Postal Regulatory Commission
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Madam Chairwoman and members of the Commission, my name is Mike Morris, Assistant Director of the Clerk Division of the American Postal Workers Union, AFL-CIO. On behalf of the 250,000 members of my union, I thank you for holding this hearing today to take a close look at the proposal by the United States Postal Service to stop street delivery and mail collections on Saturdays.

The founders of our nation created the United Postal Service, under the direction of the first Postmaster General, Benjamin Franklin, to provide this nation with affordable and universal mail service. Abolishing Saturday mail delivery would deprive citizens of the right to receive mail on Saturday – and would eliminate any justification for the Postal Service's exclusive access to citizens' mailboxes. There can be no real question that ending the USPS mailbox monopoly would destroy universal service at a uniform price.

USPS Financial Condition

The Postal Service has argued that stopping Saturday mail delivery is necessary because of the poor financial condition we are in. The chief reason the Postal Service is being forced into red ink is not the recession or alternative means of delivery or even lower than expected mail volume. The main cause of the sea of red ink is the Postal Accountability and Enhancement Act of 2006 (PAEA). It was passed by Congress with the full support of the Postal Service. It imposed on the Postal Service a $75 billion obligation to pre-fund retiree health benefits, a liability that is not borne by any other federal agency.

This requirement, more than any other single factor, has created a USPS deficit of alarming size. A 2008 GAO report found the USPS's $5.3 billion shortfall in FY 2007 was caused primarily by this provision of the PAEA.

The pre-funding provision is the central cause of USPS financial difficulties, and we urge Congress to correct it. If this single requirement were rescinded, the elimination of Saturday mail delivery would be unnecessary.

The Postmaster General is also claiming that there will be a $238 projected loss over the next 10 years and is using that figure to generate support for eliminating Saturday mail delivery. He admitted though, during a joint hearing to both the Subcommittee on Federal Workforce, Postal Service and the District of Columbia and the full Committee on Oversight and Government Reform, that the number he is touting is only a "theoretical" projection.

Six-Day Delivery

Stopping Saturday delivery will only accelerate the diversion of letters, packages, and other material from the USPS to more expensive private couriers such as UPS and FedEx. If Saturday delivery is abolished, private couriers will fill the void, but only in the most profitable locations, leaving the Postal Service to serve rural and poor communities, without the financial benefit of providing service to more lucrative areas.

You would probably have continued private Saturday delivery, for example, in certain more affluent parts of the major cities like Memphis. But you could forget about it in the

poorer neighborhoods and rural areas. A quick look at the demographics of two different zip codes in Memphis will clearly illustrate this point.

Zip Code	38189	38126
Median Household Income	$116,200	$10,734
Percent Non-Minority	92.2%	1.2%
Bachelors Degree or Higher	65%	4.5%
Percentage Below Poverty Level	2.8%	60%
Unemployment Rate	0.8%	14.5%

While Memphis zip code 38189 would likely fare well under a private delivery system with a weakened or diminished United States Postal Service, zip code 38126 would, most assuredly become underserved. There are millions of Americans who live in these potentially underserved areas and they also need to receive regular universal mail service at a universal price.

In addition, most small businesses operate six or seven days a week, and many rely on a six-day mail delivery cycle. For magazines publishers and companies like Medco, Netflix, Caremark and eBay, Saturday delivery is crucial.

Saturday delivery is an important competitive advantage for the Postal Service. Giving it up just doesn't make good business sense.

In fact, the mere discussion of service reductions has cost the Postal Service revenue and volume that it cannot afford to lose. The public relations campaign to generate support for five-day delivery has already caused businesses to experiment with alternate means of delivery.

At a time when the USPS should be exploring every available avenue to increase volume and revenue, this seriously flawed PR offensive seems to be driving business away.

Is History Repeating Itself?

Congress previously considered the reduction in service delivery days more than 30 years ago in response to an earlier study by the USPS. After holding a dozen hearings with hundreds of witnesses, the House of Representatives approved a resolution opposing the service reduction by a vote of 377-9.

Then, as now, the key question was: Is the USPS a profit-driven organization, or a public service?

In 1980, Postmaster General William F. Bolger appeared before Congress insisting that reducing the number of delivery days was necessary to ensure the Postal Service's economic stability. In the past 30 years, USPS has enjoyed some of the most productive, most profitable years in the entire history of post offices. If the Postmaster General was wrong in 1980, could a different Postmaster General also be wrong in 2010?

Conclusion

Madam Chairman, we believe the rush to five-day mail delivery is an ill-conceived reaction to declining mail volume during an economic slowdown. Millions of citizens depend on Saturday delivery to receive prescription drugs, checks, newspapers, magazines, greeting cards, and notices from churches and community organizations.

While volume may never return to 2006 levels, even a modest return, coupled with repeal of the requirement to pre-fund retiree health benefits, would go a long way toward sustaining the Postal Service for many years into the future.

I want to point out that APWU's opposition to eliminating Saturday delivery is not based primarily on a concern about losing jobs. We are seeking to protect the vitality of the USPS for the future, and we support the right of every citizen – including those without Internet access, the poor and the disabled – to receive high-quality mail service.

Senator Susan Collins of Maine, the Ranking Member on the Senate Committee on Homeland Security and Governmental Affairs has asserted that the decision to further reduce postal services would cause "an even bigger drop" in mail volume that could lead to a "death spiral" for the USPS.

The American Postal Workers Union urges the Members of the Postal Regulatory Commission to reject the USPS proposal to reduce mail delivery to five days per week. The USPS proposal has already caused a loss of volume and of confidence. We hope you will reject the USPS demand that you rush into a decision, and instead find that the proposal would needlessly weaken the Postal Service – a very valuable and essential American institution.