

# US Postal Service to close 2,000 offices

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The United States Postal Service announced plans this week to close 2,000 post offices nationwide starting in March. Another 16,000 offices—half of the nation's post offices—are to be "reviewed". This comes upon the heels of 491 planned closures announced last December.

According to a *Washington Post* article discussing a computerized system to facilitate these closings, "If plans succeed, the Postal Service could halve its infrastructure by 2020, [postal] officials said."

The 2,000 closings are part of a larger 30 percent cutback in the administrative workforce announced two weeks ago by newly appointed Postmaster General Patrick Donahoe. The cutbacks include the elimination of 2,000 postmaster positions and the consolidation of ten district offices, for a total reduction of 7,500 positions.

The Postal Service has been hemorrhaging money since 2007—an \$8.5 billion loss for fiscal year 2010 ending last September and an estimated \$6 to \$7 billion loss this year. It has responded to this ongoing fiscal crisis by aggressively destroying jobs in every aspect of its operations. USPS Chief Financial Officer Joe Corbett stated last November, "Over the last two years, the Postal Service realized more than \$9 billion in cost savings, primarily by eliminating about 105,000 full-time equivalent positions—more than any other organization, anywhere."

USPS, with a current work force of over 583,000, is the second largest civilian employer, after Wal-Mart.

The offices being eliminated are, according to postal officials, money losing operations. USPS spokesman have stated that they will seek congressional action to change a law prohibiting the closing of a post office solely on economic grounds. Many of these offices are located in rural or suburban areas where access to another office, especially for the elderly, can be difficult. For numerous isolated rural areas the local

post office is frequently the only way to send and receive parcels as well as letters.

The economic premise of universal service—illustrated by the cost of postage being the same regardless of whether a letter is delivered across the country or down the block—is being abandoned by the USPS in favor of a model that conforms more closely to that of a profit-making operation. The losses incurred by small offices in rural areas were historically customary since—in accord with universal service—they were offset by the surplus earned by offices in large population centers.

Since a peak of 213 billion pieces in 2006, mail volume has fallen dramatically—to 170.6 billion pieces in 2010. While electronic communication has had an impact on volume, the driving force of this collapse has been the economic crisis.

Last November the postal service announced plans to max out its \$15 billion line of credit through the US Treasury with a \$3.5 billion loan. At that time, the Postal Board of Governors warned that the postal service would face insolvency at the end of fiscal year 2011 unless Congress took action. CFO Corbett said, "We will continue our relentless efforts to innovate and improve efficiency. However, the need for changes to legislation, regulations and labor contracts has never been more obvious."

While one of the legislative changes (sponsored by Democratic Senator Thomas Carper) involves the ability to close unprofitable post offices, another would end the requirement that the Postal Service prepay workers' retirement health care plans. Passage of this legislation would save the USPS \$5.5 billion yearly by allowing it to intentionally underfund these benefit plans. A Pew Center report last year showed that states have funded only 5 percent of future retired state workers' and dependents total health care liability. The USPS proposal would join them to this category.

USPS has also proposed last year the elimination of

Saturday delivery. This proposal has been loudly condemned by all four postal unions; however, the contemporaneous proposal to establish a more flexible part-time work force has been met with a deafening silence. The US Postal Service has the largest complement of full-time workers globally, with 87 percent employed on a 40-hour work week.

The response of the American Postal Workers Union, the largest postal union representing nearly 212,000 employees (down from 336,422 in 1997) to the 2,000 office closings has been to express its “deep disappointment”. The other three major unions; city carriers, rural carriers and mail handlers had no response on their web sites as of mid-week to this major attack on jobs and the Postal Service itself.

Additionally, in a posting on January 21 APWU President Cliff Guffey declared that, “We must shift the focus of the union away from acting as a grievance machine.”

This outlook is what Postmaster General Donahoe referred to in an interview with the *Washington Post* when he paid tribute to the postal union’s cooperation. “We’ve reduced headcount by 225,000 since the year 2000. There are very few labor unions in the world that wouldn’t be jumping up and down ranting and raving about that.”



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