

From: johnruberti@sbcglobal.net
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To: undisclosed-recipients@smtp103.sbc.mail.ne1.yahoo.com
Subject: No more mail? What would Ben Franklin think?

No more mail? What would Ben Franklin think?

By RANDOLPH E. SCHMID - Associated Press

WASHINGTON (AP) — **Imagine a nation without the Postal Service.**

No more birthday cards and bills or magazines and catalogs filling the mailbox. It's a worst-case scenario being painted for an organization that lost \$8.5 billion in 2010 and seems headed deeper into the red this year.

"A lot of people would miss it," says Tony Conway, a 34-year post office veteran who now heads the Alliance of Nonprofit Mailers.

Businesses, too.

The letter carrier or clerk is the face of the mail. But hanging in the balance is a \$1.1 trillion mailing industry that employs more than 8 million people in direct mail, periodicals, catalogs, financial services, charities and other businesses that depend on the post office.

Who would carry mail to the Hualapai Indian Reservation in the Grand Canyon? To islands off the coast of Maine? To rural villages in Alaska? Only the post office goes to those places and thousands of others in the United States, and all for 44 cents. And it's older than the United States itself.

Ernest Burkes Sr. Says his bills, magazines and diabetes medication are mailed to his home in Canton, in northeast Ohio, and he frequently visits the post office down the street to send first-class mail, mostly documents for the tax service he runs. As his business increased over the past three decades, so has the load of mail he sends, and it's still pretty steady.

"I don't know what I'd do if they'd close down the post offices," said Burkes, who doesn't use rival delivery services such as UPS or FedEx. "They need to help them, just like they helped some of these other places, automobiles and others."

Postmaster General Patrick Donahoe is struggling to keep his money-losing organization afloat as more and more people are ditching mail in favor of the Internet, causing the lucrative first-class mail flow to plummet.

Donahoe has a plan to turn things around, if he can get the attention of Congress and pass a series of hurdles, including union concerns.

"The Postal Service is not going out of business," postal spokesman David Partenheimer said. "We will continue to deliver the mail as we have for more than 200 years. The postmaster general has developed a plan that will return the Postal Service to financial stability. We continue to do what we can on our own to achieve this plan and we need Congress to do its part to get us there."

He acknowledged that if Congress doesn't act, the post office could reach a point next summer where it doesn't have the money to keep operating.

That wouldn't sit well with Mimi Raskin, a wine and antiques store owner in Grants Pass, Ore., who likes her birthday card mailed. "If you get a birthday card on the Internet, it's like, well, I didn't care about you enough to go to a store, buy a card that suited your personality, and mail it," she said.

Donahoe and his predecessor, John Potter, have warned for years of the problems and stressed that the post office will be unable to make a mandated \$5.5 billion payment due Sept. 30 to a fund for future medical benefits for retirees.

A 90-day delay on the payment has been suggested, but postal officials and others in the industry say a long-term solution is needed.

Donahoe has one. It includes laying off staff beyond the 110,000 cut in the past four years, closing as many as 3,700 offices, eliminating Saturday delivery and switching from the federal retirement plan to one of its own.

Cliff Guffey, president of the American Postal Workers Union, called the proposal "outrageous, illegal and despicable."

A contract signed in March protects many workers from layoffs. Guffey said the attempt to change that now "is in utter disregard for the legal requirement to bargain with the APWU in good faith." Other unions, including the National Association of Letter Carriers, are negotiating their contracts with the post office.

Yet Donahoe's efforts are drawing praise from people such as Conway, the head of the nonprofit mailers, who says these are necessary steps that officials have shied away from in the past.

Several bills proposing ways to fix the agency are circulating in Congress. One, by Rep. Darrell Issa, R-Calif., would impose a control board to make the tough decisions.

When it was first introduced, the bill was perceived as "way out there," Conway said. But as the postal financial problems have become more obvious, "you're seeing people thinking

maybe it isn't that extreme."

Gene Del Polito, of the trade group American Association for Postal Commerce, said now that Donahoe has offered a plan, "why not give him the authority do to do what needs to be done." If that fails, then a control board could be instituted, he said.

Closing offices seems an easy way to save, but members of Congress never want cuts in their districts, and while the public may mail less, people still want their local office to stay open.

The changes that Donahoe are proposing would mean a different post office, but one that still operates for people such as Jovita Camesa, who's 75 and lives in a downtown Los Angeles retirement complex. She said she's sending more first-class mail than ever due to her expanding circle of grandchildren.

Camesa said she wouldn't think to use the Internet for those birthday and holiday greetings, or start going online to seek out the articles she now reads in the issues of Vogue, Readers Digest, Prevention and other magazines that are delivered to her. "I'm not interested in the Internet or computers," she said. "I'm very traditional."

Ellen Levine, editorial director of Hearst Magazines, told a Senate hearing that the Internet has not eliminated the need for mail delivery of magazines.

"Nearly all publishers use the United States Postal Service to deliver their magazines to subscribers," she said. "While most consumer titles are also available on newsstands, mail subscriptions will remain the major component of hard-copy magazine circulation in the United States for the foreseeable future." Overall, Levine said subscriptions account for about 90 percent of magazine circulation.

Olive Ayhens, an artist who lives in Brooklyn, N.Y., says she pays her bills online but still uses first-class mail. She was mailing announcements of her newest gallery opening; one was going to her son in London.

"Less than a dollar, I'm sending to London," she said during a stop at the James A. Farley Post Office in Manhattan.

The internet, along with the advent of online bill paying, has contributed to a sharp decline in mail handled by the post office, from 207 billion in 2001 to 171 billion last year. Although the price of stamps has increased from 34 cents to 44 cents over the same period, it is not enough to cover the post office's bills, in part because of higher labor costs.

Yet one of the biggest problems isn't mail flow or labor or other costs. Rather, it's a requirement imposed by Congress five years ago that the post office set aside \$55 billion in an account to cover future medical costs for retirees. The idea was to put \$5.5 billion a year into the account for 10 years. That's \$5.5 billion the post office doesn't have.

No other government agency is required to make such a payment for future medical benefits,

so why not drop it for the post office.

Like everything in Washington, it's not that simple.

The Postal Service is not included in the federal budget, but the Treasury Department account that receives that payment is.

That means that when the post office deposits that money, it counts as income in the federal budget. So, if it doesn't make the payment, the federal budget deficit appears \$5.5 billion bigger, something few members of Congress are likely to favor.

In announcing his bill, Issa warned of a need to avoid a "bailout" of the post office, which does not receive taxpayer money for its operations.

Others, however, have characterized the \$5.5 billion payments as a post office bailout of the federal budget because it makes the deficit appear smaller.

"We have made that argument," said Del Polito. But it has been rejected with the argument that the payments are required by law and ending them requires a change in the law.

That problem of appearing to increase the federal deficit creates a reluctance to deal with the matter directly, Del Polito said.

So where does that leave the post office and those Americans who don't have access to the internet?

Sen. Joe Lieberman, I-Conn., suggested more people start sending passionate letters as a way to save the agency.

As good an idea as love missives may be, they are unlikely to be enough.

Associated Press writers Jeff Barnard in Grants Pass, Ore.; Deepti Hajela in New York; Bob Johnson in Montgomery, Ala.; Kantele Franko in Columbus, Ohio; and Jacob Adelman in Los Angeles contributed to this report.