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CNNMoney: Next Spring Could Be Postal Service 'Armageddon'

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The Postal Service must pay the government \$5.6 billion for health care benefits for retirees on Sept. 30.

But there's a problem. It doesn't have the money. So, it will default on the payment for the second time. The service defaulted for the first time in its history when it missed a \$5.5 billion payment to the government on Aug. 1.

If Congress doesn't act by next spring, the Post Office will start running out of money to pay its mail carriers and subcontractors. CNNMoney predicts a "postal service Armageddon" with drastic cuts if that happens.

Congress caused the problem when it passed a law in 2007 requiring the Post Service to prefund benefits for its retirees, according to CNNMoney. Bills now before Congress don't remove that requirement — they just prolong or delay the problem.

"This 'default' is not a crisis," says National Association of Letter Carriers President Fredric Rolando, according to CNNMoney. "The Postal Service already has set aside \$45 billion for future retiree health benefits — more than any other organization in America and enough to pay for decades of future retiree healthcare. The payment in question results from an unnecessary congressional mandate — an obligation not required of any other company or agency in the country."

Congress has said it won't tackle the issue before elections and possibly not before January, when the new Congress moves into office.

The Postal Service might run out of money by mid-October for a few days or weeks before the holiday mail delivery picks up, warns the agency's Office of Inspector General.

The Postal Service wants Congress to approve reforms that would let it reduce mail delivery from six days to five, convert to its own health insurance and add more non-union workers, notes The Dallas Morning News. It also wants Congress to extend the deadline for health payments. The Postal Service has already cut its workforce by 139,000 and cut \$14 billion in annual costs in the last

five years.

"Don't blame management," said Tad DeHaven, a budget analyst at the Cato Institute, the paper reports. "Congress says the Postal Service should operate as a business, but they won't let management do it."