APWU FACT SHEET
American Postal Workers Union, AFL-CIO • William Burrus, President • www.apwu.org • April 2010

Save Saturday Service

The Postal Service has asked Congress for permission to eliminate Saturday mail delivery – a plan that would slow service, drive away business, and lead to the demise of the world's most efficient and trusted postal system.

Abolishing Saturday mail delivery would deprive citizens of the right to receive mail on Saturday – and would eliminate any justification for the Postal Service's exclusive access to citizens' mailboxes. Ending the USPS mailbox monopoly would destroy universal service at a uniform price.

Eliminating Saturday Delivery Will Hurt Consumers and Businesses

- Millions of citizens depend on Saturday delivery to receive prescription drugs, checks, newspapers, magazines, greeting cards, and notices from churches and community organizations.
- Most U.S. businesses operate six or seven days a week, and many rely on a six-day mail delivery cycle. For magazine publishers and companies like Medco, Netflix, Caremark and eBay, Saturday delivery is crucial.
- Many advertisers plan for their notices to arrive on Saturday, when consumers have time to shop.

Ending Saturday Mail Would Lead To the Demise of the Postal Service

- Ending Saturday delivery would accelerate the diversion of letters, packages, and other material from the USPS to expensive private couriers such as UPS and FedEx.
- Saturday delivery – at no extra cost – is an important competitive advantage for the Postal Service. Giving it up just doesn't make good business sense.
- Delivery delays and service cuts would erode public confidence in the Postal Service, damaging one of its greatest assets.
- There would be no barrier to cutting delivery even more – from five days to four or even three days per week. This would initiate a "death spiral" for the nation's mail system.
- If Saturday delivery is abolished, private couriers would fill the void, but only in the most profitable destinations – leaving the Postal Service to serve rural and poor communities, without the financial benefit of providing service to more lucrative delivery locations.
- Abolishing Saturday mail delivery would deprive citizens of the right to receive mail on Saturday – and would eliminate any justification for the Postal Service's exclusive access to citizens' mailboxes. Ending the USPS mailbox monopoly would destroy universal service at a uniform price.
- **Ending Saturday delivery would undermine the Postal Service's ability to perform the mission that is enshrined in the U.S. Constitution: Providing regular, affordable, and dependable mail service at uniform rates to every American community – large or small, urban or rural.**

A Bad Law = A Phony Crisis

The USPS attempts to justify the elimination of Saturday delivery by claiming it faces a financial crisis. But the crisis is artificial – the result of a bad law that is driving the USPS toward insolvency.

- Recent USPS deficits are the result of a requirement in the 2006 Postal Accountability and Enhancement Act (PAEA), that requires the Postal Service to "pre-fund" future retiree healthcare costs.
- No other government agency or private enterprise bears this burden.
- As a result of the pre-funding mandate, before the Postal Service sells its first stamp, it begins every fiscal year more than $5 billion in debt.
- The PAEA requires the USPS to pre-fund a 75-year liability in just 10 years.
- In 2008, the GAO concluded that this mandate was the primary cause of the USPS's $5.3 billion shortfall in FY 2007.
- Absent this pre-funding burden, the Postal Service would have experienced a cumulative *surplus* of $3.7 billion over the last three fiscal years – despite declining mail volume, an economy in chaos, and electronic diversion.
- The USPS is funded entirely by postage sales and service. The pre-funding requirement is essentially a congressional budgeting gimmick that forces postal rate-payers to subsidize the U.S. Treasury.
- The APWU, joined by other postal unions, a coalition of mail users, and the USPS, has called on Congress to repeal the pre-funding requirement.
- A flawed method for computing USPS obligations to the Civil Service Retirement Fund also drains billions of dollars from the Postal Service. A recent report by the USPS Office of Inspector General (OIG) concluded that the methodology used by the U.S. Office of Personnel Management (OPM) for determining the Postal Service's contribution to the Civil Service Retirement and Disability Trust Fund is flawed. The OIG concluded that improper allocation of liabilities resulted in an overpayment of $75 billion.

A Clear Path: Return the USPS To a Firm Financial Footing

- Repealing the pre-funding mandate and instituting a more equitable allocation of pension liabilities would return the USPS to a sound financial footing.
- These simple steps would allow the Postal Service to continue providing universal service at inexpensive, uniform rates to all Americans, and would make the elimination of Saturday delivery unnecessary.

Dire Deficit Projections Are Wildly Overstated

The USPS attempts to justify the proposal to eliminate Saturday delivery by predicting that it could amass a $238 billion deficit in the next 10 years. This outlandish claim, which was widely and uncritically reported by the mainstream media, was projected as a possible outcome in a study commissioned by the USPS. The deficit projection is absurd:

- To amass a $238 billion deficit by 2020, the Postal Service would have to lose $23.8 billion each year for a decade, even though the USPS has never lost half that much, even its worst year.
- This year, amid the worst recession in more than 70 years, the Postal Service is projected to lose $7 billion, more than $16 billion short of the $23.8 billion yearly average needed to fulfill the projection. This means the USPS would have to lose roughly $39 billion in 2011 – double the combined wages and benefits of all clerks, mail handlers, city letter carriers and rural letter carriers for next year – to keep the projection on track.
- The USPS-commissioned report pays scant attention to the onerous and costly mandate in the 2006 postal "reform" law to pre-fund retiree healthcare liabilities – the real cause of the USPS financial difficulties.
- Many observers believe this projection is a scare tactic, designed to force Congress to eliminate Saturday delivery and approve other drastic changes to the U.S. Postal Service.

Unprecedented Savings

The Postmaster General's dire predictions have grabbed headlines, but his assertion that the USPS must make radical changes to survive are wrong.

- Over the past decade, the USPS has achieved unprecedented savings through productivity increases, a series of cost-cutting initiatives, and sacrifices by workers. The Postal Service has eliminated more than 100,000 jobs through attrition in the past two-and-a-half years, and more reductions are planned.
- The Postal Service experienced a similar downturn during the post 9/11 recession, but it recovered and began running surpluses when the economy improved. Despite the pervasive use of electronic communication, in 2006 mail volume reached an all-time high.
- The Postal Service estimates that by eliminating Saturday delivery, it can cut operating expenses by $3.4 billion, but a study by the Postal Regulatory Commission found that savings could be as low as $1.9 billion.

"As a result of the pre-funding mandate, before the Postal Service sells its first stamp, it begins every fiscal year more than $5 billion in debt."

Survey Says....

- The USPS has touted recent public opinion polls, claiming that they show that a majority of citizens would choose to end Saturday delivery over a range of other alternatives. But the surveys failed to inform respondents about the pre-funding mandate and that repealing the mandate would put the USPS on a path to solvency without cutting service. Pollsters also neglected to tell respondents that the Postal Service plans to raise postage rates in 2011 whether or not delivery is reduced. Customers would get cuts in service and a price increase – at the same time.

Management Policies Intensify USPS Financial Problems

Postal management has intensified the financial problems by offering excessive "worksharing" discounts to major mailers and by subcontracting work at exorbitant costs.

- While consumers pay 44 cents to mail a first class letter, major mailers pay as little as 22 cents for first class mail. They pay as little as 9 cents to send advertising mail.
- Postal outsourcing to private contractors has frequently proven to be wasteful and inefficient, with contract costs that often skyrocket just weeks after they are signed.

The Comparative Cost Of a First-Class Stamp

U.S.A.	0.44
Australia	0.51
Canada	0.57
Royal Mail (UK)	0.63
France	0.72
German Post	0.73
Japan Post	0.85

Part of a Bigger Plan

The USPS proposal to eliminate Saturday mail delivery is part of bigger plan that would slash service and weaken the nation's mail system. The plan would close thousands of post offices in cities across the country, gut the mail processing network, remove mail collection boxes, and cut the workforce.

The Bottom Line

Instead of eliminating Saturday delivery and implementing other drastic service cuts:

- Congress should the repeal the retiree healthcare pre-funding mandate and institute a more equitable allocation of pension liabilities.
- The Postal Service should discontinue the practice of giving below-cost discounts to corporate business mailers.

The APWU seeks to protect the viability of the USPS to continue providing dependable, affordable, and universal mail service to the American people.

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The American Postal Workers Union (APWU) represents more than 200,000 postal workers in the Clerk, Maintenance and Motor Vehicle crafts.