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Testimony of
Dale A. Holton, President
National Rural Letter Carriers' Association

before the

Committee on Government Reform's
Special Panel on Postal Reform and Oversight

February 5, 2004

I am Dale Holton, President of the 103,000 member National Rural Letter Carriers' Association (NRLCA). We deliver mail on 70,000 routes, drive 3 million miles a day and serve 32 million families and businesses. Our members are also known nationwide as a "post office on wheels" because we offer our customers all the services performed over the counter at a post office. We sell stamps and money orders, accept express & priority mail, signature and/or delivery confirmation, registered and certified mail, and, of course accept our customer's parcels.

Rural Letter Carriers deliver on average 2,875 pieces of mail a day on each route. This total includes approximately 200 parcels a week—a higher number than you would find on some city routes because of where we deliver, the buying habits of our customers and the fact that, unlike our competitors, we have no surcharge for rural delivery.

The United States is unique in the world with regards to mail. We handle 46% of the world's mail. Americans do more financial transactions through the mail than any other nation in the world. Only 22% of Americans receive or pay any portion of their bills electronically. Yet, under current circumstances, the Postal Service business model will fail.

There must be legislative changes to protect the United States Postal Service (USPS) that Americans have come to count on and trust. These opinions were confirmed by the poll conducted by the Presidential Commission. The antiquated rate setting process needs to be revamped or replaced. Our competitor, electronic communication, goes around the world instantaneously. In order to remain competitive the US Postal Service needs the flexibility of being able to adjust rates as quickly as our competition. The "break-even" and "no retained earnings" provisions in the current business model that governs the Postal Service are years beyond their usefulness. Let us work with the business mail community and grow the US mail volume with increased negotiated service agreements and intelligent mail.

The collective bargaining provisions of the current law have served their purpose very well. USPS has had no labor disruptions in 30 years, unlike our counterparts in other nations. When bargaining becomes deadlocked binding arbitration resolves the dispute. The current statute provides great flexibility for the bargaining parties to shape the process in a variety of ways. The Presidential Commission recommended mandating certain procedures rather than opting to utilize processes suited for the circumstances. We believe the flexibility of having options is vastly preferable.

However, let me make one thing absolutely clear. Utilizing binding arbitration does not guarantee your side will prevail. In our most recent bargaining, USPS-NRLCA went to binding arbitration and the Postal Service won big. The average rural carrier lost 3.1 hours a week. That translates to an average loss for each carrier of \$4600 per year, offset only slightly by \$2600 in arbitrator granted raises. The savings to the Postal Service, by their own figures was

approximately 12 million less paid hours annually due to this arbitration award. The award's savings to USPS for rural carrier compensation is \$312,000,000 annually.

We appreciate the Presidential Commission's work and welcome the active involvement of the White House and Department of the Treasury. We believe their participation has expanded the interest in postal reform in Congress and in the mailing community. The NRLCA has been at the forefront of attempts to enact meaningful postal reform legislation, and publicly endorsed such legislation when it was introduced in the last three Congresses. We believe mail to be an important continuing government function. And one of the basic strengths of the USPS is our collection and delivery to everyone, everywhere, everyday.

Chairman McHugh and Congressman Davis we are today on a path toward enactment of postal reform legislation. Primarily because of your Herculean efforts to update, educate, illuminate, and enact a new law for our mail community. You have our sincerest gratitude for your intellect and fortitude.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions.