



Future of U.S. Postal Service

Robert Hornacek - October 4th, 2012

Through rain, sleet and snow, the United States Postal Service is there to deliver the mail. The question to some is whether it will be there in the future.

It's no secret that the postal service is having financial problems.

With the growth of email and on-line bill paying, fewer pieces of mail are being dropped off, processed and stuffed into your mailbox.

If you just look at the numbers, the decline is staggering. Just 10 years ago, the postal service delivered nearly 52 billion pieces of first-class stamped mail. In a decade, it dropped by 50%. And it's expected to get worse.

This year, the postal service is expected to lose \$15-billion and if nothing changes, that number will grow to \$21 billion by 2016.

FOX 11 On Special Assignment went to suburban Chicago to speak with the regional communications manager for the postal service.

When asked who was to blame for the financial problems at the postal service, Victor Dubina replied, "It's almost a chicken and an egg situation. There really isn't anyone to blame."

Dubina says the problem is deeper than just a decline in mail.

In 2006, Congress passed a law that required the postal service to set aside \$5.5 Billion a year for 10 years to pre-pay health benefits for future retirees.

Dave Meier is the president of the American Postal Workers Union in Oshkosh. He says those payments are the root of the financial crisis at the postal service.

"There's no place in the universe that has to do what we have to do," Meier said.

If it weren't for the retiree health payments, the postal service would have turned a profit in 2007 and 2008. But now, with the economy down and mail volume continuing to decline, the payments are simply adding the financial problems. So much that the postal service couldn't even make its last two payments to the U.S. Treasury. The agency defaulted.

Dubina says changes to the postal service are inevitable.

"It's going to be a much smaller postal service in the future but the goal is to make it a profitable postal service," he said.

To do that, the postal service is trying to restructure. Its plan would slash the number of mail processing centers from 673 in 2006 to 232 by the year 2015. That would mean fewer workers.

The postal service is trying to become more efficient. Since the year 2000, the agency has cut 244,000 positions without layoffs. In the next few years, they're hoping to cut another 28,000 positions without layoffs. But it's still not enough to solve the agency's financial problems.

The postal service also wants to reduce hours at rural post offices, end Saturday delivery and end the pre-payment of health insurance for future retirees.

There's just one problem, actually 535 of them. It's called Congress. Despite the fact that the postal service gets no tax dollars to for its operations, it is still under congressional authority. Congress is still trying to figure out what to do.

"We can't do business as usual much longer," said Rep. Tom Petri (R-6th District). Petri wants Congress to get out of the way and have an independent board run the postal service.

"We have to have an independent authority, working with the postal management and their employees, that has the authority to focus on the problem and make some decisions because if not, the taxpayer is going to be stuck with an enormous bill," Petri said.

Some want to go even further.

"The current system doesn't work," said Tad DeHaven from the CATO Institute, a Libertarian think tank. DeHaven is pushing for privatization.

"They're asking for more flexibility. Let us run more like a private company. But that's kind of wishful thinking. It's never going to run like a private company until it is one," DeHaven said.

When asked if the postal service will be around in 10 years or if it will be privatize, Dubina responded, "The postal service will be around in 10 years, no doubt about it. There are those, obviously, that are saying privatize it. We understand the arguments but all we're saying is allow us to change the business model."

To critics of the postal service, Dubina says, "I would say look at how well we're doing."

"Yes, financially it's a struggle. It's a struggle because of the \$5.5 billion payments that we have to make. But when you look at the performance of the employees, we're at record service levels right now," he added.

Meier, the union leader, says it's getting harder and harder for employees to deal with the uncertainty, especially in Oshkosh. Two years ago, the processing center here was slated to close. But, it remains open, in part because of Petri, who asked the postal service to reconsider the move. The new plan is for the Oshkosh facility to handle packages instead of mail.

"We're going to be a parcel center. That could change tomorrow. But that's what we're being told," Meier said.

Still, uncertainty remains.

When asked how confident

he was about the postal service recovering, Dubina said, "Very confident. We've got a good plan in place."

"We're going to deal with what we can on our end and we're optimistic Congress will act," he added.