



U.S. Postal Service to Drop Saturday Delivery

In an effort to stave off what appears to be its impending demise for a few more years, the U.S. Postal Service (USPS) announced that it will drop Saturday mail delivery service in August 2013. The financially struggling federal mail service has already closed some post offices around the country, cut back operations at thousands of others, and has long discussed trimming delivery to fewer days per week. Declaring in a February 5 press conference that "our financial condition is urgent," Postmaster General Patrick Donahoe predicted the move will save the floundering agency some \$2 billion annually. "We are simply not in a financial position where we can continue to make six-day letter delivery," said Donahoe.



Under the cutback, the USPS will continue to deliver packages six days a week, and post offices will continue to be open on Saturdays, with mail still delivered to post office boxes.

While the USPS receives no tax funding for its day-to-day operation, it remains under the control of Congress, which has steadfastly blocked proposals to cut postal delivery to five days. As in the past, Congress included a ban on five-day delivery in its latest appropriations bill, but "because the federal government is now operating under a temporary spending measure, rather than an appropriations bill, Donahoe says it's the agency's interpretation that it can make the change itself," reported the Associated Press.

The AP noted that in November the postal service "reported an annual loss of a record \$15.9 billion for the last budget year and forecast more red ink in 2013, capping a tumultuous year in which it was forced to default on billions in retiree health benefit prepayments to avert bankruptcy."

According to <u>USA Today</u>, the health payments "are a requirement imposed by Congress in 2006 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."

The postal service is the only government agency required to make such payments for projected medical benefits. And while USPS officials had pressed Congress to deal with the issue last year, lawmakers left town with the problem still on the table. That inaction led Donahoe and the USPS to take the issue in hand.

Experts said the USPS really had no choice but to move independently of congressional oversight given its continued financial hemorrhaging. "If the Congress of the United States refuses to take action to save the U.S. Postal Service, then the Postal Service will have to take action on its own," James S. O'Rourke, professor of management at the University of Notre Dame, observed. He added that it is "unclear whether the USPS has the legislative authority to take such actions on its own, but the alternative is the status quo until it is completely cash starved."



Written by **Dave Bohon** on February 6, 2013



The USPS said its own market research indicated that 70 percent of Americans support the cost-cutting move, but among those complaining, predictably, is the mail carriers' labor union. In a statement Fredric Rolando, president of the National Association of Letter Carriers, called the cut "a disastrous idea that would have a profoundly negative effect on the Postal Service and on millions of customers. It would be particularly harmful to small businesses, rural communities, the elderly, the disabled, and others who depend on Saturday delivery for commerce and communication." Rolando complained that the change to five-day delivery "flouts the will of Congress, as expressed annually over the past 30 years in legislation that mandates six-day delivery."

Similarly, Jeanette Dwyer, president of the National Rural Letter Carriers' Association, called the USPS announcement "yet another death knell for the quality service provided by the U.S. Postal Service. To erode this service will undermine the Postal Service's core mission and is completely unacceptable."

But many key congressmen appear to support the move, including Senator Tom Coburn (R-Okla.), ranking member of the Senate Homeland Security and Governmental Affairs Committee, who said that the change is "a proper business decision and [in the] long run good for the Postal Service and good for Americans." Coburn and Rep. Darrell Issa (R-Calif.), chairman of the House Oversight and Government Reform Committee, sent a letter to leaders in the House and Senate encouraging congressional support for the elimination of Saturday mail delivery.

"What has impeded the Postal Service from phasing out universal Saturday delivery of letters is an appropriations rider carried in law since 1984 that ties six-day mail delivery to the acceptance of roughly \$100 million in reimbursement from the federal government for services rendered by the Postal Service," the letter reads in part. "According to Postal Service estimates, the rider constitutes a more than \$2.5 billion annual unfunded mandate. With the current [fiscal year] 2013 government funding resolution set to expire at the end of March, we ask that the six-day mail rider be omitted from any subsequent government funding legislation, enabling the Postal Service to implement this necessary reform without impediment."

The two lawmakers pointed out that the change has bipartisan support. "President Obama has repeatedly called for moving to five-day delivery of mail, most recently in his FY 2013 budget.," they said in the letter, adding that "according to an October 2011 Quinnipiac poll fully 79 percent of Americans endorse the shift."

<u>CNN</u> recalled that "Saturday mail deliveries have been cut before. They were temporarily stopped in some cities in 1947, and again nationwide in 1957, both times because of budget issues. Public protests prompted President Dwight D. Eisenhower in 1957 to sign a bill fully funding the Post Office department within three days leading to a resumption of Saturday services."





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