

Outsourcing Hearing Generates Sparks – But No Fire

On Thursday, the House Subcommittee on the Federal Workforce, the Postal Service and the District of Columbia conducted an oversight hearing on Postal Service contracting activities. USPS Board of Governors Vice Chairman Alan Kessler, PMG Jack Potter, USPS Inspector General David Williams, Rep. Albio Sires (D-NJ), and the employee unions presented testimony. NAPUS submitted a written statement, which is discussed on page 2.

Subcommittee Chair Danny Davis (D-IL) and other subcommittee members recognized that there exist substantial financial reasons for outsourcing certain postal functions. Highway contract routes and air transport of mail are examples of outsourcing. Davis was interested in the scope of postal operations that are inherently postal and outsourcing plans of those core functions. PMG Potter testified that outsourcing nets savings to the USPS of between “25 and 50%”. Under the price index world of postal reform, savings are a key element of to postal success. The Subcommittee and most of the witnesses observed that the tentative collective-bargaining agreement between the USPS and the NALC averted a major legislative fight over the expansion of contract delivery services. Nonetheless, subcommittee questioning reflected skepticism about outsourcing postal functions, and its public policy implications. Moreover, the subcommittee expressed interest in continuing to monitor postal outsourcing.

One of the more interesting lines of inquiry was posed by Rep. Eleanor Holmes Norton (D-DC) to the Vice-Chairman Kessler and PMG Potter. The USPS testified that “92% of all new deliveries in 2007 continue to be assigned to Postal Service employees.” Rep. Norton sparred with the USPS over the definition of “new deliveries.” (Norton raised this issue at the April 17 postal hearing.) She wanted to know what percentage of new deliveries – specifically new delivery routes – in growth areas (i.e., suburban, exurban, and rural) were being outsourced. In addition, Norton questioned Kessler about the Board of Governors’ deliberations in evaluating outsourcing postal functions. In response, in addition to fiscal considerations, the Vice-Chair implied that the contracting-out discussions could have been colored by the composition of the Board of Governors – 5 Republican members and 4 Democratic members.

IG David Williams noted that the USPS “manages a contract portfolio in excess of \$40 billion” and that “the USPS and its stakeholders are unusually dependent on the OIG for assuring the integrity of contract awards.” Rep. John McHugh (R-NY), the father of legislative efforts to modernize the USPS, expressed interest in contract oversight. He was particularly interested in contract post units, and the difference between contractor screening, and the process used to investigate career postal employees.

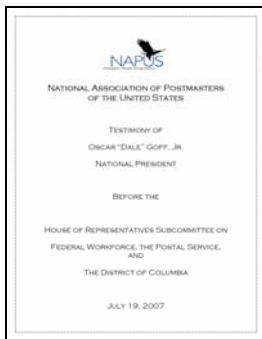


Rep. Eleanor Holmes
Norton (D-DC)

It was no surprise that the 4 postal unions, in their testimony, criticized USPS privatization efforts. Yet, there continues to be some disagreement over the role that Congress should play in dealing with contracting-out. The difference of opinion is whether outsourcing is a public policy question that demands legislative action, exclusively a collective-bargaining issue that should be settled through negotiation, or both. APWU President William Burrus proposed that legislation be enacted to compel the USPS to negotiate with unions over outsourcing. NALC President William Young expressed interest in the concept. However, it remains to be seen whether Congress will pursue this proposal.

Next week, on Wednesday, July 25, the Senate postal subcommittee will exercise its oversight responsibilities by conducting a hearing on implementation of the Postal Accountability and Enhancement Act (PL 109-435). The subcommittee, chaired by Sen. Tom Carper (D-DE), is sure to hear a continuation of outsourcing debate, in addition to issues involving the new law. NAPUS President Dale Goff will be appearing at the Senate hearing to offer testimony.

NAPUS Testimony



Link Below

http://www.napus.org/govrelations/testimony_pdfs/7.19.07.pdf

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NAPUS Shares It Views On Postal Outsourcing

On Thursday, NAPUS submitted written testimony to the House postal subcommittee on contracting-out, to be included as part of the official hearing record. The statement noted that the Postal Service needs to be attentive to its bottom line. Consequently, contracting-out particular services may be one strategy to help reduce postal costs. However, President Goff's prepared statement identified three areas of concern with regard to postal outsourcing: the philosophical apprehension about postal privatization, the execution of contract awards, and the growth of community postal units and contract units.

The testimony noted that Postmasters manage private contractors, as well as career employees. At times, contracting of services makes sense and is appropriate. The statement referenced the difference between contracting-out commercial activities and contracting for inherently governmental functions. In addition, the testimony observed that Postmasters exercise limited managerial prerogatives over most contract employees. For example, while Postmasters are the administrative officials charged with monitoring contract compliance, they do not hire, fire, or sanction postal contractors, even when the contractor works within the Post Office managed by the Postmaster. This deficiency can raise contract compliance issues. Goff also expressed concern about the award execution for contract delivery services. For example, in many instances, when there is a time lag between the decision to establish a contract route and its award, Postal area management requires the Postmaster to deliver the route, on the Postmaster's own time.

Another issue that NAPUS addressed in its testimony was the growth of community postal units and contract units. While President Goff agreed that there situations where such contracts can be helpful in addressing high volume postal areas, it should not be used as a replacement for full service Post Offices. The establishment of these privatized postal retail facilities should not be used in an attempt to remedy staffing inadequacies, or as a backdoor means to close an independent Post Office. Communities throughout the nation rely of their Post Offices for reliable, universal, and nondiscriminatory mail service.