

Postal Service barely hanging on

By Wes Venteicher, Los Angeles Times

WASHINGTON – With a wide grin and a quick step, letter carrier Kenny Clark brings more than the day's mail to the people on his route in suburban Maryland.

Clark, 49, greets nearly everyone he sees by name. He puts packages under eaves on overcast days to keep them dry, reminds people to retrieve keys they might have left in keyholes, and shouts a quick "You OK?" at the doors of seniors.

"He's a neighborhood icon – him and his truck," said Amy Dick, who lives on Clark's route.

But his future, and that of the U.S. Postal Service, is in doubt. The Postal Service lost \$1.9 billion between January and March, and \$15.9 billion last year. The 238-year-old institution loses \$25 million each day, and has reached its borrowing limit with the federal Treasury. Daily mail delivery could be threatened within a year, officials say.

Americans increasingly go online to write letters, pay bills and read magazines, and mail volume has fallen by a quarter since 2006, according to the Government Accountability Office. The decline is expected to continue.

Postmaster General Patrick Donahoe has reduced staff, consolidated mail facilities and lowered express delivery standards in an effort to cut spending. But the savings have not been enough to match the drop in revenue.

"We are in real trouble, and we need comprehensive postal reform yesterday," Mickey Barnett, chairman of the Postal

Service Board of Governors, told a congressional committee last month.

The Postal Service is a government corporation, which means it is organized like a business yet subject to congressional oversight. Consequently, reform is difficult, said Mike Schuyler, a fellow at the Washington-based Tax Foundation who has studied postal issues for nearly two decades.

“The Postal Service has far too little flexibility when it needs to adjust, and it’s really in handcuffs because of all the requirements Congress puts on it,” Schuyler said.

Postal officials recently tried to end Saturday letter delivery, which could have saved \$2 billion per year, but Congress blocked it. A legislative proposal to replace doorstep delivery with curbside delivery, which would save \$4.5 billion, failed last year. A plan to close thousands of rural post offices was abandoned after postal officials deemed the closures would “upset Congress a great deal,” Barnett said.

But one of the Postal Service’s biggest problems has nothing to do with the mail. Its finances sank in fiscal year 2007, shortly after Congress passed the 2006 Postal Accountability and Enhancement Act. The act, among other things, required the Postal Service to start pre-funding the health benefits of future retirees 50 years in advance at a rate of about \$5.6 billion a year. The year after the act was passed, Postal Service ledgers showed a loss of \$5.1 billion.

The pre-funding payments and other measures in the 2006 law have led some, including political activist and former presidential candidate Ralph Nader, to call the Postal Service’s situation a “manufactured crisis.” Only one other federal agency, the Defense Department, pre-funds future retiree health benefits, the Government Accountability Office said.

The act also limited the Postal Service's ability to raise rates, forbidding increases larger than the federal consumer price index. America's stamps, now 46 cents, are among the cheapest in the world's developed countries.

The Postal Service and postal workers unions agreed to the 2006 legislation because at the time it looked as if the service could afford it, said congressional and union staffers who worked on the legislation. The recession changed that, affecting banks that typically send lots of mail and homeowners who receive it, said Jim Sauber, chief of staff of the National Association of Letter Carriers.

Sen. Bernie Sanders, I-Vt., and Rep. Peter A. Defazio, D-Ore., are sponsoring bills to eliminate the pre-funding requirement and allow the Postal Service to raise rates more freely, among other changes. Unions support the bill, and it has some supporters in the Senate and the House.

But some members of Congress who have been leaders on postal issues in recent years, such as Sen. Thomas R. Carper, D-Del., are calling for a more nuanced approach. Congress needs to correct the service's fundamental problem – a lack of flexibility and authority over itself, Carper has said.

The Postal Service, which is provided for in the Constitution, has survived new technology before – the telegraph, telephone and TV, for example. Technology has brought positive changes along with the difficult ones: The Postal Service says package delivery has increased by 14 percent in recent years as more people shop online.

Union representatives are quick to point out what the service does well. It has been rated the most efficient postal service in the world at delivering letters to the 152 million homes and businesses it reaches. It is popular with its customers: A recent poll showed Americans trust the service with their privacy more than any other government agency.

On Clark's route, Ruth Hartmann made her position on postal reform clear. She was concerned about Clark's ability to pay for his daughter's college.

"If they reduce service, it seems to me they would have a pay cut, probably his benefits, and that is an absolute 'no,'" Hartmann said.