



Written by [Dave Bohon](#) on August 15, 2011

## U.S. Postal Service Poised for Massive Cuts

“The Postal Service is essentially bankrupt and will run out of cash next month, which is forcing it to take drastic steps to cut costs,” reported the *Federal Times*. In a [draft document](#) of the plan, one USPS official waxed candid about the agency’s dire financial state, noting: “If we were a private company, we already would have filed for bankruptcy and gone through restructuring — much like major automakers did two years ago.”



USPS officials said that attrition will eliminate at least 100,000 workers, but additional layoffs will be required to reduce the workforce to the target staffing number of 425,000. Because union collective bargaining agreements have prevented layoffs for decades, the USPS said it will be forced to turn to Congress for a legislative mandate to slash its workforce.

In a statement, Fredric Rolando, president of the [National Association of Letter Carriers](#), fired an opening salvo in the union’s battle to protect its turf, noting that Congress “does not engage in contract negotiations with unions and we do not believe they are about to do so. Contract negotiations for NALC open Thursday, Aug. 18. USPS is free to bring these issues to the table. If they do so, we will bargain in good faith.”

Similarly, Cliff Guffey, president of the [American Postal Workers Union](#), promised to “vehemently oppose” any change to the postal workers’ contract. “Crushing postal workers and slashing service will not solve the Postal Service’s financial crisis,” Guffey argued. “Postal employees are not the cause of the crisis.”

David Partenheimer, a USPS spokesman, attempted to place responsibility for change in the hands of lawmakers, saying in a statement that the plan, “as explained by the postmaster general, is to act on what is within the Postal Service’s control because we can’t change what’s in Congress’s control. Everything is on the table, and Congress has not provided solutions to give the Postal Service a sustainable business model. If we put options and proposals out there, it’s at least a starting point rather than waiting for Congress to come up with proposals.”

At least one industry group that relies on the USPS applauded the planned cuts. As reported by the *Federal Times*, “the Coalition for a 21st Century Postal Service, a lobbying group of leading private-sector mailers that advocates for streamlining postal operations, said it is encouraged to see the Postal Service aggressively confronting its problems.”

The group’s director, Art Sackler, predicted that the USPS plan “will undoubtedly be controversial, but desperate times may require desperate measures. There are 8 million private-sector jobs that depend



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on the Postal Service, and these jobs may be threatened if action isn't taken soon."

As for [employee benefits](#), Postal Service officials "said the Federal Employees Health Benefits Program doesn't meet its needs, and said it will ask Congress for permission to pull its 600,000 active employees and 480,000 retirees out of the program," reported the *Federal Times*. "The Postal Service would set up its own health plan instead, which it said would be simpler, more cost effective, and more in line with the private sector."

The agency plan also calls for pulling postal workers out of the current Federal Employees Retirement System and the Civil Service Retirement System, and enrolling them in a Postal Service Retirement Program. As for new and future employees, they would not be part of a defined USPS benefits plan, but would only be eligible for a self-funded plan similar to a 401(k), as well as the [Thrift Savings Plan](#) already in place for federal workers.

While retired postal workers would continue to receive their promised benefits, and employees nearing retirement would receive a package similar to that promised under the old plan, the proposal would call for current employees not nearing retirement to be segued into a reduced-benefits plan.

Of course, it has been evident for years that the government-managed postal service was headed for disaster. Instant communication like e-mail and faxing (now themselves largely passé), along with texting, Twitter, Facebook, and Skype have made "snail mail" mostly irrelevant. And private carriers like UPS and Fed.Ex. (to name just the two largest) have shown for years that the private sector is far more efficient and cost effective than the post office at delivering the mail.

While continuing to fight against the tide of progress, the USPS has been painfully aware of the truth as well. Reported the *Federal Times*: "Mail volume — especially highly profitable first-class mail — has plunged in recent years, largely due to the rise of the Internet. The 20 percent decline in volume between fiscal 2007 and 2010 cost the Postal Service \$20 billion — including an \$8.5 billion loss in fiscal 2010 alone. Fiscal 2011 results are even worse than feared, and the Postal Service expects to lose \$9 billion."

Noted the USPS draft document covering the proposed changes: "It has become apparent that our financial situation is becoming even more precarious. The volume decline and change in mail mix outpaced even the most pessimistic forecasts. Going forward, the first-class mail volume that has been lost will not return."

As reported by [The New American](#), rumblings of a coming massive USPS shakeup were first heard back in January, when the USPS announced that it would seek to close up to 2,000 under-performing post offices across the nation. That announcement followed the shuttering of nearly 500 branch offices in 2010, and represented a fraction of the nearly 16,000 post offices the agency has tagged for closure over the next several years as part of its long-overdue austerity program.



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