



**STATEMENT OF
JAMES C. MILLER III, MEMBER
BOARD OF GOVERNORS
U.S. POSTAL SERVICE
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
APRIL 5, 2011**

Mr. Chairman and Members of the Committee, thank you for holding this hearing into the U.S. Postal Service's fiscal crisis – and in particular, the sustainability of its outlays for workforce compensation.

I am but one member of the Postal Service's Board of Governors. Governor Giuliano, the Board's elected chairman, who is here today, speaks for the Board as a whole. To the extent any of my remarks differ from those of the Chairman's, they are my personal views and should not be attributed to the Board or to any other Governor.

As you may know, Mr. Chairman, the Board works in a very collegial fashion. Currently there are four Democrats, four Republicans, and one vacancy on the Board. These Governors were all nominated by either President George W. Bush or by President Barack Obama and confirmed by the U.S. Senate. But it is not a partisan organization, as our focus is on directing the operations of one of the nation's largest enterprises – and doing our very best, pursuant to law, to serve the American people.

Also, as you may know, Mr. Chairman, over the past several years the Board has focused like a laser beam on the Postal Service's increasingly dire outlook and what to do about it. A little over a year ago, after much discussion and debate, the Board authorized Postmaster General Jack Potter to announce a comprehensive strategic plan designed to restore the Postal Service to profitability. That plan envisioned measures the Postal Service could take on its own initiative, and others that require Congressional/Presidential action.

As Postmaster General Donahoe will describe, we have taken remarkable steps to cut costs – by trimming facilities, by reducing layers of management, and by economizing in other dimensions. We've also taken steps to strengthen our revenue base – by improving services and by acquiring more clients.

But other initiatives require Congressional (and Presidential) action, Mr. Chairman, and I hope this hearing will elucidate some of them. In particular, with respect to workforce compensation I am aware that some Members of the Committee have expressed disappointment with the agreement the Postal Service recently concluded with the American Postal Workers Union.

Let me say that I, too, am disappointed that we did not accomplish more in the negotiations. As everyone involved will confirm, the Postal Service bargained long and hard to achieve more. The reason we did not get more, and the reason we agreed in the end to the contract now out for ratification by the rank and file is that the current law governing our labor negotiations is biased against management and in favor of labor.

As you know, in the event of an impasse in any negotiation, the matter goes to arbitration. The history of arbitration in our case is one where labor wins and management loses. The unions know that, and we know that. Consequently, we did the best we could. If you agree that we need a stronger hand in negotiations, you can help make that happen, and I hope you will look favorably on such a prospect.

Mr. Chairman, with your permission, I ask that a paper I delivered to an academic audience last November be included in the record as an extension of my direct statement. It was given at the Southern Economic Convention in Atlanta, at a session in memory of Professor Roger Sherman, who followed postal issues with interest and care over many years.

Mr. Chairman, that concludes my statement. I shall be happy to address any questions you and other Members of the Committee might have.

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