

United states postal service going bankrupt

[Finance](#)



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1. The USPS is currently drowning in a astonishing amount of financial debt, that is threatening the survival of the federal agency. The USPS is aware of its badly broken business model and is in the process of a strategic restructuring of the agency as a whole. The agency is suffering because it has been unable to meet its budget since 2006, and has been in a deficit borrowing money from the US treasury to make ends meet.

Exhausting their debt this year, there's a lot of politics on what should be done to prevent a shut down. Its clear that with the increase of technology and e-mail usage comes decreases in postal parcels and revenue. However the USPS also highly depends on the revenue of express mail which have dropped over 20 percent and even more since the recession. The one thing that postal workers are carrying enough of is junk mail which accounts for a large percent of daily parcels. The ratio of junk mail to regular mail is 3 to 1 in terms of revenue.

Another one of many problems is that the history of the USPS has shown to put the interest of its unions first. Examples of this is in March it reached a four in a half year agreement with the American Postal Workers Union extending the no-lay off provision and providing workers with a 3.5 percent raise over the period of the contract. This one action further set back the budget of the USPS and will heavenly impact the other 3 unions who's contracts expire this year.

2. The biggest stumbling block the USPS is facing will be restructuring the agencies technology and salary/benefits within limited time and revenue.

The USPS has exhausted their credit across the board and is looking for a bail out. The politics behind the bailout is so controversy that the Democrats are in favor of the unions because of their political relationship to the democratic party, but republicans because many argue why fund junk mail and a agencies that continuously payout employees without an increase in revenue and services. The Stumbling block are the unions and the lack of effort the USPS is making to stay in tuned with the rapid changes in today's society.

3. Many European countries took a more proactive approach by going digital. Although many citizens where against the ideas, decision makers continued and closed post offices replacing them with machines and third party vendors in convenient places like gas stations and super markets. Sweden's posten currently only runs 12 percent of its post offices the rest are now in the hands of third parties Sweden also have created an app that allows customers to turn digital photos into postcards with their mobile phone. The next service coming soon for Sweden will allow customers to send letters without stamps but by using a numerical number that will be texted to customers.

4. In an attempt to save the USPS I would make several drastic changes. First I would start by cutting back on the service days from 6 to 5, annually saving \$3 billion a year. The con to this service cut back would be us losing a few customers that would want service on Saturdays, however this cut should not be made for our flagship post offices who have higher foot traffic on Saturdays. I would also immediately close the postal services that have

low traffic and higher operational cost, replacing them with machines and drop boxes for customers.

This action will help long term as the USPS start to invest in technology and transition to fit into a more digital society. Next would be to sit with the unions and restructure the compensation and benefits of our employees. Comparing the statistics of the amount of revenue used on salaries and benefits with our competitors, it is crucial to give our employees the option of a 20 percent pay cut or servence packages.

The annual Health care prepayment is one of the larger expenses thought should be readjusted and paid by congress. It wouldn't be ethical for congress and the government to continously wasting tax payers funds with bailouts if the short term solutions are'nt going to address long term financia delimas that may hit the USPS in the near future. Overall I would make the budget to include technology changes, debt, and cushion funds just in case a recession.