



# NALC FACT SHEET

Department of Legislative and Political Affairs — National Association of Letter Carriers, AFL-CIO

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## Contracting Out, Collective Bargaining and the NALC Contract

**N**ALC supports a legislative ban on contracting out delivery service jobs while preserving the right of the USPS to maintain long-established Highway Contract Routes (HCRs) that involve the bulk transportation of mail and tangential delivery services in rural areas of the country. Neither NALC nor the NRLCA has ever objected to or challenged the Postal Service's right to establish such highway contract routes.

NALC believes that outsourcing delivery of the U.S. Mail to low-wage, no-benefit, part-time contractors violates the spirit of the nation's basic postal law, represents a self-destructive business strategy and undermines sound public policy. (See NALC fact sheet on contracting out).

The Postal Service has made three claims in its opposition to a legislative prohibition. First, it claims that contracting out is nothing new and is a long established practice. Second, it suggests that Article 32 of the NALC contract provides a long-accepted procedure for classifying new delivery jobs. Third, it alleges that the NALC is improperly seeking to involve Congress in its collective bargaining process. Each of these claims is without merit.

**Contract Delivery Service (CDS) is a new and radical departure from past practice.** In the headline of a document distributed on Capitol Hill, the USPS claims: "Contracting by the U.S. Postal Service — Not New!" This is extremely misleading. HCRs may not be new, but CDS routes certainly are. HCRs are "transportation" contracts that have been around for decades under which contractors move mail in bulk between post offices and occasionally perform limited delivery duties en route. CDSs, as their name suggests, involve contracts to perform "delivery" work. And while HCRs have traditionally been employed in sparsely populated rural areas, CDS routes are being established in both suburban and urban areas, sometimes "commingled" among established city or rural carrier routes.

A new CDS route in New York City is illustrative. The residents of a new gated community in the Clason Point neighborhood of the Bronx

are served by a part-time, non-union contractor who delivers the mail for \$16,800 a year. The surrounding area in the Bronx is served by career city letter carriers. This route bears no resemblance to a traditional HCR. It bears every resemblance to a traditional city carrier route. Hundreds of similar routes are being created across the country — this is "new" by any reasonable definition of the word.

According to so-called "growth management" training provided to USPS delivery managers, all future new deliveries are to be considered for outsourcing. This means that up to 1.7 million new deliveries per year are possible targets for contracting out. CDS routes are not widespread now, but they are expanding rapidly in every part of the country. Given the potential wage and benefit savings involved and the directions provided to delivery managers to aggressively expand outsourcing, thousands of contract jobs could be created over the next decade. CDS delivery should be stopped now, before it spreads nationwide.

**NALC's labor contract does not recognize the authority of the USPS to create Contract Delivery Service routes.** The scope of management's authority under the "Subcontracting" section of the NALC labor contract (Article 32) and the circumstances under which it may be used are in dispute. But it certainly does not contemplate the routine outsourcing of new deliveries to contractors. Under rules established by previous national arbitration awards, the Postal Service has the unilateral right to assign new deliveries outside of established city or rural territories to either city or rural letter carriers. Now, with the introduction of CDS routes, the USPS seeks to avoid collective bargaining altogether by assigning new delivery work to so-called independent contractors. Indeed, as management training materials make clear, the main motivation for creating CDS carriers is to evade wage and benefit standards established by collective bargaining. These materials trumpet the advantages of contract routes as follows: "no health insurance, no life insurance, no retirement, and no ties to union agreements."

(Cont.)



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**NALC is not inviting Congress to get involved in collective bargaining.** NALC is asking Congress to ensure that there is collective bargaining for people who perform core functions for the Postal Service. The Postal Service is seeking to avoid collective bargaining by creating contractors to do work that career city and rural carriers now perform with skill and dedication.

Growth occurs on the margins of existing communities. The vast majority of new delivery points arise in new housing and business developments in these margins. Once the Postal Service assigns these deliveries to contractors, the unions have no say whatsoever on the terms and conditions of the workers involved. This directly contradicts the policy established by the Postal Reorganization Act, as amended by the Postal Accountability and Enhancement Act of 2006, which gives postal employees collective bargaining rights. The Postal Service is seeking to override the will of Congress by excluding CDS workers from collective bargaining coverage.

Although NALC proposed several alternative changes to Article 32 of our National Agreement to stop the contracting out of city carrier work during the current round of collective bargaining, top postal management rejected all of them. The USPS is asserting the unilateral power to exclude new delivery workers from collective bargaining coverage. But this is a matter of public policy. If the NALC could address this issue

through collective bargaining, it would. But postal management refuses to engage the union on it. Congress should exercise its authority to enforce established public policy regarding the Postal Service.

**The key questions:** Besides, the issue of collective bargaining rights, there are a number of other public policy questions that Congress must consider: Do we want to introduce a double standard of mail delivery in America, with some Americans served by career workers earning decent pay and some Americans served by low-wage contractors? Does it make strategic business sense for the USPS to risk the trust and goodwill of the nation's mailers and the American people by using no-benefit, high-turnover contractors? Should we abandon the policy of promoting "worthwhile and satisfying careers" in the Postal Service (as outlined in Title 39 USC)? Should we entrust the delivery of everything from bills and ballots to medical records, prescription drugs and periodicals to temporary contract workers? Should the Postal Service contribute to the erosion of middle class living standards and add to the ranks of workers without insurance or adequate pension protection?

NALC believes the clear answer to these questions is NO! Congress should act to block the threat of Contract Delivery Service immediately. It is a small problem now, but with millions of new deliveries each year, it could grow exponentially if Congress fails to act.