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Letters: USPS agrees it must have business flexibility

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would like to respond to The O.C. Register opinion piece, "The privatization of the U.S. Postal Service is long overdue" [Sept. 12].

While I applaud the fact the piece suggests Congress should listen to Postmaster General Patrick Donahoe, I would like to clarify some facts and set the record straight on a couple of matters that were deceiving.

The piece twice misleads the reader into thinking USPS retirees may not get paid at the end of the month — first stating that USPS can't make a required \$5.5 billion "employee pension payment" by the Sept. 30 deadline, and then going on to say that Tad DeHaven from the Cato Institute expects Congress will provide funds by Sept. 30 "to keep the USPS retirement system continuing."

Here are the facts: By law, USPS must prepay future retiree health benefits, a 75 year obligation paid in a 10-year period to the tune of \$5.5 billion annually. This is not a current retirement or pension expense, as was put forward. If USPS defaults on this pre-payment on Sept. 30, it will not impact our retirees or current employees being paid. No other agency or business in the U.S. has a burden of prepaying a future obligation at such an accelerated rate. Since 2007, USPS has prepaid over \$37 billion into this fund. If it were not for this unreasonable obligation, USPS would have posted a cumulative profit of \$1 billion during the past four years despite lowered mail volume and a national economic recession.

It is this pre-payment mandate that is driving the current USPS financial crisis. The Postal Service needs Congress to enact legislation that would allow for a pay-as-you-go retiree health benefit system comparable to what is used by other government agencies and the private sector.

The piece goes on to quote Thomas DiLorenzo, economics professor at Loyola Maryland, that USPS hasn't innovated in decades, but he is wrong. Our new Flats Sequencing Systems sort large mail pieces such as magazines and catalogs, reducing handling and employee work hours. In the past four years USPS has taken unprecedented steps to increase efficiency and cut costs, saving over \$12 billion in the process. We are also streamlining our networks, while at the same time expanding access — via the Internet at usps.com and by contracting with local retailers to provide postal services where customers already shop.

The Postal Service receives no tax dollars for operating expenses, and we are not seeking tax money to help us out of this crisis. Moreover, the Postal Service is not seeking additional borrowing authority. The Postmaster General has a plan to return us to financial stability.

But we need Congress to change our restrictive business model and allow us the flexibility to respond to today's marketplace. Besides the need to resolve the retiree health benefit pre-payment, legislation is needed to give us the authority to determine the frequency of mail delivery. We also are exploring legislative proposals that would enable us to establish our own health benefits program, administer our own retirement system, and adjust the size of our workforce to match operational needs and the changing marketplace.

Even in an increasingly digital world, the Postal Service remains critical to the national economy, supporting a mailing industry that represents more than 8 million jobs and generates over \$1 trillion in commercial activity every year.

Regardless of how many people use the Internet to pay their bills and communicate, the core function of the Postal Service — the physical delivery of mail and packages to every American home and business — will always exist. And despite doom and gloom headlines, the Postal Service can have a bright future and be put on the road to profitability if given the flexibility from Congress to operate more like a business does.