

GAO

Report to the Chairman, Subcommittee
on the Postal Service, Committee on
Government Reform and Oversight
House of Representatives

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U.S. POSTAL SERVICE

Little Progress Made in Addressing Persistent Labor-Management Problems





United States
General Accounting Office
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General Government Division

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

Dear Mr. Chairman:

This report responds to your request that we review the Postal Service's efforts to improve employee working conditions and the overall performance of the Service. These efforts, referred to in this report as initiatives, reflect the Service's attempts to try to enhance its working environment. This report provides updated information related to our September 1994 report¹ in which we described the existence of various labor-management relations² problems in the Postal Service and made recommendations for addressing such problems and improving the adversarial nature of postal labor-management relations. Our objectives in this report were to (1) determine the status and results of the Postal Service's efforts in improving various labor-management relations problems identified in our 1994 report, including how the Service implemented specific improvement initiatives; and (2) identify approaches that could help the Service and its four labor unions and three management associations achieve consensus on how to deal with the problems we discussed in our 1994 report.

Results in Brief

Since our report was issued 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. These problems have generally contributed to a sometimes contentious work environment and lower productivity for the Postal Service. Also, the number of employee grievances not settled at the first 2 steps of the grievance process has increased from around 65,000 in fiscal year 1994 to almost 90,000 in fiscal year 1996. These problems

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

²"Labor-management relations" as used in this report is a broad term encompassing relations between postal managers/supervisors and employees as well as the traditional meaning of relations between management and labor unions.

continue to plague the Service in part because the parties involved, including the Service, the four major labor unions, and the three management associations, cannot agree on common approaches for addressing the problems. This inability to reach agreement has prevented the Service and the other seven organizations from implementing our recommendation to develop a framework agreement that would outline common objectives and strategies for addressing labor-management relations problems and improving the postal workroom climate.

Since 1994, the Service and its unions and management associations have tried to improve the climate of the postal workplace by implementing specific improvement initiatives, such as programs for selecting and training new postal supervisors and planning the redesign of mail delivery routes for city letter carriers. Many postal, union, and management association officials told us that they believed some of these initiatives held promise for making a positive difference in the labor-management climate. However, our review of specific improvement initiatives showed that although some actions had been taken to implement certain initiatives, little information was available to measure their results. In some instances, the initiatives were only recently piloted or implemented, and some had been discontinued. In other instances, although postal and union officials agreed that improvements were needed, they disagreed on approaches for implementing specific initiatives. Generally, these disagreements have made it difficult for the Service and its unions and management associations to move forward and work together to ensure that the initiatives' intended improvements could be achieved.

Improving labor-management relations at the Postal Service has been, and continues to be, an enormous challenge and a major concern for the Postal Service and its unions and management associations. With the significant future challenges it faces to compete in a fast-moving communications marketplace, the Service can ill afford to be burdened with long-standing labor-management relations problems. We believe that in order for any improvement efforts to achieve their maximum intended benefits, it is important for the affected parties to agree on common approaches for addressing labor-management relations problems. During our review, we identified some approaches that could help the Postal Service and its unions and management associations reach consensus on strategies for resolving such problems. Although we recognize that achieving consensus does not come quickly or easily, we believe that continued disagreements on approaches for improving the postal working environment without

some effort to achieve common ground may lead to escalating workplace difficulties and hamper efforts to achieve desired improvements.

Background

The Postal Service is the nation's largest civilian employer with approximately 861,000 employees as of the end of fiscal year 1996, most of whom process and deliver mail and provide postal products and services to customers, such as selling stamps and shipping parcels. According to the Service's database, the total number of postal employees has increased from about 818,000 employees at the end of fiscal year 1993 to about 861,000 employees at the end of fiscal year 1996, an increase of about 5 percent. As shown in table 1, of the approximately 861,000 postal employees, 86 percent were career employees and 14 percent were noncareer employees.³

³Generally, the Service has defined career employees as persons who have permanent work appointments and include such employees as clerks, postmasters, mail handlers, and city and rural letter carriers. Noncareer employees are those persons who have limited-term work appointments and include such employees as some data conversion operators who work at postal remote encoding centers and substitutes for rural carriers.

Table 1: Composition of Postal Service Workforce at the End of Fiscal Year 1996

Employee functions	Total number of paid employees	Percent of total workforce
Headquarters and area offices employees ^a	11,887	1.4
Postmasters, general managers, and installation heads	26,403	3.1
Supervisors and managers	35,035	4.1
Professional, administrative, and technical personnel	10,966	1.3
Clerks and nurses	269,916	31.3
Mail handlers	56,182	6.5
City carriers	233,964	27.2
Special delivery messengers	1,419	.2
Motor vehicle operators	8,175	.9
Rural carriers/full-time	47,738	5.5
Maintenance workers	43,277	5.0
Total career employees	744,962	86.5
Casuals ^b	22,705	2.6
Transitional employees ^c	31,964	3.7
Nonbargaining temporary employees	594	.1
Substitutes for rural carriers	49,730	5.8
Postmaster relief/leave replacements	11,446	1.3
Total noncareer employees	116,439	13.5
Total	861,401	100.0

^aThis category includes employees who work in postal headquarters, at area offices in the field, and at the Service's training facilities. The work of these employees includes such administrative functions as training, investigations, personnel matters, accounting, and marketing.

^bCasuals are noncareer employees with limited-term appointments who supplement the work of the career workforce. For example, casuals may be temporarily hired as clerks to perform postal work during the Christmas season.

^cTransitional employees are noncareer, bargaining unit employees used to fill vacated assignments, such as assignments due to be eliminated as a result of automation. The terms of appointment for these employees cannot exceed 359 calendar days for each appointment.

Source: Postal Service On-Rolls and Paid Employee Statistics National Summary, Accounting Period 13, Postal Fiscal Year 1996.

Most postal employees were represented by four labor unions and were called "bargaining unit" or "craft" employees. As shown in table 2, the four unions that represented the interests of most bargaining unit employees included (1) the American Postal Workers Union (APWU), (2) the National Association of Letter Carriers (NALC), (3) the National Postal Mail Handlers

Union (Mail Handlers), and (4) the National Rural Letter Carriers' Association (Rural Carriers). The two largest unions are APWU and NALC. Although union membership is voluntary, approximately 80 percent of those represented by the four major unions have joined and pay dues.⁴

Table 2: Organizations Representing Career Bargaining Employees as of September 1996

Organizations and employee functions^a	Number of employees^b	Percent
American Postal Workers Union, AFL-CIO, (APWU) represents clerks, maintenance workers, special delivery messengers, and motor vehicle operators.	322,599	49
National Association of Letter Carriers, AFL-CIO, (NALC) represents city letter carriers.	233,964	35
National Postal Mail Handlers Union (Mail Handlers), a division of the Laborers' International Union of North America, AFL-CIO, represents mail handlers.	56,182	9
National Rural Letter Carriers' Association (Rural Carriers) represents rural carriers.	47,738	7
Total	660,483	100

^aIn addition to the four major labor unions, two other unions represent specific craft employees. According to a postal official, the 2 unions include the D.C. Nurses Association (188 nurses) and the Federation of Postal Police Officers (1,432 officers), which together represent less than 1 percent of the Postal Service's workforce.

^bThe number of employees shown is the number of career craft employees represented and not the number of union members. Also, these 4 unions represented a total of 81,694 noncareer employees, including transitional employees and substitutes for rural carriers. These employees are not included in the table.

Source: Postal Service On-Rolls and Paid Employee Statistics National Summary, Accounting Period 13, Postal Fiscal Year 1996.

Also, within the Postal Service, supervisors, postmasters, and other managerial nonbargaining personnel are represented by three management associations, including (1) the National Association of Postal Supervisors (NAPS), (2) the National Association of Postmasters of the United States (NAPUS), and (3) the National League of Postmasters (the League). Unlike craft unions, management associations cannot bargain with postal management. However, the Postal Service is required under the Postal Reorganization Act (PRA) of 1970 to consult with and recognize these associations. NAPS represents all supervisors and lower level managers, except those at headquarters and area offices, for a total of

⁴In response to a comment by the Mail Handlers union, we obtained estimated figures from union officials on employees who had joined and paid dues to each of the four labor unions. The officials estimated the following percentages of union members who had paid dues as of September 1996: 81 percent for APWU, 83 percent for Rural Carriers, 85 percent for Mail Handlers, and 92 percent for NALC.

about 35,000 employees as of the end of fiscal year 1996. Also, as of the end of fiscal year 1996, approximately 26,000 postmasters and installation heads were represented by NAPUS and the League. Since 1970, many postmasters have belonged to both organizations, which address issues of interest to all postmasters.

In September 1994, we reported that various labor-management relations problems persisted on the workroom floor of postal facilities. We found that such problems were long-standing and had multiple causes that were related to adversarial employee, management, and union attitudes; autocratic management styles; and inappropriate and inadequate performance management systems. In part, these problems were identified through our analysis of the results of an employee opinion survey administered by the Service in 1992 and 1993, in which employees expressed their opinions about its strengths and shortcomings as an employer.⁵ Generally, craft employees believed that managers and supervisors did not treat employees with respect or dignity and that the organization was insensitive to individual needs and concerns. The concerns of supervisors and craft employees who worked in mail processing plants focused mainly on (1) the insensitive treatment of employees who were late or absent from work; (2) the lack of employee participation in decisions affecting their work; and (3) the perception that some employees were not held accountable for their performance, leading to perceptions of disparate treatment. Also, managers, supervisors, and craft employees expressed dissatisfaction with the Service's performance management and recognition and reward systems because they generally believed that (1) performing their jobs well just got them more work, (2) high levels of performance were not adequately recognized or rewarded, and (3) poor performance was too often tolerated.

In 1994, we reported that these problems had not been adequately dealt with, mainly because labor and postal management leadership at the national and local levels were unable to work together to find solutions. We also reported that the effects of such problems were multiple and included poor quality of work life for postal employees and higher mail processing and delivery costs for the Postal Service.

Furthermore, in our 1994 report, we stated that despite the efforts of the Service and its major labor unions and management associations, attempts to improve labor-management relations on the workroom floor had met

⁵The survey involved mailing a questionnaire to all postal employees to determine their satisfaction on 12 performance dimensions, such as employee treatment and participation.

with limited success. We recommended in the report that the Service take various actions to try to improve employees' working conditions and its overall performance. Generally, the recommendations involved some of the following provisions.

- Improve labor-management cooperation by having the Service, the four unions, and three management associations develop and sign a long-term (at least 10 years) framework agreement that would establish the overall objectives and approaches for demonstrating improvements in the workplace climate. Also, to help ensure that such an agreement can be reached in a timely manner, consider arranging for outside assistance to learn alternative negotiation techniques that could help resolve disputes outside of binding arbitration.
- Improve the workplace environment by training supervisors to promote teamwork, recognize and reward good performance, and deal effectively with poor performers; and by training employees in team participation efforts that are focused on serving the customer through the continuous improvement of unit operations.
- Establish employee incentives by recognizing and rewarding employees and work units on the basis of performance.
- Improve mail processing and delivery operations by testing various approaches for improving working relations, operations, and service quality and evaluating the results of such tests.

Objectives, Scope, and Methodology

The objectives of our review were to (1) determine the status and results of the Postal Service's progress in improving various labor-management relations problems identified in our 1994 report, including how the Service implemented 10 specific improvement initiatives; and (2) identify any approaches that could help the Service and its unions and management associations achieve consensus on how to deal with the problems we discussed in our 1994 report.

To identify the improvement initiatives mentioned in the first objective, we reviewed various GAO and postal documents, including our 1994 report, the unions' collective bargaining agreements, and documents prepared by the Service that described the goals and results of specific improvement initiatives. Using this information, we developed a list of 32 initiatives that the Service, the 4 labor unions, and 3 management associations had piloted or implemented to try to improve the postal workplace environment.

Given time and resource limitations, we determined that detailed follow-up on all 32 initiatives would be impractical. Thus, starting with the list of 32 initiatives, we established criteria that we believed could help us select specific initiatives from the list that warranted additional followup to determine their status and results. Generally, such criteria were based on (1) the results of discussions on the 32 initiatives with the Postal Service and its unions and management associations, and (2) the extent to which we determined that various initiatives had the potential to address the recommendations in our 1994 report.

We discussed the list of 32 initiatives with officials who represented the Service and its unions and management associations to ensure that we had (1) appropriately identified all the initiatives that should be included on our list, and (2) described the initiatives as thoroughly and accurately as possible. The Service and the unions and management associations generally agreed that our list of 32 initiatives included all known postal improvement efforts that had been piloted or implemented. Also, these organizations provided us with additional comments and perspective on the descriptions of specific initiatives.

We reviewed the recommendations in our 1994 report to determine the extent to which the 32 initiatives had the potential to address the recommendations. Using the information about the initiatives that we obtained from our discussions with the Postal Service, the unions, and the management associations, we focused our work efforts on 10 of the 32 initiatives that in our judgment appeared to have significant potential to address some of the Service's labor-management relations problems that we identified, such as the difficulties experienced by supervisors and employees on the workroom floors of various postal facilities.

To determine the status and results of the 10 initiatives, we visited the national Postal Service headquarters in Washington, D.C., where we interviewed key postal officials who were responsible for establishing, implementing, and monitoring various labor-management improvement initiatives. These officials included the Vice-Presidents responsible for Labor Relations, Human Resources, and Quality. We also interviewed program officials in these offices to obtain more detailed information on the goals and results of specific initiatives.

Furthermore, to obtain information on status and results from officials involved in implementing the 10 initiatives, we spoke with various postal field officials in 4 area offices—the Mid-Atlantic, Northeast, Southwest,

and Western areas. These locations were selected because various initiatives had recently been piloted or implemented in these areas. Also, our staff from the Dallas and Denver regional offices were available to visit these areas and discuss such initiatives in person with responsible postal officials. At these locations, we interviewed the officials who were most knowledgeable about labor-management relations activities in the area offices, including the area vice-presidents, the managers for human resources, and labor relations specialists. Also, within the four areas, we interviewed postal officials responsible for (1) processing and delivering mail, which included the managers of processing and distribution plants and managers of remote encoding centers (RECS);⁶ and (2) providing services to postal customers, which included district office managers. These officials were close to the activities performed on the workroom floor of postal facilities, which is where the labor-management relations problems that we identified in our 1994 report had become evident.

In addition, to address the first objective, we interviewed various union and management association representatives, including national leaders located in the Washington, D.C., area and local representatives in the four area offices we visited. We interviewed these officials to gain their views and insights on (1) the reasons for the persistence of various labor-management relations problems; and (2) the Service's efforts to implement the 10 improvement initiatives, some of which were intended to address such problems. At the national level, we spoke with the presidents of APWU and NALC as well as the presidents of the Mail Handlers and Rural Carriers unions. In addition, we interviewed the presidents of NAPS, NAPUS, and the League. At the local level, we interviewed various union representatives, including national business agents responsible for union activities in the states covered by the four area offices, local union presidents, and shop stewards. We also spoke with local representatives of the three management associations.

As mentioned in the first objective, to determine the overall extent to which the Postal Service and its unions and management associations had progressed in addressing persistent labor-management relations problems, we obtained information on various events that had occurred since the issuance of our 1994 report. Specifically, this information included (1) the results of the most recent contract negotiations between the Service and each of the four major labor unions; (2) data related to postal employee grievances; and (3) efforts by the Service and the unions and management

⁶Postal remote encoding centers (RECs) are installations responsible for barcoding mail that cannot be read by the Service's automated mail processing equipment.

associations to address the recommendations in our 1994 report, such as the Postmaster General's (PMG) invitation to the other seven organizations to attend a labor-management relations summit meeting and the implementation of various improvement initiatives, including their status and results.

To address the second objective, we monitored congressional activities that occurred since the issuance of our 1994 report, including the annual oversight hearings on the Postal Service's operations required by PRA. In addition, we reviewed pending legislation intended to reform postal laws that was developed by the Chairman of the Subcommittee on the Postal Service, House Committee on Government Reform and Oversight, and introduced in June 1996, and again in January 1997 as H.R. 22. We also reviewed the sections of the Government Performance and Results Act of 1993 (referred to as the Results Act) related to the Postal Service, as well as GAO and congressional documents that provided guidance on implementing the requirements of the Results Act. Finally, to obtain more information on how the Service was using a third party to serve as a facilitator in labor-management discussions as was recommended in our 1994 report, we interviewed the Director of the Federal Mediation and Conciliation Service (FMCS).

We requested comments on a draft of this report from the PMG; the presidents of the four labor unions (APWU, NALC, Mail Handlers, and Rural Carriers) and the three management associations (NAPS, NAPUS, and the League); and the Director of FMCS. Of the nine organizations from which we requested comments, six provided written comments, including the Service, the four unions, and one of the three management associations (the League). These written comments are reprinted in appendixes II through VII. The remaining three organizations—FMCS, NAPS, and NAPUS—provided oral comments. The comments are discussed in appropriate sections throughout the report and at the end of the report. We conducted our review from June 1996 through May 1997 in accordance with generally accepted government auditing standards.

Little Progress Has Been Made in Improving Labor-Management Relations Problems

Since our 1994 report was issued, the Postal Service and its unions and management associations have made little progress in improving long-standing labor-management relations problems. These problems have generally contributed to a sometimes contentious work environment and lower productivity. Such problems may make it more difficult for these

organizations to work together to improve the Service's performance so that it can remain competitive in a dynamic communications market.

According to Postal Service information, in fiscal years 1995 and 1996, the Service improved its overall financial performance as well as its mail delivery services, particularly in the delivery time of overnight First-Class Mail. For example, in fiscal year 1996, the Service reported a net income of about \$1.6 billion, which was second highest only to its fiscal year 1995 net income of about \$1.8 billion. The Service believed that in large part, improved control over its expenses, including savings from automation efficiencies and a restructuring and refinancing of its long-term debt, contributed to the increased income. In addition, the Service reported that its national average of on-time delivery of overnight First-Class Mail reached an all-time high of 89 percent for fiscal year 1996 compared to 86 percent for fiscal year 1995.⁷

Although the Service had made financial and First-Class Mail delivery improvements, other data indicated that in some areas, its performance had not improved. For example, the rate of change in the Service's overall productivity, known as total factor productivity (TFP), has decreased in each of the last 3 fiscal years. TFP includes various performance indicators, such as usage rates of automated mail processing equipment, the growth in the overall postal delivery network, the development of postal facilities, and changes in presorted and prebarcoded mail volumes. Additionally, for fiscal year 1996, the on-time delivery of 2-day and 3-day mail—at 79 and 80 percent, respectively—did not score as high as overnight delivery. Such performance has raised a concern among some postal customers that the Service's emphasis on overnight delivery is at the expense of 2-day and 3-day mail. Also, although its mail volume continues to grow, the Service is concerned that customers increasingly are turning to its competitors or alternative communications methods. In 1996, mail volume increased by about one-half of the anticipated increase in volume. As discussed in our 1994 report, the Service recognized that it must focus on improving customer satisfaction to enhance revenue and retain market share. Also, the Service recognized that in all likelihood, customers will not remain satisfied in an environment where persistent labor-management relations problems continue to cause employee dissatisfaction.

⁷The Postal Service currently uses a measurement known as the External First-Class Measurement System (EXFC) as a means of indicating how well it is serving customers. The quarterly EXFC, administered by Price Waterhouse, measures the delivery time of First-Class Mail from deposit to delivery (collection box to mail slot).

Our recent work has shown little progress within the last few years on addressing long-standing labor-management relations problems, and the sometimes adversarial relationships between postal management and union leadership at the national and local levels have persisted. These relationships have generally been characterized by (1) a continued reliance by three of the four unions on arbitration to settle their contract negotiation impasses with the Service, (2) a significant rise not only in the number of grievances that have been appealed to higher levels but also in the number of grievances awaiting arbitration, and (3) the inability of the Service and the other seven organizations to convene a labor-management relations summit to discuss problems and explore solutions. Various postal, union, and management association officials whom we interviewed said that the problems persist primarily because the leaders of these organizations have been unable to agree on common approaches to solving the problems. As a result, our 1994 recommendation for establishing a framework agreement of common goals and approaches that could help cascade positive working principles and values from top postal, union, and management association officials down throughout the Service's approximately 38,000 postal facilities nationwide has yet to be implemented.

Arbitration Used to Settle Most Contract Negotiations

In our 1994 report, we discussed the occurrence of past contract negotiations, which generally took place at the national level between the Service and the four labor unions every 3 or 4 years. Since as far back as 1978, interest arbitration⁸ has been used to resolve bargaining deadlocks that occurred during contract negotiations for three of the four unions, including APWU, NALC, and Mail Handlers. Specifically, interest arbitration occurred in 1978, 1984, and 1990 with APWU and NALC, and in 1981 with Mail Handlers.

The most recent negotiations occurred for contracts that expired in November 1994 for APWU, NALC, and Mail Handlers, during which interest arbitration was used to settle bargaining deadlocks. In the case of the Rural Carriers, whose contract expired in November 1995, negotiations

⁸The Postal Reorganization Act (PRA) of 1970 provided that labor unions could collectively bargain with the Postal Service to establish compensation, benefits, and other terms and conditions of employment for the employees they represent. Unlike employees in the private sector, postal employees are prohibited from striking. Thus, PRA established procedures for interest arbitration that are designed to resolve bargaining impasses that may occur during discussions over the terms of a new contract.

resulted in the establishment of a new contract without the use of interest arbitration.⁹

With APWU, NALC, and the Mail Handlers, the issues that arose in interest arbitration over their most recent contracts were similar to issues that have surfaced at previous contract negotiations. The issues focused primarily on the unions' push for wage and benefit increases and job security, in contrast to postal management's push for cost-cutting and flexibility in hiring practices. According to a postal official, such negotiations over old issues that continually resurface have at times been bitter and damaging to the ongoing relationship between the Service and union leadership at the national level. Union officials also told us that a new issue—the contracting out of specific postal functions, also known as outsourcing—has caused the unions a great deal of concern, because they believe that it could affect job security for employees.

In his comments on a draft of this report, the president of the Rural Carriers union stated that for the most recent collective bargaining agreement, the negotiating team, including postal and union representatives, held joint training sessions across the country and invited various state and local postal management and craft representatives to participate in the training. The Rural Carriers president believed that this training helped the parties to better negotiate and reach agreement on the language that was included in the most recent contract, which in this instance eliminated the need for the use of an outside arbitrator. Also, the president believed that the training helped provide both union and postal management officials a more thorough understanding of the contract's requirements.

Grievances Continue to Increase

In our September 1994 report, we discussed the problems associated with the grievance/arbitration process, which is the primary mechanism for craft employees to voice work-related concerns. As defined in postal labor agreements, a "grievance" is "a dispute, difference, disagreement, or complaint between the parties related to wages, hours, and conditions of employment." In our 1994 report, the problems we described included (1) the high number of grievances being filed and the inability of postal supervisors or union stewards to resolve them at the lowest organizational level possible and (2) the large backlog of grievances awaiting arbitration.

⁹The rural carriers have had a more cooperative relationship with the Postal Service and generally have been able to negotiate contracts without arbitration.

The process for resolving postal employees' grievances is similar to that used in many private sector and other public organizations. Generally, according to labor relations experts, a process that is working effectively would result in most disputes being resolved quickly at the lowest organizational level, that is, by the supervisor, employee, and union steward who represents the employee's interests. Employees as well as the four postal unions that represent them can initiate grievances.

Depending on the type of grievance, the process may involve up to 4 or 5 steps, and each step generally requires the involvement of specific postal and union officials. For instance, at each of the first 3 steps in the process, the parties that become involved include lower to higher union and postal management level officials in their respective organizations, such as post offices, mail processing and distribution centers, and area offices. Step 4 in the grievance process occurs only if either the Service or the union believes that an interpretation of the union's collective bargaining agreement is needed, in which case, national level postal and union officials would become involved. The fifth and final step in the grievance process involves outside binding arbitration by a neutral third party.

Generally, at each step in the process, the involved parties are to explore and discuss the grievance to obtain a thorough understanding of the facts. During any of the first 4 steps that occur before arbitration, the grievance may be settled by the parties. If the grievance is not settled, the Service makes a decision in favor of either postal management or the employee. If the Service denies the grievance (i.e., makes a decision in favor of management), the employee or union steward can elevate the grievance to the next higher step in the process until the last step, which concludes the process with a final and binding decision by a neutral arbitrator. Table 3 briefly describes the specific steps of the 5-step process and the key parties involved. A more detailed description of the grievance/arbitration process is included in appendix I.

Table 3: Brief Descriptions of Steps and Key Parties Involved in the Grievance/Arbitration Process

Step number	Brief description of step	Key parties involved
1	Oral discussion of grievance occurs.	Employee or union steward, and supervisor
2	If grievance was denied at step 1, a written grievance is filed.	Union steward or representative and installation head or designee (e.g., postmaster, plant manager)
3	If grievance was denied at step 2, a written appeal of the grievance is filed.	Union area representative and area office human resources manager or other designated area-level postal official
4	Written decision interpreting the union's national collective bargaining agreement is made by the Service (if either the Service or union believes that such interpretation is needed). ^a	Representatives of national union and postal headquarters
5	Arbitration of grievance is decided (final and binding decision).	Neutral arbitrator

^aThis step may not occur with every grievance.

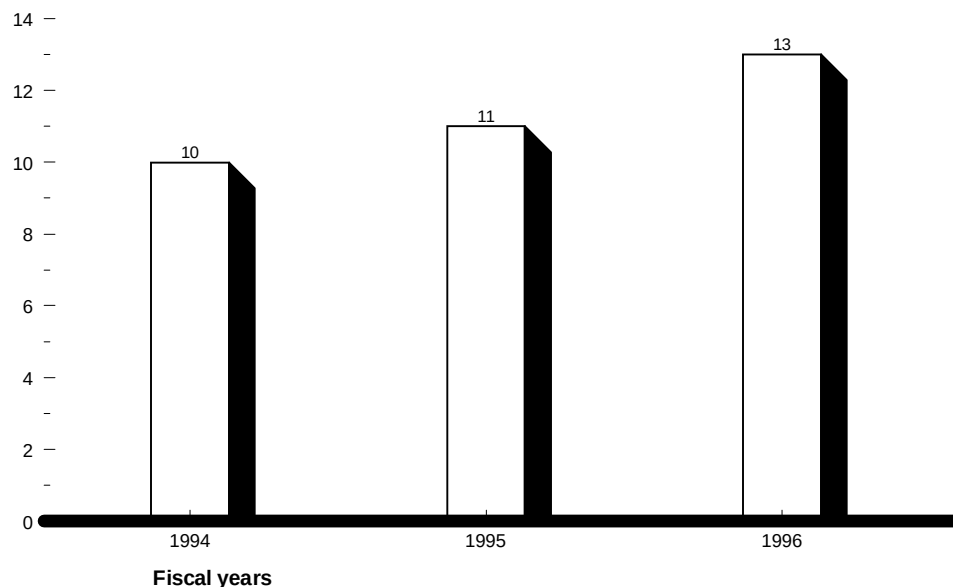
Source: U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A/B, Sept. 29, 1994).

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 supervisors or installation heads and union stewards to resolve them at the step 1 and 2 levels. The Postal Service's national grievance arbitration database showed that in fiscal year 1994, a total of 65,062 grievances were not settled at the steps 1 and 2 levels and were appealed at the step 3 level, which involved postal management and union officials at the area office level. According to the Service, this number increased to 73,012 in fiscal year 1995 and 89,931 in fiscal year 1996.

As indicated in figure 1, in fiscal year 1996, the average rate of step 3 grievances for every 100 craft employees had risen to 13, compared to fiscal year 1994, when the average rate was 10 step 3 grievances for every 100 craft employees.

Figure 1: Average Rate of Postal Service Grievances Appealed to Step 3 Per 100 Craft Employees During Fiscal Years 1994 Through 1996

Cases per 100 employees appealed to step 3



Note: Step 3 grievances are grievances that have been appealed by the unions to the area level because they could not be resolved at the plant or district levels.

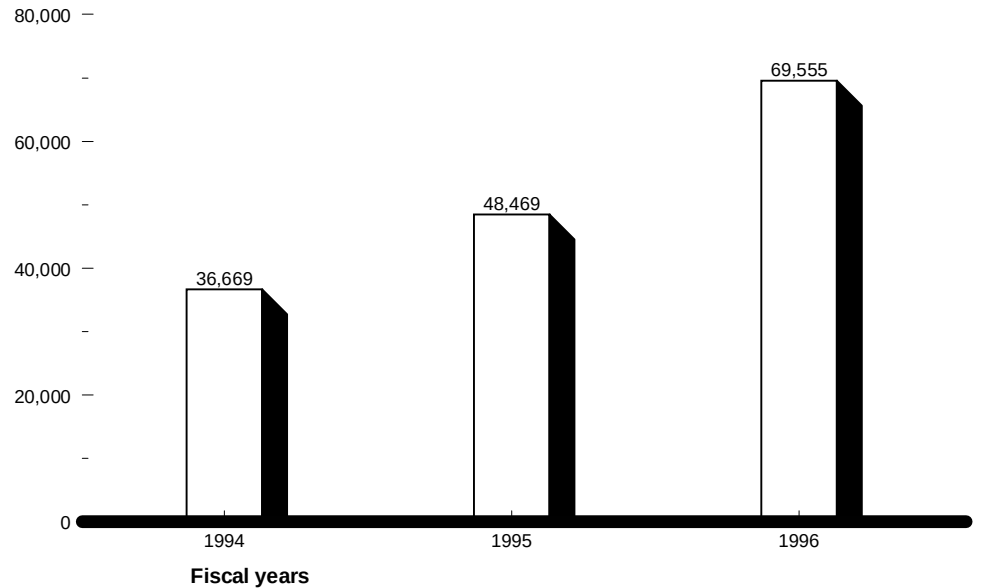
Source: U.S. Postal Service.

Also, figure 2 indicates that according to Service data, increases had occurred in the number of grievances that were awaiting arbitration by a third-party arbitrator, also referred to as backlogged grievances.¹⁰ Figure 2 shows that the number of backlogged grievances had increased from 36,669 in fiscal year 1994 to 69,555 in fiscal year 1996, an increase of about 90 percent.

¹⁰For this report, the term backlog is used to describe only those grievances awaiting arbitration.

Figure 2: Postal Service Grievances Awaiting Arbitration for Fiscal Years 1994 Through 1996

Number of cases awaiting arbitration



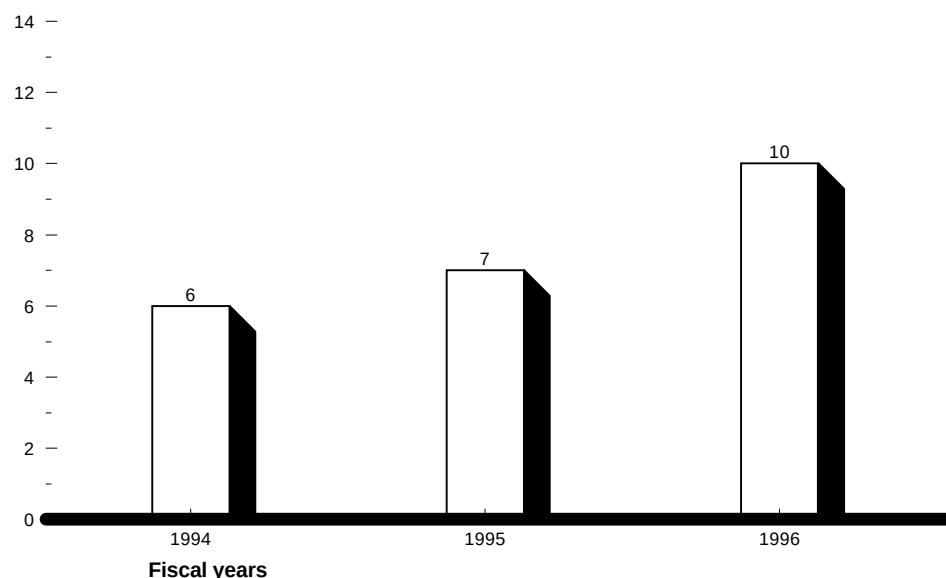
Note: These figures include backlogged grievances for which no arbitration decision had been made by the end of the fiscal year.

Source: U.S. Postal Service.

Figure 3 shows that in fiscal year 1996, the average rate of grievances awaiting arbitration had risen to 10 grievances per 100 craft employees, an increase from the average rate of 6 grievances per 100 craft employees in fiscal year 1994.

Figure 3: Average Rate of Postal Service Grievances Awaiting Arbitration Per 100 Craft Employees for Fiscal Years 1994 Through 1996

Cases per 100 employees awaiting arbitration



Note: These figures include backlogged grievances for which no arbitration decision had been made by the end of the fiscal year.

Source: U.S. Postal Service.

Generally, the postal management and union officials we interviewed said that the total volume of grievances was too high. However, the views of postal and union officials differed on the causes of this high grievance 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 awaiting arbitration.

In 1994, we reported that from postal management's perspective, grievances have always been high because union stewards flooded the system with frivolous grievances to demonstrate that they were executing their responsibility to represent employees' interests. Also, a postal official told us that he attributed the high grievance rate to what he termed an overall "entitlement mentality" on the part of craft employees who believed that they were entitled to file grievances.

In contrast, union officials told us that postal management was largely responsible for the huge volume of backlogged grievances. One union official told us that the key problem was not in the filing of grievances by employees but in the inability of lower level postal officials to settle disputes, especially at steps 1 and 2. This situation has often resulted in many grievances being escalated to a higher decisionmaking level and has added to the delays in obtaining such decisions. Also, an APWU official explained that postal management is generally reluctant to settle grievances awaiting arbitration because the backlog benefits postal management. The official told us that postal management can continue to violate the APWU labor agreement with impunity as long as grievances sit in the backlog awaiting an arbitration decision. In his comments, the president of the Rural Carriers union stated that he strongly encourages union members to file only meritorious grievances.

Summit Meeting on Labor-Management Relations Has Not Yet Occurred

The Postal Service and its unions and management associations have been unsuccessful in their attempts to convene a labor-management relations summit that was proposed by the PMG over 2 years ago. In November 1994, the Subcommittee on Federal Services, Post Office, and Civil Service of the Senate Committee on Governmental Affairs held a hearing on labor-management relations in the Postal Service that in large part focused on the information in our September 1994 report. Various witnesses testified at the hearing, including the PMG and the national leaders of APWU, Mail Handlers, Rural Carriers, and NAPS. The PMG extended an invitation to the leaders of the four unions and three management associations to join Service officials in a labor-management relations summit at which postal, union, and management association leaders could explore our recommendations for improving the workroom climate and determine appropriate actions to be taken.

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. However, the union leaders for APWU, NALC, and Mail Handlers did not. They said they were waiting until the contract negotiations were completed before making a decision on the summit. At the time the invitation was extended, the contracts for these three unions had recently expired, and contract negotiations had begun. After all negotiations were completed for the three unions in April 1996, they agreed to participate in the summit.

Given the difficulties initially encountered by the Service in trying to convene a summit, in February 1996, the Postal Service requested the Director of the Federal Mediation and Conciliation Service (FMCS) to assist the Service by providing mediation services in helping to set up the summit meeting. Also, in March 1996, the Chairman of the Subcommittee on Postal Service, House Committee on Government Reform and Oversight, encouraged the FMCS Director to assist the Postal Service by providing such services.

According to a postal official, in September and December 1996, the FMCS Director facilitated two presummit meetings that involved representatives from the Service, APWU, and NALC. In January 1997, another meeting was held that involved only the Service, APWU, and NALC officials. Although postal and union officials declined to reveal the specific issues that were discussed at the presummits, they told us that such issues as performance-based compensation, outsourcing of specific postal functions, and grievance resolution will continue to be major concerns.

Also, in March 1997, the Director of FMCS told us that another presummit is currently being scheduled to provide the other five affected parties an opportunity to discuss similar issues with the Service. However, as of May 1997 when we completed our review, no summit involving all eight of the parties had taken place, nor was one scheduled.

In his comments on a draft of this report, the Director of FMCS provided us updated information on the presummit and summit meetings. APWU, NALC, Rural Carriers, and the League also provided us their comments on the presummit and summit meetings. The Director of FMCS told us that in addition to the presummit meetings held in September and December 1996 with the Service, APWU, and NALC, another presummit meeting was held in June 1997, which was attended by officials from FMCS, the Service, the Mail Handlers and the Rural Carriers unions, NAPS, NAPUS, and the League. The purpose of the presummit was similar to the purpose of the presummit meetings previously held with APWU and NALC, which was to (1) discuss information on labor-management relations problems that was obtained by an outside contractor through interviews with various postal, union, and management association officials; and (2) determine the next steps in attempting to organize a summit meeting that would involve the Service, the four major labor unions, and the three management associations. Generally, the Director believed that the presummit meeting went well and that the stage is now set for what he envisions will be a summit meeting that should provide the eight organizations with a forum for openly

discussing the status of labor-management relations and the steps that can be taken to help resolve problems. He also told us that discussions are currently being held with the eight organizations on proposed dates for the summit meeting.

The president of APWU told us that the prospects of a summit meeting being convened were not improved when the Service unexpectedly announced its decision to contract out some Priority Mail transportation and processing services to Emery Worldwide Airlines.¹¹ According to the president of APWU, after one of the presummit meetings, the PMG pledged full communication concerning the Service's business plans. However, APWU stated that it was not consulted about this decision before it was finalized, and its representatives were disappointed because they believed that the Service did not solicit their views on the merits of such a decision. The president of NALC said that although a summit meeting has not yet been convened, GAO should not use this fact as an indicator of the extent to which labor-management relations problems exist. NALC commented that one of the reasons the summit meeting has not yet occurred was because the timing of the PMG's suggestion for a summit in November 1994 was not appropriate, given that sensitive and difficult collective bargaining negotiations were about to begin. NALC also stated that some presummit meetings have already been held, which could achieve some positive results.

In its comments, the Rural Carriers union pointed out that it was the first organization to accept the PMG's invitation soon after it was first proposed. Like NALC, the League also commented that the PMG's attempts to convene a summit with all the employee organizations were thwarted by contract negotiations, and since 1994, a summit with the participation of all four unions and three management associations simultaneously has failed to happen.

Status and Results of Initiatives to Improve Labor-Management Relations

Since our 1994 report was issued, the Postal Service and the other seven organizations have continued in their efforts to address long-standing labor-management problems by taking actions to implement specific improvement initiatives, such as the program for selecting and training new postal supervisors, known as the Associate Supervisor Program (ASP). Although many postal, union, and management association officials we spoke with believed that some of these initiatives held promise for making

¹¹The Service recently entered into a \$1.7 billion contract with Emery Worldwide Airlines to provide transportation services, including trucking and airline services, to help move the Service's Priority Mail, which the Service attempts to deliver within 2 to 3 days.

a positive difference in the labor-management relations climate, little information was available to measure the results of various initiatives.

For the 10 initiatives that we selected for follow-up, table 4 includes brief descriptions of the initiatives, identifies the organizations who participated in the implementation of the initiatives, and indicates the recommendations in our 1994 report to which each initiative is related.

Table 4: List of 10 Selected Initiatives, Their Major Participants, and Related 1994 GAO Recommendations

Initiative	Brief description	Actual/potential participants	GAO recommendation(s)
Associate Supervisor Program (ASP)	A 16-week training program that was established in 1994 and was designed to prepare candidates to assume postal supervisory positions.	—Postal Service —APWU, NALC, ^a Mail Handlers, and Rural Carriers —NAPS, NAPUS, and the League	Provide for the selection and training of postal supervisors.
New performance-based compensation system for executives, managers, and supervisors	A revised compensation and bonus system established in 1995 that was intended to provide postal executives, managers, some supervisors, and some postmasters with pay increases and bonuses that more closely aligned each individual's performance with the performance of his or her work unit and the overall performance of the Service.	—Postal Service —NAPS, NAPUS, and the League	Provide a system of incentives for recognizing and rewarding employees based on corporate and unit performance.
<i>CustomerPerfect!</i> _{sm}	A process begun by the Service in 1995 to establish a Service-wide system of continuous improvement for conducting its business of processing and delivering mail and providing postal products and services to its customers.	—Postal Service —APWU, NALC, Mail Handlers, and Rural Carriers —NAPS, NAPUS, and the League —Employees represented by the D.C. Nurses Association and the Federation of Postal Police Officers —All other postal employees not represented by unions or management associations.	Develop common goals and strategies, and test approaches at pilot sites for improving postal operations and service quality.
Summit meeting	The PMG's invitation, extended in November 1994, to the leaders of the four labor unions and three management associations to establish a task force whose purpose would be to try to address the labor-management relations problems discussed in our 1994 report.	—Postal Service —APWU, NALC, Mail Handlers, and Rural Carriers —NAPS, NAPUS, and the League	Establish a framework agreement to develop common goals and strategies.

(continued)

Initiative	Brief description	Actual/potential participants	GAO recommendation(s)
Delivery Redesign	A program begun in 1995 that was designed to establish appropriate changes to the system by which city letter carriers, represented by NALC, sort and deliver mail, which would eventually serve as the basis for compensating these carriers.	—Postal Service —NALC	Develop and test approaches for improving mail delivery by providing for greater employee independence in sorting and delivering mail, greater incentives for early completion of work, and a system of accountability for meeting delivery schedules.
Labor-management cooperation memorandum	A 1993 memorandum of understanding established between the Service and APWU to establish principles of mutual commitment that would serve as the basis for their increased cooperation throughout the Service.	—Postal Service —APWU	Establish a framework agreement to develop common goals and strategies.
Crew chief	A pilot program established between the Service and APWU through the 1990 collective bargaining process under which bargaining employees would be allowed to assume leadership roles in work units.	—Postal Service —APWU	Develop and test approaches for improving mail processing operations through the use of self-managed work units.
Mediation of grievances	A process established between the Service and APWU through the 1994 collective bargaining process under which trained mediators from both organizations would work together to try to resolve employees' grievances at the lowest possible level.	—Postal Service —APWU	Develop and test approaches for improving working relations at postal pilot sites.
Employee Involvement (EI)	A program established through contract negotiations with NALC in 1981 that was intended to end or alleviate the adversarial relationship on the workforce.	—Postal Service —NALC	Train employees and hold them accountable for working as members of work teams, focusing on serving the customer, and participating in efforts to continuously improve unit operations.

(continued)

Initiative	Brief description	Actual/potential participants	GAO recommendation(s)
Employee opinion survey (EOS)	A survey that was first sent out in 1992 to all bargaining and non-bargaining employees and was designed to obtain employees' assessments of the Service's strengths and shortcomings as an employer.	—Postal Service —APWU, NALC, Mail Handlers, and Rural Carriers —NAPS, NAPUS, and the League —Employees represented by the D.C. Nurses Association and the Federation of Postal Police Officers —All other postal employees not represented by unions or management associations	Obtain employee views on and participation in improving workflow environment.

^aIn its comments, NALC stated that we had erroneously listed it as a participant in ASP. As shown in table 4, for each of the 10 initiatives, we identified the organizations that were participants in or potential participants in specific initiatives. According to postal officials responsible for implementing ASP, generally, all craft employees with at least 1 year of work experience in the Service are eligible to apply for ASP. Thus, our inclusion of NALC as a participant in ASP was intended to show that NALC employees with a minimum of 1 year of postal work experience can apply for and, if accepted, participate in ASP.

Source: U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A/B, Sept. 29, 1994) and various postal and union documents that described specific initiatives.

As shown in table 4, all 10 initiatives required the participation of the Postal Service. However, the participation of the other seven organizations—that is, the four major labor unions and the three management associations—varied depending on the extent to which employees represented by the unions and the associations were covered by each initiative. For example, the initiative involving the mediation of grievances applied only to employees represented by APWU, because this initiative was established through the 1994 collective bargaining process that occurred between the Service and APWU. Similarly, the Delivery Redesign initiative applied only to employees represented by NALC, because this initiative focused on the work performed by city letter carriers.

In his comments on a draft of this report, the president of the League of Postmasters believed that the list of 10 initiatives in our report could be construed to mean that the League had a stronger presence in the implementation of the initiatives than was actually the case. The League mentioned that in most instances, the Service provided the League general information about the initiatives and a timetable of what was to occur in their implementation.

During our discussions with Service, union, and management association officials on the 10 improvement initiatives, the officials generally agreed with the overall goals of some of the initiatives. However, the results of our work indicated that in large part, fundamental disagreements among the eight organizations on strategies for implementing specific initiatives continued to hamper their efforts to achieve these goals and improve the overall working climate for postal employees.

The purpose of some of these initiatives was generally to improve labor-management relations, thereby enhancing the Service's performance in providing postal products and services to its customers. During our review, we found that various actions had been taken to implement all 10 initiatives that we reviewed. However, we found it difficult to determine what results, if any, were achieved from 3 of the 10 initiatives primarily because the initiatives were only recently piloted or implemented. Also, for 5 of the 10 initiatives, disagreements among the involved participants on approaches for implementation generally prevented full implementation of these initiatives and full evaluation of their results. In addition, although results were available for 2 of the 10 initiatives, these initiatives were eventually discontinued, primarily because the Service and the other involved participants disagreed over how best to use the initiatives to help improve the postal workplace environment.

Actions Have Been Taken to Implement Three Initiatives, but It Is Too Early to Determine Results

For three initiatives, results were difficult to determine, primarily because they had only been recently piloted or implemented, which made it too early to fully assess their results. The three initiatives included (1) the Associate Supervisor Program (ASP); (2) the new performance-based compensation system for executives, managers, and supervisors; and (3) *CustomerPerfect!*

Associate Supervisor Program

In our 1994 report, we recommended that the Service select and train supervisors who could serve as facilitator/counselors and who would have the skills, experience, and interest to treat employees with respect and dignity, positively motivate employees, recognize and reward them for good work, promote teamwork, and deal effectively with poor performers. In an attempt to address this recommendation, the Service established ASP, a 16-week supervisory training program designed to ensure that candidates for postal supervisory positions were sufficiently screened and trained so that after they were placed in supervisory positions, these supervisors would have a solid foundation that could help them work well

with employees. A test of ASP was completed in the St. Louis district office in the fall of 1994, after which the test was expanded to include a total of 10 pilot sites.¹² According to a postal official, as of March 1997, about 254 candidates had completed ASP training. Most of these candidates have already been assigned to supervisory positions in various postal locations. The Service expects that by the end of fiscal year 1997, 70 of the Service's 85 postal district offices will have graduated ASP classes or will have classes ongoing.

During our review, the Service was gathering data from the 10 pilot locations to evaluate ASP. For example, in March 1997, according to an official from the Service's Office of Corporate Development and Training, that office conducted a 3-day ASP workshop to obtain feedback from the program participants, including the trainers, coaches, coordinators, and supervisory candidates who attended ASP training. According to the postal official, all the participants in the workshop commented that ASP was an "incredible success." In addition, the official told us 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. The official attributed much of this improvement to the high-quality calibre of the ASP supervisors who had been assigned to the post office.

As of March 1997, the Service was still completing the last ASP pilot. Upon completion of the pilot, the Service plans to administer a written survey to all ASP participants to obtain their comments on the content of the ASP training course, including such matters as the extent to which they believe the course met its objectives and whether the ASP instructors were knowledgeable. Also, the participants are to be asked to assess how they have been able to transfer their recently learned knowledge and skills to their current supervisory positions.

In addition, the Service plans to distribute a separate written survey to the managers of the new ASP supervisors. In this survey, managers are to be asked to compare the quality of the on-the-job performance of ASP supervisors to supervisors who had not received ASP training. Also, managers are to be asked to evaluate ASP supervisors' communications and leadership skills as well as their ability to promote and maintain a safe working environment for employees. Finally, the Service plans to collect overall performance data, such as EXFC and productivity scores, to

¹²The 10 sites that participated in the ASP pilot included (1) Dallas, TX; (2) Detroit, MI; (3) Hartford, CT; (4) Los Angeles, CA; (5) Miami, FL; (6) Philadelphia, PA; (7) Providence, RI; (8) San Francisco, CA; (9) St. Louis, MO; and (10) Washington, D.C.

compare a specific postal facility's performance before receiving ASP supervisors and after receiving such supervisors to try to determine to what extent ASP may have affected the performance of the facility.

Various postal, union, and management association officials we interviewed at some of the 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 we spoke with said that they liked the additional training that is to be provided to current postal supervisors under ASP.¹³

New Performance-Based Compensation System for Executives, Managers, and Supervisors

In our 1994 report, we discussed past problems with the Service's performance-based incentive systems for managers and supervisors. The problems concerned a system that emphasized providing these employees with merit pay and promotions for achieving a variety of productivity and budget goals. Examples of such goals included requiring supervisors to manage their assigned budgets and control unscheduled employee absences and overtime usage. However, we found that some supervisors emphasized "making their numbers" over maintaining good employee relations.

To help address these problems, we recommended in 1994 that the Service should provide incentives that would encourage all employees in work units to share in the tasks necessary for success and that would allow work units and employees to be recognized and rewarded primarily on the basis of corporate and unit performance. To address this recommendation, the Service established a revised compensation system in 1995 for employees under the Postal and Career Executive Service (PCES). Later, in 1996, the system was expanded to cover the Executive and Administrative Schedule (EAS), which includes executives, managers, and supervisors.¹⁴ The purpose of this system was to establish a performance-based incentive system of pay increases and bonuses that would appropriately recognize

¹³According 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.

¹⁴Employees covered by this system basically include (1) postal vice-presidents; (2) managers who work at Postal Service headquarters in Washington, D.C., and at postal field locations; (3) some supervisors at postal field locations, including district offices and plants; (4) some postmasters; and (5) other higher level postal professional, administrative, and technical personnel. This system does not cover compensation for bargaining unit employees whose pay and benefits are specified in their unions' contracts.

and reward employees for good performance. The amounts of such increases and bonuses would be based not only on the individual's performance rating but also on the performance of the individual's work unit, as well as the performance of the Service as an organization.

A key aspect of the revised compensation system is called the Economic Value Added (EVA) variable pay program, which is a program intended to provide employees covered by the new compensation system with bonuses based on specific performance measurements, such as the financial performance of the Service and levels of customer satisfaction. Under EVA, in fiscal year 1996, the Service distributed a total of \$169 million in bonuses to a total of about 63,000 postal executives, managers, supervisors, postmasters, and other higher level nonbargaining unit employees. Nationally, the average bonus paid to an executive under PCES amounted to \$12,500. Postmasters covered by the new compensation system and higher level professionals, administrative, and technical employees each received a bonus that averaged \$3,900.¹⁵

Another important aspect of the new compensation system was the inclusion of work unit and corporate measurements in EAS employees' merit performance evaluations. For fiscal year 1997, these evaluations are required to include objectives that are aligned with an individual employee's work unit goals. The objectives must also align with and support the Service's corporate goals. According to postal officials, this change is intended to (1) enhance EAS employees' active involvement in setting objectives to support their work units, (2) establish accountability for results, and (3) provide monetary acknowledgment of an individual employee's contribution to the success of the work unit.

Although the leaders of the three management associations supported the concept of a performance-based incentive system, two of the three associations disagreed with the Service on how this system was to be implemented. Specifically, NAPS agreed to endorse the new pay system. However, in contrast, officials from NAPUS refused to endorse the new pay system because they believed "it offered virtually nothing to some of our members." Also, in its comments on a draft of this report, the League stated that it refused to endorse the new pay system because the means by which the Service implemented EVA precluded most of the Service's postmasters, including most of the League's members, from being eligible for bonuses.

¹⁵Under the new compensation system, the payout percentage figure for postmasters, managers, supervisors, and higher level professional, administrative, and technical employees included under the EAS was one-half the amount of the payout percentage figure for postal PCES executives.

According to NAPUS and League officials, the Service determined that certain employees who were covered by the requirements of the Fair Labor Standards Act (FLSA), also known as nonexempt employees,¹⁶ should not be eligible to receive EVA bonuses. NAPUS and League officials mentioned that the Service's decision eliminated about 60 percent of the employees represented by their associations because they were nonexempt employees. A postal official said that in large part, this determination was based on the results of a wage comparability study done recently for the Postal Service in which the wages of postal employees were compared to wages for employees doing similar work in the private sector. The official said that the results of the study showed that nonexempt postal employees were paid from 30 to 60 percent higher wages compared to employees doing similar work in the private sector. Also, the official said that nonexempt employees in private sector organizations with incentive pay programs are generally not eligible to participate in such programs. Furthermore, the official said that since nonexempt employees are entitled to receive overtime pay for work they perform in excess of 40 hours per week, these employees are already sufficiently compensated for their "extra" work.

NAPUS and League officials also stated that many of the Service's nonexempt employees are postmasters who are women and members of minority groups. Furthermore, the presidents of NAPUS and the League told us that within recent months, their associations have filed class-action lawsuits charging that the new compensation system discriminates against women and minorities. The lawsuits, which were filed in November 1996, are still pending as of January 1997, according to management association officials.

In their comments on a draft of this report, three organizations—the Rural Carriers union, the League, and NAPS—provided us their insights into this initiative. In his comments, the president of the Rural Carriers union stated that he supported the concept of EVA but had differences with the Postal Service in the application of EVA. He mentioned that at the national level, his union has met to try to determine how the rural carriers' current compensation system could be revised so that rural carriers could participate in EVA. The president further stated that his union was awaiting an opportunity to participate in EVA, especially since rural carriers' individual performance goals have always been aligned with their postal units' goals, which were established under the Service's *CustomerPerfect!*

¹⁶Under FLSA, nonexempt employees are required to receive overtime payments for work they accomplish in excess of 40 hours per week.

system of management. However, the president said that due to the enormous resources that the Service has devoted to the implementation of the Delivery Redesign initiative, it has been unable to provide much assistance to the Rural Carriers union in developing any type of performance pay system in addition to the one that the rural carriers already have. The Rural Carriers president also stated that it is the individual employee who drives customer satisfaction, creates revenue, and increases productivity. As such, he believes that the performance of rural carriers in these areas is already aligned with the concepts of EVA.

As previously mentioned, in his comments, the president of the League expressed his concern that less than a majority of postmasters were included under EVA, which caused the League not to support the new pay system. Also, he commented that (1) nonexempt postmasters who receive additional pay for working over 40 hours per week should not be excluded from eligibility for EVA bonuses, because such pay is due these postmasters for additional work and should not be considered a bonus; and (2) when trying to support new programs, such as EVA, the Postal Service has often used the private sector as a basis for comparing the work of postal employees to employees doing similar work in the private sector. However, the League president stated that because the Postal Service is not a private business, the Service should recognize that many postal positions are unique and cannot be compared to positions in the private sector. The president of NAPS told us that he believed some postmasters were overpaid for the work that they did, which included work that oftentimes was done by craft employees, particularly clerks, such as sorting mail and providing over-the-counter products and services to postal customers.

CustomerPerfect!

In February 1995, the Service implemented *CustomerPerfect!*, which has been described by the Vice President for Quality as a “management system being constructed and operated by the Postal Service as a vehicle for constructive change.” He told us that *CustomerPerfect!* is designed to assess and, where necessary, improve all aspects of Service operations so that it can better provide postal products and services to its customers in a competitive environment.

Postal officials told us that in fiscal year 1995, two *CustomerPerfect!* pilots were established in Washington, D.C., and Nashville, TN. Later, in

February 1996, eight additional pilot sites were added.¹⁷ A postal official mentioned that these pilots consisted primarily of implementing what the Service called process management, which was described as a systematic approach to continuously assessing, evaluating, and improving the design and management of core work processes, including those that facilitate the processing and delivery of mail products and services to postal customers. A key aspect of this approach involves the collection and use of various service and financial performance data, such as EXFC; EVA; and data on safety in the workplace, including postal vehicle accidents. A postal official mentioned that the Service plans to expand the process management aspect of *CustomerPerfect!* to all 85 postal performance clusters in fiscal year 1997.¹⁸

According to postal officials, *CustomerPerfect!* was not specifically designed to address labor-management relations problems. However, they believe it provides an opportunity for management and craft employees to work together on problem-solving teams to improve how the Service accomplishes its overall mission. Postal officials told us that they believed they had good representation from craft employees on several problem-solving teams that have been established. They further stated that all improvement initiatives should be aligned with *CustomerPerfect!*

According to a postal official, in 1995, the Service offered to provide a briefing on the goals of *CustomerPerfect!* to the four unions and the three management associations. According to a postal official, representatives from two of the four unions—APWU and Rural Carriers—attended the briefing. The postal official told us that Mail Handlers and NALC representatives declined to attend the briefing. Mail Handlers' officials told us that they had no interest in the briefing, mainly because the Service had already made the decision to implement *CustomerPerfect!* and did not solicit the union's input into the development of *CustomerPerfect!* NALC officials did not identify a specific reason for not attending the *CustomerPerfect!* briefing. However, they told us that the Service unilaterally terminated the joint Service-NALC improvement initiative called

¹⁷The locations of the 10 *CustomerPerfect!* pilots included the following district offices: (1) the Capital District, Washington, D.C.; (2) the Central Plains District, Omaha, NE; (3) the Connecticut District, Hartford, CT; (4) the Greater Indiana District, Indianapolis, IN; (5) the Harrisburg District, Harrisburg, PA; (6) the Louisiana District, New Orleans, LA; (7) the New York District, New York, NY; (8) the Sacramento District, Sacramento, CA; (9) the Seattle District, Seattle, WA; and (10) the Tennessee District, Nashville, TN.

¹⁸A performance cluster is an organizational mechanism used by the Service to help track performance data. For each of the Service's 85 districts, a cluster usually consists of (1) a district office, which is responsible for customer service functions mainly through its post offices, stations, and branches; and (2) a large mail processing and distribution center/facility, which is responsible for processing and distributing mail mainly through other such centers/facilities, bulk mail centers, and airport mail centers/facilities.

Employee Involvement (EI) and is now emphasizing *CustomerPerfect!* Representatives from both Mail Handlers and NALC also told us that *CustomerPerfect!* was forced on the unions with no attempt by the Service to solicit their input into the development of *CustomerPerfect!*

In their comments on a draft of this report, the Rural Carriers union and the League of Postmasters provided us their insights on *CustomerPerfect!* The president of the Rural Carriers union mentioned that he supported this initiative in concept and that many of his union members have been involved in *CustomerPerfect!* process management activities. Furthermore, he stated that individual performance goals for rural carriers had always been aligned with a postal unit's corporate goals under *CustomerPerfect!* However, his main concern dealt with how rural carriers could participate in EVA. The League commented that because Service goals have been established for each performance cluster, a postal installation that achieves or exceeds its goals will more than likely not receive any recognition for such performance if it is included in a cluster with other installations that have not achieved their goals. According to the League, this situation is not a good one for providing employees incentives nor is it good for morale, customer service, or the Postal Service.

Actions Have Been Taken to Implement Five Initiatives, Although Disagreements Exist Over Approaches

For five initiatives, the Service and some of the organizations, especially APWU and NALC, fundamentally disagreed on how specific improvement initiatives should be implemented. As a result, progress in implementing these initiatives was difficult to determine. Furthermore, during our discussions with Service, union, and management association officials on the five improvement initiatives, the officials generally agreed with the overall goals of some of the initiatives. However, in large part, fundamental disagreements among the Service and some of the organizations on strategies for implementing specific initiatives continued to hamper their efforts to achieve these goals and improve the overall working climate for postal employees. The five initiatives included (1) the labor-management relations summit meeting, (2) Delivery Redesign, (3) the labor-management cooperation memorandum of understanding, (4) the mediation of employee grievances, and (5) the crew chief program.

Summit Meeting

As discussed earlier in this report, the first initiative—the PMG's proposed summit meeting—has not yet taken place, mainly because negotiations on three of the four unions' most recent contracts caused these unions to decline to attend such a summit until the negotiations were completed.

Negotiations for all four unions were not completed until April 1996. Yet, as of May 1997 when we completed our review, the PMG's proposed summit with all eight organizations had not occurred, nor had it been scheduled. However, preliminary efforts to convene such a summit have occurred. They included presummit meetings in November and December 1996 with APWU and NALC, an additional meeting with APWU and NALC in January 1997, and plans for presummit meetings with the other remaining five organizations.

As mentioned previously, we received comments on the summit meeting from five organizations, including FMCS, APWU, NALC, Rural Carriers, and the League. A discussion of their comments, which begins on page 20, has been included at the end of the section of the report entitled "Little Progress Has Been Made in Improving Labor-Management Relations Problems."

Delivery Redesign

One of our 1994 recommendations was for the Service and the unions to jointly identify pilot sites where postal and union officials would be willing to test revised approaches for improving working relations, operations, and service quality. Specifically, we recommended that for city letter carriers, a system should be established that incorporated known positive attributes of the rural letter carrier system, including greater independence for employees in sorting and delivering mail, incentives for early completion of work, and a system of accountability for meeting delivery schedules. In our 1994 report, we said that problems experienced by city carriers were often related to (1) the close supervision imposed on city carriers, which often engendered conflicts between supervisors and carriers, mainly on the amount of time it took for carriers to do their work; and (2) the existence of performance standards for city carriers that tended to discourage carriers from doing their best and completing work quickly. Postal, union, and management association officials we interviewed generally agreed that such problems called for a revision of the city letter carrier system.

As discussed in our 1994 report, both the Service and NALC have studied the city letter carrier system to determine how best to revise it. For instance, in 1987, the Service and NALC established a joint task force to study possible changes and improvements in how carrier assignments were designed, evaluated, and compensated. The study was to identify and examine those elements of the rural carrier system that helped avert many of the conflicts common between postal supervisors and city carriers.

However, the Service and NALC were unable to reach any agreement on how to change the city carrier assignments.

Consequently, in March 1994, the Service and NALC established similar but independent efforts to study possible changes to the city letter carrier system. A national NALC task force reviewed how city routes could be restructured to better serve carriers, customers, and the Service. Under consideration was a suggestion made by the NALC Vice President that NALC consider a route design similar to that used by rural carriers to better deal with changes in office functions and procedures that could threaten city carrier job opportunities. At the same time, the Service had also set up teams to study and propose alternate approaches to the city carrier system, including examining the possibility of adopting the rural carrier approach. However, we found no effort between the Service and NALC to coordinate and consolidate these two studies for addressing the common concerns.

According to postal officials, in 1997, after numerous discussions with NALC and with no ultimate agreement on an approach, the Service decided to test some revised processes for the delivery of mail by city letter carriers. These processes are collectively known as Delivery Redesign. The Service's plan was to use these revised processes as a basis for helping to develop a city carrier delivery system that could enhance mail delivery by (1) reducing friction between supervisors and carriers, (2) providing increased compensation for superior performance, and (3) removing existing disincentives for doing the job well.

In addition to the current delivery process, the Service is testing 3 revised delivery processes at 14 selected sites.¹⁹ For example, some sites are to test the separate case and delivery processes under which some carriers would do only casing²⁰ while others would do only delivery. Also, one of the revised processes is to involve the Service's implementation of performance standards, also known as standard time allowances, to structure and monitor city carrier performance at these 14 sites. However, the Service is not testing any compensation alternatives for these employees, because it needs agreement from NALC. According to an NALC official, NALC has not agreed to such alternatives, because it considers

¹⁹The locations of the 14 test sites included Baton Rouge, LA; Carson City, NV; Columbus, OH; Enid, OK; Ft. Myers, FL; Grand Rapids, MI; Houston, TX; Lewistown, ID; Los Angeles, CA; Louisville, KY; New York, NY; Rochester, MN; St. Augustine, FL; and Syracuse, NY.

²⁰The process of casing involves manually putting the mail into delivery order.

compensation for city carriers an issue that is most appropriately discussed in the collective bargaining process.

A postal official told us that the testing of the revised city carrier delivery processes began in Louisville, KY, in March 1997 and will have started in the other 13 test sites by May 1997. He also told us that although NALC officials were briefed several times (May, July, and September 1996) on Delivery Redesign, they have not endorsed the testing of the revised processes. At the national level, NALC officials declined to comment on the testing; they told us that they believe the issue of delivery redesign is a subject to be decided through the collective bargaining process. However, the officials added that they do not believe that the city letter carrier delivery system should be structured similarly to the evaluated route system used by rural carriers. As we reported in 1994, rural carriers work in environments substantially different from city carriers. As a result, rural carriers generally have more independence in doing their work. Also, the compensation systems for rural and city carriers are different. Rural carriers are salaried workers who do not have to negotiate daily for overtime. City carriers are hourly workers whose daily pay can vary depending on the amount of overtime hours they would be required to work to process and deliver mail on their assigned routes.

Two organizations—NALC and NAPS—provided us their comments on the Delivery Redesign initiative. NALC objected to the Service's implementation of Delivery Redesign, stating that by implementing this initiative, the Service has violated the requirements of NALC's contract agreement regarding time and work standards for city letter carriers. Also, NALC mentioned that the Service has repeatedly rejected NALC's invitations to study the city letter carrier system in a cooperative manner. In addition, the president of NAPS told us that he believed that the Delivery Redesign initiative could help improve the city carrier system partly because one purpose of this initiative was to collect enough information to allow the city carrier routes to be evaluated daily instead of annually, which is how rural carrier routes are currently evaluated.

Joint Labor-Management Cooperation Memorandum

In November 1993, the Service and APWU signed a joint memorandum of understanding on labor-management cooperation. The memorandum included various principles that were intended to help the Service and APWU (1) establish a relationship built on mutual trust and (2) jointly explore and resolve issues of mutual interest. An example of one of the principles involved the parties' commitment to and support of labor-management cooperation at all levels throughout the Service to

ensure a productive labor relations climate, a better employee working environment, and the continued success of the Service. Another principle was a statement about the willingness of both parties to jointly pursue strategies that emphasized improving employee working conditions and satisfying the customer in terms of both service and cost. The memorandum did not include any information as to how the Service and APWU planned to measure the results of its implementation.

The cooperation memorandum was a “quid pro quo”²¹ for another joint agreement signed at the same time, known as the Remote Barcoding System (RBCS) Memorandum of Understanding. Under this agreement, the Service agreed that it would no longer pursue contracting out for certain clerical services (i.e., keying address data) associated with the automated mail processing, or RBCS, functions. Instead, the Service agreed to keep this work in-house, which would primarily be performed at remote encoding centers (RECS).

During our visits to various RECS located in the field, most postal officials and union representatives told us that the cooperation memorandum did not generally make any significant difference in their ability to work well together. Rather, they told us that they believed their ability to work cooperatively was attributable primarily to the differences in the nature of the work at RECS, which had clean, office-like atmospheres, instead of in facilities such as plants, which were similar to manufacturing facilities. Also, employees at RECS perform similar types of work (i.e., data entry functions); at other types of postal locations, the work involves a wide range of tasks performed by different employees, including sorting mail, loading and unloading mail trucks, and serving customers. Also, REC managers we interviewed told us that because REC employees had not previously worked in the postal environment, they had no preconceived notions about labor-management relations.

Both Service officials and APWU leaders agreed that the labor-management relations memorandum had not accomplished its intent of improving cooperation between the Service and APWU. They told us that the memorandum had generally not lived up to their expectations. Postal officials told us that although they and APWU officials continue to work together, they do not believe that the “far-reaching anticipated effect” of the memorandum has been achieved.

²¹The term “quid pro quo” refers to the exchange between two parties of something for something. Specifically, one of the parties provides or agrees to provide the other party with a good or a service in exchange for the other party’s agreement to provide a good or service in return.

Also, although the president of APWU stated that he considered the cooperation memorandum to be a “framework agreement” between the union and the Service, he told us that he believed the Service was not sincere when it signed the memorandum, because the Service continuously violates the spirit of the memorandum. He mentioned that a recent example of this type of violation was that the Service tried to annul both the cooperation memorandum and the RBCS memorandum in 1995. However, an interest arbitrator refused the Service’s request for annulment.

In its comments on a draft of this report, APWU agreed that the memorandum had not lived up to its expectations. However, the union stated that cooperation between APWU and the Service exists, as exemplified by the recent establishment of three additional agreements with the Service. These agreements, which were signed by the Postal Service and APWU during the period May through July 1997, were intended to (1) try to significantly reduce or eliminate grievance backlogs; (2) establish a National Labor Relations Board alternative dispute resolution procedure concerning information requests; and (3) provide for the implementation of an administrative dispute resolution procedure to help resolve employee complaints about specific issues, such as pay. APWU included copies of the three agreements as enclosures to its written comments, all of which are included in appendix III. APWU believed that any assessment of the status of postal labor-management relations should include an evaluation of the impact of these agreements, despite the fact that the agreements had only recently been signed by Service and APWU officials. Because these agreements were not available during the period of our review, we could not evaluate their implementation.

Mediation of Grievances

As a result of the 1994 contract negotiations, APWU and the Service agreed to include in the union’s contract a program of mediation in which parties at local installations could request assistance to help facilitate the grievance/arbitration process and improve the labor-management relationship. The purpose of this mediation program was to address the problem of too many grievances not being settled on the workroom floor.

According to a postal official, the Service initially planned to use the mediation program on a test basis as a means of reducing the large backlog of grievances awaiting arbitration. To begin this test, the official told us that as of October 1996, the Service had trained a total of 113 individuals to serve as mediators who could assist in settling grievances awaiting arbitration at pilot sites that were to be selected. However, APWU

officials told us that they disagreed with the Service's plans to test the use of mediators in this manner. They believed that a massive arbitration effort was the best means of reducing the large backlog of grievances awaiting arbitration. According to APWU officials, whenever a large backlog of grievances awaiting arbitration occurs, such an effort should involve sending an arbitrator to that installation to hear all the backlogged grievances.

Both postal and APWU officials told us that the details of how the mediation program will be implemented are still under discussion. However, none of the postal or APWU officials we interviewed provided any information on when these discussions were scheduled for completion.

In its comments on a draft of this report, APWU stated that after the first joint agreement on mediation was included in the 1994 contract, the Service tried to move ahead and implement its own type of mediation program instead of trying to reach a joint understanding with APWU on how the program should be implemented. Nevertheless, as previously mentioned in our discussion on the Joint Labor-Management Cooperation Memorandum, in May 1997, APWU and the Service established another agreement that includes provisions for using various types of mediation processes to help (1) eliminate the current grievance backlog, (2) prevent future reoccurrences of such backlogs through the improvement of labor-management relations, and (3) address the root causes that generate grievances. A copy of this agreement is included in appendix III.

Crew Chief

In our 1994 report, we discussed the Service's testing of the crew chief program, a program that was designed to allow craft employees to take greater responsibility for moving the mail. The purpose of this program was to address craft employees' concerns that they had only limited involvement in the daily decisions affecting their work because management generally did not value their input on how to organize and accomplish the work.

During 1990 interest arbitration proceedings, APWU proposed the crew chief concept because it believed the organization of postal work was outdated and inefficient and created an unnecessarily adversarial and bureaucratic work environment. The Service was not opposed to the concept but felt there were too many questions, such as how crew chiefs would be selected, that needed to be addressed before any agreement could be considered. As a result of these proceedings, the Service and

APWU entered into a June 1991 Memorandum of Understanding to pilot test the crew chief program with clerk craft employees.

Beginning in July 1992, a pilot of the program was conducted in a total of 12 postal locations, including 7 mail processing and distribution plants and various post offices in 5 postal districts.²² These sites were jointly selected by the Service and APWU from a list of sites that were willing to participate in the program. At the pilot sites, crew chiefs were chosen on the basis of seniority or selected by a joint committee of union and postal employees and were given 40 hours of on-site training. Each of the sites had the option of adopting an “unelection” process whereby employees could vote every 90 days to replace their crew chief. Postal supervisors were prohibited by the APWU collective bargaining agreement from doing craft work, but as a craft employee, the crew chief could work with unit employees. However, unlike supervisors, crew chiefs could not approve leave for employees or take disciplinary actions against them.

In 1994, we reported that the pilot of the crew chief program was completed in March 1994. However, according to program participants, including managers and supervisors as well as crew chiefs whom we interviewed at specific postal sites, the results of the pilot were mixed. On the one hand, some program participants told us that they believed craft employees were generally more comfortable taking instructions from, and expressing their concerns to, crew chiefs rather than to supervisors. Participants also told us that crew chief positions alleviated some of the increased pressure on supervisors that resulted from the Service’s 1992 reduction in supervisory staffing. However, on the other hand, we found that the crew chief program did not address some important issues that caused workfloor tensions between supervisors and employees. Specifically, the crew chief program did not give all employees more control over their work processes; it empowered only the crew chief. Also, this program did not provide any new incentives for team performance or procedures for holding employees and supervisors accountable for poor performance.

As discussed in our 1994 report, supervisors and crew chiefs often did not fully understand their respective roles and responsibilities. They said that the duties that supervisors allowed crew chiefs to perform varied significantly among the postal pilot sites and also among the work tours at

²²The locations of the seven pilot plants included (1) Birmingham, AL; (2) Lehigh Valley, PA; (3) Louisville, KY; (4) Rochester, NY; (5) Royal Oak, MI; (6) Sacramento, CA; and (7) St. Paul, MN. The 5 pilot district offices included (1) Las Vegas, NV; (2) Louisiana, LA; (3) South Jersey, NJ; (4) Sun Coast, FL; and (5) Western New York, NY.

specific sites. Supervisors and crew chiefs also said that selecting the crew chief on the basis of seniority did not ensure that the best-qualified person was selected for the position. Some supervisors perceived crew chiefs as a threat to their job security, so they bypassed them and dealt directly with employees. Also, NAPS did not support the crew chief program, mainly because its president considered crew chiefs to be another layer of management. The existing supervisors at the crew chief test sites were left in place, and the Service did not redefine their roles in a self-managed work environment.

In recent interviews, a postal official said that although the Service believed that crew chiefs in post offices generally had a positive effect on postal operations, it did not believe that similar positive outcomes were evident in the plant locations that used crew chiefs. Furthermore, this official told us that after the completion of the pilot, the topic of crew chiefs was set aside because of the 1994 contract negotiations with APWU. He also told us that after the negotiations were completed, discussions began again on the results of the crew chief pilot. However, according to postal and APWU officials, they were still evaluating these results as of February 1997.

Two employee organizations—APWU and NAPS—provided us their comments on the crew chief program. According to APWU, a study of the program by an individual at Wayne State University revealed that morale and job satisfaction had improved at virtually all the sites that used crew chiefs and that such improvements were more evident at postal installations that provided retail services than at mail processing installations. Also, APWU mentioned that the Service still resists the crew chief program because APWU believes that the Service is intent on retaining what APWU termed “. . . the same bureaucracy and administrative hierarchy that has existed since [the 1992] reorganization with all its consequent ramifications for continued ‘contentiousness’.” APWU stated that it considered the crew chief program to be successful and expressed considerable concern that the Service still resisted it. Moreover, APWU commented that we ignored the fact that crew chiefs—also referred to by APWU as negotiated group leaders—were being successfully used at RECS, and the overall performance of the RECS has exceeded expectations. However, our purpose for including RECS in our review was to determine the extent to which the joint labor-management cooperation memorandum had been implemented, not to review the overall operations of RECS. Thus, we did not review the use of crew chiefs or negotiated group leaders at RECS or the overall performance of RECS.

The president of NAPS also commented on the crew chief program, stating that his organization generally did not favor the program, mainly because it empowered only one person on the mail processing team—the crew chief, who often functioned as a second supervisor in addition to the team’s primary supervisor. The president believed that all employees on a mail processing team should be empowered to work together to do whatever it takes to process and distribute the mail efficiently and that only one team supervisor was needed to coordinate mail processing and distribution activities. By empowering all the team’s employees in this manner, the NAPS president believed that a crew chief was not needed.

Discontinued Initiatives

For two initiatives, efforts to continue implementing them were hampered primarily by disagreements among the Service and the other involved participants over how best to use the initiatives to help improve the postal workplace environment. Also, according to postal officials, a lack of union participation in one of the two initiatives generally caused the Service to discontinue its use. The two initiatives included (1) the employee opinion survey (EOS) and (2) the Employee Involvement (EI) program.

Employee Opinion Survey (EOS)

The nationwide annual employee opinion survey (EOS), which began in 1992 and continued through 1995, was a voluntary survey that was designed to gather the opinions of all postal employees on the Postal 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 such problems.

According to postal officials, problems with the EOS arose during negotiations on some of the 1994 union contracts. Both postal and union officials stated that during those negotiations, the Service used our 1994 report, which included the results of the 1992 and 1993 EOS, in its discussion of various contract issues with three unions (APWU, Mail Handlers, and NALC). In our 1994 report we found that past EOS results have indicated that many mail processing and distribution employees who had responded to the survey said that they (1) were generally satisfied with their pay and benefits, (2) liked the work they did, and (3) were proud to work for the Postal Service. However, a postal official stated that the Service’s use of our findings, which were partially based on the EOS results, caused problems with some union officials. He told us that NALC boycotted the 1995 EOS because it believed EOS was inappropriately used during the 1994 contract negotiations.

According to postal officials, NALC and APWU encouraged their members not to complete future surveys. Also, the officials told us that although the Mail Handlers and Rural Carriers unions did not urge their members to boycott future surveys, the resistance by APWU and NALC members was enough to skew the results of the EOS and render it almost useless. This action by the unions led to the discontinuance of the EOS in 1996. Also, officials from a management association told us that they did not believe the results of employee surveys should be used in determining management pay levels, because they believed craft employees have manipulated, and would continue to manipulate, surveys to discredit their supervisors.

In their comments on a draft of this report, four organizations—APWU, NALC, Mail Handlers, and the League—provided us their insights on EOS. Three of the four organizations—APWU, NALC, and Mail Handlers—did not support the implementation of EOS nor the use of its results. Specifically, these three organizations objected to what they believed was the Service’s inappropriate use of EOS results as a basis for justifying its position in collective bargaining.

APWU stated that it generally does not object to employee surveys and did not object to EOS until postal officials began using the survey’s results in the 1994 contract negotiations to justify their bargaining positions, which in part led to the APWU boycott of the 1995 EOS. NALC stated that although surveys such as EOS can be useful tools, they can produce (1) data that can be manipulated, (2) results that can be misinterpreted, and (3) conclusions that may be inappropriately used. Although NALC stated that it was willing to work with the Service in developing and implementing an employee survey, it believed that the Service’s unilateral implementation of EOS and its inappropriate use of results during contract negotiations undermined the credibility of EOS.

Also, Mail Handlers stated that during 1994 contract negotiations, the Service used EOS results to support its position that union members did not need increased wages and benefits. As a result, in July 1995, the Mail Handlers union stated that it adopted a resolution, which included its reasons for objecting to EOS. According to the Mail Handlers union, the resolution stated that Mail Handlers did not support EOS and requested that those of its members who chose to complete the 1995 EOS should do so in a manner that would render it useless. In addition, the League commented that although the Service implied that EOS was discontinued because of a lack of union participation, the League understood that it was because

both the Service and the unions had used EOS data to support their positions on various issues such as pay and benefits.

Employee Involvement

As discussed in our 1994 report, the Employee Involvement (EI) initiative began in 1982 and was designed to end or alleviate the adversarial relationship in the workplace climate. Through the implementation of EI, the Service and NALC intended to (1) redirect postal management away from the traditional authoritarian practices toward a style that would encourage employee involvement and (2) enhance the dignity of postal employees by providing them with a chance for self-fulfillment in their work.

According to a postal official, EI was discontinued, primarily because it no longer contributed significantly to the goals of the Service and was unable to address the root causes of conflict in the workplace or foster the empowerment of city letter carriers. The postal official told us that when EI was first established in 1981, it accomplished some positive results in the workplace. However, in recent years, EI has not helped to improve the postal workplace as much as it once did. The official told us that a key reason was that for the past 3 years, all joint EI meetings between Service and NALC officials were cancelled due to negotiations over NALC's most recent contract. The official also told us that during 1994 contract negotiations, the Service and NALC disagreed over various aspects of EI, including what type of work the 400 trained EI facilitators should perform. According to the official, these facilitators were working in various postal field locations as full-time EI facilitators, which prevented them from performing functions directly related to mail processing and delivery.

NALC disagreed with the Service's reasons for discontinuing EI. An NALC official characterized EI as a remarkable achievement in labor-management cooperation. He mentioned that EI represented one of the Service's and NALC's earliest efforts to replace the traditional authoritarian and hierarchical work processes in the postal workplace climate with a system of increased cooperation and enhanced worker empowerment. Although the Service decided to discontinue its support of EI, the NALC official told us that the union intends to continue working to reinstate the EI program.

In its comments on a draft of this report, NALC reiterated its concern about the Service's April 1996 termination of EI, which NALC termed ". . . an extraordinarily regressive act." Shortly after EI was terminated, the president of NALC mentioned that he had written to the Vice President of

Labor Relations for the Postal Service to protest the action. Also, the NALC president stated that he believed the timing of EI's termination, which coincided with the time that the Delivery Redesign initiative was begun, indicated that in its approach to dealing with NALC, the Service had moved from a position of jointness and cooperation to one of domination and confrontation. The president stated further that he believed the Service's revised approach should be an issue of greater concern to us than any of the initiatives we had selected to review. As noted in the Objectives, Scope, and Methodology section, we selected the initiatives included in this review based primarily on (1) discussions with the Postal Service and its unions and management associations and (2) the extent to which the initiatives had the potential to address our previous recommendations. EI was not included in our review.

Continued Need to Improve Labor-Management Relations

Improving labor-management relations at the Postal Service has been and continues to be an enormous challenge and a major concern for the Postal Service and its unions and management associations. With the significant future challenges it faces to compete in a fast-moving communications marketplace, the Service can ill afford to be burdened with long-standing labor-management relations problems. We continue to believe that in order for any improvement efforts to be sustained, it is important for the Service, the four unions, and the three management associations to agree on common approaches for addressing labor-management relations problems so that positive working principles and values can be recognized and encouraged in postal locations throughout the nation, especially in locations where labor-management relations are particularly adversarial. Our work has shown that there is no clear or easy solution to improving these problems. However, continued adversarial relations could lead to escalating workplace difficulties and hamper the Service's efforts to achieve its intended improvements.

The limited experience the Postal Service and its unions and management associations have had with FMCS in an attempt to convene a postal summit meeting, although not fully successful to date, nonetheless has suggested that the option of using a third-party facilitator to help the parties reach agreement on common goals and approaches has merit. The use of FMCS, as recommended in our 1994 report, was requested by the PMG in early 1996 and encouraged by the Chairman of the House Subcommittee on the Postal Service in March 1996. Although efforts to arrange a summit continue, the window of opportunity for developing such an agreement may be short-lived because of contract negotiations involving three of the

four unions whose bargaining agreements are due to expire in November 1998.²³ As previously mentioned, in 1994, after formal contract negotiations had begun for APWU, Mail Handlers, and NALC, these unions were generally reluctant to engage in discussions outside the contract negotiations until they were completed.

A second approach to improving labor-management relations was included in the postal reform legislation introduced by the Chairman of the House Subcommittee on the Postal Service 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. The proposed Commission would be responsible for evaluating and recommending solutions to the workplace difficulties confronting the Service and would prepare its first set of reports within 18 months and terminate after preparing its second and third sets of reports.²⁴ The Commission would include two members representing the views of large nonpostal labor organizations; two members from the management ranks of similarly sized private corporations; and three members well-known in the field of employee-management relations, labor mediation, and collective bargaining, one of whom would not represent the interests of either employees or management and would serve as the chair. Some concerns have been raised that the proposed Commission would not include representatives of the Postal Service or its unions or management associations, and thus the results of its work may not be acceptable to some or all of those parties. In July 1996, representatives of each of the four major unions testified before the House Subcommittee on the Postal Service that the Commission was not needed to solve labor-management relations problems at the Postal Service. They said that the affected parties should be responsible for resolving the problems.

Finally, the Government Performance and Results Act provides an opportunity for Congress; the Postal Service, its unions, and its management associations; and other stakeholders with an interest in postal activities, such as firms that use or support the use of third-class mail for advertising purposes and firms that sell products by mail order, to collectively focus on and jointly engage in discussions about the mission and proposed goals for the Postal Service and the strategies to be used to

²³The collective bargaining agreements for APWU, NALC, and Mail Handlers are due to expire in November 1998. The agreement for Rural Carriers is due to expire in November 1999.

²⁴Under 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.

achieve desired results. Such discussions can provide Congress and the other stakeholders with opportunities not only to better understand the Service's mission and goals but also to work together to develop and reach consensus on strategies to be used in attaining such goals, especially those that relate to the long-standing labor-management relations problems that challenge the Service.

The Postal Service is currently developing its strategic plan as required by the Results Act for submission to Congress by September 30, 1997. The plan is intended to provide a foundation for defining what the Service seeks to accomplish, identify the strategies the Service will use to achieve desired results, and provide performance measures to determine how well it succeeds in reaching result-oriented goals and achieving objectives. Also, as part of this process, the Results Act requires that the Service solicit the views of its stakeholders on the development of its strategic plan and keep Congress advised of the plan's contents. The Service published notices in the Federal Register asking the public for input on its proposed plan no later than June 15, 1997. This comment period provided an opportunity for those who might be affected by decisions relating to the future of the Postal Service to voice their views on the strategies to be used by the Postal Service. Furthermore, the strategic plan is intended to be part of a dynamic and inclusive process that fosters communication between the Service and its stakeholders—including the unions and management associations—and that can help clarify organizational priorities and unify postal employees in the pursuit of shared goals.

Comments From the Postal Service, Labor Unions, Management Associations, and FMCS and Our Evaluation

We provided a draft of our report to nine organizations for their review and comment. The nine organizations included

- the Postal Service;
- the four labor unions, including APWU, NALC, Mail Handlers, and Rural Carriers;
- the three management associations, including NAPS, NAPUS, and the League of Postmasters; and
- FMCS.

We received written comments from the Postal Service, the four major labor unions, and one of the three management associations—the League of Postmasters. We also obtained oral comments from the Director of FMCS and the presidents of NAPS and NAPUS.

The comments we received from the 9 organizations included diverse opinions on the 3 sections of the report that dealt with (1) the report's basic message that little progress had been made in improving labor-management relations problems; (2) the implementation of and the results associated with the 10 improvement initiatives; and (3) the opportunities that are available to help the Service, the 4 unions, and the 3 management associations reach agreement on how to address labor-management relations problems. Regarding the report's basic message, although the nine organizations generally agreed that little progress had been made and labor-management relations problems have persisted, some of them expressed different opinions on the reasons why such problems continued to exist. With respect to the 10 improvement initiatives, many of the organizations expressed different opinions about such matters as how some of the initiatives were implemented, including what role the organizations played in their implementation, and what results were associated with specific initiatives. Concerning the opportunities that could be used to help the Service, the four unions, and the three management associations agree on how to address persistent labor-management relations problems, the organizations expressed various opinions about the potential of these opportunities for helping the organizations resolve such problems. Also, some of the organizations believed that entities outside the Postal Service, including Congress, should not be involved in discussions about postal labor-management relations problems. Some of these organizations believed that the parties directly affected by such problems, namely the Service, the four unions, and the three management associations, should be the ones to decide how best to address the problems.

We understand that the nine organizations had different perspectives on these matters. However, we believe that the diversity of their opinions reinforces the overall message of this report and provides additional insight as to why little progress in improving persistent labor-management relations problems has been made since the issuance of our September 1994 report. We continue to believe that the establishment of a framework agreement, as recommended in our 1994 report, is needed to help the Service, the unions, and the management associations agree on the appropriate goals and approaches for dealing with persistent labor-management relations problems. Also, we believe that opportunities such as the ones discussed in this report, including the use of a third-party facilitator, the proposed labor-management relations commission, and the requirements of the Government Performance and Results Act, can provide the Service, the unions, and the management associations

alternatives to explore in trying to determine how best to reach agreement on dealing with such problems, so that the Service's work environment can be improved and its competitive position in a dynamic communications marketplace can be maintained.

We incorporated comments where appropriate from all nine organizations, including the Service, the four unions, the three management associations, and FMCS, as their comments pertained to the three major sections of the report in which we discussed our findings. We have included copies of the written comments we received from the Postal Service, APWU, NALC, Mail Handlers, Rural Carriers, and the League of Postmasters, along with our additional comments, as appendixes II through VII, respectively.

Comments Related to the Report's Message

In the section of the report entitled "Little Progress Has Been Made in Improving Labor-Management Relations Problems," which begins on page 10, we discussed the report's basic message that these problems, which were identified in our 1994 report, still persisted. Representatives from the nine organizations generally agreed that labor-management relations problems continued to exist in the Postal Service and that little progress had been made in addressing them. In their written comments, some organizations discussed in more detail the reasons why they believed such problems still existed. Among other things, these reasons included concerns about the Postal Service's contracting out of some postal functions, the lack of trust between employees and managers, and the importance of permitting the Postal Service and its unions and management associations to operate without interference from outside parties.

In addition to these written comments, the president of NAPS told us that he believed the reason for the continued problems was that most employee organizations were more concerned with trying to preserve their own existence rather than trying to help ensure the future security of the Postal Service as an organization. He believed that it was time for the unions and the management associations to begin educating their members about the need for these organizations to focus on maintaining the existence of the Service because, without the Service, the employee organizations would have no reason to exist.

Comments Related to Specific Improvement Initiatives

In the section of the report entitled "Status and Results of Initiatives to Improve Labor-Management Relations," which begins on page 21, we presented information on the efforts that the Service, the 4 labor unions,

and the 3 management associations have made to implement 10 improvement initiatives. In this section, we included the comments that we received from some of these organizations, such as APWU, NALC, and NAPS, which provided us their insights about specific improvement initiatives, including the crew chief program, the postal employee opinion survey, and EI. The organizations that commented on specific initiatives provided information that generally (1) discussed the extent to which they participated in helping to develop and implement specific initiatives, (2) described the outcomes that they believed resulted from specific initiatives, and (3) identified the reasons why they believed specific initiatives had not achieved their intended outcomes.

Comments Related to Opportunities for Improving Labor-Management Relations

In the section of the report entitled “Continued Need to Improve Labor-Management Relations,” which begins on page 44, we discussed opportunities that are currently available for the Service, the 4 unions, and the 3 management associations to use in attempting to reach agreement on strategies for improving labor-management relations problems. The opportunities we discussed in our report included (1) the continued use of a third-party facilitator, such as FMCS, to help these eight organizations agree on common goals and approaches; (2) the establishment of a presidentially appointed commission of outside experts to evaluate and recommend solutions to labor-management relations problems; and (3) the inclusion of the eight organizations, Congress, and other parties interested in postal activities in a dialogue as part of the Government Performance and Results Act that can help all postal stakeholders focus on defining the Service’s mission and goals and the means to achieve such goals.

Some of the organizations provided us their comments on one or more of these three issues. Concerning the first issue about the use of a third-party facilitator to help the eight postal parties reach agreement, we received comments from five organizations. However, instead of the third-party facilitator, their comments generally focused more on the PMG’s proposed summit meeting for which the Director of FMCS has been performing the facilitator role in attempting to convene the meeting. We received comments on the meeting from FMCS, APWU, NALC, Rural Carriers, and the League, all of which provided different perspectives on the anticipated merits of the proposed summit meeting. The information we obtained about the meeting is included in the section of the report entitled “Little Progress Has Been Made in Improving Labor-Management Relations Problems.” This section includes information on the summit meeting,

which begins on page 19, and the comments on the meeting that we received from the five organizations.

The second issue involved the establishment of the seven-member labor-management relations commission that was included in proposed legislation by the House Subcommittee on the Postal Service. We received comments on this issue from the Postal Service and one of the three management associations—the League of Postmasters.

In its comments, the Service endorsed the proposal by the House Subcommittee on the Postal Service that a commission be established to evaluate and recommend solutions to labor-management relations problems. The Service believed that it would prefer to support the work of such a commission rather than engage in continued recriminations and finger-pointing with the unions on why so little progress in addressing such problems had been made, which has often occurred in the past. The Service had two suggestions for the Subcommittee's consideration in the establishment of the commission. First, the Service suggested that a shorter time period (i.e., 1 year instead of 3-1/2 years) be established for the commission to complete its work. The Service stated that 3-1/2 years was too long a period of time for the commission to evaluate and recommend solutions to persistent labor-management relations problems, mainly because a significant amount of work by us and others has already been done to identify that such problems continue to exist and that this work should not have to be repeated. Second, the Service suggested that the commission be established under the auspices of an independent academic organization to help ensure that (1) the commission's work could be started as quickly as possible without having discussions about its establishment tied to discussions about the postal reform legislation and (2) the chances that the commission's recommendations would be accepted could be increased.

In its comments on a draft of this report, the League mentioned that as described in the proposed legislation, the proposed commission would not include representatives of postal employees or customers. The League also expressed concern about the fact that the members of the commission would be making decisions about how to resolve labor-management relations problems without being responsible for ensuring that such problems were resolved.

Recent discussions we held with the presidents of the four unions and the remaining two of the three management associations (i.e., NAPS and NAPUS)

confirmed that they are also concerned about the composition of the commission as well as the need for it. Given these opinions, the Service expressed a concern that without the involvement of an independent body, implementation of the commission's recommendations may be difficult to accomplish.

Concerning the third issue—the opportunity for parties interested in postal activities to engage in a dialogue as part of Results Act requirements—only APWU provided comments. According to the president of APWU, he received a copy of the Postal Service's draft strategic plan around June 16, 1997, which he considered rather late. The Results Act required that the final plan be submitted to Congress no later than September 30, 1997. Accordingly, the APWU president believed that such lateness reduced the value of his input on the draft plan and led him to question whether the Service's attempt to seek input was sincere.

As arranged with you, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to the Ranking Minority Member of your Subcommittee, the Chairmen and Ranking Minority Members of the House and Senate oversight committees, the Postmaster General, and to other interested parties. Copies will also be made available to others upon request.

If you or your staff have any questions about this report, please contact me on (202) 512-4232; or Teresa Anderson, Assistant Director, on (202) 512-7658. Major contributors to this report are included in appendix VIII.

Sincerely yours,



Bernard L. Ungar
Director, Government Business
Operations Issues

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Abbreviations

AFL-CIO	American Federation of Labor-Congress of Industrial Organizations
APWU	American Postal Workers Union
ASP	Associate Supervisor Program
EAS	Executive and Administrative Schedule
EI	Employee Involvement
EOS	Employee Opinion Survey
EVA	Economic Value Added
EXFC	External First-Class Measurement System
FLSA	Fair Labor Standards Act
FMCS	Federal Mediation and Conciliation Service
MBP	Management by Participation
NALC	National Association of Letter Carriers
NAPS	National Association of Postal Supervisors
NAPUS	National Association of Postmasters of the United States
NLRA	National Labor Relations Act
NPMHU	National Postal Mail Handlers Union
NRLCA	National Rural Letter Carriers' Association
PCES	Postal Career Executive Service
PRA	Postal Reorganization Act of 1970
PMG	Postmaster General
QWL	Quality of Work Life
RBCS	Remote Bar Coding System
REC	Remote encoding center
TFP	Total factor productivity
UMPS	Union-Management Pairs

Description of Grievance/Arbitration Process

As defined in postal labor agreements, a “grievance” is “a dispute, difference, disagreement, or complaint between the parties related to wages, hours, and conditions of employment.” The Postal Service’s process for resolving grievances is similar to that used in the private sector and other public organizations.

Depending on the type of grievance, the process may involve up to 4 or 5 steps, and each step generally requires the involvement of specific postal and union officials. For instance, at each of the first 3 steps in the process, the parties that become involved include lower to higher union and postal management level officials in their respective organizations, such as post offices, mail processing and distribution centers, and area offices. Step 4 in the grievance process occurs only if either the Service or the union believes that an interpretation of the union’s collective bargaining agreement is needed, in which case national level postal and union officials would become involved. The fifth and final step in the grievance process involves outside binding arbitration by a neutral third party. Both employees and the four unions that represent them can initiate grievances. The 5 steps of the process are described below.

Step 1: Oral Grievance

- The employee or union steward discusses the grievance with the supervisor within 14 days of the action giving rise to the grievance.
- The supervisor renders an oral decision within 5 days.
- The union has 10 days to appeal the supervisor’s decision.

Step 2: Written Grievance

- The grievance is filed in writing on a standard grievance form with the installation head or designee.
- The installation head and the union steward or representative meet within 7 days.
- The installation head’s decision is furnished to the union representative within 10 days.
- The union has 15 days to appeal the installation head’s decision.

Step 3: Written Appeal of Grievance

- The union files a written appeal with the Area Office’s director of human resources.
- The union’s Area representative meets with the representative designated by the Postal Service within 15 days.
- The Postal Service’s step 3 decision is provided to the union representative within 15 days.
- The union has 21 days to appeal the decision to arbitration (step 5).

**Step 4: National Level Review
of Grievances Involving an
Interpretation of the Union's
National Agreement**

- If either party maintains that the grievance involves a matter concerning the interpretation of the National Agreement, the union has 21 days to refer the matter to the national level of the union and the Postal Service.
- Representatives of the national union and the postal headquarters meet within 30 days.
- The Postal Service issues a written decision within 15 days.
- The union has 30 days to appeal the Postal Service's decision to arbitration.

Step 5: Arbitration

- An arbitrator is selected and a hearing is scheduled under the terms of the National Agreement, depending on the type of grievance.
- The arbitrator's decision is final and binding.

Comments From the Postal Service



July 29, 1997

Mr. Michael E. Motley
Associate Director, Government Business
Operations Issues
United States General Accounting Office
Washington, DC 20548-0001

Dear Mr. Motley:

Thank you for providing us an opportunity to review the draft report entitled, U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems.

One does not have to read much beyond the title to get the gist of the report. True enough, little progress has been made in the last several years in resolving the Postal Service's long-standing labor-management problems. Certainly, during this time there has been progress in some areas, some small successes. But on the whole, progress toward more productive relations between postal management and the unions has been limited, isolated and generally less than impressive.

While it would be all too easy to engage in yet another round of recriminations and mutual finger-pointing with the unions over why there has been so little progress, we are unwilling to do that. Rather than continue the unproductive approaches of the past, we would like to take this opportunity to endorse the proposal, as set forth in Chairman McHugh's bill, H.R. 22, to establish a commission that would study the underlying issues and make workable recommendations for these seemingly intractable problems.

We would, however, strongly suggest a shorter time period for the commission's work. Three and one-half years, as the bill proposes, is simply too long. We would propose that the commission deliver a final report, with appropriate recommendations, within a year of its inception. We think that GAO's previous reports on these matters and the existing body of work of others can provide the commission with sufficient background information. It should not be necessary to plow the same ground again to conclude that problems exist.

We agree 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. In order to facilitate the commission's work and to increase the acceptance of its recommendations, consideration ought to be given to establishing the commission under the auspices of a nationally respected, independent and impartial academic body. Under such an arrangement, it would be possible for the commission to be put on a fast track rather quickly and not have its establishment tied to the deliberations of the postal reform bill.

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-0010
202-268-2500
FAX: 202-268-4860

See p. 48.

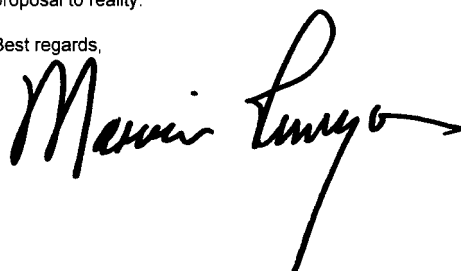
See pp. 49-51.

Appendix II
Comments From the Postal Service

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We are ready to assist in whatever way would be helpful to move the idea of a commission from proposal to reality.

Best regards,

A handwritten signature in black ink, reading "Marvin Lugo" with a stylized flourish at the end.

Comments From the American Postal Workers Union

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

July 21, 1997

Moe Biller, President
(202) 842-4246

Mr. Michael E. Motley, Associate Director
Government Business Operations Issues
General Accounting Office, Room 2A10
441 G St NW
Washington, DC 20548-0001

Dear Mr. Motley:

We have reviewed the draft report supplied by the GAO entitled "Little Progress Made in Addressing Persistent Labor Management Problems." We find there are substantial problems with its analysis and conclusions which we discuss below.

At the outset, the basic premise of the document that labor management problems have "generally contributed to a sometimes contentious work environment and lower productivity" is misleading in several ways. The contentious work environment in the Postal Service is not the product of some sort of top down directive from postal unions, and the GAO has supplied no evidence that this is the case. Indeed, the illusion that problems such as high grievance activity or poor relations between craft employees and front line supervisors is the result of union propaganda or internal politics has supplied the Service with a rationale to avoid meaningful reform for many years. To the contrary, such activity is obviously the result of the discontent many employees feel about their work environment, and any other explanation obscures this basic problem.

In this respect, we are astonished that, in analyzing the sources of contentiousness in the workforce, the report nowhere mentions the corrosive impact of the USPS' seventeen 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 played a major role in undermining employee morale. When the 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

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Greg Bell
Industrial Relations Director

Robert L. Tunstall
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James W. Lingberg
Director, Maintenance Division

Robert C. Pritchard
Director, MVS Division

George N. McKeithen
Director, SDM Division

Regional Coordinators

Leo F. Persalls
Central Region

Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

See comment 1.

See pp. 48-49.



**Appendix III
Comments From the American Postal
Workers Union**

Michael E. Motley

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July 21, 1997

among craft workers and, under such circumstances, we scarcely need a 100 page report to discern the sources of "contentiousness."¹

This situation is aggravated by the fact that there is no internal procedure for addressing abusive managers. Recent inquiries by the union to employees to identify abusive managers has generated hundreds of responses detailing the abusive acts of specific managers and repeated efforts by employees to have the abuses investigated. The results have been a "siege mentality" approach where abusive managers are at best assigned to other employees or, at worst, the requests are ignored. This refusal to hold managers accountable to the same standards as employees has created a climate of distrust and lack of respect and unavoidably affects performance.

I must also note, though, that the other feature of the Report's premise, i.e., that there has been lower productivity or insufficient productivity improvement in the Service in comparison to the private sector, is flawed. The most obvious flaws appear in the paragraph that begins on page 17 and ends on page 18. We are told that it is unlikely that the USPS' TFP measure adjusts for usage of capital as you suggest. If it did, TFP would probably show a faster rate of increase than it does. But regardless of whether the adjustment has been made, the behavior of total factor productivity has not been retarded by labor. This can be shown from the attached chart on labor productivity. For the Postal Service as a whole, the labor productivity part of TFP has kept pace or exceeded that of the U.S. private nonfarm economy during the last 20 years. For the APWU, labor productivity has considerably outpaced that of the private nonfarm economy, particularly in the last ten years.

But there is one clear thing impairing improvement in USPS total factor productivity. The GAO report alludes to it in the same paragraph, but does not make the link. It is that the USPS is not effectively managing the transportation carriers it has under contract. Next to labor and plant and equipment investment, transportation is the third largest input to producing postal services. Your report mentions that second and third day service performance rates have not exceeded 80 percent of their "on-time" targets. Most mail in the 2-3 day category moves, at least part of the way, by air. Airline on-time performance, as measured by the USPS itself, is quite low for most of the major carriers it uses. In contrast, most overnight mail moves by truck, a mode over which the USPS has

¹ Despite the fact that the Service designed and operated two successful in-house call centers, the Service decided to contract out the Corporate Call Centers. We estimate that the full network of centers will utilize about 5,000 employees. The Service is nearing a decision to contract out all existing work on mail transportation equipment when establishing its new Mail Transportation Equipment Service Centers. The MTESC will use 3,550 FTEs. Phase one of the PMPC network which involves 10 centers on the east coast and in Florida will eventually use 3,072 FTEs just for processing without consideration of transportation. The contracted Eagle Network Hub in Terre Haute employs about 500 people.

See comment 2.

Now on p. 11.

**Appendix III
Comments From the American Postal
Workers Union**

Michael E. Motley

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more control because more is done with in-house labor and vehicles. It is not its relations with its employees that is bogging down USPS operations, it is its management of its outside contractors².

Despite these problems, the economic performance of the USPS, contrary to your characterization, is not causing it to lose share to its competitors. Electronic communications have created new demand and taken some business from the USPS. It has also taken business from courier services and voice and fax communications over phone lines. But as the attached pie charts show, the USPS has increased its market share over the past ten years. From 1986 to 1996, the USPS share of the market for transportation and communications rose from 6.9 percent to 7.6 percent. By contrast, the telephone sector share fell from 33.7 percent to 29.7 percent. Trucking, airlines and cable TV along with the postal service were the major share gainers.

In terms of the media markets for advertising, the USPS was the clear winner. Its share rose from 9.2 percent to 12.2 percent, a larger percentage point gain than the rapidly growing cable TV industry.

The data on USPS productivity and market share show a consistent picture: labor productivity has been good and market share has benefitted. Furthermore, there is no body of literature, of which I am aware, that shows grievance levels have a significant effect on productivity. But even if such proof exists, your claim on page 2 that "these problems have generally contributed to ... lower productivity for the Postal Service" seems unsubstantiated by the facts.

In addition to the above, I would make the following comments concerning the specific cooperative initiatives involving the APWU referenced in your Report:

1. **Summit Meeting** — As stated this Summit has not yet occurred. The prospects for the success of this endeavor were not improved when, shortly after the conclusion of a pre-summit meeting during which the PMG pledged full communication concerning the Service's business plans, transportation and processing of priority mail was contracted to Emery Worldwide. APWU was surprised by the decision (announced to the world at the same time we were notified) because we were expecting the Service to meet with the union to provide critical information about how they would make a decision on this proposed outsourcing and to receive our views.

² At the May 6, 1997 Board of Governors Meeting, the governors asked Dr. Christensen, the architect of the USPS TFP, if recent large capital investments would explain the recent poor TFP numbers. Dr. Christensen explained that over the past three years the strongest growth in resource usage holding down TFP was in materials which grew at 7% per year. He noted that transportation and advertising were in the material category.

See p. 21.

**Appendix III
Comments From the American Postal
Workers Union**

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The pre-summit planning meetings you mention included the PMG and presidents of the APWU and NALC. At the last meeting agreement was reached to have subcommittees address three areas of mutual concern. In February, a NALC, APWU, and USPS subcommittee met and agreed that we should attack the grievance backlog first and that if we could succeed in this first step we would proceed to other areas. Each union engaged in separate meetings with the Service in an attempt to address grievance backlogs. APWU and USPS reached an agreement (attached). The agreement is several steps into the implementation process.

An accelerated arbitration process guarantees that 49% of the grievance backlog will be eliminated by the end of the calendar year and will not build up again. The sites with the highest backlogs have been identified. Field people have submitted plans for implementing the joint agreement in these sites. The field plans are now being implemented.

With the assistance of FMCS we have completed joint training of management and union representatives in mediation processes. These representatives will act as co-mediators under a negotiated co-mediation process. They will mediate various disputes between local unions and managements. Initial sites for these co-mediation efforts have been selected. We will also use traditional mediation through the services of FMCS in a number of sites within two performance clusters. The performance of these various efforts will be jointly tracked and evaluated. This pre-summit subcommittee is now moving on to address other issues.

2. Joint Labor Management Cooperation Memorandum — As you report this memorandum has not lived up to expectations. However, it must be noted that cooperation exists and results in significant agreements with potential for “far-reaching” effect. In the last three months alone we reached agreements on the grievance backlog (described above), an NLRB alternative dispute resolution procedure concerning information requests (attached), and an agreement on implementation of an administrative dispute resolution procedure (attached). 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.

3. 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 your interviews we have reached a joint agreement. The initial commitment to use mediation is contained in the grievance backlog agreement described above. Under separate cover we will provide you with a package of materials describing the co-mediation venture.

4. Crew Chiefs — The GAO discussion of this project is not accurate. Dr. James Martin of Wayne State University performed an extensive analysis of employee and management satisfaction

See pp. 35-37.

See pp. 37-38.

See pp. 38-41.
Also see comment 3.

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with crew chief based oversight as compared to supervisors. There was considerable improvement in morale and satisfaction at virtually all crew chief sites, although, to be sure, the improvement in retail operations was more dramatic than in mail processing. Any report on the success of this project which does not reflect Martin's study is wholly inadequate. Moreover, the GAO completely ignored the fact that Crew Chiefs have been successfully implemented at Remote Encoding Centers, and apparently did not investigate this development at all.

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 high³. In the Remote Encoding sites, where negotiated group leaders are working, the ratio of supervisors to craft employees is 1:55. The similar ratio in mail processing operations is 1:23. Yet the productivity of the Remote Encoding Centers far exceeds the performance expectations which resulted in the agreement to bring the Centers back in-house. The fact that we still cannot implement similar positions in the USPS itself reveals quite clearly that the Service is totally committed to retaining the same bureaucracy and administrative hierarchy that has existed since reorganization with all its consequent ramifications for continued "contentiousness."

5. Employee Opinion Survey — Your description of this "initiative" seems to imply that APWU was a party to this initiative. We never were. Not a single one of the questions on the EOS came from APWU. In fact several questions to which the APWU objected remained on the questionnaire after lodging our objections. We were kept informed, but that hardly makes it a joint initiative. Nonetheless we did not object to the survey until Postal Service use of the survey started causing problems.

In several locations EOS action teams composed, in part, of rank and file APWU members, but without local union participation, began working on alleged problems identified by EOS results for that location, such as how to deal with the poor performer. On several occasions during the 1994 round of bargaining, various Postal Service negotiators, cited EOS data as justification for proposals. And as you described, during interest arbitration, the Service attempted to use your 1994 report which referenced EOS results to make a point about employee views. After numerous example of inappropriate use of EOS survey results, APWU decided to boycott the 1995 EOS. Keep in mind that employees were given paid time off from work to complete the survey. Yet significant numbers of employees heeded the union call for a boycott and remained on the job causing the Service to abandon the EOS. It is incorrect to suggest that the Service abandoned the EOS because APWU pulled out. The EOS was never a joint initiative. The USPS abandoned the EOS when the EOS

³ The ratio of all postmasters, managers, supervisors, and administrative workers to craft workers is 1:7.3.

See pp. 41-43.

**Appendix III
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failed to produce statistically valid results because workers would not share their views with an employer set on using their responses to undermine their Union's bargaining position.

APWU has no inherent objections to employee surveys. We helped design, execute, and analyze a major joint APWU/NALC/USPS survey of employees concerning dependent care issues. We are providing the survey results under separate cover. The Service is currently completing a survey of employees to discover how well local managements have communicated Customer Perfect goals to employees. We have not objected. We have instructed locals that the boycott does not apply to this survey and employees should be advised to complete the survey.

6. USPS Strategic Plan — We received a copy of the Postal Service draft Strategic Plan around June 16, 1997. This is late in the game. The Service spent a lot of time and energy on the Plan. If APWU was considered a "stakeholder" involved in information sharing and cooperative ventures wouldn't it have been appropriate to have been involved in the planning process going back to 1993? We will provide our views to the Service, but as with so many issues, the lateness of the day reduces the value of our input and leads us to question whether the attempt to seek input was sincere or simply pro forma.

Sincerely,

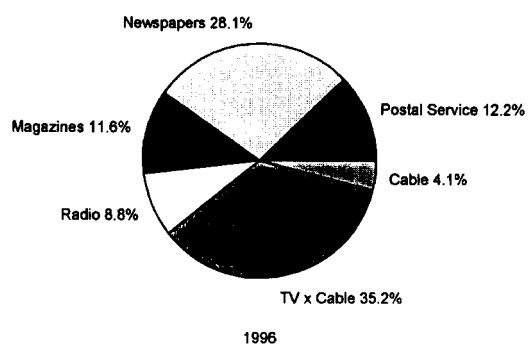
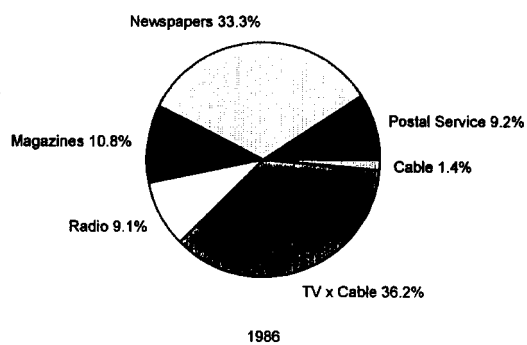


Moe Biller
President

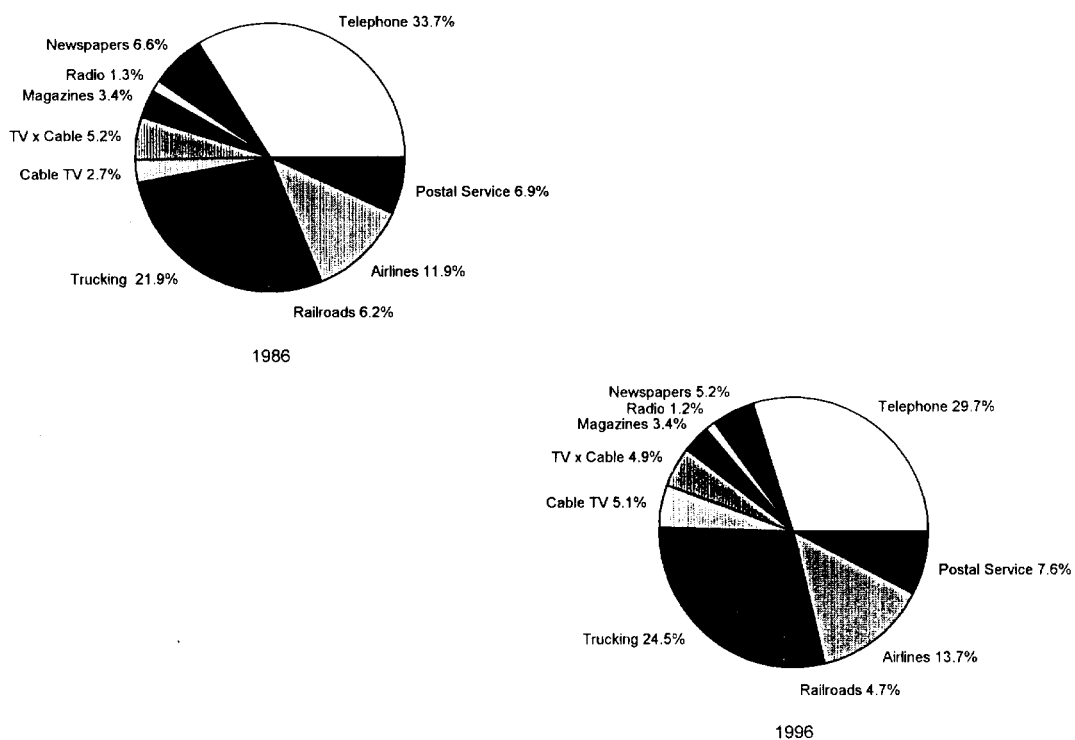
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See p. 51.

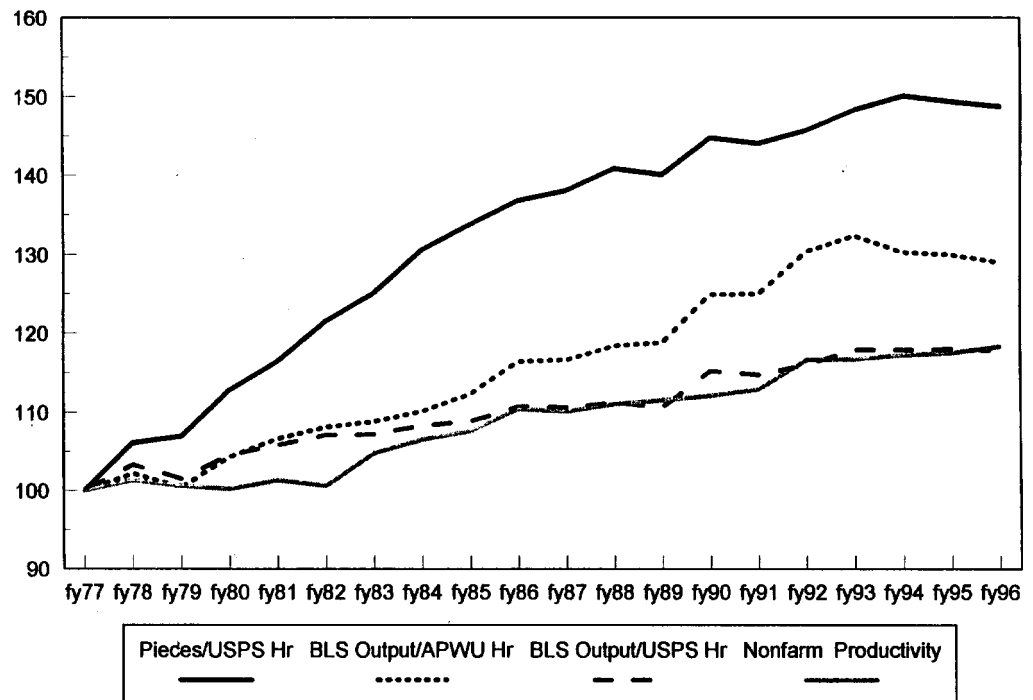
Relative Advertising Revenue Shares of the Major Communications
Sectors Driven by Advertising



Relative Market Shares of the Major Communication and
Transportation Sectors of the Economy



Comparison of Two Measures of USPS Labor Productivity and
APWU Bargaining Unit Productivity to Nonfarm Labor Productivity



**Appendix III
Comments From the American Postal
Workers Union**

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

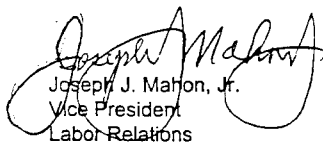
As a result of discussions between the parties in the recent "Summit" meetings, the parties are committed to eliminating the current grievance/arbitration backlog; preventing future re-occurrences through improvement of the labor-management relationship and addressing root causes that generate grievances.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

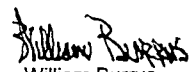
1. Co-Mediation: Two Performance Clusters per Area will be selected as sites for implementation of the new mediation process described in Article 15.3.
2. FMCS Mediation: Two Performance Clusters will be selected as sites for use of the mediation services of the Federal Mediation and Conciliation Service.
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

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

NLRB Dispute Resolution Process**

The United States Postal Service and the American Postal Workers Union, AFL-CIO, in continuation of their commitment made during the collective bargaining process to the effect that the parties would explore alternative procedures to reduce the number of unfair labor practice charges with the National Labor Relations Board, agree to the following procedure for the handling of Union information requests:

1. With respect to requests for information under Articles 17.3 and 31.3 of the National Agreement, the Union may request and shall obtain access through the Postal Service to files and other records relevant and necessary for collective bargaining or the enforcement, administration or interpretation of the National Agreement. In this regard, the parties reaffirm their commitment to the principles set forth in the December 2, 1993 memorandum of Vice President Joseph J. Mahon, Jr., which is appended as an attachment hereto: the Union is entitled to all relevant and necessary information to perform its bargaining obligations as the representative of bargaining unit employees, and if the requested information has some bearing on an issue between the parties, it should be disclosed to the Union. Information requests for employee time records, employee leave records, employee prior discipline records, employee staffing records and employee work schedule records are generally regarded as relevant with respect to the Union's determination whether or not to file a grievance concerning those matters. If the request is unclear as to what information is being requested, Management should seek clarification from the Union and the Union will provide in a timely fashion a more precise statement of what is being requested. The fact that the information does not reside in the local unit is not sufficient by itself to deny an information request if the information is accessible by alternative means. The Union will provide Management with a completed "APWU Request For Information Form," which is appended as an attachment.

Appendix III
Comments From the American Postal
Workers Union

2. Management shall provide the requested information, a date on which the information will be forwarded or a written statement explaining why the information will not be provided to the Union within seven (7) days of the request. The parties may agree to mutually extend the time limits set forth in this dispute resolution process.

3. If the request is denied, the request shall be forwarded to District Management along with copies of the related correspondence and documents. The District Management representative will review the request as expeditiously as possible, and shall provide the requested information, a date on which the information will be forwarded or a written statement explaining why the information will not be provided within ten (10) days following receipt of the referral.

4. If Management does not provide the requested information at the District level, the request shall be referred to the parties' Area representatives. After review of the request by the Area Management representative, the Union shall provide a statement of position if requested by the Area Management representative, which shall be included in the file along with a statement of position by Management and any other related correspondence and documentation. Either party may supplement the file, if deemed necessary. The parties' Area representatives shall discuss the matter within twelve (12) days following referral of the Union's request for information.

5. If Management does not provide the requested information at the Area level, the entire file, which should include both parties' position statements and any other supporting documentation, shall be sent to the Union and Postal Service Headquarters. Either party may supplement the file, if deemed necessary. The Vice President of Labor Relations or his designee and the President of the Union or his designee shall discuss the matter within twelve (12) days following referral of the Union's request for information and, where possible, issue at least a verbal decision. The parties envision few disputes reaching the Headquarters level as it is the desire of all concerned that any disputes about the propriety of an information request be settled at the lowest possible level in the parties' respective organizations.

6. With respect to information requests originating at the Headquarters level, if such a request is denied by Management, the parties agree to meet and discuss the matter at the Headquarters level no later than the end of the month following the denial of the information request, and to exchange written statements of position and copies of related correspondence and documents prior to the meeting.

7. Pending exhaustion of these dispute resolution steps, no unfair labor practice charge asserting improper denial of an information request will be filed

**Appendix III
Comments From the American Postal
Workers Union**

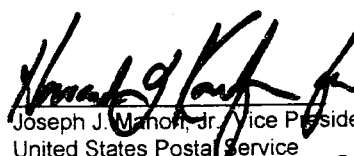
with the Board. If the information request dispute is not resolved by the parties within fourteen (14) days of the Headquarters level meeting, it is envisioned that the Union may file an unfair labor practice charge with the General Counsel of the National Labor Relations Board in Washington, D.C., pursuant to Section 102.33(a) of the Board's Rules and Regulations. Upon such filing, the parties agree to provide to the Board's Division of Enforcement a copy of the parties' written statements of position and other correspondence and documents set forth above, and agree to meet with representatives of the Division of Enforcement for the purpose of settling the case. If the case cannot be settled, and the charge is deemed meritorious, it is the parties' intent that in appropriate cases the matter be submitted to the Board through motion for summary judgment.

8. The process set forth in this agreement is prospective only and has no applicability to any case currently pending before the Board.

9. The parties understand that the process set forth above is experimental in nature, that it will continue for one year, and that immediately prior to the expiration of that time period the parties and the Board will meet to discuss continuation of the program. Any party or the Board may, with sixty (60) days advance notice, discontinue participation in the program described above.

10. The process set forth in this agreement is entered into without precedent or prejudice to any party's position in any matter, and may not be cited in any forum for any purpose except to enforce its terms.


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


Joseph J. Mahon, Jr., Vice President
United States Postal Service
7/15/92

A:post2.doc

**Appendix III
Comments From the American Postal
Workers Union**



JOSEPH J. MAHON JR.
VICE PRESIDENT, LABOR RELATIONS

UNITED STATES POSTAL SERVICE
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-4100

December 2, 1993

MEMORANDUM FOR AREA MANAGERS, CUSTOMER SERVICES
AREA MANAGERS, PROCESSING AND DISTRIBUTION
DISTRICT MANAGERS, CUSTOMER SERVICES
PLANT MANAGERS, PROCESSING AND DISTRIBUTION
MANAGERS, HUMAN RESOURCES (ALL AREAS)

SUBJECT: Local Union Information Requests

The National Labor Relations Board has informed me that some information requests made by union officials are being denied by local management representatives on the technical ground that the local union official has no authority to make an information request. It is not the Postal Service's intention to deny an information request on this technical ground and I would appreciate that this fact be communicated to all individuals responsible for responding to local union information requests.

In addition, I would like to take this opportunity to reaffirm the general principle that the unions are entitled to all relevant and necessary information to perform their obligations as the representative of bargaining unit employees. Therefore, if the requested information has some bearing on an issue between the parties, it should be disclosed to the unions. If an information request is unclear, management should attempt to clarify the request, rather than denying the request on a technicality.

Finally, information requests should be timely answered and delays should be avoided. The fact that the information may not reside in the local unit is not sufficient to deny an information request, if management is aware that the information is accessible by alternative means.

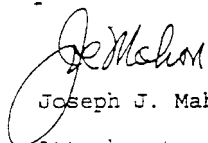
If an information request is to be denied or a response cannot be timely answered, please have the individual handling the request advise the local union official explaining the basis for the delay or denial.

202-268-3519
Fax: 202-268-3374

Appendix III
Comments From the American Postal
Workers Union

Also attached is a copy of a Board notice which has been posted in two geographic locations as a result of an informal settlement the Postal Service has reached with the Board.

Please share this memorandum with all personnel responsible for responding to union information requests.



Joseph J. Mahon, Jr.

Attachments

cc: Mr. Jacobson
Mr. Green

- 2 -

**Appendix III
Comments From the American Postal
Workers Union**

AMERICAN POSTAL WORKERS UNION, AFL-CIO

Grievant/Union	Nature of Allegation
----------------	----------------------

Date of Request

To: _____ Title: _____

From: _____ Title: _____

Subject: **REQUEST FOR INFORMATION & DOCUMENTS RELATIVE TO
PROCESSING A GRIEVANCE**

We request that the following documents and/or witnesses be made available to us in order to properly identify whether or not a grievance does exist and, if so, their relevancy to the grievance:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

NOTE: Article 17, Section 3 requires the Employer to provide for review all documents, files, and other records necessary in processing a grievance. Article 31, Section 3 requires that the Employer make available for inspection by the Unions all relevant information necessary for collective bargaining or the enforcement, administration or interpretation of this Agreement. Under 8a(5) of the National Labor Relations Act it is an Unfair Labor Practice for the Employer to fail to supply relevant information for the purpose of collective bargaining. Grievance processing is an extension of the collective bargaining process.

☐ REQUEST APPROVED

☐ REQUEST DENIED

(date)

(signed)

219

June 4, 1997

Mr. William Burrus
Executive Vice President
American Postal Workers Union
AFL-CIO
1300 L Street, NW
Washington, DC 20005-4107

RE: Administrative Dispute Resolution Procedure

Dear Bill:

Pursuant to the above referenced MOU and our recent discussions concerning the implementation thereof, the following guidelines are proposed:

1. The parties at the national level have identified the following issues, when unresolved at the local level, to be referred to the Administrative Dispute Resolution Procedure (ADRP):

- A. Promotions Pay
- B. Lump Sum Payments
- C. Article 6/12 Excessing Memorandum
- D. FLSA pay disputes

The parties may mutually agree to add or delete issues as needed.

2. Disputes must be initiated at the local level within 14 days of the date on which the employee or the union first learned or may reasonably have been expected to have learned of its cause. Disputes initiated at the local level will be discussed between the designated representatives of the local union and local management. If the discussion does not lead to resolution of the issue, the union may forward the dispute to the Area level within 15 days to be discussed between the USPS and union-designated officials. The parties will exchange names and addresses of designees at each level of the procedure.

Appendix III
Comments From the American Postal
Workers Union

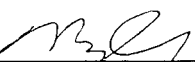
3. If the issue is not resolved at the Area level, the union may forward the dispute to the designated union representative at the national level within 21 days for discussion with the USPS designee.

4. If the issue is unresolved after review by the national parties, the union may appeal to arbitration within 30 days.

5. Either party may withdraw from this procedure by giving the other party 30 day written notice at the national level. In the event that either party should withdraw from this procedure, cases already filed under this agreement will be processed under this procedure.

Please indicate your concurrence with these terms by co-signing this letter.

Sincerely,


Pete Bazylewicz
Manager
Grievance and Arbitration
United States Postal Service


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

The following are GAO's comments on specific issues included in the letter dated July 21, 1997, from the American Postal Workers Union (APWU). Other issues that were discussed in the letter have been included in the report text.

GAO Comments

1. We do not agree with APWU's assessment that the basic premise of the report—that labor-management relations problems have generally contributed to a sometimes contentious work environment and lower productivity—was misleading. In discussing these issues, we did not suggest, as APWU stated, that such an environment resulted from some top down directive from the unions. Rather, as discussed in our 1994 report, such an environment appeared to have resulted from various problems, including autocratic management styles, adversarial employee and union attitudes, and inappropriate and inadequate performance management systems. We identified these problems mainly through the results of the 1992 and 1993 postal employee opinion surveys and our interviews with postal, union, and management association officials.

Also, we did not suggest that such problems as the high level of grievance activity and poor relations between postal craft employees and supervisors were the result of union propaganda or internal union politics. Instead, as discussed in our 1994 report, we determined that various data, including (1) increased grievance rates, (2) repeated uses of arbitration to settle contract negotiations, and (3) responses to the 1992 and 1993 postal employee opinion surveys indicated that postal, union, and management association officials needed to change their relationships and work together to help improve the Service's corporate culture, so that the Postal Service can become more competitive and a better place to work.

2. In its comments, APWU stated that it believed the report's premise—that the Service has experienced lower productivity or insufficient productivity improvements compared to the private sector—was flawed. APWU also cited various problems with our discussion of TFP in the report and believed that we had implied that TFP was retarded by labor. In addition, APWU expressed concern about our characterization that the Service's economic performance was causing it to lose market share to its competitors. Furthermore, APWU included in its comments specific data on such topics as (1) comparisons of Service and APWU labor productivity to that of the non-farm labor sector and (2) the Service's share of the advertising revenue that has been generated by major communications participants, such as newspapers, radio, and television.

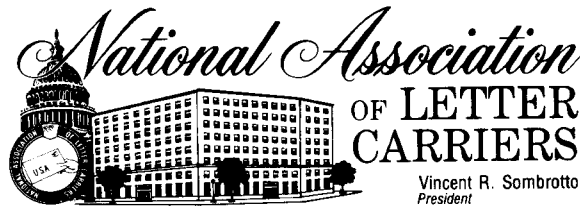
The discussion on TFP in our report was intended to provide additional information and perspective on the Service's overall productivity and performance compared to other performance indicators such as net income and delivery scores for specific classes of mail. We did not verify the accuracy of the TFP information that we obtained from the Service nor did we verify the data that APWU included with its comments related to such topics as labor productivity and advertising revenue. Also, we did not suggest as APWU stated that the behavior of TFP was retarded by labor. In addition, we stated in our report that the Service was concerned about the fact that customers were increasingly turning to competitors or alternative communications methods. This information was not our characterization, as asserted by APWU, but it was information that we obtained from Service officials.

3. In discussing the crew chief program, APWU commented that we ignored the fact that negotiated group leaders—employees whose responsibilities are similar to those of crew chiefs—were being successfully used at RECS, and the overall performance of the RECS has exceeded expectations. Our primary purpose for including RECS in our review was to determine the extent to which the joint APWU-Service labor-management cooperation memorandum had been implemented, not to review the overall operations of RECS. Thus, we did not review the use of negotiated group leaders at RECS or the overall performance of RECS.

Comments From the National Association of Letter Carriers

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

Francis J. Conners
Executive Vice President
William H. Young
Vice President
William R. Yates
Secretary-Treasurer
James G. Souza, Jr.
Asst. Secretary-Treasurer
Jim Edgemon
Director, City Delivery
William M. Dunn, Jr.
Director, Safety & Health



100 Indiana Avenue, N.W., Washington, D.C. 20001-2144
Telephone: (202) 393-4695

Michael J. O'Connor
Director, Life Insurance
Thomas H. Young Jr.
Director, Health Insurance
James E. Worsham
Director of Retired Members
BOARD OF TRUSTEES
John W. DiTollo, Chm.
Larry Brown
Jane E. Broendel

July 17, 1997

Michael E. Motley
Associate Director, Government
Business Operations Issues
United States General
Accounting Office
Washington, DC 20548

Dear Mr. Motley:

On behalf of the 240,000 active city letter carriers employed by the United States Postal Service and represented by the National Association of Letter Carriers (AFL-CIO), we submit our comments on the draft report entitled "U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems" (1997).

A. Preliminary Comments

As a preliminary matter, we note that, in our judgment, the methodology employed by GAO (that is, the identification of "specific improvement initiatives" and the measurement of USPS' success in implementing those initiatives) has been fundamentally flawed from its inception. As we stated in our January 9, 1997, response to Assistant Director James Campbell's November 26, 1996, request that we respond to a checklist of thirty-two "initiatives":

We do not believe it is appropriate to respond in "multiple choice" format with respect to the complex issues involved. We are concerned that such a mechanistic approach to sophisticated problems might be misunderstood, or misapplied.

We continue to believe, strongly, that a subject as nuanced as labor-management relations in the postal service does not lend

AFFILIATED WITH | AMERICAN FEDERATION OF LABOR—CONGRESS OF INDUSTRIAL ORGANIZATIONS
POSTAL TELEPHONE TELEGRAPH INTERNATIONAL

See comment 1.

Mr. Michael E. Motley
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itself to a process of inductive reasoning from an inadequate data base.

The result of this reductionist effort may produce bullet points for a press release, or ten-second sound bites for a press conference, but is not likely to add real understanding to the issues or provide a basis for responsible decision-making.

The Draft Report has further reduced the thirty-two originally selected initiatives to ten, of which three are said to be too early in their history to provide a basis for full assessment.¹ (Draft Report, p. 38.) Of the seven remaining initiatives, only four list the NALC as "participants." Of those four: (a) one (Employee Opinion Survey) is a skewed polling exercise, hardly a substantive issue of any significance; (b) one ("summit meeting") is a transparent public relations ploy perhaps appropriate as a ceremonial "kick-off" (or, in more typical usage, a ceremonial conclusion), once sufficient substantive work has been done to safely predict a constructive result. I note that FMCS Director J.C. Wells advised USPS and its unions on January 26, 1995, that "... summits can be risky. Successful summits are almost always preceded by careful staff work."

While we will address those four "initiatives" in this response, we emphasize our conclusion that this process is woefully inadequate. Worse, it may mislead others into the mistaken impression that this reductive exercise is a substitute for rigorous analysis.

B. The Four "Initiatives" Involving NALC

1. Summit meeting. GAO refers to "... the inability of the Service and the other seven organizations [four craft unions; three supervisor's organizations] to convene a labor-management relations summit to discuss problems and explore solutions." (Draft Report, p.18).

The timing of the suggestion for a summit--the threshold of national collective bargaining negotiations; the proposed participants in the summit--four craft unions, each embarking upon the separate representation of its membership in sensitive and difficult contract negotiations, and three separate organiza-

¹ We note that one of the three ("Associate Supervisor Program") erroneously lists NALC as a participant.

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tions representing supervisors, each with its own agenda and perspectives -- did not auger well for the proposed meeting.

Even more significant, in our view, is the error of using this "initiative," or the perceived lack of progress in "implementing" it, as a measure of any significance. That error is compounded by the apparent high expectation of substantive progress from a summit that GAO appears to have generated internally ("... a framework agreement of common goals and approaches that could help cascade positive working principles and values from top postal, union and management association officials down throughout the Service's approximately 38,000 postal facilities...." (Draft Report, p.19)).

This "top down" philosophy is, unfortunately, part of the problem, not the solution. "Values" do not "cascade" down; they must evolve in the workplace, nurtured by an environment that encourages their development.

Notwithstanding the foregoing, NALC has responded affirmatively to FMCS Director J.C. Well's efforts regarding top level meetings between USPS and organizations representing its employees. Meetings have been held, are on-going and, conceivably, could result in positive results. Our response to the GAO Draft Report addresses the utility of reliance upon this initiative as a measuring rod, not the possible utility of the exercise.

2. Delivery Redesign. This "initiative" is a unilateral USPS effort to change existing, and contractually protected, time and work standards of letter carriers. USPS has been informed by NALC that it is proceeding in violation of the Collective Bargaining Agreement and law.

USPS has determined to reject NALC's repeated invitations to engage in a serious joint effort to study the letter carrier's job--approaching change from the bottom up -- with NALC's meaningful participation at the outset and at every level. AS I informed Vice President Joseph Mahon on August 6, 1996:

I would have hoped and expected that management's bunker mentality would not apply to so central a matter of our common concern as performance standards for letter carriers. In view of all that has been said about the deplorable state of the labor-management culture of USPS, the need for cooperation and the desirability of joint action, the intention of USPS to change its historically autocratic, top-down managerial

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mind-set, I would have expected even the hard-liners at L'Enfant Plaza to perceive the wisdom of proceeding cooperatively.

. . .

Sooner or later, postal management will wake up to the reality that the way to improve service and assure the long-term competitive viability of USPS, is with the informed, participative, active cooperation of its letter carrier work force and the NALC.

For GAO to use this unilateral, contract-violative, exercise as a measuring rod is manifestly inappropriate.

Here, too, GAO seems to have invested some of its own intellectual capital in the outcome of its inquiry. As reflected in its 1994 Report, and the current Draft Report, GAO appears taken with the notion that there is something special, and positive, about the rural system of delivery and compensation, and the collective bargaining relationship between USPS and the Rural Letter Carriers Association.

Indeed, there is something different: rural letter carriers earn approximately \$2,000 per year less than city letter carriers as a result of their system -- a result that NALC has vigorously rejected.

Indeed, as GAO notes:

The rural carriers have had a more cooperative relationship with the Postal Service and generally have been able to negotiate contracts without arbitration. (Draft Report, p.20, n.8).

The reason, however, is obvious: the non-affiliated NRLCA generally has chosen to accept a me-too agreement with USPS, patterned upon the negotiated- or arbitrated-base established by the NALC (pre 1994, by the NALC and one or more of the other major, AFL-CIO, unions).

It is not remarkable that USPS is content with a system that produces lower pay for a group of employees and substitutes a veritable rubber stamp for the rigor and challenge of collective bargaining negotiations. But, GAO should not confuse management satisfaction based upon a convenient relationship with a supine

See comment 2.

Now on p. 13.

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organization, with an "initiative" worthy of objective consideration.

3. Employee Involvement (EI). It is at least curious that the one major initiative jointly pursued by NALC and USPS specifically addressing the issues which are the subject of the GAO inquiry has received short shrift in the Draft Report.

EI was not a limited test, study, or pilot. It was a broadly implemented national program, with investment by NALC and USPS of enormous personal and financial resources.

EI reflected joint recognition by NALC and USPS of the need for extensive training, planned implementation and careful monitoring of a massive, cutting-edge attempt to change an historic, entrenched, authoritarian culture. The "add hot water and stir" recipe was forsworn. Patience was understood to be essential. And, on April 15, 1996, USPS abruptly and unilaterally terminated EI.

I wrote to USPS Vice-President Mahon on April 18, 1996, as follows:

USPS' unilateral withdrawal from our Joint Employee Involvement Process, after 14 years of hard work and the investment of million of hours of dedicated efforts by union and management representatives, is an extraordinarily regressive act.

When NALC and USPS jointly initiated this program in 1982, it was hailed as a remarkable achievement. We were early -- and eager -- joint venturers in the new labor-management era of "jointness" -- and we were jointly proud of our innovative effort. Since then, USPS has undergone a series of management shuffles and re-shuffles -- 6 Postmaster-Generals since 1982 -- and what was hailed originally as a triumph is now discarded as an old shoe. What was once the largest program of employee involvement in the nation (involving hundreds of thousands of employees) is soon to be history -- by the mere stroke of your pen.

. . .

This proposed return to an outmoded model of employer arrogance flies in the face of the advice of every respected expert voice on the subject of modern labor-management relations, and every respected observer of

See pp. 43-44.

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the postal scene -- the congress, the General Accounting Office, academia, the mailer's community, and others.

Your statement that Employee Involvement is "broken" eerily echoes prior statements by the Postmaster General that collective bargaining is "broken." I suggest to you that all that is "broken" is postal management's commitment to cooperate with its workforce to improve quality service to the American public. Instead, postal management appears determined to attempt to reassert its long-discredited effort to dominate its workforce through an authoritarian, unilateral system of top-down controls.

NALC is determined that this retrograde effort shall fail. The Postal Service is too strong an institution, too vital to the national interest, to be jeopardized by the short-tempered, limited vision of those misguided managers apparently determined to abandon the national labor policy -- and sound business policy -- of working with employees, not against them; of working jointly with unions as the legitimate representatives of employees, not against them with a reflexively hostile, adversarial mind-set.

Please note the coincident timing of USPS' termination of EI and its determination to proceed unilaterally with "Delivery Redesign." The deliberate shift from jointness and cooperation to a confrontational unilateral onslaught speaks much more directly, and more eloquently, to the issues of concern to GAO than the initiatives you have chosen to explore.

4. Employee Opinion Survey. A properly designed poll can, at times, be a useful tool. Even at its best, however, it is a device, not a program; it may produce data which can be useful, but it is no substitute for policy-driven analysis. At its worst, a poll can be manipulated, its results may be misinterpreted, and its "conclusions" may be inappropriately utilized.

NALC has stated its willingness to participate jointly with USPS in the design, implementation and review of a professional poll, as part of a joint, cooperative effort to empower the workforce, unleash employee initiative and creativity, and improve the quality of life and efficiency of letter carriers.

See pp. 42-43.

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USPS' insistence upon unilaterally determined polling and its inappropriate use of selective results in support of a position at the collective bargaining table, should not be dignified by the label "initiative." And GAO's apparent reliance upon these partial, skewed data, lending credibility where none is warranted, should stop. The agency is being abused, and its credibility suffers in the consequence.

C. The Missing Initiatives

We note with some puzzlement the absence of discussion of a number of initiatives in the Draft Report.

1. The Joint Statement on Violence and Behavior in the Work Place. It is curious that this "initiative" was dropped from your initial list of thirty-two, since your 1994 Report noted that the Congressional inquiry that generated your study "... was prompted by the November, 1991, shooting of postal employees in ... [Royal Oak] and other incidents of workplace violence at Postal Facilities." (1994 Report; Vol 1, p.1).

The Joint Statement might have been an instructive area of inquiry, since it portrays the best and worst of union-management joint efforts to address labor-management cultural issues.

In February, 1992, USPS and eight unions and supervisors organizations signed a Joint Statement, drafted by NALC President Vincent R. Sombrotto, stating:

"... grief and sympathy are not enough. Neither are ritualistic expressions of grave concern or the initiation of investigations

The United States Postal Service and all of us who serve that institution must firmly and unequivocally commit to do everything within our power to prevent further incidents of work-related violence.

* * *

It is also the time to take action to show that we mean what we say. [emphasis in original]

* * *

... There is no excuse for and will be no tolerance of violence or any threats of violence by anyone at any

See comment 3.

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level of the Postal Service; and that there is no excuse for and will be no tolerance of harassment, intimidation, threats, or bullying by anyone.

* * *

Those who do not treat others with dignity and respect will not be rewarded or promoted. Those whose unacceptable behavior continues will be removed from their positions.

* * *

... let there be no mistake that we mean what we say and we will enforce our commitment to a workplace where dignity, respect and fairness are basic human rights, and where those who do not respect those rights are not tolerated.

That was the high point. Subsequently, USPS denied The Joint Statement was an enforceable agreement, and refused to enforce its terms against supervisors. NALC brought the matter to National Arbitration, where USPS claimed that The Joint Statement was "... a pledge, nothing more, nothing less," but an unenforceable pledge.

That was the low point. Finally, National Arbitrator Carlton Snow ruled in favor of NALC, holding that The Joint Statement "constitutes a contractually enforceable agreement."

2. Union Management Pairs (UMPS). Here, again, is a joint, cooperative program, actually in place for over ten years, covering four entire States (Kansas, Nebraska, Missouri, Iowa), which has resulted in a drastic reduction in grievances and arbitrations.

This procedure of joint resolution of disputes, without arbitration, without lengthy delays, has generated a uniquely positive labor-management ambience. NALC has sought to expand the program. USPS has refused.

One might have thought that, to the extent GAO considers progress on initiatives to be an appropriate measure of progress, GAO would be interested in: (a) a program addressing its issues of concern in place for a decade that actually succeeds; (b) that NALC has proposed to expand; (c) but that USPS, without any palpable reason, refuses to expand.

See comment 3.

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Comments From the National Association of
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D. Concluding Observations.

In my January 9, 1997, letter to Assistant Director Campbell, I noted our "...reservations concerning the propriety or wisdom of government monitorship of, or intrusion into, the practice of free collective bargaining." GAO's Draft Report -- and the process of responding to it -- has confirmed my concerns.

The existence of a troubled labor-management relationship is clear. The causes are complex and doubtless a matter of perspective, interpretation and ideology. In order to try to bring some depth and balance to the Draft Report's simplistic approach and mindset, we have responded substantively, but we have little faith that GAO institutionally is capable of recognizing that its entire approach is fundamentally flawed.

The underlying reality is that USPS and its employee organizations must, themselves, grapple with the difficulties in their relationship. However well-intentioned, outside interference in that process will be counter-productive. A bedrock principle of American labor law is that government establishes the basic procedural frameworks (here, the National Labor Relations Act as modified by the Postal Reorganization Act), but that the parties are then free, by and large, to shape their own relationship, "bargain", and balance. For government to put its thumb on the scale is a fundamental mistake. We urge you to resist the temptation to "guide" or "muscle" the parties into some pre-conceived, or academic, model of what you -- or others -- may think is "good for us".

We must -- and we will -- find our own way.

Sincerely,


Vincent R. Sombrotto
President

VRS/brd

See pp. 47-48.

The following are GAO's comments on specific issues included in the letter dated July 17, 1997, from the National Association of Letter Carriers (NALC). Other issues discussed in the letter have been included in the report text.

GAO Comments

1. We do not agree with NALC's opinion that our methodology in reviewing improvement initiatives was fundamentally flawed. The methodology we used for our 1994 report laid the groundwork for concluding that problems in labor-management relations persisted on the workroom floor of various postal facilities. The methodology that supported the work for this review involved a similar approach, which generally included (1) interviews with responsible postal, union, and management association officials both in headquarters and at selected postal field locations and (2) reviews of relevant documents. As discussed in the section of the report entitled "Objectives, Scope, and Methodology," which begins on page 7, this work was intended to help us determine the extent to which progress in improving such problems had been made, including whether the results of specific improvement initiatives had contributed to such progress.

As we mentioned in the methodology section, the 32 initiatives we originally identified for our review covered a wide range of postal improvement activities. We recognize that such initiatives offered opportunities for the Service and NALC, as well as the other three unions and the three management associations, to try to improve the postal work environment. However, we determined that because we were faced with a limited amount of time and resources, we were unable to review all 32 initiatives. We determined that our efforts could best be spent by reviewing those initiatives that we believed had significant potential to address the recommendations in the 1994 report, and that, of the 32 initiatives, 10 appeared to fit this criterion. As described in our methodology, our work included (1) discussions with various headquarters and field postal officials responsible for implementing and monitoring the 10 initiatives, (2) discussions with national and field union and management association representatives who were involved with or affected by the implementation of the 10 initiatives we reviewed, and (3) reviews of relevant documents associated with the implementation of the 10 initiatives. We believe that by using this approach, we were able to obtain sufficient information that enabled us to determine the overall extent to which progress had been made in improving various labor-management relations problems that were identified in our 1994 report.

2. In its comments, NALC stated that it believed it was inappropriate to compare the rural letter carrier system to the city carrier system. Thus, NALC believed that we should not cite the rural carrier system as a model for the Service and NALC to use in their attempts to revise the city letter carrier system. As discussed in our 1994 report, both the Service and NALC agreed that the city letter carrier system had problems and needed to be changed. We identified various positive attributes of the rural carrier system, such as greater independence for employees in sorting and delivering mail, that we believed the Service and NALC could consider in attempting to revise the city carrier system. However, we did not advocate that city carriers merely adopt the rural carrier system. Rather, we recommended that working together, the Service and NALC should test revised approaches that incorporate known positive attributes of the rural carrier system to determine how such attributes might be used in the city carrier system. We continue to believe that the implementation of this recommendation may help address some of the problems that we found were associated with the city letter carrier system.

3. In its comments, NALC expressed concern about the fact that we did not discuss two initiatives in our report. The two initiatives included (1) the 1992 Joint Statement on Violence and Behavior in the Work Place and (2) the Union-Management Pairs (UMPS) program.

Concerning the joint statement on violence, NALC believed that it was curious that although this initiative was included in the original list of 32 initiatives, we did not include it in our report. Also, NALC stated that it believed the statement might have been “. . . an instructive area of inquiry, since it portrays the best and worst of union-management joint efforts to address labor-management cultural issues.” According to NALC, the signing of the statement by the Service and the unions was the best aspect of this initiative, but the worst part was the Service’s refusal to recognize the statement as an enforceable agreement against postal supervisors.

As explained previously in comment 1, time and resource limitations prevented us from reviewing all 32 initiatives. We believed that the 10 initiatives we selected were those that had significant potential for addressing the recommendations included in our 1994 report. Since we did not review the joint statement on violence, we cannot comment on NALC’s statements about this initiative. However, we believe that such a statement provides the Service, its unions, and management associations an opportunity to work together to solve problems, which may help these

organizations improve cooperation between employees and supervisors and reduce workfloor tensions.

Concerning the Union-Management Pairs (UMPS) program, NALC stated that it was a joint, cooperative program, one in which postal management and union officials worked together to try to resolve disputes between employees and supervisors without lengthy delays or arbitration. NALC believed that UMPS was a successful program that helped bring about a drastic reduction in grievances and arbitrations and that in its 10 years of existence, it generated a positive labor-management ambiance. Although NALC stated that it wanted to expand the use of UMPS, the Service has refused to do so.

Like the joint statement on violence, UMPS had been included in the original list of 32 initiatives, and, as mentioned previously, time and resource limitations precluded us from reviewing all 32 initiatives. However, as discussed in our 1994 report, UMPS provided the Service and NALC an opportunity to try to jointly resolve disputes between employees and supervisors before such disputes escalated into formal grievances. We believe that such an effort can help these organizations improve communications and reduce conflicts between employees and supervisors.

Comments From the National Postal Mail Handlers Union

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



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 Kuchenriter
Vice President
Western Region

July 22, 1997

Michael E. Motley, GAO Associate Director
Government Business Operating Issues
441 G Street, N.W., Room #2A10
Washington D.C. 20548

Dear Mr. Motley:

On behalf of the National Postal Mail Handlers Union and the 58,000 mail handlers employed by the U. S. Postal Service, I am writing in response to the draft report prepared by the General Accounting Office with the title "U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems."

With regard to the general conclusions reached by the draft report, I am compelled to agree that "little progress" has been made during the past three years, since the GAO issued its September 1994 report entitled "U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor." During this period, the Postal Service has (1) continued to allow, if not encourage, a significant increase in the number of disputes backlogged in the grievance and arbitration system; (2) complained publicly, and repeatedly, that its employees are grossly overpaid; and (3) decided unilaterally to subcontract with private contractors so that, for the first time, core postal jobs involved in the processing and delivery of mail will be performed by non-postal employees. In this atmosphere, it is not surprising that labor-management relations have not seen much improvement.

Notwithstanding these and other issues, however, the NPMHU continues to believe that the solutions to these problems must be identified and implemented internally, without interference from Congress, the executive branch, or other political entities. Virtually every time that Congress has tried to play a larger role with regard to the Postal Service, the specific action taken by Congress has done more harm than good for both the Postal Service and its employees. It is time for Congress to recognize that the Postal Service and its employees, as represented by their freely chosen unions, should be allowed to operate without any further interference.

I also need to comment on a few specific points included in your report. First, on page 6 of the draft report, the GAO states that approximately 80% of employees represented by the major postal unions have freely joined their unions. It is my understanding that the percentage of members is today somewhat higher than 80%, indicating a consensus among employees that their best avenue for improving working conditions remains collective action with their fellow

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See pp. 47-48.

Now on p. 5.

See comment 1.

Appendix V
Comments From the National Postal Mail
Handlers Union

employees. Moreover, if anything is noteworthy about this percentage, it is that Congress refuses to implement union-security provisions (i.e., an agency shop) for postal employees, thereby allowing thousands of postal employees who refuse to join their union to take a free ride on the backs of other postal employees. If Congress really wanted to improve labor-management relations in the Postal Service, it would enact legislation to apply the union-security provisions of the National Labor Relations Act to the Postal Service.

Second, on page 61 of the draft report, the GAO states that the NPMHU did not urge its members to boycott the Employee Opinion Survey being conducted by the Postal Service in 1995. That statement is not entirely accurate. In July 1995, a meeting of NPMHU representative from across the country unanimously endorsed a resolution calling on all mail handlers to ensure that their participation in the 1995 survey could not be used against postal employees. The precise terms of that resolution were as follows:

“Whereas, the stated purpose of the Employee Opinion Survey was to get information that will help formulate action plans for addressing concerns expressed by postal employees and to show that management cares about their employees and is committed to doing something about problems postal employees expressed in these surveys;

Whereas management used the national survey during negotiations to say that our members did not need an increase in wages and benefits;

Therefore, we cannot in good faith support these surveys;

Therefore, be it resolved, that the NPMHU goes on record as not supporting the Employee Opinion Survey and the Employee Opinion Survey oral interview. Those that do choose to participate should mark the survey as to render it useless.

It is my understanding that the terms of this resolution were disseminated to mail handlers throughout the country, and were effectively implemented.

As always, the NPMHU appreciates the opportunity to comment on the GAO’s draft report. Please do not hesitate to contact me should you have any additional questions.

Sincerely,



William H. Quinn
National President

Now on p. 42.

See pp. 42-43.

The following is GAO's comment on a specific issue included in the letter dated July 22, 1997, from the National Postal Mail Handlers Union (Mail Handlers). Other issues that were discussed in the letter have been included in the report text.

GAO Comment

1. In its letter, the Mail Handlers union disagreed with our statement that about 80 percent of employees represented by the four major postal unions have joined and paid dues. According to Mail Handlers, this figure should be higher than 80 percent. Also, Mail Handlers mentioned in its letter the union security provisions of the National Labor Relations Act (NLRA) and its desire to see such provisions applied to the Postal Service, which, if enacted by Congress, would mean that postal employees represented by a labor organization must join and pay dues to that organization.

According to PRA, employees have the right, but are not required, to join a labor organization. The overall percentage figure that we included in the report on the number of union members was intended to provide a general perspective on the extent to which those employees represented by unions were actual members of the union.

We obtained information on the total number of employees represented by the four labor unions from the Postal Service's On-Rolls and Paid Employees Statistics National Summary. Also, we recently contacted union officials in the four major postal labor unions to obtain estimated figures on employees who had joined the unions and paid dues. As shown in the report text on page 5, union officials estimated the following percentages of union members who had paid dues as of September 1996: 81 percent for APWU, 83 percent for Rural Carriers, 85 percent for Mail Handlers, and 92 percent for NALC.

We did not verify the accuracy of the data in the Service's summary nor did we verify the accuracy of the data provided by the four unions. In addition, since we did not address the union security provisions of NLRA as they might apply to the Postal Service, we could not comment on this issue.

Comments From the National Rural Letter Carriers' Association

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



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June 11, 1997

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Mr. Michael E. Motley
Associate Director, Government
Business Operations Issues
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Motley:

Thank you for allowing the National Rural Letter Carriers' Association to comment on the GAO's most recent report entitled: ***U. S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems.***

Not much of the report dealt with rural letter carrier activities; therefore, I would like to comment on a few on-going activities with our organization.

We still have a strong and active USPS/NRLCA Quality of Work Life/Employee Involvement Process. The Process has been on-going since 1982 and we have grown to work on substantive issues within the Process. Such work-related issues as LLV Deployment, Implementation and Monitoring of Automation, New Rural Carrier Training Academies, Safety Issues, etc. Furthermore, the Process has avoided making any rural carriers full-time in these positions. All people involved in the Process are expected to rotate and a permanent structure has been avoided.

On the Labor Relations front, we strongly encourage our members to file only meritorious grievances. For the most recent collective bargaining agreement, the entire negotiating team (management/union) held joint trainings sessions across the country inviting our State and Local representatives of the craft and management to participate. The parties have been extremely successful in negotiating the contract language in which we have a much greater understanding of its contents and application than having an arbitrator write language that may be arbitrary and incapable of being applied to the diversity of craft issues.

See comment 1.

See pp. 13
and 19.

Appendix VI
Comments From the National Rural Letter
Carriers' Association

Mr. Michael E. Motley
June 11, 1997
Page Two

See pp. 29-30
and 32.

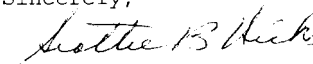
Customer Perfect and Economic Value Added are management initiatives that we support in concept, but have differences in its total application. Many of our members across the country are involved in Process Management and Performance Clusters at the invitation of management. We have had two meetings at the National level trying to tie in our current compensation system of basic salary increases and cost-of-living allowances to also improve our Performance Pay that is already encouraged by the evaluated pay system. Due to the enormous resources devoted to delivery redesign with the NALC, the Postal Service has been unable to devote much energy to assist the rural carriers in developing any type of additional Performance System beyond what currently already exists with rural carriers. We are anxiously awaiting an opportunity for our members to have a role in Economic Value Added because rural carrier's individual employee goals have always aligned with the unit's corporate goals under Customer Perfect. It is the individual employee who drives customer satisfaction, creates revenue and increases productivity, and our evaluated pay system already has a basis for that type of performance by rural carriers.

See p. 21.

We were the first to accept the Postmaster General's invitation to a labor summit two years ago and the first opportunity for that to transpire has been accepted by all parties and the meeting will take place on June 24, 1997.

Continued best wishes.

Sincerely,



Scottie B. Hicks
President

SBH:mlb

The following is GAO's comment on a specific issue included in the letter dated June 11, 1997, from the National Rural Letter Carriers' Association (Rural Carriers). Other issues that were discussed in the letter have been included in the report text.

GAO Comment

1. In its letter, the Rural Carriers union discussed its continued involvement in the Quality of Work Life/Employee Involvement (QWL/EI) initiative. Rural Carriers stated that this initiative has been ongoing since 1982 and QWL/EI participants have addressed various substantive work-related issues, such as the implementation and monitoring of automation, new rural carrier training and safety issues. Rural Carriers also mentioned that no permanent QWL/EI structure exists mainly because rural carriers who participate are not expected to devote their full time to QWL/EI activities and also, participants rotate through the QWL/EI program.

The QWL/EI initiative was included in the original list of 32 initiatives that we had identified at the onset of our review. However, as discussed in the section of this report entitled "Objectives, Scope, and Methodology," which begins on page 7, time and resource limitations precluded us from reviewing all 32 initiatives. Thus, from the list of 32 initiatives, we selected 10 that we determined had significant potential to address the recommendations in our 1994 report. Although we did not review the QWL/EI initiative in this report, as discussed in our September 1994 report, we found that when local postal management, unions, and employees were committed to improvement initiatives such as QWL/EI, the results were often positive and had the potential for helping to (1) develop mutual trust and cooperation, (2) change management styles, and (3) increase an awareness that quality of worklife is just as important as the "bottom line."

Comments From the National League of Postmasters of the United States

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



NATIONAL LEAGUE OF POSTMASTERS OF THE UNITED STATES

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July 22, 1997

Mr. Michael E. Motley
Associate Director, Government
Business Operations Issues
United States General Accounting Office
Washington, DC 20548

Dear Mr. Motely:

I have reviewed the GAO's draft report entitled U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems, and have the following comments to be incorporated, in whole or in part, in your final report.

In reference to the LEAGUE/NAPUS distinction becoming blurred (page 8), the inference is unclear. A clarification of that statement would be that – Postmasters from all sizes of Post Offices are represented by both organizations and the issues addressed by either organization are not unique to one or the other.

The Postal Service and the seven organizations inability to jointly solve problems is not primarily caused by the leaders of these organizations not being able to agree, but because not a lot of effort is being expended by the Postal Service to explore root causes when seeking solutions. Instead, it seems that going the easier route of putting a Band-Aid on the effect is their solution (i.e. moving a problem manager to another District, starting up initiatives that sound good, but never get off the ground, doing studies and then only using part of the data collected which is easiest to implement, ignoring causes of pressure in facilities, etc.) In our opinion, this stems from turf battles, ego's and failure to obtain widely accepted objectives or provide meaningful incentives for all employees.

In addition, the present structure of the Postal Service promotes conflict; Crafts are territorial among themselves; Postmasters, Supervisors and Crafts do not have

See comment 1.

See pp. 47-48.

Mr. Michael E. Motley
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agreed upon performance goals; and there is no incentive to reach higher goals. Too often the incentives are instead, a “do it or else” ultimatum from higher management doling out to field management. This course of action does not build a team concept, even among management employees.

In regards to the hearing held in November 1994 (page 30), the National League of Postmasters submitted the attached testimony.

The Postal Service had supposedly tried to convene a summit but because of union negotiations could not hold one with all seven organizations. It seems peculiar that since 1994, the Postal Service could not get all of the organizations together except to hold two private pre-summit meetings with APWU and NALC. Since we were not part of these meetings, we do not know what took place or why they were held with only these two organizations. The LEAGUE was finally able to participate in a pre-summit meeting with the Federal Mediation and Conciliation Service, June 24, 1997, but due to the meeting being scheduled during the height of our State Convention season, I was not unable to attend and had to send our Executive Vice President. My report on this meeting is that conflicts have not been brought under control.

The 10 initiatives that GAO has followed and that the Postal Service reported on, implies that the LEAGUE and other management groups had stronger presence than was actually the case with the initiatives. In most cases, we were just presented a description and time table of what was to occur.

One initiative that we asked for, and were included on, was the Special Services Implementation Task Force. But, we were not consulted or worked with in the planning stages of this, only at the near-end of the project. In another instance, we were asked to participate in the development of training courses. The results of this effort have not yet been determined, although it does look promising.

The Postal Service implies that the EOS initiative was discontinued because of lack of union participation. It was our understanding that various parts of the data were being used by the unions and the Postal Service to support their respective positions

National League of Postmasters of the United States

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See comment 3.

on pay, benefits and management styles. Another discontinued initiative was the Management by Participation which gave the opportunity to eliminate authoritarian management styles. While this and other initiatives were viewed by those people involved as worthwhile and helped make improvements, they were discontinued during or shortly after the 1992 Postal Reorganization.

Now on p. 28.

The Economic Value Added (EVA) variable pay program description (page 43-44) implies that most Postmasters were included, but the fact is that less than a majority of Postmasters were included in this variable pay program. In addition, with respect to the LEAGUE refusing to endorse the new pay system because "it offered virtually nothing to some of our members," was not the case. It was not "virtually nothing to some," but more on the lines of "excluded most of our members" and a majority of Postmasters on the whole.

Also see comment 4.

See pp. 29-30.

The Postal Service implied that non-exempt Postmasters do not get a bonus because they are compensated with overtime for working additional hours. This is not entirely correct. The law states that they will be compensated for working the additional hours. These Postmasters did not ask for this, nor did the Postal Service offer it. If a Postmaster receives additional pay for working over 40 hours in a week, this is money owed for working those hours, not a bonus. To exclude the non-exempt Postmasters from the current bonus system (EVA) is to return to a two tier pay system which the Postal Service sought to eliminate when they discontinued the "step" pay system.

See p. 30.

The Postal Service uses the private sector repeatedly to support their positions, but only when it benefits their new programs and ideas. The Postal Service is a government monopoly which would not be allowed in the private sector. In addition, employees in the private sector would not, and do not, stand for being excluded on rewards when they contribute to their company's financial success. The United States Postal Service is a service to the American people run by the U.S. Government... it is not a private business. We understand and support the concept that some of the policies and procedures of the Postal Service need to be updated

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July 22, 1997
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and more business like, but it needs to be remembered that many of the positions in the Postal Service are unique and you will not find those positions in corporate America.

See p. 32.

The Postal Service has set up goals by geographical areas (i.e. Performance Clusters), but they don't carry through the rewards to all that contribute (i.e. an office that does well all-around will not get any recognition if they are stuck in an area with offices that have done poorly.) This is not good for incentive, morale, customer service or the U.S. Postal Service.

See p. 50.

The Postal Reform legislation that was reintroduced in January 1997 by the Chairman of the House Subcommittee on the Postal Service proposed a Postal Employee-Management Commission to evaluate and recommend solutions to the workplace difficulties confronting the Postal Service. The LEAGUE disagrees with this for two reasons. First, as it is proposed, the Commission would have no voice of the Postal employee or the customers. Second, it would have the members of the Commission making decisions. Unfortunately, the effected parties would not have to take responsibility for the decision and would not have to work together to ensure that the actual resolution of the problems took place. To have the Commission, without Postal employee involvement, would be to have dictated solutions which has not worked in the past (i.e. current grievance procedures).

Finally, to sum up the labor-management problems, there is a feeling among the majority of Postmasters talked to, that the Postal Service does not do well in establishing, enforcing, and staying with long-term plans, goals and new policies. They are great at announcing new programs and expectations, but normally fall short in providing early support and clarification of policies and correction of field identified problems with the original policies.

See comment 5.

Perhaps we are asking for too much when we ask all parties, at the same time, sit together today. Could it be that we would be more successful if we sought to have each organization and union meet separately with the Postal Service to develop trust

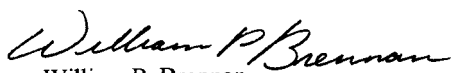
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Comments From the National League of
Postmasters of the United States

Mr. Michael E. Motley
July 22, 1997
Page 5

and cooperation between each organization with the Postal Service? Then, after that has been accomplished, bring all the parties together for a hopefully more productive and successful meeting.

I appreciate your request for the LEAGUE's comments on this important General Accounting Office report.

Sincerely,


William P. Brennan
President

Enclosure

:rb

National League of Postmasters of the United States

**Appendix VII
Comments From the National League of
Postmasters of the United States**

**TESTIMONY
OF
WILLIAM P. BRENNAN, PRESIDENT
NATIONAL LEAGUE OF POSTMASTERS
BEFORE
THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON FEDERAL SERVICES, POST OFFICE, & CIVIL SERVICE
NOVEMBER 30, 1994**

Senators Pryor, Levin and Stevens, thank you for holding this hearing on the GAO report, "U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor."

I am Bill Brennan, president of the National League of Postmasters. It is my privilege to represent the Postmasters of this country who serve in the smallest office in rural America, in the largest, busiest facilities in our crowded cities, and from the various post office sizes in-between, representing urban, rural, suburban and small-town America.

Postmasters take great pride in their work, their role in the community and the Postal Service. They regularly put in extra time and go out of their way to serve their customers.

Our members care about what happens to the Postal Service. They strive for efficiency and quality service. They hurt when the service slips or when the press broadcasts problems within our very large corporate system.

The National League of Postmasters is pleased that the Postal Service reduced its anticipated 1994 losses by \$430 million. But believe me, working under the fiscal constraints imposed by the budget puts a strain on all personnel and the entire system. Unfortunately, as you know, many of these constraints were needed to recover from financial losses due to the Congressional raids on the postal treasury in the amount of \$14.5 billion through 1998.

The GAO reported low morale in certain instances. I believe morale could be improved by implementing a system of positive reinforcement. Praise and recognition, at all levels of the organization, go a long way and should not be overshadowed by the punitive emphasis.

As for Labor/Management Relations, there is a confrontational attitude, marked by a high number of grievances, in some facilities. The GAO report has addressed the problem in depth and

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the testimony of the APWU, the Mailhandlers, NRLCA and NAPS presented thoughtful information from several different but important points of view.

Through GAO and other Congressional initiatives, the record now includes several professional reports based on situations at locations where there are or have been glaring personnel problems.

I would like to see similar time and effort devoted to analyzing some model facilities where labor/management relations are cordial, customer satisfaction is high and delivery goals are met. We need to study what works.

The League supports working out these problems in a cooperative manner at the national level and at all levels down the line. We will participate and we will cooperate. Most importantly, we will promote cooperation.

The GAO recommendation for a long term agreement, covering at least 10 years, to change the workroom climate has merit. Would Congress allow the USPS 10 years or more to reach such a goal?

PMG Runyon has requested that the Leadership Team participate in a results-oriented summit on labor/management relations. The League is ready and willing to serve on this task force. We too care very deeply for the future for Postmasters, all postal employees, the Postal Service and our system of universal delivery which serves this nation well.

The League is ready to join with other postal employee organizations in a combined effort to move forward to resolve these problems and to strive for even better service for America.

Thank you for this opportunity to add my remarks.

The following are GAO's comments on specific issues included in the letter dated July 22, 1997, from the National League of Postmasters of the United States (the League). Other issues that were discussed in the letter have been included in the report text.

GAO Comments

1. In its letter, the League commented on a statement we made in the report, which indicated that since 1970, the distinction between NAPUS and the League had become blurred and their memberships overlapped (i.e., many postmasters belonged to both organizations). According to the League, this statement was unclear. Thus, we revised the text to indicate that many postmasters belong to both NAPUS and the League and that both organizations address issues of interest to all postmasters.

2. In its letter, the League mentioned that it asked the Service to implement a specific project known as the Special Services Implementation Task Force. However, the League stated that the Service did not consult or work with the League during the planning stages of the project, and the League was consulted only near the end of the project. Also, the League mentioned that the Service asked the League to participate in the development of training courses. Although the results have not yet been determined, the League stated that the results of this work on training look promising. Since we did not review these initiatives, we cannot comment on the information that the League provided on them.

3. In its comments, the League mentioned the Management by Participation (MBP) initiative, which provided the Service and the three management associations an opportunity to help eliminate authoritarian management styles. The League indicated that although MBP was viewed as a worthwhile initiative and helped make various improvements, it was discontinued during or shortly after the PMG's 1992 postal reorganization.

At the beginning of our work, MBP was included in the list of 32 initiatives. However, as discussed in the section entitled "Objectives, Scope, and Methodology," which begins on page 7, time and resource limitations precluded us from reviewing all 32 initiatives. Thus, we focused our efforts on 10 initiatives that we determined had significant potential for addressing our 1994 recommendations. Since we did not review MBP in this report, we cannot comment on the information that the League provided on MBP. However, in chapter 6 and appendix II of volume II of our 1994 report, we included information on MBP, which was a process for disseminating participative management concepts to postal supervisors,

managers, and postmasters so that a more participative work environment could be fostered and realistic solutions to business problems could be developed.

4. In its letter, the League commented on the new compensation system for managers and supervisors, including the EVA program. The League stated that our report implied that most postmasters were included in EVA; but, according to the League, most postmasters were excluded from EVA. In our report, we stated that League and NAPUS officials told us that based on the Service's decision that nonexempt employees should not be eligible to receive EVA bonuses, about 60 percent of employees represented by these associations were eliminated because they were nonexempt employees. We believe that by including this statement in the report, we had already indicated the League's concern that a majority of the employees it represented was excluded from EVA.

The League also commented that it refused to endorse the new pay system because it excluded most of the Service's postmasters, including most of the League's members. As suggested by the League, we included this information in the text of the report where the new compensation system was discussed.

5. In its letter, the League suggested that separate meetings between each of the seven employee organizations and the Postal Service might help develop cooperation and trust between the parties. According to the League, after such meetings had taken place, all eight parties could come together for what would hopefully prove to be a more productive and successful meeting. As discussed in this report, in November 1994, the PMG invited the four labor unions and the three management associations to meet with the Service in trying to determine, among other things, how best to implement the recommendations included in our September 1994 report. A key recommendation in our report was the establishment by these eight parties of a framework agreement to outline overall objectives and approaches for demonstrating improvements in the workroom climate of both mail processing and delivery functions. However, we did not specify the means by which the eight organizations should establish such an agreement.

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