# IMPROVING THE LABOR-MANAGEMENT RELATIONS IN THE U.S. POSTAL SERVICE

## HEARING

BEFORE THE

SUBCOMMITTEE ON THE POSTAL SERVICE

OF THE

COMMITTEE ON
GOVERNMENT REFORM
AND OVERSIGHT
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

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# CONTENTS


Page

Hearing held on November 4, 1997 ..... 1

Statement of:

Biller, Moe, president, American Postal Workers Union, APWU; William Quinn, president, National Postal Mail Handlers Union; Steve Smith, president, National Rural Letter Carriers' Association; and William H. Young, vice president, National Association of Letter Carriers ..... 127

Palladino, Vince, president, National Association of Postal Supervisors; Hugh Bates, president, National Association of Postmasters of the United States; and Joe Cinadr, executive vice president, National League of Postmasters ..... 184

Runyon, Marvin T., Postmaster General and CEO, U.S. Postal Service, accompanied by Michael Coughlin, Deputy Postmaster General, U.S. Postal Service, and Joseph J. Mahon, Jr., vice president, Labor Relations, U.S. Postal Service ..... 87

Ungar, Bernard, Director, Government Business Operations Issues, U.S. General Accounting Office, accompanied by Anne Hilleary, senior evaluator, U.S. General Accounting Office; and Eileen Barkas Hoffman, Director, Special Projects, Federal Mediation and Conciliation Service .. 4

Letters, statements, etc., submitted for the record by:

Bates, Hugh, president, National Association of Postmasters of the United States, prepared statement of ..... 197

Biller, Moe, president, American Postal Workers Union, APWU, prepared statement of ..... 136

Cinadr, Joe, executive vice president, National League of Postmasters, prepared statement of ..... 204

McHugh, Hon. John M., a Representative in Congress from the State of New York, followup questions and responses ..... 54, 114, 212

Palladino, Vince, president, National Association of Postal Supervisors, prepared statement of ..... 186

Quinn, William, president, National Postal Mail Handlers Union, prepared statement of ..... 150

Runyon, Marvin T., Postmaster General and CEO, U.S. Postal Service, prepared statement of ..... 91

Smith, Steve, president, National Rural Letter Carriers' Association, prepared statement of ..... 163

Ungar, Bernard, Director, Government Business Operations Issues, U.S. General Accounting Office, prepared statement of ..... 9

Wells, John Calhoun, Director, Federal Mediation and Conciliation Service, prepared statement of ..... 26

Young, William H., vice president, National Association of Letter Carriers, prepared statement of ..... 173

# IMPROVING LABOR-MANAGEMENT RELATIONS IN THE U.S. POSTAL SERVICE

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**TUESDAY, NOVEMBER 4, 1997**

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE POSTAL SERVICE,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:08 a.m., in room 2154, Rayburn House Office Building, Hon. John M. McHugh (chairman of the subcommittee) presiding.

Present: Representatives Gilman, Sessions, Fattah, and Davis of Illinois.

Staff present: Dan Blair, staff director; Robert Taub, Heea Vazirani-Fales, and Jane Hatcherson, professional staff members; Amanda Clark, clerk; and Denise Wilson, minority counsel.

Mr. MCHUGH. Good morning. Why don't we call the subcommittee to order. I want to welcome you all here and thank you for joining with us. Clearly, it seems that there are no more intractable problems facing the Postal Service than that of labor and management relationships and that is the purpose of our hearing today.

We have a rather long list of panels, so I don't want to hold up the proceedings for too terribly long with opening statements. I have a complete statement that I will ask, without objection, to be entered into the record in its entirety and simply say that we're here today to try to explore the findings that were recently contained in a General Accounting Office report that I requested as a followup to GAO's work which was presented at the end of the 103d Congress.

And, sadly, for those of you have had the opportunity to review it, the report concludes that little progress has been made in addressing the persistent labor and management problems confronting the Postal Service today. During the course of this morning and probably into part of this afternoon's hearing, the subcommittee will take testimony from a variety of witnesses through four panels, whom we will introduce at that time of their appearance.

Let me simply begin by saying that our first panel is made up of representatives of the General Accounting Office and we want to welcome our first panel who is comprised of Mr. Bernie Ungar, who is accompanied by Anne Hilleary and Ms. Eileen Barkas Hoffman, who's Director of Special Projects. We understand that for some of you this is the first time you've had to appear before us. I want to say, for the record, and to you individuals particularly, we deeply appreciate your efforts and the General Accounting Office's efforts, not just through this study but in the immediate past,

through years of service in attempting to help the subcommittee and the Congress do a better job in its oversight functions of the U.S. Postal Service. So, in a moment, we will return to you and we await with great anticipation your comments and your testimony.

Before we do begin that portion of our hearing, however, I'd like to recognize the Members who joined us here this morning, particularly one of the more senior members of the Government Reform and Oversight Committee, the gentleman from New York, Mr. Ben Gilman. Mr. Gilman, you're welcome.

Mr. GILMAN. Thank you, Mr. Chairman. I just will be brief with a few remarks. According to the recent GAO study, little progress has been made in improving persistent labor-management relations problems, which currently exist and hamper the Postal Service's future productivity. It's been hoped that with GAO's findings in 1994 of these same labor-management problems, that a long-term framework agreement for a change could have been developed by now.

As the Committee on Postal Service and Employees knows, such change is necessary if our Postal Service is going to compete effectively in the new communications- and technology-based marketplace. Both labor and management would agree that the current environment doesn't lend itself to ensuring a successful future. This hearing is not and should not be an attempt to lay blame on either labor or management but, instead, should be a vehicle to motivate the parties to try to come together and address the serious problems addressed by the GAO in their report. Laying to rest the acrimonious relations between management and labor will not only ensure the Postal Service of a bright, productive future for both labor and management, but it will also benefit those who are responsible for its existence and that's the consumer.

I look forward to hearing from our witnesses today, Mr. Chairman. I urge all the parties to try to work together toward that amiable goal. Thank you, Mr. Chairman.

Mr. MCHUGH. Thank you, Mr. Gilman. I appreciate, as always, your participation and your great leadership in this issue. Next, I'd be honored to yield to the gentleman from Pennsylvania, the ranking member of the subcommittee and a gentleman who has been one of the most hardest-working Members that I've been associated with in any endeavor, particularly, of course, here, on the efforts of our subcommittee, the Honorable Chaka Fattah. Mr. Fattah.

Mr. FATTAH. Let me thank the chairman for his willingness to yield and I also want to thank my colleagues, Chairman Gilman and Congressman Davis, who I'll yield to in a minute, for their presence here today.

This is obviously a very important hearing and the chairman, who has been leading the effort of engaging a dialog around postal reform, has today with this hearing, I think, focused our attention on one of the more glaring and critical issues and challenges facing the Postal Service; and that is how to improve upon what has been a fairly disastrous relationship in the past with labor. But, there seems to be some improvement and we'll look forward to hearing that today.

I'd like to find out what has happened relative to the recent summit that was convened by the Postmaster General and with leaders of the labor unions. I understand that there has been some move-

ment of various efforts to expedite grievance procedures. I know that, for instance, in Philadelphia, the local American Postal Workers Union has entered into a grievance procedure that has helped to facilitate and designed to facilitate some expedition of these long-standing grievance procedures. I understand, Mr. Chairman, that some 12,000 cases have been moved through this pipeline.

And so, I think, we're all very concerned; but given the leadership of both labor unions and the leadership of the Postal Service, and our presence here today—I'm sure this committee will be enlightened about what is taking place. And we all want to work together to find ways to make sure that the most important players in the Postal Service's financial success and service success, have the opportunity to have issues that they are concerned about addressed.

And so, with over 700,000 or so employees, obviously, letter carriers and postal workers need to have a process in which grievances can be heard and a—I hate to use that term—fast-track sort of a mechanism. But it should not take us years to resolve what are, at the outset, minor but understandably important differences that could arise in someone's working conditions.

I'd like to yield to my colleague, who is a Congressman elected from the State of Illinois and a member of this committee. He's very active and concerned about postal matters. Congressman Danny Davis.

Mr. DAVIS. Thank you very much, Mr. Fattah, and I certainly want to thank you for yielding. I also want to thank you, Mr. Chairman, for convening this hearing.

Like those who have looked at the report, I would like to commend the Postal Service, certainly, for the success that it has had in terms of delivery and in terms of its financial operations. However, though, like other members of the committee, I am concerned about the increase in number of grievances and, especially, the tremendous backlog that there seemed to be. I've been told that whenever justice is delayed, oftentimes it means that justice is being denied and I would certainly hope that that is not the case, as it relates to the employees of the Postal Service.

Therefore, I attend this hearing with tremendous anticipation that we will be able to delve into the problems and hopefully, as a result, will be able to facilitate resolution of those problems that currently exist and be preventive in nature to keep others from arising. So, I thank you very much and look forward to the hearing.

Mr. MCHUGH. I thank the gentleman for his comments and let me add my words of appreciation to him as well for his constant presence and input on this subcommittee. He's one of the Members who has been most loyal in his attendance and most diligent in his hard work and that's very much appreciated.

And, with that, we would now turn to our first panel, as I mentioned earlier, comprised of representatives of the General Accounting Office: Ellen Barkas Hoffman, Anne Hilleary, and Howard Ungar. Particularly for those of you who are appearing for the first time, under the committee rules all people who are to testify before the committee are asked to attest to an oath. So, if we can dispose with that part of the business, if you'd rise and raise your right hands and repeat after me.

[Witnesses sworn.]

Mr. MCHUGH. The record will show that all three witnesses responded to the oath in the affirmative and, again, welcome. And at the risk of repeating myself, which I tend to do a lot and I'm sure I'll do a lot here today, let me once more thank you and the GAO for your efforts through your most recent reports and all of the hard work that went before it. We greatly appreciate your efforts in this regard and your attempts to help our oversight product become a bit higher caliber and be a bit more effective. So, we're looking forward to your testimony and we would turn the attention of the committee and the hearing room over to you and you can proceed in whatever order you deem appropriate.

**STATEMENTS OF BERNARD UNGAR, DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY ANNE HILLEARY, SENIOR EVALUATOR, U.S. GENERAL ACCOUNTING OFFICE; AND EILEEN BARKAS HOFFMAN, DIRECTOR, SPECIAL PROJECTS, FEDERAL MEDIATION AND CONCILIATION SERVICE**

Mr. UNGAR. Thank you, Mr. Chairman.

Ms. HOFFMAN. Yes, I just wanted to correct something. I'm with the Federal Mediation and Conciliation Service, so——

Mr. MCHUGH. Well, we——

Ms. HOFFMAN [continuing]. I'm under oath, I want you to know that.

Mr. MCHUGH [continuing]. Like you, too. [Laughter.]

Well, then, we'll have to believe you. I'm sorry. That's not the way the—you're right, I knew that. But, that's not the way we had the panels broken out at first. If we could just stand by for a second.

Well, let me say a few nice things about your organization [laughter] before you have a chance to go on record and say anything about our organization. [Laughter.]

I guess, in an attempt to expedite the matters, we do, indeed, have you—I've attributed your name correctly but your association incorrectly. You're Director of Special Projects for the Federal Mediation and Conciliation Service, an organization that is not unfamiliar to those of us on the panel and which has been involved in working with the Postal Service in attempting to bring together the disparate parties in this rocky road of employee management relationships and we appreciate your efforts as well. Your tact will be somewhat different than the GAO.

So, rather than just turning the mic over, what I would suggest is we begin with the GAO and then look forward to Ms. Hoffman's comments as a follow-on to those. And with that rather halting beginning, welcome again.

Mr. UNGAR. Thank you, Mr. Chairman, members of the subcommittee. We're certainly pleased to be here today to provide you with a summary of the information that we reported both in our 1994 report and, more recently, in our October 1997 report.

Basically, as has been alluded to, in 1994, we reported that significant labor-management relations problems existed at the Postal Service on the workroom floor for a long time. There certainly doesn't seem to be any disagreement with that observation. We re-

ported that this persistent problem was characterized by a number of factors, including: a large number of grievances and cases that went to arbitration, frequent reliance on arbitration at the national level to settle contract disputes between some of the major labor organizations in the Postal Service, a very contentious relationship often existed, both on work room floors of both the mail-processing facilities and postal delivery units over time between employees and supervisors and between labor and management at the Postal Service. In general, we basically said that there was a very poor quality work environment for both the supervisors and for employees of the crafts.

There were many causes that we identified this problem. One was autocratic management styles on the part of supervisors at the mail facilities. Second, very adversarial attitudes on the part of employees and, in some cases, supervisors as well: A systematic problem had to do with the type of performance management system that was in place at the Postal Service at the time of our 1994 report. The Service has made some changes to that at this point, at least for some of the employees. There was a great deal of distrust between management and labor unions, between employees and supervisors, and, basically, there had been over time a number of efforts to improve relationships but, by and large, these have been piecemeal, sporadic and, generally, short-lived. There were some exceptions but, for the most part, the improvement initiatives that had been attempted were stymied by the inability of the parties to work together at some times the national level, at some times at more local levels.

We made a number of recommendations in 1994 to help address this problem. First and foremost was our recommendation for the development of, possibly with outside help, a long-term framework agreement that would be between the major unions and management associations and the Postal Service. This agreement, we proposed, would identify the overall objectives of improvement of labor-management relations in the Postal Service and common approaches that would be taken over a long period of time to bring about improvement in labor-management relations.

We also said, that as a part of this framework agreement, certain values and principles ought to be followed and we identified a number of those. These included: increased reliance on work teams and greater flexibility at the work level to help deal with some of the structure and the process and the autocratic style that existed in managing the work force; a change in the rewards system and recognition system to reflect rewards in recognition for both individual and unit, as well as overall, postal performance; more training and better training of supervisors on how to deal with employees, and more and better training of employees in how to work better together in teams and with management; a series of tests of various approaches to improve labor-management relations, work processes, and other areas in the postal operations; and along with the tests, a systematic evaluation that would be conducted to determine how successful the tests were and what could be—lessons that could be learned and transferred throughout the Postal Service.

In addition, we also noted that, because of the longstanding problems, that it would be helpful if the Congress, particularly this committee, were to monitor the progress of the Postal Service and its major unions and management associations, to keep an eye on how progress was being made and, if it weren't, to perhaps, you know, take some action to, or work with the groups to, stimulate additional progress. Of course, we note there have been some activities, certainly by the committee.

In October 1997, we reported that while some improvement has been made, in general the improvement that had been made was, since 1994, quite limited. Very little progress overall has been made in resolving the persistent problems. To do our assessment, we identified, working with the unions, the management associations, and the Postal Service, 32 initiatives that had been developed over a period of many years to address the labor-management relations problems. And, of those 32, we selected 10 to look at in a little more depth to get some idea of how well they fared, what progress was made, and what problems existed. We selected the 10 based on discussions with the Service, the unions, and the management groups and our judgment as to which ones would have the greatest likelihood of addressing the recommendations that we had made.

Of the 10 improvement initiatives that we looked at, 3 were moving forward somewhat speedily but were not really operating long enough at the time our work ended, which was in the spring of 1997, to determine whether they were overall successful or not. There wasn't enough data, in other words, to really make a conclusive judgment.

Of the three, the associate supervisor program seemed to be the one that was liked the most by all parties. That was an effort to better train supervisors to work better with employees in terms of dealing with time and attendance, discipline problems, and the other issues that come up. The other two initiatives were moving forward but there was not always agreement between the Postal Service and the other organizations with respect to those initiatives. Yet, they were moving forward.

Five other initiatives we found had been at that time impeded by significant differences between the Postal Service, the unions, or the management associations. One of those five, in particular, or maybe two, we might put into a different category today given the events that have taken place between May 1997 and today. For example, one of these five that, at the time we completed our field work, was the summit meeting that had been proposed a couple of years ago, that had been slow in coming but, fortunately, had recently taken place. We certainly are pleased about that and I'm sure we'll hear more about that fairly soon.

Another of these five that had been stalled for some time but that had more recently been moved forward was an effort to deal with mediation of grievances with the American Postal Workers Union. We understand and have seen some evidence that there are some initiatives under that proposal that had recently begun and, so, we're hopeful there. That's 8 of the 10 initiatives. The other two initiatives that we looked at had started, had progressed for a time, but had been discontinued. Those were the employee opinion sur-

vey and the employee involvement effort that was between the Postal Service and the National Association of Letter Carriers. In both cases, well, at least in one case, the employee involvement effort, I know that the union was quite disappointed in that particular effort's being discontinued.

I think the most important point that I would like to make is that the existence of labor-management relations problems at the Postal Service does not come without a cost. And that cost is to the Service, the unions, and to the public at large.

One of these costs has to do with the high costs of dealing with large number of grievances and the cases that go to arbitration. Unfortunately, we found that the number of grievances that had been filed increased between 1994 and our October 1997 report by a substantial amount. For example, between 1994 and 1996 the number of grievances that went in the step 3 process in the Postal Service's system increased from 65,000 to 90,000. That also represents an increase in the grievance rate from 10 to 13 per 100 craft employees. So, that's certainly one indication that problems haven't improved significantly.

Another item I'd like to point out, with respect to these grievances, is that they do end up costing a lot of money. Based on information that was provided by the Postal Service, we estimate that the cost in 1997 of dealing with the grievances is well over $200 million for the Postal Service alone, without counting the cost that the unions might incur in that area.

Another area in which there is a cost to all the parties is the effect of these grievances on productivity. We don't have a specific number in that area but it's clear that the time that both employees and management spend on dealing with these grievances they're not spending on the mission work of the Postal Service. So, from the standpoint that these grievances and the cases that go to arbitration to detract time from that area, certainly it affects productivity.

Another area that affects productivity are delays that result from the disputes and disagreements in implementing improvements to the operations, the processes of the Postal Service, that entail operating efficiencies. For example, on a recent review that we're doing for the subcommittee, we found that, in one post office in Florida, the postmaster delayed implementation of an initiative because of disputes with the union employees. So, from the point of view that whatever improvement would have been implemented earlier, those savings slowed up. Finally, in this area, of course, the disagreement and the poor labor relations also affect morale and many people certainly believe that morale has an impact on productivity, although, again, the precise amount is not clear.

All this together we would see, certainly, could have a large impact on the overall competitiveness of the Postal Service in certainly competing with other organizations that are doing similar types of activities. Given this, we continue to believe that congressional oversight of the process of improving labor-management relations in the Postal Service is important and that our original recommendation of the need for a framework agreement among the parties to identify the objectives and the common approaches is

still needed and very important, and we're certainly hopeful that the summit process will be a move in the right direction.

We think that, even given the summit process, that that's not necessarily the only vehicle that would be appropriate or could be used to help facilitate improved relations, including: Continued use of the Federal Mediation and Conciliation Service to help facilitate the process, continued summits, the requirements for the Results Act which require the Postal Service to put together a strategic plan and annual operating plans, and, of course, last but not least, the proposal by the subcommittee to create a commission to look at the problem.

I'd like to end by saying that time is critical, particularly considering that the bargaining agreements for three of the four major unions are due to expire in November 1998. That does not leave a lot of time between now and then. The occurrence of the bargaining and the actual agreement has slowed progress in the past. We're hoping it certainly doesn't do it in the future. Mr. Chairman, members of the subcommittee, that concludes my summary. We would be pleased to respond to questions when appropriate.

[The prepared statement of Mr. Ungar follows:]

# U.S. POSTAL SERVICE: LITTLE PROGRESS MADE IN ADDRESSING PERSISTENT LABOR-MANAGEMENT PROBLEMS

## SUMMARY OF STATEMENT BY BERNARD L. UNGAR, DIRECTOR GOVERNMENT BUSINESS OPERATIONS ISSUES U.S. GENERAL ACCOUNTING OFFICE

GAO found that since its September 1994 report was issued, little progress has been made in improving persistent labor-management relations problems at the Postal Service. Although the Service, the four major unions, and the three management associations generally agreed that improvements were needed, they have been unable to agree on common approaches to solving such problems. Moreover, these parties have not been able to implement GAO's recommendation to establish a framework agreement that would outline common goals and strategies to set the stage for improving the postal work environment.

In its recent report, GAO described some improvement initiatives that many postal, union, and management association officials believed held promise for making a positive difference in the labor-management relations climate. Despite actions taken to implement such initiatives, little information was available to measure results. Some initiatives had only recently been piloted or implemented. Other initiatives were not fully implemented or had been discontinued because postal, union, and management association officials disagreed on the approaches used to implement the initiatives or on the usefulness of the initiatives to help make improvements.

Efforts to resolve persistent labor-management relations problems pose an enormous challenge for the Service and its unions and management associations. However, in today's dynamic and competitive communications environment, the Service can ill afford to be burdened with these problems. Recently, with assistance from a third-party facilitator, the Service and leaders from the four major unions and the three management associations convened a summit, aimed at providing an opportunity for all the parties to work toward reaching agreement on how best to address persistent labor-management relations problems. Another such opportunity involves the strategic plan required by the Government Performance and Results Act, which can provide a foundation for all major postal stakeholders to participate in defining common goals and identifying strategies to be used to achieve these goals. In addition, a proposal was included in the pending postal reform legislation to establish a presidentially appointed Commission that could recommend improvements.

GAO continues to believe that it is important for the eight organizations to agree on appropriate strategies for addressing labor-management relations problems. Various approaches exist that can be used to help the organizations attain consensus. Without such consensus, the ability to sustain lasting improvements in the postal work environment may be difficult to achieve.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our report[1] on the efforts of the Postal Service, the four major labor unions, and the three management associations to improve employee working conditions and overall labor-management relations.[2] Our recently issued report provides updated information related to our September 1994 report, which identified various labor-management relations problems in the Postal Service and made recommendations for addressing such problems.[3] In our most recent report, we discussed the challenges that these eight organizations continue to face in attempting to improve labor-management relations. Specifically, this report provides information on three topics: (1) the extent to which the Service, the four unions, and the three management associations have progressed in addressing persistent labor-management relations problems since our 1994 report was issued; (2) the implementation of various improvement efforts, referred to in the report as initiatives, some of which were intended to help these eight organizations deal with the problems that we identified in

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[1]U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems (GAO/GGD-98-1; Oct. 1, 1997).

[2]The four major postal labor unions include the American Postal Workers Union (APWU), the National Association of Letter Carriers (NALC), the National Postal Mail Handlers Union (Mail Handlers), and the National Rural Letter Carriers' Association (Rural Carriers). The three management associations include the National Association of Postal Supervisors (NAPS), the National Association of Postmasters of the United States (NAPUS), and the National League of Postmasters of the United States (the League).

[3]U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A/B; Sept. 29, 1994).

our 1994 report; and (3) approaches that might help the eight organizations improve labor-management relations.

To determine implementation progress on the initiatives, we identified 32 improvement initiatives that had been implemented and confirmed with postal, union, and management association officials that these initiatives generally included all known initiatives that had been implemented. Given time and resource limitations, which made detailed follow-up on all 32 initiatives impractical, we focused on obtaining information on the status and results of 10 of the 32 initiatives, which we believed had potential to address some of the recommendations in our 1994 report. To identify approaches that could help the eight organizations achieve consensus, we generally reviewed proposed postal reform legislation and the sections of the Government Performance and Results Act related to the Postal Service. Also, we interviewed the Director of the Federal Mediation and Conciliation Service (FMCS) to obtain information about the extent to which the Service was using a third party to serve as a facilitator in labor-management discussions, which we recommended in our 1994 report.

## LITTLE PROGRESS HAS BEEN MADE IN IMPROVING LABOR-MANAGEMENT RELATIONS PROBLEMS

Since our 1994 report was issued, the Postal Service has improved its overall financial performance, as well as its delivery of First-Class Mail. However, little progress has been made in improving persistent labor-management relations problems. In many instances, such problems were caused by autocratic management styles, the sometimes adversarial relationships between postal management and union leadership at the local and national levels, and an inappropriate and inadequate performance management system. Labor-management problems make it more difficult for these organizations to work together to improve the Service's performance so it can remain competitive in today's dynamic and competitive communications market.

In recent years, we have found that the sometimes adversarial relationships between postal management and union leadership at national and local levels have generally persisted, as characterized by

(1) a continued reliance on arbitration by three of the four major unions to settle their contract negotiation impasses with the Service, also known as interest arbitration;

(2) a significant rise not only in the number of grievances that have been appealed to higher levels but also in the number of those awaiting arbitration; and

(3) until recently, the inability of the Service and the other seven organizations to convene a labor-management relations summit to discuss problems and explore solutions.

According to various postal, union, and management association officials whom we interviewed, the problems persist primarily because the parties involved cannot agree on common approaches for addressing these problems. This, in turn, has prevented the Service and the other seven organizations from sustaining the intended benefits of specific improvement efforts that could help improve the postal workroom climate. I would now like to discuss tnese problems in more detail.

Regarding the use of interest arbitration, as discussed in our 1994 report, contract negotiations occur nationally between the Service and the four labor unions every 3 or 4 years. Since as far back as 1978, interest arbitration has sometimes been used to resolve bargaining deadlocks in contract negotiations by APWU, NALC, and Mail Handlers. The most recent negotiations occurred for contracts expiring in November 1994 for those three unions.[4] The issues at stake were similar to those raised in

[4]For rural carriers, whose contract expired in November 1995, negotiations resulted in the establishment of a new contract without the use of interest arbitration. The rural carriers have had a more cooperative relationship with the Postal Service and generally have been

previous negotiations, which included the unions' concerns about wage and benefit increases and job security and postal management's concerns about cost cutting and flexibility in hiring practices. According to a postal official, negotiations about old issues that keep resurfacing have at times been bitter and damaging to the relationship between the Service and the unions at the national level. Union officials also cited the Service's contracting out of various postal functions–also known as outsourcing–as a topic that has caused them a great deal of concern.

Another problem concerns the number of unsettled grievances.[5] In our 1994 report, we highlighted issues associated with the grievance/arbitration process, including the high number of grievances that had been filed and the inability of postal and union officials to resolve them at the lowest possible levels. The Service's national grievance arbitration database showed that in fiscal year 1994, a total of 65,062 grievances involved postal management and union officials at the area office level. According to the Service, this number has increased to 89,931 in fiscal year 1996, an increase of approximately 38 percent. Also, according to Service data, the number of grievances awaiting arbitration by a third-party arbitrator–known as backlogged grievances–has increased from 36,669

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able to negotiate contracts without arbitration.

[5]The grievance/arbitration process is the primary mechanism craft employees use to communicate their work-related concerns; and a "grievance," according to postal labor agreements, is "a dispute, difference, disagreement, or complaint between the parties related to wages, hours, and conditions of employment."

in fiscal year 1994 to 69,555 in fiscal year 1996, an increase of approximately 90 percent.[6] Although the postal management and union officials we interviewed for our 1994 review agreed that the total volume of grievances was too high, they differed on the causes of this high volume. These officials told us that their views had not changed significantly since we issued our 1994 report. Generally, the officials tended to blame each other for the high volume of grievances being filed and the large number of backlogged grievances.

Finally, at the time our 1997 report was issued, the Postal Service and the other seven organizations had been unable to convene a labor-management relations summit. The Postmaster General (PMG) proposed the summit over 2 years ago to, among other things, address our recommendation to establish a framework agreement of common goals and approaches that could help postal, union, and management association officials improve labor-management relations and employee working conditions. Initially, the responses from the other seven organizations to the PMG's invitation were mixed. For instance, around January 1995, the leaders of the three management associations and the Rural Carriers union accepted the invitation to participate in the summit. However, at that time, the contracts for three unions–APWU, NALC, and Mail

[6]Stated another way, in fiscal year 1996, the average rate of grievances to be decided at the area level had risen to 13 for every 100 postal craft employees, compared to fiscal year 1994 when the average rate was 10 such grievances per 100 craft employees. For backlogged grievances, in fiscal year 1996, the average rate of such grievances had risen to 10 grievances per 100 craft employees, an increase from the average rate of 6 such grievances per 100 craft employees in fiscal year 1994.

Handlers–had expired and negotiations had begun. The union leaders said they were waiting until contract negotiations were completed before making a decision on the summit. In April 1996, when negotiations had been completed, the three unions agreed to participate.

Because of these initial difficulties in convening the summit, in February 1996, the Service asked the Director of FMCS to provide mediation services to help convene the summit. Also, in March 1996, Mr. Chairman, you encouraged the FMCS Director to assist the Service by providing such services. As discussed in our 1997 report, although various preliminary meetings had taken place to determine an agenda, the efforts to convene a summit were not successful. Recently, according to an FMCS official, a summit occurred on October 29, 1997, that was attended by various officials from the eight organizations, including the Postal Service, the four major unions, and the three management associations. We are encouraged by the fact that this meeting occurred. Such meetings can provide the participants a means of working toward reaching agreement on common approaches for addressing labor-management relations problems. We believe that such agreement is a key factor in helping these organizations sustain improvements in their relations and in the postal work environment.

ACTIONS TO IMPLEMENT INITIATIVES HAVE BEEN TAKEN, BUT LITTLE INFORMATION WAS AVAILABLE ON RESULTS

Since our 1994 report was issued, the Postal Service and the other seven organizations have continued their efforts to address labor-management problems by implementing, or attempting to implement, specific improvement initiatives. During our discussions with these officials, they said that they generally agreed with the overall goals of some of the 10 improvement initiatives that we focused on. They also believed that some of these initiatives held promise for making a positive difference in the labor-management relations climate. However, although various actions had been taken to implement the 10 initiatives that we reviewed, we found it difficult to determine what results, if any, were achieved, mainly because (1) some initiatives had only recently been piloted or implemented, (2) some were only partially implemented because of disagreements on how to implement them, and (3) some were discontinued because the Service and the other involved participants disagreed on how best to use the initiatives to help improve the postal work environment. For each of these categories, I would like to discuss an initiative that shows why we found it difficult to determine results.

-- **The Associate Supervisor Program (ASP)** is an example of a recently implemented initiative that many officials believe may have the potential to improve the postal work environment. ASP is a 16-week training program for

new postal supervisors that was first established in 1994. As of March 1997, the Service was still completing the last ASP pilot. Various postal, union, and management association officials we interviewed at some ASP pilot locations told us that although they believed it was too soon to evaluate the results of the program, they believed it had the potential for providing the Service with more qualified and better trained supervisors. Also, local union officials told us they liked the additional training that is to be provided to current postal supervisors under ASP.[7]

- **Delivery Redesign** is an example of an initiative that has been only partially implemented because of disagreements among the parties on how to implement it. Delivery Redesign is a program begun in 1995 that was to make appropriate changes to the system by which city letter carriers, represented by NALC, sort and deliver mail. According to postal officials, in 1997, after numerous discussions with NALC that resulted in no agreement on an approach, the Service decided to test some revised processes for mail delivery by city letter carriers. These processes are collectively known as Delivery Redesign. Postal officials also told us that NALC officials, although briefed several times (May, July, and September 1996) on Delivery Redesign, have not endorsed the testing of the

[7]According to a postal official responsible for managing ASP, the Service plans to make specific parts of ASP training available to current postal supervisors, such as conflict resolution and methods for dealing with problem employees. The purpose of this effort is to provide current postal supervisors with training that is similar to the training that ASP candidates receive.

revised processes. At the national level, NALC officials told us that they believed that revisions to the processes by which city carriers sort and deliver mail should be established through the collective bargaining process.

- **The Employee Opinion Survey (EOS)** is an example of an initiative that was discontinued. The nationwide annual EOS, begun in 1992 and continued through 1995, was a voluntary survey designed to gather the opinions of all postal employees about the Service's strengths and shortcomings as an employer. Postal officials told us that such opinions have been useful in helping the Service determine the extent of labor-management problems throughout the organization and make efforts to address those problems. Efforts to continue implementing this initiative were hampered primarily by disagreements among the Service and the other involved participants over how best to use the initiative to help improve the postal work environment. Also, according to postal officials, a lack of union participation in this initiative generally caused the Service to discontinue its use. According to some postal and union officials, the 1995 EOS was boycotted primarily because some unions believed that the Service inappropriately used the results of past surveys during the 1994 contract negotiations.

CONTINUED NEED TO IMPROVE

LABOR-MANAGEMENT RELATIONS

As discussed in our report, we continue to believe that to sustain and achieve maximum benefits from any improvement efforts, it is important for the Service, the four major unions, and the three management associations to agree on common approaches for addressing labor-management relations problems. Our work has shown that there are no clear or easy solutions to these problems. But continued adversarial relations could lead to escalating workplace difficulties and hamper efforts to achieve desired improvements.

In our report, we identified some approaches that might help the Service, the unions, and the management associations reach consensus on strategies for dealing with persistent labor-management relations problems. Such approaches included

- the use of a third-party facilitator,
- the requirements of the Government Performance and Results Act, and
- the proposed Postal Employee-Management Commission.

As I mentioned previously, with the assistance of FMCS, the Postal Service, the four major unions, and the three management associations recently convened a postal summit meeting. As discussed in our 1994 report, we believe that the use of FMCS as a

third-party facilitator indicated that outside advice and assistance can be useful in helping the eight organizations move forward in their attempts to reach agreement on common approaches for addressing labor-management relations problems.

In addition, the Government Performance and Results Act provides an opportunity for joint discussions. Under the Results Act, Congress, the Postal Service, its unions, and its management associations as well as other stakeholders with an interest in postal activities can discuss not only the mission and proposed goals for the Postal Service but also the strategies to be used to achieve desired results. These discussions can provide Congress and the other stakeholders a chance to better understand the Service's mission and goals. Such discussions can also provide opportunities for the parties to work together to reach consensus on strategies for attaining such goals, especially those that relate to the long-standing labor-management relations problems that continue to challenge the Service.

Another approach aimed at improving labor-management relations is the proposed establishment of an employee-management commission that was included in the postal reform legislation you introduced in June 1996 and reintroduced in January 1997. Under this proposed legislation, a temporary, presidentially appointed seven-member Postal Employee-Management Commission would be established. This Commission would be responsible for evaluating and recommending solutions to the workplace difficulties

confronting the Service. The proposed Commission would prepare its first set of reports within 18 months and terminate after preparing its second and third sets of reports.[8]

## COMMENTS FROM THE POSTAL SERVICE, LABOR UNIONS, MANAGEMENT ASSOCIATIONS, AND FMCS

We received comments on a draft of our report from nine organizations–the Service, the four major unions, the three management associations, and FMCS. The nine organizations generally agreed with the report's basic message that little progress had been made in improving persistent labor-management relations problems, although they expressed different opinions as to why. Also, the nine organizations often had different views on such matters as the implementation of and results associated with the 10 initiatives; the likelihood of the organizations to reach consensus on the resolution of persistent labor-management relations problems; the desirability of having external parties, such as Congress, become involved in addressing such problems; and the comprehensiveness of our methodology, which we believed was reasonable and appropriate given the time and resources available. We believe that the diversity of opinions on these matters reinforces the overall message of our most recent report and

[8]Under this proposed legislation, the Commission would submit its recommendations in the form of a written report to the President and Congress to the extent that such recommendations involved any legislation and to the Postal Service to the extent that the recommendations did not involve legislation.

provides additional insight on the challenges that lie ahead with efforts to try to improve labor-management relations problems in the Postal Service.

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In summary, the continued inability to reach agreement has prevented the Service, the four major unions, and the three management associations from implementing our recommendation to develop a framework agreement. We continue to believe that such an agreement is needed to help the Service, the unions, and the management associations reach consensus on the appropriate goals and approaches for dealing with persistent labor-management relations problems and improving the postal work environment. Although we recognize that achieving consensus may not be easy, we believe that without it, workplace difficulties could escalate and hamper efforts to bring about desired improvements.

Mr. Chairman, this concludes my prepared statement. My colleague and I would be pleased to respond to any questions you may have.

(240271)

Mr. MCHUGH. Thank you very much, Mr. Ungar. I would suggest, before we get to that part, that we move on and take the testimony of Ms. Hoffman who, in case I didn't mention it, works for a great organization, the Federal [laughter] Mediation and Conciliation Service. So, Ms. Hoffman, I apologize again for my recent error as to your affiliation and thank you for being here and we look forward to your comment.

Ms. HOFFMAN. Thank you very much. Sometimes we're called the Federal Medication Service as well. [Laughter.]

I want to thank Chairman McHugh, Ranking Member Mr. Fattah, Representatives Gilman and Mr. Davis for this opportunity to address this important subcommittee. I enter the remarks of FMCS Director John Calhoun Wells for the record. He is sorry he is out of town. I am here, though, and I'm pleased to provide a summary and also to answer questions, both now and later.

In response to the GAO report and to the Postmaster General's request and to Chairman McHugh's own encouragement, the Federal Mediation and Conciliation Service began working with the parties, the Postmaster General and his representative in labor relations, the other seven major organizations—four major labor organizations, three management associations—to convene a summit. It wasn't an easy task, as you well know. All these important individuals agreeing on 1 day took a while.

But, beyond that, it included numerous pre-summit meetings in September and December 1996 and in June 1997, numerous interviews and meetings, and the establishment of two working groups involved with the important area of contract administration and grievance backlog and pending arbitrations with the American Postal Workers Union and with the National Association of Letter Carriers.

You will be hearing from those parties as well as others who can, I think, more eloquently than I describe their efforts. But, what I would like to say is, there's a recognition by all parties that things have to change. And that's very important because our role in the Federal Mediation and Conciliation Service is not only to mediate those labor disputes when they come up but to be a facilitator for change and that's where we're particularly pleased with this opportunity to work with these distinguished individuals and their organizations.

A few comments about the summit which, thank you, fortuitously was scheduled right before your hearings. So, we can discuss it. The almost day-long session started with a review of progress to date and Director Wells explained some of the background. And then we heard from each of the participants of what their hopes and aspirations were; what they hoped to get out of that meeting, and at future meetings. And I know, if you've ever been in a meeting, you probably are less than optimistic about how important each session will be. But I think we had some pretty high hopes that this wouldn't be just a typical meeting.

And as the participants were able to hear about some of the results of these two working groups, we were particularly encouraged because a number of plans are being put into effect to reduce the number of grievances and arbitrations, but, more so, to try to get to the root causes of the problems at the work floor and within the

organizations. And this was a momentum that we wish to seize upon.

One aspect was to talk about developing another committee, a working group, to look at a joint union-management understanding so that all the participants in the Postal Service would understand the function and the role of unions, the function and the role of management, the business that the Postal Service is in, and to jointly develop an educational program, an orientation program, within this organization. We were very pleased that everyone has basically signed onboard with that concept and we'll be moving ahead with some committees to deal with that.

We also discussed the issue of strategic planning and asked the question, where do you want this Postal Service to be, to survive, to flourish within 10 years? We're still working on that concept. We were also very encouraged.

Last, we asked next steps. Where do we go from here? And the entire participatory group said, let's meet again, let's meet on a quarterly basis under FMCS auspices to monitor and to discuss labor relations developments. And, to us, that was very, very encouraging because as more people meet and discuss things and see people face to face, we see that there can be a change in the culture. We were very encouraged that from the last 7 months there have been some positive changes in relationships based on more frequent meetings.

Dr. Wells has written in a number of journals about the concept of conflictive change which is basically the need for both competing and cooperative forces at work, which I think would characterize the Postal Service. A recognition that there are things in common and things that distinguish each group but, that for this organization, the largest civilian organization in the United States to survive and to actually flourish, better things need to be done together.

And we stand clear to work with all of the parties to do that and we're pleased with the encouragement that your committee gave us to keep going. And we feel that not only within the Postal Service but learning from what other groups, other organizations have done is critical because there's a tendency, even our tiny organization of less than 300, to be a little insular. When you look beyond and see what other organizations are doing to involve their employees, to explore new approaches, we see that there's a great future out there and we're cautiously, as a mediator I have to say that, cautiously optimistic, though.

[The prepared statement of Mr. Wells follows:]

**November 4, 1997**

**Washington, D.C.**

**Statement of**
**John Calhoun Wells, Director**
**Federal Mediation and Conciliation Service**
**Washington, D.C.**

Mr. Chairman and Members of the Subcommittee:

Good morning, Mr. Chairman and members of the Subcommittee. I have been asked by your Subcommittee to comment on the recently published U.S. General Accounting Office (GAO) report entitled, U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems, and I thank you for this opportunity[1]. My remarks will also reference the GAO's earlier report, U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor, (September 1994)[2] which recognized our agency's two distinct roles: mediator and facilitator of change. As mediators, we must be ever mindful of the usefulness of off-the-record, preliminary and probative discussions and meetings which are so vital towards

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[1]U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems, (GAO/GGD-98-1, October 1, 1997).

[2]U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor, (GAO/GGD-94-201A/B, Sept. 29, 1994).

achieving final resolution of issues. To comment prematurely might injure the very process or solution that is being suggested or advocated. In fact, FMCS makes rare appearances before Congressional subcommittees because much of our work is away from the glare of the cameras, even in contentious labor disputes such as the recent strike involving the United Parcel Service and the International Brotherhood of Teamsters which we mediated. With most major postal union contracts set to expire in November 1998, FMCS must be circumspect in its comments concerning the GAO Report's recommendations. [3]

The 1994 GAO Report suggested that FMCS have a role in helping postal management, its four major unions and three management associations make necessary changes in labor-management relations to address certain problem areas, to reduce the adversarial nature of postal labor relations and to enhance the quality of work life for the Postal Service's approximately 861,000 employees.

I and members of our staff have devoted a significant amount of time and effort towards this goal during the past three years. In response to the GAO Report, FMCS was invited by the U.S. Postal Service in December of 1994 to facilitate a meeting with the four major labor unions and three management associations for the purpose of addressing longstanding problems. My response in a letter of January 26, 1995, to both Mr. Joseph J. Mahon, Jr., Vice President, Labor Relations at the Postal Service,

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[3] Under the Postal Reorganization Act (PRA) of 1970, 39 U.S.C. §1206, 1207, there are special dispute resolution procedures whereby the parties can utilize the services of the Federal Mediation and Conciliation Service for mediation, fact-finding, and arbitration of contract expiration disputes.

and all the union presidents raised two points. The first was the timing of the intervention, given the proximity of collective bargaining negotiations and the concomitant preoccupation of senior management and union leadership. The second was a question about the notion that a "labor summit" was necessarily the best way to proceed. I wrote then, that ".. . summits can be risky. Successful summits are almost always preceded by careful staff work. My view is that once negotiations are behind us, private soundings be taken with the principals by a third party to determine what course of action is likely to be most fruitful. It may well be wise to explore and consider a number of options before reaching a final decision."[4]

Mr. Chairman, you may recall that when you wrote to me on March 18, 1996, encouraging my participation, you stressed, "To the extent your agency's resources permit, I would strongly encourage your assistance in this matter."[5] I have responded accordingly. Our participation has involved careful staff work, extensive interviews of all the major participants, off-the-record and informal meetings, briefing sessions, and the establishment of two working committees. In fact, three major pre-summit meetings have been held in preparation for this Labor-Management Summit of October 29, 1997. These meetings were held on September 24, 1996, December 18, 1996 and June 24, 1997. Each of these labor-management pre-summit meetings required a great deal of preparatory work and time.

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[4]Letter of John Calhoun Wells to Mr. Joseph J. Mahon, January 26, 1995, with copies to Presidents of APWU, NALC, Mailhandlers, and Rural Carriers.

[5]Letter of Representative John McHugh, Chairman, House Subcommittee on the Postal Service, to Mr. John Calhoun Wells, FMCS Director, March 18, 1996.

I want to personally thank Mr. Hugh Bates, President, National Association of Postmasters, Mr. Moe Biller, President, American Postal Workers Union, Mr. William Brennan, President, National League of Postmasters of the United States, Mr. William Henderson, Chief Operating Officer and Executive Vice President, United States Postal Service, Mr. Scottie B. Hicks, Former President of the National Rural Letter Carriers' Association, Mr. Joseph J. Mahon, Jr., Vice President, Labor Relations, United States Postal Service, Mr. Vincent Palladino, President, National Association of Postal Supervisors, Mr. William Quinn, President, National Postal Mail Handlers Union, Mr. Marvin Runyon, Postmaster General and Chief Executive Officer, United States Postal Service, Mr. Steve Smith, President, National Rural Letter Carriers Union, Mr. Vincent Sombrotto, President, National Association of Letter Carriers., for their individual and organizational support of these efforts.

The purpose of the Summit on October 29, 1997 was to set a new tone and direction in labor-management relations. As the agenda indicates (see Appendix A), the presidents of all the major labor organizations and management associations as well as the Postmaster General, Chief Operating Officer, and Vice President for Labor Relations were participants. During the Summit, the progress of ongoing efforts were reviewed. Two union-management working committees were established in early 1997 to deal with critical issues of contract administration, grievance and arbitration backlogs and root causes of labor-management problems. These committees, co-chaired by top postal management and union officials of the APWU and the NALC and facilitated under FMCS auspices, have produced tangible results.

As you know, the 1994 GAO Report revealed, and the 1997 GAO Report underlines, that the number of employee grievances not settled at the first two steps of the grievance process has increased from approximately 65,000 in fiscal year 1994 to almost 90,000 in fiscal year 1996. (1997 GAO Report, p. 1). [6] The Postal Service , the NALC and the APWU decided to do something about these developments. On May 8, 1997, the Postal Service and the APWU signed a three-part agreement to deal with their grievance and arbitration backlogs. Test sites are in place for a new system of accelerated arbitration to decide pending cases in a telescoped time frame. An evaluation system has also been established.

Second, the APWU and the Postal Service have agreed to an implementation plan for the "co-mediation" process negotiated in their 1994 agreement. In two performance clusters per district, specially-trained labor and management co-mediators

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[6] FMCS also looks at the number of backlogged grievances as an indicator of labor-relations climate in the industries, companies, plants, and facilities in which we are involved. Were the Postal Service to be a company or plant where FMCS normally provides the arbitrators, an FMCS staff mediator would be assigned to discuss ways to improve the labor relations climate in that company or facility. In fact, some teams of FMCS mediators are working with labor and management representatives to look at the problems in their dispute resolution systems to improve relationships, reduce strife and grievances, and provide a more productive work environment. Such approaches have included grievance mediation as well as training labor and management at the local or workroom level.

will work with local union and management officials to resolve grievances and other problems. The training for the first group of 40 co-mediators was conducted by FMCS in June 1997. Similarly, an evaluation system will be established as well as a code of conduct for co-mediators. The Postal Service and the APWU will also experiment with having some of their grievances resolved by an outside third party. Grievances will be mediated by FMCS with the results being independently evaluated. The APWU and the Postal Service have jointly designed and are now executing with FMCS assistance this novel approach to problem-solving. These methods hopefully will get to the root causes of many conflicts.

At the Labor-Management Summit, the co-chairs of the NALC and USPS task force described their successful efforts. Both have agreed to test a revised dispute resolution process to improve their grievance and arbitration procedures. The new procedure has fewer steps and uses specially trained labor and management representatives. At the end of the one year test period, the parties will evaluate the results of the test to determine whether the revised process should replace the grievance system contained in their National Agreement. The national parties will establish criteria and collect data for purposes of assessing the revised dispute resolution procedure, they will establish a procedure for national level monitoring and intervention regarding grievance activity and workplace disputes, and they will participate in joint mediation training. This effort to improve the parties' resolution of disputes in the workplace was the culmination of seven months of extensive discussions. The parties acknowledged more will be required to get at root causes of

labor relations problems.

Not only were these experiences favorably received by all the Summit participants, but the co-chairs indicated that the positive experiences of working together created a climate whereby other agreements on substantive or operational problems were now more likely to be achieved. These working groups expanded their charters and are now focusing on the root causes of problems. In addition, FMCS offered to the Mailhandlers and the Postal Service the opportunity to design their own version of such working committees.

Perhaps even more importantly, there was a commitment by those present to a new "Union-Management Understanding Process." A task force is currently being assembled to develop the means of implementation of the agreed upon charter (See Appendix B). This process may well form the cornerstone for a new direction in labor relations at the Postal Service.

When implemented, this process may affect attitudes and behaviors and build a constituency for change. Furthermore, FMCS proposed that the Summit participants discuss and jointly engage in a strategic planning process. Developing a joint strategic plan is based on the premise that the Postal Service, its management associations, and its unions must collectively answer the question, "What must be done if in the future the Postal Service wishes to compete and succeed in ways that resound to the benefit of the service, its unions, employees, and customers alike?" The response to this strategic planning suggestion was mixed. Some participants were prepared to begin immediately by forming an exploratory committee; others said they wanted to wait until

the aforementioned initiatives were further along. I am hopeful that once more progress is made in developing better relationships and the union-management understanding process is up and running, joint strategic planning will be universally embraced.

In my opinion, such involvement is vital. Although the joint activities which are underway help establish a solid foundation, my experience across a broad cross-section of American industries, suggest that much more is required. The Postal Service exists in the information industry which is now experiencing unprecedented changes driven by competitive pressures, new technology and customer demands. New management and people systems and new union-management models are probably prerequisites for survival. If the Postal Service does not make the necessary adaptations to marketplace and internal pressures, its future viability is in question.

It would behoove the postal management and union leaders to learn about how other industries and their unions have made important changes in their respective roles in the workplace. Best practices can be jointly examined across this broad cross section of companies and unions in the United States and abroad. Indeed, at the FMCS 50th Anniversary Symposium held in September 1997, there were "state of the art" discussions by union and management participants from high performance organizations and their union counterparts, such as Saturn and Ford Motor Companies and the United Auto Workers, the Nabisco Biscuit Company and the Bakery, Confectionery, and Tobacco Workers Union; Harley-Davidson Motor Corporation and the International Association of Machinists, and Kaiser Permanente Corporation and

the Service Employees International Union and several other unions affiliated with the Industrial Union Department of the AFL-CIO. These companies and unions negotiated and developed strategic responses to competitive pressures to ensure their prosperity and survival.

In our nation's public sector, its communities, cities and states, labor and management have worked together to be competitive, successful and cooperative. They have formed partnership committees in Philadelphia, Indianapolis, Cincinnati, and New York State to deal with change and to approach problems jointly. Finally, the federal government and its unions have also entered into partnerships as directed by President Clinton's Executive Order of October, 1993.

One of the methods for ensuring more employee input in the workplace is through "partnering" whereby labor and management work together to make mutually beneficial business decisions. For any cooperative effort to succeed, management must share business information with labor on a regular basis and, conversely, unions need to remain committed to improved relationships even when there are disagreements and bumps in the new road. I have often called the necessary relationship between management and labor a "conflictive partnership" with each side having both competing and common interests. The company's success is a prerequisite for the union's success. No where is this more true than in the Postal Service.

When you examine the companies and unions that have stepped forward to meet the competition, you will invariably see a jointly held vision of what these parties

are trying to achieve in order to maximize their mutual interests in shaping a successful tomorrow. They have made a concentrated effort to assure that every employee, salaried and hourly, understand why changes are necessary and what the consequences of inaction will be. Each participant is educated in business fundamentals and competitive environments, and unions are encouraged and assisted in playing pivotal roles in meeting the challenge of success.

In conclusion, you should be aware that at the Summit, not only was there a full and frank airing of issues, but it was agreed by all the participants that there be quarterly meetings, under FMCS auspices, to follow-up on labor-management developments. I understand that you will now hear from the Postmaster General, the major union presidents and management association leaders. These are the parties to the process and must be the parties to the solution. Thank you for this opportunity to speak about this important issue.

FEDERAL MEDIATION AND CONCILIATION SERVICE
UNITED STATES GOVERNMENT
WASHINGTON, D.C. 20427

**APPENDIX A**

OFFICE OF THE DIRECTOR

**POSTAL SUMMIT**

**Wednesday, October 29, 1997**
Federal Mediation and Conciliation Service
2100 K Street, N.W.
Room 200
Washington, DC 20427
**9:00 am - 2:00 pm**

## AGENDA

**I. Opening Remarks** — John Calhoun Wells, Director, Federal Mediation and Conciliation Service

**II. Brief Introductory Comments and Expectations for this Summit**
*(In alphabetical order) - Limit 2-3 minutes each*

Mr. Hugh Bates, President, National Association of Postmasters
Mr. Moe Biller, President, American Postal Workers Union
Mr. William Brennan, President, National League of Postmasters of the U. S.
Mr. Vincent Palladino, President, National Association of Postal Supervisors
Mr. William Quinn, President, National Postal Mail Handlers Union
Mr. Marvin Runyon, Postmaster General, United States Postal Service
Mr. Steve Smith, President, National Rural Letter Carriers Union
Mr. Vincent Sombrotto, President, National Association of Letter Carriers

**III. Chronology of Events Preceding Summit**

**IV. Accomplishments to Date**
- Report of the Two Working Committees
  1. American Postal Workers Union-United States Postal Service
  2. National Association of Letter Carriers-United States Postal Service
- Any other agreements to report

**V. Union-Business Understanding Process**
*(See attached page for description of this topic.)*

**VI. Strategic Planning**
*(See attached page for description of this topic.)*

**VII. Next Steps**

**VIII. Adjourn**

**APPENDIX B**

## UNION-MANAGEMENT UNDERSTANDING PROCESS

Good union-management relations and the ability to work together must be grounded in mutual respect and trust between equal partners. This requires both parties to fully understand the representational and legal roles and responsibilities of the other. It also necessitates that both parties share a similar view of current and future challenges and opportunities they collectively face. Lastly, each must respect and appreciate how the other can contribute or confer value in meeting those challenges.

The Postal Service, its management associations, and its four major union, should commit to a process that would have as its goal the following twin objectives:

1. That every employee, union leader, postal manager, and supervisor be fully aware of the critical role unions play in democratic societies. That they appreciate the representational and legal roles and responsibilities that union officers, at every level, must shoulder. That they understand unions provide structure, voice, and an institutional means of really engaging employees in meaningful and sustainable changes initiatives. That unions confer value as witnessed time again in many of America's most successful companies which are organized and who are also working jointly with their union leadership.

2. That every employee, union leader, supervisor and postal manager fully understand the business challenges facing the Postal Service. They must be conversant with regard to industry trends, business plans, competitive threats, customer requirements, cost implications, how the USPS does business, and how they and their colleagues can impact critical performance indicators.

In order for this union-management understanding process to deliver its full potential, the following considerations must be met:

1. It must be jointly designed.
2. It must be jointly supported.
3. It must be jointly implemented (to include union management pairs doing the actual delivery).
4. It must reach into every postal workplace.
5 It should be on-going or repeated periodically.

If done well and done together, the Postal Service, its management associations, and its unions would be building a solid constituent foundations for accepting change, meeting tomorrow's competitive challenge, and providing the highest quality public service.

Mr. McHUGH Thank you, Ms. Hoffman.

Let me go back to Mr. Ungar and Ms. Hilleary. Mr. Ungar, I believe I heard you say something, and I want to make sure that I heard it correctly, and if I did, to state it very directly onto the record.

I have been told and those others on the subcommittee, I suspect, have been told as well, that perhaps we are spending a little bit too much of our time and directing too much of our attention toward this particular issue; that indeed, if you have conflicting forces within any organization, and that the $200 million you cited in processing those grievances is the normal cost of doing business, and that tension can actually help productivity.

I believe I heard you say that—that this kind of lack of harmony to this extent is a very negative force, that it directly affects productivity, and that it is disruptive at best, perhaps destructive at worst, to the Postal Service and any other organization. Is that a fair recounting of what I believe I heard you say?

Mr. UNGAR. Yes, Mr. Chairman, it is.

Mr. McHUGH. Would you care to expand on that? [Laughter.]

Mr. UNGAR. Yes, sir, and I think the—one of the more direct effects, of course, is the fact that when grievances are filed, the people who deal with those grievances, of course, are the employee who filed the grievance, and supervisors and management up the line, and of course, union stewards and officials up the line. And within the Postal Service, of course, these are people who have other jobs as well, for the most part, and directly, the time that they're spending on dealing with these grievances and trying to resolve the dispute, they're not spending on processing the mail. So, of course, the cost of mail—their cost is borne into the cost of processing mail, and that obviously affects productivity.

Another example is some delay in implementing improvements to operations and processes because of disputes,. and disagreements, and dissatisfaction. And to the extent that those improvements would bring about efficiency so that the longer that they don't go implemented, the—you know, the less improvements you have in productivity. So, those are at least two different ways in which the disagreements or—or the problematic relationships—affect productivity.

In another way—it's a little bit more difficult to measure—is, again, the problems with morale and the way people feel about their workplace and the people that they work with, and to the extent that they're autocratic management styles, and to the extent that there's disagreement, employees are probably less willing to identify improvements that could be made to the workplace, or even if they do, supervisors and managers have been less willing in some cases, and the Postal Service to listen or at least employees certainly feel that way. So these are a few of the areas or situations or factors in which productivity could be adversely affected.

Mr. McHUGH. So this is a significant driver of productivity and a significant factor in the quality and caliber of the Postal Service?

Mr. UNGAR. Yes, sir. Also, I think one of the major objectives of the Postal Service and the area of competitiveness and future flourishing is cost-containment. Looking at its strategic plan, it's quite clear that without the improved efforts to contain costs, it's going

to be very difficult for the Postal Service to compete. They can't really carry out goals and objectives that have been set forth in this plan. It can't do this without harmonious, or more harmonious relations with both the management associations and with the crafts.

Mr. MCHUGH. Thank you. When it came time to title your most recent report, I think it's fair to say you respected the Truth-in-Labeling Act because it's had little progress made in addressing persistent labor-management problems. And I guess if you're looking for any glimmer of hope, that's a pretty depressing title, but as you read the report, I think it's an accurate one as well.

You did mention in your summary, as well as in the report, there are a number of initiatives that are just recently underway, that it's too soon to assess. I didn't get any sense from the report that you felt, one way or another, there's a great need for optimism or great occasion for pessimism with respect to these, but having now, through your organization, taken a rather long-term look at the Postal Service, are you optimistic or pessimistic about how things are going?

Mr. UNGAR. Well, at this point, I think I'm personally optimistic, particularly because of the more recent developments that have taken place. I think we were—if you had asked that questions maybe 2 months ago, I probably would have given you a different answer because we were unclear as to whether the summit, that had been—something that had been long in the discussion phases—was going to take place, but I think now that's happened. We understand—we weren't there—but we understand from the various parties that things went quite well, and parties seemed to be willing to begin to agree. There seems to be some movement.

The only caution that I would see is that the similar type of situation has existed in the past where various improvement efforts started off very positive, and unfortunately, in a number of cases, they haven't continued on a positive note for an extremely long time, so we're certainly hopeful now that here, we're off to a real good start this time.

Mr. MCHUGH. Well, I admire your optimism. [Laughter.]

Let me ask you one final question, then I want to defer to some of my colleagues who have made an effort to be here. Then we can come back because I have a number of questions.

You mentioned three major ways in which the Postal Service can progress in making relationships better. The first is using the GPRA Results Act. Second is the summit process which has, at long last, begun, and you also talk about the outside commission structure that we have talked about, and others as well.

Focusing on the Results Act for the moment, I understand you see that as an ongoing opportunity because in the law, there are updates and reviews that have to be done. Did you have, however, the chance to look at how the Postal Service has done thus far in using the Results Act in trying to better relationships? In other words, did you see any indications that they went to the various parties, the unions particularly, and sought their input in any meaningful way?

Mr. UNGAR. Mr. Chairman, I see some good news and maybe not so good news there. I think on the positive side, the plan certainly

is very clear in identifying the labor-management relations issue as a very important issue that needs to be addressed, and needs to be improved in order for the Postal Service to move forward with its program goals. I think that recognition is very positive. Also, on the positive side, the Postal Service, to the best that we could tell, certainly did ask the unions and management associations for their comments on a draft.

I think, on the other side of the coin, the dilemma that the other folks, I think, had was that they felt that the timing was such that the Postal Service has already made a number of the major decisions, and there really wasn't a real opportunity for the unions to provide the input early enough to have a significant influence on the direction of the plan.

In terms of the optimism that I expressed, I think that, fortunately, the Results Act process calls for annual plans as well as the overall strategic plan, and hopefully, perhaps the Postal Service will work closely with the unions and management associations in coming up with their more specific goals and objectives in terms of performance goals and performance objectives in measures and indicators.

The plan itself was quite broad. I think one of the unions pointed that out, and it is a strategic plan. But I think the annual performance plans will provide an opportunity for more specific objectives to be developed along with the specific goals, targets, and timeframes, and hopefully, there will be more discussions earlier in the game. I'm not quite sure what the details of the discussions were during the summit on that.

Mr. MCHUGH. As a followup, one of the criticisms beyond that which you cited—that is, the unions felt they weren't given sufficient time for input, and that many of the decisions and the direction had already been made and cast—we've also heard that there's a long way to go with respect to putting in their plan meaningful measurements of progress. Did you observe the lack of that? And do you feel that that's a major shortcoming that should have already been addressed? Or is that pretty much the way the process goes?

Mr. UNGAR. Mr. Chairman, overall, the Postal Service plan—the strategic plan—is quite good in that area.

Actually, you know, we've looked at, at the request of leadership of the House, all the strategic plans of the major government agencies, and I think I'd have to say that in general terms, in terms of quantifiable goals and targets and indicators, the Postal Service plan stands out toward the top of the list relative to how quantitative and specific it is in many areas. There's no requirement to be that quantitative and specific in the strategic plan. That's required in the annual performance plans, but nonetheless, it's very helpful to have that kind of information in the plan.

Now, I think, as at least one of the unions point out, unfortunately, the area of labor-management relations is one area where the strategic plan did not have specific goals and targets. It's unfortunate that that was the case, although again, it's not required to be that specific in the strategic plan. I wouldn't say it's a deficiency in terms of the requirements of the act. It is a very difficult area, and on a positive side, I think it does give the Postal Service an

opportunity, now, to work closely with the unions and the management associations to develop more specific objectives, and targets, indicators, goals, and so forth.

Mr. MCHUGH. Thank you very much. Before I yield to Mr. Fattah, I would like to acknowledge the presence of another Member, Mr. Sessions, the gentleman from Texas. Welcome. Thank you for being with us.

I would now yield to Mr. Fattah, and then to Mr. Gilman.

Mr. FATTAH. Thank you, Mr. Chairman. Let me ask a couple of questions because I've heard, and I've read with interest your responses to a number of these issues in this report.

First, let me see if I can understand the numbers. One of the things that's happened is there's been an increase in the number of grievances since the last time you looked at this in 1994. So add around 90,000 out of a work force of something over—around 700,000 or more, right? Is that correct?

Mr. UNGAR. I think the work force is over 800,000.

Mr. FATTAH. OK, 800,000.

Mr. UNGAR. Well over 800,000.

Mr. FATTAH. So, now, how many are—when we say 90,000 grievances, how many of these grievances—or do we know whether or not multiple grievances have been filed by the same person in some instances?

Mr. UNGAR. I don't know, sir. Let me ask Anne Hilleary, our project leader on this particular assignment.

Mr. FATTAH. OK.

Mr. UNGAR. She would have more specific information.

Ms. HILLEARY. Unfortunately, Mr. Fattah, we don't have detailed information on the number of grievances that involve multiple issues.

Mr. FATTAH. No, not multiple issues. The number—if I work for the Postal Service, and I had complaint No. 1, and complaint No. 2, and complaint No. 3, and I filed all of them as individual grievances, then you—we would be counting three grievances in which, in reality, there may be one employee who has——

Ms. HILLEARY. I apologize. I understand now. Unfortunately, we still do not have any detailed information on that particular issue.

Mr. FATTAH. OK. It would seem to me that would be useful if we're talking about how to get to come to some resolution of these issues, is to find out how many actual employees have a grievance, and that might be, you know, in terms of the analysis of this problem.

The other thing is that you refer constantly to the nonorganizations that are in play in this process, but I would also assume that there are external pressures on the process. We talked about the fact that the congressional oversight is a useful mechanism out of all of the Federal mediation services.

But there are also, it seems to me, large organizations that exist that have found ways to—to deal with concerns of working conditions and employee relationships, and particularly how to, in a seemingly much more improved way, interact with labor unions than the Postal Service has done, and I don't see much of that referred to in your analysis. Would you like to comment?

Mr. UNGAR. Yes, sir. We did not address that in our most recent report, but we did address that in our 1994 report. And in that report, we did identify a number of examples in which other organizations such as Saturn, and I believe Ford was in there, had experienced significant labor/management problems, and had come to initiatives to improve those relationships. Now, in those cases, there certainly was a significant external events, competition that was certainly a stimulus to those organizations, and that's not uncommon—that movement in the positive direction doesn't always come about if there's status quo. There needs to be some outside—in many cases, event that might trigger the parties to identify what they do have in common, and work together in those areas, recognizing that there will still be some areas that are different.

Mr. FATTAH. Well, I'll get to that in a few minutes. That's an interesting comment, but I think that one of the questions that surrounds this issue is this grievance process itself, and that is, where did it come from? Who helped to create it? Why would we have a process that seems to be so cumbersome? And does it seem to be outcome-driven to actually respond in some affirmative way to a complaint, whether the complaint has merit, or the complaint doesn't have merit, there should be some remedy.

I mean, it would seem to me that—that part of the problem here is the process itself, and I'd like you to comment to the committee as to how this process came about. I'll assume that it's connected in some way to the collective bargaining agreements that have been made. Just give us some comments about the grievance process that might help enlighten the committee.

Mr. UNGAR. Yes, sir. Let me start that—Ms. Hilleary, you may want to add.

To my knowledge, the process that the Postal Service has is part of the bargaining process. It's been a traditional process that many other organizations have used in the past. I know that. Now, why that particular process was chosen by the parties, that I don't know.

I do know, though, that even within the Postal Service, but as well outside the Postal Service, many other organizations have recognized the dilemmas with the process that's currently in place; it is confrontational. It's not outcome-driven, as you mentioned. It's more process-driven, and it's not often effective. While the hope is that most disputes, disagreements would be settled as close to the workroom floor as possible; this system doesn't necessarily encourage that type of resolution.

I know the Postal Service has initiated some efforts to change the process. For example, in the equal employment opportunity area, there's a number of pilots that the Postal Service has engaged in to try to expedite this process, to change the process.

The agreement with the APWU is another example where there is an effort underway to try to improve the process, so I think there's recognition that the process is a problem. Now, in order to fix that process, though, I think they'll need to have some experimentations, pilots, some data, and an agreement among all the parties.

Mr. FATTAH. Well, there are some agreements that have taken place to help look at that, but I guess my last comment, or it may

even turn out to be a question—we never know when we start talking up here whether it's a question or a comment, but [laughter] officially, as best I can understand this, you know, we've got to process that this doesn't work to bring to a resolution complaints that individuals have in an organization in which, you know, there have been significant management pressures to improve productivity, and there's been a lot of financial success and service-related success. There has also been an increase in grievances, and then the grievance process never—well, at least in a short-term or a near-term future—doesn't appear to provide any solutions to employees who either legitimately or at least in their own minds have a concern.

I want to just thank you for the work that you've done. I think that there are some other pieces of this that would be useful for the committee. I think if you could help us in plain English understand the flow of the process, and look at what some three or four other alternatives might be, that could create an outcome-driven process, something will be focused on results.

And I think we need to look at who are the winners and the losers in this process as it exists now. I mean, part of what happens in these large institutions is that, you know, it serves someone's interests, that this thing be just dragged on as it is, and it doesn't serve the employees' interests, and I think we need to find out a way in which people, who feel as though, you know, they've been treated improperly, can have a hearing, can have that matter resolved in some way, and to do that some time in their lifetime, or at least in their working lifetime. It would seem to me that would be an appropriate goal for us to have.

I thank the chairman for his leniency.

Mr. MCHUGH. My pleasure, and I thank the gentleman for his assistance and his leadership. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. In looking over the GAO report, in taking a look at some of the testimony—we're about to hear from some of the labor leaders a little later on this morning—we find that there are some questions about the GAO report.

First of all, I find that Mr. Sombrotto's union—Mr. Young will be testifying—says that GAO's methodology was fundamentally flawed in the selection of so-called specific improvement initiatives, and then attempting to measure success by interviewing a number of interested parties about them. I'd welcome any comments you might have with regard to that.

And then, we find in Mr. Biller's testimony, he says that the—he certainly agrees that the Postal Service at the worst level—labor/management problems within the Service are at their worst level in recent memory, and getting worse as of today. The problem is a result of a management system designed to make compliance with employee contractual rights subservient to operational goals, by commenting really on the authoritarian approach. The mail handlers say that the latest GAO report, while it emphasizes some of the little progress that's being made, he notes that the report's failure is to address the underlying reasons for the autocratic corporate culture that GAO previously identified.

I'd welcome some comment from the GAO with regard to those criticisms, with regard to picking the wrong kind of—the kind of

standards, first of all, and then second, these autocratic problems you're pointing out without any suggestion of how to address those. Please.

Mr. UNGAR. Yes, sir. I'll try here. On the first issue, the——

Mr. GILMAN. Could you put the mic a little closer to you? Thank you.

Mr. UNGAR. On the first issue with respect to the perception of a flawed methodology, we, of course, disagree that the methodology was flawed. We noted that there were more initiatives out there than we selected, but our resources are limited, and we had to make some judgment as to what to look at. So we did pick the 10 as illustrative, particularly of those initiatives that we felt came closest to the potential for dealing with the recommendations that we had made. We did get some information on the others, but not a great deal.

We did other work. I mean, we visited a lot of postal facilities, talked to a great number of postal employees, labor, management, union representatives, and we certainly used the results of the employee opinion surveys that had been taken for a few years; so we used a combination of sources of information to address the issue. So we feel fairly comfortable.

I think the bottom-line message that we came to was that the fundamental relationship was real problematic and little progress had been made in addressing that issue. I don't—excuse me—I don't believe there was a major disagreement with the underlying message that we developed from our work. I think there was some concern about some of the other initiatives outside the 10, may have been viewed as successful, and therefore, because we didn't address those, we didn't capture everything that had happened, but I think within the framework of our overall message, we weren't saying that all the initiatives were flawed. I think we were saying that there was a mixture of experiences with those, and unfortunately, the overall problem still existed, in terms of the contentious relationship, and I think, just looking at some of the comments, the tone of the comments, to our report as well as some of the tones involved in the comments on the strategic plan by the Postal Service, would reflect a perplexing relationship that still exists in that area.

Mr. GILMAN. What about the autocratic system, making some recommendations, how to pierce through all of that?

Mr. UNGAR. Yes, sir. I think we did have in our original report, in the 1994 report. We did identify some of the rationale behind those autocratic styles, and made some recommendations to address those, and they were somewhat different in the mail processing plants than in the delivery units.

But, for example, looking at the delivery units, local postal offices out of which the mail carriers work, we noted that there were significant differences in the arrangements for work between the city carriers and the rural carriers. And the city carrier system, the process of work was one that really drove a lot of this contention because each day the carriers have to negotiate with the supervisors on the work hours, and overtime, and help. It was a daily decision, depending upon volumes and judgments. There was often disagreement there, and just the whole structure of that system

was such that it kind of made it very difficult to work cooperatively.

Mr. GILMAN. With regard to that, Mr. Biller says there's an institutional philosophy that rules of behavior are different for supervisors, managers, and postmasters, than those governing the employees. Is that—does that create a problem?

Mr. UNGAR. Well, the perception certainly exists, Mr. Gilman, and we did, again, identify that and addressed that in our 1994 report, and that's one of the reasons why we made a specific recommendation for there to be much better, and more training of postal supervisors because of the style and the approach that they were taking to deal with employees.

We noted that there were a number of problems, particularly over how leave or absences were dealt with, disciplinary problems. Employees felt that the supervisors wouldn't really listen to their ideas, their suggestions, their comments, and things just seemed to be getting worse and worse. So again, I think the associate supervisor program, which to our understanding is favorably looked upon by both management and labor and we're hopeful that it will be able to bring positive change throughout the Postal Service in terms of those basic supervisor-employee relationships.

Mr. GILMAN. What is your best recommendation how to cut through this backlog of grievances?

Mr. UNGAR. How to cut through the backlog of grievances? My sense is that we probably need a new process for doing that and I think the APWU and the Postal Service's agreement is certainly one step. I don't know whether Ms. Hilleary may have any other suggestions.

Mr. GILMAN. Is there someone that can answer that? What's the best way of cutting through this tremendous backlog of grievances? It's created such a problem for the Postal Service.

Ms. HOFFMAN. I guess I'd say that there's not one best way. What we're seeing is both the National Association of Letter Carriers and the American Postal Workers Union are starting some initiatives to deal with that. Both, if you use the analogy of a bathtub with the water as all the grievances pending arbitration, try to drain that. They're trying to accelerate arbitration as well as through co-mediation through and outside mediation, and even eliminating some of the steps. The other is, what about the spigot? What about the faucet? What about trying to turn off the water before it gets into the tub? And that's really more a long-range—how do we deal with the problems of the shop floor? What causes it? And that's another approach that both unions are looking at.

Mr. GILMAN. But that's the problem you're talking about.

Ms. HOFFMAN. Sure.

Mr. GILMAN. What about the remedy for the problem?

Ms. HOFFMAN. Well, one of the things I mentioned earlier was this concept of union-management understanding process, so that everyone knew the roles of the union and management officials, began to treat each other with a different approach. So I guess what I'm saying is that I wouldn't say that there's one best way, but I think that I'm encouraged that there are initiatives now to deal with a number of ways.

Mr. GILMAN. Well, is it your service that takes charge of the summit proceedings, that tries to oversee it?

Ms. HOFFMAN. At this point, yes.

Mr. GILMAN. Has there been a summit meeting? I assume there has been one.

Ms. HOFFMAN. Yes, October 29.

Mr. GILMAN. Has it been successful?

Ms. HOFFMAN. I'd say yes. The water—well, it's not half empty or half full, but I'd say that in terms of the goals for that particular meeting, yes.

Mr. GILMAN. Are the——

Ms. HOFFMAN. There's much more to be done.

Mr. GILMAN. Are these summit meetings going to be made public?

Ms. HOFFMAN. I think at this point that the agreement was that we would be reporting back to Congress on a quarterly basis after the meetings. The actual meeting itself wouldn't be public, but the results would be.

Mr. GILMAN. When was the last meeting?

Ms. HOFFMAN. Well, it was October 29. It was also the first meeting.

Mr. GILMAN. And will we be receiving a report on that meeting?

Ms. HOFFMAN. Well, we'll work out some method to inform you. One of the purposes of this particular hearing is to report out about it.

Mr. GILMAN. Well, will we get the minutes or a summary or recommendations or what is your intention to do with regard to informing Congress?

Ms. HOFFMAN. What we will do is give you probably a summary that's agreed to by the participants about what has been agreed to.

Mr. GILMAN. With the recommendations that were made?

Ms. HOFFMAN. Yes.

Mr. GILMAN. And will you be doing oversight on the recommendations?

Ms. HOFFMAN. Well, that remains to be seen. At this point I don't know. I would assume that I had mentioned already that there was an agreement to have a committee to look at union-management understanding, and that that group would be meeting, and that also the summit would be meeting on a quarterly basis.

Mr. GILMAN. Well, is it your intention, then, with regard to these summit meetings, to try to enhance and to make the labor-management agreements a lot more effective and to make that relationship more effective?

Ms. HOFFMAN. Yes, very much so, and the summit quarterly meetings will be looking at the progress of labor-management developments, yes.

Mr. GILMAN. And will you be, then, analyzing the effectiveness of the summit meetings?

Ms. HOFFMAN. To some extent. I think our Director, John Calhoun Wells, mentioned in the testimony we're mediators and also facilitators of change. There's a point where there's some confidentiality of discussions, and if there's a resolution we'll be reporting out.

Mr. GILMAN. Well, as a facilitator, I would assume, then, you're going to make some recommendations to both parties; is that correct?

Ms. HOFFMAN. Yes, we've been working on some of those now. As I mentioned, the idea of union-management understanding that process was a recommendation from Director Wells.

Mr. GILMAN. And you'll be taking an active role, then, in the summit meetings?

Ms. HOFFMAN. Yes. Yes, we will.

Mr. GILMAN. Well, I would hope that you're going to find, and help to find, some solution to the 65,000 increase in grievances—I'm sorry, from 65,000 in 1994 to 90,000 in 1996, something is radically wrong with that system, and I would hope that you're going to make some recommendations to try to resolve that problem.

I've probably exceeded my time, and I thank you, Mr. Chairman.

Mr. MCHUGH. Thank you, Mr. Gilman. Mr. Davis.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Ms. Hoffman, are there any rules of thumb in relationship to the number of grievances that you would expect in a large organization like the Postal Service?

Ms. HOFFMAN. I think we could safely say there are more grievances than one would expect. Rules of thumb? I think there's a recognition by all parties that the number of grievances pending arbitration is too high, way too high, and I think that recognition not only was in the GAO reports, but has been recognized by the parties who deal with those issues.

Mr. DAVIS. But there are no rules of thumb in the industry or in large organizations like this one, where you could predict that a certain number of grievances are likely to emerge from a certain number of individuals?

Ms. HOFFMAN. Well, it varies. I guess if you were to look at—the steel industry went through a major change and actually revised their grievance and arbitration provisions, and have a really reduced number, but I don't think there's a—I would say there's no rule of thumb.

Mr. DAVIS. Oh, thank you. And you did indicate that all of the parties involved recognize that there is a tremendous need for change and that there must be some change. What do you find to be the most prevalent allegations, problems, or grievances?

Ms. HOFFMAN. I think I'd defer to the parties, but one thing that came out is the need actually for more analysis of the process, of the grievance and arbitration provision, to look at the kinds of issues that are coming up. But one of them deals with the treatment that both sides feel they're getting, how supervisors deal with employees, how employees feel about their positions. So I think it's hard for me to summarize at this point. I would defer to my colleagues. But I do think the feeling of dignity on the job is important, but there are also aspects of the grievance procedure where people perhaps potentially, or whatever, misinterpret the contract; the contract isn't applied the way an individual believes it should be.

Mr. DAVIS. Do you have any information relative to how long it takes a grievance to be processed from the beginning to the point of resolution?

Ms. HOFFMAN. There is data that the Postal Service has, the GAO report has, and the unions have on that, on that issue.

Mr. DAVIS. Mr. Ungar, let me ask you.

Mr. UNGAR. Yes, sir, we do have that. I don't have it here. It's in our report. I don't have it at my fingerprints. We can certainly point that out for you separately. We do have the data in at least—I think it was in our 1994 report?

Ms. HILLEARY. That's right.

Mr. UNGAR. I just don't happen to have it on the top of my head. It does take a long time for the grievances, particularly as they go up the steps.

Mr. DAVIS. So it generally takes an inordinate amount of time? A person couldn't expect that if I file a grievance today, that maybe by the end of the year or next month there's going to be some adjudication of it and it's done?

Mr. UNGAR. Yes, particularly if it's elevated up through the higher levels of the process.

Mr. DAVIS. Then I would agree with your earlier comments that it seems as though the process itself probably needs to be streamlined a bit. I remember my mother always telling us that problems were kind of like babies, in that the more you nurse them, the more they grow, and that it seems to me, then, if you're stringing out the process over an extended period of time, that feelings begin to generate and emerge and then the human relations element comes into play, which makes it more difficult.

Well, let me ask you, you suggested that one of the areas that needed improvement was training for supervisors. What kind of supervisory training would you recommend?

Mr. UNGAR. Well, I think the program that the Postal Service and the unions and the management associations have come up with, the associate supervisor program, does cover the types of topics I think that we had identified in our 1994 report. It has to do with how to work with employees in a constructive manner in terms of identifying what the objectives of the work are, how to deal with discipline and problem employees, how to motivate employees, and treat the employees in a dignified way, how to encourage productivity.

Ms. Hilleary, do you have any others?

Ms. HILLEARY. Yes, with respect to our findings concerning the associate supervisor program, it's a 16-week training program, a combination of classroom training and on-the-job training. The candidates go through a careful screening and selection process, and those who are selected to participate in the program are put through this 16-week training program. There are a lot of high hopes for the results that hopefully will be attained from this program in that the Postal Service will have a cadre of supervisors who are more well-versed in how to deal with employees, how to motivate them, how to work with work teams, and some of the other things that we had mentioned in our 1994 report. So there's a lot of hope for that particular program.

Mr. DAVIS. Would this occur prior to the individuals being promoted to or taking on the responsibility of supervisor or after they've already been designated and have the responsibility?

Ms. HILLEARY. Generally, it's for those who aspire to higher levels, the supervisory levels, to try to work from their way up from the craft levels to the supervisory levels.

Mr. DAVIS. Thank you. Thank you very much.

Mr. UNGAR. Oh, Mr. Davis, just one other thing: I think the Postal Service, and I believe they'd be able to give you more information on this, is either attempting or maybe already has begun to provide some of this training to already-existing supervisors at the request of at least one of the unions. I believe they'd be in a better position to give you the details on that.

Mr. DAVIS. Could I just ask one additional question? I've been led to believe that employee well-being oftentimes helps to increase productivity. I come from an area where productivity has actually gone up. In the Chicago post office, where I'm located, they've gone from 80 to 92 percent in terms of their productivity, on-time delivery. Yet, there seem to be an awful lot of grievances. I mean, we continue to get a lot of calls from individuals who work in the system. Have you got any idea what might be happening in a situation like that?

Mr. UNGAR. No, sir, it may be the nature of the type or subject of the grievance may be changing. For example, at one point there were a lot of grievances that had to do with perceived unfair treatment by supervisors over absences or leave, illness, that sort of thing. Perhaps there may be a change in the nature from that type of a problem perhaps to concerns about the work processes. For example, there have been a number of grievances over this new initiative of the Postal Service's—it's called delivery point sequencing, in which the carriers are required to make significant changes in the way that they deliver the mail. So there may be some change in the nature of the type of grievance that's being filed, but I don't know specifically about the situation that you're referring to.

Mr. DAVIS. Thank you very much, Mr. Chairman. You've been most generous.

Mr. MCHUGH. Well, thank you for your very insightful questioning, Mr. Davis.

Mr. Sessions.

Mr. SESSIONS. Thank you, Mr. Chairman.

Mr. Ungar, I would like to direct several questions to you, please.

Going back a few minutes ago, there was some discussion concerning—and I don't remember exactly how it was said, but something like that there was a misunderstanding or an unclear definition of the job that a manager or a supervisor would have and the craft employee. In other words, one felt that the other one was not performing to what that expectation, their own expectation, was. And then the second part also dealt with this, what I heard you say, a daily negotiation of work, this daily negotiation that goes on.

So my question is this: Can you please discuss with this committee the type of, what I would call, standard operating procedure, if there is one that does exist, concerning the role, the functions of the manager and the role and function of craft, as well as that daily negotiation of work?

Mr. UNGAR. Yes, sir. I don't have the information here in terms of the formal instructions or guidance that the Postal Service has.

So I'm not able to address that. I don't know whether, Ms. Hilleary, is familiar with that or not.

Ms. HILLEARY. No.

Mr. UNGAR. No, we don't have that.

Mr. SESSIONS. Whatever your broad feelings are then, please, because I know you've had a lot of different discussions with the work forces across the country. So maybe your overall impressions, then, would be fine.

Mr. UNGAR. I think that, as we talked about in our 1994 report—and that's the year we really went down into the workroom floor and talked a great deal to both supervisors and employees, and did some assessment of what was really going on on a daily basis. I think the problem that we saw was that, for example, whether it's a processing plant or a delivery unit, many of the employees felt that almost on a daily basis, they were forced into a confrontational situation with their supervisors, from the standpoint of the nature of the work process, which of course was very structured, very regimented at that point in time, in the processing plants.

And, second, the style of management—one of the concerns of employees, for example, was that the supervisors operated to numbers. They had to meet budget numbers or production numbers, and of course employees felt that those were so important that it didn't make any difference how the employees were treated, and that's part of the problem that was generating the confrontation in terms of wanting to take a day off or being sick, but being suspended or given a letter of reprimand for going to, you know, an appointment or something like that. There was a lot of pressure that supervisors placed on employees because of the importance of meeting the targets. Now that's certainly important, to meet targets, but I think that employees felt, and we observed in some cases, there's probably an overemphasis on some goals and no emphasis on other goals in terms of labor-management relations.

Mr. SESSIONS. Did those goals change? Were they consistent? In other words, when you talked about that the supervisors need to work to numbers, is it simplistic to say that they work off whatever their daily load is or is it more appropriate to say that they had a standard that they had to work to? Those are two different things. Which would you say is correct?

Mr. UNGAR. Well, they had annual—I mean, I don't know whether they're annual or not, but time-bound objectives, you know, performance objectives. There are standards—for example, the number of letters that a carrier is expected to sort, per minute, and so forth. So they have that kind of a standard, plus they have their work objectives, and of course the volume of mail varies daily; the number of people that they have on-hand to process the mail—work the mail—also varies. So you have those factors coming into play.

One of the initiatives that the Postal Service has undertaken, or maybe more than one initiative, deals with changing the compensation system and the measurement system as well. And in fact, that was one of our recommendations, that in addition to looking at rewarding and recognizing both employees and managers and supervisors for their individual performance, if the Postal Service were to look at that as well as performance of the work unit, and the

overall organization of the Postal Service, that might encourage more of a teamwork spirit among the employees of the Postal Service and less of an us/them type of a spirit. The Postal Service has started to do that, and it appears as though there is some progress being made in that area.

Ms. Hilleary.

Ms. HILLEARY. In our 1994 report, the most—the marked differences came about with our review of the city carrier work versus rural carrier work. The city carriers work in a very different environment than the rural carriers work in, and one of the key differences had to do with the daily negotiation of the city letter carriers with supervisors over the amount of time that it would take to deliver whatever volume of mail was being processed that day, versus the rural carriers who did not have that kind of daily negotiation going on. This was one of the areas that we noted had the potential for causing disagreements and problems between supervisors and employees, and added to the confrontational and tense nature of the work environment.

Mr. UNGAR. Mr. Sessions, the city carrier issue is one area where there is a specific initiative that had been developed recently by the Postal Service. However, the dilemma has been over many years that the Postal Service and the carriers' union haven't been able to agree on the fundamental approach to redesigning the way in which the city carriers deliver the mail. So, hopefully, there will be some breakthrough soon, and parties will be able to get together to come up—the Postal Service is now independently testing a couple—I think three different approaches to changing the system. Now none of those, however, involve any changes in compensation because that's an issue that's dealt with through the collective bargaining process, but in terms of the process of delivery, those methods are being tested.

Mr. SESSIONS. You concentrated your words—and I appreciate it—on the workload. Can you go back to me just real quickly and talk about this, what I call, standard operating procedures of a role of craft, a role of management, and either delve into and tell me several examples of the problems or define to me where that is? In other words, this perception problem.

Mr. UNGAR. Let's see. Let me give you, try to give you, one example. I don't know how direct it will be. If we look at the initiative that, over the last couple of years, the Postal Service and initially that the union were working cooperatively on, it has to do with delivery point sequencing. And this is an initiative that's basically aimed at finalizing the letter automation program that the Postal Service started a number of years ago, and deals with using automated equipment to actually sequence the mail as it's delivered to the carrier in the order in which the carrier will actually deliver the mail to residences or businesses. So basically you have machines giving a bundle of letters to the carrier in the exact sequence that they'll walk their routes or they'll drive their routes, depending upon how they do it, or a combination thereof.

And there are a couple of dilemmas that have cropped up in relationship to that. For example, one of the activities of the carriers is to sort the mail in the order that they're going to deliver it before they go out on the street in the morning, and over a period of time

there has been some disagreements between the carriers and management as to the process that they're going to use. For example, some carriers want to sort mail that the machines can't sort along with other types of mail and create a single bundle of those types of mail, whereas in some cases the management would have preferred something different, or vise versa. That's one area where there wasn't agreement in all cases as to the method that was going to be used to sort the mail before the carrier went to the street. I know each side has its own view of what's best and what's most efficient.

Mr. SESSIONS. Do you consider a consistent view across the country that somehow the worker, the person doing the work, disagrees with the management, theoretically a person who would be looking at it in a different light? Or do you believe in some areas—I mean, is there a consistent position taken by both sides normally?

Mr. UNGAR. Well, the Postal Service, I believe, nationally has a consistent position, and I think the union has a consistent position——

Mr. SESSIONS. That is different?

Mr. UNGAR. Somewhat, yes. Well, there's an arbitration case involving this.

But what we found in our most recent review, which we're currently doing for the subcommittee, is that the situation varies at some of the local post offices, depending upon the percent of mail that the carrier gets that's sorted to the DPS and the type of route that the carrier has. At least, for example, at the one post office I recall offhand, in this case of this postal operation and the supervisor who oversaw daily operations there, the method to be used was going to be negotiated route by route between management and the carrier, depending upon the circumstances. I think management there said, well, generally, this is how we'd like to see it done, but if the carrier has a particular situation that would suggest this is not the most efficient method, if they can demonstrate that, they would go ahead and allow that method to be used.

Mr. SESSIONS. Thank you. Thank you, Mr. Chairman.

Mr. MCHUGH. Thank you, Mr. Sessions.

This has gone on for quite a time, and we have a great number of other questions that we will submit for the record.

Because I think it's important, as a follow-on to the other panelists, I want to ask what I hope are two quick questions. First, to Ms. Hoffman: Three of the four major postal unions contracts are set to expire next year, in November 1998. Does that in any way limit your window of opportunity insofar as these summits are concerned? Do you think you've got a finite period of time?

One of the problems, as I recall previously, of getting everyone together is that negotiations on some of the contracts were ongoing, and there were concerns that it was inappropriate to be meeting at a summit level when those contracts were being discussed. Do you think that limits the window that you have?

Ms. HOFFMAN. That's a very good question. I think there is a definite window. I think some of the initiatives I mentioned are probably going to be ongoing, even with the negotiations, but that remains to be seen. I don't think the three parties—the three contracts that are coming up, they've actually started with formal ne-

gotiations yet. I would hope that this will have an impact on that, but I think you're absolutely right; I think there's a window, and I'm hoping that it's important enough that we can use it, and might have an interesting spillover effect for the negotiations, but that's about all I could say now, sir.

Mr. MCHUGH. Thank you. Last, to either Ms. Hilleary or Mr. Ungar, in all the looks that you've had, both based on this report and the previous reports, are you able to make a judgment about something that we are hearing quite often, and that is, when it comes to measures of accountability, when it comes to standards of discipline, the Postal Service is a two-tiered system? If you are a craft worker, a laborer, minor infractions are generally met with the most severe and swift punishment available. If you're at the management level, however, you are treated far more leniently. There are any number of very high-profile anecdotal cases on that, but I was wondering if you were able to draw any conclusions as to that dual standard existing or not.

Mr. UNGAR. Mr. Chairman, I don't know that we've looked at that systematically. I know in 1994 we did point out examples of exactly what you just mentioned, both sides, but in terms of a systematic look at—at least not recently. Are you, Anne?

Ms. HILLEARY. No, Mr. Chairman, we have not done any work in that area recently, although in the 1994 report we had noted, based on the results of the employee opinion surveys from 1992 and 1993, that there were a lot of perceptions on the part of the craft employees that they were dealt with more harshly in terms of discipline than managerial employees.

Mr. FATTAH. Mr. Chairman.

Mr. MCHUGH. Yes, I'd yield to the gentleman from——

Mr. FATTAH. Let me just quickly thank the panelists, but also I want to proceed with a written inquiry that I hope you would provide for the record some response. I think it's critically important that we get to the answers to some of the questions that have been raised. I want to follow-up specifically on the question of trying to identify the number of employees who have filed multiple grievances, or what the number of employees are relative to the number of grievances that we are dealing with, but some of the other questions that I asked earlier. I also seek unanimous consent that my full opening statement be entered into the record, Mr. Chairman.

Mr. MCHUGH. Yes, without objection, all Members' statements will be entered in their entirety, and as I mentioned we will leave the record open for Members to submit some written questions as they deem desirable, and we would appreciate your continued cooperation. I know we'll receive that because you have been so totally cooperative and very, very helpful in your efforts thus far, and I and the subcommittee appreciate very much what all of you have done to help us in this endeavor.

So thank you for being with us this morning.

Mr. UNGAR. Thank you.

Ms. HOFFMAN. Thank you, Mr. Chairman.

[Followup questions and responses follow:]

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

March 17, 1998

The Honorable John M. McHugh
Chairman, Subcommittee on the
Postal Service
Committee on Government Reform
and Oversight
House of Representatives

Dear Mr. Chairman:

As requested in your December 9, 1997 letter, enclosed are our responses to four questions you asked following our testimony at the Subcommittee's November 4, 1997, hearings. Also, we have included our responses to three additional questions that you received from the Ranking Minority Member on January 22, 1998, which you subsequently provided to us.

If you need further information or have additional questions about our responses, please call me on (202) 512-4232.

Sincerely yours,

Bernard L. Ungar

Bernard L. Ungar
Director, Government Business
Operations Issues

Enclosure

ENCLOSURE

## GAO RESPONSES TO QUESTIONS OF DECEMBER 9, 1997, FROM THE CHAIRMAN, SUBCOMMITTEE ON THE POSTAL SERVICE, HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, RELATED TO NOVEMBER 4, 1997, HEARINGS ON LABOR-MANAGEMENT RELATIONS

**Question 1.** What types of performance measures will be used to determine whether changes in the labor and management relations climate have improved? Have you identified any strategies to improve labor relations and employee satisfaction on the workroom floor where, as you report, labor relations are the most adversarial?

**GAO response**: Regarding performance measures, according to the Postal Service's five-year strategic plan that was prepared under the requirements of the Government Performance and Results Act, the Service has established three corporate goals, including (1) satisfy the customer, (2) improve employee and organizational effectiveness, and (3) improve financial performance. The Service has categorized each of these goals as a "voice" to indicate its intent to use data and input obtained from various sources, including the marketplace and employees, to determine how well it is making progress toward achieving improvements in these goals.

The second goal--improving employee and organizational effectiveness--is the goal that the Service has designated as reflecting the "voice of the employee," and appears to be the corporate goal most closely aligned with the Service's effort to detect changes in the labor-management relations climate. The Service has identified some data that it plans to use to indicate whether its efforts may have helped to improve the labor-management relations climate, including (1) training provided to supervisors and craft employees that can help them improve their job proficiencies, (2) the Business Information Survey, also referred to as the goal knowledge survey, that can help the Service determine the extent to which various supervisors have discussed the goals of postal units with their employees, and (3) the number of workdays lost due to workplace injuries. Also, in the strategic plan, the Service has stated that a survey of employee attitudes is currently being developed for implementation in fiscal year 1999 with various improvement targets to be set in future years.

Regarding strategies to improve labor relations and employee satisfaction on the workroom floor, as we discussed in our 1994 labor-management relations report,[1] over the years, the Service and its unions and management associations have made numerous attempts to improve the postal working environment and enhance labor-management relations. Although some of these attempts, also referred to as initiatives, have produced

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[1]U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A/B; Sept. 29, 1994).

some positive outcomes, they have generally not changed the underlying values and systems that in some cases have perpetuated the hostile work environment and adversarial labor-management relations. We stated that lasting improvements could be realized if postal management, union, and management association leaders at all levels of the Postal Service were committed to changing their traditional practices. Some important lessons they could learn included (1) developing a union-management partnership; (2) empowering employees through work teams; and (3) linking pay, in part, to organizational and unit performance.

ENCLOSURE

**Question 2**. Once source of friction between labor and management, as highlighted by your report, involves the Employee Opinion Survey (EOS). For instance, while the American Postal Workers Union (APWU) said it had helped to design, execute, and analyze a joint survey on dependent care and has no objections to participation in *CustomerPerfect!* surveys to employees, the APWU specifically commented that it was never a part of the Employee Opinion Survey initiative and that not a single question on the EOS came from that union. Union members boycotted participating in the survey, even though they could have completed it on company time. How would you characterize the union's objections to the survey and the manner in which the Postal Service would--or could--have used the results?

**GAO response**: Based upon comments received from APWU officials, we understand that a key factor affecting APWU's position on employee surveys involves the extent to which APWU believes that the information obtained from such surveys may be used to undermine the union's activities in representing the interests of its employees and in collective bargaining negotiations. We believe that this factor was revealed in the comments that APWU provided to us on the two labor-management relations reports that we issued in September 1994 and October 1997.

In its comments on our September 1994 report, APWU expressed concern about our reliance on EOS data, especially as it believed we may have used such data to recommend changes to the union's collective bargaining agreement. Specifically, APWU stated that

> "...the APWU takes strong exception to GAO's heavy reliance on the Employee Opinion Survey ("EOSs") to gauge employee sentiment concerning their working conditions. Such direct dealing with employees and bypassing of their statutory representative, particularly in anticipation of collective bargaining, is flatly prohibited by the National Labor Relations Act. See, e.g., Harris-Teeter Super Markets, Inc., 310 NLRB 216, 217 (1993). Instead, the democratic processes of free trade unions should be the vehicle for presenting the views of employees, as they are in the APWU. The law makes it clear that those who choose not to participate in their organization forfeit the right to speak on their working conditions. We would point out that the APWU's bargaining stance over the years has been endorsed by the voluntary membership and payment of dues of 80% of bargaining unit employees. It is as improper for GAO to rely on EOS responses to recommend changes in collective bargaining agreements (see Vol. 1, pp. 15-16, 27) as it is for management to present proposals in bargaining originating in its unilateral poll of employee sentiment."

In its comments on our October 1997 report,[2] APWU stated that it had no inherent objections to employee surveys and discussed its efforts to survey employees on dependent care issues. Also, APWU did not object to employee participation in the *CustomerPerfect!* survey about the communication of organizational and unit goals to employees. However, APWU disapproved of the Postal Service's use of EOS data during 1994 collective bargaining negotiations. APWU believed that such use was inappropriate mainly because by using EOS data, the Service undermined APWU's bargaining position. One example that APWU cited involved the Service's use of EOS data to establish EOS action teams. APWU indicated that rank-and-file APWU members participated on such teams but without local union participation. The teams began working on alleged problems identified by EOS results for specific locations, such as how to deal with poor performers. According to APWU, during the 1994 collective bargaining negotiations, various postal negotiators cited EOS data as justification for proposals. However, APWU did not appear to believe that the use of this data in such a manner was appropriate.

[2]U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems (GAO/GGD-98-1; Oct. 1, 1997).

ENCLOSURE

**Question 3**. What is the time frame for the next round of collective bargaining between the Postal Service and its unions? What do you see as the potential for reaching agreement without having to go to arbitration? Under the current system, do adequate incentives exist for the unions and the Service to reach agreement rather than proceed to arbitration?

**GAO response**: According to the Postal Service's Vice President for Labor Relations, collective bargaining negotiations generally begin around 3 months before the expiration of the unions' contracts. Because their contracts are due to expire in November 1998, collective bargaining negotiations are expected to begin in August 1998, for 3 of the 4 major postal labor unions (i.e., APWU, the National Association of Letter Carriers [NALC], and the National Postal Mail Handlers Union [Mail Handlers]).[3]

We agree with the Vice President for Labor Relations that it would be difficult to speculate regarding the upcoming 1998 negotiations and whether the unions and the Postal Service can reach agreement without resorting to arbitration. However, he mentioned that this year, some factors exist that may affect the conduct and results of the collective bargaining negotiations. For example, both APWU and NALC conventions and officer elections are expected to occur during the time that negotiations are underway. The outcome of these events could affect not only the union representatives who may be involved in the negotiations but also the means by which the two unions determine how to negotiate with the Postal Service and the issues they choose to discuss. In addition, the Vice President for Labor Relations mentioned that there are obstacles to reaching agreement without going to arbitration.

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[3]The contract for the fourth union–the National Rural Letter Carriers Association–is due to expire in November 1999. Thus, collective bargaining negotiations on the contract that covers rural carriers should probably begin around August 1999.

**Question 4**. Should the labor and management summit fail to produce any appreciable results, what could the next step be for Congress to take in an effort to address this seemingly intractable problem? Apart from the number of grievances filed, what other objective measures exist to gauge employee and management relations?

**GAO response**: Subsequent to the issuance of our report on October 1, 1997, a summit meeting was held on October 29, 1997, which was attended by representatives from the Postal Service, the four major postal labor unions (i.e., APWU, NALC, Mail Handlers, and Rural Carriers), and the three management associations (i.e., the National Association of Postal Supervisors [NAPS], the National Association of Postmasters of the United States [NAPUS], and the National League of Postmasters of the United States [the League]). The meeting was facilitated by the Director of the Federal Mediation and Conciliation Service (FMCS) and members of his staff.

A summary of the meeting was prepared by FMCS, which indicated that some progress has been made by the Postal Service and some of the postal labor unions in trying to improve workplace relationships. For example, APWU and NALC agreed to carry forward with efforts that are intended to address the issue of employee grievances, including (1) an attempt to reduce the backlog of grievances awaiting arbitration; and (2) an effort to test revised procedures for resolving employee grievances. Also, the Postal Service, the four major labor unions, and the three management associations agreed to convene future quarterly meetings with the assistance of FMCS to continue their dialogue and discuss developments in labor-management relations.

According to an FMCS official, another summit meeting was held on March 4, 1998. In addition to the eight parties that attended the October 1997 summit meeting, representatives from other organizations attended the March 1998 meeting, including officials from Kaiser Permanente and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). FMCS invited these officials to attend the meeting so that they could discuss their experiences with labor-management partnerships. According to an FMCS official, the meeting was productive and informative for the Postal Service and its major labor unions and management associations.

According to an FMCS official, the next postal summit meeting is scheduled to occur on May 11, 1998. We believe that continued summit meetings with the eight parties and FMCS as the primary facilitator can provide opportunities for open discussions about the efforts of the Postal Service, its labor unions and management associations to address long-standing labor-management relations problems. Also, such meetings can provide opportunities for the eight parties to hear from representatives of organizations outside the Postal Service regarding "best practices" that could be considered to help improve postal labor-management relations.

In addition to summit meetings, we believe that Congress' continued oversight of postal activities through annual hearings required by the Postal Reorganization Act of 1970 is a key opportunity to reinforce to the eight parties the importance of the need for continued attention to labor-management relations problems. These hearings can provide a forum for Congress to obtain updated information about the extent to which the eight parties have made progress in addressing such problems. Also, the Service's annual performance plans, which are required by the Results Act, can provide opportunities for the Service to provide information on its efforts to implement labor-management relations improvements.

Regarding measures to help assess employee and management relations, as discussed in our response to question 1, the Service has identified in its strategic plan other information that can indicate the extent to which its efforts may have improved the workplace environment. Such information includes (1) training provided to supervisors and craft employees that can help them improve their job proficiencies, (2) the Business Information Survey, also referred to as the goals knowledge survey, that can help the Service determine the extent to which various supervisors have discussed the goals of postal units with their employees, and (3) the number of workdays lost due to workplace injuries. Also, in the strategic plan, the Service has stated that a survey of employee attitudes is currently being developed for implementation in fiscal year 1999 with various improvement targets to be set in future years.

In addition, in its preliminary performance plan for fiscal year 1999, the Service has cited its efforts to develop new indicators of the workplace environment to support its performance goal of enhancing the environment to improve relationships with employees. Such indicators will include not only the new employee attitude survey, which is being jointly developed with employee organizations and will be conducted quarterly, but also new workplace environment indices that will be made available to various postal managers to indicate the health and status of the environment at the Service's performance cluster levels.[4] Other indicators will include indices that are expected to demonstrate (1) increased training for various employees; and (2) improved employee proficiencies in specific postal functions, such as automation maintenance and operations, retail unit processes, and bulk mail acceptance unit processes.

[4]According to the Service, a performance cluster is one of 85 geographically-based, mid-level organizational units.

ENCLOSURE

**GAO RESPONSES TO ADDITIONAL QUESTIONS FROM THE RANKING MINORITY MEMBER, SUBCOMMITTEE ON THE POSTAL SERVICE, HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, RELATED TO NOVEMBER 4, 1997, HEARINGS ON LABOR-MANAGEMENT RELATIONS**

**Question 5**. I am quite concerned over the staggering number of unresolved and pending grievances and the status of pending equal employment opportunity (EEO) complaints. I have a series of questions concerning grievances and EEO complaints.

> What is the current cost to the Postal Service to process grievances and EEO complaints?
>
> What is the number and type of grievances pending at each step in the Grievance/Arbitration process?
>
> What is the number and status of EEO complaints?
>
> How many employees have filed grievances and EEO complaints?
>
> What are the types of facilities which have the largest number of EEO complaints and grievances pending?
>
> What more could and should be done to accelerate the resolution of EEO complaints and grievances by all affected parties?

**GAO response**: Much of the information you requested concerning employee grievances is currently being obtained by the Postal Service's Office of Inspector General (IG). This effort was recently agreed to by us and the Postal Service IG with the approval of Mr. Chaka Fattah, Ranking Minority Member of the House Subcommittee on the Postal Service, Committee on Government Reform and Oversight. In November 1997, Mr. Fattah requested that we obtain various data related to the postal employee grievance and EEO complaint processes, including information on processing costs, the number and types of pending grievances/complaints, and the types of postal facilities with the largest number of pending employee grievances/complaints. Mr. Fattah also asked for information on other related topics, such as the extent to which the steel industry may have revised its employee grievance process, sexual harassment and EEO training provided to postal employees, and alternatives to the current grievance process.

In January 1998, we learned that the Postal Service's Vice President for Labor Relations had requested the Postal Inspection Service to obtain information on employee grievances that was similar to the information that Mr. Fattah had also asked us to obtain. In addition, the Postal Service IG had indicated an interest in reviewing various aspects of the employee grievance process. Thus, with the requester's approval, we and the Postal Service IG agreed to work jointly on obtaining information that could help satisfy Mr. Fattah's request. Specifically, the IG agreed to work with the Postal Inspection Service in obtaining quantitative data related to the postal employee grievance process. We agreed that our work would include obtaining information on the other related topics in which Mr. Fattah had expressed an interest. We recently began work on two assignments that should address the topics for which you requested EEO-related information.

The Postal Service's Comprehensive Statement on Postal Operations for fiscal year 1997 included some summary information on the number of pre-complaint counselings conducted and EEO complaints filed during the fiscal year. Specifically, the Statement noted that 28,874 pre-complaint counselings were conducted, which was an increase of about 8.7 percent over the fiscal year 1996 figure, which was 26,556. The number of formal EEO complaints filed during fiscal year 1997 was 14,187, an increase of about 7.1 percent when compared to the 13,252 complaints that were filed during fiscal year 1996.

With respect to accelerating the processing of EEO complaints, the Service's Comprehensive Statement also included information on the Service's efforts to improve various aspects of the EEO process. For instance, the Service stated that during fiscal year 1997, a Business Process Reengineering effort was initiated, which made recommendations for improving the EEO structure and information systems. According to the Service, during fiscal year 1997, work teams were created to review the implications of these recommendations and develop implementation plans to make those changes that have the greatest impact on system improvements. Such changes are planned for fiscal year 1998.

In addition, in 1994, the Service established a program to introduce alternative dispute resolution (ADR) procedures into the EEO complaint process. We issued a report in August 1997 that discussed various federal agencies' and private companies' experiences in using ADR procedures.[5] Such procedures usually involve intervention or facilitation by a neutral third party and can be used to help resolve employee disputes before such disputes require formal procedures, including formal EEO complaints and lawsuits, to be resolved. The report discussed the Postal Service's implementation of an ADR pilot

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[5]Alternative Dispute Resolution: Employers' Experiences with ADR in the Workplace (GAO/GGD-97-157; Aug. 12, 1997).

program for EEO complaints.[6] Known as REDRESS (Resolve Employment Disputes, Reach Equitable Solutions Swiftly), the program was established in voluntary compliance with the Alternative Dispute Resolution Act of 1990 to try to help settle postal employees' EEO concerns before they became formal complaints and to take advantage of federal employee EEO complaint system regulations encouraging ADR use.[7] According to the Service, results from the REDRESS program have generally been positive. The Service is currently in the process of expanding the REDRESS program nationwide so that by the year 2000, all postal employees should have access to the program.

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[6]A pilot program was established in the Service's North Florida district office located in Jacksonville, Florida.

[7]The Administrative Dispute Resolution Act of 1990 required federal agencies to develop ADR policies and charged the Administrative Conference of the United States (ACUS) with the responsibility for (1) assisting agencies in developing ADR policies and (2) compiling information on agencies' use of ADR. The act sunset in September 1995 and ACUS was abolished in October 1995. The Administrative Dispute Resolution Act of 1996 permanently reauthorized the 1990 act and charged the President with naming a successor to ACUS to facilitate and encourage agency use of ADR. As of July 1997, no successor had been designated. However, FMCS, which shared responsibility with ACUS for helping agencies develop ADR policies, assumed sponsorship of the Federal ADR Network (FAN), an interagency group that provides assistance to agencies in designing ADR systems, obtaining resources, or acquiring neutrals. In addition, FMCS assumed responsibility for ACUS' ADR research and clearinghouse activities.

**Question 6**. What types of performance measures could or should be utilized by the Postal Service to determine whether employee-management and union-management relations have improved?

**Question 7**. Could you highlight for us how the Postal Service's final Strategic Plan, which was prepared under the requirements of the Government Performance and Results Act (Results Act) specifically addressed labor-management issues? What could have been included or addressed to make the plan more responsive to labor-management issues within the Postal Service?

**GAO response**: Because we believe that questions 6 and 7 involve issues that are closely related, we have provided the following consolidated response to address both questions.

As discussed in our response to question 1, according to the Postal Service's five-year strategic plan that was prepared under the requirements of the Results Act, the Service established three corporate goals, including (1) satisfy the customer, (2) improve employee and organizational effectiveness, and (3) improve financial performance. The Service has categorized each of these goals as a "voice" to indicate its intent to use data and input obtained from various sources, including the marketplace and employees, to determine how well it is making progress toward achieving improvements in these goals.

The second goal–improving employee and organizational effectiveness–is the goal that the Service has designated as reflecting the "voice of the employee," and appears to be the corporate goal most closely aligned with the Service's effort to detect changes in the labor-management relations climate. As mentioned in the plan, the principal strategy associated with the "voice of the employee" is to establish a performance culture while improving the quality of the workplace environment. Efforts to achieve this strategy include (1) improving workplace safety, (2) aligning human resources systems with organizational requirements, and (3) improving labor-management relations. Also, in its plan, the Service has recognized the importance of improvements in such relations to help achieve future cost containment strategies, a fact that is especially critical given that by the end of fiscal year 1997, labor costs comprised about 78 percent of total postal expenditures.

The Service has identified some data that it plans to use to indicate whether its efforts may have helped to improve the labor-management relations climate, including (1) training provided to supervisors and craft employees that can help them improve their job proficiencies, (2) the Business Information Survey, also referred to as the goals knowledge survey, that can help the Service determine the extent to which various supervisors have discussed the goals of postal units with their employees, and (3) the number of workdays lost due to workplace injuries. Also, in the strategic plan, the

Service has stated that a survey of employee attitudes is currently being developed for implementation in fiscal year 1999 with various improvement targets to be set in future years.

In our July 1997 letter on a draft of the Postal Service's strategic plan,[8] we stated that the draft plan addressed a number of major management challenges, including the need for the Service to improve customer service, increase productivity, and control costs. However, we said that among other things, the draft plan needed to more fully discuss the major challenge of improving labor-management problems, including how such improvements could affect the achievement of the plan's overall goals and strategies. We also believe that in its final strategic plan, which covers fiscal years 1998 through 2002, the Service more fully discussed this challenge and identified some appropriate indicators, including the development of the employee attitude survey, that could be useful in showing the extent to which progress may have been achieved in improving labor-management relations and the overall postal workplace environment.

To help monitor workplace improvements, we believe that the annual performance plans prepared under the requirements of the Results Act can provide the Service opportunities to discuss updated information on progress that has been achieved in improving labor-management relations. Also, performance plans can provide opportunities for the Service to (1) further identify, develop, and discuss appropriate data indicators that can help demonstrate progress; and (2) if necessary, consider the extent to which revisions to future strategic plans may be appropriate based on changes in the overall postal labor-management relations climate.

As discussed in our response to question 4, in its preliminary performance plan for fiscal year 1999, the Service has cited its efforts to develop new indicators of the workplace environment to support its performance goal of enhancing the environment to improve relationships with employees. Such indicators will include not only the new employee attitude survey, which is being jointly developed with employee organizations and will be conducted quarterly, but also new workplace environment indices that will be made available to various postal managers to indicate the health and status of the environment at the Service's performance cluster levels. Other indicators will include indices that are expected to demonstrate (1) increased training for various employees; and (2) improved employee proficiencies in specific postal functions, such as automation maintenance and operations, retail unit processes, and bulk mail acceptance unit processes.

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[8]The Results Act: Observations on the Postal Service's June 1997 Draft Strategic Plan (GAO/GGD-97-163R; July 31, 1997).

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Eileen B. Hoffman
Director, Office of Special Projects

March 18, 1998

The Honorable John M. McHugh
Chairman
Subcommittee on the Postal Service
Committee on Government Reform and Oversight
House of Representatives
Rayburn House Office Building
Washington, D.C. 20515-6143

Dear Chairman McHugh:

Thank you again for the opportunity to testify at the hearing before the Subcommittee on the Postal Service on November 4, 1997. To enable you to compile a comprehensive hearing record, the following responses have been prepared to answer questions forwarded to me by your Committee on December 9, 1997 and January 22, 1998.

FMCS Director John Calhoun Wells has asked me to respond to the Subcommittee's questions since, as Director of Special Projects, I am the individual with the responsibility, personal knowledge, and experience concerning these issues. Likewise, as the Director of the FMCS may be required to intervene in the upcoming negotiations between the Postal Service and its unions this year, he feels that it is important that he not make any specific recommendations at this time. I hope you appreciate this reasoning.

I am pleased to inform the Subcommittee that FMCS has chaired two Summit meetings, one on October 29, 1997 and the second on March 4, 1998. A third meeting is scheduled for May 11, 1998. In addition, the Postal unions and management have established a number of committees on key topics relating to improvement of labor-management relations. Many of these committee meetings have been facilitated by FMCS. A committee dealing with the unique issues of the three Postal management associations and the USPS will be convened very shortly as well.

FMCS remains committed to its efforts to assist the Postal Service and its labor organizations to work cooperatively in as productive a manner as possible. We appreciate the opportunity to share our expertise with the Subcommittee.

Sincerely yours,

Eileen B. Hoffman

Eileen B. Hoffman

Enclosure(s)

## FMCS ANSWERS TO QUESTIONS FROM THE CHAIRMAN, SUBCOMMITTEE ON THE POSTAL SERVICE

1. **The current collective bargaining system prohibits postal workers from striking but allows for binding arbitration in the case where management and labor fail to work out agreements on their national contracts. In what ways does this system impact on labor and management relations? In what ways would you recommend Congress to improve upon this infrastructure?**

In 1970, Congress concluded that a postal strike was not an acceptable method of resolving differences between labor and management and the Postal Reorganization Act of 1970 proposed a more complex substitute of fact-finding and arbitration when collective bargaining failed to produce an agreement. The impact of this system, while avoiding strikes or disruptions to postal service, has resulted in near total reliance on third parties to determine the terms and conditions of employment for the employees covered by collective bargaining agreements. In three of the last four national contract negotiations, instead of resolving their differences themselves, the parties have turned to private arbitrators for final and binding determination. This development has unfortunately deferred decision-making and hindered collective bargaining.

The postal service today operates in a different economic and technological environment from the world of 1970. It has more employees today and a very high unionization rate while facing competition from electronic mail, faxes, and other packaging carriers.

Since 1984, the majority of collective bargaining agreements have been resolved through third-party binding impasse procedures. In the last round of negotiations, three of the four major postal unions did not reach agreement through collective bargaining but had a settlement imposed upon them by a third-party arbitration panel. Such reliance on arbitration works against creativity in finding solutions and makes final determinations of what is actually meant by the terms subject to third party interpretation. It also assures the status quo since third parties are naturally reluctant to change terms of a contract if such a change would cause other ramifications. For a complete picture, however, there is at least one example, involving the Rural Letter Carriers, where the parties have reached agreement without resort to arbitration.

Reliance on a third party also diffuses responsibility and accountability while encouraging posturing, exaggeration, and rhetoric. In addition to the problems with contract negotiations, at least three of the four major unions also suffer from a situation where a total of more than 100,000 grievances await arbitration. This is a huge source of frustration which must be remedied. While it is true that grievances are only one indicator of the labor relations climate, an overwhelmingly large number of grievances is cause for concern with the system because it can only result in frustration, increased costs, and delays. The large number of grievances also goes to the heart of contract compliance and the integrity of the collective bargaining relationship.

As the neutral agency established to work with the parties both at contract expiration time and during the term of collective bargaining agreements, FMCS usually does not make policy recommendations. However, we are concerned that the perception that the system is seriously

flawed and needs to be fixed is widely shared by unions, management, government, and academics. What follows are options we have heard. Solutions offered by observers are far reaching, ranging from improving the arbitration system to make it less palatable. One suggestion is instituting some form of "baseball arbitration," i.e., final offer arbitration, either for the total package, or issue by issue, which theoretically would force the parties to come closer to the center. Others advocate the right to strike and lockout so as to force each side to recognize competitive pressures and resolve their differences together. There are also suggestions that there should be master agreements with local or regional agreements that take into account geographical differences.

To improve the situation, there must be inducements that encourage the parties to resolve problems by themselves. These might include insistence on more intensive negotiations, training in new types of dispute resolution mechanisms (e.g., interest-based bargaining), greater use of mediation, a commitment by the Postal Service to look into ways to retain functions within the Service (e.g., not to contract out) and a similar commitment by the unions to look for cost savings and productivity. We would suggest the use of impartial outside experts for input but that any final decision-making be the clear responsibility of the parties.

We would suggest frequent summit meetings which include learning about improved labor-management experiences outside the Postal Service, as well as more in-depth discussions on these "best practices" to develop better understandings. The increased oversight and demands for accountability by Congress may be an inducement to settlement without third party intervention.

**2. The Postmaster General has endorsed the approach taken in H.R. 22 regarding the appointment of a Presidential Postal Employee Management Commission. One suggestion has been for this Commission to contract with an outside entity, such as the National Academy of Public Administration, in conducting such a review. What are your opinions on such an approach?**

Establishment of a Commission might delay efforts towards reforms while everyone waits to see what the Commission proposes and all present evidence and testimony to the Commissioners. Instead, the parties who should be educated are the labor and management organizations themselves. It would be more important for them to look at experiences in labor-management bargaining, cooperation, and productivity and to learn from these experiences than for a Commission to propose solutions for the Postal Service and its unions. We would rather see the funds for the Commission used to acquaint these management and labor organizations with more creative ways to approach their differences.

Rather than resorting to a detached NAPA-type study, we would rather see a colloquium of respected labor, management, academic, and neutral organizations work with the Summit group as part of their support staff to speed this endeavor. If NAPA or some other body were asked to undertake this review, it should make certain that there is input from key union and management officials as well as experiences in related industries.

**3. The Federal Mediation and Conciliation Service has been instrumental in helping solve labor and management disputes in other industries. How would you assess the present state of labor and management relations in the Postal Service? What comparisons, current or historical, can you draw from this state of labor relations and those of other industries? What can the Postal Service and its employee organizations learn from the experiences of similarly-situated industries in attempting to address these problems?**

In October 1997, the General Accounting Office wrote that since it had issued its report in September 1994, "little progress has been made in improving the persistent labor-management relations problems that had, in many instances, resulted from autocratic management styles; the sometimes adversarial attitudes of employees, unions, and management; and an inappropriate and inadequate performance management system." The GAO further noted that these problems, including the high numbers of grievances, numerous arbitrations, distrust and hostility had "generally contributed to a sometimes contentious work environment and lower productivity for the Postal Service."

Today, however, there are examples of progress and improvements. These include new initiatives by the American Postal Workers Union and the USPS to deal with grievances and arbitration processes on local, area, and national levels; the recent establishment and training of joint Dispute Resolution Teams by the National Association of Letter Carriers and the USPS to resolve grievances more quickly through joint interpretation of specific contract language; the recent agreement between the National Postal Mail Handlers and the USPS to form a committee to discuss root causes of labor-management problems; and the Rural Letter Carriers continuation of their collaborative discussion approach and low grievance rate.. And, in response to discussions about contract compliance and dignity at the workplace, the Postal Service issued a "Voice of the Employee-Workplace Relationships memorandum regarding employee treatment, contract compliance and communications" (Copy is attached). This should also reflect better coordination between postal operations and labor relations officials as well.

These efforts are glimmers of hope. It is, of course, too early to be overly optimistic but at least the parties are beginning to talk seriously about their relationship and the need for its improvement. As the Summit get its committees and subcommittees formed, as the Postmaster-General convenes his leadership meetings, as these initiatives get underway, we will see if there are demonstrated results and changed attitudes.

If we look at other industries-- autos, steel, aluminum, communications, aerospace, and the public sector--we see some parallels. In the Federal Sector, an Executive Order to encourage partnerships has resulted in a number of agreements between labor and management to deal with productivity and cooperation. In the auto industry, attention to a different form of bargaining, featuring a more strategic approach with employee, union, and management input has resulted in important productive changes. In the state and local sectors, a number of city governments and their unions have entered into partnership councils to deal with critical problems and enhance their recovery (Philadelphia, New York City, Seattle, Gary, Ind.). The United Steelworkers Union and management in the steel and related industries have worked together to deal with common

problems. In the telecommunications industry, the partnership efforts by GTE, CWA and IBEW deal with business issues; in baked goods, the labor-management partnership agreement between Nabisco and the Bakery and Confectionery Workers, while tested by economic developments, continues to flourish; and in the health care industry, an innovative partnership agreement involving Kaiser-Permanente Health Plan and a coalition of AFL-CIO unions has recently been negotiated to foster a new labor-management climate and deal with the changing HMO-health care environment. There is much to learn from industries which used to have an unchallenged position (either in wages, prices, or products), but which through global competition, deregulation, or state intervention, no longer enjoy such hegemony. These industries include communications, transportation, utilities, and trucking: they've echoed the motto, "Adapt or die."

The Postal Service and its employee organizations can learn much from the experiences of similarly-situated industries in attempting to address these problems. These could include how the USWA and the steel industry have streamlined their grievance procedures to get workplace problems resolved, often using labor and management officials to screen the grievances. . Indeed, it can be argued that the Postal Service in 1998 is similar to the steel industry in 1979: both are faced with diminution of market share through alternative sources and both require strong action steps.

We would hope that the postal unions and postal management would look at other experiences and industries, including those which also have dealt with defining a fair day's work, and to competitive pressures and forces which require response by union leadership and management officials as well as the rank and file. FMCS mediators have worked with unions and companies in all sectors (public, private, and Federal) to encourage joint approaches to problem-solving through labor-management committees, interest-based bargaining, as well as traditional collective bargaining.

**4. High hopes have been pinned on the success of the labor and management summit in attempting to begin the process of improving management and labor relations. Should this summit approach fail, what would you recommend be the next step in attempting to address this persistent problem?**

First, let's give this Summit experience a chance -- that means at a year to see what has been accomplished. As you may recall, the very first meeting occurred on October 29, 1997. The next session was just conducted on Wednesday, March 4, 1998 and a third will be scheduled for May 11, 1998. A number of subcommittees have been formed and are at work. But much needs to be done. It really makes sense to give these long-struggling parties some time through the expiration of three of their four major agreements (on November 20, 1998) before assessing results. In the event that the results are not satisfactory, then further action should be contemplated.

There are a number of suggestions ranging from opening up the Postal Service to private sector competition through access to the mailbox and to first class delivery, as well as allowing the right to strike. This would permit market forces to help cure the problem. The recent experience with the United Parcel Service strike last summer showed that there were other competitors who rushed in to fill customer needs. Indeed, the U.S. Postal Service was able to fill that gap and assist the American public in delivery of packages and mail.

The second meeting of the Postal Labor Management Summit, on March 4, 1998 featured a joint presentation by Mr. Peter diCicco, President of the AFL-CIO's Industrial Union Department and Mr. Gary Fernandez, Senior Vice President, Labor-Management Partnership at Kaiser-Permanente, to discuss how one of the nation's largest and most complex labor-management partnerships is progressing. Also discussed was important progress to date from the unions, management associations and the Postal Service. The NALC and USPS have signed a Joint Statement of Expectations (attached) to improve workplace relationships and to begin a new dispute resolution team process in selected areas of the country. Training for these joint teams began on March 9, 1998 in Washington, D.C. The APWU and USPS reviewed their progress with an Accelerated Arbitration Program (description attached) and their efforts to bring labor and management groups in to Washington to review how these initiatives are working. These groups are facilitated and key questions are reviewed by all sides. The Mail Handlers and USPS are beginning to form a subcommittee to deal with labor-management issues at the local level. A charter has just been approved and a committee is being formed.

Other recent developments include a Postal Service Directive concerning the "Voice of the Employee" stressing that contract compliance and respect and dignity were important aspects of all postal management dealings with employees and unions. At the most recent summit, a subcommittee dealing with the specific concerns of the postal management associations was also named with facilitation by FMCS. This committee will be meeting later in the Spring.

5. **Your report regarding the recent Labor and Management Summit is a source for optimism that improvement in labor relations can be attained. Please provide the Subcommittee with an expected agenda for the future summits including a timetable for expected meetings and the focus for any expected discussions. Also, as requested, please provide the Subcommittee with a copy of the minutes of the meeting along with a summary of the meeting and any areas discussed to which the parties may have reached agreement.**

FMCS has agreed that a summary of the Summit meetings will be prepared and approved by the participants and then reported to the Congressional subcommittee (a copy of the October 29, 1997 meeting summary is attached) and of course, any agreements reached will be included in those summaries. We are not taking minutes, per se, but the summaries should suffice to provide the flavor and substance of the meetings while permitting the exercise of brainstorming, candid and free-wheeling discussion and decision-making.

As to agendas for future Summits, we plan to meet at least quarterly and have been working on mutually agreeable dates for meetings. The second Summit was held on March 4, 1998; a third is set for May 11, 1998, and a fourth will probably be scheduled for sometime in the fall, perhaps September or October of 1998. A copy of the March 4th agenda is also attached and the draft summary will be forwarded to the subcommittee upon review by the Summit members.

Subject matter for these meetings has included progress on labor-management relations initiatives to date, the formation of new subcommittees, and outside speakers. While the first Summit created an exploratory committee to develop a joint improve to improve "Union-Management Understanding" approach, that committee which met on December 18, 1997, required further clarification. Representatives of all eight organizations discussed the prospect of jointly creating materials to educate all levels of the postal service on business challenges facing the industry and enterprise as well as an appreciation of the climate and background of the labor organizations who represent the postal employees. However, the timing for starting this initiative (during a contract negotiations year) may have to be reconsidered since such an extensive undertaking could require a one to three year effort as well as a high level of staff and resource support.

At future meetings, possible agendas might include guest speakers on critical topics, such as future economics and technological change, or hearing from experts in the industrial relations field such as MIT Professor Thomas Kochan and Dean Robert McKersie, and Northwestern University Law Professor and mediator Stephen Goldberg, or from customers of the Postal Service, or from those directors of other industry and union education programs such as the paid education leave programs of the UAW and GM and Chrysler Corp. Other issues to be tackled may include violence at the workplace as well as the impact of negotiations during this Summit year.

We have just scheduled the third summit for May 11, 1998 and will focus on the progress of committee meetings to date as well as at least one outside best practice.

As you know, FMCS has an important statutory role in assisting in the resolution of collective bargaining disputes in the Postal Service, through training, mediation, and where necessary the appointment of fact-finding or arbitration panels. With the Summit process, this agency has also assumed a critical responsibility to work with the postal unions, management associations, and the Postal Service, to deal with both short and long-term problems, to get at root causes and work towards their solutions.

## FMCS ANSWERS TO QUESTIONS FROM RANKING MINORITY MEMBER OF SUBCOMMITTEE:

**1. How will Congress stay abreast of your participation with the postal service, unions and postal management?**

As we mentioned at the hearing, FMCS will provide the Subcommittee with a copy of the meeting summaries and is available for briefings as requested.

**2. Regarding the type and severity of persistent labor-management problems, how does the postal service compare to other organizations in the private sector that may have experienced similar problems?**

We are not aware of any other organization that has the severity of labor problems that the United States Postal Service has. It is the largest civilian employer and through its sheer size experiences problems on a different scale. However, experiences in the steel and auto industry are instructive for methods to reduce the number of grievances as well as sharing of information and participation at top levels of the organization. Thus, in the steel and auto industries, labor and management have committees to screen grievances and also permit many of their decisions to establish precedent. The Saturn-UAW partnership is another experience that could be studied where unions have more input into decision-making. Here, even though the company and union relationship showed some strain and a vote was taken on March 10-11, 1998 to see if the union membership wished to continue this novel agreement, the outcome indicated that a two-to-one majority of employees did want to continue their historic accord and work with each other for mutual progress and survival.

A number of industries and unions have created new approaches to learning about each other and the environment (economic, technological, and political) in which they work. In the auto industry, there are one, two, and three week joint training programs are conducted; there are also efforts in the unionized construction industry to work with unions and contractors to understand each other's needs and challenges facing the industry.

**3. What do you believe are the essential conditions that should be present to help ensure a successful resolution to persistent labor-management problems?**

One essential condition for any change strategy to work is to answer the question, "Why is it needed?" In the absence of an affirmative answer, there is a human tendency to keep things the way they have always been done. Therefore, to open up new doors, the unions, management, employees, and public must believe that there is a need for a change. For example, if all concerned believe that the number of grievances and arbitrations amounts to a "meltdown" of the labor relations system, then there is a possibility for reforming the system.

The essential conditions for successful resolution to persistent labor-management problems include (a) a willingness to try new approaches; (b) a willingness to exchange information, share data, and learn from others; (c) trust ; (d) an appreciation of each other's interests; (e) an understanding of the joint problems facing the industry and the unions and (f) use of some mutually agreed upon measures and standards to judge options. There needs to be a recognition that there is a problem and then work towards how to resolve it.

**4. I understand that Alternative Dispute Resolution (ADR) is being used in EEO cases. Could ADR be useful for other areas? If so, please explain.**

Alternative dispute resolution (ADR) really means the use of problem-solving techniques such as mediation, arbitration, fact-finding, and other methods to resolve problems. In equal employment opportunity (EEO) disputes, it has usually been the successful use of mediation by trained professionals that has assisted labor and management to resolve these complaints. Indeed, in Cincinnati and Cleveland, Ohio, FMCS has been asked by the Postal Service (through inter-agency agreements) to provide such mediation assistance for the EEO complaint programs. FMCS is currently discussing providing such service in Royal Oak, Michigan and Chicago, Illinois. From its initial experience in Cincinnati, FMCS mediators have seen employees and their representatives as well as supervisors benefiting from their involvement in this process. Not only has there been a high settlement or resolution rate (over 80 percent) but high satisfaction by the parties themselves. In these cases, the individual complainant has had a chance to be heard and to fashion a remedy, where appropriate.

Of importance in this dispute resolution process is the resolution of the immediate complaint as well as the conditions that gave rise to that conflict. When mediators assist in determining the underlying root causes of the conditions which helped to cause the conflict, they may also use a process of empowerment and recognition which has been called "transformative mediation" by Professors Robert A. Baruch Bush and Joseph P. Folger. Mediators also use interest-based approaches to assist individuals, labor, and management to recognize problems, understand and appreciate interests, and reach workable solutions. The key to all of these forms of dispute resolution is active involvement by the complainant and the supervisor in the process. Professor Lisa B. Bingham, who is studying the USPS-EEO mediation program, called REDRESS, has already found in her research that not only does the individual employee but his or her supervisor has also benefited from participation and satisfaction with the mediation process.

ADR has been very helpful in EEO areas, at least in the studies conducted and from FMCS's own experiences with it; it might also be useful in working with any complaints involving managers and supervisors within the postal service. There are consultative rights for the postmasters and supervisors but ADR might address some of their needs as well.

**Index of Enclosures**

Summary of October 29, 1997 Postal Labor Management Summit Meeting
Agenda for March 4, 1998 Postal Labor Management Summit Meeting
USPS-NALC Joint Statement of Expectations, Signed December 1997
USPS Memorandum to PCES Executives on "Voice of the Employee--Workplace Relationships," February 18, 1998
Memorandum of Understanding Between the USPS and the APWU, March 8, 1997

UNITED STATES OF AMERICA
FEDERAL MEDIATION AND CONCILIATION SERVICE
WASHINGTON, D.C. 20427

# SUMMARY OF SUMMIT MEETING
# OCTOBER 29, 1997

The first Postal Service Labor-Management Summit was convened in Washington, D.C. on October 29, 1997, by FMCS. Leaders of the four major postal unions, three management associations, and top leadership of the Postal Service came together to discuss postal labor relations and initiatives to be jointly undertaken to improve workplace relationships.

In his opening remarks, FMCS Director Wells said, "This summit enjoys fortuitous timing since a House Subcommittee hearing on the GAO report entitled "Little Progress Made in Addressing Persistent Labor-Management Problems" is scheduled for next Tuesday, November 4." He continued: "This summit will show Congress and the American public that all parties concerned are serious about addressing the labor relations problems in the Postal Service."

Each management and union leader presented brief introductory comments and expectations for this summit. All indicated they wanted to improve labor-management relations, especially for employees at the workplace, looking at root causes of labor relations problems, as well as focusing on the grievance and the arbitration process.

Director Wells presented a chronology of events preceding the summit: the 1994 GAO Report referencing FMCS's possible useful role; the 1995 request for a Summit by Postmaster General Runyon; the urging by Chairman John McHugh of the House Subcommittee on the Postal Service; the 1996 series of meetings and interviews with key union and management officials, including three pre-summit meetings, and the emergence of five suggestions for consideration by the eight principal organizations. These suggestions were focused on contract administration, contract negotiations, union-management understanding process, strategic planning, and establishment of a top-level steering committee. During these pre-summit meetings, the Postal Service agreed to all five suggestions; the APWU and NALC agreed to three (contract administration; strategic planning; top-level steering committee) and the three management associations and Rural Letter Carriers, expressed considerable interest in union-management understanding process.

There followed a review of accomplishments to date. The APWU and USPS discussed the report of their working committee which had been formed to deal with contract administration. They described the three-part agreement dealing with accelerated arbitration, co-mediation, and outside mediation to reduce the backlog. The NALC and USPS described their new agreement to get to the root causes of labor problems through a revised grievance procedure with fewer steps, specially trained and certified labor and management officials who would operate in pairs, and data and evaluation which would be used to see how well the system was working in specific sites over the next year. In addition, the NALC and USPS described a recent understanding on how to look at delivery redesign.

The three management associations expressed a desire for input to improve labor-management relations; they supported co-mediation and wanted to make sure that any contract violations were pinpointed immediately and stopped rather than waiting several years. They also suggested that contract compliance be part of supervisory evaluations. The management associations said they did not require a seat at the bargaining table, but merely a chance to look at proposals before the Postal Service agreed to them. There was a request by union participants that decisions be made at the lowest level rather than rubber stamping them or passing them up the line and that contract compliance be stressed. The USPS described its on-going efforts to develop a Human Relations Strategy, invited participants from all the organizations to participate and also encouraged all union presidents and management association heads to attend the Postal leadership meetings.

Turning to next steps, there was extensive discussion of the Union-Management Understanding Process (which had been circulated prior to the meeting), with the result that all the eight participating organizations agreed to support the concept. They will each nominate one person from their organizations to form an exploratory committee to then create a committee to actually implement the ideas proposed. The Mailhandlers tentatively agreed to the concept but had some additional questions to be resolved at a future meeting. FMCS will contact, schedule and facilitate exploratory and implementary committee meetings.

The group also considered a revised concept paper for strategic planning with the request that, if all agreed, an exploratory committee would meet with the nominees from the unions, management associations, and Postal Service, with an implementing committee to be developed thereafter. For this concept, however, the Postal Service, three management associations, and the Rural Letter Carriers were ready to commit to nominating a person for an exploratory committee. The NALC, APWU, and Mailhandlers were not ready to commit at this time. The NALC felt that these issues might be encroaching on collective bargaining topics; the APWU wanted to see improvements in the labor relations climate first; and the Mailhandlers had some questions as well.

All eight organizations agreed to meet quarterly under FMCS auspices to discuss labor relations developments and Director Wells agreed to convene more sessions. A summary of these meetings will be available to the House Subcommittee on the Postal Service. A summary of the meetings will be distributed to all participants for comment. In addition, FMCS will develop a "generic" press release about the meetings when appropriate.

## UNION-MANAGEMENT UNDERSTANDING PROCESS

Good union-management relations and the ability to work together must be grounded in mutual respect and trust between equal partners. This requires both parties to fully understand the representational and legal roles and responsibilities of the other. It also necessitates that both parties share a similar view of current and future challenges and opportunities they collectively face. Lastly, each must respect and appreciate how the other can contribute or confer value in meeting those challenges.

The Postal Service, its management associations, and its four major union, should commit to a process that would have as its goal the following twin objectives:

1. That every employee, union leader, postal manager, and supervisor be fully aware of the critical role unions play in democratic societies. That they appreciate the representational and legal roles and responsibilities that union officers, at every level, must shoulder. That they understand unions provide structure, voice, and an institutional means of really engaging employees in meaningful and sustainable changes initiatives. That unions confer value as witnessed time again in many of America's most successful companies which are organized and who are also working jointly with their union leadership.

2. That every employee, union leader, supervisor and postal manager fully understand the business challenges facing the Postal Service. They must be conversant with regard to industry trends, business plans, competitive threats, customer requirements, cost implications, how the USPS does business, and how they and their colleagues can impact critical performance indicators.

In order for this union-management understanding process to deliver its full potential, the following considerations must be met:

1. It must be jointly designed.
2. It must be jointly supported.
3. It must be jointly implemented (to include union management pairs doing the actual delivery).
4. It must reach into every postal workplace.
5 It should be on-going or repeated periodically.

If done well and done together, the Postal Service, its management associations, and its unions would be building a solid constituent foundations for accepting change, meeting tomorrow's competitive challenge, and providing the highest quality public service.

FOR IMMEDIATE RELEASE
Thursday, October 30, 1997

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# FMCS Convenes First Postal Summit

Federal Mediation and Conciliation Service (FMCS) Director John Calhoun Wells convened the first-ever Postal Service labor-management summit this week in Washington, D.C., bringing together leaders of the four major postal unions and three management associations, representing 860-thousand postal workers and managers, with the top leadership of the Postal Service to discuss labor problems in the organization.

The Postal Summit, culminating months of meetings between FMCS and individual union and management association leaders, was suggested by U.S. Postmaster General Marvin Runyon and encouraged by Chairman John M. McHugh of the House Postal Service Subcommittee. It follows an October General Accounting Office (GAO) report, entitled "Little Progress Made in Addressing Persistent Labor-Management Problems."

FMCS Director Wells said, "This summit enjoys fortuitous timing since a House Subcommittee hearing on the GAO report is scheduled for next Tuesday, November 4. This summit will show Congress and the American public that all parties concerned are serious about addressing the labor relations problems in the Postal Service." All of the summit participants will testify at the House subcommittee hearing.

The management and union leaders reviewed progress toward improving relations between postal workers and managers, including the work of two joint union-management committees charged with formulating processes to reduce grievances, accelerate arbitrations and reduce workplace problems.

-MORE-

Postal Summit participants included:

- Hugh Bates, President, National Association of Postmasters
- Moe Biller, President, American Postal Workers Union
- William Brennan, President, National League of Postmasters of the U. S.
- Vincent Palladino, President, National Association of Postal Supervisors
- William Quinn, President, National Postal Mailhandlers Union
- Marvin Runyon, Postmaster General, United States Postal Service
- Steve Smith, President, National Rural Letter Carriers Union
- Vincent Sombrotto, President, National Association of Letter Carriers

The eight organizations participating in this week's meeting have agreed to meet with FMCS on a quarterly basis.

- 30 -

FEDERAL MEDIATION AND CONCILIATION SERVICE
UNITED STATES GOVERNMENT
WASHINGTON, DC 20427

# POSTAL LABOR RELATIONS SUMMIT

**Federal Mediation and Conciliation Service**
**2100 K Street, N.W.**
**Room 200**
**Washington, DC 20427**

**March 4, 1998**
**9:30 am**

## AGENDA

I. Introductory Remarks ..... Director John Calhoun Wells
FMCS

II. Update of Labor Relations Developments
and Improvements since October 29, 1997
Meeting ..... Summit Participants

III. Presentation and Discussion

- "Best Practice" Case Study – AFL-CIO and Kaiser Permanente Partnership
  President, AFL-CIO Industrial Union Dept. ... Peter diCicco
  Senior Vice President,
  Labor-Management Partnerships ..... Gary Fernandez

IV. New Business .....

V. Closing Remarks ..... Director John Calhoun Wells

## USPS-NALC JOINT STATEMENT OF EXPECTATIONS

**The parties at the national level have spent many months engaged in discussions which have led to an agreement to test a new dispute resolution process. The process is new not just in its format, but also in the commitment of the parties to the following principles of behavior. We believe these principles are essential to the effectiveness of any dispute resolution process as well as effective working relationships between the union and management. Our expectation is that these principles of behavior will guide union and management representatives at all levels of the organization.**

- We will do our best to understand and respect each other's roles, responsibilities, interests, and challenges.
- We will make every effort to establish and maintain a more constructive and cooperative working relationship between union and management at all levels of the organization by promoting integrity, professionalism, and fairness in our dealings with each other.
- We are committed to honoring our labor contract and the specific rights and responsibilities of the parties set forth therein.
- We will work together to prevent contract violations through communication, training, and good faith efforts to anticipate workplace problems and resolve disputes in a timely manner.
- We are committed to eliminating abuses of our grievance-arbitration procedure, such as the filing of unwarranted grievances to clog the system or a refusal to resolve grievances even where there are no legitimate differences of opinion between the parties.
- We are committed to mutual and joint efforts to improve the workplace environment and to improve the overall performance of the Postal Service.
- We will make every effort to resolve our disputes in a professional manner and to avoid any unnecessary escalation of disputes which may adversely impact adherence to the above principles or adversely influence union-management relationships at other levels of the organization.

MARVIN RUNYON
POSTMASTER GENERAL,
CHIEF EXECUTIVE OFFICER
U.S. POSTAL SERVICE

WILLIAM J. HENDERSON
CHIEF OPERATING OFFICER &
EXECUTIVE VICE PRESIDENT
U.S. POSTAL SERVICE

VINCENT R. SOMBROTTO
PRESIDENT
NATIONAL ASSOCIATION OF LETTER
CARRIERS, AFL-CIO

December 1997

UNITED STATES
POSTAL SERVICE

February 18, 1998

PCES EXECUTIVES

SUBJECT: Voice of the Employee–Workplace Relationships

During the last several years, the Postal Service has attempted to address and resolve the complex issues associated with the workplace environment and the relationships with our employees and their representatives. Recently, we have made some progress and enjoyed certain successes. We need to build on that momentum and continue to strive to improve workplace relationships and to treat each individual with dignity and respect. To ensure success in this critical area, all managers and supervisors must take the lead and set a positive example to continue to improve workplace relationships at all levels of the Postal Service. Not only does this make sense but it is the right thing to do as well.

From our standpoint, we believe that our approach in focusing on the Voice of the Employee has several key elements:

**EMPLOYEE TREATMENT**

While the vast majority of managers and supervisors are capable concerning all aspects of their jobs, ***renewed emphasis must be placed on treating all employees with dignity and respect.*** Each of us knows how we wish to be treated. We must provide that same treatment to our employees at all levels of the organization. As stated at the National Executive Conference in Norman, Oklahoma, each of us is responsible for ensuring that we recognize our employees when they do a great job. Conversely, when employees make mistakes, we are responsible for ensuring that we and the employees learn from those mistakes. To the extent that any manager or supervisor cannot treat employees consistent with this philosophy, appropriate counseling should be conducted, followed by relevant training as necessary. If the manager or supervisor does not accept training or is not successful, other appropriate corrective action should be considered.

**CONTRACT COMPLIANCE**

Emphasis must be placed on the corporate objective that all managers and supervisors must give the highest priority to compliance with our collective bargaining agreements with the various unions. No manager or supervisor at any level of this organization has the authority to override the terms of those agreements. Those collective bargaining agreements represent the commitment of the Postal Service--that is, the commitment of each of us--to abide by the terms contained therein, in our dealings with our employees. Appropriate corrective action should be considered for any manager or supervisor who knowingly, or repeatedly, violates the clear terms of any of those agreements.

475 L'Enfant Plaza SW
Washington DC 20260

In keeping with that responsibility, all managers and supervisors are expected to resolve meritorious employee complaints and/or grievances at the lowest possible level. That includes handling grievances within the contractual time limits and promptly implementing any settlements agreed to or remedies awarded. Managers or supervisors who have questions regarding the legitimacy of a complaint or grievance should avail themselves of the necessary labor relations guidance and support.

Compliance with contractual terms and prompt resolution of meritorious cases will enable us to concentrate our efforts on vigorously defending those cases in which we believe no violation has occurred. It will also lend support to our statements to the unions that the filing of repetitive or frivolous grievances is not conducive to a mature collective bargaining relationship and must be halted at once.

**COMMUNICATIONS**

Responsible managers are to ensure that they are conducting regularly scheduled Labor-Management Committee meetings as outlined in our collective bargaining agreements. These meetings are excellent communications vehicles to address, resolve, or diffuse local issues. Additionally, whenever necessary, managers should communicate with local union officials to keep them informed of local matters which they should be aware.

While these key elements may seem ambitious, their accomplishment is critical to the continued success of the Postal Service. Additionally, there can be no doubt that this is the correct direction for us to pursue as an organization.

We are counting on each of you to assure that this focus on the Voice of the Employee is communicated to all operations managers and supervisors within your respective areas and that they vigorously pursue its accomplishment.

| | | |
|---|---|---|
| Marvin Runyon<br>Postmaster General | Michael S. Coughlin<br>Deputy Postmaster General | William J. Henderson<br>Chief Operating Officer<br>and Executive Vice President |

**Memorandum of Understanding**
**Between the**
**United States Postal Service**
**and the**
**American Postal Workers Union,** AFL-CIO

As a result of discussions between the parties in the recent "Summit" meetings, the parties are committed to eliminating the current grievance/arbitration backlog; preventing future re-occurrences through improvement of the labor-management relationship and addressing root causes that generate grievances. To this end, the parties have agreed to three initiatives:

1. Co-Mediation: Two Performance Clusters per Area will be selected as sites for implementation of the new mediation process described in Article 15.3.

2. FMCS Mediation: Two Performance Clusters will be selected as sites for use of the mediation services of the Federal Mediation and Conciliation Service.

3. Accelerated Arbitration: Two Performance Clusters per Area with the largest docket of cases pending arbitration will be selected. Sufficient numbers of arbitrators, advocates and arbitration dates will be assigned to complete hearings of all pending cases at specific locations on a first in first out basis, in a compressed mutually agreed to time frame. The National Summit Committee will insure that a sufficient number of arbitrators are made available to the parties, if necessary. After elimination of the current backlog, the arbitration docket will be monitored. Should the docket reach a mutually agreed threshold, the parties will again provide sufficient number of arbitrators and hearing dates to complete hearings in a compressed mutually agreed to time frame.

The parties will collect data, study and monitor these processes and evaluate the outcomes on a quarterly basis at the national level with the intent of finding ways to resolve labor-management disputes at the lowest possible step.

The Area Human Resources Managers/Labor Relations Specialists and Regional APWU Coordinators will submit their joint implementation plans for accelerated arbitration by May 30, 1997 to the National Summit Committee.

It is further understood that these initiatives will expire with the 1994-1998 National Agreement unless the parties otherwise agree.

Joseph J. Mahon, Jr.
Vice President
Labor Relations

William Burrus
Executive Vice President
American Postal Workers Union,
AFL-CIO

Date: 5/8/97

Mr. MCHUGH. Thank you.

With that, we would immediately go into the second panel, which is comprised of Marvin T. Runyon, Postmaster General and CEO of the U.S. Postal Service. And as I understand it, the PMG will be accompanied by Michael Coughlin, who is Deputy Postmaster General, and also Joseph J. Mahon, Jr., vice president of labor relations for the Postal Service. If those three gentlemen will proceed to the table, and before you're seated, we'll administer the oath of office and save you the time of having to rise a second time.

[Witnesses sworn.]

Mr. MCHUGH. Thank you, gentlemen. Please be seated. The record will show all three panel members responded to the oath in the affirmative.

Let me welcome you here on behalf of the subcommittee. Thank you, as always, for your cooperation and, more importantly, your efforts on behalf of the U.S. Postal Service. We deeply appreciate the good work that you help achieve each and every day on behalf of the citizens of this country, and I would assume, Mr. Runyon, you will lead off for your panel. We welcome you here and we look forward to your comments. And with that, we'll turn our attention to you, sir.

**STATEMENT OF MARVIN T. RUNYON, POSTMASTER GENERAL AND CEO, U.S. POSTAL SERVICE, ACCOMPANIED BY MICHAEL COUGHLIN, DEPUTY POSTMASTER GENERAL, U.S. POSTAL SERVICE, AND JOSEPH J. MAHON, JR., VICE PRESIDENT, LABOR RELATIONS, U.S. POSTAL SERVICE**

General RUNYON. Thank you very much, and good morning, Mr. Chairman and members of the subcommittee. Joining me are Mike Coughlin, our Deputy Postmaster General, and Joe Mahon, our vice president for labor relations.

I welcome this opportunity to talk with you about the importance of improving workplace relationships in the Postal Service and our commitment to do so. I've submitted my full statement for the record, but in the interest of time I'd like to read an abbreviated version.

The GAO's assessment of labor relations in the Postal Service is pretty clearly stated in its title, "Little Progress Made." There are problems to be resolved and much work ahead for management and the employee organizations to do to improve the climate in the postal workplace. But I appear before you today encouraged and not discouraged. I'm encouraged about the future, about the level of commitment I see from all parties to make meaningful, positive changes for our employees and about what those changes can mean for our customers. We're clearly moving in the right direction.

I think it's important to look at the issue of workplace relationships from two perspectives: our day-to-day working relationships with our employees, and our ongoing interaction with the groups that represent them on contractual issues, the unions and management associations. I'd like to talk about employees first.

The Postal Service is the largest and best postal service in the world—with thousands of post offices and billions of dollars' worth of the best technology and equipment available anywhere. But our success in the century ahead will depend on our people, our ability

to get them the training and the tools they need, to everyone working better together, to simplify and improve systems, so that we can deliver better service, better prices, and better value for our customers.

When I came to the Postal Service in 1992, I found an organization and a dedicated work force charged with fulfilling one of the most difficult and important assignments you can imagine—to serve the communications and commercial needs of every single American. But I also found an organization ill-equipped to succeed in its mission, an organization that needed to change its approach to serving customers and adopt a business focus in its operation. I've worked to build those qualities in the Postal Service, to help our people to deliver excellence for our customers.

One of the most important steps we've taken is to apply the world-renown model for business excellence, the Baldrige criteria. In the fall of 1994, we brought in several Baldrige examiners to conduct an organization-wide assessment and help us develop action plans for improving what we do and how we do it. And by 1995, with input from our leadership team, we created CustomerPerfect! our own version of the Baldrige model.

The results have been historic. Today, overnight delivery scores for First-Class Mail stand at 92 percent nationwide, our best performance ever, 13 points better than 1994. Satisfaction among businesses and customers is at record high levels, too, and we've achieved unprecedented financial service, allowing us to cut two decades' worth of accumulated losses by more than 40 percent and keep our prices stable for the second-longest period since the creation of the Postal Service.

The only way we could have accomplished all this is with the help of our employees. They've done a great job, and CustomerPerfect! has helped them, and the Postal Service as a whole, succeed. Using CustomerPerfect!, we've developed goal-focused training, created a safer environment in which employees can achieve those goals, and helped them become more responsive and effective in serving and satisfying our customers.

In the last 3 years, we've invested more than $600 million to create and provide the best possible training to the widest possible range of employees. We've created the Associate Supervisor Program in which our best and brightest potential new managers compete and receive the people and the management skill sets they need to do their job.

This year, working with our postmaster organizations we've developed a companion program tailored for postmasters nationwide. For the more than 100,000 employees who deal directly with customers, we have conducted training sessions in the interactive skills, and this year virtually every employee in every facility nationwide received training in our customer-focused performance goals, and in ways that they could also contribute to our corporate success. Our employees have responded.

Using CustomerPerfect!, we've given a lot more attention to reducing injuries and accidents and creating a safer work environment for our employees. The results: The number of accidents is down significantly. Working together, our managers and employees

not only achieved our 1997 goals, but they beat the ones that we had planned for 1998. So we've raised the bar again.

I hope this gives you a sense of the structured, businesslike, goal-focused approach we're taking toward operating the Postal Service and training and equipping our employees to be more successful each day, because if our employees are successful, the Postal Service will be successful.

Having said this, I'd be the first to acknowledge that we're not where we want to be. We have a lot of offices where employees work together to serve the customer and where teamwork and cooperation are a way of life, but more need to be that way.

As I told our officers and executives last month in Norman, OK, I'm making it a top priority for this year. In every performance cluster nationwide, we'll continue to deploy process management, our systematic, data-driven process that helps the employees make improvements in the workplace.

We've developed a series of human resource strategies for implementation beginning this fiscal year. These strategies will help create an environment where employees know what's expected of them, where they're appreciated and respected, where they have the right tools and training to do their work, and where they're rewarded for their success.

There's another facet to workplace relationship, and that's the relationship between management and the unions and management associations that represent employees contractually. Here again, we're not satisfied. There are problems that must be resolved.

We could spend the morning pointing fingers, but I don't want to do that. It's not constructive. Relationships are partnerships. In this case, management and the employee organizations are all part of the problem. We must all become part of the solution. I'm convinced we can be, and I'm encouraged by the strides we've made in recent months.

For example, while the report fails to mention it, the number of step 3 grievances with our third largest union, the National Rural Letter Carriers Association, representing more than 100,000 employees, has actually gone down this year. Management and the NRLCA have built a constructive, customer-focused relationship that we hope to build on with other representative groups.

As Federal Mediation Director John Wells, or his representative, indicated earlier, management and representatives from all employee organizations sat down at the same table last week and talked about mutual issues. As the subcommittee recommended some time ago—and we thank you for that—it was a very beneficial beginning.

I'm particularly encouraged by our mutual commitment to pursue greater understanding of each other's issues and the challenges facing our organization. I want to thank you, Mr. Chairman, for your encouragement, and I want to recognize the dedicated efforts of John Wells in arranging for this meeting and bringing all the parties to the table.

With our largest union, the American Postal Workers Union, we've recognized that grievances are a mutual problem, and we're working to address them. On May 8, we signed a memorandum of

understanding with the APWU to employ new techniques to reduce the backlog of grievances. One is mediation.

In a report to Congress last month, GAO praised our use of mediation in EEO complaint administration. We call it redress. EEO cases are mediated within 2 weeks of the employee's first contact with a counselor. Seventy percent are settled, and 90 percent of the participants said they were satisfied or highly satisfied with the fairness of the process. Redress will be reported on in this month's issue of the Labor Law Journal.

After months of discussion with the National Association of Letter Carriers, we've just signed an even more comprehensive agreement to work together to improve the way we resolve disputes in the workplace, and last month we reached agreement with the NALC to conduct joint tests to create a fair and reasonable system that furthers the Postal Service's competitive position in the marketplace and creates a better work environment for letter carriers and their supervisors. This is encouraging news.

Postal management also endorses the concept of an independent labor commission. We believe it can provide the impetus we need to come together in a spirit of cooperation and find solutions to our differences. It needs to be made up of experts in the field of labor and management relations from the private sector, outside of the Postal community, they bring no preconceptions to the table. And the Commission's work should be limited to 1 year. We'll benefit from outside counsel, and we don't have the luxury of waiting an entire rate-and-contract cycle to get it.

Workplace relations are a complex area for any organization, particularly one that's the largest nonmilitary employer in the Nation, and likely the world. Just scanning the news, we can see that many other much smaller organizations are grappling with the same issues that we face. Postal Service management is committed to working together with our unions and management associations to improve workplace relationships and deliver even better results for our customers in the coming years.

Thank you, Mr. Chairman. That concludes my report.

[The prepared statement of General Runyon follows:]

Good morning, Mr. Chairman, and members of the Subcommittee. Joining me are Mike Coughlin, our Deputy Postmaster General, and Joe Mahon, our Vice President for Labor Relations. I welcome this opportunity to talk with you about the challenge and importance of improving workplace relationships in the Postal Service, and our commitment to do so.

The General Accounting Office's (GAO's) assessment of labor relations in the Postal Service is pretty clearly stated in its title – "Little Progress Made." There are problems to be resolved, and much work ahead for management and the employee organizations to do to improve the climate in the postal workplace. But I appear before you today encouraged, not discouraged, about the future, about the level of commitment I see from all parties to make meaningful, positive changes for our employees, and about what those changes can mean for our customers. We are clearly moving in the right direction.

I think it is important to look at the issue of labor-management problems from two perspectives: our day-to-day working relationships with our employees, and our ongoing interaction with the groups that represent them in contractual issues, the unions and management associations. First, I want to explore relationships with employees.

Recently in a speech to the leadership of the AFL-CIO, President Clinton talked about the most important issues facing our nation as we look to the future. One of those, he said, was "investing in our people." "The key to success in tomorrow's economy is people," the President said. "Companies have to invest in their workers in order to be competitive in the twenty-first century." I could not agree more.

The Postal Service is the largest and best postal system in the world. We have thousands of post offices and facilities, and billions of dollars worth of the best technology and equipment available. But our success in the century ahead will depend on our people. It will depend on our ability to get them the training and tools they need, to get everyone working better together, and to simplify and improve our systems. By doing this, by working together – clerks, city letter carriers, rural carriers, mail handlers, support staff, managers, supervisors and postmasters – we can deliver better service, better prices, and better value for our customers.

When I came to the Postal Service in 1992, I found an organization and a dedicated work force charged with fulfilling one of the most difficult and important assignments you can imagine: to serve the

communications and commercial needs of every single American. But I also found an organization ill equipped to succeed in its mission, an organization that needed to change its approach to serving customers and adopt a business focus in its operations. I have worked to build those qualities in the Postal Service and to improve all aspects of our performance. The steps I have taken have been fairly simple, really, and focused on one thing: helping our employees deliver excellence for our customers.

First, I restructured the Postal Service, eliminating layers of bureaucracy and getting us organized to deliver success. Then, in December 1993, I took steps to change our basic management philosophy by applying the world-renowned model for business excellence, the Baldrige criteria. I hired a new Vice President of Quality with Baldrige expertise, and in the fall of 1994, we brought in senior Baldrige examiners to conduct an organization-wide assessment and help us develop action plans for improving what we do, and how we do it.

By 1995, with input from our Leadership Team, we created *CustomerPerfect!*sm – our own version of the Baldrige model, a systematic, integrated way of managing our business focused on serving customer needs. Given our performance problems, we focused a lot of attention on raising service levels and improving our finances. The results have been historic. Today, overnight delivery scores for First-Class Mail stand at 92 percent nationwide, our best performance ever, 13 points better than 1994. Satisfaction among businesses and customers is at record high levels, too. We have also achieved unprecedented financial surpluses. In just two years, we have been able to cut two decades worth of accumulated losses by more than 40 percent. We will keep our prices stable for the second-longest period since the creation of the Postal Service, and we have proposed new rates for 1998 that are half the rate of inflation and actually cut prices for several key types of mail.

The only way we could have accomplished all this is with the help of our employees. They have done a great job. And *CustomerPerfect!* has helped them and the Postal Service as a whole succeed.

Using *CustomerPerfect!*, we have focused on providing employees with the skills they need to be successful – training that has helped them understand our goals, create a safer environment in which they could work together to achieve those goals, and develop the skills necessary to become more responsive and effective in serving and satisfying our customers.

In the last three years, we have invested more than $600 million to create and provide the best possible training to the widest possible range of employees. For our supervisors and postmasters, we have completely overhauled our curriculum. We have created the Associate Supervisor Program, in which our best and brightest potential new managers compete for and receive the people and management skill sets they need to do their jobs. The training includes course work in communications and leadership skills, and conflict resolution to help create a more positive work environment and prevent grievances and complaints before they happen. Seventy-three districts are now holding classes, and almost 1,500 graduates are already in place, leading us to better performance. We expect to double that number in 1998. And this year, working with the League of Postmasters of the United States, and the National Association of Postmasters of the United States, we have developed a companion program tailored for postmasters nationwide.

For the more than 100,000 employees who deal directly with customers, we have conducted training sessions in interactive skills. And this year, virtually every employee in every facility nationwide received training in our customer-focused performance goals, and in ways they could contribute to our corporate success. Our employees have responded. Service is up, customer satisfaction is up, and customers across the country are seeing the difference in our lobbies and at the mailbox.

Using *CustomerPerfect!*, we have given a lot more attention to reducing injuries and accidents and creating a safer work environment for employees. The result? The number of accidents is down significantly. And serious injuries, those requiring employees to miss work, have dropped 9.4 percent, to our lowest rate ever. Working together, our managers and employees not only achieved our 1997 goals, they beat the ones we planned for 1998! So we have raised the bar again.

I hope this gives you a sense of the structured, businesslike, goal-focused approach we are taking toward operating the Postal Service, and training and equipping our employees to be more successful each day. Because if our employees are successful, the Postal Service will be successful.

Having said this, I would be the first to acknowledge we are not where we want to be. We have a lot of offices where employees work together to serve the customer and where teamwork and cooperation are a way of life, but more need to be that way. In Fiscal Year 1998, we must do a better job of

replicating these successes, applying these best practices throughout the Postal Service, and bringing more of the benefits of *CustomerPerfect!* to employee relationships. As I told our Officers and executives last month in Norman, Oklahoma, I am making it a top priority this year.

In every performance cluster nationwide, we will continue to deploy process management across our organization in 1998. This is our systematic, data-driven process that helps employees make improvements in the workplace. It helps us look at how we do what we do, and how we can do it more safely, more simply, more easily. The bottom line of this is, by involving employees in improving our operating systems, we can also improve the work environment and the way employees feel about their jobs.

During the past several months, a cross-functional team has developed a series of new human resource strategies for implementation beginning this fiscal year. These strategies will help create an environment where employees know what is expected of them, where they are appreciated and respected, where they have the right tools and training to do their work, and are rewarded for their success. We have shared this draft plan with the unions and management associations to get their reaction and feedback.

Once we finalize the strategies, we will develop action plans as part of the *CustomerPerfect!* process. We will also begin implementing effective measurement systems just as we have done in other areas of our business. Right now, grievances are but one barometer of the work environment, an outcome of problems in the workplace driven by many issues and agendas. We need other, better methods for measuring the workplace environment, the developmental needs of our employees, and organizational design issues that affect our employees and their level of success. We are committed to developing and using them to set clear targets and timelines, and achieving results.

We have proven that we can do it, too, with *CustomerPerfect!* Of course, record service and financial performance did not happen overnight, and we do not expect immediate success in this area, either. But I am confident that by bringing this same energy, emphasis, and precision to employee issues, we can achieve the same kind of results.

There is another facet to workplace relationships -- the relationship between management and the

unions and management associations that represent employees contractually. Here again, we are not satisfied. There are problems that must be resolved. We can spend the morning pointing fingers, but I do not want to do that. It is not constructive. Relationships are partnerships. In this case, management and the employee organizations are all part of the problem. We must all become part of the solution. I am convinced we can be, and I am encouraged by the strides we have made in recent months.

As the GAO noted, the number of grievances has grown significantly over the last three years. But it is wrong to conclude that all of our labor and management relationships are strained. In fact, the number of Step 3 grievances with our third-largest union, the National Rural Letter Carriers' Association (NRLCA), representing more than 100,000 employees, has actually gone down. Management and the NRLCA have built a constructive, customer-focused relationship that is getting results. It offers models for improvement that we can build on with other representative groups.

I am also pleased to report that on October 29, management and representatives from all of the employee organizations sat down at the same table and talked about mutual issues, as this Subcommittee recommended. I want to recognize the dedicated efforts of Federal Mediation Director John Wells in arranging for this meeting and bringing all the parties to the table. We remain hopeful that this will be a launching point for further dialogue on key issues.

I have personally had several meetings with key union leaders; so has Joe Mahon. Our Area and District staffs are working with their union counterparts to try to break the logjam on grievances. In just one such meeting, a performance cluster resolved 300 grievances that had reached arbitration.

As I pointed out earlier, grievances are probably not the most accurate indicator of the workplace climate. Sometimes they merely represent the attitudes and agendas of individual managers and union representatives, rather than conflicts among employees. Other times, they are just the tip of an iceberg, covering deep-seated system or relationship problems affecting our employees and their performance. Regardless of the cause, management and the unions and associations are actively working to resolve grievances, and any underlying conflicts, so that we can turn all of our energy and attention to serving customers and getting the mail processed and delivered.

With our largest union, the American Postal Workers Union (APWU), we have recognized that

grievances are a mutual problem and we are working to address them. On May 8, we signed a Memorandum of Understanding with the APWU on this issue. We both committed to reducing the backlog of grievances and to looking at aspects of our system that may impede voluntary settlements.

After months of discussions with the National Association of Letter Carriers (NALC), we have just signed an even more comprehensive agreement to work together to improve the way we resolve disputes in the workplace. And last month, we reached agreement with the NALC to conduct joint tests to "create a fair and reasonable system that furthers the Postal Service's competitive position in the marketplace and creates a better work environment for letter carriers and their supervisors." This is encouraging news.

We have begun several innovative approaches to help reduce grievances. One is called Accelerated Arbitration. It involves adding more arbitrators to speed up the hearing process and bring faster resolution to the issues. Another is mediation. Mediation works. In a recent report to Congress, GAO praised our efforts in using Alternative Dispute Resolution in Equal Employment Opportunity (EEO) complaint administration. Called "Redress," the program was introduced in three cities in 1994, expanded to 27 cities in Fiscal Year 1997, and will be adopted nationwide this year. Under "Redress," EEO cases are mediated within two weeks of the employee's first contact with a counselor. Two weeks! And 70 percent are settled. More importantly, according to a study done by Indiana University's School of Public and Environmental Affairs, 90 percent of the participants said they were "satisfied" or "highly satisfied" with the fairness of the process, and supervisors are learning to manage workplace conflict more effectively as a result. "Redress" will be reported on in this month's issue of the Labor Law Journal.

We are working to apply these same techniques to our grievance process. We feel strongly that the techniques of mediation are much more conducive to improving relationships than the "litigation model" that is embedded in our arbitration process and other appeals systems. We remain hopeful that these initiatives will be building blocks for improved relationships with the APWU and our other employee groups. And with enhanced training, systems improvements, and the Baldrige tools found in *CustomerPerfect!*, we are working to resolve the conflicts that generate grievances in the first place. We will keep working with our unions and management associations to find these answers together.

To that end, we also welcome the advice and counsel of outside experts. Postal management endorses the concept of an independent labor commission, as proposed in the Postal Reform Bill. We believe it can provide the impetus we need to come together in a spirit of cooperation and find solutions to our differences.

It is vital for all of us that this commission be made up of the highest caliber people, experts in the field of labor and management relations who have the wisdom and experience to make a difference in this complex and critical area. I believe that the members should come from the private sector, outside of the postal community, so they bring no preconceptions to the table -- either on behalf of postal management or postal labor. And the sign should also read, "Bureaucrats and lobbyists need not apply."

We also feel strongly that the commission's work should be limited to one year, rather than three-and-a-half years. I think we all would agree that the Postal Service does not have the luxury of waiting an entire rate and contract cycle to get the benefit of outside advice on how to improve our relationships. Given the body of information that already exists on these issues, one year is a reasonable time frame for studying and reporting on this matter.

Workplace relations are a complex area for any organization, particularly one that is the largest non-military employer in the nation and likely the world. Just scanning the news, we can see that many other, much smaller organizations are grappling with the same issues that we face.

It is going to take a concerted effort from everyone involved to make the kind of progress our customers demand. There is a lot at stake, and we recognize that we must act or suffer the consequences. Failure to act, to focus on the customer, and work together to improve performance in the face of competition, virtually wiped out the steel industry in the United States. And it has only come back to the degree it has because management and labor have worked together to take advantage of technology, improve productivity, control costs, and deliver value for the customer. Other industries and companies offer similar lessons.

Postal Service management is committed to acting now, to working to improve workplace relationships and deliver even better results for our customers in the coming years. Everyone in the Postal Service has a stake in this success. I call on each and every employee to join us in creating a new era of cooperation and teamwork in the Postal Service.

# # # #

Mr. MCHUGH. Thank you, Mr. Runyon.

In reading last evening your entire testimony and your summary today, it's clear that you're emphasizing the optimism that was discussed in the earlier panel, and I think I can speak for all of us when I say we hope that optimism is well-founded. However, obviously, as was commented previously by Mr. Ungar at the GAO, there have been other reasons in the past to be optimistic, and it simply has not taken, has not borne itself out, and we're all looking forward to seeing that this time your efforts collectively do take.

That having been said, there are still some very fundamental challenges, I think, that you all face. A lot of discussion has occurred here this morning, and also was gone over in your full text about trying to reduce the numbers of grievances in the system, and that's important, but I think it's factually treating the symptom, not the disease. The question fundamentally is: Why do we have so many grievances, as I know you understand.

Let me tie onto my last question to Mr. Ungar with respect to the complaints that we have heard repeatedly, and I'm sure you have heard, about this dual system of accountability; that for the craft employees, for the laborers, the letter carriers, there are very strict standards, high-profile cases, two of them recently, where an 18-year employee was—the final action was it was judged that her strides were too short and she was removed; of a lady who had asked for time off to go to watch her son play in the Little League World Series; she was denied; she went anyway, and she was disciplined—contrasted with a Postmaster in Atlanta, who, according to reports, had an accident after hours in a postal vehicle and failed to file an accident report, as required. He allegedly lied to postal officials and inspectors when asked about the incident, and was charged by the local sheriff with striking a fixed object, hit and run, and ultimately did not contest those charges. That person was transferred but with no other punishment, no diminution in pay. I understand those are three examples, but those are the ones that are repeatedly shared with us.

How would you respond to this panel, and probably more importantly, to the workers who have made these concerns known to us about this duality of process?

General RUNYON. Well, first, I need to say that the three cases you mentioned, I'm aware of those cases, and I'm aware of the facts—or I think I'm aware of the facts—surrounding those cases. I don't believe it's appropriate for me to discuss personnel problems in an open panel like this.

Mr. MCHUGH. No, you're absolutely right, and I should say I did not mean by interjecting those specifically to ask you to refute those specifically. I think a fair interpretation of what I just said would be that I was asking that; I am not.

What I am concerned about, and I think what we need to do to get to one of the root causes of this unrest, and what the GAO calls persistent labor-management problems, is, indeed, to deal with that perception because perception can be reality.

General RUNYON. I certainly can understand that, and I would like that that perception didn't exist, and we're doing everything we can to make that perception go away. Now we have different redress opportunities for people in the Postal Service. The people

in the crafts have redress to the collective bargaining system and to the grievance procedure. Some of them have redress also to the Merit Systems Protection Board. In the case of supervisors, they do have redress to the Merit Systems Protection Board. And we try to take all of those things into account when we mete out the discipline that we do.

Sometimes that gets in our way. We really shouldn't take those things into consideration. We should not temper what we do by the fact that we know they are going to appeal this and probably win it, and then make the management of the Postal Service look like they don't know what they're doing. We really, as we've mentioned to you before at subcommittee hearings, we'd like to see some rules changed in the area of personnel management, so that we would operate more like our competitors operate and not have all of the redress ability that some of our employees have. We would just like to operate like most anybody else would operate, but we don't. We're Government. We're covered by the Merit Systems Protection Board, and we're covered by a lot of other things that other people are not. So when you compare us to other people, there's a little bit of a problem here.

Mr. MCHUGH. Well, the point I wish to make, not that I was looking for any great revelation here today, is how we can solve this—is that this perception is a very serious one.

General RUNYON. Uh-hum.

Mr. MCHUGH. And I think when we talk about efforts to alleviate grievances, when we talk about all these other initiatives, we have to ensure that we're spending an equal amount of time on the causes of those problems and not just the symptoms is the point I think I want to make most of all.

General RUNYON. Well, I'd like to speak to that. I do agree that we need to be working on the process of how we handle grievances. Our process is flawed at this point in time. It is too easy for the people who must answer those grievances to send them right up the ladder without taking the accountability for the process. That needs to stop. I personally would like to see that stopped. I'd like to see grievances, for example, at a plant level stop at the plant manager, and make the accountability be responsible at that level. I'd like to see it stopped from the union's standpoint the same way, and those are things that we are studying right now. Mr. Mahon is working with the unions now to try to understand that.

That's one of the things that we're looking at in the studying of grievances. While we're looking at trying to get rid of the grievances that we're talking about, and Congressman Fattah mentioned the 12,000 in his particular area that were removed, that's fine, but those 12,000 shouldn't have gotten there. The system is flawed that lets them get there, and we really need to work on the system.

Maybe Joe could answer some of the things that they're working on.

Mr. MCHUGH. Mr. Mahon.

Mr. MAHON. Well, I agree. I think when we talk about the grievances, we're talking about national rollups; we're talking about nationwide numbers, which are the numbers that were published in the GAO report, and a much more analytical approach to looking

at those numbers would be to break them down by union, by geography, by specific plant, as Marvin mentioned, and the pilots that—at least the pilot that we have about to be initiated with the NALC is designed to do that. It's designed to bring all of the grievance arbitration decisions by both management and labor down to the district level, and deprive the parties of the ability to pass the buck up to the area level and let somebody else bite the bullet as to whether a case should be settled or litigated.

Mr. MCHUGH. Well, that's good to hear because I do think that's important. The Postmaster General used the word "accountability," as I did, and I think there's a very legitimate perception that at the front lines the accountability is missing and the incentive is, in fact, to pass the dollar, the buck, on up, and that's a critical, critical failing, I think, of the current system that has to be resolved. And I'm not here today to try to tell you how to do that—I don't think that's our job—but rather to point out the fact that that clearly exists, and it's something that we're looking forward to noticing some progress at our next look-see.

But without trying to dictate prescriptions, we did discuss the GPRA, the Government Performance Results Act, with GAO, as I'm sure you heard. They feel that this process offers an opportunity to make a better situation out of the current labor-management crisis, and I don't think I'm overstating that word "crisis." We dare to have heard some concerns that the input of the employees through their various union organizations was late, and they felt it was almost gratuitous. What words of assurance can you give us and to them that the GPRA will be a way in which you will try to bring them in to try to redevelop your structure in a way that fosters better relationships?

General RUNYON. I agree with those comments. I think that at our meeting, the summit meeting, that we had on October 29, the mediator brought up the subject of strategic planning, and we're now looking at how we can get together better, so that we get in front of these types of things with our strategic planning. We're looking at strategic personnel moves right now in the Postal Service, and we are inviting the unions and management associations to sit in with us on those things.

So I think the comments are very well taken. I agree with them, and we need to fix it, and we're taking steps to try to do that.

Mr. MCHUGH. That's good to hear. You, I'm sure, heard my discussion with Mr. Ungar with respect to the lack of definable performance measures in your current strategic plan. He countered—and it was interesting to me—that, indeed, the Postal Service, compared to other agencies of the Government, had done a better job. I don't know if that's a tribute to you or criticism of them, but, nevertheless, is it your intention to try to evolve discernable performance measures so that you can quantify where you were yesterday and where you are today, for example, or are you pretty much set on your strategic plan as it now stands?

General RUNYON. No. No, we're not totally set on our strategic plan as it now stands. That's an area where we need to sit down with our unions and our management associations and have discussions on those things. We're prepared to do that, and are planning

to do that. That's something that we have to do. We know that, and we're going to take steps to at least start that process.

Mr. COUGHLIN. Could I add something there, Mr. Chairman?

Mr. MCHUGH. Certainly, Mr. Coughlin.

Mr. COUGHLIN. I think we recognized when we were putting together the strategic plan that we submitted at the end of September that one of the areas that was the thinnest and needed the most attention was the whole area of employee relations, labor relations, the voice of the employee, as we referred to it in the document. We have had going since last February, I think it is, an effort to develop specific longer-range strategic thought and direction in this whole area of human relations, human resources. And that is beginning to come to some fruition. That has been shared with the employee organizations and their representatives, and we've had some participation and some feedback from them.

To get to your question, are we through as of September 30, the answer is definitely not, particularly in that area. And I'm hopeful by early next calendar year we'll have a more definitive piece of work in that whole area.

General RUNYON. I'd like to add one more thing——

Mr. MCHUGH. Certainly.

General RUNYON [continuing]. And that is, you asked if we had the measurements, that GAO said we needed more measurements. I agree with that. Right now the only measurement that I think they use from a statistical standpoint is grievances—and that's not a very good measurement. Now we need to sit down with our unions and let them agree with us on what measurements we should make, so that when we make those measurements, we've got agreement on what the measurements mean. But I think we need some help in coming up with what those measurements are. That's not something that management alone can come up with. We need help on that.

Mr. MCHUGH. Well, I couldn't agree more, and in fact I would argue that if you did it unilaterally, it would be a prescription for doom because it would not be accepted.

General RUNYON. Right.

Mr. MCHUGH. That having been said, when do you intend to translate that need to do it into action? Have you made the offer to the unions as yet? Do you have a schedule as to when you'd like to pursue that or you're not even to that point as of yet?

General RUNYON. At the summit meeting, we discussed two different things. We're working on two things now. One is on the contract administration and on grievances. We discussed two other things, and one was union-management relationships, and the other was strategy, and we're about to set up subgroups to work on those. So I think we started taking action.

Mr. MCHUGH. Getting back——

General RUNYON. By the way, the—I'm sorry.

Mr. MCHUGH. No, that's OK.

General RUNYON. I heard the mediation representative today say that we're going to have quarterly meetings, and we are, and I heard her request that there be a report on those, and so there will be a report on that. So I believe you'll be able to follow that on a quarterly basis.

Mr. MCHUGH. Correct. Mr. Gilman made it very clear that we're very interested in being able to chart the course of those meetings, hopefully, to chart the progress.

Just before I yield to the other members of the panel, let me switch from the union side to the management side. You have defined a 5-year strategic plan. You've talked about some goals, and as Mr. Ungar describes it, you've done, particularly with respect to other Government agencies, a very credible job in doing that first step, well taken.

What are you doing now, or what do you plan to do, to translate that document and its principles to your management people throughout the country? Because a document written on a piece of paper, filed somewhere in Washington, is what we do; you've got to do better than that. [Laughter.]

General RUNYON. I agree with that. The reason that we were able to make a plan as successful as we made is because we adopted the Baldrige criteria for management 3 years ago. So we didn't just start working on that when the act got passed. We were in the process of coming up with that plan, and it just tied into our strategic planning.

We have been teaching our management and discussing with our management these Baldrige criteria, these principles of management, which is the heart of what we're trying to do. So I think we're well in process of doing that.

One of the basic things that you'll find in the CustomerPerfect! process of management is that we have to look at all of our processes from a process management standpoint, and that includes having not only supervisors, but craft people, looking at those processes to make sure that we're doing things in the best way to have them done.

Mr. COUGHLIN. We had a National Executive Conference in Norman, OK, back in, I think it was, the first full week in October. That meeting—we do that on an annual basis now where we have about 750 executives, and that meeting was built around a strategic plan that we submitted on September 30. That was the beginning, the formal beginning, of the communications process of that plan, and it continues regularly from the management committee level of the Postal Service on down; we're continuing to try to push that out, so that people understand what it is we're trying to do, why we're trying to do it, where we're trying to go.

Mr. MCHUGH. Very important.

Mr. Fattah.

Mr. FATTAH. Thank you, Mr. Chairman. Let me first yield to the chairman of the International Relations Committee, Congressman Gilman.

Mr. GILMAN. I thank the gentleman for yielding. I regret I'm being called to the floor, but I did want to ask General Runyon a few questions.

What makes Baldrige so sacrosanct that you don't deviate from the Baldrige principles?

General RUNYON. I don't think Baldrige is sacrosanct. It is a process that we get from the Department of Commerce. We find that companies that follow the Baldrige criteria are more successful than those companies that don't. It's just a good prescription for

management of getting first things first and getting the things that are in need of fixing fixed first.

Now before you go into the process, we called in senior Baldrige assessors, and we had them come in, look at our organization, and tell us, from an outside viewpoint, what they think we needed to be working on first. And, of course, the first thing they said you need to be working on was relationship with our customers; we have to know that we've got customers, and you need to work on that. And so we're working on that.

But it's a very good process for management, and I would submit to you that any organization that follows that criteria will be much more successful than if they don't.

Mr. GILMAN. I hope you'll be flexible enough, though, to take a look at any of the failings of Mr. Baldrige.

General RUNYON. Of course. [Laughter.]

Mr. GILMAN. General, are you satisfied that the summit meetings have been successful and are a good vehicle?

General RUNYON. Yes, we've had one summit meeting. We had some meetings prior to the summit with individuals that started us down the path that we're on now. The fact that we have an agreement with the APWU on grievance handling, and so forth, and the NALC on grievance handling, and with the NALC on job redesign, working together, are the result of that process being set in motion. So I think it's very successful.

Mr. GILMAN. Have you assigned anyone to follow up on the summit meeting recommendations?

General RUNYON. Oh, yes, sir.

Mr. GILMAN. Who will that be?

General RUNYON. Well, it will be Joe Mahon; it will be Bill Henderson; it will be Bob Reisner. There are several that are assigned to different topics. They're all officers of the corporation.

Mr. GILMAN. I would hope that you would then be able to get over the kind of criticism that's in the GAO report that not too much has been accomplished since 1994, and I would hope that we could see a lot more success in pursuing some of those recommendations.

General RUNYON. I would hope so, too. I don't think that we'll be able to get over that kind of criticism overnight. I don't think a quarter is going to do it. It didn't take a quarter to get there, and it's going to take a little longer than a quarter to get out of it, but I feel like we're going down the right path.

Mr. GILMAN. General, I want to compliment you on the recent reports of how well the Service is doing financially, but I find that when I talk to my people at lower levels that they're saying, "Yeah, the guys at the top are doing well, but how about us at the bottom of the rung?" Any comment on that?

General RUNYON. Yes, I think they're doing very well. I think our employees are well paid. They do a good job. They deserve the money they're getting.

We have EVA, Economic Value-Added Program, for certain people in the organization—and we're in consultation with the postmasters on that. So I can't say that all of our managers have that yet, but it's our hope that they will have. That is an incentive for them to do well. I would like to see that, by the way, go to the craft

employees, too. I would like to see them become a part of that EVA program.

Mr. GILMAN. Well, I would hope you would take a look at that complaint that we hear so often that management is taking care of itself, but they're not doing too good of a job of taking care of us economically, and I hope you would take a good look at that.

General RUNYON. I certainly will.

Mr. GILMAN. And I would like to ask one specific problem that's come to my attention. There's been some interest in the Postal Service centralized uniform allowance and supply system. Some of our small businesses are contending that you're wiping them out with regard to supplying uniforms, and I wondered if you had considered the impact that this would have on small businesses, and is it truly going to be—is there an incentive for saving money by doing this as a centralized system for supplying uniforms rather than allowing the small businesses to supply these?

General RUNYON. I'd like to make a couple of comments on that and then ask Mr. Coughlin to comment further. Most organizations—and I don't say "all" because that's too inclusive, but most organizations our size or even one-fourth our size do it the way we're proposing to do it. Any government organization is doing it that way already. We're the only one not doing it that way. And by the way, some of them would like to do it for us. They would like to be bidders on the contract to perform, to supply us with uniforms.

When you look at the facts, and I'll let Mr. Coughlin give you the facts, there are very, very few small businesses that their business is to do nothing but make uniforms for the Postal Service. Most of them make a very small amount. Like, for example, 51 percent of the people who are in that business of supplying us actually have an income of less than $5,000 on that business at the present time. So I think that it's not quite as serious as I'm hearing from people, and I understand their concern. They've got a business and I understand that, but I'd like to ask Mr. Coughlin to give you some more details on that.

Mr. COUGHLIN. We have, to answer your specific questions, yes, we have tried to make or gauge some estimate on the impact of those who now participate in the uniform vendor program. Mr. Runyon mentioned one of those statistics.

We have, as of the latest data, just over 900 licensed vendors or manufacturers in this program. More than half of those do less than $5,000 a year business on this program, and this is a $75-million-a-year program. About one-fifth of them account for 93 percent of all the sales on this program. We don't know—we can't identify a single manufacturer who is limited solely to postal products in terms of these uniforms.

Mr. GILMAN. Has there been a study of the cost-effectiveness of what you're planning——

Mr. COUGHLIN. Yes, we have looked at several other organizations to try to gauge what their experience has been. To give you an example, we looked at, although it's a small program, the National Forest Service, when it centralized its program and went to a similar structured program, saved about 15 percent on this. We got from the Department of Defense some comparable listings of

comparable uniform items between the Postal Service, and I think it was the Air Force, and saw price differences of between 25 percent and 70 percent on individual items. We looked at Canada. Canada had a similar experience and went to a centralized program and saved, they report, about 25 percent on this program.

Mr. GILMAN. If you would be kind enough to supply our office with that study, I'd welcome that.

Mr. COUGHLIN. We'd be glad to.

Mr. GILMAN. Thank you very much.

General RUNYON. I'd like to add, the idea of doing this is an outcome of collective bargaining. We have agreements with our unions that we will do this, and I want to make sure that we all understand that.

Mr. FATTAH. Reclaiming my time, let me——

Mr. GILMAN. I want to thank the gentleman for yielding.

Mr. FATTAH. Let me ask my question this way: You've been quite successful in a number of areas—financially, in terms of service delivery—but there's one glaring deficiency. That either means that the same skills and effort and priorities that allow the service to address these other areas of concerns have not been applied to this area or that there's something peculiar about the difficulties between labor and management at the Postal Service that it requires some extraordinary effort that is absent from your management team's ability to get to the bottom line. So I guess I have a general question about, why do we succeed in so many other areas and we see so little progress, even though there has been some, and I mentioned that earlier, in this area?

General RUNYON. I think one of the problems that we have is that we're only measuring success by one indicator, and that's grievances. Admittedly, that's a good indicator, but that's not the only indicator that we should be using. I think if you went around to a lot of different locations around the country, as I said, you would find a lot of locations where they're getting along very well; they don't have problems. Unhappy people don't perform the way our workers are performing now. They may be filing grievances, but I would contend that their morale is not so low as people would think that that means. Our people are performing very well, and people that are unhappy don't do that.

Mr. FATTAH. Well, let me pursue this for a minute. In terms of your priorities, where is eliminating this grievance backlog? I understand that there are other ways to measure employee morale, and I don't think that your morale has to be low, that somehow having a legitimate grievance is mutually exclusive to having low morale. I mean, those of us in the minority here in the Congress, not with this chairman, of course, but in other circumstances from time to time, don't think that we're being treated fairly, and we're absolutely correct about it. But, you know, we still have a smile on our face and we're still happy to have the opportunity to serve. [Laughter.]

So they're not inextricably intertwined, the moral issue. Let's just focus on this backlog; I know there's some other things that we could talk about. Where does this fall on your list of priorities?

General RUNYON. It's my top priority. That's what I told 150 executives that were gathered in Norman, OK, and I'll send a copy of my speech to make it a part of the record.

Mr. FATTAH. It's your No. 1 priority, to eliminate this backlog?

General RUNYON. It's my top priority at this point in time. Now you can't say that I'm going to overlook customers.

Mr. FATTAH. I'm not asking you to——

General RUNYON. They're the backbone—if you say, do you want better employee morale or do you want—at the sacrifice of customer relations—I can't say that, because we've got to have customers happy. We've got to do a good job of delivering customer service. And where possible——

Mr. FATTAH. I agree, and I want to compliment you on your 89 percent first-rate, next-day-delivery in the annual report. Let me follow up on this grievance issue, though, and the backlog. Assuming that it is your No. 1 priority today, it was something less than that, I guess, last year or the years that you were focusing on the financial health of the Service? Would that be accurate?

General RUNYON. On the service of our Service, yes. Primarily, that's the first priority, is service.

Mr. FATTAH. I understand. This backlog, do you or does your top staff have a sense of, first of all, how many employees have generated these 90,000 complaints?

General RUNYON. You asked—I heard that question earlier, and——

Mr. FATTAH. Yes.

General RUNYON [continuing]. And I wrote down to go find out, because I think that's a very good question. It could be that one person generates 100 grievances or that there were 100 people that generated a grievance on one problem.

Mr. FATTAH. Right, let me further, since you're going to look into this, let me ask some other related questions.

General RUNYON. Yes.

Mr. FATTAH. Do we have any idea of the number of persons who were, apparently, the cause of the grievance being filed; that is, the number of managers—do we track the number of managers and the level of grievances that are associated with their management style? I know you just talked a little bit about merit incentives, and so on. Do we have a sense of people who are either doing a very good job at relations with workers in their facilities or those who seemingly, at least based on the number of grievances filed, are doing a very poor job at this?

General RUNYON. I'd like to ask Joe Mahon, our vice president of Human Relations, to answer that.

Mr. MAHON. Well, that's one of the things that we're talking about when we're talking about a different and a more streamlined grievance procedure that begins and ends in an installation, a plant, a district. So that we can look at what's happening in that plant or district to find out why is it that we have such a huge backlog; why aren't settlements occurring; why is everything being litigated? One of the things that I think it's important for the subcommittee to realize is that all the numbers that we are talking about today, the numbers in the current GAO report, the numbers in the past GAO report, are all step 3's. Those are grievances that

have gotten out of an installation up to our area or regional level. What we are doing now, but it's going to take some resources and time to do it, is to push that computerized analysis back one step to the plant level, so that we can make cuts that would give us the information that——

Mr. FATTAH. Yes, that's very helpful, but just, if you and I were running the same essential facility in two different locations, and I have 90 grievances filed against me and you have none, does the management of the Postal Service know the differential on those numbers in terms of my circumstances?

Mr. MAHON. Well, the——

Mr. FATTAH. Do you know that today?

Mr. MAHON. No, we do not know that today.

Mr. FATTAH. OK. So I guess the point that I'm raising—and you may have gathered this from the number of questions that I've asked—it's almost—it's hard to argue with the success of the Postmaster General and his management team on a whole range of issues that the Postal Service has had to face. And so then when we get to this issue, it seems as though almost nothing has been done. In fact, in some respects there are more grievances, and the normal just beginning building blocks of knowledge that one might need to start to figure out how one would eliminate such a backlog, like how many employees are responsible for the number—you know, is it a perfect correlation that there are 90,000 employees, and there are 90,000 grievances, or does this represent some multiple number of grievances? Are there particular managers or particular types of facilities or particular circumstances that generate grievances? These are questions that if someone was attempting to solve this problem, seemingly, one might have some of this information.

General RUNYON. Let me answer that, and then you can answer. What you're talking about is having facts. We don't have those facts. We need to get those facts because that's one of the things that we were talking about on measurement. We've got to get measurements. To get measurements, you've got to get facts, and we need to go do that. And by the way, the representative of the Government is gone, but that's one of the principles of the Baldrige process, is dealing with facts and not hearsay. So that's one of the things we need to do. We need to get the measurements. We need to know what the facts are, and you pointed out some facts that we need to know, and we don't have them.

Mr. FATTAH. Well, I want to thank you for that very candid answer.

And I also have to go. Chairman Gilman has left. There's a bill up on the floor that I have to say a few words on behalf of it. I'm going to return. I would ask the chairman if he would yield to Congressman Davis, so that we could continue to balance the time allotted, and I will return as soon as possible.

Mr. MCHUGH. With Mr. Sessions' forbearance, I'd be happy to yield to Mr. Davis. Thank you, sir.

Mr. DAVIS. Thank you very much, Mr. Chairman, and I want to thank both you and Mr. Sessions for yielding.

Mr. Runyon, much of the conversation has focused on the backlog and trying to get rid of that. I want to go back a little bit and see

if we can arrive at how we get to the backlog in terms of the numbers and whether or not there is a culture that has developed seemingly in the Postal Service that may be producing, generating, or creating this enormously high number. Do you have any appreciation for the evolution of that and how we got to this point?

General RUNYON. The only thing that I can come up with is the lack of accountability on the line people; the fact that they are able to send these things up and then decisions are made only as you're walking into the arbitrator's office. Decisions get made; they get withdrawn. That's because we don't have the accountability in the right place, and I think that we have to go get that accountability in the right place, and then after we have that there, then we can take the kind of measurements that Representative Fattah was talking about. Then I think we can solve this problem.

But I think it's a process. We need to work very closely with the unions, so that we can get the process straightened out, so that this thing just doesn't happen. Until we get to the base root cause, and root causes are what we've got to get at—looking at results is not the answer; root causes is what we've got to get at, and we need to work at that together with the union so that we can resolve it.

Mr. DAVIS. And you've indicated that that is one of your priorities or——

General RUNYON. Yes, sir, absolutely.

Mr. DAVIS [continuing]. Actually the priority that you would be pursuing.

We've also talked a little bit about training in terms of how we correct situations that have been allowed to exist. Do we have joint training between supervisors and line people in relationship to union contracts and the overall goals of the agency?

Mr. MAHON. In many of our agreements with the unions, where we're introducing a new program, we have features of joint training, joint development of questions and answers, joint development of discussions—so, yes, that happens. I can't say it happens all the time, but I wanted to, if I may, to followup because it's a closely connected point that we strongly believe that the more we do jointly, whether it's training, whether it's fact gathering, the more quality product we're going to have. And the Postal Service could gather facts, but in our pilots with both the APWU and the NALC, a strong feature of those pilots is to gather facts regarding all of the grievances that we're handling through these pilot programs. So we do have a preference for doing as much as we can jointly, joint training, joint fact gathering, joint data gathering, joint instructions, joint developments of questions and answers, and the prevalence of that varies from place to place and situation to situation, but we do embrace the concept of joint training where that's appropriate, yes.

Mr. DAVIS. And we recognize that the traditional—or if it was traditional—autocratic approach to management just simply is not going to work or will not bring the kind of results that we're talking about or hoping for at this point?

General RUNYON. I would agree with that.

Mr. DAVIS. I also wanted to go back a little bit to—Representative Gilman talked about the uniform procurement issue, and we

indicated that in terms of cost-effectiveness, in terms of efficiency, that it probably makes a great deal of sense to move in a certain direction. And I guess my question is, it has come to my attention that one of the qualified bidders, for example, there are allegations that they really paid poverty wages, that the individuals who worked for them oftentimes have to resort to food stamps themselves in order to live, even though they work. And while I understand and agree with the desire to be cost-effective and to manage at a level that will produce the kind of results, are there limits in terms of the overall goals and objectives of our Nation and where we want to be as a country, and are those built into the decisions relative to how we manage our business concern?

Mr. COUGHLIN. The answer to that, Congressman, is yes. During the course of this, I guess, public discussion over the last few months of the Postal Service's intentions with regard to its uniform program, a good many Members of Congress expressed concerns about various aspects of it to us. One of the results of that was we have revised our planned approach to this particular procurement in several ways.

First of all—and this really is something that, whether that happened or not, is there always—the standard clauses in our contracts require compliance with laws like the Fair Labor Standards Act, the National Labor Relations Act, OSHA, you name it. OK, that's a standard requirement. In addition to that, though, we have gone to a virtually 100-percent domestic source requirement that will be included in this request for proposal that will probably go out within the next 3 or 4 weeks.

We're going to have a third-party quality assurance contractor to make sure that the people who eventually are successful in this procurement, in achieving it, comply fully with the requirements of this contract. So, yes, I think we've heard the concerns and tried to respond to them as best we could, consistent with the objective we have here.

Mr. DAVIS. And you are, then, familiar with the allegations relative to——

Mr. COUGHLIN. We've heard it, yes, sir. We heard it as recently as yesterday.

Mr. DAVIS. And that standards would be applied in such a way that if these allegations are real, that the likelihood of being able to do business with them is not as great as it would be if they met other standards that have already been established?

Mr. COUGHLIN. We're going to require that they comply with the laws, OK. The amount that a particular employer pays his employees, as long as it's consistent with the laws, is a matter, I guess, between the employer and the employee, and that's probably a relationship we shouldn't get into, but as long as they're complying with the law, the U.S. law, in that regard, then, yes, we're going to enforce that.

Mr. DAVIS. My last question, Mr. Runyon, is in the GAO testimony, there's the indication that we're actually losing, if you will, a fair amount of money as a result of our inability to hone down the grievances and to get that under wraps. Would you have an estimate of how much we might be losing or how much time we're

spending trying to deal with these, as opposed to how effective we might be if we could prevent them from occurring in the first place?

General RUNYON. I honestly do not have an estimate of that time, but they are accountants, and I assume that they have made a good accounting of that, and I would accept their numbers.

Mr. DAVIS. Thank you. Thank you very much.

General RUNYON. Joe Mahon tells me we have asked the inspection service to come up with a number for us. So when they come up with that, we'll supply that to you.

Mr. DAVIS. Then I'd appreciate having it. Thank you so much.

Thank you, Mr. Chairman.

Mr. MCHUGH. I thank the gentleman.

Mr. Sessions, thank you for your patience.

Mr. SESSIONS. Thank you, Mr. Chairman.

General Runyon, it's so good to see you today, you and your team, and I'm well aware that I'm on this end of the microphone and you're on that end, but I want to take just a second if I can and pat you on the back for not only what I consider to be the superb job that you and your team, including your management workers, are doing, but I also want to pat you on the back for your forthrightness in trying to deal with these problems.

What I want to apologize for is I'm probably going to speak for a minute and just give you some sort of a rambling dialog of the things that are going around in my head. Have you had an opportunity, sir, to read the testimony that will be presented today from the American Postal Workers Union, AFL–CIO?

General RUNYON. No, sir, I have not.

Mr. SESSIONS. You have not? Have you, sir, had an opportunity to read the testimony that's to be given today by the National Association of Postmasters of the United States?

General RUNYON. No, sir, I have not.

Mr. SESSIONS. OK. I would like to just, because we could go on for hours here, and I'm sure you could enlighten us for days about your faith and confidence in the direction that you're headed, financial security, more work for postal employees, and all the good things, but I would like to, if I can, just take this down to one or two points.

No. 1, on page 3 of this testimony that's going to be given today by Mr. Biller, who is president of the American Postal Workers Union, AFL–CIO, he talks about two things that they are intensely interested in, and that I believe that what has been heard today, you believe you do not have a sick organization. In other words, there's not a huge problem, but that there are problems that are isolated and that do exist, because you indicated that you believe you're getting the job done.

But I would hope that one thing that you would take today is that this subcommittee is intensely interested in you and your team getting closer together with the unions and solving what they would consider to be joint labor-management cooperation memorandum, point No. 1. Point No. 2, a mediation of grievances. In other words, that you would be able to come back to this subcommittee and show where you have made substantial progress.

Point 2 that I would make—and it really comes from Mr. Bates' testimony that he is going to give today, and it kind of deals with

common sense to me, but I'd like to read, and I know he's getting ready to give this testimony. So I apologize to him.

"The Postal Service must develop a style that allows its employees to learn from their mistakes. Mistakes should be corrected through mentoring and assistance, not instantly punished."

And it is my hope that whatever you do do, because it's your job and the job of your team, I hope you can work diligently on the problems and reduce it to that that we just talked about. And I would be interested in any comment that you have to make, sir.

General RUNYON. Not having read that testimony, I don't know what memorandum of understanding they were talking about, but I'll certainly look at that and——

Mr. SESSIONS. It's on page 3.

General RUNYON. I don't have that testimony here.

And on the mediation, I think that that is something that's being worked on right now between the APWU and ourselves. I think Joe Mahon—could you speak to that, Joe?

Mr. MAHON. Yes, I can't speak for the APWU, but I can speak for the Postal Service, and we are an awfully strong believer in the concept of mediation to replace litigation as the means of resolving our disputes. Marvin mentioned in his opening statement a redress program which we can, in effect, unilaterally, under the EEO regulations impose as an alternative to the litigation model, and it shows not only that you resolve issues and disputes more quickly with more personal satisfaction, but the downstream effects are tremendous, and that supervisors are claiming that going through mediation, rather than litigation, as a means of resolving disputes, they know more about conflict management, about dispute resolution, about the perspective of the employee because it encourages that type of open dialog in a very nonthreatening environment. So we're a strong supporter of mediation.

In the labor arena, needless to say, we have to do that bilaterally with the agreement of the union, but to the credit of all, we are exploring and we're learning jointly. That's one of the areas of joint training that I referred to. We're having our teams be jointly instructed by people like the Federal Mediation and Eileen Hoffman.

Mr. SESSIONS. Well, part of the things that I have read here are very personal, and I believe that they get personal because people feel threatened one way or another, and perhaps it's this punitive action, rightly or wrongly, that is taken, that you lose your job or you're out. But I have a background in a large corporation in dealing with some employees, not to the level that you do. Certainly, I would not even begin to say that. But I know that there are some things that are contained within the testimony that is here today that I would encourage your management team to look at, because I believe that they are examples that exist throughout the country.

Last, just let me say this: I can't think of a better team to be doing this than the team that is assembled here not only before me now with you, General, but also the other people who will be giving testimony today. And I want one thing to be taken up from all this: somebody to go back to the table and say, "You've got to work harder. The job is not done."

Mr. Chairman, that ends my comments. Thank you.

Mr. MCHUGH. I thank the gentleman for his comments and his questions.

Very quickly, before we move on to panels three and four, for those who are planning, we're going to take about a 15-minute break. But before we do that, just to fill in the picture for my own edification on the uniforms—so I am deducing from your comments that you would expect to save, based on other governmental agency experience, a minimum of 10 percent, which is over $7 million a year?

Mr. COUGHLIN. I think that's a reasonable estimate, yes, and that does not include the administrative costs that we now incur that we think the new system will eliminate as well.

Mr. MCHUGH. Mr. Runyon, you noted, in kind of a closing comment that I'm not sure everyone picked up on, that this new approach is part of the collective bargaining process. So, in other words, you agreed upon this change with one of or several of your bargaining units, your unions. Is it a part of the contract or was it just an agreement? You're nodding your head, but I need verbal response.

Mr. MAHON. A written memorandum of understanding appended to the contract, printed in our contract book.

Mr. MCHUGH. For those of us who are not attorneys, an MOU appended to the contract has an effect of being part of the contract?

Mr. MAHON. Exactly.

Mr. MCHUGH. OK. Thank you. You endorsed something that we embodied in our earlier versions of our postal reform bill and that the GAO has also endorsed, and that is an outside commission to try to look at the Postal Service and perhaps suggest ways to make the labor-management atmosphere more friendly. Do you envision that as something that needs to be legislated or do you think that it is something that could be done with the agreement of all the relevant parties within the Postal Service?

General RUNYON. I think it would have to be legislated to be done. I'm not sure that all of the parties would agree that we need an outside commission. I would like to not have an outside commission, but the only way that we will not have one is for us to resolve it before the commission can get organized, and I'm working very hard to do that.

Mr. MCHUGH. So you feel the commission needs to be legislated probably because it isn't legally required, but a practical perspective, that's the way it's going to happen?

General RUNYON. Yes, sir, I think that.

Mr. MCHUGH. Well, let me thank you for being here today. I want to be very frank with you. You have, I'm certain, read this report. Had we not had some of the testimony today, and if all we had to go on was where we have been over the last two GAO reports, I would say we're in terrible shape. The fact of the matter is that there has been little discernible progress and that's an undeniable factor, and it's equally sad.

The good news, the redemptive part of that equation, however, is that from the GAO down to others, there are glimmers of hope on the horizon. There are a variety of new initiatives that have been instituted, that at least for today hold promise that things might get better.

I can only say that we are anxious to see that happen. If we were to have a similar hearing, as I'm sure will occur a year or two from now, and things remain as they are today, then I can say all of us have failed miserably. But we're counting upon you and those with whom you will take up this process to work together and try to produce a better situation.

So with that attitude of the glass is half full optimism, we will thank you and look forward to more measurable progress in the future. We will be submitting a rather lengthy list of other questions that we just simply did not have time to get to today, but I think are very relevant and very important, and we appreciate your cooperation in getting us responses, as you have done so faithfully in the past. So thank you, gentlemen.

As I mentioned—and my apologies to those members of panels three and four who have already been very, very patient—we are going to take a 15-minute break precisely. That's when the gavel will come down, so that we don't intrude upon the time of those anymore than we have to, and we'll be back at 1 o'clock sharp.

[Recess.]

[Followup questions and responses follow:]

## QUESTIONS FOR THE POSTMASTER GENERAL

1. Over the past year, the media has reported that the Postal Service has allegedly discriminated against Hispanic postal employees by employing an "English only" policy in the workplace in some installations. Please provide the Subcommittee with the Postal Service policy regarding the speaking of languages other than English while on duty or on postal premises. What is the status of any litigation involving the Postal Service and alleged "English only" practices in the workplace.

**ANSWER:** The information circulating about the Postal Service prohibiting use of the Spanish language is not true. The Postal Service considers the knowledge of more than one language to be valuable. Many of our employees speak a second language and use their skills to serve our customers. In fact, some postal positions include the requirement that the employee be fluent in a second language, including Spanish.

For official business, such as discussing work instructions with their supervisors and coworkers, employees are asked to use the English language. However, in a non-business capacity, postal employees may certainly speak another language, and many do.

The only current litigation we are aware of is a federal district court case in the Southern District of New York which arises out of our Westchester, New York, Processing and Distribution Center. In that case, an employee alleges that he was discriminated against in the application of an alleged "speak English only rule" in that facility. Our answer is due shortly in the case, but the Postal Service contends that the employee's claim arises out of a dispute with a coworker and that no management official required the plaintiff to speak English other than in communications related to the performance of his job, which is a legally acceptable requirement. The regulations of the EEOC provide that "[a]n employer may have a rule requiring that employees speak only in English at certain times where the employer can show that the rule is justified by business necessity." 29 CFR 1606.6.7(b). Court decisions have generally reached the same conclusion.

2. When managers are determined to have engaged in actions in violation of postal policy, such as discriminatory practices, what are the possible range of actions that may be taken? What standards exist to determine what type of disciplinary actions need to be taken? If the Postal Service ends up settling a lawsuit with no discriminatory practices acknowledged, how is the alleged perpetrator of the alleged practices treated? What policy exists regarding managers who are the repeated subjects of claims involving discrimination or harassment suits?

**ANSWER:** Actions in violation of postal policy may lead to disciplinary action, up to and including removal. Disciplinary action is taken when warranted by the failure of lesser corrective measures or by the seriousness of the offense. The majority of managers may appeal adverse actions (suspensions of more than 14 days or discharge) to the Merit Systems Protection Board. The treatment of those alleged to have committed discriminatory practices depends on the specific circumstances of the case. Mentoring, training, or reassignment to non-supervisory duties are among the possible options when appropriate. Similarly, situations involving supervisors who are the repeated subjects of claims involving discrimination or harassment suits must be examined on the facts of the case to determine the appropriate disciplinary or administrative response.

3. Union representatives testified that one source of friction between Postal Service management and their employees involved the Postal Service's effort to contract out or "outsource" postal work. Please provide for the subcommittee the number of contract employees and the nature of the jobs they perform. Do you believe that contracting out postal jobs has a detrimental effect on labor and management relations?

**ANSWER:** We do not have "contract employees" in this sense. An example would be in transportation of mail. Throughout the history of the Postal Service, we have contracted with non-postal companies to move mail, whether by truck, train, or airplane. While we have a contract for the transportation, we do not necessarily have a contract involving the names of the people who will operate that transportation. The same is true of Contract or Community Post Offices, another long-standing practice. Because of our mission as set forth in the Postal Reorganization Act, we believe it imperative that the unions work with us in our strategic planning efforts for the next millennium.

4. Union representatives further claim that management assertions regarding craft employee wages and benefits as excessive further poison the well between labor and management. In your view, are craft employee wages and benefits in excess of comparable private sector employment? What would the Postal Service use as a benchmark for comparable private sector salaries? Are such statements productive in attempting to improve the labor and management climate?

**ANSWER:** The issue has been discussed between the parties and ruled upon by interest arbitrators as an outcome of national negotiations with the American Postal Workers Union, National Association of Letter Carriers, and the National Postal Mail Handlers Union in 1984, 1991, and 1994. We respectfully suggest that it be left to the parties to address this issue in the newest round of national negotiations to begin this year.

5. Is the current collective bargaining and labor and management statutory structure conducive to improving labor and management relations in the Postal Service? What statutory changes, if any, would you propose in order to improve this climate?

**ANSWER:** The Postal Service believes that the current statutory mechanisms are adequate to promote improved relations between postal labor and postal management, so long as they are applied by willing, energetic, and sincere parties. We have no specific proposals for statutory changes at this time, but recognize that the last word has probably not been written on this subject. In this regard, we would look forward to exploring these issues with the Presidential Postal Employee-Management Commission proposed in title III of H.R. 22.

6. During the hearing, a figure of approximately $200 million was assigned to the cost of grievances. Please provide for the Subcommittee the Postal Service's estimates of costs associated with the handling of grievances, including the current backlog. Please provide your estimate of the number of man-hours spent by postal managers, supervisors, and postmasters in responding to grievances at the various steps in the process.

**ANSWER:** Our current estimate of the cost of handling grievances during FY 1997 is approximately $220 million. Both this and the $200 million amount are based on extrapolations from an earlier study of these costs. We have requested that the Postal Inspection Service conduct a current, nationwide study, to include a review of hours spent by managers responding to grievances. (Those hours are not captured separately in our payroll systems.) The Inspector General will partner in the effort and we expect a report by the summer.

7. Please provide for the Subcommittee the most recent information on the Economic Value Added (EVA) bonuses paid to managers and supervisors for fiscal year 1997. What evidence do you have that the awards of these bonuses provide sufficient incentives to influence job performance?

**ANSWER:** Incentive payments from the FY 1997 Variable Pay Program averaged 13 percent for PCES-I executives and 6.5 percent for EAS exempt employees. Special recognition was also provided to full-time EAS non-exempt employees for organizational success in FY 1997 by a lump sum payment that averaged 2.3 percent.

The best evidence of the impact these incentives have on job performance are the organizational results since FY 1994, the first year that we implemented a group incentive plan funded by national financial performance and based on success in achieving pre-established customer, employee, and financial targets. National first class overnight mail service has improved from 83% in FY 94, to 87% in FY 95, 91% in FY 96, and 92% in FY 97. Nationally, lost workday injuries have decreased from 2.95 per 200,000 work hours in FY 94 to 2.63 in FY 95, 2.33 in FY 96 and 2.11 in FY 97. National financial results have increased from a net loss of $914 million in FY 94 to a net income of $1,770 million in FY 95, $1,567 million in FY 96, and $1,264 million in FY 97. The cumulative net income of $4.6 billion earned from FY 95 through FY 97 wiped out more than fifty percent of the losses that had been previously accumulated since Postal Reorganization.

8. In your September 3, 1997, response to the Subcommittee's questions, you indicated that you did not believe it would be appropriate to include non-exempt employees in EVA for reasons including the fact that these employees are entitled to additional compensation for extra time worked. However, the GAO report revealed that two of the management associations expressed concerns regarding this exclusion of "non-exempt" employees. How do you plan on addressing these association's concerns?

**ANSWER:** Non-exempt, non-bargaining-unit employees of the Postal Service are not included in the EVA variable pay award program for several reasons They enjoy a significant wage premium when compared to wages of employees in the private sector of the economy--the comparative standard employed under the Postal Reorganization Act, 39 USC 1004, (The current wage premium for non-exempt postmasters is in the range of 30-35%); they do not supervise other employees; they receive premium overtime (time and one-half) for hours worked beyond 40 hours in a work week; and often do not occupy positions through which they have any direct impact on the principal corporate goals of the organization. It is noteworthy, however, that non-exempt employees continue to receive merit salary adjustments (up to 3% per year for outstanding performance), and have received two annual-lump sum bonuses in 1996 and 1997 in recognition of the Postal Service's breakthrough financial performance--or $500 in 1996 and one-half share of the EVA bonus paid to exempt employees in 1997.

There are three management associations: two representing postmasters (National Association of Postmaster of the United States, National League of Postmasters of the United States) which have championed the inclusion of all postmasters in the EVA-variable pay award program, and one representing all other supervisory and managerial employees (National Association of Postal Supervisors), which is opposed to any such inclusion. We are currently engaged in statutory consultation with the three associations regarding this issue.

9. In that September 3, 1997, response, you further stated that the Postal Service provided a $500 lump-sum payment to full-time Executive and Administrative Schedule (EAS) career, non-exempt employees. Will similar payments be made again this year to this group? If so, how many employees will be eligible to receive these payments? How much would each payment be per eligible employee? What would be the aggregate amount of payments?

**ANSWER:** A special lump-sum payment was provided to full-time EAS non-exempt employees to recognize organizational success in FY 97. The payment was not part of the Variable Pay Program, but the percentage amount did vary by organizational unit based on how the unit did on its targets. The average payment was 2.3 percent, or $940. About 16,500 employees received this special payment. The aggregate amount of payments is about $16 million.

10. Also included in those responses was an indication by the Postal Service to reinstate a broad-based employee survey as part of the CustomerPerfect! process for FY 98. Also, efforts to attempt to survey employee attitudes were mentioned in your final strategic plan as part of the performance goals under the "Voice of the Employee." Please provide the Subcommittee with a detailed description of these plans, including the survey's intended purpose and how the Postal Service intends to utilize the information gained through these surveys. To what extent do you plan to involve the unions and management associations in the development of this survey? Does the Postal Service intend to use any results of these surveys in preparation for bolstering their position in the upcoming contract negotiations with its unions?

**ANSWER:** The Postal Service is currently working with the four major unions and the management associations in developing a new employee survey. The purpose of the survey is to enhance the workplace environment and improve relationships with employees. It is envisioned that the survey will be administered quarterly to one-quarter of postal employees so that all employees will be surveyed each year. Content of the survey depends on the input from the union and management groups.

The present schedule is to administer the first survey during the summer of 1998 and then quarterly thereafter. The Postal Service does not intend to use results from the survey in the upcoming contract negotiations with its unions.

11. American Postal Workers Union President Moe Biller contends in his written testimony that the Postal Service's policy of "Zero Tolerance" is "applied with zero fairness to bargaining-unit employees. Managers have been provided a protective shield which enables them to abuse employees verbally and physically, with any hint of resistance by employees met with swift disciplinary action." He asked that the Postmaster General send a "zero tolerance" letter to each supervisor and manager stating that abuse of employees will not be tolerated, and that such a suggestion was made to you several months ago, yet no reply has been forthcoming. Please comment on these statements as to the allegations of disparate treatment between craft and management employees. What policies exist regarding "Zero Tolerance" on the part of managers and supervisors?

**ANSWER:** The "Joint Statement on Violence and Behavior in the Workplace," which was signed by management and the heads of all unions and management organizations (except the APWU) in 1992 specifies that "there is no excuse for and will be no tolerance of harassment, intimidation, threats, or bullying by anyone." We are working with the APWU on identifying root causes of disputes.

12 (a). What is the current cost to the Postal Service to process grievances and EEO complaints and what is the basis for these estimates?

**ANSWER:** This was covered in testimony: we have no reliable figures. Some months ago, we requested that the Inspection Service do a nationwide study to arrive at a reliable figure. The Inspector General will partner in this effort and we expect a report by summer.

12 (b). What is the number and type of grievances pending at each step in the Grievance/Arbitration process:

**ANSWER:** As of the close of Accounting Period 4, Fiscal Year 1998 (January 2, 1998), there were 26,335 contractual grievances and 5,089 disciplinary grievances pending at the Step 3 of the grievance arbitration procedures. We do not track grievances filed at Step 1 and Step 2 of our process.

12 (c). What is the number and status of EEO complaints?

**ANSWER:** The following information reflects open, formal EEO complaints as of the end of Quarter 1, Fiscal Year 1998:

| | |
|---|---|
| Total Open Formal Complaints | 15,788 |
| At Procedural Review Stage | 1,230 |
| At Investigative Stage | 6,184 |
| At Hearing Stag | 6,196 |
| At Final Decision Stage | 2,178 |

12 (d). What are the types of facilities which have the largest number of EEO complaints and grievances pending?

**ANSWER:** Generally, major mail processing and distribution plants generate more EEO complaints and grievances than other types of installations.

12 (e). What more could and should be done by the Postal Service to accelerate the resolution of EEO complaints and grievances?

**ANSWER:** Unlike their counterparts in the private sector, federal EEO filers are compensated, in that all activities related to the filing and investigation are on paid work time. Much of the grievance filing activity is also on paid work time. Forty-seven percent of postal EEO complaints have companion grievances being processed on the same issues. An inordinately large number of backlogged grievances pending arbitration are withdrawn or settled after an arbitrator has been scheduled to hear the cases but before actual hearings (often incurring wasteful cancellation fees). A comparison with private sector experience strongly suggests that fewer meritless or inconsequential complaints would be filed if employees were required to invest a small portion of their own time in filing and processing complaints which, in turn, would lead to expeditious resolution of meritorious complaints.

13. What type of detailed information do you have on the time involved in dealing with employee grievances, such as the number of hours spent by postal managers, supervisors, and postmasters on responding to grievances at the various steps in the grievance process? If you do not have this information, why not? Please provide for the record.

**ANSWER:** This was covered in testimony. We have no reliable figures. Some months ago, we requested that the Inspection Service conduct a nationwide study to arrive at a reliable figure. The Inspector General will partner in the effort and we expect a report by the summer.

14. What is being done by the Postal Service to provide sexual harassment and EEO training to employees?

**ANSWER:** The Postal Service's nationally directed sexual harassment and EEO program roll-out is ongoing and includes the following:

Postmaster, supervisor, and associate supervisor training programs include modules on EEO policies and procedures as well as awareness and prevention of sexual harassment. These modules are usually four hours. New employee orientation also includes information on sexual harassment. In addition, numerous training modules and videos concerning various aspects of sexual harassment and diversity issues are available through our Employee Development department. We have an extremely comprehensive training program for our EEO professionals. This begins with 80 hours of course work, followed later by 40 hours of refinement training. Our booklet, "What You Need to Know About EEO" is available to all employees.

We have instituted alternate dispute resolution processes that use mediation as a tool to resolve conflicts without resorting to formal EEO complaint procedures. Many of our EEO and Labor Relations professionals have been certified as mediators by the Justice Center of Atlanta.

Our program has also been active on the local level. Each of our 10 area offices identifies problems and issues of special concern to the area and tailors programs to address those concerns. The majority of area offices provide at least four hours of training annually to postmasters and supervisors. Our Western Area office has initiated a pilot program on sexual orientation, which is being developed for availability service-wide. In our New York Metro Area, supervisors, postmasters, and managers have benefited from "updates" reporting on EEO trends and regulations. This concept is being studied for possible use throughout the nation. Some areas have provided diversity training for all employees and sexual harassment training for executives. Other initiatives involve presentations to most supervisors and managers regarding their responsibilities under the Rehabilitation Act.

Nationwide, other efforts also include mailings to all employees on the subject of sexual harassment and how to report this type of incident. We have revised our manager's guide to sexual harassment and created posters on this subject for display on bulletin boards at postal facilities. Recent segments of our *Video Focus* employee broadcast and feature articles in our employee publication, *Postal Life,* have highlighted this issue. "Stand-up talks" on sexual harassment have also been provided to all supervisors for delivery to their work groups. In addition, the subject of diversity has been made part of the program at field career conferences.

15. What types of performance measures will be used to determine whether employee-management and union-management relations have improved?

**ANSWER:** Employee Opinion Surveys appear to be the best measure of employee-management relations. We are currently trying to overcome resistance by our larger unions to such surveys. There is no comparable barometer with regard to union-management relations. The relationship essentially is what the participants say it is and, from the constant rhetoric of some, it might be concluded that this relationship is poor and always has been. We believe most experts would agree that there is no objective measure of labor-management relations.

16. In your September 3, 1997, response to the GAO's questions about the strategic plan that was prepared under GPRA, you described your efforts to obtain comments from various stakeholders, including unions, management associations, and postal employees. With regard to the unions and management associations, you stated that you had sent copies of the draft strategic plan to the unions and management associations in June 1997.

    What responses did you receive from the two groups and how did their responses assist you in developing your plan? What studies have you done on the overall impact of grievances on postal organizations? If so, what were the results? If not, why not? Please provide for the record.

**ANSWER:** The Government Performance and Results Act of 1993 states that, "When developing a strategic plan, the Postal Service shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan . . . ." to that end, the Postal Service sought comments from its stakeholders through the publication and distribution of two *Federal Register* notices and draft copy of its Five-Year Strategic Plan.

Throughout the process of solicitation for comments, the postal unions and management associations were sent copies of the Federal Register notices and a draft copy of the June 1997 Five-Year Strategic Plan. The six postal unions and management associations listed below provided stakeholder comments in response to a letter from the Deputy Postmaster General that brought to their attention the *Federal Register* notices.

1. National Association of Postmasters of the United States (NAPUS);
2. National Association of Postal Supervisors (NAPS);
3. National Association of Letter Carriers (NALC);
4. Fraternal Order of Police, National Labor Council, U.S. Postal Service, #2;
5. American Postal Workers Union, (APWU);
6. National League of Postmaster of the United States (League).

The same letter was also sent to the National Postal Mail Handlers Union and the National Rural Letter Carriers' Association. No comments were received from those organizations. The NALC and NAPS also responded to both the June 1997 draft of the Five-Year Strategic Plan. Copies of the letters form the Deputy Postmaster General and all responses are attached as addenda.

In developing the Five-Year Strategic Plan, these comments were considered along with the 104 stakeholder responses to the *Federal Register* notice and drafts of the Plan. The comments of our employee organizations led to the placement of more emphasis on workplace environment.

As discussed in the Voice of the Employee section of Chapter V of the Strategic Plan, improved labor-management relations are a key strategic planning priority. Several initiatives are under way, including a labor-management summit process, mediated by the Federal Mediation and Conciliation Service.

We have done no studies on the overall impact of grievances on postal organizations. It is unclear as to the benefit that would result from such a study, as this would be largely an internal issue with day-to-day effect primarily on the organizations and not the Postal Service.

17. How have labor-management issues affected your ability to control costs needed to realize productivity gains? What is your basis for measuring the impact?

**ANSWER:** It is difficult to separately quantify the impact of labor-management issues apart from the other factors which influence costs, such as workload increases and inflation. However, the Postal Service controlled costs and achieved productivity gains.

During Fiscal Year 1997, the Postal Service's total expenses grew by just 3.8 percent. During the same period, our operating expenses grew 3.3 percent, work hour use grew 1.4 percent while volume grew by 4.1 percent, as our delivery network continued to grow. This is our sixth straight year of keeping expense growth below 5 percent. At the same time we have invested resources in, and focused efforts on, improving the quality of service.

Productivity increased in Fiscal Year 1997. Our basis for measuring this is Total Factor Productivity (TFP), which measures the changes in relationships between all of the Postal Service's outputs (mail volume, special service transactions, and delivery points served) and all of the Postal Service's inputs (labor, capital, and materials) and can be benchmarked against private sector productivity. TFP grew by 1 percent in Fiscal Year 1997.

Over the last five years, which gives a more meaningful basis for gauging productivity performance than any single year, TFP has increased cumulatively by 1.6 percent. This productivity increase is largely attributable to investments made in automating postal operations. Over an extended period, the Postal Service's productivity performance has been consistent with the private sector's productivity performance.

18. In your testimony, you state that you agree with President Clinton's comment that "companies have to invest in the workers in order to be competitive in the 21st Century."

    In the recent GAO report, it stated that outsourcing has caused the unions a great deal of concern. Specifically, how do you balance concern for your employees, and agree that companies have to invest in their workers, with the outsourcing of certain postal functions—as in your decision to contract with Emery Worldwide Airlines to provide transportation services to help move Priority Mail?

**ANSWER:** As your comments indicate, this is a union concern, not necessarily an employee concern. The number of career jobs continues to grow, notwithstanding our outsourcing initiatives. The objective of the Postal Service is to provide the most efficient and economical mail services to the American public, utilizing the best available resources. The goal of some of our unions is to have the highest possible number of members and protest outsourcing even as their bargaining units continue to increase. Outsourcing judgments are made after considering a variety of business factors, including the contractual requirements of Article 32 (Subcontracting) of the respective National Agreements. Unfortunately, the unions are, more likely than not, inclined to object and grieve, no matter what the reasons are which support the a particular outsourcing initiative.

The Emery case has been grieved and is proceeding to arbitration, and we should not comment further because of that litigation.

19. The mailing industry's Blue Ribbon Committee (BRC) was formed at your request last Fall as a way of determining and pursuing mutual strategic issues agreed upon by the Postal Service and industry. The BRC concluded that the Postal Service should continue to look for opportunities to improve service and/or reduce costs through the appropriate use of outsourcing. Do you agree or disagree with that statement? If yes, how would you define the "appropriate use of outsourcing?"

**ANSWER:** I agree that the appropriate use of outsourcing is a sound business strategy. The long-term job security of our employees is enhanced by our long-term success. Outsourcing can be an important tool in achieving this success. Historically, we have outsourced work. Consistent with the general principles established in our labor agreements, the appropriate use of outsourcing would involve situations in which factors such as public interest, cost, efficiency, availability of equipment, and qualification of employees supported a decision to outsource.

20. What is your process for outsourcing and what factors are taken into account when making your decision?

**ANSWER:** Our step-by-step process involves multiple functions, corporate approvals, and takes into account public interest, cost, efficiency, availability of equipment, and qualification of employees. We have long-standing local procedures in areas of highway contract routes, transportation, custodial services, and building maintenance that allow local management to evaluate initiatives and make decisions on a local basis. In all cases, and especially in national outsourcing initiatives, the process includes discussions with the affected unions throughout the process. This is consistent with our obligations under the collective-bargaining agreements.

21 (a). In July, my office received press inquiries from a local Philadelphia newspaper regarding Highway Contract Routes (HCRs) in outlying areas of Philadelphia.

When did the Postal Service initiate HCRs and what was their purpose at that time?

**ANSWER:** The first HCR service was established in 1786, institutionalized in 1845, and predates both city and rural delivery. When introduced, the primary responsibilities of HCRs were to transport mail between post offices.

21 (b). Is the delivery of mail to home boxes and cluster boxes via HCRs used to replace carrier routes in new residential and commercial developments?

**ANSWER:** No. When new delivery areas become eligible for mail delivery, we generally consider all three types of service before deciding on city, rural, or box-delivery highway contract service. The type of service being provided in the surrounding area, public interest, cost, and efficiency are some of the factors which are considered before deciding on the appropriate delivery service method.

21 (c). Are new residences in new developments no longer eligible for door-to-door service?

**ANSWER:** The Postal Service discontinued the extension of door delivery service to new residential deliveries on November 3, 1978. Businesses and new residences built between existing door delivery homes are still eligible for door delivery service. New residential customers, whether they receive city, rural, or highway contract delivery service have the same options: curbline, sidewalk, or centralized boxes.

21 (d). Will HCR service be extended to older established neighborhoods in the future?

**ANSWER:** Other than as allowed by Postal Service policies and labor agreements, there will be no conversion of existing city and rural deliveries to highway contract delivery.

**QUESTIONS SUBMITTED BY REP. BEN GILMAN**

1. At the Middletown Post Office transportation difficulties are being experienced. In fact, mail delivery trucks do not usually arrive until after 10:00 or 10:30 a.m. in Middletown, resulting in letter carriers not being able to deliver mail until 5:30 and 6:30 p.m.

   This situation has ensued complaints from customers, as well as frustration on behalf of the Middletown letter carriers. I am concerned that this particular issue may be one more example of how the lack of proper management at one facility (Westchester Distribution Center) adversely affects letter carriers, which can ultimately led to further grievances and complaints. What can be done to alleviate this seemingly simple problem in Middletown, and others that only widen the gap between management and labor?

**ANSWER:** This issue first arose about one and one-half years ago when mail processing operations shifted from the Monsey Distribution Center to the new Westchester Processing Center in White Plains, New York. At that time the Monsey Facility became a transfer point for all mail destined for Middletown, New York. The transition of processing operations resulted in some minor disruptions in service, particularly late delivery complaints. In addition, local representatives of the National Association of Letter Carriers expressed concerns regarding letter carrier reporting times, which were adjusted one hour (from 7 a.m. to 8 a.m.) to conform to existing transportation schedules.

Over the last 10 months, the Westchester Performance Cluster has worked to address these issues. There are now five scheduled trips to Middletown each morning, scheduled to arrive between 5 a.m. and no later than 8:40 a.m. The five trips now include two direct trips from the Westchester facility to Middletown. To expedite processing of mail for Middletown residents, clerk schedules have been adjusted from a standard starting time of 5 a.m. to staggered schedules, with reporting times beginning at 1 a.m. Within the past month, because of these adjustments, carrier reporting times have reverted back to 7 a.m. The Middletown Postmaster reports that all carriers are returning to the office between 1:30 p.m. and 4 p.m., with an overtime exception no later than 4:30 p.m.

Based on the minimal number of complaints received over the last few months, and a recent conversation with Congressman Gilman's office, local postal managers are confident that this issue has been satisfactorily addressed from both a service and labor-management perspective.

2. Though I am hesitant to inquire about an issue unrelated to the Labor-Management topic of the November 4th Subcommittee hearing, I do have some concerns with an issue in the Town of Greenville, located in my Congressional District, which I would like to have addressed.

   As you may know, the Town of Greenville, located in Orange County, New York, has been soliciting the USPS for its own full service station. The Town is presently divided into five ZIP Codes and is constantly confused with the Town of Greenville in Greene County, New York.

   The Town (in Orange County) has expressed the willingness to change their name to Old Greenville or South Greenville, however, USPS District officials have continually denied the Town's request for a full service station.

   Accordingly, I would appreciate your review of this matter as the current situation has and continues to lead to numerous problems for both businesses and individuals alike who reside in the Town.

**ANSWER:** The Postal Service has reviewed this issue a number of times over the last few years, at both the District and Headquarters levels. Regrettably, based on very limited service benefits and the increased costs of consolidating all Greenville deliveries into a single location, preferably a new postal facility, the Town's suggestion was not accepted. The analysis of this issue included both one-time and recurring costs for new and leased construction in Greenville, as well as costs of expansion of the existing Port Jervis postal facility, which does not have sufficient space to accommodate the expanded delivery operations that would result from consolidating Greenville delivery operations. The cost analysis prepared by the Postal Service in its review of this matter has been shared with Greenville Town officials. In addition, Westchester District officials advise that they are aware of no systemic mail service problems attributable to the existing delivery arrangement; nonetheless, they would be pleased to meet again with local representatives to discuss service issues and investigate any reported delivery deficiencies.

The Town's offer to modify the community's name to avoid confusion with the similarly-named Greene County community reflects an innovative and flexible approach to the matter of local identity. Regrettably, however, this would be not overcome the operational issues in question, which primarily involve the absence of space for consolidating deliveries. Should it be warranted by any future change in local conditions, Westchester District officials will reconsider this issue.

In an effort to better serve the Town of Greenville, the Postal Service has proposed the establishment of a contract station in the new Town Hall to provide retail services and post office box delivery for local customers. While this would not resolve the larger issue of local identity, it would provide a convenient, in-town location for these services.

3. Trachtenburg Court is a development of six homes located within the physical boundaries of West Nyack. Residents have been receiving mail from West Nyack and would like to continue to do so. Their property values, taxes, municipal services, etc., are based on their location in West Nyack.

**ANSWER:** A petition to extend delivery from the West Nyack Post Office was denied by our Westchester District, as the area in question is part of the Valley Cottage delivery zone. While we recognize the desire of these residents to have a West Nyack mailing address, the requested change would reduce our efficiency by creating an overlap of a city delivery route form the West Nyack Post Office with a rural route from the Spring Valley Post Office. In addition, the requested change would disrupt the existing physical boundaries now separating affected delivery areas. I understand, however, that five of the six households in question have obtained post office box service from the West Nyack Post Office, resulting in their ability to use the West Nyack place name as a mailing address.

4. Some New Hempstead residents are upset because their delivery has been switched to the Spring Valley Post Office. This affects their property values and requires that they drive 12 miles to the Spring Valley Post Office as opposed to one mile to the Pomona Post Office.

**ANSWER:** This is an unfortunate situation and we apologize for any inconvenience it has caused residents of the Horizon Estates development. These newer homes are part of an expanding development of about 50 homes that has been receiving delivery from the Spring Valley Post Office since 1992. The Pomona Post Office's extension of delivery to the newer homes while they were still under construction was unauthorized.

When Westchester District officials learned of this action, delivery was reassigned to the proper office. Their subsequent review of the issue upheld that determination, based on such factors as proper original assignment of the delivery office, the absence of a clear boundary line that would permit segregation of the development from any adjacent Spring Valley address or surrounding delivery points, and the fact that the addresses in question are within the Village of New Hempstead.

Mr. McHUGH. Let me call the subcommittee back in order, and we're going to start because of the time, even though some of the Members obviously have not yet returned. They did have copies of the testimony previously, and so I thought, for expediency's sake, we could begin and pick up as each Member comes back.

Let me introduce the members of the third panel: Mr. Moe Biller, president of the American Postal Workers Union, and he is joined by Bill Burris, vice president of APWU; William Quinn, who is president of the National Postal Mail Handlers Union—Bill—Steve Smith, president of the National Rural Letter Carriers' Association, and William H. Young, who is vice president, National Association of Letter Carriers.

Gentlemen, thank you for your patience and for being here today. As you know—most of you have appeared before—we have the full committee rule of affirming to the testimony. So if you'd please stand and raise your right hands.

[Witnesses sworn.]

**STATEMENTS OF MOE BILLER, PRESIDENT, AMERICAN POSTAL WORKERS UNION, APWU; WILLIAM QUINN, PRESIDENT, NATIONAL POSTAL MAIL HANDLERS UNION; STEVE SMITH, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION; AND WILLIAM H. YOUNG, VICE PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS**

Mr. BILLER. Mr. Chairman——

Mr. McHUGH. Just 1 second, Moe. Just for the record, the record will show that all of the members of the third panel responded affirmatively to the oath.

With that, Moe, please proceed.

Mr. BILLER. OK. Mr. Chairman, members of the committee, my name is Moe Biller, president, American Postal Workers Union, AFL–CIO. Representing more than 360,000 active members and retirees, our members live in every city, town, and hamlet in this country, and we appreciate the opportunity to appear before the subcommittee and express the views of APWU on the present status of labor-management relations in the Postal Service.

We've also reviewed the draft report supplied by the GAO entitled, "U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Relations." We find there are substantial problems with the analysis and conclusions, several of which we'll discuss below.

As stated by FMCS Director, John Calhoun Wells—on the slate today was Ms. Hoffman for him—the first Postal Service labor-management summit was convened just last week through the good office of the Federal Mediation Conciliation Service. At that meeting, Postmaster General Runyon and USPS Chief Operating Officer Bill Henderson expressed the desire to change the labor-management relationship in the Postal Service. They asked the unions and management groups at the summit to cooperate with them in the future in the Postal Service strategic planning and related areas.

My response is that the USPS must first commit to improving labor relations. If we can do so successfully, then we'll have a foundation for cooperative efforts in strategic planning and other areas. And the reason I say that, Mr. Chairman, is Mr. Runyon is the

18th Postmaster General under whom I've served. Every one of them came in saying we know there's an autocratic culture and we're going to change it, and somehow they get corrupted by the bureaucracy. The players change but the culture remains the same, and we'll do our best, but I wanted you to understand that.

Our union's national executive board met recently with Mr. Runyon and Labor Relations Vice President Joe Mahon at APWU headquarters for a frank and open discussion of our mutual problems. We agreed to continue that dialog and we will follow up with a meeting on the 25th of this month. The national executive board will be meeting with Mr. Runyon regularly, probably on a monthly basis.

There's much that needs to be done, and APWU stands willing to do all we can to improve the current unacceptable relationship. However, as the chairman has called this meeting on the current state of labor relations, not what might possibly occur in the future, we suggest that the labor management relations problems are the direct result of policy decisions made by Postal Service management at the highest levels. While disagreements are expected in the labor-management arena, clearly, the magnitude of problems within the Postal Service is evidenced by the volume of unresolved grievances, Merit Systems Protection Board filings, EEO complaints, and the fact that we have not had a negotiated agreement to submit to our members in any of the labor unions in the past 10 years. Anyway, I sincerely hope we will be able to do so next year when I meet with Mr. Runyon at the bargaining table.

These problems have been the subject of prior congressional hearings followed by GAO investigations or reports—all to no avail in their efforts to resolve the contentious relationship between the employees, their unions, and postal management. The statistics speak for themselves in the total number of unresolved issues stemming from disagreements between employees and their supervisors. Notwithstanding the total complement of the Postal Service, in June of this year, grievance pending arbitration was at an all-time high and climbing. With the assistance of the FMCS, joint efforts have been undertaken that promise to temporarily reduce these unacceptable numbers, but these efforts do not address the fundamental failure to eliminate work floor disagreements or to resolve them in the earliest stages of the grievance procedure.

I know mention was made by the Postmaster General this morning about root causes, and I submit that the root causes are on the work floor where nobody is authorized to resolve a problem. In this respect, we're astonished that in analyzing the source of contentiousness in the work force, the GAO report nowhere mentions the corrosive impact of the USPS's 17-year campaign to convince its own employees, Congress, and the public at large that its work force is underproductive and overpaid. While this hypothesis has never been accepted by any neutral arbitrator, it has surely been communicated to the craft work force, and just as certainly has played a major role in undermining employee morale.

For years, Mr. Runyon himself has kept telling everybody we're 30 or 40 percent overpaid. Today he tells you, feeds you pablum, and says the employees are very devoted and dedicated. When this message is coupled with the numerous new initiatives to outsource

work such as the recent contract involving priority mail with Emory Worldwide, it is obvious that there will be consequent antagonism among craft workers. We scarcely need a 100-page report to discern the source of contentiousness. And I want to say this: Emory Worldwide, to my knowledge, has been a violator of Federal law; the Department of Defense has refused to contract with them, but the Postal Service says it's OK.

Only recently have we been made aware of the report of the blue ribbon committee called Finding Common Ground. The committee formed at the request of Postmaster General Runyon in the fall of 1996 is described "as part of an ongoing effort by the U.S. Postal Service to reach out to its customers and work together to determine what strategic issues the Postal Service and industry could agree to jointly pursue to ensure the organization's ability to achieve its historic mission of reliable, universal service in the 21st century."

Unfortunately, the report includes a suggestion that the Postal Service "continues to look for opportunities to improve service and/or reduce costs through appropriate use of outsourcing," and I submit that about 1½ years ago, the Postmaster General called us together to work together on priority mail. That was going to be our flagship mail. Within less than 6 months after that, a decision was made to contract it out, and usually when they give you preliminary notice, it's a done deal.

Legislative attacks which threaten to privatize the Postal Service and attacks on the workers' paychecks in the name of deficit reduction further reduce morale in the workplace. In addition to the above, I would make the following comments concerning specific cooperative initiatives involving the APWU referenced in the GAO report.

First, joint labor-management cooperation memo. As reflected in the GAO report, this memorandum has not lived up to expectations. I think Mr. Burrus, our executive vice president, if you want to ask him, can outline the problems that he deals with.

However, it must be noted that what cooperation does exist results in significant agreements with potential for far-reaching effect. In the last 3 months alone, we have reached agreements on the grievance backlog, on a National Labor Relations Board alternative dispute resolution procedure concerning union information requests, and implementation of an administrative dispute resolution procedure. We cannot see how any assessment of labor-management cooperation in the Service can be made without evaluating the impact of these recent agreements, particularly given the importance attached to the increase in grievance activity in the draft report.

Second, mediation of grievances. In this case the Postal Service initially moved ahead with its own agenda, instead of reaching joint understandings, as required by a joint memo. However, since our interviews with GAO, we have reached a joint agreement.

We also found interesting the segment of the GAO report that addresses the associate supervisor program. I note much of that has been made of it this morning. GAO's latest report references a 1994 GAO report which recommended that the USPS select and train supervisors "to have the skills, experience, and interest to

treat employees with respect and dignity." According to the postal official, all the participants in the workshop commented that the ASP was an incredible success." In addition, the official told us that a GAO—this is from the GAO report—that a San Francisco post office went from having the worst scores and productivity in the Service external first class measurement system to be one of the top Post Offices in the San Francisco district," end of quote from the GAO report.

We feel strongly that a better-trained, less-autocratic management team would go a long way toward ending many of the problems currently facing the Postal Service. We are pleased that the GAO has recognized the importance of a less-autocratic and hierarchial environment and the need for teamwork. However, the USPS still resists the crew chief program. The fact is that the ratio of supervisory and administrative workers to craft workers is still too high. In the remote encoding sites, where negotiated group leaders are working, the ratio of supervisor to craft employees is 1 to 55; the similar ratio in mail processing operations, 1 to 23. Yet, the productivity of the remote encoding centers far exceeds the performance expectations behind the 1993 agreement to bring the remote encoding centers back in-house. The fact that we still cannot implement similar group leader positions throughout the USPS reveals quite clearly that the Service is totally committed to retaining the same bureaucracy and administrative hierarchy that has existed since postal reorganization. This is yet another factor causing continued contentiousness. If we want to talk about teamwork, I think that a type of a group leader or crew chief can add a lot to that.

I charge that the unacceptable climate in labor relations in the U.S. Postal Service is the result of a management structure instituted in 1992, designed to generate disagreements and cause them to fester and delay resolution. One can simply track the volume of pending grievances and arbitration cases prior to and after the 1992 USPS reorganization. In 1992, there were 18,028 cases appealed to arbitration; in 1997, this increased to 34,316. During this period, nothing unusual changed within the postal system. The conditions under which employees worked in fact improved a little with the completion of many new facilities. While contract negotiations during those years were contentious, resulting in arbitrated agreements, there were no unusual events leading to labor unrest and resulting in increased grievance activity. In fact, the total number of grievances filed remained relatively unchanged.

The one marked change that did occur was the number of grievances unresolved at any of the intermediate steps of the procedure and, by the way, at the lowest steps, too. This number of cases resolved has declined significantly, and with that reduction, there is a corresponding increase in pending disputes and an increase in labor-management problems. These problems were highlighted in a recent meeting between national and local APWU leaders and the Postmaster General, where he explained the postal structure and the role of labor relations within that structure. As he explained, quote, "Labor relations responsibility is to train and teach management personnel." This explanation was in response to questions raised by APWU local presidents who were experiencing the inabil-

ity to resolve any issues at the local level, and who were seeking an explanation as to who's in charge of enforcing compliance with employee rights.

Mr. Runyon's response was not surprising, but had not been previously stated by higher-level officials. Decisions made by postmasters, supervisors, and managers are to be honored and defended by experienced postal labor officials who are aware that they are in violation of employees' contractual rights. Thirty thousand postal officials with no direct knowledge of contract negotiations are left to interpret and apply, or ignore complex contractual provisions that only the most seasoned labor officials understand. The driving force in management's labor decisions is the effect on operations processing and delivery, and if contractual language interferes, management says, let the union grieve and we'll defend our position in arbitration several years from now. When employee rights are violated, APW will initiate grievances. Where management makes decisions without regard to contractual obligations, the result is persistent labor-management problems.

One of the APWU local presidents attending the aforementioned meeting spoke of her efforts to determine who within the management ranks is the decisionmaker. When asking a higher-level management official at the local level to overrule a supervisor, she is informed that the official is not empowered to do so. Then she turns to the district manager, who repeats the excuse of being unable to overrule the initial decision, even though it was in violation of the contract. The same response is given by area and headquarters USPS labor relations officials. She concludes, and each level of management agrees, that the supervisor made an improper decision, but no one has the authority to overrule her. She is, thus, left to conclude that this work floor supervisor, who is not empowered to make the simplest of policy decisions regarding postal operations, is solely empowered to make final and binding decisions on complex contractual rights and guarantees. This anomaly leads to friction at the local level, where employees are denied basic contractual rights.

As a matter of fact, at the local level, labor relations is completely toothless, has nothing to say, except occupy space and time. It percolates to the national level, resulting in persistent labor-management problems throughout the system. Added to this inability to correct violation of employees' rights at any level of the Postal Service is the application of the zero-tolerance policy that is applied with zero fairness to bargaining unit employees. Managers have been provided a protective shield which enables them to abuse employees verbally and physically with any hint of resistance by employees met with swift disciplinary action.

APWU executive vice president William Burrus, seated at my right, requested that employees suffering from abuse by postal managers send him a brief summary. He received hundreds of appeals for help, heart-wrenching descriptions of physical, verbal, and sexual abuse by managers who hold the keys to continued employment. And despite the employees' appeals to postal officials, Representatives in Congress, EEO counselors, and the initiation of grievances, the problems continue unabated.

We shared these examples with senior postal managers. We hope to initiate a process to identify and rehabilitate or fire the abusers, but to date we have made no progress. Let the Postmaster General send a zero-tolerance letter to each supervisor or manager stating that abuse of employees will not be tolerated. This is an appropriate suggestion that we made 4 months ago. Sadly, as I testify today, we still await a response.

We're also faced with what on the surface appears to be a blatant attempt at union-busting by intimidation. While many of our local officers throughout the country are full-time officers of their local, most continue to be full-time postal workers fulfilling many of their union duties in their spare hours. Increasingly, we see these union officers suffer harassment and intimidation by disciplinary action based on phony, trumped-up charges. Local management seems intent to further chill labor-management relations by harassing the people they should be working with to fashion a mutually beneficial relationship, understanding that arbitration will be 3 years down the pike while we wait on the street.

Neil Walden is president of the APWU local in Norman, OK, and a postal employee for more than 23 years. Mr. Chairman, the only reason I didn't bring him, I didn't want you to think I'm gilding the lily. I'm proud to point out that brother Walden is a 20-percent disabled Vietnam vet who was injured while serving as a green beret sergeant with the special forces. Neal Walden has served as local president for 7 years, was recently elected to another 2-year term, and his local is 100 percent organized, Norman, OK.

He received advanced notice of removal from the Service on October 15. That's "quick justice," in quotes. While Mr. Walden's notice lists four specific infractions which we will demonstrate to be false during an arbitration hearing, clearly, Mr. Walden was fired because he exposed a romantic relationship between his district manager and an employee, which was reported to the inspector general's office. I think that district manager believes he can part the water just as Moses did.

Tony Mastas is a former president of the northeast area Massachusetts local and a postal employee for more than 18 years. He was notified of his proposed removal in May, around the same time that he received a letter from his plant manager, Linda Pappas, thanking him for "the extra effort you put forth to come to work during the April 1st snowstorm that dumped more than 30 inches of snow in the Northeast area." I can also submit a letter from his immediate supervisor, Mr. Arthur Doyle, that attests to his abilities.

Mr. Mastas, on several occasions prior to his removal, met with and otherwise communicated to management officials at his worksite regarding the hostile work environment in which he worked every day. The record shows that he reported a physical assault which was witnessed by two other employees. This incident was reported by Mr. Mastas a minimum of four times. Yet, the Postal Service failed to investigate it. Postal Inspection Service was notified that this incident occurred on postal property during work hours. They, too, failed to take action.

Another employee from the same work station as Mr. Mastas signed an affidavit corroborating Mr. Mastas' contentions, only to

be threatened himself. Everyone from the postal inspectors to the employees on the work floor acknowledge the myriad of problems on the worksite. Management's response was simply to fire the union activist, and he can wait several years before he gets to arbitration.

James Franklin is president of the Lynchburg, VA, APWU local and a postal worker for more than 18 years. I have asked Mr. Franklin to join me today. Stand up for a minute, so you'll notice who he looks like. He eats; he breathes; he's got a family, and he earned a 10-point veterans' preference during his service in the U.S. Navy.

And the harassment that he has received has not stopped to this very day. I've notified Mr. Mahon; I notified Mr. Runyon—not a word on it, even this morning.

Mr. Franklin was escorted out of the facility like a common criminal by postal inspectors in full view of the employees he was elected to represent—obviously, intimidation. Mr. Franklin's postmaster is known to be abusive. In fact, APWU objected to this postmaster's transfer back to Lynchburg in advance because of his reputation from previous assignments. Even the Inspection Service was notified that this manager had been observed raising his hand as if to strike the local president. I'd ask Jimmy Franklin to stand up again. I can't see behind me.

Unfortunately, no action was taken following repeated attempts to have this postmaster evaluated to determine his fitness to supervise employees. This postmaster's action in both Charleston, WV, and Lynchburg have moved several employees to suggest that he might need psychiatric assistance, and that might be the only solution to an otherwise explosive situation.

Even now, the local postal inspector continues to harass APWU local officers and employees. He was in there yesterday again attempting to intimidate employees who signed statements, affidavits.

As I wrote USPS Labor Relations vice president, Joe Mahon, concerning this last situation, quote from me, "It is unacceptable and a total breach of faith with postal workers that these incidents in the past simply resulted in the postmaster being passed around to make trouble in other places. It is callous and infuriating that he's being permitted to carry on his vendetta against an APWU local president."

By the way, that local president was put out on the street on administrative leave—that means the Postal Service had to pay—then put back, taken off his assignment, in violation of the contract, and placed in a different position. And this is from August something, the middle of August; it's now November, and that's very, very discouraging to his family.

"You cannot solve the problems of autocratic postal management and win the cooperation of APWU and its members as long as you continue to tolerate this kind of conduct by postal managers. And this is not a case of an isolated incident that may not have come to the attention of management. The postmaster has been the subject of repeated complaints. His misconduct and his unsuitability for a managerial position are well-known to postal officials in several cities where he worked. With this type of incident continuing,

any effort by the Postmaster General to open a meaningful dialog with APWU officers may well be thwarted at the outset. We're trying, but we're not making it, notwithstanding what you heard this morning. It is imperative that you and the Postmaster General and Mr. Mahon demonstrate that you will not knowingly permit managers like Mr. X to remain in positions of authority. If you do nothing, your inaction will belie your words." That ends my quote.

I want to refer you to another letter that's come to my attention from Enid, OK, and I must tell you, I'm just going to read a portion of the letter that the State president wrote to me. "I'd also like to advise you I appreciate your outspoken support over the years for all of us in Oklahoma. As you prepare to again address Congress on the status of labor-management relations within the U.S. Postal Service, please don't forget your Okie brothers and sisters. With events such as those in Norman and Enid"—he comes from Enid, OK—et cetera. He says, "I have not witnessed a worse labor-management climate in my tenure with the Postal Service. Struggling from the trenches, I remain Tom Stair."

Those people in Enid, OK, sent a letter, Mr. Chairman, because they're frustrated and they just can't find a way out, to the inspector general. I will not read you most of that letter. I will submit it to you because you'll find that the quotes of profanity from the supervisor are not fit for anybody to listen to here. So I'm just going to read little excerpts from it, but you will receive it. It has been signed by 32 employees in a post office that probably has 36 or 38.

Mr. X, after he said what he did—and I won't even dare say it—the same supervisor approached the second distribution clerk, and we've got her name here, told her that he had been so mad the previous day that he could have killed someone. He was placed on 2 days of administrative leave. During this time, an alleged "threat assessment team" supposedly investigated the incident and decided that he should be returned to work. That was quick justice, I must say.

It should be noted, however, that no postal inspector or member of this team ever interviewed either of the clerks involved prior to reaching their decision. We believe that handling of this situation by management to be grossly inept and a process so seriously flawed as to render it meaningless. The double standard established by management's actions is outrageous, and we hereby choose to go on record as protesting this travesty.

Further, we consider the supervisor's behavior to be unstable and we consider him to be a continuing threat to the safety and well-being of all the employees of this office. We want to go on record as objecting to his continued presence in this office. Your immediate attention to this potentially explosive situation is urgently requested. Sincerely, all of the employees of Enid, Oklahoma post office

—to the inspector general.

OK, we're going to move ahead.

In the face of this poisonous labor-management climate as it exists today, postal management hides its head in the sand. They claim that the problems are created by overzealous union representation. And I daresay that Mr. Mahon preaches that constantly, that the stewards are overzealously representing the members that they're obligated to represent under the law. They blame the union's policy of using determined local union officials to process the unacceptable backlog of grievances. Ultimately, they claim that

the union's official publications inflame the membership. Neither of these excuses are worthy of consideration, as they are merely evidence to ignore the real problems, and hopefully they'll go away.

In summation, Mr. Chairman, labor-management problems in the Postal Service are the worst that I have seen in the past 40 years, and are getting worse as I appear before you today. The problems are a result of a management system designed to make compliance with employee contractual rights subservient to operational goals, and they defer resolution of problems somewhere out into the distant future. The Postal Service has an institutional philosophy; their rules of behavior are different for supervisors, managers, and postmasters from those governing the employees we represent. Until these issues are addressed, you cannot reasonably expect progress in labor-management relations now or in the future.

We, again, want to thank you for your continued interest in the Postal Service employees. We thank you for your involvement and for the opportunity to testify on behalf of the members of the APWU AFL–CIO.

I just want to add, if I may, that you didn't hear a thing today about what they're going to do about work floor circumstances, where all of these problems are rooted. You heard of root causes, et cetera, and I must tell you, in a personal way, I had corn flakes this morning and Product 19, but I listened to a lot of Pablum, if you will.

So, thank you very much.

[The prepared statement of Mr. Biller follows:]

Mr. Chairman, and members of the committee, my name is Moe Biller, and I am president of the American Postal Workers Union, AFL-CIO. The APWU is the largest postal union in the world, representing more than 360,000 active members and retirees. Our members live in every city, town, and hamlet in this country. We appreciate the opportunity to appear before the Subcommittee to express the views of APWU on the present status of labor-management relations in the Postal Service.

We have also reviewed the draft report supplied by the GAO entitled "U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems." We find there are substantial problems with its analysis and conclusions, several of which we discuss below.

In a recent meeting, Postmaster General Runyon and USPS Chief Operating Officer Bill Henderson expressed a desire to change the labor-management relationship in the Postal Service. There is much that needs to be done, but APWU stands willing to do all we can to improve the current, unacceptable relationship. However, the chairman has called this hearing on the current state of labor relations, not what might possibly occur in the future.

We suggest that persistent labor-management problems are the direct result of policy decisions made by postal service management at the highest levels. While disagreements are expected in the labor-management arena, clearly the magnitude of problems within the Postal Service is evidenced by the volume of unresolved grievances, Merit Systems Protection Board filings, EEO complaints, and the fact that there has not been a negotiated contract with any of the labor unions in the past 10 years.

These problems have been the subject of prior congressional hearings followed by GAO investigations and reports, all to no avail in their efforts to diminish the contentious relationships between the employees, their unions and postal management.

The statistics speak for themselves in the total numbers of unresolved issues stemming from disagreements between employees and their supervisors. Notwithstanding the total complement of the Postal Service, in June of this year grievances pending arbitration were at an all-time high, and climbing. With the assistance of the Federal Mediation and Conciliation Service (FMCS), joint efforts have been undertaken that promise to temporarily reduce these unacceptable numbers, but these efforts do not address the fundamental failure to eliminate work floor disagreements or to resolve them in the earlier stages of the grievance procedure.

In this respect, we are astonished that in analyzing the sources of contentiousness in the workforce, the GAO report nowhere mentions the corrosive impact of the USPS' 17 year campaign to convince its own employees, Congress, and the public at-large that its workforce is underproductive and overpaid. While this hypothesis has never been accepted by any neutral arbitrator, it has surely been communicated to the craft workforce and just as certainly has played a major role in undermining employee morale. When this message is coupled with the numerous new initiatives to outsource work, such as the recent contract involving Priority Mail with Emery Worldwide, it is obvious that there will be consequent antagonism among craft workers. We scarcely need a 100-page report to discern the sources of contentiousness.

Only recently have we been made aware of the report of the Blue Ribbon Committee, "Finding Common Ground." The Committee, formed at the request of Postmaster General Marvin Runyon in the fall of 1996, is described as "part of an ongoing effort by the United States Postal Service to reach out to its customers and work together to determine what strategic issues the postal service and industry could agree to jointly pursue to ensure the organization's ability to achieve its historic mission of reliable universal service into the 21st Century." Unfortunately, the report includes the suggestion that the Postal Service "continue to look for opportunities to improve service and/or reduce costs through the appropriate use of outsourcing...."

Legislative attacks which threaten to privatize the Postal Service and attacks on the workers' paychecks in the name of deficit reduction further reduce morale in the workplace.

In addition to the above, I would make the following comments concerning the specific cooperative initiatives involving the APWU referenced in the GAO Report:

1. **Joint Labor-Management Cooperation Memorandum** -- As reflected in the GAO Report, this memorandum has not lived up to expectations. However, it must be noted that where cooperation does exist, it results in significant agreements with potential for far-reaching effect. In the last three months alone, we reached agreements on the grievance backlog, on an NLRB (National Labor Relations Board) alternative dispute resolution procedure concerning union information requests, and on implementation of an administrative dispute resolution procedure. We cannot see how any assessment of labor-management cooperation in the Service can be made without evaluating

the impact of these recent agreements, particularly given the importance attached to the increase in grievance activity in the draft report.

2. **Mediation of Grievances** -- In this case the Postal Service initially moved ahead with its own agenda instead of reaching joint understandings as required by our joint memorandum. However, since our interviews with GAO, we have reached a joint agreement. We also found interesting the segment of the GAO Report that addresses the Associate Supervisor Program (ASP). GAO's latest report references the 1994 GAO report, which recommended that the USPS select and train supervisors who would have the skills, experience, and interest to treat employees with respect and dignity: "According to the postal official, all the participants in the workshop commented that ASP was an 'incredible success.' In addition, the official told us [GAO] that a San Francisco post office went from having the worst scores in productivity and the Service's External First-Class (EXFC) Measurement System to being one of the top post offices in the San Francisco district."

We feel strongly that a better-trained, less-autocratic management team would go a long way toward ending many of the problems currently facing the Postal Service.

We are pleased that the GAO has recognized the importance of a less autocratic and hierarchical work environment. However, the USPS still resists the "crew chief" program and the fact is that the ratio of supervisors and administrative workers to craft workers is still too high. In the Remote Encoding sites, where negotiated group leaders are working, the ratio of supervisors to craft employees is 1 to 55. The similar ratio in mail-processing operations is 1 to 23. Yet the productivity of the Remote Encoding Centers far exceeds the performance expectations behind the

1993 agreement to bring the Remote Encoding Centers back in-house. The fact that we still cannot implement similar group leader positions throughout the USPS reveals quite clearly that the Service is totally committed to retaining the same bureaucracy and administrative hierarchy that has existed since Postal reorganization. This is yet another factor causing continued contentiousness.

I charge that the unacceptable climate in labor relations within the U. S. Postal Service is the result of a management structure designed to generate disagreements and cause them to fester in the delay of their resolution. One can simply track the volume of pending grievances and arbitration cases prior to and after the 1992 USPS reorganization.

In 1992 there were 18,028 cases appealed to arbitration. In 1997 this number had increased to 34,316. During this period nothing unusual changed within the postal system. The conditions under which employees worked, in fact, improved somewhat with the completion of many new facilities. While contract negotiations during those years were contentious, resulting in arbitrated agreements, there were no unusual events leading to labor unrest and resulting in increased grievance activity. In fact, the total number of grievances filed remained relatively unchanged. The one marked change that did occur was the number of grievances unresolved at any of the intermediate steps of the procedure. This number of cases resolved has declined significantly, and with that reduction there is a corresponding increase in pending disputes and an increase in labor-management problems.

These problems were highlighted in a recent meeting between national and local APWU leaders and the Postmaster General where he explained the postal structure and the role of labor

relations within that structure. As he explained, "Labor Relations' responsibility is to train and teach management personnel." This explanation was in response to questions raised by APWU local presidents who are experiencing the inability to resolve any issues at the local level and were seeking an explanation as to who is in charge of enforcing compliance with employee rights. Mr. Runyon's response was not surprising but had not been previously stated by higher level officials. Decisions made by postmasters, supervisors and managers are to be honored and defended by experienced postal labor officials who are aware that they are in violation of employees' contractual rights. Thirty thousand postal officials with no direct knowledge of contract negotiations are left to interpret and apply, or ignore, complex contractual provisions that only the most seasoned labor officials understand.

The driving force in management's labor decisions is the affect on operations, processing, and delivery--and if contractual language interferes, management says, "Let the union grieve and we will defend our position in arbitration years from now." When employee rights are violated, APWU will initiate grievances. When management makes decisions without regard to contractual obligations, the result is persistent labor-management problems.

One of the APWU local presidents attending the aforementioned meeting spoke of her efforts to determine who within the management ranks is the decision maker. When asking a higher-level management official at the local level to overrule a supervisor, she is informed that the official is not empowered to do so. She then turns to the District manager who repeats the excuse of being unable to overrule the initial decision--even though it was in violation of the contract. The same response is given by Area and headquarters USPS labor-relations officials. She concludes, and each level of

management agrees, that the supervisor made an improper decision; but no one has the authority to overrule it. She is thus left to conclude that this work-floor supervisor, who is not empowered to make the simplest of policy decisions regarding postal operations, is solely empowered to make final and binding decisions on complex contractual rights and guarantees. This anomaly leads to friction at the local level where employees are denied basic contractual rights. It percolates to the national level, resulting in persistent labor-management problems throughout the system.

Added to this inability to correct violations of employees' rights at any level of the Postal Service, is the application of the Zero Tolerance policy that is applied with zero fairness to bargaining-unit employees. Managers have been provided a protective shield which enables them to abuse employees verbally and physically, with any hint of resistance by employees met with swift disciplinary action. APWU Executive Vice President William Burrus requested that employees suffering from abuse by postal managers send him a brief summary. He received hundreds of appeals for help--heart-wrenching descriptions of physical, verbal and sexual abuse by managers who hold the keys to continued employment. And despite the employees' appeals to postal officials, representatives of Congress, EEO counselors and the initiation of grievances, the problems are unabated. We shared these examples with senior postal managers. We hoped to initiate a process to identify and rehabilitate, or fire, the abusers--but to date we have made no progress. Let the Postmaster General send a "zero tolerance" letter to each supervisor and manager stating that abuse of employees will not be tolerated--an appropriate suggestion we made four month's ago. Sadly, as I testify today, we still await a response.

We also are faced with what on the surface appears to be a blatant attempt at union-busting by intimidation. While many of our local officers throughout the country are full-time officers of their locals, most continue to be full-time postal workers fulfilling many of their union duties in their spare hours. Increasingly, we see these union officers suffer harassment and intimidation via disciplinary action based on phony, trumped-up charges. Local management seems intent to further chill labor-management relations by harassing the people they should be working with to fashion a mutually beneficial relationship.

Three such cases are indicative of the problems our members face:

- Neil Walden is President of the APWU Local in Norman, Oklahoma, and a postal employee for more than 23 years. He received advance notice of removal from the Service on October 15, 1997. While Mr. Walden's notice lists four specific infractions, which we will demonstrate to be false during an arbitration hearing, clearly, Mr. Walden was fired because he exposed a romantic relationship between his District manager, Don Moses, and an employee, which was reported to the Inspector General's office.

- Tony Mastas is the former President of the Northeast Massachusetts Area APWU Local and a postal employee for more than 18 years. He was notified of his proposed removal in May. Mr. Mastas, on several occasions prior to his removal, met with and otherwise communicated to management officials at his worksite regarding the hostile work environment in which he worked every day. The record shows that he reported a physical assault, which was witnessed by two other employees. This incident was reported by Mr. Mastas a minimum of

four times, yet the Postal Service failed to investigate. The Postal Inspection Service was notified that this incident occurred on postal property during working hours. They, too, failed to take action. Another employee, from the same work station as Mr. Mastas, signed an affidavit corroborating Mr. Mastas' contentions, only to be threatened himself. Everyone from the postal inspectors to the employees on the workroom floor acknowledged the myriad of problems in the worksite. Management's response was simply to fire the union activist.

James Franklin is President of the Lynchburg, VA APWU Local and a postal employee for more than 18 years. On August 19, Mr. Franklin was escorted out of the facility by postal inspectors in full view of the employees he was elected to represent. Mr. Franklin's postmaster, William Huston, is known to be abusive. In fact, APWU objected to Mr. Huston's transfer to Lynchburg-- in advance-- because of his reputation from previous assignments. In fact, this postmaster's wife turned to union officials to verify his irrational behavior in the couple's divorce proceedings. Even the Inspection Service was notified that this manager had been observed raising his hand as if to strike the local president. Unfortunately, no action was taken following repeated attempts to have this postmaster evaluated to determine his fitness to supervise postal employees. His actions in both Charleston, West Virginia, and Lynchburg have moved several employees to suggest that psychiatric assistance might be the only solution to an otherwise explosive situation.

As I wrote USPS Labor Relations Vice President Joseph Mahon concerning this last situation:

> "It is unacceptable -- a total breach of faith with postal workers -- that these incidents in the past simply resulted in Huston being passed around

to make trouble other places. It is callous and infuriating that he is being permitted to carry on his vendetta against an APWU Local President. You cannot solve the problems of autocratic postal management and win the cooperation of APWU and its members as long as you continue to tolerate this kind of conduct by postal managers.

"This is not a case of an isolated incident that may not have come to the attention of management. Postmaster Huston has been the subject of repeated complaints. His misconduct and his unsuitability for a managerial position are well known to postal officials in several cities.

"With this type of incident continuing, any effort by the Postmaster General to open a meaningful dialogue with APWU officers may well be thwarted at the outset. It is imperative that you and the Postmaster General demonstrate that you will not knowingly permit managers like William Huston to remain in positions of authority. If you do nothing, your inaction will belie your words."

In the face of the poisonous labor-management climate as it exists today, postal management hides its head in the sand. They claim that the problems are created by over- zealous union representation. They blame the union's policy of using determined local union officials to process the unacceptable backlog of grievances, or alternately, they claim that the union's official publications inflame the membership. Neither of these excuses is worthy of consideration as they are merely efforts to ignore the real problems in the hope that they will go away.

In summation, Mr. Chairman, labor-management problems within the Postal Service are at their worst level in recent memory and are getting worse as I appear before you today. The problems are the result of a management system designed to make compliance with employee contractual rights subservient to operational goals and to defer resolution of problems somewhere out into the future. The Postal Service has an institutional philosophy that rules of behavior are different for supervisors, managers and postmasters from those governing the employees we represent. Until these issues are addressed, you cannot reasonably expect progress in labor-management relations--now or in the future.

Again, Mr. Chairman, we want to thank you for your continued interest in the future of the U.S. Postal Service and its employees. We thank you for your involvement, and for the opportunity to testify today on behalf of the members of the American Postal Workers Union, AFL-CIO.

Mr. MCHUGH. Thank you, Mr. Biller. I would note, for the record, that tomorrow, November 5, will mark your 82d birthday.

Mr. BILLER. November 5? If that's tomorrow, I'm guilty.

Mr. MCHUGH. That's tomorrow. I'm here to tell you, that's tomorrow.

Mr. BILLER. And almost 61 years in the postal labor movement and 65 years in the trade union movement for the United States of America and almost 3 years in the military in Archie Bunker's war, World War II. Thank you.

Now, don't sing happy birthday.

Mr. MCHUGH. That kind of service and that length of dedication is a source of admiration for all of us and we do admire the work that you've done and we appreciate your testimony here today.

I would say to the other members who have not reached that stature, however, that I have read all of the testimony. Mr. Biller knows that I have read the testimony.

Mr. BILLER. Yes, I do.

Mr. MCHUGH. He rendered a portion that was not contained in his pre-submitted testimony and I would encourage the remaining members of the panel to do their best to summarize and if, as Mr. Biller did and had the perfect right to do so, you have additional comments, those are the ones we'd like to focus on here today. We will have all of your testimony rendered for the record.

With that, we'll move to the next witness, William Quinn. Welcome, sir.

Mr. QUINN. Thank you, Mr. Chairman and members of the subcommittee. I'm Billy Quinn, president of the National Postal Mail Handlers Union. On behalf of the almost 60,000 mail handlers in the United States, I appreciate the chance to testify about labor relations in the Postal Service.

No one could honestly contest the conclusion reached by the GAO report that little progress has been made in labor-management relations in the past few years. Indeed, virtually nothing has been done to change the autocratic corporate culture that pervades the Postal Service and one could argue that postal management actually has made things worse.

Let me give some examples. During the past 3 years, postal headquarters has managed to do all of the following: It repeatedly has told its 700,000 craft employees, both directly and through the mass media, that in management's view, they are grossly overpaid. It also has told its employees that they are unproductive compared to their private sector counterparts. It unilaterally has decided to subcontract with private contractors so that for the first time in history, core postal jobs involved in the processing and delivery of mail, will be performed by nonpostal employees. In short, postal employees are repeatedly being told that they are a disposable part of postal operations.

While postal employees are being bombarded with these negative messages, the Postal Service has enjoyed its three largest surpluses in history, generating more than $4 billion in profits. Based on these financial results, postal managers continue to reward themselves with large bonuses, but the vast majority of postal employees receive accolades only when it serves the public relation needs of the Postal Service, such as during announcements of record de-

livery scores or public praise for the Postal Service during the recent UPS strike.

I wish the members of this subcommittee would stand in the shoes of the postal employees who hear all of these messages, recognizing that they are all emanating from the same management sources. When postal employees are constantly being told that they are overpaid and unproductive, but the company is making billions of dollars each year, is it surprising that these employees are not happy with postal management? Is it any wonder that postal supervisors at the local level do not treat employees with the appropriate dignity or respect, when postal management at L'Enfant Plaza, one day calls postal employees overpaid and the next day issues press releases about how these same employees are processing and delivering mail at record levels? Is it not obvious that the autocratic management culture that the GAO has identified on the workroom floor actually is encouraged by the conflicting signals being sent by postal management at the top of the organization?

I also believe that this style of management is in large part responsible for many of the persistent labor-management problems identified by the GAO. Most troubling is the enormous increase in the number of pending grievances and arbitration cases. I can assure the members of this subcommittee that the number of grievances filed and the current backlog in the grievance process, is directly correlated with the abusive tactics of postal management. Some managers apparently think that it is ultimately in the interest of the Postal Service to have tremendous backlogs in the grievance and arbitration system because, except for the negative reports from the GAO, such delays allow postal management to operate without fear of being called to account for its actions. For this reason, I believe that the Postal Service has continued to tolerate, if not encourage, a significant increase in the number of disputes backlogged in the grievance and arbitration system.

Let me use three concrete examples to illustrate this point.

One, since postal reorganization in 1992, grievances have been heard at step 2—the first level of appeal beyond the employee's immediate supervisor—by each plant's manager of distribution operations. This MDO usually is the same manager who previously ordered lower level supervisors to take the action about which the employee is complaining. In other words, an employee's grievance is being heard at step 2 by the very person who made the decision or took the action being challenged. To turn an old phrase, the fox is being allowed not only to guard the henhouse, but also to decide whether any particular hen should be spared. The chances of getting a fair decision at this early level of the grievance process have been greatly reduced, if not eliminated, by the Postal Service's decision to allow MDO's to hear grievances they cause.

Two, another cause of the enormous backlog in grievances is management's failure to assign cases to particular labor relations representatives until days before the scheduled hearing. A case may be pending on the docket for many months or years simply because a management official will not even review the file until a hearing is imminent. We have urged postal management to rectify this problem by assigning cases to its labor reps and discussing

those cases with the union when the cases first appear on the arbitration docket.

Three, finally, postal managers are not being held accountable for the labor relations climate in their respective plants. I dare say, that one would have to go back many years to find a postal manager who was penalized in any way for creating a poor labor relations climate or for repeatedly violating the terms of the governing collective bargaining agreement.

Finally, I would be remiss if I did not address one specific recommendation that has been made in Congress to solve these ongoing problems. We remain strongly opposed to the appointment of any commission by Congress or the President to issue recommendations on the state of labor relations in the Postal Service. Employees must be allowed to choose their own representatives to deal with labor-management issues and the overwhelming majority of postal employees have voluntarily chosen my union or another postal union to take on these responsibilities. Thus, any solutions to the labor-management problems identified in the GAO report must be the product of mutual efforts by the Postal Service and its unions. These problems must be solved from within, perhaps working under the auspices of the Federal Mediation and Conciliation Service. No amount of prodding, especially from a commission without representation of all postal employees, will be able to do the work that the parties must do themselves.

Thank you for the chance to testify today. I would be very happy to answer any questions that you may have.

[The prepared statement of Mr. Quinn follows:]

Mr. Chairman and Members of the Subcommittee. My name is William H. Quinn, and I am National President of the National Postal Mail Handlers Union. The NPMHU represents more than 59,000 active mail handlers employed by the United States Postal Service. On behalf of our members, I appreciate the opportunity to comment on the recently released report of the General Accounting Office entitled "U.S. Postal Service: Little Progress Made in Addressing Persistent Labor Management Problems."

Back in November 1994, I testified about the conclusions reached by the GAO in its previous report on the same subject. At that time, I noted that the GAO had correctly identified the primary source of the poor relationship between postal management and postal employees -- namely, that the Postal Service had been unable, and perhaps unwilling, to change a corporate culture that the GAO itself described as "autocratic." In the GAO's own words, "employees continue to work in vast mail processing plants and in post offices throughout the country under a highly structured system of workrules and a highly autocratic management style."

In its latest report, the GAO accurately concludes that "little progress" has been made in labor-management relations. No one could honestly contest that conclusion. What is startling about the latest GAO report, however, is its failure to address the underlying reasons for the autocratic corporate culture that the GAO previously identified. Instead, the report deals only with the symptoms, offering a list of band-aid approaches to dealing with a virus that has plagued management for many decades.

Nor, in our view, is this autocratic style of postal management a problem that exists only on the workroom floor; to the contrary, it pervades postal management at all levels of the organization. Allow me to focus on one example from the perspective of Washington, D.C.

All postal employees are keenly aware of the constant barrage of messages being transmitted from the highest levels of management at L'Enfant Plaza, starting with the Postmaster General himself. During the past three years, for example, the Postal Service has "managed" to do all of the following: first,

the Postal Service repeatedly has told its 700,000 craft employees, both directly and through the mass media, that in management's view they are grossly overpaid; second, the Postal Service also has told its employees that, again in management's view, postal employees are unproductive compared to their private-sector counterparts; and third, based in large part on these first two assertions, the Postal Service unilaterally has decided to subcontract with private contractors so that, for the first time in history, core postal jobs involved in the processing and delivery of mail will be performed by non-postal employees. In short, postal employees are repeatedly being told that they are a disposable part of postal operations.

While postal employees are being bombarded with these negative messages, the Postal Service has enjoyed its three largest surpluses in history, generating more than $4 billion in profits during the past three years. Based on these financial results, postal managers continue to reward themselves with large bonuses and salaries. Meanwhile, the vast majority of postal employees receive accolades only when it serves the public relations needs of the Postal Service, such as during

announcements of record delivery scores or public praise for the Postal Service during the recent UPS strike.

I wish the authors of the GAO report or the Members of this Subcommittee would stand in the shoes of the postal employees who hear all of these messages, recognizing that they all are emanating from the same management sources. When postal employees are constantly being told that they are overpaid and unproductive, but the company is making billions of dollars each year, is it surprising that these employees are not happy with postal management? Is it any wonder that postal supervisors at the local level do not treat employees with appropriate dignity or respect, when postal management one day calls postal employees overpaid, and the next day is issuing press releases about how these same employees are processing and delivering mail at record levels? When seen in this light, is it not obvious that the autocratic management culture that the GAO has identified on the workroom floor actually is encouraged by the conflicting signals being sent by postal management at the top of the organization?

We also believe that this style of management is in large

part responsible for many of the persistent labor-management problems identified by the GAO. Most disconcerting is the enormous increase in the number of pending grievances and arbitration cases. I can assure the Members of this Subcommittee that the number of grievances filed and appealed, and the current backlog in the grievance process, is directly correlated with the abusive tactics of postal management. To be sure, examples could be cited where employees file grievances not only to protest contract violations, but also to annoy local management. But that is generally in response to management's routine denial of virtually all grievances. Some managers apparently think that it is ultimately in the interest of the Postal Service to have tremendous backlogs in the grievance and arbitration system because, except for occasional negative reports from the GAO, such delays allow postal management to operate without fear of being called to account for its actions by the postal unions or the employees we represent. For this reason, I believe that the Postal Service has continued to tolerate, if not encourage, a significant increase in the number of disputes backlogged in the grievance and arbitration system.

Let me use three concrete examples to illustrate this point:

1. Prior to the downsizing or reorganization of postal management in 1992, grievances were being heard at Step 2 -- the first level of appeal beyond the employee's immediate supervisor -- either by labor relations professionals hired for these purposes or by specific supervisors who were trained in labor relations. Since postal reorganization, however, the Postal Service has allowed each plant's MDO, or Manager of Distribution Operations, to hear all Step 2 appeals. This MDO usually is the same manager who ordered lower-level supervisors to take the action about which the employee is complaining. In other words, an employee's grievance is being heard at Step 2 by the very person who made the decision or took the action being challenged. To turn an old phrase, the fox is being allowed not only to guard the henhouse, but also to decide whether any particular hen should be spared. It should be obvious to everyone that the chances of getting a fair decision at this early level of the grievance process have been greatly reduced, if not eliminated, by allowing MDOs to hear grievances they caused. If postal management truly were interested in reducing grievances, it would

provide for a truly independent review of each grievance at this early stage of the grievance process.

2. Another cause of the enormous backlog in grievances results from the procedures followed in the pre-arbitration stage, when management does not assign particular cases to labor relations representatives until days before the scheduled hearing. In other words, a case will be pending on the docket for many months or years not because it cannot be resolved or settled prior to the hearing, but because an appropriate management official will not even review the file until a hearing is imminent. The NPMHU has urged postal management to rectify this problem by assigning cases to its labor reps and discussing those cases with Union representatives when the cases first appear on the arbitration docket.

3. Finally, it has been especially apparent in recent years, as managers enjoy large bonuses because of the work being done by craft employees, that postal managers are not being held accountable for the labor relations climate in their respective plants. When was the last time that a postal manager was

penalized in any way for creating a poor labor relations climate or for repeatedly violating the terms of the governing collective bargaining agreements? I dare say that one would have to look back many years before you could find even one example of a postal manager being held accountable for matters related to labor-management relations.

Finally, I would like to turn to some specific topics included in the GAO report. As I noted earlier, the NPMHU does not disagree with the GAO's general conclusion that labor-management relations in the Postal Service have not seriously improved during the past three years. But we vehemently disagree with most of the solutions that are either recommended in the GAO report or have been proposed before this Subcommittee. Let me make three particular points in this regard.

First, the GAO report mistakenly accepts the premise that a series of programs adopted by the Postal Service -- programs (like the Associate Supervisor Program or *Customer Perfect!*) that often have been adopted by the Postal Service unilaterally, without any input from postal unions -- would help to improve

labor-management relations if fully implemented. Although some of these programs occasionally produce marginal benefits in isolated situations, they ultimately fail because they ignore the underlying causes of labor-management strife, and instead simply provide names or acronyms for new programs that management can point to as a sign of progress.

Second, the GAO report accepts without dispute that the adoption of incentive pay plans, or what the Postal Service euphemistically calls "pay for performance" programs, will help to improve labor relations. This simply is not true. The American economy long ago abandoned pay based on piece-work, and instead operates on the principle of a fair day's pay for a fair day's work. The NPMHU has no interest in any pay plan that would pay mail handlers or other postal employees based on the amount of mail volume that is being processed.

Finally, the NPMHU is strongly opposed to the establishment of any independent commission to review and issue recommendations on the state of labor relations in the Postal Service. A premise of labor relations in the United States is that employees must be

allowed to choose their own representatives to deal with labor-management issues, and the overwhelming majority of postal employees have voluntarily chosen the NPMHU and other postal unions to take on these responsibilities. Thus, any solutions to the labor-management problems identified in the GAO report must be the product of mutual efforts by the Postal Service and its freely-chosen employee representatives. These problems will only be solved from within, when the parties recognize that it is in their mutual self-interest to improve labor-management relations. No amount of prodding -- whether from a GAO report or from recommendations issued by a commission -- will be able to do the work that the parties must do themselves.

Thank you for the opportunity to submit this statement. I will be glad to answer any questions you may have.

Mr. McHUGH. Thank you, President Quinn.

Steve Smith, president of National Letter Carriers' Association.

Mr. SMITH. I'm Steven R. Smith, president of the National Letter Carriers Association. The NRLCA represents 96,000 members who travel daily over 2.9 million miles while delivering the mail to more than 26 million customers. Rural carriers are known as a post office on wheels because we provide all the services that our customers could obtain at a local post office. I appreciate the opportunity to present our views to this subcommittee on the state of labor-management relations from the perspective of the Rural Letter Carrier Association.

Rural letter carriers have an evaluated pay system that plays a large part in molding the attitudes of our members. The evaluated pay system is comprised of three basic measurements which assign a time value to each component of a rural carriers' job. These are mileage, boxes, and mail count.

Our members have an annual mail count under certain conditions. Each piece of mail is actually counted every delivery day for 2 or 4 weeks. Each type of mail has a different time value. Upon completion of the mail count, a weekly time allotment for mail volume is established for each route. The route is measured for exact mileage since the carrier receives 12 minutes weekly allotment for each mile driven. The final component is counting the boxes on the route because each box has a time value for stopping, delivery and pick-up. The individual elements are added to the rural route evaluation worksheet to establish a weekly time assigned to each route. The evaluation could be from 36 to 48 hours per week. Upon completion of the evaluation, the route is assigned a weekly value, such as 44 hours. This translates into an annual salary that approximates 40 hours of straight time and 4 hours of overtime per week.

This system isn't perfect because it is a nationalized average of time values. However, the most important purpose it serves is to set a time-based salary. Some days, carriers work require more time than is allowed for in a given day and some days they're ahead of the evaluated standard. When carriers are ahead of the standard, they may go home when all of their tasks are completed. Because our salaries are set, we have no discussions about contentious issues, such as overtime or daily assistance to do the job. Rural carriers only receive the overtime prescribed by the evaluation. We believe this reduces much of the anxiety causing stress between the supervisors and carriers.

The NRLCA is pleased to say that our members have the highest customer satisfaction index and the highest employee satisfaction index of all employees in the Postal Service. We are, for all practical purposes, self-supervised, and most disagreements take place at the time of the rural route evaluation, route adjustments, and automation changes, but are not ongoing daily.

I would like to make some comments about the NALC letter to GAO, dated July 17, 1997, concerning the rural letter carriers' system, specifically: The rural carriers earn approximately $2,000 per year less than city carriers. That differential is a result of an arbitrator's decision affecting NALC contract rather than the evaluated system. It occurred as a result of the 1978 contract. The 1978–80 period was a time of high inflation in our country. The NALC and

the NRLCA negotiated labor agreements separately, and tentatively accepted a contract which had a cost-of-living provision that capped COLA's below the rate of inflation in return for a no layoff provision. NRLCA members ratified the new contract. NALC members rejected the contract, and went to binding arbitration. The arbitrator granted a full COLA to NALC members in return for a modified no layoff provision. The differential between the capped COLA for NRLCA members and an uncapped COLA for NALC members for the duration of the contract resulted in an annual difference of approximately $1,950. The 3-year period was one of extremely high inflation. The differential was due to the risk involved in collective bargaining, not the evaluated pay system.

There are features to the grievance-arbitration system unique to the rural craft. The NRLCA encourages local stewards to be accessible to our members and management to correct problems before they become grievances. We conduct State training to encourage this problem solving. Our State organizations recommend that carriers be pro-active in solving problems. NRLCA retains ownership of a grievance beyond step 1 in the process. In other postal crafts, local unions may make decisions to carry forward a grievance beyond step 1. Where NRLCA observes many grievances concerning the same issue, we encourage combining the separate grievances into a single class action grievance. The class action grievance may cover 20 or more rural carriers, but involves only 1 grievance. The NRLCA successfully modified the grievance process in the 1995 negotiations. The modifications were done in hopes of reducing the number of grievances appealed to step 3. We created a joint grievance form. This has led to better files because both files jointly create the grievance file. We required that step 2 is always at the district level. This procedure has managed to take the grievance out of the local office for step 2 hearings.

We still have a strong and active USPS/NRLCA quality of work life-employee involvement process. The process has been ongoing since 1982 and we have worked on substantive issue resolution in the process. This, too, has been a positive tool in reducing the issues necessary to resolve through grievances.

Economic Value Added is a management program that we support in concept. However, we are beginning to see evidences of EVA causing pressure in an old familiar way we do not support. Postmasters are being pressured to meet EXFC scores and this may lead postmasters to actions which increase grievance filings.

Our system and procedures are far from perfect, but NRLCA believes they serve our membership, generally, very well. The NRLCA represents a craft of workers that is the happiest within the Postal Service and whose customers are the most satisfied. The NRLCA does not believe the system is broken. However, if an improved system is recommended, we would like to be a participant in that system.

In conclusion, I would not want this committee to be left with the impression that we have no problems with the Postal Service. We do. We have to contend with some managers who are not well prepared to deal with employee problems. We're faced with managers who manage by threats; we have managers who daily threaten their employees with discipline and who follow through with those

threats. We have not seen the Postal Service taking action against those managers as we think they should. However, we do find that the lines of communication remain open, we're able to resolve most of our problems in a timely fashion. For those problems we are not able to resolve, we continue to address through the grievance/arbitration procedures that are in place.

This concludes my testimony. If there are any questions, I would be happy to answer them. Thank you.

[The prepared statement of Mr. Smith follows:]

I am Steven R. Smith, President of the National Rural Letter Carriers' Association. The NRLCA represents 96,000 members who daily travel over 2.9 million miles while delivering the mail to more than 26 million customers. Rural carriers are known as a "Post Office on Wheels" because we provide all the services that our customers could obtain at a local post office. I appreciate the opportunity to present our views to this subcommittee on the state of labor-management relations from the perspective of the NRLCA.

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This system isn't perfect because it is a nationalized average of time values. However, the most important purpose it serves is to set a time based salary. Some days, carriers work require more time than allowed for in a given day and some days they are ahead of the evaluated standard. When carriers are ahead of the standard, they may go home when all of their tasks are completed. Because our salaries are set we have no discussions about contentious issues such as overtime or daily assistance to do the job. Rural carriers only receive the overtime prescribed by the evaluation. We believe this reduces much of the anxiety causing stress between the supervisors and carriers.

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local unions may make decisions to carry forward a grievance beyond step 1. Where NRLCA observes many grievances concerning the same issue, we encourage combining the separate grievances into a single Class Action grievance. A Class Action grievance may cover 20 or more Rural Carriers but involves only 1 grievance. The NRLCA successfully modified the grievance process in the 1995 negotiations. The modifications were done in hopes of reducing the number of grievances appealed to step 3. We created a joint grievance form. This has lead to better files because both parties jointly create the grievance file. We required that step 2 is always at the district level. This procedure has managed to take the grievance out of the local office for step 2 hearings.

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Our system and procedures are far from perfect, but NRLCA believes they serve our membership generally very well. The NRLCA represents a craft of workers that is the happiest within the Postal Service and whose customers are the most satisfied.

The NRLCA does not believe the system is broken. However, if an improved system is recommended, we would like to be a participant in that system.

In conclusion, I would not want this committee to be left with the impression that we have no problems with the USPS. We do. We have to contend with some mangers who are not well prepared to deal with employee problems. We are faced with managers who manage by threats; we have mangers who daily threaten their employees with discipline and who follow through with those threats. We have not seen the Postal Service taking action against those managers as we think they should.

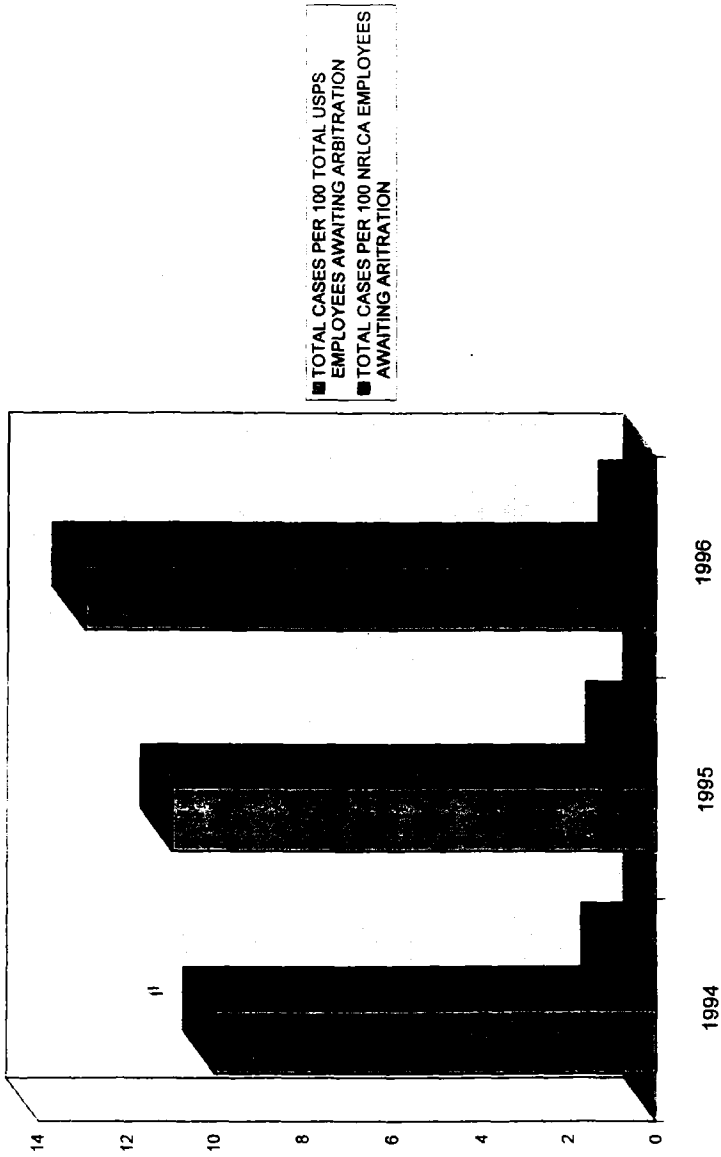
However, we do find that the lines of communication remain open and we are able to resolve most of our problems in a timely fashion. For those problems we are not able to resolve, we continue to address them through the grievance/arbitration procedures that are in place.

This concludes my testimony. If there are any questions, I will be happy to answer them. Thank you.

# NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

## Number of NRLCA grievances appealed to step 3 and step 4

| Year | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 |
|---|---|---|---|---|---|
| Employees | 87,113 | 88,150 | 91,638 | 96,382 | 102,108 |
| Step 3 Grievance | 536 | 649 | 898 | 843 | 580 |
| Appeal to Area Arbitration | 69 | 69 | 110 | 48 | 197 |
| Step 4 Grievance | 34 | 26 | 76 | 124 | 52 |
| Appeal to National Arbitration | 4 | 0 | 0 | 4 | 0 |
| Step 3 per every 100 employees | 0.61 | 0.74 | 0.98 | 0.87 | 0.57 |


TOTAL CASES PER 100 TOTAL USPS EMPLOYEES AWAITING ARBITRATION
TOTAL CASES PER 100 NRLCA EMPLOYEES AWAITING ARITRATION
14
12
10
8
6
4
2
0
1994
1995
1996

Mr. MCHUGH. Thank you, Mr. Smith. Let me say, first of all, welcome, during your first appearance before this subcommittee in your new position. Congratulations on your ascendancy to the presidency. We wish you all the best and look forward to working with you.

Next, we have Mr. William Young. This is his first appearance before this subcommittee. I believe you've given testimony out on a field hearing before. We appreciate your effort in being here today and standing in for your President and we look forward to your comments, as well.

Mr. YOUNG. Well, thank you, Mr. Chairman. First of all, let me apologize on behalf of President Vince Sombrotto for his inability to be here. Most of the committee members know Vince and you know that he seldom misses an opportunity to give the National Association of Letter Carriers viewpoint to this congressional committee. He's unavoidably scheduled for another hearing today that he couldn't reschedule. The bad news is you don't have Vince; hopefully, the good news is it's given me an opportunity to speak on behalf of our members.

I'm going to try to heed your advice, Mr. Chairman, and not go into anything that's in my prepared testimony with just one exception.

I want to support the proposition that Billy Quinn put forward, and I did that in my statement. That is the NALC does not believe that the Postal Service will be well-served by the establishment of a commission on labor relations. We believe that the plain and simple fact is that labor-management problems must be confronted and settled by the participants to the relationship; that is, labor and management themselves. The idea of intervention into this complex relationship by government, undermines the very concept of free collective bargaining. The bedrock principle of the American labor law is that the Government establishes the basic procedural framework, but that the parties then have the burden—and the obligation—to shape their own relationship, bargain, and balance.

I would like to make a few comments on some of the things that have occurred here today. My attempt here is to be helpful and I hope it'll be viewed that way by the members of this committee.

Mr. Davis inquired earlier in today's hearing about the number of grievance cases—and I speak only for the National Association of Letter Carriers—but let me try to give you, sir, a perspective on where we're at. Before I came over here this morning, I checked our grievance tracking system. This is our computerized system at the headquarters where we keep track of only step 3 appeals cases that have passed through the local level and are now outside the local level.

We currently have 16,600-plus cases pending regional arbitration. This year we will achieve 2,000 hearings in a single year which is the greatest caseload we've ever been able to accomplish in a single year. So it doesn't take, as Vince would like to say, a rocket scientist to figure out that it would take us 8 years just to clean up the current caseload that's in the system now. That says nothing about anything that's added to it in the interim period.

I'd like to make another point, and that is I think Mr. Fattah was inquiring about the number of grievances involved. I know

what the effort is—at least I think I do, sir—the effort is to get behind something other than just measuring the number of grievances. I respectfully submit to you, that's not a good idea. We have a whole category of grievances called class-action grievances. In the letter carrier craft, a class-action grievance can be filed on a particular day when maybe 30 letter carriers, who were entitled to overtime, were not given the overtime, while an additional 30 that shouldn't have been required to work, are required to work. It would show up in the system as one grievance. It would involve actually 30 different people and so I don't think you can get a real good idea about the conditions in the Postal Service by looking at the number of individuals who file grievances.

I mean, I hesitate to say this, but the truth requires that I tell you, we also have some members that are intimidated or frightened into putting their name on grievances and so the union must take up the grievances for them, which we have a contractual right to do. These are union-initiated grievances and they also fall in the category of class-action grievances.

Rather than just say, sir, that your idea is not a good idea, let me give you what I think is even a better measure of what's happening and try to do it concisely. This is the view that I have of the Postal Service. This is the world that I see through the eyes of the members that I represent.

We have a postal system where the Postmaster General Runyon has initiated, a performance-based compensation system for the managers, EVA. Managers are paid by their ability to achieve the bottom line. They are not measured on the way they treat employees and they are not compensated by the way they treat employees. I truly believe, sir, that a corporate strategy was developed at L'Enfant Plaza to ignore contract compliance. How can they get away with this? Well, they know it'll be 8 years before we get those issues in front of them. By that time, the people that are responsible for the violations are gone. They're out of here. They sometimes don't even work anymore in the Postal Service.

We hear managers that go to meetings and their counterparts tell them they would receive $8,000, $10,000, $12,000 bonuses. These managers maybe did not receive a bonus. They come back to the delivery units where our letter carriers work and they tell our letter carriers, flat out, I didn't get the bonus this time, but I will get it next time and you better not get in my way. I think it's that one of the problems with the Postal Service is that the system fosters noncompliance with the labor agreements and the fact that things are backed up and stymied so bad only encourages that.

The good news is that we've been looking at this. I personally have been on a subcommittee for the last 8 months, trying to determine what we could do, together, to turn this thing around. We have agreed, very recently, to test an alternate dispute resolution process. We've agreed to a 1-year test. This process eliminates one of the local steps. The current process, the current grievance procedure has two local steps. I'll show you how silly this can be. In some instances, the supervisor is instructed by his superior, the Postmaster, to take some sort of disciplinary action against an employee. We then have a grievance procedure where we go to that supervisor to ask him to overturn the action that his superior told

him to take to begin with. We think that's an exercise in futility. In the new process, we've eliminated it. There's only one local step. The Postmaster or the postmaster's designee will determine who will meet on that appeal and they'll handle it. If they don't agree, it'll then go to an outside group: One letter carrier, one manager, both of them trained.

In order to serve on this team, you have to pass extensive training that's being developed—jointly, I might add—at the headquarters level. We're going to bring people in from the field. We're going to give them an opportunity to demonstrate that they have the required skills to hold these positions. We're going to test them. If they pass the test, they can serve in that capacity. If they don't, then they go back to their old jobs and we'll look for somebody else.

We don't have all of the answers. We don't know, to be honest with you, whether this is going to work or not. The major problem, as I see it, with the state of labor relations, in the Postal Service today, is this—and I think you folks will be able to understand this very easily: You work in a delivery unit, where your boss has no regard for the contractual rights that have been negotiated for you. You work where it's not a matter of ignorance, the manager knows that contractually you're entitled to a day off, but he tells you he's not going to give you the day off, you have to go to work. How do you expect employees that observe this over and over and over again, to the tune of 16,000 pending cases to respond? How do you expect employees to have any dedication to the people that are leading them when the managers lack integrity to stand by the agreements that have been made?

We have a significant problem here. Over the years, a lot of baggage has been deposited. I think the Postmaster General made some very revealing statements here this morning and I think he was honest with you when he told you that when he came in he decided to concentrate on the customer and the bottom line. I think it's long overdue now that his No. 1 priority just recently became the treatment of the employees that make this the greatest Postal Service in the world.

We're discouraged by the current state of affairs, but we're not deterred. We honestly believe that there are opportunities for us to work together. At the summit meeting the participants have agreed to have quarterly meetings in the future. That should open up the communications and give us opportunities to address some of these systemic problems that I believe at least, that our union believes are contributing to the number of grievances being filed. We'll work with management and we'll see if we can resolve some of these areas of concern. If it doesn't work, it won't be for lack of effort on the part of the NALC.

Thank you very much.

[The prepared statement of Mr. Young follows:]

Mr. Chairman and Members of the Committee.

I am pleased to appear on behalf of the 240,000 active letter carriers represented by the National Association of Letter Carriers, to express our views on the latest GAO Report on labor-management problems at the United States Postal Service.

I know that the Committee has reviewed NALC's statement regarding the Report, printed on pages 80-88. I do not intend to repeat what was said there in any detail, but I do want to emphasize two major points, because they go to the heart of this entire process, and, in our view, they raise serious questions about inquiries of this character.

First, we believe that GAO's methodology was fundamentally flawed. The selection of ten so-called "specific improvement initiatives" and then attempting to measure success by interviewing a number of interested parties about them, is hardly a sophisticated approach. Labor relations in general is a highly-nuanced activity, and does not lend itself to a bean-counting methodology. Labor relations in the Postal Service, covering over 800,000 employees and a number of unions and management associations, is an extraordinarily complex subject; attempting to measure progress, or lack of it, in so crude a manner is simply not a very productive exercise. To compound this flaw, only four of the initiatives selected involved NALC in any manner. Three others are said to be too early in their history to provide a basis for full assessment.

The other major point I want to make is that we are very concerned about the role of government monitorship of, or inadvertent intrusion into, the practice of free collective bargaining.

The plain and simple fact is that labor-management problems must be confronted and settled by the participants to the relationship: labor and management. The idea of intervention into this complex relationship by government undermines the very concept of free collective bargaining. The bedrock principle of American labor law is that government establishes the basic procedural framework, but that the parties then have the burden--and the obligation--to shape their own relationship, bargain and balance.

That's where NALC stands on the fundamental question of the meaning and utility of the GAO Report.

On a positive note, I do want to report a number of significant developments in the often difficult relationship between USPS and NALC. These developments are a strong indication that the participants in this mature relationship will understand that it is in their joint interest--and the overriding

interests of the American public--for agreements to be hammered out which address problems of joint concern.

**First**, the parties have agreed upon a one-year test of a new Dispute Resolution Process aimed at speeding action on grievances and reducing the number of arbitrations. Key elements of the agreement include:

- Deferral of discipline in test areas until after a decision by the joint NALC/USPS Team, except in certain removals involving crime, violence, intoxication or other specified incidents.

- A joint NALC/USPS contract interpretation manual will be used as the basis for the Team decisions.

- Joint training will be conducted for Team appointees. The representatives will not be certified until such training has been successfully completed.

In an immediate effort to reduce the current arbitration backlog, cases pending regular arbitration in test areas will be reviewed for possible resolution. The process will eventually be extended to all districts.

**Second**, the NALC and Postal Service have agreed to conduct a joint test to determine how letter carrier work can be changed to meet the future needs of the Postal Service and the inevitable changes in the mail environment.

The agreement states that the goal of both NALC and USPS is an efficient, highly productive and more competitive Postal Service, and that the union and postal management recognize that it is in the interest of both management and the union that the parties work cooperatively to this end.

To achieve this goal, NALC and USPS will engage in a joint test to determine how letter carrier work can be changed to meet the future needs of the Postal Service and the inevitable changes in the mail environment.

**Third**, NALC and USPS have agreed upon a procedure to resolve problems related to the so-called "fourth bundle" dispute, which has been a major source of contention. While this procedure has not been problem-free, there is a joint determination at the headquarters level of USPS and NALC to reduce areas of conflict.

Finally, NALC, together with the three other major unions, USPS management and management associations, have agreed to continue the Summit Process initiated by the Federal Mediation and Conciliation Service. At our five and one-half hour meeting last month, the heads of each organization committed to continued

top-level participation in this evolving process and agreed to quarterly meetings with FMCS participation and guidance to further the process.

In conclusion, I want to emphasize that, in our view, none of the foregoing is a magic solution to labor-management problems at the Postal Service. There is no magic wand that anyone, including GAO can wave. That is not to say that change is impossible. Of course, it is not. Indeed, it is necessary.

But it must, and will, come from the parties themselves.

We must, and we will, find our own way.

Mr. MCHUGH. Well, leave the room for 15 minutes and the whole place goes to hell. [Laughter.]

We heard this morning—and all of you gentlemen were here and patient and listened, I know—the comments of both GAO—in fact the comments of the entire first panel, including the Mediation Service—and the Postmaster General, to say, things are not where they should be, but we're optimistic. In fact, I said, in my closing comments, if all we did is look at where we are today, we're in pretty lousy shape. But if you listen to what is being said, if you look at some specific examples that are being initiated, there's the potential—underline the word potential—for things to get better.

How do you feel about the future? Let me start with Moe Biller. You made specific comments about certain number of cases, as I made specific comments to the PMG, we're not able to resolve those specifics here, but they were made for a very definitive reason, that is, to illustrate how you feel. There are great and egregious wrongs being done today. But do you see any cause for optimism? The ASP program for their——

Mr. BILLER. Well, the only comment I could make and I listened intently, was the proof will be in the pudding. As I told you, I have been through this with 18 of his predecessors. He's a determined executive; I don't knock him here, nor do I praise him here. The realities are that unless they begin to deal with what happens on that work floor and never gets resolved down there is because down there they know that it goes upstairs and, as a matter of fact, even step 3 has—that's the regional level—has kind of been rendered meaningless. As I said before, the concerns are—and I brought this to Mr. Runyon's and Mr. Mann's attention—that is, labor relations at the local level, where it's essential, is now toothless and has no authority whatsoever. It's the manager; that's the structure that they made. He keeps talking about the Baldrige Award, or the Baldrige principles, not going to talk about my principles or anybody else's.

I want to be optimistic. I want to work with this. I've never objected to labor-management cooperation, either publicly or privately, but we're not going to be co-opted, we get paid to represent the employees, we want a viable Postal Service. I've been around here for nearly 61 years, I'm looking forward to the next 61 years. Thank you.

Mr. MCHUGH. Mr. Quinn, how about it? Are there any bright points here? Are some of the things that have begun and are too early to really judge, hopeful signs to you or no?

Mr. QUINN. Well, certainly there's optimism in the room if Moe is looking forward to the next 61 years. [Laughter.]

As far as labor relations, quite frankly, I think if there's any reason for optimism it's that there's been acknowledgement of the fact that a serious problem exists, but beyond that I don't see a lot of reason for optimism. The Postmaster General testified this morning that he wants to see the grievance procedure end at step 2 or end within a particular facility. That's really where the whole problem hemorrhaged. I'm not saying it was nirvana before 1992, but it was the Postmaster General who implemented the policy of the MDO's hearing grievances at step 2 and, as has been explained here today, that's been an unmitigated disaster.

The fact of the matter is, in the U.S. Government, you have an executive branch and a legislative branch, presumably who are subject to the dictates of whatever the judicial branch says they can do or they can't do. That's really the biggest problem in the Postal Service right now. Their labor relations was emasculated years ago and because of these bonus systems, you've got these managers who are running amuck with nobody there to put the reins on them. So, quite frankly, I think until that changes, I see no reason for unbridled optimism or any optimism at all, for that matter.

Mr. MCHUGH. Well, thank you. Mr. Young, I think you made a very good point. The focus has been the customer and that's always going to be important anytime you're in a service industry, anytime you're trying to sell a product, whatever it is, customers have to be important. But, don't the employees, those that deliver that service, deserve some attention as well, and I at least heard the Postmaster General this morning say that now becomes his No. 1 objective and challenge. If you look at things like the associate supervisor program that is intended to try to take this new management philosophy and put it down into the front line managers. People that Messrs. Quinn and Biller have been talking about, that are the root cause of the problem in many instances, is that a good thing or is this just more of the same old don't worry, we understand, we'll take care of it talk that you've heard time and time again, or is there a new effort here?

Mr. YOUNG. Well, Mr. Chairman, I hope that there's a new effort. Let me say this. Maybe it will help bring it into focus. I think the worst thing that we can all do now is sit pat. I mean, there's a problem. We've got to address that problem. I don't think there's a magic solution. There's a whole lot of things that must be addressed. In my personal view, I think that there's some systemic changes that must be made within the Postal Service itself if we're going to be totally successful. I can't get overly optimistic until I see some of those systemic changes starting to happen. The bonus system is not serving the U.S. Postal Service well. They've got to come to that realization and accept some alternative approaches. That's No. 1.

No. 2, serving the customer. Look, nobody cares more about serving the customer than the letter carriers. We're the front line. When service is no good, we're the folks that hear about it. The customers have always been our focus. I have no problem with that. I think it should be done, but I do not think it should be done at the exclusion of the employees that are called upon to provide the service and that's what I think happened with the Postal Service. Postal management became so bottom line driven over the last year or year-and-a-half, that they've lost the broader view.

I am optimistic, though, Mr. Chairman, and I want you to understand that. We've been attempting to implement an alternate dispute resolution process with the NALC with postal management for better than 6 years now. This is not new. We've got an agreement now. That's real progress. Then signed another agreement, and there was reference made earlier this morning to look at a different way of evaluating and structuring letter carrier, city letter carrier routes. That, in itself, is a very positive, very direct approach. So,

I think there's reason for optimism, but I guess I'd term it guarded optimism. Maybe that's because of the baggage that I carry from the failed previous efforts that we've made. This is not the first time that we've got together and attempted to make change in the Postal Service. Over the past 9 years since, I've been here, we've tried.

Mr. MCHUGH. Thank you. Mr. Smith, you have painted a far different picture for the rural letter carriers than we see as the prevalent circumstance faced by those, your brothers and sisters, in the larger cities, but I also get a sense that you share a common challenge and that is where your problems arise. They also come out of the front line management, abusive, not understanding, not trying to work things out, not wishing to take accountability, but pushing things upstairs. Is that a fair observation?

Mr. SMITH. It is. It would be foolish of me to sit here and tell you that the system is broken whenever at step 3 nationally—at least when I came in as president in August, I asked for the figures and we had like 193 cases; APWU had 14,200 at that time—APWU had 22,900; NALC had 14,200—it be a little foolish for me to tell that the system is broken whenever you look at those figures. But, as I ended my testimony, we do experience the same types of frustrations as all of the other employees do.

I am hopeful that if the Postal Service puts the same time and money and effort and resources into addressing the third portion of the CustomerPerfect! goals of voice of business, voice of the customer, which I believe they have indeed done an excellent job with that. If they now turn that focus to the voice of the employee, I am hopeful and optimistic even, that we can see a turnaround and an improvement.

Mr. MCHUGH. Thank you. I'm going to yield to Mr. Fattah.

Mr. FATTAH. Thank you, Mr. Chairman. I'll try to be brief.

Mr. Young, I appreciate your comments. You said you've been working at this for a while. These grievance procedures are part of the collective bargaining agreement?

Mr. YOUNG. That's correct, sir.

Mr. FATTAH. I guess the last contract was 1994?

Mr. YOUNG. That's correct.

Mr. FATTAH. And you have another contract coming up?

Mr. YOUNG. In 1998, yes, sir.

Mr. FATTAH. In terms of the union's efforts in these negotiations, both past and in the future, what priority has been given to trying to create a better grievance procedure?

Mr. YOUNG. Well, all I can definitively speak to is the last time and in the future. In the last time, Congressman Fattah, overtime and the abuses in overtime procedure, the article 8 provisions of our agreement, were the general focus of most of the negotiations. For the entire 3 months that we attempted to negotiate a contract. So there was heavy emphasis.

Let me—because I didn't really make it real clear what we're doing with this new test—we have entered into an agreement with the Postal Service. For a 1-year period, in at least one district in every different post office area, we will have a new dispute resolution process. We both agreed to, the Postal Service and the union, the criteria on which we're going to base our judgment. At the end

of 1 year, if this process has proven superior based on that criteria, we intend to implement it into the contract in place of the current grievance procedure. So this is a serious effort.

Mr. FATTAH. Well, I want to thank you and I wish you well with this new procedure. So, it was a significant part or priority?

Mr. YOUNG. Yes, sir.

Mr. FATTAH. But you were unable to, in the last contract, arrive at any major changes in trying to improve the—or expedite—the system?

Mr. YOUNG. That's correct, sir.

Mr. FATTAH. OK. Part of the issue that has been raised, I would take it from all of you, is that front line managers are the—focus of the—difficulties that come up. I was wondering, are these front line managers—and I'm learning so I'm asking the questions as I go—are these front line managers hired up from the ranks? I mean, they basically, at some point were letter carriers or postal workers and then at some other point become managers and then become less sensitive to issues that air?

Mr. YOUNG. That's one of the bitterest pills for us to swallow. Go ahead, Bill.

Mr. BURRIS. Yes, most of the managers are hired from the ranks, not all, but most; but they're a part of the culture. It's not just that they were formerly employees. While they were employees, they saw how they were treated as employees by other managers and when they assumed that role of a manager, they believed that's how they should treat other employees, as well. So they were treated in a negative sense when they were employees in that there are no controls put over them, they will likewise treat employees subordinate to them in the same fashion they were treated.

Let me return to the question you asked just prior to this, Congressman. I think I would not like this committee to adjourn with the focus being on the process. I have devoted the past 25 years of my service as union officer in working with the procedures, the grievance procedures and the other labor-management procedures interfacing with postal management, and while I think the best lesson that I've learned is that I don't know it all, but I do think that I have learned that it's not a process, it's the people. Any process will work, if the people make it work. Any process will fail, if the people don't make it work. So it's not the procedure that we have in our grievance processing. It's not the procedures that we will enact during these discussions with postal management. It is whether or not we instill within our respective organizations some initiative and some control to ensure that whatever process we come up with that the people make it work.

Our current procedure that was drawn up, written by seasoned arbitrators in 1978, professionals in the United States, not the labor unions and the management themselves, but seasoned arbitrators wrote our grievance procedure. It has served us since 1978. The explosion of numbers that have occurred since 1992 did not occur because the procedure changed between 1978 and 1992; it was because the people that enacted the process that would interface with the procedure, the people didn't make it work anymore. So I wouldn't want a focus on that perhaps we can apply our expertise and come up with some magical procedure and leave the peo-

ple alone. The people can interface with that procedure in the same fashion they are now and somehow those numbers will be reduced; they won't.

Mr. FATTAH. I guess what you're saying is that Postmaster General said earlier that his focus was on the bottom line and it was on the customer and that, in that process, these grievances piled up because of management's focus on one thing rather than focus on the concern for employees. Do you see a possibility that you can have a postal service as we have now, that can both serve the customer and be fair to its employees?

Mr. BURRIS. Yes. Yes, and that's the value that labor unions have—one of the values—major values, labor unions have given to the United States of America over the years. You establish contractual rights and benefits for employees and managers must be innovative to work within those restraints and still serve the American public or make a product, if it's manufacturing; but that's one of the things we bring to our country is you have rules, negotiated agreements. It's then management's responsibility of achieving the job, to the best of their ability, within those constraints. Yes, we would not distract at all from the bottom line if you have qualified managers they can still obtain the same delivery standards, but do it consistent with their contractual obligations. The easier way around is to say, well, I can only do it if I violate the contract. Therefore, I violate the contract and wait 8 years to be held to pass. That makes it easy. Doing it the easy way is not the right way and it doesn't make for a good manager, either. Anybody can violate the contract; it takes a good manager to work within the contract and achieve the same goals.

Mr. FATTAH. I guess last, because I saw the chairman lean up—I know what that meant [laughter] is that, to some degree or another, this grievance process was developed out of a shared process between a management and the unions. It doesn't work all that well and your point is that it could work if people wanted it to work. So, that I assume by the presence of this panel that you're basically suggesting that there are people who are not a part of this panel, who have not wanted it to work as well as it could work. So, I guess that argues that next time that there's a bargaining agreement, that you create a process that is not so easily manipulated by the management side of the equation, if in fact they can manipulate to the degree that we have 90,000 backlogged cases and we have individuals who are, you know, who suffer, at least in, you know, not to deal with the merits of their arguments, but in their own mind a meritorious grievance and can't get a resolution to it.

So, let me thank this panel.

Mr. MCHUGH. I didn't know I had such influence by leaning. I thank the gentleman for his comments and his question. I wanted to acknowledge Mr. Sessions had to leave, but who had spent all day here and we appreciated his attendance. Now we go to Mr. Davis.

Mr. DAVIS. Thank you very much, Mr. Chairman. Brief questions, as a matter of fact.

Mr. Young, did I understand you to suggest that as long as we've got the performance-based compensation for managers, that for anything significant to happen, it's going to be very difficult?

Mr. YOUNG. I do if it stays in its current form. You would be correct, if it stays in its current form. What I'm really saying here, Congressman, is that the current evaluation system as I understand it, rewards only based on the bottom line and there's nothing in the rewards system to reflect the way that you treat people. I think as long as the Postal Service stays with that focus, you can expect more of the same, yes.

Mr. DAVIS. What would be your alternative in terms of arriving at the same production results.

Mr. YOUNG. I'm really happy you asked me that. I think the Postal Service—see, something unique happens in the Postal Service, Congressman—if you don't track it and you don't measure it, nobody pays attention to it. In my view, I think what the Postal Service has to do is start tracking the effects of these policies on the employee productivity and on the other aspects of the business. The answer to your question is, absolutely, there is a way that they could have acrimonious relationships and still make the bottom line. I've worked in San Luis Obispo, CA in the Post Office where we had harmonious labor relations and they were able to achieve the bottom line. So it is possible to be done. But I think what happens is some managers, especially inexperienced ones, they rush to the bottom line at the expense of the longer range relationships and maybe without even realizing, because again it's not charted and they're not evaluated or compensated on it, not realizing the total effect of what their action has on the employees that have to make the thing work.

Mr. DAVIS. So, you're saying that we have to be serious about the business of trying to make democracy work in the workplace? Nitty, gritty, hard-nosed interaction, arriving at some consensus, some conclusion that both parties can agree to?

Mr. YOUNG. I'm saying that both parties have to believe that the other's acting with integrity, and right now that's not happening. I have to believe that while you may differ with me if you're a manager, we've both got integrity and the way we're dealing with each other is in an honest way. I'm not trampling on you to achieve something else that's important to me. If we can establish that, the answer is yes. I think we can get a system.

Mr. DAVIS. Is that why you indicated that you would be in opposition to the creation of a commission to basically try and come up with the recommendations that the parties would agree and adhere to?

Mr. YOUNG. Well, my basic difference in that approach is that the parties themselves have got to devise, design, create, and implement whatever strategy is going to make the Postal Service a successful institution. You must remember, my job is to represent letter carriers and there's nothing more important to letter carriers than that there's a viable Postal Service well into the future. Their very families and their careers depend on that. So the NALC doesn't want to do anything that's going to have a bad effect on the survivability of the Postal Service. We want it to be successful, we want the Postal Service to achieve the bottom line. We just don't

want to do it at our expense. We want to do it together. We think there is a better way of doing it.

Mr. DAVIS. Well, let me just say that I find your views to be quite refreshing——

Mr. YOUNG. Thank you.

Mr. DAVIS [continuing]. In terms of the concept of democracy and how you really make it work and how you build trust factors between and among different entities, but all who should have the same goal and I appreciate that.

Thank you very much, Mr. Chairman.

Mr. MCHUGH. Thank you. I guess what Mr. Young would be saying, and others, is you get what you measure and if you're not measuring the intensity of grievances coming out of the cluster rankings or whatever, that you can't be surprised when those are going up and up and up and I think there's something to be said about that and something to look at certainly.

Let me just close with a comment about the commission. Nobody wants a commission. I don't want a commission. You heard the Postmaster General say he doesn't want a commission. I believe that if we ask the GAO about a commission, they'd say, well it's not our preferable way, but at some point, you have to begin to ask yourself, well when does this harmony that we're all working toward in building even reveal itself as a faint glimmer, let alone a solid structure and existent. I would just say that whether a commission comes about or not, it is not my intention to structure anything that would be empowered to impose its judgments and its findings upon the Postal Service and all of its constituent parts, including of course, that of the working men and women therein, but rather to try to see if it could suggest ways that perhaps have not been suggested before or coming from a disinterested, supposedly disinterested, third party, might be received into a more hospitable climate, if you will.

But if you gentlemen, working with the Postal Service, can fix all of these problems, boy we can rip that commission proposal right up and have a nice toasty bonfire and I don't think any of us would be the sadder for that occasion. That having been said, I would note that you and all of us have our work cut out. This is not an exercise of happiness or joy that these conditions exist. To the extent that we are able to play a productive role, I'm appreciative of that and we look forward to trying to be more helpful in the future.

I saw the ranking member lean forward. I've learned that when someone does that, it apparently means something. So I would look to my right and say, Mr. Fattah? [Laughter.]

Mr. FATTAH. I thank the chairman for yielding. I just wanted to ask one last question about this—the process that is not the end product—but do you have any idea what the cost per resolution is per case?

Mr. BURRIS. No, they've never tracked that information, but it's inconsequential because nobody is held accountable for it. If an action is taken that ultimately costs the Postal Service and all of the labor unions have won grievances in the multi-million dollar range, a single grievance.

Mr. FATTAH. Yes, I'm not talking about the actual implementation of whatever may come out, but the actual, just the—either for the arbitrator or for whatever the internal costs——

Mr. BURRIS. Total process?

Mr. FATTAH [continuing]. Just to get to a resolution, not the actual cost of a resolution.

Mr. BURRIS. It will cost our union somewhere in the neighborhood of $1,000 for the arbitration process itself, just the union. Postal Service costs will equal that or be greater than, so that's the final step.

Mr. FATTAH. So it's about $2,000 per case to get to a resolution, rather in arbitration, whoever loses?

Mr. BURRIS. There are three steps prior to arbitration and in most instances, the employer picks up the total costs of the three earlier steps——

Mr. FATTAH. Right.

Mr. BURRIS [continuing]. Unless the union has a full time official. So the Postal Service costs will be different than the union's costs. In arbitration itself, it will cost us approximately $1,000 including the arbitrators costs, travel, overnight stay, food.

Mr. FATTAH. I wanted to get that on the record and just in terms of, Mr. Young, this merit incentive bonus system went into place when?

Mr. YOUNG. Very recently, within the last year——

Mr. FATTAH. OK.

Mr. YOUNG [continuing]. Year-and-a-half, I believe.

Mr. FATTAH. And the increase in the backlog of grievances started in 1992, sloping upward?

Mr. YOUNG. Yes. In our union, and I am in charge of the contract administration unit so my job is to keep a handle on grievances, grievances were up 60 to 65 percent in the last year. The significant increases have occurred since the establishment of EVA. It was increasing, I don't want to mislead you, sir, it was increasing, but at much more manageable levels.

Mr. FATTAH. Right, in 1994 there were 60,000 cases.

Mr. YOUNG. Yes, but that counts all the crafts. All I can do is speak for the NALC. We didn't have a load like that at all, maybe 8,000–9,000.

Mr. FATTAH. OK, thank you very much.

Mr. YOUNG. You're welcome.

Mr. MCHUGH. Thank the gentleman. I would note that GAO extrapolated a figure for costs of the Postal Service of handling the administrative side of these grievances which they placed at $200 million, so it's very significant.

Gentlemen, thank you again, and we appreciate your attendance and your participation.

Our last panel, panel No. 4, comprised of Vince Palladino, as president of the National Association of Postal Supervisors; Mr. Hugh Bates, who is president of National Association of Postal Supervisors; and Joe Cinadr, who is executive vice president at National League of Postmasters. I would note that Mr. Bates is the president of the National Association of Postmasters of the United States, is the correct full title.

We're pausing for mechanical difficulties that have now been resolved.

Just to begin, as we have with all others, if you gentlemen would please rise and raise your right hands and repeat after me.

[Witnesses sworn.]

Mr. MCHUGH. Thank you. The record would show that all three gentlemen responded to the oath in the affirmative.

First, thank you so much for your patience. You have spent a long time here, awaiting this opportunity and we deeply appreciate that. You've also spent a long time listening to a lot of comments about the challenges that, particularly, the union representation feels directly deal with your members. I would say, as a beginning, I happen to believe that any organization is a reflection of the culture that is generated from the top and that insofar as problems exist, as they surely exist throughout the entire system on both sides of the equation, management as well as labor, that solutions must start at the top.

I come from a part of the world where the delivery of mail is perhaps a more important daily event than it is in other parts of the world, but I understand the great job, by and large, that is done by managers and craft people everyday and I would not want this hearing to conclude leaving the taste in anyone's mouth that somehow we have a Postal System that is fractured and doesn't work, because the contrary exists. We have the best Postal System in the world and that is because the people that work there everyday make it so and that includes your gentlemen's memberships. But we do have some important work before us.

You're in an excellent position to help us better understand those challenges and for that effort we're deeply appreciative of your being here today and look forward to your comments. Again, as I noted to the other Members, particularly given the lateness of the hour, if you could summarize your testimony. As prepared, we will ensure that it is entered into the record in its entirety and any other comments that you feel are most appropriate here today would be welcome.

So, I would start with Vince Palladino and we look forward to your testimony, sir.

## STATEMENTS OF VINCE PALLADINO, PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS; HUGH BATES, PRESIDENT, NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES; AND JOE CINADR, EXECUTIVE VICE PRESIDENT, NATIONAL LEAGUE OF POSTMASTERS

Mr. PALLADINO. Thank you very much, Mr. Chairman, and subcommittee. It's a privilege to be here.

I represent 35,000 members of—what seems to be the problem in the Postal Service—first line supervisors. I guess if we disappeared, all the problems would go. One good thing about going last, is you can leave out a lot of things and get to the root of the business at hand. I would suggest that now we are not in favor of the Presidential commission. We were favoring it until two important things happened this week.

One was the human resources strategy team that I was placed on at USPS headquarters and the other was the summit. Now, as

you will see through the summit meeting with the Federal mediators the USPS and the APWU agreed on some wonderful things—accelerated arbitration to get rid of the backlog of grievances and also to prevent the grievances from building up, and co-mediation, which we favor very much. There are also two agreements with the city letter carriers—disputes resolution and an agreement to review how city carriers will deliver mail in the future. We all agreed to much the same thing at Federal mediators, and came up with two committees.

One was the understanding of labor and management and unions. It boiled down to two basic things that we think that have to be measured, as you've heard before. That's the treatment of people and contract compliance. Those were also the points that were made during the human resources strategy team meeting that was held at headquarters. We are looking for indicators to measure these values and make it a true part of the voice of the employee, so I think there's real effort there to make it a reality.

I do have some comments on what some of the craft employees said. No. 1, the contracts that we have are very complex, but I believe supervisors can understand them and apply them when left alone. The ASP Program is a great program, too, for the training of first line supervisors. It's the best we've ever seen in the Postal Service, but once again, the first line supervisor has to be given the authority to run the shop.

I would also venture to say our grievances with carriers went up, not because of the bonus system, but because of delivery point sequencing, which the carriers did not like the way USPS proposed it. So, I believe that if we can come up with some measurements on how to hold managers accountable, and I think the Postmaster General has made that a prime goal in his statement to his postal executives. The bottom line for USPS goals is customers and business and numbers—but how you get there is also going to be measured. I think that will resolve many of the problems on the first line. Treatment of employees and contract compliance—I think we can find ways to measure that.

As far as a commission goes, if what we believe doesn't work, then we would support a commission, but with some different guidelines. We want somebody on there that would know the history of the Postal Service. Other than that, I am very happy about what happened this past week. I think we can change labor-management relations on the workroom floor. Many times the first line supervisor does not control the workroom floor on the first line and that is a problem that we can improve on with the strategies that USPS intends to place.

Thank you and I'll answer any questions.

[The prepared statement of Mr. Palladino follows:]

I was privileged, Mr. Chairman, to appear before this subcommittee on July 18, 1996, to offer the views of the National Association of Postal Supervisors concerning your "Postal Reform Act of 1996." As you no doubt recall, NAPS supported many provisions of the proposed legislation, especially those that would free the Postal Service from the constraints that have prevented the agency from being as responsive and competitive in today's communications marketplace as it has the potential for being.

At the previous hearing, I also noted that, while we were seeing some improvement in lower-level labor-management relations, all affected parties—from senior-level Postal Service management on down—had to work harder if the status quo was to be changed for the better. Accordingly, I said that NAPS would support—with qualifications—the provision of the postal reform bill that would establish a Presidential Postal Management Commission to deal with the labor-management difficulties the Postal Service faces.

I added, however, that postal supervisors deeply regretted the fact that labor-management relations in the Postal Service had deteriorated to such an extent that Congress felt compelled to seek the intervention of an outside commission to help the Postal Service put its house in order. We would much

prefer seeing the Postal Service itself convene a high-level summit, as I stated a year ago, where labor and management from within the agency would work together—with outside facilitators, as necessary—to develop an effective mechanism for securing and promoting a more harmonious workplace environment.

We are in general agreement, Mr. Chairman, with the view expressed in the title of the General Accounting Office's most recent assessment—quote—"Little Progress Made in Addressing Persistent Labor-Management Problems." Having said that, however, I do believe that a sincere effort has been made toward convening the high-level postal summits to which I referred earlier. Working in cooperation with the Federal Mediation and Conciliation Service, the Postal Service has managed to conduct a number of summit-level meetings, albeit with mixed success.

It is my understanding that the pre-summit meetings attended by the craft unions have resulted in, one, agreements between the APWU and the Postal Service to work toward eliminating the current grievance/arbitration backlog, called accelerated arbitration, and to prevent grievance buildup, titled co-mediation, and two, agreements between the Letter Carriers and the

Postal Service on a disputes resolution process and a joint review of how city carriers will deliver mail in the future.

In late June of this year, Mr. Chairman, leaders of the three postal management organizations—NAPS, the National Association of Postmasters and the League of Postmasters—along with representatives of the Rural Letter Carriers and the Mailhandlers were invited to attend a pre-summit meeting. We were informed that the meeting was mainly preliminary to larger summit meetings that would follow, presumably including, for the first time, representatives of all affected parties, both labor and management.

While the agenda of that pre-summit meeting to which NAPS was invited included a review of statements submitted by the participants on how best to improve labor-management relations in the Postal Service, a deeper-rooted problem soon became evident. And that is the fact that there seems to be no shared view of the direction in which the Postal Service should move if it is to remain a viable entity in the future or, for that matter, consensus on whether or not the agency needs to change at all.

Amazingly, there has been little agreement as to the nature and seriousness of the problems facing the agency. For example—and we find this incredible to believe—it has been next to impossible to find general

acceptance of the fact that the Postal Service is facing increasing competition, which clearly it is.

After attending that summit meeting, I was doubtful that the Postal Service would be able to bring meaningful resolution to our labor-management problems from within. Indeed, that was the message I was originally prepared to share with the subcommittee members today. What has given me an entirely new perspective on this question, however, revolves around a highly successful summit meeting that was conducted just last week, on October 29 to be specific.

I now believe, Mr. Chairman, that we are seeing encouraging signs of finally being able to move forward on this troublesome issue from within the Postal Service. We are, for example, beginning to see a strong push from the Postal Service's top managers, through the newest human resources strategies being developed, to measure and hold managers accountable for a number of values to improve labor management relations. Two of these I see as most important; one, treatment of people and two, contract compliance. We believe the Postal Service is finally starting to exhibit real and sincere concern about how its employees are treated on the workroom floor. It is becoming clear to

NAPS anyway that perhaps there really is a "Voice of the Employee" component to the agency's *CustomerPerfect!* goals.

We are also encouraged by the fact that the postal summits are now to be conducted on a regularly scheduled quarterly basis. Moreover, we're pleased that the expertise of the Federal Mediation and Conciliation Service will again be brought to this task.

With their assistance, two task forces have been created to address issues that are seen as central to fostering productive labor-management relations. The first is a new task force aimed at promoting a better understanding of the entire collective bargaining process. Specifically, the task force will be examining and making recommendations on how to improve labor management relations on the workroom floor. As a member of the task force, I would concentrate on treatment of people and contract compliance. The second task force involves a strategic planning initiative aimed at first identifying the problems facing the Postal Service and then reaching consensus on how best to proceed.

NAPS readily acknowledges, Mr. Chairman, the good intentions of this subcommittee in calling for an outside commission to make recommendations regarding labor-management relations in the Postal Service. We respectfully

believe, however, that such a move would be a bit premature at this time. Should the fresh optimism we express today concerning the Postal Service's ability to put its labor-management house in order—and very soon—prove otherwise, then NAPS certainly favors keeping open the door to having an outside commission lend whatever help it reasonably can.

If that were to happen, Mr. Chairman, NAPS would, for the record, respectfully offer three salient points for your consideration. First, we believe the work of any such commission should begin with all affected parties coming to agreement on the extent and seriousness of the outside competitive threats facing the Postal Service. NAPS generally supports the Postmaster General's vision of the direction the agency needs to take to remain a viable entity well into the next century. However, as I noted earlier, not all parties—including higher-level management and the crafts—believe that the Postal Service needs to change at all.

Until we first have a meeting of the minds on the challenges facing the Postal Service, any attempts to bring about a meaningful resolution of both current and future labor-management problems in the Postal Service are doomed to failure. I can't state it more succinctly than that, Mr. Chairman.

The second point NAPS would like to make concerns the makeup of such a commission. Given the Postal Service's difficulties in resolving its labor-management problems in-house, NAPS fully understands and appreciates the subcommittee's desire for the commission to be comprised of individuals outside the Postal Service. NAPS is concerned, however, that, with all due respect to their intelligence and experience, commission members may not be able to readily and thoroughly grasp the necessary historical perspective of labor-management problems in the Postal Service that would lead to a better understanding of and, ultimately, resolution of today's problems.

It probably would not be prudent for an individual from within the Postal Service to be named to the commission, but the effort certainly could benefit from a respected, scholarly individual who has a thorough grasp and understanding of US postal history.

The third point we'd like to make is that it should be incumbent upon such a commission to report its findings in as short a time as is reasonably prudent for a thorough examination of the issues to be conducted, but certainly not more than one year. If ever time was of the essence concerning

the survival of an American institution—the United States Postal Service—that time is now.

Thank you, Mr. Chairman and members of the subcommittee, for the opportunity you've given NAPS to share our views on this critical issue. Like you, we believe that a solution to the problem of persistent labor-management relations in the Postal Service is possible. But it is only possible so long as everyone involved agrees there is a problem, and we continue to make headway toward resolution of our labor-management problems.

I would be happy to take any questions that you might have at this time.

Mr. MCHUGH. Thank you, Vince. I appreciate that.

Mr. Bates, president Bates.

Mr. BATES. Bates.

Mr. MCHUGH. Yes, sir.

Mr. BATES. Chairman McHugh, Representative Fattah—believe he stepped out; I had it written down anyway—and members of the subcommittee. I'm Hugh Bates, a postmaster from Clanton, AL—I must say the postmaster, because that's the only one I'm going to have there—and national president of the National Association of Postmasters of the United States, with an acronym of NAPUS. I am honored to appear before you this morning to speak on behalf of the over 45,000 members of NAPUS who outline our views on the important issues of labor management relations within the Postal Service.

I must commend you, Chairman McHugh, for your efforts to tackle these complex issues and NAPUS views the report of the General Accounting Office as a positive step toward addressing these persistent and harmful labor relations problems. Without the watchful eye of Congress and this committee, the little progress that has been made would not have occurred. I also want to thank Congressman Fattah for his efforts on behalf of postmasters. The Congressman has always been willing to meet with us and I want to personally thank you, Congressman Fattah, for attending our national convention in Philadelphia. The postmasters there were thrilled to be with you. We look forward to a continued relationship.

Let me first say that NAPUS is strongly committed to take an active role in this process. Postmasters are an integral part of this great system which guarantees mail service worldwide. Additionally, postmasters, especially in small communities across the countries, are important and valued members of their communities. As this process moves forward, we must take care that postmasters are not left out and I hope that my comments today will provide valuable insight into how labor relations might be improved.

The GAO implies that little progress has been made on improving labor relations within the Postal Service. I've heard from many postmasters in all regions of the country and a feeling of mistrust continues to prevail. Threatening action from the top level, management, tend to trickle down to the ranks to craft employees on a regular basis, causing root problems which need to be addressed.

In the interest of time this afternoon, I'll keep this statement brief. However, I have a more detailed written report, which I would ask to be included in the record at this time.

Mr. MCHUGH. That will be included, as all the statements will, in their entirety.

Mr. BATES. When asked to appear this afternoon, I contacted all of my national and State NAPUS officials and asked for their input. Their responses pointed not to broad approaches to making labor-management relations more harmonious, but specific examples of threats, abuses to the grievance system and mistreatment of postmasters by the supervisors. One of my colleagues makes the valid point: That the relationship between managers and employees remains adversarial, instead of instructive and educational.

When mistakes are made, threats follow. There is rarely an attempt in the field to correct a problem and move on.

The Postal Service must develop a style that allows its employees to learn from their mistakes. Mistakes should be corrected through mentoring and assistance, not instantly punished. Unless a more instructive and cooperative management style is developed within the Postal Service, there will be very little change in the work atmosphere, regardless of how many summit meetings are held.

One example illustrates how a postmaster, having failed to meet his goals and budgets, which he had no input from the very beginning, was asked to report to a supervisor, 3½ hours from his home, to explain his apparent failure. He had worked a full day, plus they made a 7-hour trip to take the blame for an arbitrary budget that seems above and beyond the call of duty, when a phone call would have been sufficient. I have two comments with respect to this. First, it represents plain mistreatment of the postmaster. Second, and more to the point, postmasters must have more input into the goals and budgets they are to oversee.

There are some specific examples for current systems designed to reward employees for their efforts, actually contribute to an atmosphere of mistrust. For example, in 1996, the Postal Service offered the Economic Value Added variable pay program to postmasters which is a key component of the revised compensation program. The program is intended to provide employees with bonuses based on performance. While this initiative is one that shows promise, NAPUS cannot endorse it, because it excludes all nonexempt postmasters. Chairman McHugh, that is 60 percent of the postmasters are nonexempt. They're left out. Therefore, a vast majority of NAPUS members would be excluded from this benefit. As the GAO draft report indicates, the Postal Service argues that nonexempt employees are paid at a higher level than their counterparts in the private sector and are entitled to the Fair Labor Standards Act to receive overtime paid for hours worked in excess of 40 hours per week.

On the first point, the Postal Service is not a private sector organization. While it may be useful to compare wage rates with private business, the Postal Service is not a corporation, but is a Government agency with the responsibilities and obligations beyond those expected of a private enterprise. A core component of this is the maintenance of small rural post offices. The fact of the matter here is that we are trying to address the issue of mistrust that currently exists between the Postal Service, unions and managers within the Postal Service. The compensation practices of the private sector have little to do with this.

On the second point, overtime pay is compensation for hours worked under the Fair Labor Standards Act. Overtime on the Fair Labor Standards Act is not a bonus and should not be construed as such. NAPUS advocates that all postmasters, irrespective of whether they are exempt or nonexempt, be rewarded similar for work well done. The current different levels of compensation fuel an attitude of distrust among the various levels of postal employees.

Currently, craft employees receive Cost of Living Adjustments, which is known as COLA's. They receive bonuses, they receive

overtime. Nonexempt postmasters receive neither bonuses, they don't receive any COLA's. The future framework of the revised compensation forum is unfair to nonexempt postmasters. We would hope that the program could be changed to offer these valuable bonuses to the hardworking and loyal segment of the postal community.

Among the many comments I've received from postmasters as I have prepared for this hearing, were several descriptions of highly hostile working environments. One in particular was described as explosive. It is clear that a concerted effort must be made on all sides to put aside as many of our differences as possible and work together to try to improve the workplace environment.

I want to make clear for the record, that NAPUS intends to fully participate in this effort to improve relations between management and employees within the postal community. NAPUS has participated in one free summit meeting and also the summit meeting that was held last week on October 29, 1997. We are committed to full participation in the summit process and intend to assign representatives to serve on the key task forces created to examine labor and management relations and strategic planning for the future of the Postal Service. Each side must come to the table prepared to work out solutions to existing problems, rather than continuing to finger point and lay blame on the other participants. We look forward to the success of this effort.

Again, thank you for this opportunity and I look forward to trying to answer any questions you might have.

[The prepared statement of Mr. Bates follows:]

Chairman McHugh, Representative Fattah, and members of the Subcommittee: I am Hugh Bates, a postmaster from Clanton, Alabama and National President of the National Association of Postmasters of the United States (NAPUS). I am honored to appear before you this morning to speak on behalf of the over 45,000 members of NAPUS to outline our views on the important issue of Labor/Management Relations within the Postal Service.

The draft General Accounting Office report implies that little progress has been made on improving labor relations within the Postal Service. I have heard from many postmasters from all regions of the country, and a feeling of mistrust continues to prevail. Threatening actions from the top levels of management tend to trickle down the ranks to craft employees on a regular basis, causing root problems which need to be addressed.

I must commend you, Chairman McHugh for your efforts to tackle these complex issues, and NAPUS views the GAO action as a positive step toward addressing these persistent and harmful labor relations problems. Without the watchful eye of Congress and this committee the little progress there has been would not have occurred. In its 1994 report, the GAO outlined thirty-two initiatives, developed in consultation with the Postal Service, unions and management associations, designed to improve workplace relations; many of those never got off the ground or did not succeed. The current draft has winnowed these down to ten initiatives which show the most promise for some degree of success.

Let me first say that NAPUS is firmly committed to taking an active role in this process. Postmasters are an integral part of this great system which guarantees mail service world-wide. Additionally, postmasters, especially in smaller communities across the country, are important and valued members of their communities. As this process moves forward, we must take care that postmasters are not left out, and I hope that my comments today will provide valuable insight into how labor relations might be improved.

Out of the ten initiatives still on the table, four apply directly to postmasters. I would like to address each one of these issues separately:

**Associate Supervisor Program (ASP)**

Although NAPUS agrees with the concept of this program, we must point out a certain level of confusion in the field concerning ASP.

There is no consistency within districts as to eligibility and intent. The Associate Supervisor Program Coordinator's Guide states that all EAS-11 through EAS-15 employees are eligible to apply. However, Vacancy Announcement Lists state that all qualified EAS career employees with one year of current continuous career service are eligible to apply. Furthermore, the Guidelines for the Selection of the Associate Supervisors List contains the following rule: "For lateral and lower level reassignments to the Associate Supervisor, a written request to the

selecting manager is required. Appointment is solely at the discretion of the selecting manager."

NAPUS firmly supports any effort to better train supervisors and encourage postal employees to move up the ladder in their careers. However, we must refrain from endorsing ASP until the program becomes less confusing, and is made equally available to all eligible employees wishing to participate.

**Performance-Based Compensation**

In 1996, the Postal Service offered the Economic Value Added variable pay program to postmasters, which is a key component of the revised compensation program. The program is intended to provide employees with bonuses based on performance. While this initiative is one that shows promise, NAPUS cannot endorse it because it excludes all non-exempt employees. Sixty percent of postmasters are non-exempt; therefore a vast majority of NAPUS members would be excluded from this benefit.

As the GAO draft report indicates, the Postal Service argues that non-exempt employees are paid at a higher level than their counterparts in the private sector, and are entitled under the Fair Labor Standards Act to receive overtime pay for hours worked in excess of 40 hours per week. On the first point, the Postal Service is not a private sector organization. While it may be useful to compare wage rates with private business, the Postal Service is not a corporation but a government agency with the responsibilities and obligations beyond those expected of a private enterprise. A core component of this is the maintenance of small, rural post offices. The fact of the matter here is that we are trying to address the issue of mistrust that currently exists between the Postal Service, unions, and managers within the Postal Service. The compensation practices of the private sector have little to do with this.

On the second point, overtime pay is compensation for hours worked under the FLSA. Overtime under the FLSA is not a bonus, and should not be construed as such. NAPUS advocates that all postmasters, irrespective of whether they are exempt or non-exempt, be rewarded similarly for work well-done. The current, differing levels of compensation fuel an attitude of distrust among the various levels of postal employees.

Currently, craft employees receive Cost of Living Adjustments (COLAs), bonuses, and overtime pay. Non-exempt postmasters receive neither bonuses nor COLAs. The current framework of the revised compensation program is unfair to non-exempt postmasters, and we would hope that the program be changed to offer these valuable bonuses to this hardworking and loyal segment of the postal community.

**CustomerPerfect!**

CustomerPerfect! is designed to provide management and craft employees an avenue through which they can work together to ensure the best level of service to their customers. This

is an idea supported generally by NAPUS, as long as the common goals of providing quality service to the public remains at the core of the effort. We are, of course, monitoring this program for our members.

**Summit Meeting**

NAPUS has participated in one pre-Summit meeting and the Summit meeting on October 29, 1997. We are committed to full participation in the Summit process, and intend to assign representatives to serve on the key task forces created to examine labor/management relations and strategic planning for the future of the Postal Service. Each side must come to the table prepared to work out solutions to the existing problems rather than merely continuing to finger-point and lay blame on the other participants. We look forward to the success of this initiative.

**General Comments**

When asked to appear this morning, I contacted all of my national and state NAPUS officials and asked for their input. Their responses point not to broad approaches to making labor and management relations more harmonious but specific examples of threats, abuses to the grievance system, and mistreatment of postmasters by their supervisors.

One of my colleagues makes the valid point that the relationship between managers and employees remains adversarial instead of instructive and educational. When mistakes are made, threats follow; there is rarely an attempt in the field to correct the problem and move on. Perhaps programs like ASP would work to improve this; why, then, is there a disincentive for postmasters to apply for this program? Should not mentoring-oriented initiatives, like ASP, be available unilaterally to all postal employees? Should not the EVA bonus program be offered to all postal employees? Why single out and exclude individual groups?

Another example illustrates how one postmaster, having failed to meet goals and a budget into which he had no input, was asked to report to a supervisor three and one-half hours from his home to explain his apparent failure. A full work day, followed by a seven-hour round trip to take the blame for an arbitrary budget seems above and beyond the call of duty; would not a phone call suffice? I have two comments with respect to this: first, it represents plain mistreatment of the postmaster. Second, and more to the point, postmasters must have more input into the goals and budgets they are to oversee.

Another of my colleagues wrote to describe some very real problems within the current structure for filing grievances. He takes care to remark that most of the union representatives he deals with are honest, straightforward people whose true goals are a harmonious, productive workplace. However, he points out that there exists a minority of union stewards who view their role as one of "full-time obstructionism" to any effort on the part of postal management, and use the current grievance system to their advantage.

**Conclusion**

I want to make clear for the record that NAPUS intends to fully participate in this effort to improve relations between management and employees within the Postal community. Among the many comments I have received from postmasters as I prepared for this hearing were several descriptions of highly hostile working environments. One in particular was described as "explosive." It is clear that s concerted effort must be made on all sides to put aside as many of our differences as possible and work together to try to improve the workplace environment.

The Postal Service must develop a style that allows its employees to learn from their mistakes. Mistakes should be corrected through mentoring and assistance, not instantly punished. Unless a more instructive and cooperative management style is developed within the Postal Service, there will be very little change in the work atmosphere regardless of how many summit meetings are held.

Again, thank you for this opportunity, and I look forward to answering any questions you might have.

Mr. MCHUGH. Pardon me. Thank you very much, Mr. Bates. Last, certainly not least, Mr. Cinadr. Welcome, sir.

Mr. CINADR. Thank you. It's a pleasure for me to be here. Chairman McHugh, and, Congressman Davis, I am Joe Cinadr, the national executive vice president of the National League of Postmasters. I also serve full time as the postmaster of the Mansfield, OH, post office. I want to thank you for holding this hearing and allowing us the opportunity to testify and assist this subcommittee in its deliberations.

Last year, the league's national president, Bill Brennan, stated his strong belief that the basis of many of the labor-management problems in the Postal Service stem from a lack of trust among employees at all levels of the organization. I agree. If we could develop trust, we will have gone a long way toward improving many of the identified labor-management problems.

I must also agree with the GAO conclusion that there has been too little progress toward improving labor-management problems in the Postal Service and mistrust still abounds. But I see hopeful signs of a change. The U.S. Postal Service and postal unions have recently signed significant agreements which have been testified before this committee. All of these agreements are too recent to evaluate, but they are hopeful signs if they are pursued.

I wish to discuss some areas addressed by GAO and some which were not and I will follow your instructions of trying to be brief. I believe, though, the discussions I have will help improve labor-management relations.

The 1994 GAO recommendation to establish employee incentives which would recognize or reward employees in work units on the basis of performance appears to have been addressed by one of the Postal Service initiatives for performance-based compensation. This initiative, as has been testified, is called Economic Value Added, or EVA. The National League of Postmasters did not endorse EVA, because under its current structure it excludes all Fair Labor Standards Act nonexempt postmasters, as Mr. Bates stated. Sixty percent of our postmasters and our league members are presently nonexempt. One of the Postal Services reasons for exclusion of so many postmasters was that nonexempt postmasters are entitled to overtime pay. In actual practice, nonexempt postmasters earn, but seldom receive overtime pay. In addition, pay for work performed is not a bonus nor is it recognition.

The Postal Service is a public service operating in a business environment. A large part of our service is customer goodwill. Thousands of postmasters are contributing to that goodwill by helping their customers read, write, pay bills, register for the draft, get assistance from other Federal agencies and serve as volunteers and leaders in their communities. Before last year's pay package, the league had a more cooperative relationship with postal headquarters. The inequities of the pay and benefit package have created friction between postmasters and their superiors. This friction could be reduced or eliminated by including all postmasters in the bonus program and this would help return us to our traditional level of cooperation.

It might interest you to know that a majority of nonexempt postmasters are female, a large number are minorities, and most serve small hamlets and villages in rural America.

The 1997 pay package appears to correct some of our objections and we hope this is a sign of better relations in the future.

The Postmaster General first brought up the idea of a labor-management summit during a Senate hearing 3 years ago. We all believe that a meeting of the representatives of labor and management could go a long way toward building trust and the league endorsed the summit from the beginning. The league was involved in one pre-summit meeting, held this past June, and I had the pleasure of representing the league at that preliminary meeting. I personally saw more areas of agreement than disagreement. Last week, as has been stated, the leadership of the management organizations, the labor unions and the Postal Services, actually met together at the first summit meeting. While each of the parties had a different view of how the proceedings went, we can at least say that the process has started.

As Mr. Brennan stated before this committee last year, we believe the commission recommended in H.R. 22, should include the voice of the employee and a voice for public service. We are concerned that if a commission does not include the postal community we will lose the stakeholder and ownership strength that a summit gives us. If this concept is initiated, the league proposes that you strongly consider the National Academy of Public Administrators for the academic body which would establish the commission.

On a related subject, the Postal Reorganization Act of 1970, provided consultative rights to the league and the other management organizations represented at this table. Webster's definition of consult is to ask the advice or opinion of, to deliberate together. In reality, we are told what is going to be done or what has already been done whether we agree or not. We would like postal headquarters to honor the true spirit of consult in our quarterly consultative meetings and include us in the planning of projects and initiatives that directly affect postmasters.

We see merit in training. Certainly, well-trained management and craft employees are better equipped to handle onsite conflicts. The Postal Service has developed several new training programs for postmasters and supervisors, and we have been active in developing training programs for postmasters, but we would like to see training of the magnitude of the associate supervisor program offered to postmasters. Training, as I stated, is an excellent method of diffusing conflict and building trust.

The league is still willing to work out employee relation problems in cooperation with the Postal Service and the other employee organizations at the national level and also at all levels of this organization. We will participate, cooperate, and promote cooperation. We wish to build trust and respect. We have been united, labor and management, in protecting the Postal Service from our competitors' attacks. We can unite to build, improve, and strengthen the Postal Service. There are postal facilities where labor-management problems are minimal and employees have good relationships. I think that if we could look at those sites, we may be able to develop pro-

grams and processes that would apply to all parts of the Postal Service.

Thank you for your time. I will be glad to answer your questions.

[The prepared statement of Mr. Cinadr follows:]

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**TESTIMONY OF**

**JOSEPH W. CINADR**
**EXECUTIVE VICE PRESIDENT**
**NATIONAL LEAGUE OF POSTMASTERS**

**BEFORE THE**

**HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT**
**POSTAL SERVICE SUBCOMMITTEE**

**NOVEMBER 4, 1997**

Mr. Chairman and members of the Postal Service Subcommittee -- I am Joe Cinadr, the National Executive Vice President of the National League of Postmasters. Our organization represents the interests of active and retired Postmasters and other associate Postal members. I also serve as the Postmaster of the Mansfield Post Office in Ohio.

Thank you for holding this hearing and allowing us the opportunity to testify and assist this Subcommittee in its deliberations.

Last year, the LEAGUE's President, Bill Brennan, stated his strong belief that the basis of many of the labor-management problems in the Postal Service stem from a lack of trust among employees at all levels of the organization. I agree. If we could develop trust, we will have gone a long way towards improving many of the identified labor-management problems.

I must also agree with the GAO conclusion that there has been too little progress toward improving labor-management problems in the Postal Service, and mistrust still abounds. But, I see hopeful signs of a change. The memorandum of understanding between the United States Postal Service and the American Postal Workers Union, signed on May 8, 1997, was an agreement to try to eliminate the current grievance arbitration backlog. A joint letter was issued on October 9, 1997 between Mr. Henderson, Chief Operating Officer at Postal Headquarters and Mr. Sombrotto, President of the National Association of Letter Carriers, announcing joint tests to change delivery methods to meet future

needs. On October 20, 1997, a second joint letter announced an agreement to a revised dispute resolution with the National Association of Letter Carriers. All of these agreements are too recent to evaluate, but they are hopeful signs if pursued.

In its 1997 study, the GAO report identified 32 initiatives piloted or implemented for the purpose of trying to improve the postal workplace environment. GAO selected ten of these initiatives for follow-up study after determining that the selected ten had a higher potential to address their 1994 recommendations.

I wish to discuss some areas which were addressed by GAO and some which were not. All could help improve labor-management relations.

**Incentives and Recognition**

The 1994 GAO recommendation to establish employee incentives which would recognize or reward employees and work units on the basis of performance appears to have been addressed by one of the Postal Service initiatives for performance-based compensation. This initiative is called Economic Value Added (EVA). The National League of Postmasters did not endorse EVA because under its current structure it excludes all Fair Labor Standard Act non-exempt Postmasters. Sixty percent of our nation's Postmasters and our LEAGUE members are presently non-exempt. One of the Postal Service's reasons for exclusion of so many Postmasters (approximately 17,000) was that non-exempt Postmasters are entitled to overtime pay. In actual practice, non-exempt Postmasters earn, but seldom receive, overtime pay. In addition, pay for work performed is not a bonus, nor is it recognition.

The Postal Service is a public service operating in a business environment. A large part of our service is customer goodwill. Thousands of Postmasters are contributing to that goodwill by helping their customers read, write, pay bills, register for the draft, get assistance from other federal agencies, and serving as volunteers and leaders in their communities.

How is the Postal Service to build trust with this group of employees who were excluded? Before last year's pay package, the LEAGUE had a more cooperative relationship with Postal Headquarters. The inequities of the pay and benefit package have created friction between Postmasters and their superiors. This friction could be reduced or eliminated by including all Postmasters in the bonus program and would help return us to our traditional level of cooperation.

It might interest you to know that a majority of the non-exempt Postmasters are female, a large number are minorities and most serve small hamlets and villages in rural America.

The 1997 pay package appears to correct some of our objections and we hope this is a sign of better relations in the future.

## Summit

The Postmaster General first brought up the idea of a labor-management Summit during a Senate hearing three years ago. We all believed that a meeting of the representatives of labor and management could go a long way toward building trust. The LEAGUE endorsed the Summit from the beginning. Unfortunately, most of the unions did not want to meet during the contract negotiations that were occurring at that time. Ironically, we are now entering another pre-contract stage which could again put off the desired results.

The LEAGUE was involved in one pre-Summit meeting, held this past June. I had the pleasure to represent the LEAGUE at that preliminary meeting. I saw more areas of agreement than disagreement. Last week, the leadership of the management organizations, labor unions and the Postal Service actually met together in the first Summit meeting and while each of the parties had a different view of how the proceeding went, we can at least say that the process has started.

## Postal Employee/Management Commission and Consultative Meetings

Recently I learned that Postmaster General Runyon prefers to abandon the idea of a Summit in favor of a commission as proposed in H.R. 22. He agreed with H.R. 22, "that the commission should be comprised of individuals who come from outside the postal community and who are not predisposed to the interests or point-of-view of either postal management or the unions."

As Mr. Brennan stated before this Committee last year, we believe the commission recommended in H.R. 22 should include the "voice of the employee" and a "voice for public service." We are concerned that if the commission does not include the postal community, we will lose the stakeholder and ownership strength that a Summit gives us.

Also the Postmaster General proposes that the commission be established "under the auspices of a nationally respected, independent and impartial academic body."

If this concept is initiated, the LEAGUE proposes that you strongly consider the National Academy of Public Administrators for the academic body which would establish the commission.

On a related subject, the Postal Reorganization Act of 1971 provided consultative rights to the LEAGUE and other management organizations. Webster's definition of "consult" is "to ask the advice or opinion of -- to deliberate together." In reality we are told what is going to be done, or what has already been done, whether we agree or not. We would like the Postal Headquarters to honor the true spirit of "consult" in our quarterly Consultative Meetings and include us in the planning of projects and initiatives that directly affect Postmasters.

## Training and Initiatives

We see merit in training. Well-trained management employees and workforces are better equipped to handle on-site conflict. The Postal Service has developed several new training programs for Postmasters and Supervisors. Postmaster training is specific to both the larger office Postmasters (EAS level 18 and above) and the smaller offices (EAS level 15 and below). These course lengths are usually 40 hours or less. The Associate Supervisor Program (ASP) is open to lower level postal employees who have been accepted as Assistant Supervisor candidates. It consists of two weeks of classroom and another 14 weeks rotating through various supervisor jobs. Postmasters and higher level supervisors are eligible to take modules in this course. We have been active in developing past training programs for Postmasters, but we would like to see training on the magnitude of the ASP training offered to Postmasters. Training is a method of diffusing conflict and building trust.

Another program that was offered worked on eliminating an authoritarian management style and on planning cooperative efforts. This was the Management by Participation program, which has been discontinued in most Postal Districts within the past few years. This program could have been a good avenue for working out conflict and building trust had it been continued.

The LEAGUE is still willing to work out employee relations problems in cooperation with the Postal Service and the other employee organizations, at the national level and at all levels of this organization. We will participate, cooperate and promote cooperation. We wish to build trust and respect. We have been united -- labor and management -- in protecting the Postal Service from our competitors' attacks. We can unite to build, improve and strengthen the Postal Service.

There are Postal facilities where labor-management problems are minimal and employees have good relationships. I think that if we could look at those sites, we may be able to develop programs and processes that would apply to all parts of the Postal Service.

Thank you for your time. I will be glad to answer your questions.

Mr. MCHUGH. Thank you very, very much, Mr. Cinadr. President Palladino started off his comments by saying if all of your people went away, obviously, all of the problems would go away. Obviously, that wouldn't be the case, but if you sat through the hearing, I can see where you might have well come about that kind of conclusion, said, I know, tongue in cheek.

Let me ask you a question: To what extent—and President Palladino related to it—but to what extent were the comments made by Bill Young of the NLAC relevant? That is, if you are in a supervisory or postmaster/postal supervisor position, you hear about your performance being measured in certain outcomes and not in others. In other words, the bottom line is what is important. You're not in any way judged or rated by how few grievances, for example, might come out of your shop or how few problems related to the administration of the particular contract. Is that a fair observation? You're not told that this human side, as opposed to the customer/bottom-line side, is equally important?

Mr. PALLADINO. We are now. As I said, the human resources strategy is saying that, and the only point I disagree with Bill Young on was he said that the grievances went up because of the bonuses. I don't think they did strictly because of the bonuses. He's correct that we're not accountable for treatment of employees nor contract compliance, which I think we should be. But I was saying if grievances went up, also adding to the increase was delivery point sequencing which the carriers fought from day one, and they're still not happy with it. We see automation coming down the road as a tool that will help us survive in the next century, and carriers fear it. So until we get over that, the number of grievances probably will continue until we agree on how that will be put into place.

Mr. MCHUGH. President Bates, any comments about that? Do you feel that there hasn't been sufficient emphasis in the past by the supervisory level here in Washington at L'Enfant Plaza on the human side? It isn't conveyed to your members that we want to see fewer grievances; rather, all we want to see is a better bottom line, better money results?

Mr. BATES. In my opinion and in the opinion of my officers across the Nation, the bottom line has contributed much to do because we're told as postmasters: You will make your goal. This goal was handed to you arbitrarily; we made it; you will make the goal on where it's on performance or whether it's on accidents, or whatnot. If you don't, we'll put somebody else in there who can do it.

In fact, I had a postmaster—I could call the name and the district, but I don't know whether it's appropriate or not, but, nevertheless, he's our national legislative person from the Midwest, and because he's a large office, and in the office station that he has they missed a zero bundle. Anybody who doesn't know what a zero bundle is, it's where Price-Waterhouse is contracted by the Postal Service to conduct these tests. And there was a carrier who failed to pick up this bundle of mail, and so it's recorded as a zero bundle. This postmaster was arbitrarily pulled out of his office because this is hurting the bottom-line budget. He was brought in to St. Louis to work for 45 days, and they paid his per diem and everything else, and paid somebody in his place, and he's still out there for 45

days because a carrier missed a zero bundle. It's a bottom-line figure that they're after.

Mr. CINADR. Mr. Congressman, I can tell you from personal experience that it can work both ways. I have had bad experience. I've represented postmasters who got into trouble because of goals that they had no input for. On the other hand, I just this week sat down and established my goals for the coming year for this present fiscal year 1998, and the district manager and myself agreed to the goals.

And as Mr. Runyon stated this morning, CustomerPerfect! is working. We listened to three voices, the voice of the employee, the voice of the business, and the voice of the customer, and all of those are equally important. I agree that it would have been nice to have been able to give equal attention to all three areas, and I think we have, because in the voice of the employee area we are addressing safety, and making the Postal Service the safest organization to work for in the world.

We also have worked on training our employees to understand our business better. And in the past we have counted grievances; we have counted accidents. Numbers tell you a story, but they also can be manipulated to tell you a different story. So there is good and bad.

And I would just cite on the grievances, the number of grievances might indicate that you have an authoritarian manager. The number of grievances might also tell that you have a very productive, interested manager who may be driving people a little harder than another manager or a previous manager. It also may indicate a change in management or a change in union leadership, where one or the other, because of personalities or other good reasons, feel that the number of grievances going up is an indication of something good or bad, depending upon what side of the picture you're on.

Mr. MCHUGH. OK, let's focus on grievances. You heard comments today that when a grievance gets to a step 3, it takes on a new kind of life, and in fact, in the opinion of some, there are either no incentives or no power for the supervisors at the lower step level to resolve these, that the incentive or the lack of power to make those decisions is simply kick it up to the next level. Do you have any comments on that observation? Do you feel your members have the power and have the incentive to resolve these or is it kind of business as usual to just pass it on up the line?

Mr. PALLADINO. Well, I believe first line supervisors have the power to solve the treatment problems, but the contract compliance is where they run into problems. An order may come down from the top, "This is what you do today," and you do it. And if there's a grievance, there's a grievance; we'll figure it out later down the road.

But I think that supervisors can resolve the treatment of people problems if they don't have somebody above them that interferes, and that as—you know, is different in every unit, because we're not measured. But I really believe that when we first took on CustomerPerfect! every business management guru that spoke to us said it should work in this way: You work on the voice of the employee. When the employees are happy, the service improves, and then the business comes. We just did it backward. I think we

looked at the business; we took care of the customer service, and now I think the Postmaster admitted that we haven't looked at the voice of the employee and that I hope—and the reason I say "I hope" is because my members suffer some of the same complaints that the craft employees do, and I'm hoping that when we do measure treatment of employees, contract compliance, that my first-line supervisors will rid that cloak that they wear of being the autocratic managers and the big problem of the Postal Service, because I think they wear that when they don't deserve it. I think and I believe that the human resources strategies have indicated to measure these things will definitely improve not only the craft employees' place on the work floor, but ours.

Mr. MCHUGH. Gentlemen, do either of you have any comments on that?

Mr. CINADR. Yes, I do. I didn't know we were going to get into this, but I did bring some figures from Mansfield. We had a total of 139 grievances last year in the Mansfield post office. Sixty-eight of those grievances were for disciplinary reasons; 56 of them were contract issues, and 15 of them were class actions. Mansfield has employees in every craft that testified here today. We have members of the APWU, the NALC, the Mail Handlers Union, and the Rural Union, in addition to having 18 supervisors.

So I think we could be considered a representative office of about 350 total employees. I do not consider 139 grievances to be excessive. When you have a new contract, you always have contract grievances, and when you have corrective action, you have disciplinary grievances.

I do believe that, as I stated in my testimony, there are offices that could be studied that do not have the problems that have been talked about.

Mr. MCHUGH. And if I may interrupt, has that ever been suggested to the Postal Service administration or has your organization ever thought about undertaking that kind of examination?

Mr. CINADR. I'm sure it has because we used to count grievances, and it used to be part of the merit system or the set system that we've had in the past, as managers and postmasters.

Mr. MCHUGH. Why was that system changed?

Mr. CINADR. And I think we'd be willing to undertake that study.

Mr. MCHUGH. Do you know why the system was changed? Why did they, whoever they are, decide not to——

Mr. CINADR. On grievances, as I stated, it could be just a change in the union or a change in the supervisor, and of course trying to establish yourself sometimes leads to numbers.

Mr. MCHUGH. No, I meant, why are they no longer counted?

Mr. CINADR. I just think the emphasis has changed to something that affects everybody, and that is the emphasis on safety and providing a safe work environment. But I think also that grievances certainly, as has been testified today, will play a more important part in our evaluation of how well we're doing in the future.

Basically, Congressman, I think it comes down to, as was testified earlier, remember where you came from, and that's the instructions I give to my supervisors. You were a craft employee one day. How did you want to be treated? And whether you were or weren't isn't really the question. It's a question of, how did you

want to be treated? You wanted to be treated with dignity and respect. And there is no one who is just a mail handler or just a clerk or just a carrier.

Mr. MCHUGH. I appreciate that.

Mr. Davis.

Mr. DAVIS. I have no further questions. I would like to thank the witnesses for their testimony, and I'd like to thank you for a very thorough hearing today. I think that information has surfaced which is going to be very helpful. I always take the position that there are no simple solutions; there are complex problems. And, obviously, labor relations are very complex, indeed, but I think that there is a window of opportunity and a sliver of hope, and I do believe that reasonable people can, in fact, work out solutions and arrive at direction. So I'm optimistic.

Mr. MCHUGH. Well, I thank the gentleman for his comments, and I particularly appreciate his efforts, very strong efforts, to be a part of this solution, rather than contributing to the problem. And I'm looking very much forward to working with him in the future in our continued efforts to be constructive.

I would say to our last three panelists, as we have said to the others, we have a number of questions that, with your permission and cooperation, we would like to submit, particularly with respect to some of the management program training initiatives and such, that if you could respond in writing, it would be very helpful to us. We, obviously, don't have the time to ask every question, and this has already been more than a 5-hour hearing, which has tried everyone's patience, but I hope has added somewhat to their body of knowledge. I know it's been very helpful to me, and I'm sure I speak for all the members of the subcommittee.

[Followup questions and responses follow:]

**American Postal Workers Union, AFL-CIO**

1300 L Street, NW, Washington, DC 20005

**Myke Reid**
Assistant Director
(202) 842-4211

March 12, 1998

**National Executive Board**
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President

William Burrus
Executive Vice President

Douglas C. Holbrook
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Greg Bell
Industrial Relations Director

Robert L. Tunstall
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**Regional Coordinators**
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Central Region

Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

Honorable John M. McHugh, Chairman
Subcommittee on the Postal Service
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20005

Dear Mr. Chairman:

Enclosed please find the answers to questions posed to us in writing following our appearance before the Subcommittee. If you have additional questions, or if I can be of further assistance, please feel free to contact me at your convenience.

Sincerely,

Myke

Myke Reid
Assistant Legislative Director

Enclosure

MR/krp
opeiu #2
afl-cio

## ANSWERS TO MCHUGH'S QUESTIONS

**1. In your comments on the GAO report, you discussed three agreements that had recently been reached with the postal service that related to (1) the grievance backlog, (2) a National Labor Relations Board alternative resolution dispute procedure, and (3) the implementation of an administrative dispute resolution procedure. Are you hopeful that these three agreements will attain their intended benefits? Please explain why or why not?**

Efforts to resolve grievance backlog:

A. The parties have agreed to a comprehensive approach to reduce the number of grievances filed, appealed and arbitrated. The initial initiative has been in place for a period of six months and while some progress has been made, the results have not lived up to expectations. Additional efforts are in their formulative stages but is to early to anticipate their effects.

The important aspect of the ongoing efforts is that there appears to be genuine concern regarding the number of disputes and the number unresolved requiring arbitration. The union and management representatives separately and jointly believe that the problems are manageable and can be resolved.

B. The National Labor Relations Board alternative resolution dispute procedure appears to be an effective approach to handling information requests and dispute arising from denials of requested information. Following the clarification of the process by instructions issued by USPS, the national union has not received a single complaint that the process was not fulfilling its intent. A meeting is scheduled with local presidents on March 3rd and extended discussions will occur on the effectiveness of the program.

C. The implementation of a dispute resolution procedure was intended to expeditiously resolve selected issues at the national level. The process has worked as intended but by design the number of issues referred to the process are extremely limited so there has been minimal impact upon the number of pending disputes not subject to the process.

**2. In comments on the GAO report, you discussed the postal service's management of outside contractors specifically as it relates to their outsourcing of priority mail and the Total Factor Productivity (TFP). Please explain.**

We specifically referred to the USPS's problems in managing and getting reasonable service from air carriers. The service failures of these carriers have substantially inhibited the bargaining units' progress in improving TFP.

**3. What are the reasons for the backlog of over 90,000 grievances and what specifically do you propose to reduce this backlog? Are current actions sufficient? If not, why not? What is being done to reduce 5 year arbitration backlog? How would you reduce this backlog?**

The backlog is the result of a breakdown of communications at the local level and the restructuring of the Postal Service that limited the authority of Labor Relations to insist upon compliance with the Collective Bargaining Agreement. At present, issues at the local level are only addressed through the grievance procedure resulting in a totally adversarial relationship. In addition, the grievance process that consist of 3 Steps for discussion followed by appeal to arbitration has been applied as no meaningful discussions at any of the preliminary steps. This first opportunity for meaningful discussion is immediately prior to arbitration to avoid the hearing date.

The backlog will only be reduced when the number of grievances entering the system is drastically reduced. This will require major modification of the behavior of management at the local level, involving discussions outside the grievance procedure to address problems and the application of the contract in those issues presented in the formal procedure. The management concept of processing, transporting and delivering mail within a defined budget must be modified to include "within the Collective Bargaining Agreement."

**4. Would you please provide us your opinions about the Postal Summit meeting that was held on October 29, 1997? To what extent did you believe that the meeting was helpful in your discussions with the postal service and the other unions and management associations on what actions are needed to address persistent labor-management relations problem?**

The Summit meeting was helpful in getting a sense of the overall business plans of the Postal Service. It did little, if anything, to change the overall labor relations climate. Indeed, that climate was worsened when the USPS pursued a number of vindictive investigations of APWU Local Presidents just as the summit began.

**5. What suggestions do you have that could help your organization reach consensus with the postal service on how to improve persistent labor management problems? Where do we go from here?**

APWU and the Postal Service continue to look for joint solutions to problems through the Postal Summit process. The principals continue to meet. A subcommittee continues work on reducing the grievance-arbitration backlog. During the next six weeks local union and management representatives from several locations will appear before the subcommittee and report their problems and views to the subcommittee. Each session should result in a site plan to improve relationships and joint problem solving. The subcommittee will monitor progress. In addition the subcommittee will design and test different grievance processes.

Bargaining for a new collective bargaining agreement will begin around September 1, 1998. This round of bargaining provides a great opportunity to improve relationships, fix any structural problems that cause or acerbate tensions, and codify any lessons learned from the summit process.

Labor relations managers are advisors to operations. As a result they become an obstacle to good relations. They act as liaison between operations and labor. This arrangement causes major problems. Operations management analyzes a problem, solves the problem, and when implementing the solution informs the labor relations department. Labor relations managers inform the unions. The concrete is dry. Any input at this point results in project delays and increased expense. Consequently, our concerns do not get fair consideration. Operations managers rarely show at meetings with the union. Labor relations people do not know the answers to our questions and have to get back with us later with answers. This is not a good way to do business. Fortunately, some senior vice presidents agree with us. Unfortunately, to date little has changed.

We will continue to insist that senior management and operations management meet with the union regularly. The management should include the union when considering problems (not just at the point of solution start-up). The Service should upgrade the role of labor relations managers from advisor to decision-maker or the Service should eliminate labor relations managers so we can deal with decision makers.

A postal management that seeks ideas from the union, empowers the workforce, and communicates its objectives to the workforce will quickly shed its authoritarian culture. This authoritarian culture is the root cause of most of our relationship problems.

**6. Currently, the board's of several government sponsored corporate entities have a statutorily designated representative of labor as a member of the board. The USPS Board of Governors has no such designated position. What is your reaction to proposals to incorporate a labor representative on the Board of Governors?**

I am not persuaded that labor representatives would be allowed to meaningfully participate in Board of Governors' decisions or that one representative could fairly represent postal labor's interests.

**7. What strategies are necessary to improve labor relations and employee satisfaction on the workroom floor, where, according to GAO, labor-management relations are the most adversarial?**

The strategies which have worked in the private sector have been (a) elimination of front line supervision, and (b) empowerment of local officials to reach binding agreements to resolve problems. The USPS is pursuing exactly the opposite approach. Hence, the present turmoil.

MR/krp
opeiu #2
afl-cio

# National Postal Mail Handlers Union

**William H. Quinn**
*National President*

**Mark A. Gardner**
*Secretary-Treasurer*

**Hardy Williams**
*Vice President*
*Central Region*

**Samuel C. D'Ambrosio**
*Vice President*
*Eastern Region*

**John F. Hegarty**
*Vice President*
*Northeastern Region*

**James C. Terrell**
*Vice President*
*Southern Region*

**Lou Kachenrther**
*Vice President*
*Western Region*

March 17, 1998

John H. McHugh, Chairman
Chaka Fattah, Ranking Minority Member
Subcommittee on the Postal Service
Committee on Government Reform and Oversight
U.S. House of Representatives
Room B-349C, Rayburn House Office Building
Washington DC 20515

Dear Chairman McHugh and Congressman Fattah:

I am writing in response to the Chairman's letter of January 23, 1998, which included several questions from Congressman Fattah.

For the most part, I believe that the general questions regarding labor-management problems between the U.S. Postal Service and its employees were answered during my testimony at the hearings on November 4, 1997. Two specific points are worth supplementing, however.

First, Congressman Fattah asks how application of the union-security provisions of the National Labor Relations Act to the Postal Service would improve labor-management relations. In brief, these union-security provisions would eliminate the tension created on the workroom floor by employees who do not pay for their fair share of the costs of union representation and would prevent management representatives from discriminating against union members or in favor of nonmember employees as a means of retaliating against union representation. It is common for postal supervisors to exploit differences amongst employees, and full application of union-security provisions to the Postal Service would eliminate one such difference.

Second, Congressman Fattah asks for the NPMHU's position with regard to labor representation on the USPS Board of Governors. In general terms, the Union supports such representation, although the details of any proposed representation would have to be analyzed before we provide further comments.

Once again, I appreciate the opportunity to respond to questions on behalf of the 60,000 mail handlers represented by the NPMHU.

Thank you for your attention to this matter.

Very truly yours,

William H. Quinn

William H. Quinn
National President

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**NATIONAL RURAL LETTER CARRIERS' ASSOCIATION**

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April 7, 1998

Congressman John M. McHugh, Chairman
Subcommittee on the Postal Service
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Mr. Chairman:

I am enclosing the National Rural Letter Carriers' response to labor management questions which were not addressed at the hearing on November 4, 1997.

I hope that you will find the responses adequate and informative. Thank you.

Sincerely,

Steven R. Smith
President

# Steve Smith Pres. NRLCA responses

1) Meritorious grievances are those where a contract violation can be clearly shown. We encourage our members to file only those type of grievances, because NRLCA and our State organizations refuse to process grievances without merit. Let me give you an example. A carrier files a step one grievance because she always came into the Post Office at 6:00 am and the Postmaster says she must now come in at 7:00 am because the mail is not ready at 6:00 am due to automation. The carrier says some of the mail maybe 25% is ready at 6:00 am. The State RLCA official would inform the carrier that a provision of the 603 states that management doesn't have to schedule until 80% of the mail is ready to be processed.. NRLCA would withdraw the grievance, because it has no merit.
   The number of grievances has gone down. From July 1, 1995 thru June 30, 1996 NRLCA had 464 contractual & 379 disciplinary grievances for a total of 843. From July 1, 1996 thru June 30, 1997 NRLCA had 270 contractual & 310 disciplinary grievances for a total of 580.
2) Any time there is an opportunity for dialogue among all of the involved parties it is a constructive thing. It was fortuitous that the Summit occurred just before the congressional oversight hearing. It enabled the participants to voice their concerns in a private facilitated forum before a more constrained public hearing. The meeting did not resolve all of the outstanding issues, but provided an avenue to follow for future meetings involving all the organizations. If all the groups will continue to participate, the FMCS may be the catalyst to resolve some of our most difficult issues.
   The USPS managers need to understand that top management regards the reduction of grievances as an important measurement of success. Currently, grievances are not in the items measured to determine success of managers. NRLCA believes if it was an item in a managers evaluation you would see a reduction in numbers of grievances.
3) We believe question 2) answers this question also.
4) NRLCA is supportive of a proposal to incorporate a labor representative on the U.S. Postal Service Board of Governors. We believe it must be done in a fair manner. So we would propose that the following stipulations should be included. If all of the Postal Labor unions shall agree upon a single candidate then that individual shall be the designee nominated by the White House. However, if there shall not be unanimity then the Labor representative designee shall rotate equally among the Postal Labor unions in two year terms.
5) Provisions must be made to address situations in an office where disputes arise. We should not wait for a calamity to occur, but should be aware of offices where there is workroom floor conflict. Such conflicts may not rise even to the hostile environment level, but must be addressed seriously at a preliminary stage. Alternate Dispute Resolution ADR is a technique that may be very well suited for very small offices, that currently are a unpleasant place to come to work. We are proposing identifying and reducing tension levels before they escalate out of control.

NATIONAL LEAGUE OF POSTMASTERS
OF THE UNITED STATES

*Joseph W. Cinadr,* Executive Vice President • Postmaster • Mansfield, OH 44901-9998 • Telephone: (419) 755-4662

February 5, 1998

Mr. John M. McHugh, Chairman
Subcommittee on the Postal Service
House of Representatives
Committee on Government Reform and Oversight
2157 Rayburn House Office Bldg.
Washington DC 20515-6143

Dear Mr. McHugh,

I offer the following responses to the questions submitted by the Ranking Minority Member of your subcommittee:

1. Approximately seven meetings were held in 1996 to discuss changes to the Postal Service's EVA (Economic Value Added) proposal. We were unable to reach any agreement due to the fact that the Postal Service continued to refuse to include FLSA non-exempt Postmasters in the EVA process. Over 60% of our Postmasters and members are FLSA non-exempt. The $500 payment to non-exempt Postmasters was only made after personal written correspondence was sent to the Postmaster General, the Board of Governors and Senior postal managers. A-E level Postmasters were still excluded.
There have been no pay meetings or discussions yet this year.
An EEOC Administrative Judge in Washington DC is reviewing our class action cases to determine certification. All pleas have been submitted. I understand the length of time involved is normal.

2. I believe the improvement most desired would be a better perception of appreciation and recognition for Postmasters, which could be accomplished by including *all* Postmasters in EVA. They should know they are part of the Management Team. We are handling most other issues internally.

3. It was an important first step. The next steps would be for the subgroups to continue meeting and pursue the goals established at the Summit.

4. I believe the Participative Management Process (PMP) was very useful. It was used in Wyoming and California to resolve serious issues. Leadership Sharing in the Southwest Area has enjoyed similar success since 1989.
I believe an evaluated city route system would resolve many of our present problems with grievances, productivity, and overtime. Rural carriers are our most satisfied group of employees. We need to remove the daily disagreements over work load and time allowances that exist with the city carrier craft.

5. A true consultative process that discusses mutual subjects before decisions are made - a real partnership not an adversarial relationship. Equal EVA participation should be based on the same percentage of basic salary. Restoring Convention Leave and Administrative Leave for elected management association officers would help replace the negative relationship of the past three years with a positive win-win relationship.

Thank-you for this opportunity.

Joseph W. Cinadr, Postmaster
Executive Vice-President
National League of Postmasters
200 N. Diamond St.
Mansfield OH 44901-9998

cc file

# NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

*National Headquarters*
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February 9, 1998

The Honorable John M. McHugh
Chairman, Subcommittee on the Postal Service
U. S. House of Representatives
2157 Rayburn House Office Bldg
Washington DC 20515-6143

Dear Congressman McHugh:

This responds to your recent letter requesting answers to questions received from the ranking minority member of your subcommittee.

Misconduct by supervisors is usually controlled by the immediate manager. Additionally, instances of misconduct may be reported to the manager or postmaster by customers or craft employees.

I am attaching a copy of the American Postal Workers Union (APWU) newsletter that encourages craft employees to report supervisors they consider to be abusive. The names of the accused are then published in the union newsletter, without their having any opportunity to explain themselves, and without the benefit of any investigation. I am totally against this approach and have asked the APWU to cease this practice because it does not help relations on the workroom floor. So far, the APWU has ignored our request. Please keep in mind that a great number of supervisors and managers are perceived by the craft as being abusive when the subordinate employees are asked to improve their performance, attendance, etc. Additionally, supervisors are sometimes considered abusive when they take disciplinary action against craft employees.

The summit of October 29, 1997, was a good initial step towards the different groups getting to know each other better and respecting each other's viewpoints. All negative opinions expressed were precursors to the more constructive conversation that we hope will follow.

As for what the next steps should be, the unions and USPS top management are still discussing changes in arbitration and grievance procedures.

However, they have not invited the management associations to participate in any manner or comment on the procedures. If this continues, the summit concept is compromised because it is no longer a joint effort. Therefore, the next step would be to proceed with improvements together, as first visualized.

The GAO report did not include a program to strengthen the position of the first line supervisor. Our organization believes that a major step toward success lies in the training and support of the first-line supervisor, who must deal not only with craft employees below him, but also with managers above. This training must involve all supervisors and managers in an entire unit and have the full support of upper management. It should include training in communications, motivation, conflict resolution and contract administration.

The first line supervisor must also be trained to push back at upper management when asked to perform more than is reasonably possible, when asked to violate union contracts or when counter-productive tactics are used against the supervisor. Supervisors must be allowed to take full control of their units and make decisions for which they will be held accountable. A reasonable amount of latitude must exist here, so that they enjoy a degree of freedom to implement changes to improve the operation. Supervisors and managers can then be held accountable for the treatment of people and contract compliance, including compliance with agreements made between the USPS and the management associations.

Craft employees should be held accountable for the successful completion of their assigned duties, and it should be reasonable to expect that they be regular in attendance.

Thank you for the opportunity to comment and for your continued interest.

Sincerely,

Vince

Vincent Palladino
President

1 Attachment

Copy to: Mr. Dave Cybulski, Mgr., USPS
Management Assn. Relations

VP/rf

VIEWPOINT

# EXPOSE Continues To Identify Alleged Abusers

*In response to my request for the names of supervisors who have allegedly abused postal employees, I am receiving 100 or more responses each week which describe events of alleged abuse. Included among the more serious are these accusations/allegations: that a supervisor assaulted an employee by striking him with a brick; that supervisors in a number of circumstances physically attacked employees; that a host of supervisors verbally attacked employees on a constant basis; and that a few supervisors/managers have a history in the community of violent behavior that has carried over to the workfloor.*

*Among the most blatant of the examples given is a supervisor/manager in the Northwest who has left a trail of alleged abusive behavior in every postal facility where he has been employed. This former union steward is alleged to have become a terror as a manager by no less than 15 employees who communicated with my office seeking assistance.*

*Each of these allegations must be addressed and, if found to be true, corrected. My goal is to ensure that appropriate investigations are conducted, and that appropriate action is taken.*

***Management Abuse Is Abuse of Authority***

*In reports on supervisors/managers who have been identified as alleged abusers, their responses range from embarrassment to an effort at correction to total belligerence and threats of retaliation against employees who identified them. A few of those identified found the allegations humorous, and have worn the badge of alleged abuse as a badge of honor. I do not share their humor; supervisor/manager abuse is more serious than employee abuse because it is protected by the badge of authority.*

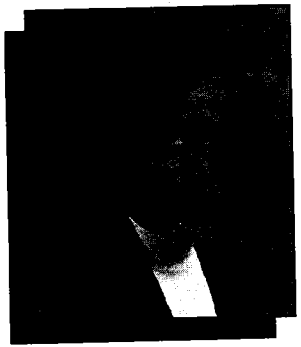
*It is management's obligation to ensure that employees are not subjected to abuse under any circumstances, and the responsibility rests with the postmaster general, the chie operations officer, area managers an district managers. (I have omitted Labor Relations officials as they have been stripped of authority and are now limited to defending discipline o bargaining-unit employees.) Those responsible officials must establish a tone and tenor that abuse is never humorous, cannot be ignored and w not be tolerated by supervisors, man agers, postmasters or employees.*

***More Than Discussions Are Needed***

*In meetings with the postmaster general, I have been informed that discussions have transpired with are managers in an effort to sensitize them to employee allegations of abuse at the hands of supervisors and postal managers. While open discussion of this most pressing issue is welcomed, it is but one sma step toward the ultimate objective o impartial investigations.*

*A meeting has been scheduled*

# BY WILLIAM BURRUS



*between the APWU regional coordinators, the USPS area managers and me this month and the subject of allegations of abusive supervisors/managers is high on my list of items to be discussed. From the reports that have been pouring into my office on a daily basis, this has the appearance of an epidemic within the postal culture. It appears that expressed limits have not been placed on the behavior of supervisors/managers and far too many feel secure in their behavior.*

### The Only Answer Is Corrective Action

*We recognize that there are thousands of supervisors/managers/postmasters who afford employees and postal customers the dignity and respect that everyone is entitled to, and every manager should not be painted with a broad brush of abuse. Most are not deserving of such accusations.*

*But the small percentage who do engage in such reprehensible activity must correct their behavior. No matter what the obstacles may be, I am committed to sensitizing the officials in charge to ensure that corrective action is taken. Postal employees are compensated for work performed, not for withstanding abuse.*

### Contractual Violation Remedies

*In a recent issue of the* **News Service** *bulletin, I announced resolution of the dispute over the Postal Service declaration of an "emergency" during the UPS strike and the subsequent contractual violations. Initially, management professed an inherent right to violate our contract without remedy under the umbrella of an "emergency." Their stated position was that the UPS strike constituted an emergency and in those circumstances they were entitled under the contract's "management rights" to do whatever was necessary to move the mail.*

*It is the union's position that the provisions of the contract must be adhered to at all times—including in an emergency. We maintain that if the employer wishes to have emergency exceptions, it is incumbent upon them to negotiate such provisions in the National Agreement.*

*We have not resolved the issue of management's right to violate the contract under an emergency. However, during discussion of the grievance, management grudgingly admitted that the contractual violations must be remedied—and a settlement (see box below) was reached on those violations. The issue of management's right to knowingly violate the contract is pending in the grievance procedure and, if not resolved, will be appealed to arbitration.*

*Instructions were previously issued to employees and local unions to initiate grievances protesting contractual violations stemming from the declared postal emergency and, if the grievances were not resolved, to hold them at step 2 of the grievance procedure. Some locals were successful in resolving the grievances at step 1 or 2, so the national settlement will have no effect and cannot be cited against grievances that have been closed. But for those locals that were unable to resolve the grievances, the national settlement should be applied to all pending grievances relating to the UPS strike.*

Mr. MCHUGH. So, gentlemen, thank you for all you do.

And with that, we will call the hearing to be adjourned.

[Whereupon, at 3:25 p.m., the subcommittee adjourned subject to the call of the Chair.]

○