

POSTAL NEWS

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1. Creative thinking needed in face of shrinking Postal Service

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The U.S. Postal Service, as nearly everyone knows, is having trouble making ends meet. Its revenues are shrinking as information goes digital, but its mandate for universal mail service remains.

The issue now in Flagstaff is next-day local mail service after all local processing moves to Phoenix. The Postal Service says it can still get that mail up and down the mountain in a single night. But as we all know, bad weather in winter can close stretches of I-17 and I-40 for hours and even days at a time.

We suppose we should be thankful that the Postal Service is still committed to next-day local service of any kind -- it may eventually be a luxury for only those who can afford a higher postage rate or FedEx or other commercial carriers. It might also open up a window for local courier services -- or simply result in more people driving around town to pay their bills in person.

A more likely scenario, however, is that more people will do as much of their business as possible over the Internet or via fax. That, of course, is the reason revenues are shrinking at the post office even as it must continue to meet its universal mail delivery mandate (something the commercial carriers don't have).

Next up on the cost-saving menu might be the closure of one of Flagstaff's two post offices as the Postal Service shrinks its workforce by up to 20 percent. We hope the Postal Service would give the city enough notice to work out a compromise -- either through a possible municipal or downtown taxing district subsidy or setting up more substations similar to the one in the basement of the NAU bookstore.

It's still comforting to know that when you want to get a piece of paper to most anywhere in the U.S. within a week, the Postal Service is there and it costs less than 50 cents. We'd hate to lose that lifeline entirely, but it's likely to take some adjustment in expectations and some creative thinking to keep it.

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2. Is benefits law dragging down the Postal Service?

August 18th, 2011

The U.S. Postal Service is in a precarious financial situation, telling Congress it faces the "equivalent of Chapter 11 bankruptcy." Losing billions of dollars a year, it is considering whether to close more than 3,600 post offices and lay off tens of thousands of workers.

The service faces many problems, including a drop in mail volume in recent years. But the service, which employs nearly 572,000 people, says some of its difficulties are inflicted by the federal government – through a law governing how the agency funds workers' retirement health benefits.

In 2006, Congress passed a law requiring the Postal Service to wholly pre-fund its retirement health package – that is, cover the health care costs of future retirees, in advance, at 100%. The Postal Service, which is a corporation owned but not funded by the federal government, is the only government-related agency required to prefund retirees' health benefits.

"No one prefunds at more than 30%," said Anthony Vegliante, the service's executive vice president.

Sally Davidow, spokeswoman for one of the unions that represents postal workers, calls it a "ridiculous requirement."

"(The requirement is) so ridiculous, Congress doesn't do it. No other government agency does it. No private businesses do it," she said. "It's \$5.5 billion a year, every year, for 10 years. That's what is causing the problem."

"The law was passed in 2006 and low-and-behold, ever since 2007, the Postal Service has been suffering a tremendous debt."

The Postal Service reported a net loss of \$8.5 billion last fiscal year.

The American Postal Workers Union and the National Association of Letter Carriers don't want to lose the benefits. But Davidow says a solution is possible.

