



The U.S. Postal Service and Six-Day Delivery: Issues for Congress

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Summary

After running modest profits from FY2004 through FY2006, the U.S. Postal Service (USPS) lost \$5.3 billion in FY2007, \$2.8 billion in FY2008, and \$3.8 billion in FY2009. In FY2010, the USPS had an operating deficit of \$8.5 billion. Were the USPS to run quarterly deficits in FY2011 similar to those experienced in FY2010 (averaging \$2.1 billion per quarter), it would exhaust its cash by mid-FY2011. The bleak economic forecast for USPS prompted its leaders, Congress, and the public to suggest methods that may increase revenue or reduce expenses. Among these cost-saving suggestions is reducing the number of days per week that USPS delivers mail.

At a 2009 congressional hearing former Postmaster General John E. Potter stated that six-day delivery “may simply prove to be unaffordable.” He then “reluctantly” requested that Congress eliminate the six-day delivery requirement that is placed annually in appropriations laws. Some lawmakers criticized Mr. Potter’s request, stating that reducing service days could cause even greater reductions in mail volume and lead to a “death spiral” for USPS. Other lawmakers argued that USPS should have the flexibility to eliminate six-day delivery if they decide it is necessary.

At a U.S. Postal Service symposium on March 2, 2010, former Postmaster General John Potter announced that USPS would seek to eliminate the statutory requirement that the Postal Service deliver mail six days per week. In addition, he said USPS would submit a formal request to the Postal Regulatory Commission (PRC), a USPS oversight body, seeking to move to five-day delivery. The Postal Service is required by statute to request an advisory opinion from the PRC at least 90 days prior to enacting this change. On March 24, 2010, USPS’s Board of Governors approved the Postal Service management’s request to seek a move to five-day delivery and to ask the PRC for its advisory opinion. On March 30, 2010, USPS asked the PRC to issue an advisory opinion on the move to five-day delivery. That opinion has not been issued.

In 2008, two studies were conducted on the possible economic effects of reducing USPS delivery services. One study, conducted by USPS, estimated the financial savings of a five-day delivery week at \$3.5 billion annually, with no anticipated reduction in sales volume. The other study, conducted by the Postal Regulatory Commission (PRC), estimated the savings at \$1.94 billion annually, which includes a significant estimated loss of sales volume. USPS commissioned a third study, released in March 2010, that found USPS could save \$3 billion per year if Saturday delivery were eliminated. The new study included an estimated loss in sales volume prompted by the eliminated day of delivery.

Other countries’ mail services vary in their delivery schedules. Australia, Sweden, and Canada offer five-day delivery services. France, Germany, the Netherlands, and the United Kingdom (UK) have six-day delivery. New Zealand offers some customers a six-day delivery option, but charges additional fees for weekend deliveries. Differences among the various global postal services may prevent USPS from borrowing operating techniques that have been successful elsewhere.

The 112th Congress may consider the elimination of a mail delivery day as part of a larger debate over the future of USPS. This report will examine the history of six-day mail delivery and analyze potential effects of reducing USPS delivery from six to five days. It will then examine legislative options, including bills that were introduced in the 111th Congress.

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Since 1775, the U.S. government has provided postal service throughout the United States. The service began as a conduit for communication between “Congress and the armies” during the Revolutionary War.¹ In 1863, the Post Office Department (now USPS), pursuant to statute, began delivering mail to certain addresses in cities if postage was enough to “pay for all expenses of the service.”² By 1896, the Post Office Department was making deliveries to certain rural and urban homes six days per week. In some cities, in fact, delivery occurred more than once per day until 1950.³ In other, more remote rural areas, deliveries continue to occur fewer than six days per week. Today, the U.S. Postal Service (USPS) delivers to “146 million homes and businesses, six days a week.”⁴ Throughout the service’s history, however, there have been discussions about reducing the number of delivery days in order to conserve fuel and reduce costs.

After running modest profits from FY2004 through FY2006, the U.S. Postal Service (USPS) lost \$5.3 billion in FY2007, \$2.8 billion in FY2008, and \$3.8 billion in FY2009.⁵ In FY2010, the USPS had an operating deficit of \$8.5 billion.⁶ Were the USPS to run quarterly deficits in FY2011 similar to those experienced in FY2010 (averaging \$2.1 billion per quarter), it would exhaust its cash by mid-FY2011.⁷ The bleak economic forecast for USPS has prompted its leaders, Congress, and the public to suggest methods that may increase revenue or reduce expenses for the quasi-governmental entity.⁸ Among these suggestions is to reduce the number of delivery days from six to five.

At a January 28, 2009, hearing before the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, former Postmaster General John E. Potter⁹ stated that six-day delivery “may simply prove to be unaffordable.” Potter requested that Congress eliminate the six-day delivery requirement that annually is placed in appropriations laws.¹⁰ Some lawmakers criticized Mr. Potter’s request, and one Senator stated that reducing

¹ U.S. Postal Service, *The United States Postal Service: An American History, 1775-2006*, p. 6, at <http://www.usps.com/cpim/ftp/pubs/pub100.pdf>.

² U.S. Postal Service, “City Delivery,” http://www.usps.com/postalhistory/_pdf/CityDelivery.pdf.

³ *Ibid.*

⁴ U.S. Postal Service, “Grow Your Business: National Postal Forum Debuts Special Session – and Discount – for Small Businesses,” press release, April 2, 2009, http://www.usps.com/communications/newsroom/2009/pr09_034.htm.

⁵ U.S. Postal Service, “Form 10-K,” November 16, 2009, p. 12, at http://www.usps.com/financials/_pdf/FY_2009_10K_Report_Final.pdf.

⁶ U.S. Postal Service, *2010 Annual Report* (Washington, DC: USPS, 2010), p. 2, at http://www.usps.com/financials/_pdf/annual_report_2010.pdf.

⁷ *Ibid.*, p. 33.

⁸ For information on other actions USPS is taking to cut costs, see U.S. Government Accountability Office, *U.S. Postal Service: Deteriorating Postal Finances Require Aggressive Actions to Reduce Costs*, GAO-09-332T, January 28, 2009, at <http://www.gao.gov/new.items/d09332t.pdf>. See also, U.S. Postal Service, “Postal Service Outlines 10-year Plan to Address Declining Revenue, Volume,” press release, March 2, 2010, http://www.usps.com/communications/newsroom/2010/pr10_018.htm.

⁹ Postmaster General John E. Potter retired on December 3, 2010. His successor is Patrick R. Donahoe, who served as Mr. Potter’s Deputy Postmaster General and Chief Operating Officer.

¹⁰ U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, *The Impact of the Economic Crisis on the U.S. Postal Service*, 111th Cong., 1st sess., January 28, 2009, <http://hsgac.senate.gov/public/> (continued...)

service days could cause even greater reductions in mail volume and lead to a “death spiral” for USPS.¹¹ At a March 25, 2009, hearing before the House Committee on Oversight and Government Reform, Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia, Potter again requested that Congress eliminate the six-day mail delivery requirement.¹²

On March 2, 2010, the Postal Service hosted a half-day symposium at which they examined USPS’s current financial condition, released projections for its future finances, and introduced potential actions that the Postal Service could take to ameliorate its financial crisis.¹³ Among the potential actions former Postmaster General Potter discussed was a move from six- to five-day delivery.

On March 18, 2010, former Postmaster General Potter testified before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, saying that the statutory mandate to deliver mail six days per week was one of many limitations placed on USPS that was “complicating the fiscal health of the Postal Service.”¹⁴ Later in his testimony, Mr. Potter said that six-day delivery “places a very large financial burden on the Postal Service. Due to the unprecedented decline in mail volume, there no longer is sufficient volume to sustain the cost of the current six-day delivery week.”¹⁵ He said that USPS is seeking legislative action to remove the six-day mail delivery requirement from annual appropriations legislation. Pursuant to The Postal Reorganization Act of 1970 (P.L. 91-375), USPS must request an advisory opinion from the PRC¹⁶ at least 90 days prior to making any “major service changes.” Moving to five-day delivery would constitute a “major service change.” USPS is not required to heed the PRC’s advisory opinion, and could move to five-day delivery prior to the release of the advisory option and regardless of the PRC’s advice.

On March 24, 2010, USPS’s Board of Governors approved the Postal Service management’s request to seek a move to five-day delivery and to ask the PRC for its advisory opinion. On March 30, USPS formally requested that PRC issue an advisory opinion on the move to five-day delivery.¹⁷

(...continued)

[index.cfm?Fuseaction=Hearings.Detail&HearingID=ce8899e6-d08e-4d07-a6df-6aeceb9c12e](http://www.usps.com/communications/newsroom/2010/pr10_018.htm).

¹¹ Comments of Senator Susan M. Collins, *ibid.* A similar statement can be found in U.S. Senator Susan Collins, “Senator Collins Criticizes U.S. Postal Service for Proposing Elimination of Services,” press release, January 28, 2009, http://collins.senate.gov/public/continue.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=22d3f0b2-802a-23ad-47be-7a88b075995c&Region_id=&Issue_id=&CFID=15709811&CFTOKEN=35683692.

¹² Testimony of John E. Potter in U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Post Office, and the District of Columbia, *Restoring the Financial Stability of the U.S. Postal Service: What Needs to Be Done?*, 111th Cong., 1st sess., March 25, 2009, at <http://federalworkforce.oversight.house.gov/documents/20090325092625.pdf>.

¹³ U.S. Postal Service, “Postal Service Outlines 10-year Plan to Address Declining Revenue, Volume,” press release, March 2, 2010, http://www.usps.com/communications/newsroom/2010/pr10_018.htm.

¹⁴ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of John E. Potter, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹⁵ *Ibid.*

¹⁶ The PRC was previously known as the Postal Rate Commission until 2006.

¹⁷ U.S. Postal Service, “Postal Service Outline Five-day Delivery Proposal,” press release, March 24, 2010, http://www.usps.com/communications/newsroom/2010/pr10_029.htm.

As noted earlier, before USPS can eliminate Saturday delivery, it is statutorily required to submit a proposal to the PRC at least 90 days prior to making any service changes. The proposal must detail the elimination and request an advisory opinion from the commission. According to PRC Chairman Ruth Y. Goldway, the commission would be “responsible for providing a public on-the-record, hearing process so that mail users and other interested members of the public can test the Postal Service’s proposal and offer supporting or opposing views.”¹⁸ Chairman Goldway said the PRC “will then provide an opinion that takes into account all applicable public policies, such as the need to maintain adequate and effective universal service, and the need to provide services in an economic and efficient manner.”¹⁹ Chairman Goldway added that completing the advisory opinion could take between six and nine months.²⁰ As noted earlier, USPS is not statutorily required to heed the PRC’s opinion. The Postal Service could move to five-day delivery prior to and regardless of the commission’s finding.

At the PRC’s December 1, 2010, monthly meeting, Ann Fisher, the director of the PRC’s Office of Public Affairs and Government Relations (PAGR), reported that the commission had received a total of 21,711 comments related to the possible transition to five-day delivery. Of those comments and suggestions, 3,332 “were okay with” the move to five-day delivery, while 16,449 were against the move.²¹ The council did not state when the advisory opinion would be rendered.

Two studies of the possible economic effects of reducing USPS delivery were conducted in 2008.²² One study, conducted by USPS, estimated the financial savings of a five-day delivery week at \$3.5 billion annually, with no anticipated reduction in sales volume. The other study, by the Postal Regulatory Commission (PRC),²³ estimated the savings at \$1.93 billion annually, and includes an expected loss of \$580 million in sales volume. Representative Stephen F. Lynch stated at a May 20, 2009, hearing that Congress may consider commissioning a third study that would more conclusively determine how much money USPS could save if it moved to five-day delivery.²⁴ A congressionally commissioned study has not yet been conducted. USPS, however,

¹⁸ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of Ruth Y. Goldway, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹⁹ Ibid.

²⁰ Ms. Goldway discussed this time frame during the question and answer session of the hearing. The entire hearing is webcast online at U.S. Committee on Appropriations, “Press Room: Webcast of Postal Service Hearing,” <http://appropriations.senate.gov/webcasts.cfm?method=webcasts.view&id=0ab901bd-d6f5-40c0-8f6e-49bb6fca1f69>.

²¹ An online audio recording of the hearing is available on the PRC’s website, http://www.prc.gov/prc-docs/home/whatsnew/Monthly_Meeting_12012010.mp3. Of the comments received that were against the move to five-day delivery, 5,839 were sent in by the National Association of Letter Carriers on behalf of businesses they serve.

²² U.S. Postal Service, *Report on Universal Postal Service and the Postal Monopoly*, October 2008, p. 55, at http://www.usps.com/postallaw/_pdf/USPSUSOReport.pdf; and U.S. Postal Regulatory Commission, *Report on Universal Postal Service and the Postal Monopoly* (Washington: PRC, December 19, 2008), pp. 123-124, <http://www.prc.gov/prc-docs/home/whatsnew/USO%20Report.pdf>.

²³ The Postal Regulatory Commission is an independent agency created by Congress that has regulatory oversight over the Postal Service.

²⁴ U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Post Office, and the District of Columbia, *Nip and Tuck: The Impact of Current Cost Cutting Efforts on Postal Service Operations and Network*, 111th Cong., 1st sess., May 20, 2009, <http://federalworkforce.oversight.house.gov/documents/20090520142353.pdf>.

included a new study on five-day mail delivery on March 30, 2010, as part of its formal request to the PRC for an advisory opinion on the elimination of Saturday delivery.²⁵

In the 111th Congress, two bills related to six-day mail delivery were introduced. The first bill, H.Res. 173, sought to express the sense of the House of Representatives that USPS should continue six-days of mail delivery and not move to a five-day schedule. On February 13, 2009, H.Res. 173 was referred to the House Committee on Oversight and Government Reform. No further action was taken on the bill. If enacted, the bill would not have statutorily required USPS to maintain six-day delivery—it would have expressed the sense of the House of Representatives that six-day delivery should continue.

Representative Jason Chaffetz introduced a second bill that would have affected six-day delivery, H.R. 5919, on July 29, 2010. The bill would have authorized the Postmaster General to cut 12 delivery days per year. Pursuant to H.R. 5919, six months prior to the start of the fiscal year, USPS would have submitted to its Board of Governors a list of the 12 delivery days it would have switched to non-delivery days. These 12 days would have been in addition to the days on which USPS currently does not provide delivery—Sundays and federal holidays. H.R. 5919 also would have required USPS employees be compensated for these 12 non-delivery days as if they were delivery days. H.R. 5919 was referred to the House Oversight and Government Reform Committee on July 29, 2010. No further action was taken on the bill.

Other countries have varied mail delivery schedules. Royal Mail, which delivers mail in the United Kingdom (UK) six days per week, reportedly contemplated eliminating Saturday delivery in 2008 because of economic concerns.²⁶ Royal Mail, however, continues to deliver six days per week. Canada Post offers letter-carrier services five days per week, and does not deliver mail or parcels on most Saturdays. Canada Post, which receives no national appropriation, generated an income from operations of \$357 million in FY2009 and \$139 million in FY2008.²⁷ New Zealand Post offers six-day mail delivery services to some customers, but not to customers living in rural areas. Customers who use Saturday delivery must pay an additional fee.²⁸ Parcels are not delivered on Saturdays in New Zealand. A sampling of various countries' mail delivery practices found that some countries deliver mail five days per week (Australia and Sweden) while others deliver mail six days per week (France, Germany, and The Netherlands). Significant differences among the various mail services, however, may prevent USPS from borrowing techniques that were successful in other countries. The United States, for example, is much larger geographically than most of the other countries. Also, union contracts may prohibit USPS from adopting certain practices that could cut costs.

This report examines the history of six-day delivery at USPS and outlines potential effects of reducing delivery service. It then analyzes legislative options, including bills that have been introduced in the 111th Congress.

²⁵ U.S. Postal Service, *Delivering the Future: A Balanced Approach, Five -Day Delivery is Part of the Solution*, Washington, DC, March 2010, http://www.usps.com/communications/five-daydelivery/plan/5day_plan_delivery.pdf.

²⁶ Harry Wallop, "Royal Mail Cuts May End Saturday Post," *The Telegraph*, May 10, 2008.

²⁷ Canada Post, *Annual Report 2009*, http://www.canadapost.ca/cpo/mc/assets/pdf/aboutus/annualreport/Financial_and_Operating_Highlights.pdf.

²⁸ New Zealand Post, *Sending Letters Around New Zealand*, <http://www.nzpost.co.nz/Cultures/en-NZ/OnlineTools/Ratefinder/LettersNZ>.

History of Six-Day Delivery

Currently, all but 25,000 of USPS's 135 million residential mail recipients receive six-day mail delivery.²⁹ The history of six-day delivery, however, is not well documented. Delivery to homes and businesses in cities was instituted, pursuant to statute, in 1863.³⁰ In some cities, deliveries occurred several times per day, until most cities eliminated multiple deliveries in 1950.³¹ Certain rural homes and businesses received deliveries starting in 1896. In some remote, rural areas—like homes at the bottom of the Grand Canyon—six-day delivery still does not occur.³² Based on a review of legislative and postal history, it appears that six-day delivery was not legally required until FY1981, when Congress placed language requiring six-day delivery in USPS's appropriation.³³

Congressional and USPS History

The first statute governing general postal delivery was enacted in 1863 when Congress passed a law that authorized the Postmaster General “to make delivery, within any prescribed postal district, of mail matter by letter-carrier, as frequently as the public convenience in such district shall require, and shall make all proper regulations for that purpose.”³⁴

According to USPS, prior to 1863, postage payments did not include home or office delivery and included only “the delivery of mail from Post Office to Post Office.”³⁵ Patrons, however, “could pay an extra two-cent fee for letter delivery” to private homes and businesses.³⁶ Private delivery firms also delivered items to homes or businesses.

By 1888, however, mail carriers “were instructed to deliver letters frequently and promptly—generally twice a day to homes and up to four times a day to businesses.... The second residential delivery was discontinued on April 17, 1950, in most cities.”³⁷ Current USPS policies limit deliveries to one per day in all locations.³⁸ USPS initiated rural home delivery on October 1, 1896, with deliveries to homes in Charles Town, Halltown, and Uvilla, West Virginia. With the advent of rural delivery, the Postal Service grew at a rapid pace and began to resemble the modern-day USPS.

²⁹ “25,009 of the approximately 135 million [USPS] residential delivery points receive delivery 3 days per week because they are exceptionally difficult to serve, such as those at the bottom of the Grand Canyon.” U.S. Postal Regulatory Commission, *Report on the Universal Postal Service and the Postal Monopoly*.

³⁰ U.S. Postal Service, “City Delivery.”

³¹ *Ibid.*

³² Mules deliver mail to homes at the bottom of the Grand Canyon five days per week. Information provided electronically to the author by USPS on June 3, 2009.

³³ P.L. 96-499; 94 Stat. 2607.

³⁴ 12 Stat. 701, Sec. 12.

³⁵ U.S. Postal Service, “City Delivery.”

³⁶ *Ibid.*

³⁷ *Ibid.*, p. 2.

³⁸ U.S. Postal Service, “Deliveries Per Day,” http://www.usps.com/postalhistory/_pdf/DeliveriesperDay.pdf.

The 94th and 95th Congresses

Representative Tom Corcoran stated at a congressional hearing that the Postal Service took its first formal step toward eliminating one delivery day per week in 1976 when it conducted a study to examine the possible effects of such delivery reduction.³⁹ That study, according to Corcoran, was completed, but a formal proposal stemming from the study was not drafted. Instead, in 1977, the congressionally-created Commission on Postal Service (created in 1975) submitted to Congress and the President a report that discussed the possibility of transitioning to five-day delivery. The members of the congressional commission were divided on whether to recommend eliminating a day of Postal Service delivery. The commission's final report said that five of the seven commissioners reluctantly recommended the reduction in delivery, but did not say which day of the week would be the optimal day off.

While the Commission would prefer not to recommend a reduction in delivery standards, the alternative of increased postal costs and rates causing volume declines is less acceptable.

The other alternative is to increase the public service appropriation to provide six-day delivery. A majority of the Commission does not favor this course. We find that six-day delivery, although convenient, is not considered essential by a great majority of our citizens when compared with the costs of providing that service.⁴⁰

According to the *New York Times*, the Postal Service had already been reducing a variety of services and deliveries in early 1976 to cut rising costs.⁴¹ The *New York Times* reported that Representative James M. Hanley, then-chairman of the House Postal Service Subcommittee, called for "a moratorium on service cutbacks and rural office closings that were meant to save money."⁴² According to the article, Postmaster General Benjamin F. Bailar agreed to stop the service cutbacks.

On July 12, 1977, Representative Charles H. Wilson introduced a resolution (H.Con.Res. 277) that stated the Postal Service should not reduce its service delivery days.⁴³ On August 4, 1977, the House Committee on the Post Office and Civil Service recommended the passage of the resolution. On September 26, 1977, the resolution passed the House by a vote of 377 to 9. H.Con.Res. 277 was referred to the Senate Committee on Governmental Affairs, which took no further action on the bill.⁴⁴

On September 27, 1977, Representative John B. Breckenridge released a statement criticizing the delivery cut, claiming it would "likely affect the people in rural American more than any other group of postal customers" and "would eventually result in less delivery routes and less

³⁹ U.S. Congress, House Committee on Post Office and Civil Service, *Six-Day Mail Delivery*, Hearing, 95th Cong., 2nd sess., January 12, 1978 (Washington: GPO, 1978), p. 405.

⁴⁰ Commission on Postal Service, *Report on the Commission on Postal Service, Volume 1* (Washington, DC: GPO, April 1977), p. 50.

⁴¹ Ernest Holsendolph, "Postal Service is Warned Mail Cuts Jeopardize Aid," *The New York Times*, March 27, 1976, p. A1.

⁴² *Ibid.*

⁴³ U.S. Congress, House Committee on Post Office and Civil Service, *Saturday Mail Delivery*, H.Con.Res. 277, 95th Cong., 1st sess., August 4, 1977, 95-568 (Washington: GPO, 1977).

⁴⁴ Several identical versions of the resolution were introduced in the 95th Congress. H.Con.Res. 237 was selected because it was the first resolution introduced.

employment for rural carriers and other delivery employees at a time when unemployment is a national problem.”⁴⁵

A series of congressional hearings were held on six-day delivery from November 1977 through March 1978. According to Representative Patricia Schroeder, who opened the hearings, the Postal Service prompted the hearings by proposing a cut back in delivery service.⁴⁶ Although the Postal Service had made no formal indication that it supported the elimination of one service day, one Member of Congress said that “statements made by postal officials indicate[d] they [were] leaning toward making such a recommendation.”⁴⁷

In all, Congress held 12 hearings in as many cities with more than 500 testimonies offered between November and March. Those who testified included Members of Congress, union representatives, editors and publishers, the general public, and representatives of the aging. Most of those who testified did not support a reduction in Postal Service deliveries, finding such cuts a “disservice”⁴⁸ that could result in “possible delay in the receipt of welfare, social security, pension checks, and so forth—the kind of mail that people receive ... on weekends and through Saturday mail.”⁴⁹

In addition to concerns about mail delivery in general, much of the testimony framed the debate over six-day delivery as a tension innately embedded in the mission of the Postal Service: is it a profit-driven organization, or a public service? Representative Timothy E. Wirth stated at one hearing that the six-day service was a “social value,” and that cutting a day of service at a time when people were “losing some of their faith in what government can do for them” would exacerbate their disillusionment.⁵⁰

Thirteen bills were introduced in the 95th Congress (1977-1978) that would have affected Postal Service delivery, but none were reported from committee.⁵¹

The 96th and 97th Congresses

In 1980, the House Committee on the Budget was expected to propose an \$836 million reduction in Postal Service appropriations for FY1981.⁵² According to Representative James M. Hanley, the chairman of the House Committee on Post Office and Civil Service, the reduction in appropriations would have eliminated “all of the public service appropriations” and other

⁴⁵ The Honorable John B. Breckinridge, “Statement on the Proposed Five Day Home Delivery,” press release, September 27, 1977. For a copy of the statement, contact the author.

⁴⁶ The hearings were a collection of relatively small, informal hearings held around the country.

⁴⁷ U.S. Congress, House Committee on Post Office and Civil Service, *Six-day Mail Delivery*, p. 137.

⁴⁸ Testimony of Melvin Schwartz, representative of Ads Advertising and Mail Service, *ibid.*, p. 79.

⁴⁹ Testimony of Joseph Sawyer, President of the Board of Directors of the Wynnefield Residents Association, *ibid.*, p. 154.

⁵⁰ Testimony of Representative Timothy E. Wirth, *ibid.*, p. 5.

⁵¹ H.R. 5549; H.R. 6690; H.R. 7297; H.R. 7569; H.R. 7612; H.R. 7921; H.R. 7943; H.R. 8048; H.R. 8235; H.R. 8445; H.R. 8609; H.R. 9043; and S. 651.

⁵² Testimony of Representative James M. Hanley, chairman of the Committee on Post Office and Civil Service in U.S. Congress, House Committee on Post Office and Civil Service, *Implications of Proposed Reductions in Postal Service Appropriations*, 96th Cong., 2nd sess., April 17, 1980, S.Hrg. 96-80 (Washington: GPO, 1980), p. 1.

subsidies for the Postal Service.⁵³ At a March 26, 1980, hearing before the House Committee on Post Office and Civil Service, then-Postmaster General William F. Bolger stated that eliminating Saturday delivery was one option the Postal Service was considering to ensure its economic stability in the face of the budget cuts. Bolger estimated the service reduction could result in the elimination of 15,000 to 20,000 Postal Service jobs, but would save the service about \$588 million.⁵⁴

The Washington Post quoted Bolger as saying the service cuts could be the “only one workable alternative” for the service as a result of anticipated cuts in federal subsidies.⁵⁵ *Congressional Quarterly* reported that in response to the possible service day elimination, Postal Service employees teamed with companies who would be affected by the change to form an ad hoc coalition to lobby Members of Congress to block the service cut.⁵⁶

Five bills related to Postal Service delivery days were introduced during the 96th Congress.⁵⁷ Four of the bills were not reported from committee;⁵⁸ one bill, H.R. 79,⁵⁹ passed the House and was referred to the Senate Committee on Governmental Affairs. No further action was taken on H.R. 79. In addition, the Omnibus Reconciliation Act included a provision affecting mail delivery. The act (P.L. 96-499; 94 Stat. 2607), which was signed into law on December 5, 1980, included a requirement that the Postal Service “take no action to reduce or to plan to reduce ... the number of days each week for regular mail delivery.” The statute expired on October 1, 1981. As noted earlier, based on a review of legislative history, P.L. 96-499 appears to mark the first time Congress required six-day delivery in statute.

In the 97th Congress, five other bills related to Postal Service delivery were introduced, but none were reported from committee.⁶⁰ In addition, the House-passed Treasury, Postal Service and General Government Appropriation Act, FY1982 (H.R. 4121) contained a provision prohibiting the Postal Service from using federal funds to implement a reduction in service. The bill, however, did not pass the Senate. The continuing resolution Congress enacted (P.L. 97-92) to provide the necessary funding for that year contained no explicit language that would have prohibited USPS from reducing the number of delivery days. Although no such language was in

⁵³ *Ibid.*, p. 30.

⁵⁴ U.S. Congress, House Committee on Post Office and Civil Service, *Implications of Proposed Reductions in Postal Service Appropriations*, 96th Cong., 2nd sess., March 26, 1980, S.Hrg. 96-80 (Washington: GPO, 1980), p. 5. Bolger estimated the savings for the first full year of implementation would be \$683 million, but the Postal Service would have to pay out one-time costs and unemployment benefits that would cut into the financial savings.

⁵⁵ “Bolger Says Lower U.S. Postal Subsidies Likely to Mean 5-Day-a-Week Deliveries,” *The Washington Post*, April 2, 1980, p. 7. See also Peter C. Stuart, “Axing Saturday Mail Won’t Be Easy,” *The Christian Science Monitor*, April 3, 1980, p. 3.

⁵⁶ “Postal Workers, Business Organizing In Effort to Save Saturday Mail Delivery,” *Congressional Quarterly*, April 12, 1980, pp. 953-954.

⁵⁷ H.R. 79; H.R. 2833; H.R. 7337; H.R. 7622; and H.R. 7876.

⁵⁸ H.R. 2833; H.R. 7337; H.R. 7622; H.R. 7765; and H.R. 7876.

⁵⁹ H.R. 79 sought, among other actions, to replace the Postal Board of Governors with a presidentially appointed Postmaster General. The bill would have also given the Postal Rate Commission (now the Postal Regulatory Commission) the authority to finalize postal rates, fees, and classifications.

⁶⁰ H.R. 172; H.R. 1275; H.R. 1997; H.R. 2492; and H.R. 3969. H.R. 3969 is not directly related to six-day delivery. The bill would have required mail delivery to individual homes in certain housing developments where USPS instead may deliver to centralized locations.

the continuing resolution, the Omnibus Reconciliation Act of 1981 (P.L. 97-35), which authorized funding levels for USPS, did contain the following explicit six-day delivery requirement:

During fiscal years 1982 through 1984, the Postal Service shall take no action to reduce or to plan to reduce the number of days each week for regular mail delivery. (95 Stat. 759)

This law appears to be the only instance when Congress placed six-day delivery language in authorizing legislation.

An additional six-day delivery requirement was placed in appropriations legislation for FY1983. The Further Continuing Appropriations Act, 1983 (P.L. 97-377; 96 Stat. 1830) required the Postal Service to “continue six-day delivery of mail and rural delivery of mail ... at the 1982 level.” Six-day delivery was assured through the end of FY1983.

The 1983 Standard

Since 1984, Congress annually has placed language in appropriations legislation requiring the Postal Service to provide “six-day delivery ... at the 1983 level.”⁶¹ Why Congress cites 1983 as the touchstone year for USPS delivery service is uncertain. It is also unclear what 1983 delivery levels are. The Postal Regulatory Commission (PRC), an independent agency that exercises regulatory oversight, wrote in a December 2008 report that its “meaning and application are problematic”⁶² because “several interpretations [of the mandate] are possible.”⁶³

For example, the rider could be interpreted to mean that all cities, towns, and rural areas that received 6-day delivery at any time during 1983 must continue to receive 6-day delivery and that cities, towns, and rural areas that did not receive 6-day delivery in 1983 or were served for the first time after 1983 do not have the receive 6-day delivery service today. Another possible interpretation is that the same percentage of customers that received 6-day delivery in 1983 should continue to receive 6-day delivery today. As a result of demographic changes, under either interpretation, the actual addresses receiving 6-day delivery service could be substantially different today than it was in 1983.⁶⁴

In 2008, the ambiguity of the delivery provision led the PRC to conclude that “the Postal Service exercises considerable flexibility in determining how it delivers the mail.”⁶⁵ USPS stated in its own 2008 report on its service obligations that it would like Congress to remove the six-day service provision requirement to allow “flexibility to meet future needs for delivery frequency, in accordance with a careful balancing of various considerations.”⁶⁶

⁶¹ See, e.g., Consolidated Appropriations Act, 2008, Title V, P.L. 110-161; 121 Stat. 1844 (2007).

⁶² *Ibid.*, p. 20.

⁶³ U.S. Postal Service, *Report on Universal Postal Service and the Postal Monopoly*, (Washington, DC: USPS, October 2008), p. 29.

⁶⁴ *Ibid.*, p. 29, footnote 8.

⁶⁵ *Ibid.*, p. 29.

⁶⁶ U.S. Postal Service, *Report on Universal Postal Service and the Postal Monopoly*, p. 21.

The Economics of USPS⁶⁷

The U.S. Postal Service generates nearly all of its funding—about \$68.0 billion annually—by charging users of the mail for the costs of its services.⁶⁸ Congress does provide an annual appropriation to compensate USPS for revenue it forgoes in providing free mailing privileges to the blind and overseas voters, and for other purposes.⁶⁹ Over the past eight years, USPS has experienced a significant shift in the composition of its mail volume. First Class Mail, a more profitable delivery service than Standard Mail, has declined in volume and revenue since 2000. Because it is sold at a higher price than Standard Mail and costs roughly the same for USPS to deliver,⁷⁰ First Class Mail provides the Postal Service with a higher profit per piece of mail. USPS has in recent years relied more heavily on Standard Mail sales, which consist mainly of advertising mail. As shown in **Figure 1**, from FY2007 through FY2009 Standard Mail sales volume declined. From FY2009 to FY2010, Standard Mail sales volume grew slightly, but remained significantly lower than its levels prior to FY2008.

Standard and First Class Mail

In 2010, 48.4% of all mail volume was Standard Mail, a USPS classification for items that weigh fewer than 16 ounces, and includes printed matter, flyers, circulars, advertising, newsletters, bulletins, catalogs, and small parcels.⁷¹ Any item that is not a package can be delivered as First Class Mail, which is more expensive to send than Standard Mail. Certain items must be mailed First Class—including handwritten or typewritten material, bills, statements of account or invoices, credit cards, personal correspondence, personalized business correspondence, and all matter sealed against inspection.⁷² First Class Mail comprised 45.8% of all mail volume in FY2010.⁷³

As stated earlier, since FY2000, First Class Mail volume has steadily declined. In FY2005, for the first time in USPS history, the amount of Standard Mail exceeded that of First Class Mail (see **Figure 1**).

⁶⁷ For a more thorough analysis of USPS's economic condition see CRS Report R41024, *The U.S. Postal Service's Financial Condition: Overview and Issues for Congress*, by Kevin R. Kosar.

⁶⁸ United States Postal Service, *Annual Report of the U.S. Postal Service 2009* (Washington, DC: USPS, 2009), p. 3.

⁶⁹ See CRS Report R41340, *Financial Services and General Government (FSGG): FY2011 Appropriations*, coordinated by Garrett Hatch, pp. 55-57. Free mailing privileges do not extend to Congress. Instead, Congress pays the Postal Service for franked and other congressional mail by way of an annual appropriation for the legislative branch. For more information on franking, see CRS Report RS22771, *Congressional Franking Privilege: Background and Recent Legislation*, by Matthew Eric Glassman. Placing the six-day mail delivery requirement in appropriations legislation places only congressionally appropriated funding under the restrictions on spending in the bill. Although the vast majority of USPS funding is not legally constricted to fund six-day mail delivery, all agencies, including USPS, ignore the congressional intent of appropriations conditions at their own peril.

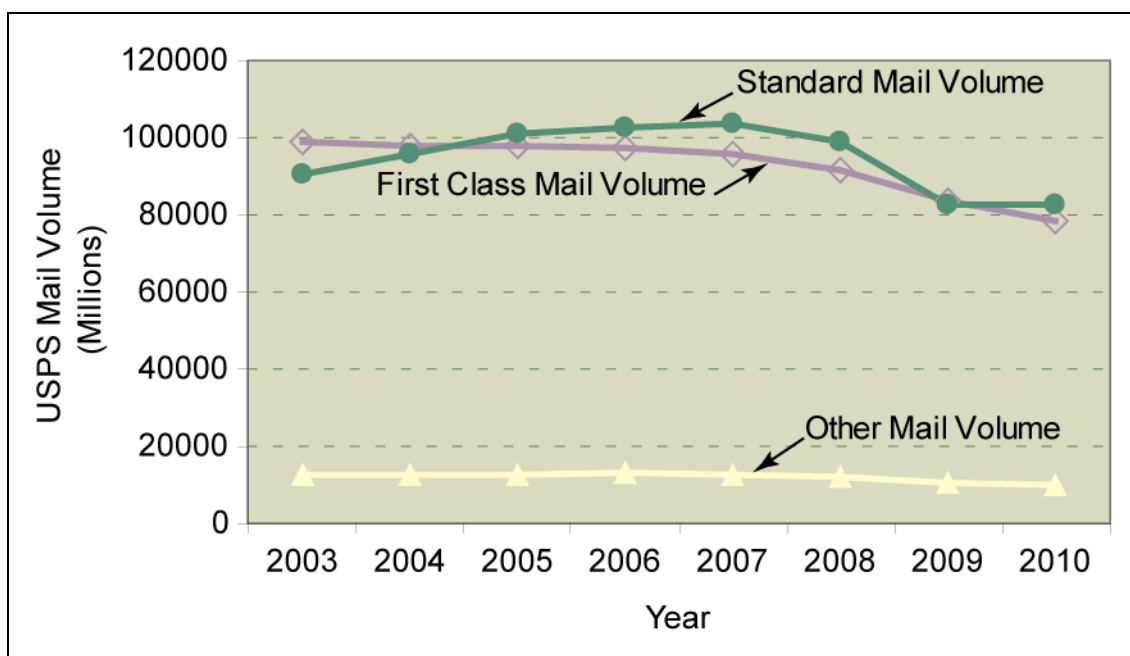
⁷⁰ First Class Mail can cost more to deliver if USPS must forward the mail to a different address if, for example, a resident has moved.

⁷¹ U.S. Postal Service, "Annual Report, FY2010," p. 41, http://www.usps.com/financials/_pdf/annual_report_2010.pdf.

⁷² U.S. Postal Service, *Domestic Mail Manual*, 133 Prices and Eligibility, Section 3.0, <http://pe.usps.gov/text/dmm300/133.htm>.

⁷³ U.S. Postal Service, "Annual Report, FY2010," p. 41, http://www.usps.com/financials/_pdf/annual_report_2010.pdf.

Figure 1. Volume of Mail by Class, 2003-2010



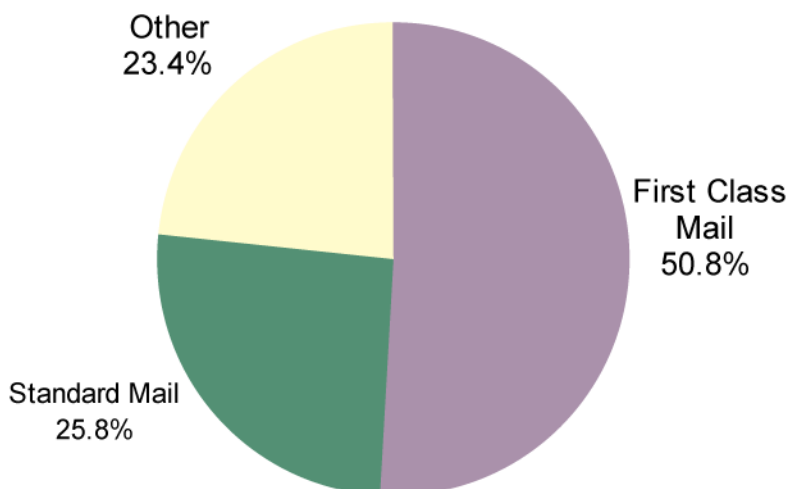
Source: CRS calculations using data from U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington: USPS, 2004-2010).

Note: “Other Mail” includes additional USPS mail categories, including Priority Mail, Express Mail, international mail, and package services.

Both First Class Mail and Standard Mail declined in volume between FY2009 and FY2010 (Figure 1). The drop in Standard Mail volume, however, was negligible. First Class Mail volume dropped by nearly 5.57 billion pieces, and Standard Mail dropped by just 181 million pieces between FY2009 and FY2010.⁷⁴ In 2010, Standard Mail generated 25.8% (\$17.33 billion) of USPS’s total revenue (Figure 2), and made up 48.4% of the 170.6 billion mail pieces delivered (Figure 3).

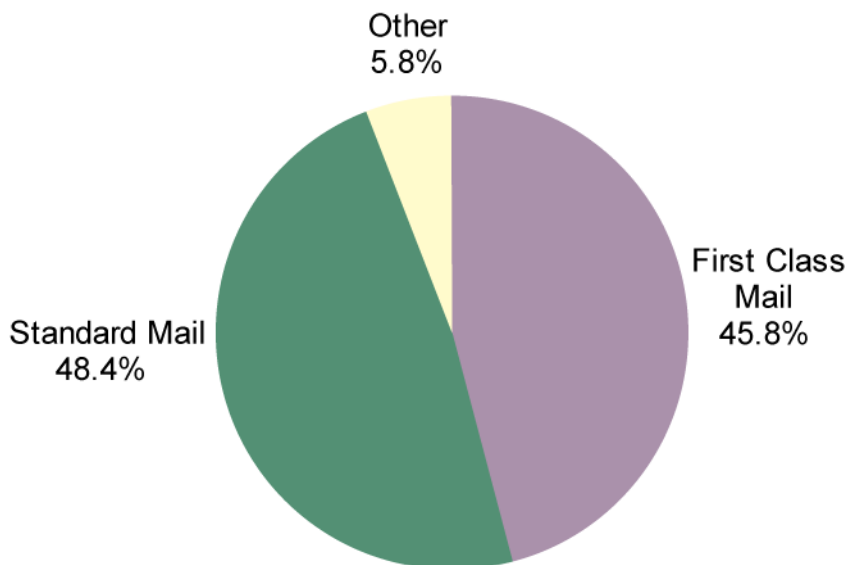
⁷⁴ U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington, USPS, 2010), p. 41.

Figure 2. USPS Revenue Percentages by Mail Class, 2010



Source: Annual Report of the U.S. Postal Service (Washington, USPS, 2010).

Figure 3. Composition of Mail by Class, 2010



Source: Annual Report of the U.S. Postal Service (Washington, USPS, 2010).

The USPS annual report's financial projections did not explicitly estimate losses for FY2011. Instead the report said that sales volume and revenues would be dependent upon several factors, including the strength of the overall U.S. economy as well as whether USPS can increase the prices of its goods and services beyond what is currently permitted.⁷⁵ The report said USPS expects the volume of First Class Mail sales to continue its decline, while Standard Mail will

⁷⁵ For more information on this so-called "exigent price increase," see U.S. Postal Service, "Delivering the Future: Exigent Price Filing Frequently Asked Questions," http://www.usps.com/communications/newsroom/deliveringfuture/pdf/exigent_faqsxternal.pdf.

likely increase in volume. Overall volume of mail, according to USPS, will likely remain at its current levels. USPS does not anticipate a First Class Mail volume increase in the long term.⁷⁶ Continued reduction in Standard Mail volume could lead to greater revenue losses for USPS.⁷⁷

Figure 4 shows that revenue for every class of mail declined in FY2010. Meanwhile USPS's annual operating costs have increased. Standard Mail revenue, for example, grew from more than \$15.8 billion in FY2002 to nearly \$20.6 billion in FY2008.⁷⁸ It then dropped to \$17.33 billion in FY2010.⁷⁹ USPS attributed this decline in revenue to the economic recession and what it calls increasing "electronic diversion," or people choosing to use e-mail or other methods of electronic communication in lieu of sending mail.⁸⁰ USPS projects revenues in FY2011 to remain nearly identical to those in FY2010.⁸¹

⁷⁶ U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington, USPS, 2010), p. 58.

⁷⁷ According to congressional testimony John E. Potter, the current economic slump in the global and national economies has "made [USPS] far more sensitive to downturns in the economic cycle, as advertising spending is extremely vulnerable to periods of retrenchment." Testimony of John E. Potter in U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, *Postal Accountability and Enhancement Act*, hearing on the implementation of P.L. 109-435, 110th Cong., 2nd sess., March 5, 2008.

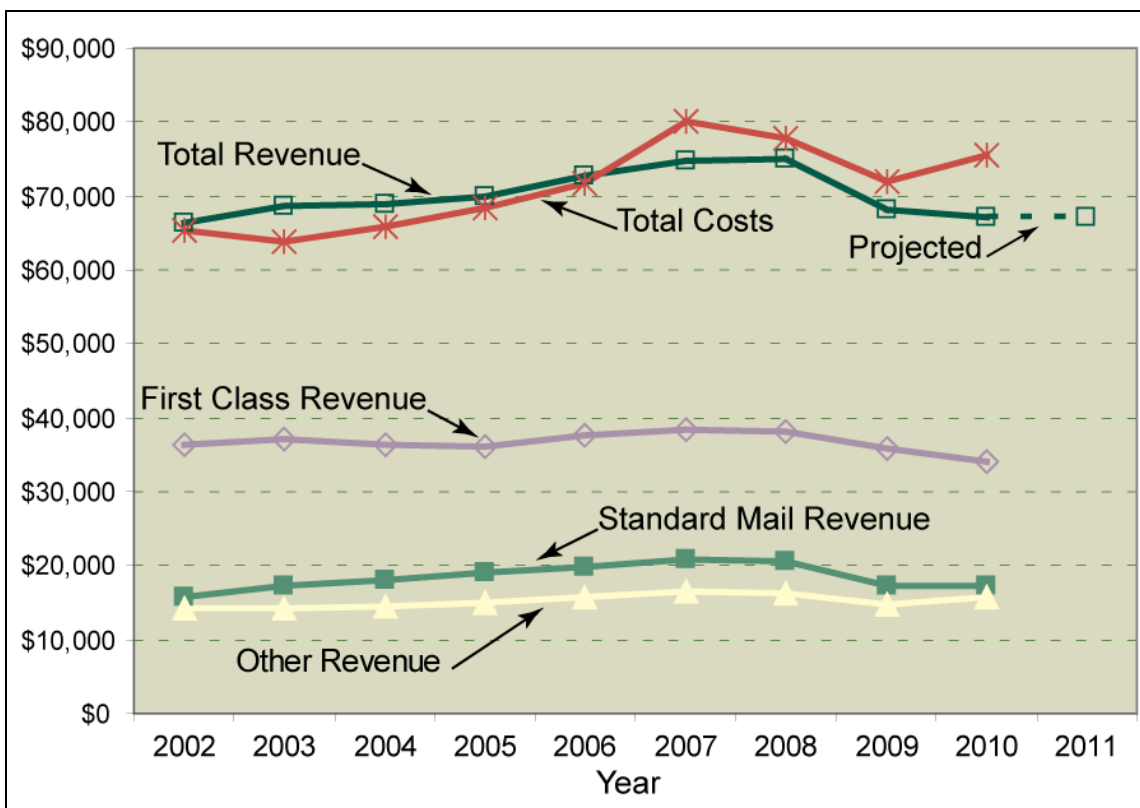
⁷⁸ As noted earlier, revenues from Standard Mail have decreased in FY2009.

⁷⁹ U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington, USPS, 2010), p. 42.

⁸⁰ U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington, USPS, 2010), p. 58.

⁸¹ *Ibid.*

Figure 4. USPS Revenue, 2002-2010 and 2011 Projected



Source: CRS calculations using data from U.S. Postal Service, *Annual Report of the U.S. Postal Service* (Washington: USPS, 2004-2009).

Notes: “Other” includes USPS revenue from the sales of Priority Mail, Express Mail, international mail, and package services. USPS did not project costs for FY2011 because such an estimate would include too many assumptions.

Operating Costs

As USPS operating costs have increased steadily, revenue has not kept pace (**Table 1**). In FY2010, USPS experienced an \$8.4 billion loss in revenue—\$4.6 billion more than the \$3.8 billion loss for FY2009.

Table I. Revenue, Operating Costs, and Sales Volume by Mail Class for USPS, 2002- 2010

(in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Projected 2011
Revenue										
First Class Mail	\$36,483	\$37,048	\$36,377	\$36,062	\$37,605	\$38,405	\$38,179	\$35,873	\$34,026	Decline
Standard Mail	\$15,819	\$17,231	\$18,123	\$18,953	\$19,876	\$20,779	\$20,586	\$17,364	\$17,331	Slow Growth
Other	\$14,161	\$14,250	\$14,496	\$14,892	\$15,734	\$16,435	\$16,167	\$14,853	\$15,695	Small Increase
Total Operating Revenue	\$66,463	\$68,529	\$68,996	\$69,907	\$72,650	\$74,778	\$74,932	\$68,090	\$67,052	\$67,052
Operating Costs										
(Loss) Income from Operations	\$1,229	\$4,627	\$3,145	\$1,626	\$969	(\$5,327)	(\$2,806)	(\$3,794)	(\$8,374)	Unclear
Sales Volume										
First Class Mail	102,379	99,059	97,926	98,071	97,617	95,898	91,697	83,770	78,203	Decline
Standard Mail	87,231	90,492	95,640	100,942	102,460	103,516	99,084	82,706	82,525	Slow Growth
Other	13,212	12,634	12,616	12,730	13,061	12,820	11,922	10,582	9,846	Small Increase
Total Sales Volume	202,822	202,185	206,106	211,743	213,138	212,234	202,703	177,058	170,574	Increase

Source: *Annual Report of the U.S. Postal Service* (Washington: USPS 2004-2010). Projected revenues and costs found on pp. 58-59.

Notes: USPS does not provide details on how it calculates projected sales and revenue. "Other" includes USPS revenue related to Priority Mail, Express Mail, international mail, and package services.

A June 3, 2008, GAO report found USPS's \$5.3 billion shortfall in FY2007 was largely caused by advance payments into a fund for future retiree health benefits.⁸² At a March 5, 2008, congressional oversight hearing, then-USPS Postmaster General John Potter stated that the service was already attempting to cut costs by reducing "expenditures for supplies, services and other non-personnel expenses."⁸³ USPS employees are not receiving as much overtime pay, and the service is "selling unused or under-utilized postal facilities."⁸⁴

⁸² U.S. Government Accountability Office, U.S. Postal Service: Mail-Related Recycling Initiatives and Possible Opportunities for Improvement, GAO Report GAO-08-599, June 2008, p. 1.

⁸³ U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, *Postal Accountability* (continued...)

On March 18, 2010, Mr. Potter testified before the Senate Committee on Appropriations, Subcommittee on the Financial Services and General Government. At the hearing, he said USPS would work during upcoming collective bargaining negotiations with Postal Service unions to “establish a more flexible workforce that is better positioned to respond to the changing needs of our customers and take advantage of the over 300,000 voluntary separations projected to occur over the next decade.”⁸⁵ Mr. Potter then asked Congress to enact legislation that would require a collective bargaining arbitrator to consider the overall financial health of USPS when rendering any arbitration determinations.”⁸⁶

From FY2002 through FY2007, USPS reduced costs, on average, by \$1 billion per year. USPS cut costs by \$2 billion in FY2008, \$6 billion in FY2009, and \$3 billion on FY2010. USPS anticipates cutting an additional \$2 billion in costs in FY2011.⁸⁷ USPS costs were reduced by operating with an attrition-reduced workforce, holding off on construction on a variety of new facilities, and freezing salaries for those in the service’s executive ranks. Despite these reductions, USPS had reported operating losses since FY2007.

Studies on Six-Day Delivery

Since 1976, Congress, the Postal Service, and other entities have conducted studies on the possible effects of changing USPS delivery days. The studies have a variety of conclusions, but all find that USPS would save considerable money if delivery were reduced to five days. **Table 2** includes six studies that examined the possibility of USPS transitioning to five-day delivery.

Table 2. Studies That Examined the Possible Transition to Five-Day Delivery at USPS

Report	Year	Estimated Money Saved if USPS Moved to Five-Day Delivery	Key Points and Study Limitations
Report of the Congressional Commission on Postal Service	1977	More than \$400 million annually	<ul style="list-style-type: none"> • Did not factor in a possible loss in sales volume • Did not factor in a possible reduction in workforce

(...continued)

Enhancement Act, hearing on the implementation of P.L. 109-435, 110th Cong, 2nd sess., (Washington: GPO, March 5, 2008). According USPS, 150,000 employees have been offered early retirement options (more than 20% of the total USPS workforce). See U.S. Postal Service, “Postal Service Continues Aggressive Steps to Cut Costs,” press release March 20, 2009, http://www.usps.com/communications/newsroom/2009/pr09_028.htm.

⁸⁴ Ibid.

⁸⁵ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of John E. Potter, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

⁸⁶ Ibid. For more information and analysis on the USPS federal workforce, see CRS Report RS22864, *U.S. Postal Service Workforce Size and Employment Categories, 1989-2009*, by Wendy R. Ginsberg.

⁸⁷ Information provided electronically to the author by USPS on January 24, 2011.

Report	Year	Estimated Money Saved if USPS Moved to Five-Day Delivery	Key Points and Study Limitations
Report of the 1980 Task Force	1980	\$588 million in the first full year of implementation, and up to \$1 billion annually in future years	<ul style="list-style-type: none"> Acknowledged, but did not calculate a loss in sales volume Had concerns about how five-day delivery would affect speed of service on remaining delivery days Did not factor in a possible reduction in workforce
Report of the President's Commission on Postal Service	2003	Up to \$1.9 billion annually	<ul style="list-style-type: none"> Did not factor in a possible loss in sales volume Did not factor in a possible reduction in workforce Stated that if mail volume continues to decline, eliminating a delivery day should be reconsidered
USPS Report on Universal Postal Service and the Postal Monopoly	2008	\$3.5 billion annually	<ul style="list-style-type: none"> Acknowledged, but did not factor in a loss in sales volume Did not factor in a possible reduction in workforce
PRC Universal Service Obligation Report	2008	\$1.93 billion annually	<ul style="list-style-type: none"> Anticipated \$1.57 billion in reduced volume if a delivery day were eliminated Did not factor in a possible reduction in workforce
USPS Report on Delivering the Future: a Balanced Approach	2010	\$3 billion annually	<ul style="list-style-type: none"> Includes an estimated \$0.2 billion loss in sales volume Estimates that nearly 25,000 delivery positions would no longer be needed.

Sources: U.S. Congress, Senate Committee on Governmental Affairs, Subcommittee on Energy, Nuclear Proliferation, and Federal Services, *Evaluation of the Report of the Commission on Postal Service*, 95th Cong., 2nd sess., May 2, 1977, S.Hrg. 94-180 (Washington: GPO, 1977); *Five-Day Delivery Task Force Report/Operations*, May 19, 1980; Report of the President's Commission on the United States Postal Service, *Embracing the Future: Making Tough Choices to Preserve Universal Mail Service*, Washington, DC, July 31, 2003; U.S. Postal Service, *Report on the Universal Postal Service and the Postal Monopoly*, October 2008; and U.S. Postal Regulatory Commission, *Report on the Universal Postal Service and the Postal Monopoly*, December 19, 2008. U.S. Postal Service, *Delivering the Future: A Balanced Approach, Five -Day Delivery is Part of the Solution*, Washington, DC, March 2010, http://www.usps.com/communications/five-daydelivery/plan/5day_plan_delivery.pdf. Key points and limitations are determined by CRS analysis.

Note: Dollar values are not modified to reflect inflation.

Congressional Commission on Postal Service

On September 24, 1976, an act (P.L. 94-421; 90 Stat. 1307) creating the Commission on Postal Service to examine the Postal Service and offer possible solutions to its economic woes was signed into law. At a multi-day hearing of the Senate Committee on Governmental Affairs, Subcommittee on Energy, Nuclear Proliferation, and Federal Services in May and June of 1977,

several members of the commission discussed their findings. According to the committee's chairman, Gaylord Freeman, the Postal Service was struggling to keep up with rising labor costs. The commission suggested four possible actions that could help USPS remain financially stable:

1. Increase the Postal Service efficiency, if possible
2. Substantially increase postal rates
3. Substantially increase appropriations
4. Reduce the levels of service⁸⁸

Freeman went on to call six-day delivery an "extravagance" that is "taken for granted," noting that "the average family no longer expects its groceries, its milk, or its medical services to be delivered to the home."⁸⁹ Freeman continued, "[i]f the costs of delivery of the mail were charged directly to the recipient, the public would probably not care to pay for the elaborate delivery system which it now enjoys."⁹⁰ The committee estimated that eliminating six-day service in rural areas would save USPS more than \$400 million annually.⁹¹

The committee's vice chairman, James Rademacher, disagreed with the commission's recommendation to eliminate six-day delivery. Instead, he said that the commission's study only examined what the Postal Service would save, and did not acknowledge that the change in delivery services could affect senior citizens relying on the delivery of their Social Security checks or farmers who need agricultural projections that are sent through the mail.⁹² Rademacher also noted that moving to five-day delivery could jeopardize the job security of more than 20,000 Postal Service letter carriers, and possibly more than 90,000 postal employees overall.⁹³

The 1980 Task Force

On March 25, 1980, then-Postmaster General William F. Bolger established a task force to analyze the possible effects of moving from a six- to a five-day delivery schedule. The task force conducted a study, which consisted of telephone interviews of 320 major mailers and 13 selected industries and government agencies. It found that moving to five-day delivery could save \$588 million in the first full year of implementation.⁹⁴ The savings were estimated to "exceed \$1 billion annually in future years."⁹⁵

With the cost savings, however, were predicted increases in other stresses for the Postal Service, like loss of patrons to private mailing services or adverse effects on "the levels of service

⁸⁸ U.S. Congress, Senate Committee on Governmental Affairs, Subcommittee on Energy, Nuclear Proliferation, and Federal Services, *Evaluation of the Report of the Commission on Postal Service*, 95th Cong., 2nd sess., May 2, 1977, S.Hrg. 94-180 (Washington: GPO, 1977), p. 4.

⁸⁹ *Ibid.*, p. 5.

⁹⁰ *Ibid.*

⁹¹ *Ibid.*, p. 8.

⁹² *Ibid.*

⁹³ *Ibid.*, p. 9. The number of jobs lost were estimated over several years and would not be attributed to one year of Postal Service delivery reduction.

⁹⁴ *Five-Day Delivery Task Force Report/Operations*, May 19, 1980. For a copy of the report, contact the author.

⁹⁵ *Ibid.*, p. 8.

provided to mail on the remaining delivery days.”⁹⁶ In spite of the projected cost and fuel savings, the task force stopped short of endorsing a reduction in delivery service, saying “[t]he potential cost reduction is extremely attractive; but it is clear that the risks to service and future postal revenues are high.”⁹⁷

The task force recommended a 12- to 18-month planning period if any action to move to five-day delivery was to be made. No such planning period occurred. In addition, the task force suggested that if five-day delivery were to occur, Saturday should be the eliminated day because it “will not greatly affect the majority of ... business mailers.”⁹⁸

The President’s Commission on the Postal Service

In 2003, the President’s Commission on the United States Postal Service, created by President George W. Bush, anticipated an “unstable financial outlook” for USPS.⁹⁹ The commission, however, adamantly rejected any action that would reduce delivery days to five.

The Commission firmly recommends continuing the Postal Service’s current Monday through Saturday delivery regimen. While the Postal Service could save as much as \$1.9 billion (less than 3% of its annual budget) by reducing its delivery schedule by one day a week, its value to the nation’s economy would suffer. Beyond the universal reach of the nation’s postal network, the regularity of pick-up and delivery is an essential element of its worth in the current climate. Elimination of Saturday delivery, for example, could make the mail less attractive to business mailers and advertisers who depend upon reaching their target audience on that day. In addition, given the volume of mail the nation sends each day, scaling back to a five-day delivery regimen could create difficult logistics, mail flow, and storage problems.¹⁰⁰

While the report advised continuing six-day service, the commission noted that increasing use of electronic mail was leading to “a reduction in the demand for mail services” that could lead to a “relaxation of the six-day delivery requirement” in the future.¹⁰¹

The report concluded that “[i]f that time does arrive, the Commission believes that the Postal Service should have flexibility to adapt with the changing postal needs of the nation.”¹⁰²

The USPS and Postal Regulatory Commission Studies of 2008

In 2008, two studies on USPS delivery obligations were conducted—one by the PRC and another by USPS.¹⁰³ The USPS study determined that the elimination of a delivery day could save the

⁹⁶ Ibid., p. 8.

⁹⁷ Ibid., p. 9.

⁹⁸ Ibid., p. 7.

⁹⁹ Report of the President’s Commission on the United States Postal Service, *Embracing the Future: Making Tough Choices to Preserve Universal Mail Service* (Washington, DC: GPO July 31, 2003), p. vii, <http://treas.gov/offices/domestic-finance/usps/pdf/freport.pdf>.

¹⁰⁰ Ibid., p. 28.

¹⁰¹ Ibid., p. 29.

¹⁰² Ibid.

¹⁰³ U.S. Postal Service, *Report on the Universal Postal Service and the Postal Monopoly*; and U.S. Postal Regulatory (continued...)

service \$3.5 billion per year.¹⁰⁴ The PRC study estimated the savings at \$1.93 billion. The lower total estimated savings of the PRC study was anticipated because of an expected loss in sales volume.

The USPS study does not state whether it endorses continuation of six-day delivery. The PRC study, however, did state a need for USPS to have flexibility in determining its delivery obligations.

Delivery mode could be explicitly defined to protect the public interest by ensuring a uniform level of service across the Nation. However, the Postal Service has throughout its history used flexibility in delivery mode to accommodate budgetary restrictions. Any determination by Congress of delivery mode should balance the public interest in a universal standard of delivery against the need for the Postal Service to be flexible to contain costs.¹⁰⁵

USPS Report on “Delivering the Future: A Balanced Approach”

On March 30, 2010, USPS released a report on five-day mail delivery entitled “Delivering the Future: a Balanced Approach, Five-Day Delivery is Part of the Solution.”¹⁰⁶ The report, which will be described in greater detail in the next section of this report, estimated USPS would save \$3 billion per year if Saturday delivery were eliminated. Moreover, the report’s savings estimate includes “reductions in energy use and carbon emissions.”¹⁰⁷ The report said that “there is no longer enough mail to sustain six days of delivery.”¹⁰⁸ USPS submitted the report to the PRC as part of a collection of testimony and research documents in support of the service’s formal request for an advisory opinion from the commission regarding a move to eliminate Saturday delivery.

The 111th Congress

Hearings

Early in the 111th Congress, the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, held a hearing entitled “The Impact of the Economic Crisis on the U.S. Postal Service.” At that hearing, then-Postmaster General Potter “reluctantly” requested “that Congress remove the annual appropriation bill rider, first added in 1983, that requires the Postal Service to deliver mail six days each week.”¹⁰⁹

(...continued)

Commission, *Report on the Universal Postal Service and the Postal Monopoly*.

¹⁰⁴ This study did not consider any fluctuation in fuel costs, nor did it include possible volume reductions prompted by the reduction in service days.

¹⁰⁵ Postal Regulatory Commission, *Report on Universal Postal Service and the Postal Monopoly*, p. 184.

¹⁰⁶ U.S. Postal Service, *Delivering the Future: A Balanced Approach, Five -Day Delivery is Part of the Solution*, Washington, DC, March 2010, http://www.usps.com/communications/five-daydelivery/plan/5day_plan_delivery.pdf.

¹⁰⁷ *Ibid.*, executive summary.

¹⁰⁸ *Ibid.*

¹⁰⁹ Testimony of John E. Potter in U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, (continued...)

[I]t is possible that the cost of six-day delivery may simply prove to be unaffordable. If that should occur, it could become necessary to temporarily reduce mail delivery to only five days a week. We would do this by suspending delivery on the lightest volume days.... Any such action would be taken under the direction of our Board of Governors and only when absolutely warranted by financial circumstances. Were we to do so, we would make every effort to maximize the benefits to our customers while minimizing any disruption to our mailers.¹¹⁰

During the question-and-answer period at the hearing, Mr. Potter said that USPS would not likely have six-day delivery in the future because of changes in mail volume, much of which is related to increasing use of electronic mail services.

Then-PRC Chairman Dan G. Blair also addressed the possibility of eliminating six-day delivery at the hearing, calling such action a “double-edged sword.” He noted that moving to a five-day delivery schedule could save billions of dollars annually for the Postal Service, but he was unsure whether the move would “exacerbate the already declining mail volumes.”¹¹¹ Blair said that even if Congress removed the six-day delivery provision from appropriations legislation, existing statutes would require USPS to gain approval from the PRC in order to change the delivery schedule. He also said that if USPS sought PRC approval, the commission would collect public comments before rendering a determination.

At the hearing, Senator Susan Collins stated that service cutbacks would lead to “an even bigger drop” in mail volume that could lead to a “death spiral” for USPS.¹¹²

On March 25, 2009, the House Committee on Oversight and Government Reform’s Subcommittee on Federal Workforce, Postal Service, and the District of Columbia held a hearing on the financial stability of the U.S. Postal Service. At the hearing, Mr. Potter again asked for flexibility for USPS to determine its delivery days.¹¹³ Carolyn Gallagher, then-chairperson of the USPS Board of Governors, concurred.

Adjusting our delivery network makes good business sense given the falling demand for our products and services. On a daily basis, the Postal Service is delivering fewer pieces of mail to each address we serve. The reality is that the reduced volume no longer produces enough

(...continued)

Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, *Impact of the Financial Crisis on the U.S. Postal Service*, 111th Cong., 1st sess., January 28, 2009, at <http://hsgac.senate.gov/public/index.cfm?Fuseaction=Hearings.Detail&HearingID=ce8899e6-d08e-4d07-a6df-6aecebc9c12e>.

¹¹⁰ Ibid.

¹¹¹ Testimony of Dan G. Blair, *ibid.*, http://hsgac.senate.gov/public/_files/BlairStatementt.pdf.

¹¹² Comments of Senator Susan M. Collins, *ibid.* A similar statement can be found in U.S. Senator Susan Collins, “Senator Collins Criticizes U.S. Postal Service for Proposing Elimination of Services,” press release, January 28, 2009, http://collins.senate.gov/public/continue.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=22d3f0b2-802a-23ad-47be-7a88b075995c&Region_id=&Issue_id=&CFID=15709811&CFTOKEN=35683692.

¹¹³ Testimony of John E. Potter in U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Post Office, and the District of Columbia, *Restoring the Financial Stability of the U.S. Postal Service*, March 25, 2009, 111th Cong., 1st sess., <http://federalworkforce.oversight.house.gov/documents/20090325092625.pdf>.

revenue to pay for the cost of six-day delivery to the 150 million households and businesses that make up our delivery network.¹¹⁴

Phillip Herr, director of physical infrastructure issues at GAO, testified at the hearing that USPS had “provided little information on where it would reduce delivery frequency, and the potential impact on cost, mail volume, revenue, and mail users.”¹¹⁵

Because the number of delivery days is fundamental to universal service, Congress should have more complete information before it considers any statutory changes in this area. A mechanism to obtain such information would be for USPS to request an advisory opinion from PRC, which would lead to a public proceeding that could generate information on USPS’s request and stakeholder input.¹¹⁶

At a May 20, 2009, hearing before the House Committee on Government Oversight’s Subcommittee on the Federal Workforce, the Postal Service and the District of Columbia, Herr reiterated the need for Congress to have a more thorough analysis of the effects of delivery reduction, adding that five-day delivery “could affect time-sensitive payments, correspondence, advertising, or packages.”¹¹⁷

At that same hearing, Committee Chairman Stephen F. Lynch stated that “[t]he only way” the committee would “embrace” a move to five-day delivery would be when “we have no other choice, and we’re getting to that point.”¹¹⁸ Representative Jason Chaffetz echoed Mr. Lynch’s hesitation to move to five-day delivery, but added he would consider a mixture of public funding and delivery reduction that could help USPS’s economic condition.

At the hearing, William Galligan, vice president of operations at USPS, said that a move to five-day delivery was inevitable and “an appropriate response to sobering realities.” Later Galligan added that there simply was not enough demand for six-day mail delivery to continue.¹¹⁹

On March 18, 2010, then-Postmaster General Potter testified before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government. He stated that the statutory mandate to deliver mail six days per week was one of many limitations placed on USPS that was “complicating the fiscal health of the Postal Service.”¹²⁰ Later in his testimony, Mr. Potter said that six-day delivery “places a very large financial burden on the Postal Service. Due to the unprecedented decline in mail volume, there no longer is sufficient volume to sustain the

¹¹⁴ Testimony of Carolyn Gallagher, *ibid.*, <http://federalworkforce.oversight.house.gov/documents/20090325091804.pdf>.

¹¹⁵ Testimony of Phillip Herr, *ibid.*, at <http://federalworkforce.oversight.house.gov/documents/20090325092707.pdf>.

¹¹⁶ *Ibid.*

¹¹⁷ Testimony of Phillip Herr, U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Post Office, and the District of Columbia, *Nip and Tuck: The Impact of Current Cost Cutting Efforts on Postal Service Operations and Network*, 111th Cong., 1st sess., May 20, 2009, <http://federalworkforce.oversight.house.gov/documents/20090520142743.pdf>.

¹¹⁸ Statement of Representative Stephen F. Lynch, *ibid.*

¹¹⁹ Testimony of William Galligan, *ibid.*

¹²⁰ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of John E. Potter, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

cost of the current six-day delivery week.”¹²¹ He said that USPS is seeking legislative action to remove the six-day mail delivery requirement from annual appropriations legislation. He also said that USPS would send, by the end of March 2010, the PRC its proposal to eliminate Saturday delivery.¹²²

According to Mr. Potter, in 2000, the average mail delivery consisted of five pieces of mail. In 2009, however, the average delivery had four pieces of mail. Moving to a five-day delivery schedule, Mr. Potter said, would return each delivery to an average of five pieces of mail.¹²³ Mr. Potter said that “[m]oving to five-day delivery is absolutely necessary to ensure financial viability, both now and into the future. Reducing the frequency of delivery is the single most effective way for the Postal Service to substantially reduce operational costs—allowing us to reduce annual net costs by approximately \$3 billion.”¹²⁴

Mr. Potter then outlined the plan to move to five-day delivery as follows:

- Residential and business delivery and collections would be discontinued on Saturday.
- Post offices that are usually open on Saturday would remain open.
- Post Office Boxes would receive mail delivery on Saturday.
- Express Mail would continue to be delivered seven days a week.
- Remittance mail (bill payments) addressed to Post Office Box and Caller Service customers would be made available to recipients seven days per week.
- Firm hold outs (mail that a business picks up at the post office) would be available for Post Office Box addressed mail Monday through Saturday.
- No mail pick-up from blue collection boxes would occur on Saturdays except for dedicated Express Mail collection boxes.
- Acceptance and drop shipping of bulk mail would continue on Saturday and Sunday.
- Alternate contract locations (non-USPS owned outposts—often in grocery stores—that offer Postal Service products and services) could remain open seven days a week on their normal schedules.
- Access to all USPS online services at usps.com would remain available 24 hours, seven days per week.

Mr. Potter said USPS customers would be given at least six months notice before any change in the number of delivery days occurred, and that no change would occur earlier than mid-2011.¹²⁵

¹²¹ *Ibid.*

¹²² *Ibid.* A March 24, 2010, USPS press release said that USPS would submit the proposal to the PRC on March 30, 2010. U.S. Postal Service, “Postal Service Outline Five-day Delivery Proposal,” press release, March 24, 2010, http://www.usps.com/communications/newsroom/2010/pr10_029.htm. The proposal and request for an advisory opinion was submitted to the PRC on March 30, 2010.

¹²³ *Ibid.*

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*

At the same hearing, Ruth Y. Goldway, chairman of the PRC, testified that USPS would be required to submit its proposal to move to five-day delivery at least 90 days before such action could take place.¹²⁶ Ms. Goldway said during questioning from Members of Congress that it would take between six and nine months for the PRC to complete an advisory opinion.¹²⁷ According to Ms. Goldway, the commission would then be “responsible for providing a public on-the-record, hearing process so that mail users and other interested members of the public can test the Postal Service’s proposal and offer supporting or opposing views.”¹²⁸ Ms. Goldway said the PRC “will then provide an opinion that takes into account all applicable public policies, such as the need to maintain adequate and effective universal service, and the need to provide services in an economic and efficient manner.”¹²⁹ As noted earlier, USPS is not statutorily required to heed the PRC’s opinion. The Postal Service could move to five-day delivery prior to and regardless of the commission’s finding.

On March 30, 2010, USPS made its first formal step toward a move to five-day delivery when it submitted 11 pieces of testimony to the PRC supporting the elimination of Saturday delivery.¹³⁰ The submission marks USPS’s official request for an advisory opinion from the PRC on the move to five-day delivery. Among the documents submitted by USPS to the PRC was a variety of testimony detailing anticipated overall savings for USPS as well as more detailed savings figures for anticipated savings from a reduction in fuel and vehicle repair costs, among other savings.¹³¹ USPS’s submission to the PRC also included a document that offered an overview of why USPS is requesting the move to five-day delivery, as well as details of how the elimination of Saturday delivery could occur.¹³² The overview document includes new estimates for anticipated overall savings if Saturday delivery were eliminated, which was \$3 billion per year.¹³³ The \$3 billion savings estimate is \$0.5 billion less per year than the savings estimate offered by USPS in its 2008 study discussed earlier in this report.¹³⁴ In the new estimate, savings would largely “come from carrier labor and fuel costs. Other savings will be gained from processing, transportation,

¹²⁶ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of Ruth Y. Goldway, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹²⁷ Ms. Goldway discussed this time frame during the question and answer session of the hearing. The entire hearing is webcast online at U.S. Committee on Appropriations, “Press Room: Webcast of Postal Service Hearing,” <http://appropriations.senate.gov/webcasts.cfm?method=webcasts.view&id=0ab901bd-d6f5-40c0-8f6e-49bb6fca1f69>.

¹²⁸ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of Ruth Y. Goldway, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹²⁹ *Ibid.*

¹³⁰ Postal Regulatory Commission, “PRC to Consider if Eliminating Saturday Delivery is OK Public Comment Invited,” press release, March 30, 2010, http://www.prc.gov/prc-docs/home/whatsnew/PRC%20Sets%20Docket%20on%20USPS%20Five%20Day%20Delivery%20Plan_770.pdf.

¹³¹ Jeff Colvin, “Manager of Cost Attribution in the Finance Department of the U.S. Postal Service”, (testimony before the Postal Regulatory Commission, March 30, 2010), p. <http://www.prc.gov/Docs/67/67424/USPS.T.7.Colvin.Testimony.pdf>, p. 7.

¹³² U.S. Postal Service, *Delivering the Future: A Balanced Approach, Five -Day Delivery is Part of the Solution*, Washington, DC, March 2010, http://www.usps.com/communications/five-daydelivery/plan/5day_plan_delivery.pdf.

¹³³ *Ibid.*, p. 3.

¹³⁴ The 2008 study did not consider any fluctuation in fuel costs, nor did it include possible volume reductions prompted by the reduction in service days.

maintenance, and a reduction in future employee benefit obligations.”¹³⁵ Unlike the previous USPS savings estimate on five-day delivery, this newer study includes an anticipated \$0.2 billion loss “due to a slight” impact in sales volume prompted by the eliminated delivery day.¹³⁶ The plan to move to five-day delivery submitted to the PRC on March 30, 2010, is identical to the plan described by then-Postmaster General Potter at the March 18, 2010, Senate hearing.¹³⁷

The PRC’s advisory opinion procedures provide for “public, on-the-record hearings to analyze and cross-examine the Postal Service’s ‘five-day’ proposal and supporting evidence.”¹³⁸ The PRC, has invited “mail users and interested members of the public” to “offer supporting or opposing views, both informally and as part of more formal, technical presentations.”¹³⁹ Throughout 2010, the PRC held field hearings in locations such as Las Vegas, NV; Sacramento, CA; Dallas, TX; Memphis, TN; Rapid City, SD; and Buffalo, NY, to solicit public comments.¹⁴⁰

Ms. Goldway said the PRC’s advisory opinion will examine four key questions prompted by the USPS proposal:

Will the savings the Postal Service anticipates be as significant as they estimate? Will mail volume decline more than the Postal Service anticipates? Will businesses and citizens have service that remains adequate to meet their needs? And will the national economic impact of service reductions offset or add to the savings that are proposed?¹⁴¹

As of December 2010, the PRC had not completed or released an advisory opinion on the move to five-day mail delivery. At the PRC’s December 1, 2010, meeting, Ann Fisher, the director of the PRC’s Office of Public Affairs and Government Relations (PAGR), said that the commission had received a total of 21,711 comments related to the possible transition to five-day delivery. Of those comments and suggestions, 3,332 “were okay with” the move to five-day delivery, while 16,449 were against the move.¹⁴² Ms. Fisher also said that the PRC was still accepting comments and suggestions on the possible elimination of six-day delivery.

¹³⁵ Ibid.

¹³⁶ Ibid., p. 19.

¹³⁷ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of John E. Potter, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹³⁸ Postal Regulatory Commission, “PRC to Consider if Eliminating Saturday Delivery is OK Public Comment Invited,” press release, March 30, 2010, http://www.prc.gov/prc-docs/home/whatsnew/PRC%20Sets%20Docket%20on%20USPS%20Five%20Day%20Delivery%20Plan_770.pdf.

¹³⁹ Ibid. According to the PRC, the public can share their views via the Commission website, <http://www.prc.gov>, by clicking the “contact PRC” tab to access an online customer service form.

¹⁴⁰ U.S. Postal Regulatory Commission, *Annual Report to the President and Congress FY2010*, Washington, DC, December 2010, pp. 44-45, http://www.prc.gov/prc-docs/home/whatsnew/PRC_AR_2010_highres_1557.pdf.

¹⁴¹ Ibid.

¹⁴² An online audio recording of the hearing is available on the PRC’s website, http://www.prc.gov/prc-docs/home/whatsnew/Monthly_Meeting_12012010.mp3. Of the comments received that were against the move to five-day delivery, 5,839 were sent in by the National Association of Letter Carriers on behalf of businesses they serve.

Legislation

On February 13, 2009, Representative Sam Graves introduced H.Res. 173 that, if passed, would have expressed the sense of the House that six-day mail delivery continue:

Whereas Social Security is the primary or sole source of income for many senior citizens, and any delay in the delivery of their Social Security checks would make it difficult for them to purchase even essential items, such as food and medicine; and

Whereas reducing mail delivery service to 5 days a week would inevitably cause not only delays in the delivery of mail, but higher postal costs, due to the many hours of additional overtime that the Postal Service would require in order to handle the resulting back-up of mail; Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to ensure the continuation of its 6-day mail delivery service.

On July 31, 2009, H.Res. 173 was referred to the House Committee on Energy and Commerce. No further action was taken on the resolution.

Representative Jason Chaffetz introduced H.R. 5919 on July 29, 2010. The bill would have given the Postmaster General authority to cut 12 delivery days per year. Pursuant to H.R. 5919, six months prior to the start of the fiscal year, USPS would have submitted to its Board of Governors a list of the 12 delivery days it would like to switch to non-delivery days. H.R. 5919 also would have provided for USPS employees to be compensated for these 12 non-delivery days as if they were delivery days. H.R. 5919 was referred to the House Oversight and Government Reform Committee on July 29, 2010. No further action was taken on the bill.

House appropriators recommended that Congress include a six-day mail requirement in the FY2010 USPS appropriation.¹⁴³ Senate appropriators also recommended the inclusion of a six-day mail requirement.¹⁴⁴ Senate appropriators, however, were more explicit than their House counterparts. Pursuant to the report, six-day mail was to “be maintained in fiscal year 2010 and beyond.”¹⁴⁵ The appropriators continued:

These are services that must be maintained in fiscal year 2010 and beyond. The Committee believes that 6-day mail delivery is one of the most important services provided by the Federal Government to its citizens. Especially in rural and small town America, this critical postal service is the linchpin that serves to bind the Nation together.¹⁴⁶

¹⁴³ U.S. Congress, House Committee on Appropriations, Subcommittee on Financial Services and General Government, *Financial Services and General Government Appropriations Bill, 2010*, report to accompany H.R. 3170, 111th Cong., 1st sess., July 10, 2009, H.Rept. 111-202 (Washington: GPO, 2009), p. 109.

¹⁴⁴ U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, *Financial Services and General Government Appropriation, 2010*, report to accompany S. 1432, 111th Cong., 1st sess., July 9, 2009, S.Rept. 111-43 (Washington: GPO, 2009), p. 129.

¹⁴⁵ *Ibid.*

¹⁴⁶ *Ibid.*

The Consolidated Appropriations Act, 2010 included the six-day mail requirement (P.L. 111-117). The act included a statement saying that “six-day delivery of mail and rural delivery shall continue at not less than the 1983 level.”¹⁴⁷

Senate appropriators included a six-day mail delivery requirement in their report to accompany the Financial Services and General Government appropriations legislation for FY2011.¹⁴⁸ Information on recommendations from House appropriators will be provided as soon as it is available. None of the continuing resolutions enacted for FY2011 included a six-day mail delivery requirement.

International Comparisons

Other countries’ mail services have a variety of delivery schedules. Royal Mail, which delivers mail in the United Kingdom (UK), reportedly contemplated eliminating Saturday delivery in 2008 because of economic concerns.¹⁴⁹ Despite these concerns, Royal Mail, which maintains six-day delivery, generated £321 million (roughly \$483 million USD) in profit in 2009.¹⁵⁰ This profit margin was aided by a £150 million (roughly \$233 million USD) “Social Network Payment” from the national government that is used to continue services at Post Office branches that do not generate a profit. In addition, Royal Mail has also moved from full-time to part-time employment for many workers, streamlined spending on information technology, and added new products.¹⁵¹

Unlike Royal Mail, Canada Post offers letter carrier services five days per week and does not deliver mail or parcels on most Saturdays.¹⁵² Canada Post is a Crown Corporation that is owned by the government but free from many federal regulations. The entity, however, must report operations and revenues to an appointed minister.¹⁵³ Canada Post, which receives no national appropriation, has generated a profit for the past 15 years of operation.¹⁵⁴ The Post’s 2009 Annual Report said that the declining sales could have led to a deficit, but the Post was able to cut “\$540 million from planned costs.”¹⁵⁵ Unlike USPS, Canada Mail contracts out much of its rural delivery service. **Table 3** includes the mail services of a selected group of countries around the

¹⁴⁷ 123 Stat. 3200.

¹⁴⁸ U.S. congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, *Financial Services and General Government Appropriations Bill, 2011*, report to accompany S. 3677, 111th Cong., 2nd sess., July 29, 2010, S.Rept. 111-238 (Washington: GPO, 2010), p. 129.

¹⁴⁹ Harry Wallop, “Royal Mail Cuts May End Saturday Post,” *The Telegraph*, May 10, 2008.

¹⁵⁰ Royal Mail Holdings Plc, “Reports and Accounts, Year Ended 29 March 2009,” <http://www.royalmailgroup.com/portal/rmg/content1?catId=23300505&mediaId=23300508#44400262>, p. 5. The fiscal year ran from March 30, 2008 through March 29, 2009.

¹⁵¹ *Ibid.*, p. 2.

¹⁵² Information provided by telephone to author by Canada Post on April 28, 2009. Saturday services are offered in late November and throughout December when the holiday season prompts greater use of the Post’s delivery services. Additionally, some Canada Post offices and service windows are open on Saturdays if they are located within businesses that have Saturday hours, like a pharmacy.

¹⁵³ Canada Post, *About Us: Corporate Governance*, <http://canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf>.

¹⁵⁴ Canada Post, *2009 Annual Report*, 2010, p. 2, http://www.canadapost.ca/cpo/mc/assets/pdf/aboutus/annualreport/2009_Annual_Report.pdf.

¹⁵⁵ *Ibid.*

world and shows how many days per week they make deliveries as well as offers additional information about the service's structure and operations.

Table 3. Number of Mail Delivery Days Per Week, By Country
(in 2010)

Country	Number of Delivery Days Per Week	Structure and Operations
Australia (Australia Post)	5	Quasi-governmental entity, known as a Government Business Enterprise, that is governed by a variety of statutes. Some post offices are open on Saturday mornings.
Canada (Canada Post)	5	Canada Post is quasi-governmental entity, known as a Crown Corporation, that is owned by the government, but free from certain governmental regulations.
France (La Poste)	6	La Poste is a state-owned company. It eliminated Sunday delivery in 1941. La Poste launched La Banque Postale, which offers customers banking and insurance services, in January 2006.
Germany (Deutsche Post DHL)	6	Deutsche Post DHL is a private company, which owns DHL—one of the largest global private mail and package delivery companies. Deutsche Post offers Saturday delivery for an additional fee.
The Netherlands (TNT)	6	TNT is a private entity that is the largest mail carrier in The Netherlands, but also operates globally.
New Zealand (New Zealand Post)	5 (in certain areas)	New Zealand Post is a state-owned enterprise. Customers outside of rural areas can pay extra for Saturday deliveries, but parcels cannot be mailed on Saturdays to any location.
Sweden (Posten)	5	In 2008, Posten—formerly a government-owned company—merged with Post Danmark (of Denmark) and CVC Capital Partners (a private entity). The merger makes the two governments and the private entity shared owners.

Country	Number of Delivery Days Per Week	Structure and Operations
United Kingdom (Royal Mail)	6	Royal Mail is a public limited company that is wholly owned by the government. Standard Parcels are not delivered on Saturdays. The Royal Mail Group, which includes all Royal Mail business streams, generated £321 million (about \$483 million) in operating profit in 2009.

Sources: U.S. Postal Service, *A Strategic Review of Progressive Postal Administrations: Competition, Commercialization, and Deregulation*, February, 1995. Available in U.S. Congress, joint hearing between the Senate Committee on Governmental Affairs' Subcommittee on Post Office and Civil Service and the House Committee on Government Reform and Oversight's Subcommittee on Postal Service, *United States Postal Service Reform: The International Experience*, 104th Cong., 2nd sess., January 25, 1996, S.Hrg. 104-442 (Washington: GPO, 1996). Information on 2009 comes from a variety of sources. For the Netherlands, Germany, and Sweden, delivery day information can be found at the Consumer Post Council, "Postal Freedom Index," http://www.postalconsumers.org/postal_reform_index/. Australia Post provided information electronically to the author on May 12, 2009. Canada Post provided information to the author by telephone on April 28, 2009. La Poste, which serves France, has information at <http://www.laposte.com/en/Everything-about-La-Poste/What-we-do/Parcels-and-Express>. TNT, which is The Netherlands largest deliverer of mail, provided information to the author electronically on May 13, 2009. Deutsche Post DHL provided information electronically to the author on May 13, 2009. Information on New Zealand Post is available at <http://www.nzpost.co.nz/Cultures/en-NZ/OnlineTools/Ratefinder/LettersNZ>. The Swedish Post Group provided information electronically to the author on May 12, 2009. Information on the merger with Post Danmark and CVC Capital Partners can be found at <http://www.cvc.com/Content/En/MediaCentre/PressRelease.aspx?PRID=144>. Royal Mail provides information at <http://www.royalmail.com/portal/rm/jump2?catId=400028&mediald=400030&keyname=2CLASS>; <http://www.royalmail.com/portal/rm/jump2?catId=400028&mediald=400029&keyname=1CLASS>; and <http://www.royalmailgroup.com/portal/rmg/content1?catId=23300505&mediald=23300508#44400262>.

On January 25, 1996, the Senate Committee on Governmental Affairs' Subcommittee on Post Office and Civil Service and the House Committee on Government Reform and Oversight's Subcommittee on Postal Service held a joint hearing.¹⁵⁶ At the hearing, USPS unveiled a study on mail delivery services around the world.

Michael E. Motley, associate director of government business operation issues at the General Accounting Office (now the Government Accountability Office), testified that Canada Post offered the United States its best case study comparison "because of its proximity to the United States and its similarities in geographic size, business environment, and market-oriented economic systems."¹⁵⁷ Despite the similarities between Canada Post and USPS, however, Motley said "Canada Post has about 6 percent of the U.S. Postal Service's mail volume and about 6 percent of its number of employees."¹⁵⁸ Motley stated that the vast size and volume differences between the United States and the other countries could make successful actions taken in other countries impossible to implement in the United States. Motley added, however, that "issues

¹⁵⁶ U.S. Congress, joint hearing between the Senate Committee on Governmental Affairs' Subcommittee on Post Office and Civil Service and the House Committee on Government Reform and Oversight's Subcommittee on Postal Service, *United States Postal Service Reform: The International Experience*, 104th Cong., 2nd sess., January 25, 1996, S.Hrg. 104-442 (Washington: GPO, 1996).

¹⁵⁷ Testimony of Michael E. Motley, *ibid.* Also available at <http://www.gao.gov/archive/1996/gg96060t.pdf>.

¹⁵⁸ *Ibid.*

surrounding the extent and quality of universal mail service, e.g., delivery to all communities 6 days a week, could surface in this country as they have in some other countries.”¹⁵⁹

Analysis

Arguably, USPS remains a vital asset for communication across the United States. The service delivers mail to millions of homes six days per week. With current economic hardships and a reduction in volume of more lucrative USPS products, the service is struggling economically. One option to reduce the economic stresses on USPS is to reduce service delivery from six days per week to five days per week.

As noted earlier in this report, USPS derives a vast majority of its funding from sources other than congressional appropriations. Use of congressional appropriations legislation to place restrictions on the entirety of USPS funding, therefore, could be subject to legal challenge. Some legal scholars, however, state that even non-appropriated funds are sometimes deposited into the Treasury (which is the case with USPS funding), and that “all spending in the name of the United States must be pursuant to legislative appropriation.”¹⁶⁰ Although the laws governing Congress’s use of restrictions on appropriations may be subject for debate, agencies that choose not to heed such restrictions may do so at their own peril.

Until USPS held the forum on Envisioning America’s Future Postal Service on March 2, 2010, USPS officials had said that reducing the number of delivery days was not their preferred option to bridge the revenue shortage.¹⁶¹ Now eliminating Saturday delivery is among the cost-cutting options preferred by USPS. Some other cost-cutting actions sought by USPS are obtaining flexibility from Congress to pay less into the fund for future retiree benefits, obtaining flexibility from Congress to raise the price of stamps and other services higher than currently permitted by law, and closing less-used post offices and distribution facilities. Although there are a variety of options USPS could pursue to reduce costs or increase revenue, this report addresses only the possible transition from six- to five-day service.

Moving to five-day delivery is estimated to save USPS between \$1.94 and \$3.5 billion per year. The difference in total estimated savings would depend on how much mail volume would drop as a result of the service delivery reduction. The \$1.94 billion in estimated cost savings for eliminating a delivery day is \$6.46 billion less than the budget shortfall for FY2010 (\$8.4 billion). Even the highest savings estimate of \$3.5 billion would still not exceed the FY2010 budget

¹⁵⁹ U.S. Congress, joint hearing between the Senate Committee on Governmental Affairs’ Subcommittee on Post Office and Civil Service and the House Committee on Government Reform and Oversight’s Subcommittee on Postal Service, *United States Postal Service Reform: The International Experience*, 104th Cong., 2nd sess., January 25, 1996, S.Hrg. 104-442 (Washington: GPO, 1996), p. 257.

¹⁶⁰ Kate Stith, “Congress’ Power of the Purse,” *The Yale Law Journal*, vol. 97 (1988), p. 1345. For more information on congressional influence through appropriations restrictions, see CRS Report RL34354, *Congressional Influence on Rulemaking and Regulation Through Appropriations Restrictions*.

¹⁶¹ U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, *Impact of the Financial Crisis on the U.S. Postal Service*, testimony of John E. Potter, 111th Cong., 1st sess., January 28, 2009, <http://hsgac.senate.gov/public/index.cfm?Fuseaction=Hearings.Detail&HearingID=ce8899e6-d08e-4d07-a6df-6aecebc9c12e>.

shortfall. A reduction in delivery days alone, therefore, would not be sufficient to bridge existing or anticipated future budget gaps at USPS.

As noted earlier in this report, Representative Chaffetz introduced H.R. 5919 in the 111th Congress, which would have given the Postmaster General the authority to cut 12 delivery days. H.R. 5919 would have required that USPS employees receive pay for those 12 days as if they were delivery days. Because most of USPS's costs are employee labor costs, it is unclear how much money closing USPS for 12 additional days per year could have saved the Postal Service. USPS would save on fuel costs, vehicle use costs, and power costs. Labor costs, however, would not have been affected by H.R. 5919.

Continued Drop in Mail Volume

In 1977, the President's Commission on Postal Service did not endorse a move to five-day delivery, but stated that the possibility of such a transition should be revisited if mail volume continued to shrink. A primary concern related to a move to five-day delivery has been the ability of the Postal Service to provide services of the same quality on a five-day schedule that is currently offered on a six-day schedule. Mail volume has dropped significantly in recent years, largely because of the economic downturn and the increasing use of electronic mail and electronic bill-paying options. USPS projects that mail volume will continue to decline. As then-Postmaster General Potter stated in his March 18, 2010, congressional testimony, with a decline in volume comes a decline in the number of mail pieces delivered on each of the six current delivery days.¹⁶² If mail volume continues to decline, concerns about overwhelming volumes of mail needing delivery on the remaining delivery days may be mitigated.

Customer Reliance on Six-day Delivery

Congress may choose to remove the six-day delivery provision from appropriation legislation and grant USPS greater flexibility to eliminate delivery days if the service finds such action to be beneficial economically. Such flexibility would save USPS money in employee pay and fuel costs.¹⁶³ The action, however, may prompt fewer people to use USPS services and instead to opt for private companies to deliver their mail. In addition, certain mail customers rely on six-day delivery to receive vital mail or packages, like baby formula, prescription drugs, or social security checks. Slower receipt of such items may cause additional stresses to populations that are already vulnerable, like the aged, the poor, or those who live in remote areas.

A January 30, 2009 *Washington Post* Article, reported that William Burrus, president of the American Postal Workers Union, said the union would "vigorously resist any legislative attempt to slash the number of days of delivery." Mr. Burrus reportedly said that a five-day delivery schedule "would stretch to three days when the additional day is combined with Sunday and a

¹⁶² U.S. Congress, Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, FSGG Hearing on the Postal Service, testimony of John E. Potter, 111th Cong., 2nd sess., March 18, 2010, <http://appropriations.senate.gov/ht-financial.cfm?method=hearings.view&id=f33224cc-dce0-4d6b-9636-b33be1be3893>.

¹⁶³ USPS spent nearly \$1.1 billion on fuel and oil in FY2008. U.S. Postal Service, "Make/Model and Component Cost Report, National Summary for Quarter 4, FY08, September 2008," Report AEL302P12, September 2008.

Monday holiday. Such delays will drive essential mail to private carriers, who will continue to deliver seven days a week.”¹⁶⁴

USPS’s most recent proposal involves eliminating Saturday home and business delivery while maintaining Saturday window service at USPS post offices. If a postal patron, therefore, needed to receive mail or a package on a day without delivery service, USPS would be able to provide such services at a USPS location. This option may make work more difficult for employees who work at post office locations on Saturdays because they would have to be able to access all mail and packages that would have previously been delivered to homes and businesses on that day. Service at post offices, therefore, may be slower on Saturdays because employees may need more time to locate these pieces of mail or packages. Lines at these locations may also be longer than normal because of increased use of the post office to access mail and packages as well as the increased time employees may need to locate the items. In addition, postal customers who, for medical or other reasons, are unable to leave their homes may not be able to access Saturday postal services. Window service, however, might assuage concerns from most customers who would seek access to mail or parcels that normally would have been delivered on the sixth delivery day.

Which Day Would Be Eliminated?

Were Congress to reduce the number of USPS delivery days, it might then choose to determine which day of service to eliminate. Previous studies have recommended the elimination of Saturday delivery because it was the most cost effective option.¹⁶⁵ Many businesses that are closed on Saturdays would be unaffected by the elimination of Saturday delivery. USPS has also stated that elimination of Wednesday delivery could be a possibility.¹⁶⁶ If Saturday delivery were eliminated, on weeks that have Friday or Monday holidays, deliveries would not occur for three consecutive days. Alternatively, as noted in the 1980 Task Force study, if Wednesday delivery were eliminated, many businesses that would not be affected by the elimination of Saturday delivery would be affected by the change.¹⁶⁷ In its March 2010 report on five-day delivery, USPS said it seeks to eliminate Saturday delivery because “[i]t has the week’s lowest daily volume, and more than a third of U.S. businesses are closed on Saturday.”¹⁶⁸

Congress may choose to keep all six delivery days, ensuring continued USPS service levels. Congress may choose to permit USPS to eliminate Saturday delivery because it is the day with the lowest mail volume. Congress may also choose to suggest the elimination of Wednesday

¹⁶⁴ Joe Davidson, “Five-Day Mail Delivery? Not So Fast,” *The Washington Post*, January 30, 2009, p. D3.

¹⁶⁵ Five-Day Delivery Task Force Report/Operations, May 19, 1980. For a copy of the report, contact the author.

¹⁶⁶ The 1980 Task Force study that examined five-day delivery researched which day would be the most cost effective and least disruptive to customers. As noted earlier in this report, that task force determined Saturday, and not Wednesday, would be the better day to eliminate. *Five-Day Delivery Task Force Report/Operations*, May 19, 1980. For a copy of the report, contact the author. Wednesday, however, could be selected as a non-delivery day because its removal from the USPS would be in the middle of the week. As noted earlier, removing delivery on Saturday would cause some weeks with holidays on Monday to have three consecutive days without mail delivery (Saturday through Monday).

¹⁶⁷ *Ibid.*

¹⁶⁸ U.S. Postal Service, *Delivering the Future: A Balanced Approach, Five -Day Delivery is Part of the Solution*, Washington, DC, March 2010, http://www.usps.com/communications/five-daydelivery/plan/5day_plan_delivery.pdf, p. 2.

delivery to eliminate the possibility of weeks in which postal consumers do not receive mail delivery for three consecutive days.

Congress could choose to adopt delivery practices similar to Canada Post, and have six-day delivery only at specified, mail-heavy times of the year. Congress could opt to delegate authority to USPS to shift from six- to five-day delivery as mail volume fluctuates throughout the year. This option would allow USPS the ability to adjust to macroeconomic and seasonal influences that affect mail volume. This delegation of authority, however, may cause confusion for USPS customers who may be unaware of service changes and who rely on consistent USPS delivery services.

Congress could grant USPS flexibility to charge more for Saturday delivery services, as is done in New Zealand. Such action may allow USPS to operate with a streamlined weekend delivery staff, thereby eliminating work hours and saving overhead costs. This option, however, could negatively affect poorer populations that rely on Saturday delivery for prescriptions, monthly stipends, or other mail or parcels. Many of the other methods foreign countries have used to bridge their mail services' economic gaps—like contracting out carrier service—would be difficult to apply in the United States. Union contracts, geographic vastness, and other variables may make USPS's economic situation unique.

U.S. Postal Service and Public Expectations

A January 2009 Gallop/USA Today poll found that 57% of 1,027 people surveyed said they would prefer to see a reduction in USPS services, like Saturday delivery, in lieu of other measures such as increasing government funding (27% favored) or significant increases in stamp prices (14% favored).¹⁶⁹

A March 17, 2010, Gallop/USA Today poll in which 999 people were interviewed found that 58% of those surveyed who were between 18 and 34 years old were in favor of reducing USPS delivery days from six to five. The same poll found that 69% of those 35-54 years old were in favor of the reduction, and 73% of those 55 and older favored the reduction.¹⁷⁰

A Washington Post/ABC New Poll released on March 30, 2010, showed that 71% of the 1,000 adults polled said they approved of ending Saturday deliveries when presented with a variety of other options the Postal Service has presented to cut costs.¹⁷¹ Among the other options presented as cost-cutting options were closing some post office branches, "including your local office," which generated a 64% disapproval rating.

Congress may determine that mail delivery is deeply embedded in America's history. USPS customers expect timely, consistent, and reliable delivery. Providing USPS with the flexibility to

¹⁶⁹ Survey by USA Today and Gallup Organization, January 30-February 1, 2009. Retrieved April 23, 2009 from the iPOLL Databank, The Roper Center for Public Opinion Research, University of Connecticut. Three percent of respondents did not have an opinion. Numbers do not equal 100% due to rounding.

¹⁷⁰ Donna Leinwand, "Poll: Most OK with 5-day Mail Service," USA Today, March 17, 2010, http://www.usatoday.com/news/nation/2010-03-17-postal-service-use-changes_N.htm.

¹⁷¹ Ed O'Keefe and Jon Cohen, "Poll Says Most Americans Back Halting Saturday Mail But Not Closing Post Offices," *The Washington Post*, March 30, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/03/29/AR2010032903823.html>.

vary its delivery schedule may confuse or frustrate customers who think of mail delivery as a necessary public good. Such aggravation may prompt patrons to reflect negatively on the abilities of the federal government to provide services to the public.

Congress may choose to continue placing the six-day delivery provision in appropriations legislation. If six-day delivery continues, USPS would have to find other ways to increase revenue or reduce delivery costs in order to bridge USPS's recurring budget shortfall.

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