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Postal Service cuts ill-considered

By Postal Regulatory Commissioner Ruth Y. Goldway

Last week, the U.S. Postal Service reduced its service standards for First-Class mail, and eliminated nearly all overnight letter mail delivery. Most mail will be delivered in two to three days -- longer if weekends and holidays are involved. During 2015, more than 80 processing plants serving small cities and rural areas throughout the nation will be closed in the Postal Service's push to shrink its network.

The Postal Service has achieved considerable success in removing costs from the system during the last six years, at a time when mail volumes were in decline. This latest round of operational cuts, however, threatens the very integrity and concept of Universal Service -- the Postal Service's primary obligation under the law.

These measures will result in a two-tier patchwork network in which service to smaller cities and rural areas will be degraded much more than major urban areas. This despite the fact that the law requires that postal customers in all areas be provided prompt, reliable and efficient services. The law also mandates that the Postal Service shall provide a maximum degree of effective and regular service to rural areas, communities and small towns where post offices are not self-sustaining. Under the law, the Postal Service is required to give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail.

While we have experienced increased access to electronic communications options, particularly in metropolitan areas, a great many American homes and businesses rely upon the mail. It remains essential that all Americans can rely on a fundamental communication service and avenue of commerce that provides equal access and prompt service to all, regardless of region. Binding the nation together is the founding principle of the Postal Service's mandate.

The Postal Service is moving ahead with these changes despite three cautionary reports: a March 2013 [Management Advisory Report](#); a September 2012 [Audit Report](#) issued by its Office of Inspector General, and an [Advisory Opinion](#) produced by the Postal Regulatory Commission in 2012.

The Inspector General in his reports called on the Postal Service to carefully evaluate actual measured cost savings and service impacts for the network changes implemented in 2013 and

2014; to accurately and fully disclose to mailers and other stakeholders the savings resulting from closed facilities, and to provide a more reliable estimate of future changes during the notification process.

In its 2012 Advisory Opinion, the Commission pointed out that by identifying the productivity levels of plants and by basing closures and processing rearrangements on measurable efficiency gains, the Postal Service could do better than in its original plan: save more money, maintain higher service standard levels and keep more plants operating.

In fact, the Commission's analysis indicated that the Postal Service could undertake significant network improvements and reap large cost savings while preserving most current service levels. As a result, the Commission urged the Postal Service to carefully review the first set of plant closings and service standard reductions before embarking on this second phase of closures and further reducing service.

Unfortunately, the Postal Service has not taken those important steps. First, the Service has not publicly identified the impact on revenue and profit from the proposed changes. Second, the Postal Service has not disclosed a robust, reliable figure for savings obtained from the first set of consolidations. Third, the Service has not identified projected savings from the second phase of consolidations.

An essential role of the Commission is to help ensure that the Postal Service provides adequate transparency and accountability, particularly where there may be a gap in the public record. I believe that such a gap exists with regard to the proposed plant closings.

In August, 51 senators signed a bipartisan letter asking the Postal Service to delay these announced service changes and plant closings because of continuing uncertainty over the impact on the public. The following month, 160 House members asked for a moratorium on the plant closures, expressing concerns over slowed mail.

At a time when the Postal Service is proudly promoting its Sunday delivery and same day package delivery offerings in major cities, it should not be impairing service in other parts of the country. The Nation depends on a Postal Service that provides as consistent a level of service and pricing as possible to all Americans.

Before proceeding with these changes, the Postal Service should at the very least offer well-supported projections of the impacts on operational efficiency and solid estimates of financial savings before hastily embarking on this new round of cuts and closures.

Goldway has served at the Postal Regulatory Commission since 1998 and was Commission chairman from 2009 to 2014.