

Testimony of Charles W. Mapa, President of the National League of Postmasters
Before the Subcommittee on Federal Workforce, Postal Service & the District of Columbia
Of the Committee on Oversight and Government Reform of the
United States House of Representatives • May 8, 2008

Chairman Davis, Ranking Member Marchant, members of the subcommittee, good afternoon. My name is Charles W. Mapa and I am President of the National League of Postmasters. I would like to thank the subcommittee for inviting us to testify during your 2008 oversight hearings on the Postal Service. We are pleased to appear before you today.

Founded in 1887, the National League of Postmasters is a management association representing the interests of tens of thousands of Postmasters across the United States. Although we represent Postmasters from all across the country—from the very smallest to the very largest post offices—rural postmasters are a sizable portion of our membership, and we believe that we can speak for rural America with a certain amount of experience and expertise. The League speaks for thousands of retired Postmasters as well.

This morning, Mr. Chairman, I will address three topics: the overall state of the Postal Service; the overall state of Postmasters today; and the importance of post offices and the Postal Service to rural America, including the critical obligation to provide universal service. This last point is a particularly salient point in light of the study of the Universal Service Mandate that is being conducted by the Postal Regulatory Commission.

I. State of the Postal Service

The Postal Service has been working for some years now to increase its efficiencies and trim costs. The League is fully supportive of those efforts.

Postmaster General Jack Potter should be commended for recognizing—years ago—that if the Postal Service is to remain a strong and healthy national institution, it must embrace new technology and more efficient ways of doing business. We need to ferret out innovative ideas that can help us improve service and lower costs.

PMG Potter has worked wonders reducing the debt of the Postal Service and transforming it into a much more efficient entity than it was a mere decade ago. We applaud those efforts and stand ready, willing and able to help in any way we can.

Intelligent Mail Barcode

One of the most important areas for the Postal Service in its efforts to promote increased efficiency is the new Intelligent Mail Barcode (IMB). That barcode should, it is hoped, replace the existing postnet barcode on all mail pieces within a few years. This will have three appreciable benefits for the Postal Service.

First, it will enable us to track every piece of mail in the system, thus not only meeting the needs of our customers, but also fulfilling the mandate of the Postal Accountability and Enhancement Act that we track and measure our performance. Second, having IMB data readily available to the Postal Service and to mailers should allow the Postal Service to work in close conjunction with mailers

to quickly detect any problems in the delivery system and to finely hone its solutions. Third, the extra fields in the IMB will allow a new “smart” information system to evolve and provide the Postal Service with an opportunity to increase the value of its services and to develop new products.

The success of the IMB is critical to the Postal Service, Postmasters, and the nation’s postal patrons, and I hope that its implementation goes well. I know that there have been serious rumblings from mailers about the costs and speed of the IMB implementation, and we trust the Postal Service and the Postal Regulatory Commission will provide sufficient incentives for mailers to move to the new system. Unless and until there is universal acceptance and adoption of the IMB, the new system will not reach the potential that we and the Postal Service desire for it. It is a critical matter, and thus so are the incentives.

We see that the Postal Service has already started to encourage the changeover to the IMB with the recent Bank of America NSA, and that it plans to create further incentives for the use of the IMB next year when it changes rates. We have heard some rumbling of individual challenges to such notions on the basis that they are not work-sharing discounts. We dismiss such grumbling as simply ill-conceived protestations against change. The creation of economic incentives for the rapid use and conversion to the IMB is a perfect example of the Postal Service new rate-setting flexibility in action and exactly the type of activity that the PAEA contemplates.

New Products and Innovation

Managing costs, however, is not by itself going to be a sufficient means to ensure the financial viability of the Postal Service over the long term. If the Postmasters, supervisors, clerks and letter carriers are to continue to enjoy the wages and benefits that we all currently enjoy, the Postal Service is going to need to do things a bit differently in the future. While such changes can be traumatic, we as Postmasters and representatives of postal management accept the fact that change is inevitable and pledge to work with the Postal Service to see that that change is developed and implemented in a positive and constructive fashion.

Some of that is going to require the Postal Service to take advantage of the provisions of the PAEA to develop new products and to enhance the Postal Service’s and our economic situation. We have seen a few new developments on the competitive side of the house, with the introduction of the two new competitive products in January of this year—the new Priority Mail Large-sized Flat Rate Box and the guaranteed delivery of Express Mail on Sundays and holidays.

We applaud those efforts and hope they not only continue, but expand.

However, we have seen *no* attempt to innovate on the market-dominant side of the house, and no new NSAs. This is particularly disappointing and puzzling for two reasons.

First, NSAs were a prime driver of postal reform, as everyone knows. Tailoring our service offerings as well as our prices to the individual needs of our

Testimony of Charles W. Mapa, President of the National League of Postmasters
Before the Subcommittee on Federal Workforce, Postal Service & the District of Columbia
Of the Committee on Oversight and Government Reform of the
United States House of Representatives • May 8, 2008

customers is the most efficient way to serve our customers, increase our profits, and become a much more sophisticated marketer and provider of services. Second, NSAs—and not necessarily big ones—are the perfect vehicles to test drive the new and creative concepts that we desperately need to develop in order to survive and prosper.

New and creative ideas are wonderful things, but they are a dime a dozen until they are actually tried; that is, until they are tested. Testing—going out and *actually trying new ideas and creative concepts* instead of just talking about them—is the key to the development of new and innovative products. The Postal Service has not been very good about doing this in the past. We hope this will change in the future.

We trust that both the Postal Service and the Postal Regulatory Commission understand that the fundamental principles of sound management and innovation require the Postal Service to try new things, and that trying new things means taking, balancing, and managing small risks, with the emphasis on the balancing and managing rather than the taking. Unless the Postal Service actually goes out and tries new ideas—without worrying whether they are going to work perfectly or not—and actually finds out how and where the new ideas will work well and how and where they will not, we are not going to see the innovations we so desperately need.

An extremely critical part of this effort will be the Postal Regulatory Commission having the breadth and depth of vision necessary to understand that the Postal Service must take these relatively insignificant risks on the market-dominant side if it wants to innovate, or it will slowly wither away and die. If the Postal Regulatory Commission won't allow the Postal Service to try new things without making any mistakes, it does not make any difference whether the Postal Service wants to innovate or not.

Put another way, without the Postal Service trying to innovate, and without the Postal Regulatory Commission giving it freedom to make mistakes in

doing so, all the time and trouble that everyone took to pass postal reform, including the time of all the members of this subcommittee, will have been in vain. The company that takes no risks never innovates.

II. State of Postmasters

In the past we have come before this Committee to express our concern about the workload that is being thrust upon Postmasters, and how 60- and 70-hour work weeks are becoming all too common. Unless I have missed something, a five-day work week is still the law of the land and the norm for all businesses. I know of no other industry where top management is trying to turn back the clock on the five-day work week, and we wish the Postal Service would stop trying to do so.

In a somewhat related vein, one of the major issues in the postal area today is that of contracting out. While this is not an issue upon which the League has taken an official position, we do have certain strong philosophical concerns about the matter.

Putting aside the question of possible union busting—which is not a good thing to do—there is a very real public policy question of whether we want to end up creating another class of postal-related personnel that receive little training, low pay, no medical insurance, and no benefits. What will that do to our society? How many more uninsured people would that throw into the mix? What will this do to the postal system? Also, what will this do to the image or the reality of the postal letter carriers?

While it is hard enough as it is in our modern system to measure up to that famous motto “Neither rain, nor snow, nor sleet, nor gloom of night stays these couriers from their appointed rounds,” a massive shift to contracting out would make that simply impossible. As the League has said before and as we reiterate now, the issue of contracting out is a very important issue that must be worked out between the Postal Service and the unions.

Until and unless the unions and the Postal Service agree on some reasonable

solution to this issue, the problem is not going to go away. It has already brought down morale in the field to a noticeable degree, and it will potentially bring it down even farther. Both the Postal Service and the unions need to work together to come to some common understanding on this issue, for the long term and for the good of everyone.

III. Rural America, Rural Post Offices and the Universal Service Obligation

As the committee knows, I am from rural America where small towns are the norm. Indeed it is difficult to get smaller than Gold Run, California, where I was appointed Postmaster in 1986. Gold Run is a community of several hundred people, nestled in the foothills of the Sierra Nevada, between Sacramento and Lake Tahoe.

Keeping rural America healthy is critical for the political, economic, and social well-being of America. The glue that binds rural America together is our postal system and the local post offices. Rural America has not gone out of style. Nor is it about to. Communication by paper has not disappeared from our system. Nor is it about to. If we want to keep rural America strong, and by extension to keep America strong, we need to keep our rural postal system strong.

Rural Post Offices.

The role rural post offices play in rural America goes far beyond the mere delivery of mail. It is a role that goes to the essence of rural cohesion and to what makes up the notion of “community.” The rural post office is an institution that literally binds rural America together—culturally, socially, politically, and economically. It, along with the rural newspaper, set the framework within which rural communities operate. To interfere with either is to interfere with the fundamental dynamics of rural communities and to risk the destruction of them.

It is in the rural post offices that community members encounter one another each and every day, greet each other every morning, and daily reinforce their ties of community. Rural post offices

Continued on Page 24

Testimony of Charles W. Mapa, President of the National League of Postmasters
Before the Subcommittee on Federal Workforce, Postal Service & the District of Columbia
Of the Committee on Oversight and Government Reform of the
United States House of Representatives • May 8, 2008

serve as gathering places where social news is exchanged and political issues are discussed, often with some heat. It is in the rural post offices that political questions are addressed, sides argued, and opinions formed. It is where friendships are made and maintained, and scouts and scout masters scouted and recruited. It is the forum where municipal and county leaders are formed, the forum where their criteria for office discussed and debated, and the forum where the decisions that will be carried out at the ballot box are made. It is the one place where local leaders can go and take the pulse of their community and find out just what are the burning issues of the day.

Local post offices also provide space for community bulletin boards and post federal notices. They are shelter where children can wait for the school bus.

None of these functions are functions that can be filled by having rural letter carriers sell stamps from their cars.

Moreover, in some rural areas, Postmasters play a very important social role that has nothing to do with the postal system or postal revenues. These are roles whose value cannot really be measured in dollars, and it is in part for these roles that the universal service mandate exists and the private express statutes remain. For instance, many rural Postmasters help customers with low literacy levels in a variety of ways, providing assistance in writing checks and money orders to pay bills.

Many rural Postmasters address envelopes for their patrons, as well as read and explain mail to them. As such, they perform a valuable social function and have done so for centuries. In a related vein, state and federal forms are available on site, and rural Postmasters often help local citizens with these. Without rural Postmasters, this social need would not be met. The rural post office is an icon of rural America, and neither Congress nor the Postal Service should tamper with it. This is because, as the committee knows well, once a rural town's post office disappears, the town often shrivels up and dies.

Finally, we would once again like to

reiterate that the cost of keeping rural post offices open is *de minimus*. As we pointed out many times, the cost of the 10,000 smallest post offices—about one-third of all post offices in the United States—is less than 1 percent (1%) of the total budget of the Postal Service. That is a small price to pay for the social, cultural, political, and economic stability that America has for so long enjoyed in rural America.

The Universal Service Obligation

As the League stated in its appearance before the President's Commission on the Postal Service several years ago, the defining public policy that has guided and governed the Postal Service from the early years of our history to the present has been the vision of a universal mail service. That vision was founded on the notion of equal access to postal services that would connect the American people for generations to come.

Equality demanded that the Post Office Department set at least one uniform rate so that a single stamp could get a letter from any place in America to its destination anywhere in America—whether around the block or across the country. Equality demanded that the government provide postal services to everyone, not just the privileged and well-to-do, including rural and urban areas that some perceive as being unprofitable.

The League strongly believes that we in the Postal Service should never lose that orientation. Mail service every day to every address and every resident in the country is a fundamental right of being an American.

It is important to state for the record that while we understand that developments in the world of electronic communication have altered the dynamics of mail, it really hasn't diminished.

There are some that say that post offices that operate at a loss or do not pay their way should be closed.

The question of post offices operating at a loss or paying their own way is not an easy question to address. This is because the system the Postal Services uses to determine whether a post office is "making a profit" keys on the amount

of revenue accepted at that post office, *regardless of where the deliveries are to be completed*. Thus, the postage for a hypothetical mailing of 15,000 is all credited to the post office *where the mailing is entered* and none of the revenue to the post offices *where the actual pieces are delivered*.

That situation creates an enormous disconnect, for most of the costs of delivering those 15,000 pieces are borne by the post offices of delivery (to which no revenue is credited) and not the post office of origin (to which all the revenue is credited). Thus, the system inherently skews the relationship of revenue and costs among the nation's post offices and should call into question the very notion of a post office "operating" at a loss, the importance of the postal system to rural America, nor the role of the Postal Service, and no one has suggested anything to the contrary.

The Postal Service still is the economic backbone of this country and critical to the social, cultural, political, and economic well-being of rural America and is going to remain so for the foreseeable future. Any change in its universal service obligation would negatively affect that function. Some economists would suggest that universal service and the private express statutes have outlived their usefulness. They are, no doubt, the same economists that argued for the deregulation of the airline industry and for the deregulation of electricity.

Speaking as a president of a national organization who must fly constantly, and as a resident of California, I surely do not want the Postal Service to devolve to the level of today's airlines, nor to the level of the electric companies in California, where—just as in certain third-world countries—rolling blackouts were quite common for a while. See e.g., <http://blackout.status.sdge.com/reo/>;

<http://www.pbs.org/wgbh/pages/frontline/shows/blackout/california/timeline.html>; *see also*

www.redcross.org/static/file_cont1359_lango_609.pdf.

Thank you for considering our views, and I would be pleased to answer any questions that you might have. •