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U.S. POSTAL SERVICE

LITTLE PROGRESS MADE  
IN ADDRESSING  
PERSISTENT  
LABOR-MANAGEMENT  
PROBLEMS

Statement of Bernard L. Ungar  
Director, Government Business  
Operations Issues



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# U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems

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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

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**Summary**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

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sustain lasting improvements in the postal work environment may be difficult to achieve.

# U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our report<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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 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

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

<sup>2</sup>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).

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

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**Statement**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

---

which the Service was using a third party to serve as a facilitator in labor-management discussions, which we recommended in our 1994 report.

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**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 these problems in more detail.

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**Statement**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

---

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.<sup>4</sup> The issues at stake were similar to those raised in 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.<sup>5</sup> 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 in fiscal year 1994 to 69,555 in fiscal year 1996, an increase of approximately 90 percent.<sup>6</sup> 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

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<sup>4</sup>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 able to negotiate contracts without arbitration.

<sup>5</sup>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."

<sup>6</sup>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.

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**Statement**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

---

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 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.



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## **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.<sup>7</sup>
- **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

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<sup>7</sup>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.

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**Statement**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

---

September 1996) on Delivery Redesign, have not endorsed the testing of the 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.

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**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.

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**Statement  
U.S. Postal Service: Little Progress Made in  
Addressing Persistent Labor-Management  
Problems**

---

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.<sup>8</sup>

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<sup>8</sup>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.

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**Statement**  
**U.S. Postal Service: Little Progress Made in**  
**Addressing Persistent Labor-Management**  
**Problems**

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**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 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.

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