

**TESTIMONY OF**

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**BEFORE THE**

**POSTAL REGULATORY COMMISSION**

**ON**

**THE UNIVERSAL SERVICE OBLIGATION**

**July 10, 2008**

Good morning, and thank you Chairman Blair and members of the Postal Regulatory Commission (PRC) for inviting me to submit this testimony. My name is John Hegarty, and I am National President of the National Postal Mail Handlers Union (NPMHU). The NPMHU serves as the exclusive bargaining representative for nearly 60,000 mail handlers employed by the U.S. Postal Service. The NPMHU appreciates this opportunity to present its views before the Postal Regulatory Commission on Docket No. PI2008-3; Order No. 71.

The mail handlers are an essential part of the mail processing and distribution network utilized by the Postal Service to move more than 200 billion pieces of mail each year. We work in all of the nation's large postal plants, where mail handlers are responsible for loading and unloading trucks, transporting mail within the facility (both manually and with powered industrial equipment), preparing the mail for distribution and delivery, operating a host of machinery and automated equipment, and sorting and containerizing mail for subsequent delivery. Our members generally are the first and the last employees to handle the mail as it comes to, goes through, and leaves most large postal plants.

The majority of mail handlers are employed in large postal installations, including several hundred Processing & Distribution Centers, Bulk Mail Centers, Air Mail Centers, and Priority Mail Processing Centers. The largest of these currently employ more than

90% of the mail handlers represented by the NPMHU. More than 40% of all mail handlers are employed in seven of the largest Consolidated Metropolitan Statistical Areas that are tracked by the Census Bureau – including New York, Chicago, Washington-Baltimore, Los Angeles, San Francisco, Philadelphia, and Boston.

Although not defined with much specificity in law, the functions assumed by the phrase “universal service (postal) obligation” (USO) are summed up in statute as “the obligation to provide postal services to bind the Nation together . . .” and to “provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.” Similar language using phrases such as “in the public interest,” non-discriminatory and equal access punctuate Title 39 of the U.S. Code.

It is with considerable trepidation that any regulatory or elected body should consider changes to this obligation. During the nearly 12 years that Congress developed the Postal Accountability and Enhancement Act (PAEA), there was ample opportunity for Members of Congress to invoke changes in the Private Express Statutes, six-day delivery, the so-called postal monopoly<sup>1</sup>, the sanctity of the mailbox and other covered areas. However, if such changes were ever contemplated

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<sup>1</sup> A “monopoly” is defined by Webster’s “New Collegiate Dictionary” as: “1. exclusive ownership through legal privilege, common of supply, or concerted action, 2: exclusive possession, 3: a commodity controlled by one party, 4: a person or group having a monopoly.” Considering the vast array of private carriers for urgent mail or packages, and the large number of other means of communication (telephone, telegraph, fax, e-mail), one wonders why this term is still being used?

by Congress, they certainly were not written into the law. In fact, there is relatively little detail provided concerning deliberations around Section 710, which asks the Commission to look at the USO. Seemingly, Congress wanted to codify the existing USO, which has served this Nation well, and was not looking at diminution of service, either rural or urban, or universal costs.

Rather, according to the original and principal author of the PAEA, Representative John M. McHugh, Congress was looking for an “agreed upon definition (that) would help Congress ensure that the necessary resources and protections are in place to provide all Americans a vibrant postal system.” The PRC, according to McHugh’s views, was to “develop for the first time a factual basis and foundation for defining universal service and the monopoly.”<sup>2</sup> McHugh’s letter to the PRC confirms that the current USO should be maintained, and that Congress intended that the USO be written into the law. Furthermore, McHugh noted the importance of the infrastructure maintained by the U.S. Postal Service to the national security following the 2001 terrorist and anthrax attacks, as well as the myriad of other public, socially-desired services performed by the Postal Service, including handling ballots, passports, and other important documents.

Certainly, we are rife with examples of exactly why the USPS infrastructure remains vital to America, as well as to the financial well-

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<sup>2</sup> June 30, 2008 letter from Representative John M. McHugh: “Postal Regulatory Commission; COMMENTS ON DOCKET NO. PI2008-3; ORDER NO. 71”

being of the USPS. As Mike Critelli, the Chairman and CEO of Pitney Bowes, recently remarked on his blog "Open Mike":

"Think about a potential pandemic situation. The U.S. Postal Service has successfully tested its ability to get vaccines delivered in communities within a matter of hours, with even half of its workforce disabled. On the other hand, a report of the U.S. Department of Homeland Security issued in December, 2007, indicated that the Internet and the nation's telecommunications network would be utterly unable to function if one-third of our population stayed home."<sup>3</sup>

I would like to add to his observation a significant historic fact: following the disastrous Hurricane Katrina, one of the first institutions to get back on its feet was the processing and delivery of mail. There is no doubt that it saved lives, as well as provided a sense of stability in a world of confusion.

There is, moreover, no outcry to cancel delivery one day a week, either on Capitol Hill or outside the Beltway. There are many people who view the newspaper and mail on Saturday or any other day as an essential part of their day. To some, including those who get medical prescriptions or other supplies by mail, eliminating Saturday (or another day of) delivery would have a serious, dilatory effect. To others, who depend on bill payments being received as promptly as possible, such a change also is unacceptable. Similarly, there is no public desire to open

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<sup>3</sup> "Open Mike" blog, June 11, 2008, filed under "Government, Postal Reform and Public Policy" at <http://www.mikecritelli.com/2008/06/11/essential-emergency-services/>.

the mail box or door mail slot to private carriers. Issues of safety, security, and privacy dictate that use of the mailbox be limited.

The NPMHU also does not believe that the current recession is reason to change the USO. As the Commissioners know, once you get rid of something of this nature, it is very difficult if not impossible to reinstitute it. The infrastructure cannot be rebuilt as quickly as it can be torn apart.

If the bottom line for advocates of reducing the USO is cost, then there are other areas in which Congress and the PRC could be very helpful. The unwillingness of the Office of Personnel Management to apply for the Medicare prescription drug relief is baffling at best. Every time a federal or postal retiree pays full prescription drug charges, that retiree is being unfairly harmed by the government compared to his or her neighbor. Also, the unfunded liability of retiree health payments established by the PAEA is a huge problem. It should not have been in the legislation. Furthermore, Congress should not continue to underfund revenue forgone. The Postal Service does not receive any taxpayer subsidy, and it certainly should not be penalized or treated as a cash cow, either.

When compared to other countries, the cost of postage here is a fantastic deal, with mail delivered anywhere and everywhere at a real bargain-basement cost. In what other country can you drop an envelope

in a corner mail box and have it delivered 3,000 miles away in two-three days for forty-two cents?

Let us not tamper with the Universal Service Obligation, either in the name of budget cutting or any other excuse. Indeed, it is time for the USO to be re-confirmed, if not strengthened.

Thank you again for the opportunity to testify.