

NALC-T-1

**BEFORE THE  
POSTAL REGULATORY COMMISSION**

SIX-DAY TO FIVE-DAY STREET DELIVERY  
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

**DIRECT TESTIMONY OF FREDRIC V. ROLANDO ON BEHALF OF THE  
NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO**

Introduction and Biographical Background

My name is Fredric V. Rolando. I submit this testimony on behalf of Intervenor National Association of Letter Carriers, AFL-CIO (“NALC”), which serves as the collective bargaining representative of a nationwide bargaining unit of approximately 200,000 city letter carriers employed by the United States Postal Service (“Postal Service”). I am NALC’s President.

I became a letter carrier with the Postal Service in 1978 and spent 20 years delivering mail in Florida. After serving in a variety of local and regional NALC positions, I was elected in 2002 as NALC’s Director of City Delivery and in 2006 as NALC’s Executive Vice President. I served in that latter position until becoming national President in 2009. I hold a B.S. degree in criminology and psychology from Florida International University.

Purpose and Scope of Testimony

NALC strongly opposes the Postal Service’s proposal to eliminate Saturday delivery. Going to five-day delivery would be 180 degrees the wrong way to go. For the Postal Service to be successful, its services should be expanded, not curtailed. The Postal Service enjoys a competitive advantage with its “last mile” delivery network. That advantage should be

touted, not compromised by a reduction in delivery frequency. Cost-cutting that shrinks and marginalizes the Postal Service can only lead to more of the same -- until nothing is left.

Postal management must deal in the short-term with the challenges posed by the recession, which will end, and by the unique and unprecedented obligation to pre-fund retiree health benefits, which Congress imposed and which Congress can and should change. But for the Postal Service to try to meet these challenges through the “quick fix” of ending Saturday delivery would mean not only eliminating tens of thousands of middle-class postal jobs but also harming countless small businesses and disadvantaging rural and older Americans. It would be a grave disservice to this nation.

Other aspects of NALC’s case will focus on why the elimination of Saturday delivery is not economically necessary. (Although I cannot help noting here that, according to a June 30, 2010 Press Release by the Postal Regulatory Commission, an independent actuarial report by the Segal Group concerning the allocation of Civil Service Retirement System benefits found that an adjustment of \$50-55 billion in favor of the Postal Service would be equitable. It does not take a financial expert to see that if the Postal Service were credited with the billions that it unfairly had to pay into the retirement system, it could rid itself of those crippling retiree health pre-funding payments.)

My testimony will focus on how discontinuation of Saturday deliveries, and taking letter carriers off the streets on Saturdays would irreparably damage the Postal Service’s relationship with the public that it serves and reduce the social benefits that letter carriers provide. I will also address how NALC has worked to help the Postal Service meet its financial challenges and how it is prepared to do so in the future.

## Saturday Delivery Is Critical to the Bond Between the Postal Service and its Customers

It is unquestioned that elimination of Saturday delivery will negatively impact tens of millions of the Postal Service's customers, forcing many of them to go elsewhere for the services they need. For example, customers who shop online but work during the week depend on receiving packages at home on Saturday. Forcing these postal customers to march down to the Post Office to pick up their packages because they are not home to receive them on weekdays will only drive them to the Postal Service's competitors. Many local small businesses, like Main Street restaurants and retail stores, rely on their local home-town advertising mail to arrive on Saturday, the day that their customers are planning their weekend shopping and outings. Without Saturday mail delivery, those businesses will be driven to other means to reach their target audiences.

Indeed, I can speak to this point from personal experience. When I was a letter carrier in Sarasota, Florida, I had a route -- Route 3863 -- that included a shopping mall. At that mall, every business was open on Saturday, and for every business in the mall, it was the busiest day of the week. The mall's retailers typically mailed their sales and promotional material to arrive at customers' homes on Saturday. I remember that as I delivered the mail, walking through the mall and into the stores, I could see the customers walking the aisles holding the promotional materials they undoubtedly had earlier that day pulled from their mailboxes.

In addition to the small businesses and their customers who rely on Saturday delivery, there are the more vulnerable members of society, like the elderly or rural residents who depend on mail delivery of their medication, and -- if the Postal Service's proposal is enacted -- who could be forced to go for an entire weekend without. (The witness statement of Kenneth Czarnecki on behalf of CVS Caremark Corp., filed on the docket in this case on June 22, 2010, explains this latter problem in detail.)

But elimination of Saturday delivery will also damage the Postal Service's relationship with the public in a way that goes beyond the directly obvious impacts I have just described. Taking letter carriers off the streets on Saturdays will also eliminate one of the Postal Service's unique, irreplaceable human connections to the public.

For most Americans, in communities large and small, uniformed letter carriers on their routes are the face of the Postal Service, indeed, for many, the face of government. Customers see and get to know their carrier and appreciate the services the carrier provides. That certainly was my experience during the years that I carried mail. Indeed, I have a particular memory from when I worked Route 3863 in Sarasota, of delivering letters and packages to a particular retirement home: I distinctly remember how the residents clustered around me as I made my deliveries, how good it made me feel about my job for the Postal Service and how much my presence must have brightened their day.

It is this sort of connection between carrier and customer -- on every street in every village, town and city in America -- that in large part fosters a bond of trust and loyalty between the public and the Postal Service -- a bond that I believe is critical to the Postal Service's success.

These days, when most households have two wage-earners, people work Monday through Friday and thus do not see their carrier on weekdays. That makes Saturday delivery critical for the Postal Service, to make its presence felt and appreciated in communities throughout the nation. Eliminating Saturday delivery would erode the Postal Service's bond with its customers and threaten its future. That may sound intangible and self-serving, but I assure you it is the every day reality on the street. It is not for nothing that the respected Ponemon Institute ranks the Postal Service the most trusted governmental agency for privacy

protection among U.S. consumers, and the sixth overall including private companies. The study is available at [www.ponemon.org/research-studies-white-papers](http://www.ponemon.org/research-studies-white-papers).

### Eliminating Saturday Delivery Reduces the Social Benefits of Letter Carriers' Presence

Taking letter carriers off the street for an additional day per week also reduces the social benefits that their presence provides. An example is the Carrier Alert program, which has been jointly sponsored by NALC and the Postal Service since 1982, in partnership with local social service agencies. (A description of the Carrier Alert program is contained in NALC-LR-2010N-1/14). This program utilizes letter carriers' daily presence in America's communities to keep a watchful eye on home-bound citizens: the elderly, infirm, and disabled. Letter carriers put a Carrier Alert symbol on the mailbox of participating patrons. If the carrier notices any signs of distress, such as unexplained mail accumulation, the carrier reports it to the social service agency with whom the patron has registered, and, if necessary, takes direct action. The value of the Carrier Alert program has been repeatedly demonstrated as letter carriers have helped thousands receive assistance -- and in many cases, life-saving help. Elimination of Saturday delivery will significantly weaken the value of the Carrier Alert program by creating a two-day (often, three day) weekend gap in coverage.

Letter carriers serve as watchful eyes for the community in less formalized ways as well. Their uniformed presence alone often deters crimes. In addition, letter carriers on their routes will respond to emergency situations like accidents, fires or crimes in progress. They report these situations to police, fire or rescue services. Often, they personally intervene, at risk to themselves.

Each year NALC bestows its "Heroes of the Year" honors on letter carriers who engage in brave and compassionate conduct in service to the public. For example, in 2008, five letter carriers in the San Francisco Bay area joined forces on a Saturday afternoon to rescue

residents of a six-story retirement home that was on fire near the local Post Office. This group of letter carriers working together rescued 124 elderly residents from the burning building, saving many lives. Had Saturday delivery been eliminated, these letter carriers would not have been on duty that day. (NALC-LR-2010N-1/15 is an excerpt of the November 2008 *Postal Record* containing an account of the rescue.)

The feats of these “Heroes of the Year” are the most remarkable ways in which letter carriers go beyond their duties to benefit the public they serve. But letter carriers provide a beneficial presence in their communities each day that they travel their routes. Eliminating Saturday delivery will mean one less day that letter carriers are present.

The Postal Service’s proposal will also likely spell the end of NALC’s annual Food Drive, which is the largest single hunger relief project in the country. On the second Saturday in May of each year, letter carriers in thousands of cities and towns across America collect, along with the mail, non-perishable food donations from postal customers. The donated food is transported to local food banks and shelters where it is distributed to the needy. The NALC Food Drive has been supported by, among others, the Postal Service, the United Way and major corporations. The results have been impressive. During its first seventeen years, the NALC Food Drive collected a total of over one billion pounds of food. In 2009 alone it collected 73.4 million pounds. The NALC Food Drive has received numerous accolades, including two Presidential Certificates of Achievement. (A fact sheet on the NALC’s Food Drive is contained in NALC-LR-2010N-1/16).

It is no accident that the NALC Food Drive takes place on Saturday. That is the most convenient day for the tens of millions of working Americans who participate in the Food Drive to place the food next to their mailboxes for collection by the letter carriers. Trying to

hold the Food Drive on a weekday, when most people are focused on getting to work or the kids off to school, would cripple the effort. The Postal Service's proposal to eliminate Saturday delivery would not only curtail the flow of food to the needy but would severely diminish the respect and credibility that the Postal Service and its letter carriers earn from the program.

The social benefits of the Postal Service can produce significant financial benefits as well. This potential is evident in the success of the Parcel Select product, which allows private companies and competitors of the Postal Service to take advantage of the Postal Service's unmatched last mile delivery network in America's residential neighborhoods. For these companies, it makes good financial sense to hand off deliveries to the Postal Service in neighborhoods in which USPS delivers to every household every day. Such integration of networks offers large social and environmental benefits – by limiting the number of trucks traveling down our streets each day and thus reducing the greenhouse gas emissions released as a result. At a time when the nation is debating climate policy and there is open discussion about granting carbon credits to firms that reduce their emissions, eliminating Saturday delivery would reduce the potential for positive environmental benefits associated with further integration with the Postal Service's last mile network.

I recognize that talking about the importance of the Postal Service's long-term credibility and its bond with its customers may seem, to some, almost quaint when measured against here-and-now fiscal challenges and billion-dollar deficits that the Postal Service faces. And one could see why management, with its short-term focus, would be unable to resist the temptation of a quick fix of savings by cutting Saturday delivery. But it's precisely because management is prone to take a myopic approach to immediate problems that we have a Postal Regulatory Commission, and a deliberative process that demands thoughtful, rigorous, objective

analysis of proposed Postal Service actions of major consequence. And that's why I feel not just justified, but comfortable, in asking you to consider the long-term impact on the Postal Service, and the nation, of this "quick fix" proposal.

#### NALC's Efforts To Help The Postal Service Meet Its Financial Challenges

Having said that, NALC is not blind to fiscal reality. NALC fully appreciates the financial challenges facing the Postal Service and has made efforts to help. For example, as detailed in the testimony of former NALC President William H. Young (NALC-T-2), in the 2006 round of collective bargaining negotiations, NALC proposed a separate Saturday letter carrier workforce whose lower labor costs would have saved the Postal Service hundreds of millions of dollars per year.

Although the Postal Service did not accept NALC's proposal on that occasion, NALC remains prepared to work constructively and creatively with the Postal Service at the bargaining table to help it address its financial challenges. Since NALC's current contract with the Postal Service expires in November 2011, preparations for those negotiations are already under way.

During the term of the current contract, NALC has worked actively and aggressively with the Postal Service to increase productivity, specifically through the adjustment of city delivery routes.. Historically, postal management unilaterally undertook the adjustment of city routes, to ensure that they were eight hours in length. This process was often contentious, producing tens of thousands of disputes, contract grievances and arbitrations between the parties over how the analysis was conducted and over the validity of the results. But in October 2008, NALC entered into a landmark agreement with the Postal Service in which it agreed to work jointly with management in evaluating routes, in order to expedite the rearrangement of routes in the face of declining mail volume. The agreement (a copy of which is contained in NALC-LR-

N2010-1/8) established joint union-management route evaluation teams that since 2008 have worked together to analyze routes for adjustment. As a result of NALC's joint participation with management in the route adjustment process, the Postal Service has been able to move quickly to keep routes adjusted to eight hours while mail volume has declined during this extended recession. The process has resulted in the elimination of nearly 11,000 city delivery routes from 4<sup>th</sup> quarter 2008 to 3<sup>rd</sup> quarter 2010 (*see* NALC/USPS-T3-14) -- a tightening of the route structure that has helped the Postal Service maintain efficient delivery service. USPS expects that this route realignment made possible by NALC's cooperation will save it over one billion dollars per year. (*See* NALC-LR-N2010-1/11, at p.36).

#### Conclusion -- 5-Day Delivery Is The Wrong Way To Go

Saturday delivery dates back to the beginning of modern postal delivery in this country, in 1863. (*See* NALC-LR-N2010-1/9). That means that there was Saturday delivery the year Gettysburg was fought and that it has survived two world wars, the Great Depression and the agonizing economic morass of the mid-1970's. It is an iconic part of what the Postal Service is. The carrier making his or her rounds is as much a part of America's Saturday morning ritual as the neighbor mowing his lawn or the kids playing little league.

To take the letter carrier out of that picture would be to remove the Postal Service from a key connection it has to its customers and to the public at large. It is a short term, short-sighted cost-cutting move that in the long-run is exactly the wrong thing to do. Elimination of Saturday delivery is emphatically not the way to save the Postal Service; it is the way to destroy it.