



NALC FACT SHEET

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Eliminating Saturday delivery is not the answer

The U.S. Postal Service faces the worst crisis in its history. It expects to lose \$6-\$7 billion in 2009. Although the collapse of the housing and financial sectors in late 2008 is responsible for the largest decline in mail volume since the Great Depression in the 1930s, the main cause of the financial crisis is the decision advanced by the Bush administration in the postal reform law of 2006 to require the USPS to prefund its **future** retiree health benefits, a 75-year liability, in just 10 years. The cost of this unaffordable prefunding payment, \$5.4 billion in 2009, accounts for most of the projected loss this year. The annual cost will rise to \$5.8 billion by 2016. While the NALC is working with postal management to address the crisis with the Interim Route Adjustment Process, Congress must take action to relieve this prefunding burden to preserve affordable, universal service. See the NALC Fact Sheets on H.R. 22 and S. 1507.

Postal management's proposal to deal with the crisis—eliminating Saturday mail delivery—is not a sensible solution to the USPS's financial crisis.

The Postal Service estimates that by eliminating one-sixth of its delivery service, it can cut operating expenses by \$3.4 billion or 4.6 percent—not the 16.6 percent you might expect. The model it used to estimate potential savings is based on many unproven assumptions and did not specifically study the elimination of Saturday delivery, the day most Americans are home to receive packages.

To date, no study has been conducted to estimate how a reduction in delivery days would affect mail volume and delivery costs in the remaining five days or how different types of mailers would be affected.

A study conducted on behalf of the Postal Regulatory Commission suggests that total cost savings by eliminating one of delivery could be as low as \$1.9 billion or just 2.5 percent of total postal expenses.

The Postal Service is rushing to judgment.

In letters to employee groups dated June 11, 2009, USPS management requested input on a study of the feasibility of weekday-only delivery with replies due back by June 19, 2009. In July it informed the unions that it planned to finish its review in three weeks. The USPS appeared to be recycling an old IBM study it used for the PRC Universal Service investigation. A more thoughtful and serious study is needed.

The proposed reduction in delivery services would be the most radical change to postal operations in the 230-plus year history of the U.S. Mail. No such policy decision should be made after just a few weeks consideration, much less without a comprehensive study of its effects.

Six-day delivery makes the Postal Service unique.

One of the defining characteristics of the U.S. Postal Service is its policy of nation-wide uniform pricing with six-day delivery. Competitors charge don't deliver or charge high premiums for Saturday delivery while the USPS provides affordable universal as mandated by the Constitution.

American businesses value six-day delivery.

Business in the United States is conducted six days—and in many sectors seven days—per week. Small and large businesses alike, from individual entrepreneurs to large-scale financial firms, rely on the delivery of the mail six days per week to operate successfully. Saturday delivery is especially important to growing companies like eBay, Netflix and Caremark, and has long been vital for news magazines. The elimination of Saturday delivery will make the USPS less valuable to business and accelerate electronic substitution.

American citizens value Saturday delivery too.

Billions of prescriptions are delivered through the mail each year—a two-day delay in their delivery would seriously inconvenience senior citizens and others. Delayed delivery of payments, subscriptions and food products would adversely affect millions of households.

Rural communities would be disproportionately affected.

Americans living in rural areas where the Postal Service's competitors do not deliver or where broadband connectivity is not available rely especially on six-day USPS delivery and would be adversely affected by any service cuts. Farmers rely on the delivery of seeds and other products through the mail and citizens who live far from retail outlets need the USPS for mail-order delivery.

Broad coalition of stakeholders favors six-day delivery.

According to the PRC's 2008 study of universal service, parcel shippers, direct marketer, magazine publishers and other major mailers along with consumer advocacy groups and the seven postal employee groups agreed: The elimination of six-day delivery would hurt business and consumer interests while costing thousands of jobs.