insolvency, if it occurs, has not been caused by either the Postal Service or its employees.

Before the current fiscal year, the Postal Service had operational surpluses over the past four years. I did not mis-speak, as everyone working for the Postal Service and the Mail Handlers Union well knows. Even with the most severe recession in eighty years, and even with unexpectedly large drops in mail volume, the Postal Service generally has taken in more money from its postal operations than it spends. Over the last four years, revenues derived from mail processing and delivery have exceeded costs by more than \$800 million. To be sure, during the first nine months of the current Fiscal Year 2011, with mail volumes continuing to decline, the Postal Service's net results from operations have not been as positive, but they could easily be managed if not for the Retiree Health Benefits Fund.

We understand that there have been more than \$20 billion in losses over the last few years, but they have nothing to do with a failing business model or the obsolescence of the mail. They also have nothing to do with Mail Handlers or other postal employees, who continue to work productively and efficiently, while more than 130,000 of their colleagues have been lost through attrition. In 2006, Congress mandated that the Postal Service pre-fund future retiree health benefits for the next 75 years, and also mandated that the Postal Service do so within 10 years. This is something that no other public agency or private firm does, or would ever do, if allowed to adopt and implement a rational financial plan. As a result, the Postal Service has more than \$42 billion in its Retiree Health Benefits Fund. That's the difference between a positive and a negative financial outlook,

as it would be for any organization facing a similar burden — although as I noted, no other organization or business, public or private, faces such a burden.

The Mail Handlers Union understands that the Postal Service agrees with this analysis, because it is factually accurate. For several years, we have worked closely with the Postal Service in an effort to convince Congress to change the funding formula for the Retiree Health Benefits Fund. Two years ago, at the end of Fiscal Year 2009, we were successful to the tune of \$4 billion in financial relief. Last year, at the end of Fiscal Year 2010, Congress did not provide any relief. And this year, Congressional action is uncertain, especially given the anti-worker, anti-government, and anti-Postal Service stance that has been adopted by the Republican majority in the House of Representatives.

To address these issues in Congress, a fully united front – amongst the Postal Service, its customers or mailers, and its employees – has never been more necessary. Yet somehow, the Postal Service has used its current financial predicament as an excuse for launching an unprecedented attack on its employees and the collective bargaining process. Just weeks before bargaining, the Postal Service has asked Congress to abrogate the no-layoff clause, and to terminate the Postal Service's participation in federal health and federal retirement programs. To adopt these proposals would be wrong-headed; to promulgate these proposals, in any forum other than the upcoming negotiations, was wholly unjustified. The Postal Service has provided Congress

with another dispute and another target, when it should have been focusing Congressional efforts on fixing the financial mess that Congress has created.

That being said, the Mail Handlers Union remains deeply committed to collective bargaining. While we will continue to work with the Postal Service in the legislative arena to obtain relief from the Retirees Health Benefit Fund, and to retrieve the overpayments made for CSRS and FERS, it is at the bargaining table where other issues belong. We expect, and will demand, that the Postal Service engage in good-faith bargaining in this round of negotiations, on all of the issues that are properly the subject of mutual bargaining.

Today obviously is neither the time nor the place for discussing specific proposals. Not only are formal negotiations just beginning, but the Mail Handlers Union does not believe it is productive to negotiate in public, in the newspapers, or in the halls of Congress.

The goals of the Mail Handlers Union in this year's round of bargaining, however, can be stated simply. We seek a negotiated agreement that is both protective and constructive. It should protect career Mail Handlers who have dedicated their lives to the Postal Service, and it should protect the Postal Service against those who seek its demise. It should contain practical solutions to the problems faced by the Postal Service and all Mail Handlers, so

that the Postal Service and all of its employees can continue to provide the American public with the service that they have come to expect.

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In closing, let me state that the National Postal Mail Handlers Union seeks to obtain a fair and just settlement with the Postal Service. We understand that these negotiations will be difficult. But if management makes reasonable proposals and counterproposals at the bargaining table, we certainly will recommend ratification to our membership. We also hope for and expect the same attitude from postal management -- that reasonable proposals from the Union will be met with acceptance. If both parties are able to adopt this approach to bargaining, I remain optimistic that we will be able to reach a negotiated settlement.

Thank you very much.