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# **A Framework for Considering the Social Value of Postal Services**

## **Final Report**

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## EXECUTIVE SUMMARY

The objective of this study, commissioned by the Postal Regulatory Commission (PRC) and carried out by the Urban Institute,<sup>1</sup> was to identify the array of benefits provided by the United States Postal Service (USPS)--through its mail service and post offices--that contribute to the social value of the post. This study also identifies possible metrics and methods for estimating the value of these benefits and provides an organizing scheme for detailed analysis and quantification in the future. Social value is created when goods or services result in improvements in the lives of individuals or the general society. In this study, we refer to the elements that contribute to social value as “social benefits.” Social benefits are difficult to quantify but contribute to a general sense of individual or community well-being, and thus are valuable. We provide a framework that categorizes benefits, beneficiaries, and measures. Considering the social value of the post, while challenging, is conceptually possible and consistent with other work on social valuation.

This project takes a broad scan of the many benefits of postal services and post offices, considering the perspectives of individual consumers, businesses, and nonprofit organizations. The Urban Institute reviewed literature on postal history, welfare economics, and community development. We conducted interviews with PRC Commissioners and staff, USPS officials, and leaders of organizations including those representing postmasters, letter carriers, publishers, advertisers, and nonprofit organizations. Also interviewed were economists and researchers specializing in regulatory economics, postal history and operations, and community and economic development.

### ***Key Findings***

The dozens of benefits identified fall into eight broad categories:

(1) consumer benefits, including the establishment of a competitive baseline for other package delivery services and access to goods and services for the elderly, immigrants, and those with low incomes;

(2) business benefits, including receipt of supplies in rural or remote locations, support of catalog businesses, and generation of economic activity at shops and offices near post offices;

(3) safety and security, including the role of mail carriers serving as a form of neighborhood watch, the Postal Service’s role in reestablishing contact with populations after natural disasters, and in civil defense and bio-medical emergency response;

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<sup>1</sup> The Urban Institute is a nonprofit, nonpartisan research organization dedicated to fostering sound public policy and effective government. Founded in 1968 to provide independent analysis of the problems facing America’s cities and their residents, the Urban Institute now conducts policy research related to all 50 states and abroad in over 28 countries, in communities of all sizes and settings, analyzing policies, evaluating programs, and informing community development in order to improve social, civic, and economic well-being.



(4) environmental benefits, including economies of scale and scope to reduce carbon emissions and fuel usage; providing an opportunity for first and last mile delivery on behalf of other companies, thereby reducing neighborhood traffic; facilitating online shopping and merchandise returns; and providing a means of recycling of electronic items such as cell phones;

(5) facilitating delivery of other federal state and local government services, including voting by mail, census, voting and voter registration, and applying for absentee ballots and passports;

(6) information exchange, including the circulation of journals, newspapers, newsletters, and political magazines;

(7) social linkages such as the exchange of personal correspondence including greeting, condolence and congratulatory cards, thank you notes and other ways of connecting people, as well as the relationship communities have with their postmaster and post office staff and mail carriers, particularly as a point of social contact for isolated populations, and

(8) civic pride, patriotism, and community identity.

### ***Conclusions***

We recommend additional research to quantify the social and economic value of the social benefits we have identified. This research should include:

- Empirical validation using representative survey samples;
- Benefit valuation by particular subgroups and constituencies;
- Analysis of costs versus benefits for selected social benefits and the implications of alternative approaches to service delivery, or the counterfactual in which the Postal Service no longer provides these benefits.
- Assessing the suitability and accuracy of methodologies for quantifying social value, and
- Segregation of those governmental services best provided by the Postal Service as opposed to those available from another provider.

The PRC should develop a detailed research plan that frames the questions of interest and the comparisons to be made. Second, the PRC should consider the following options for future research:

- Conduct descriptive analyses using existing data;
- Use these analyses to develop hypotheses and conduct empirical analysis;
- Develop scenarios and conduct cost effectiveness assessments;
- Design and conduct surveys of consumers, nonprofit organizations, and businesses;



- Use survey data to conduct willingness-to-pay analysis; and
- Design and implement case study approaches for selected issues such as disaster response or post office closure.

Regardless of the method, future research into social benefits of the Postal Service should compare the current system to the alternatives, i.e. eliminating, reducing or privatizing postal services, providing digital only services, and/or providing postal services through alternate providers.



# A FRAMEWORK FOR CONSIDERING THE SOCIAL VALUE OF POSTAL SERVICES

## I. INTRODUCTION

Mail use in this country has changed dramatically with increased electronic communications, bill paying, and banking. Steep declines in mail volume and revenue challenge the financial condition of the U.S. Postal Service (USPS 2009f). Yet, the Postal Service's Universal Service Obligation requires the provision of postal services that meet standards for geographic scope, range of products, access to services and facilities, delivery frequency, affordable and uniform pricing, service quality, and security of the mail (PRC 2008b). While a universally available place-based paper mail service could seem to some like an anachronism in the electronic age, there are many social benefits to universal postal service for individuals, communities, and the nation.

The Postal Regulatory Commission (PRC), the successor to the Postal Rate Commission, is an independent agency that exercises regulatory oversight over the Postal Service, which was created by the Postal Reorganization Act of 1970. The Postal Accountability and Enhancement Act (PAEA) enacted on December 20, 2006, significantly strengthened the Commission's authority and expands its oversight responsibilities to include annual determination of Postal Service compliance with applicable laws, review of the Universal Service requirement, and assurance of transparency through periodic reports. In the context of these responsibilities, the PRC contracted with the Urban Institute<sup>1</sup> to assist in outlining the various issues and metrics necessary to measure the social value of the post and the universal service obligation as well as the various non-postal functions performed by the Postal Service.

This project is a first step in documenting a comprehensive matrix of social benefits and providing an organizing scheme that will facilitate more detailed analysis and quantification of these benefits in the future.

Taking a broad view of potential benefits, this project included a scan of key information sources and interviews with knowledgeable informants, including those specifically focused on

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postal services, as well as potentially applicable research on community and economic development, community assets, and measurement of social value. This report uses that information to present a comprehensive list of benefits and a framework for identifying, categorizing, and documenting those benefits. The next section of this report presents additional background for the study and explains the concept of social value as applied in this study. Section III presents a series of matrices illustrating the benefits identified and a classification framework. Section IV provides additional information on measurement of social value, and Section V suggests steps for further research. Appendices include a list of individuals interviewed for this study and a bibliography.

## **II. BACKGROUND**

An extensive literature exists on the history of the postal system in the United States, including a recent report commissioned by the Postal Regulatory Commission (John 2008; PRC 2008b) and a report prepared by the United States Postal Service (USPS 2007b). This section does not review that literature, but presents key concepts and context for understanding the views presented by key informants and the range of social benefits identified.

Throughout its history, the United States Postal Service (USPS) has responded to a civic as well as an economic mandate, subject to legislative and regulatory interpretation reflecting changing times and circumstances. The civic mandate, or public service aspect of the postal service, addresses the importance of access to information for preserving democracy, fostering commerce, and promoting the general welfare. For example, when the postal service began in 1775, a healthy postal network facilitated communication among army commanders and the first elected representatives, and representatives and their constituents. Newspapers sent through the mail enabled Americans to participate in political life (USPS 2007b).

Although use of the phrase “universal service” in connection with the postal service is quite recent, the broad concepts of openness and inclusiveness with respect to the circulation of information can be traced back through most of the history of the postal system (John 2008; PRC 2008b). Information on public affairs was viewed as necessary to preservation of the union. Later, lawmakers recognized the value to commerce of broad circulation of certain types of information, such as merchants’ correspondence. In the mid-1800s the postal system’s coverage expanded when postal rates for individual letters were greatly reduced. However, no definition of the specific activities included in the universal service obligation exists. The PRC’s report (PRC 2008b) on the universal service obligation notes that the universal service obligation in the United States is not specific and “throughout its history the Postal Service has been expected to use its flexibility to meet the needs and expectations of the Nation while balancing the delivery of service against budgetary constraints” (PRC 2008b).

The postal monopoly refers to certain privileges or exclusive domains that have historically been accorded to the postal service through legal and regulatory provisions.





Generally, the postal monopoly addresses first class mail and mailboxes. The rationale for the postal monopoly is broad, and includes the need to assure sufficient revenue for universal service as well as security of the mail. Debates about the need for the postal monopoly and its appropriate limitations and implementation reflect the tension over the postal service – is it a public service or a big business? The literature review and interviews conducted for this study indicate that the postal service has elements of both.

The United States Postal Service is an independent agency of the executive branch of the United States government. USPS is a self-funding agency operating independent of taxpayer support. The scale of the postal service compares to the largest Fortune 500 companies (USPS 2009d). In 2009, USPS had over 623,000 career employees, handled over 177 million pieces of mail, and served over 923,000 new delivery points (USPS 2009f). USPS sells mailing and shipping services through 36,000 post offices, stations, branches, and contract postal units as well as through its web site and a network of consignees. Mail is delivered to more than 150 million city, rural, post office box, and highway delivery points, using the largest civilian fleet in the world (USPS 2009c). The postal system serves individual and commercial customers, offering two categories of services: market-dominant and competitive. Market-dominant services (also called mailing services), which include first class mail, standard mail, periodicals, and packages, are subject to regulated price caps. Competitive services (also called Shipping Services) include priority mail, express mail and bulk parcel post, and are not subject to price caps but compete in the market with other service providers.

For the purpose of this study, we focus on the social value of post offices and postal services. Social value is created when goods or services result in improvements in the lives of individuals or the general society. Economic value, on the other hand, is created when goods and services result in improvements in market value. In this study, we refer to the elements that contribute to social value as "social benefits." These are discrete activities that sustain or improve the well-being of an individual, group of individuals, or a community. These social benefits are distinct from social benefits in economic terms, where social benefits would refer to the total amount of benefit to society of the goods and services produced by the post office and postal services (Emerson, et al. 2001). There are some benefits which provide both economic and social value that we have chosen to include in this study. For example, free shipping of reading material for the blind is an economic benefit; however the result of this benefit is also an improvement in the lives of blind individuals who might not otherwise be able to afford or obtain such reading material.

Although social value is much more difficult to quantify than economic value, there are many researchers who are developing ways in which one could calculate the social value of a good or service; several of these studies are discussed in the "Measurement and Methods" section of this report. Identifying and categorizing social benefits of the postal services is a first, but necessary, step in social value measurement.



### III. TYPES OF BENEFITS AND CLASSIFICATION FRAMEWORK

This section documents the benefits identified and described in our interviews and in the literature. Interview respondents included PRC commissioners and staff, USPS officials, leaders of organizations representing postmasters, letter carriers, publishers, advertisers, nonprofit organizations, and other organizations whose operations use the postal service extensively. In addition we interviewed researchers with a range of interests and specialties, including postal history, postal operations, regulatory economics, and community and economic development. Interview respondents were asked about benefits of postal services and the physical presence of a post office in a community. They were asked to consider particular benefits or differences for urban, rural, and suburban settings and for subpopulations, especially vulnerable populations such as the elderly, immigrants, and those with low incomes.

The interviews did *not* address the cost of services to the post office, the case for public funding or for privatization, or comparison of the value of postal services with other services. Although some respondents offered their opinions on these issues, these issues are beyond the scope of this report.

The literature and web postings reviewed included this same broad range of topics, with greater emphasis on potential metrics for measuring social benefits and the role of post offices and other public buildings in community engagement and downtown revitalization. Extending our review to post offices as community assets stems from the premise that post offices share some characteristics with other community institutions, and studies of such institutions may offer insights for conceptualizing and documenting social value.

The benefits identified are clustered around the following eight broad categories:

- Consumer
- Business
- Safety and Security
- Environmental
- Delivery of Other Government Services
- Information Exchange
- Social Linkage
- Civic Pride and Patriotism

The tables in this section provide descriptions of the benefits included in each category. While not all of the benefits listed are considered “social benefits” as such, they were frequently mentioned by respondents as having benefits beyond mail and package delivery and being of social value. The tables also indicate whether a particular benefit is associated with postal



service, the presence of a post office, or both. Suggested metrics, some already available and in use, are included as well, and are discussed further in Section IV.

The following sections present an overview of each table and selected examples to further illustrate particular benefits.

### ***Consumer Benefits (Table 1)***

Consumer benefits identified include benefits generally available to all individual postal customers as well as benefits established for particular groups, such as the blind and disabled, or members of the military. Table 1 includes additional columns to indicate benefits that especially benefit rural or vulnerable populations. Consumer benefits available to all include access to products and information about services regardless of where one lives; access to secure mail boxes; competitive prices for other delivery services; a uniform, low price for First Class Mail; and change of address services. Some postal benefits are particularly important for those living in rural areas, who may not have ready access to a wide range of consumer goods close to home. Rural mail carriers bring the services of post offices, such as selling stamps and money orders, to the homes of rural residents. While on-line shopping has increased, some rural residents do not live in areas with broadband access and rely on catalogs delivered by mail. Rural residents who can shop on-line still depend on the postal service for delivery and package return.

Postal services include a number of benefits of particular value to vulnerable population groups. Consumers who are elderly or disabled benefit especially from mail delivery of goods ordered over the telephone or Internet, medications and medical supplies, and free reading matter (for those who qualify). In 2008, there were 238 million prescriptions filled by mail order in the United States, accounting for 6.7 percent of all prescriptions (National Association of Chain Drug Stores 2009). The elderly and disabled also benefit from post office buildings that are near to their homes. One respondent contacted by the Urban Institute noted that those who live in low or moderate income neighborhoods may not be technologically confident enough to access USPS services online and need to physically go to a post office to buy stamps or send parcels. Complex transactions, such as sending packages or money orders to family members overseas, may best be handled in person. Residents who do not have cars benefit from an accessible post office. Were the post office to be closed or moved, elderly or disabled residents would have difficulty accessing postal services because they would need to make a long or complicated journey by public transportation to reach the post office. A historic preservationist contacted by the Urban Institute offered the following account of a local resident who places great importance of the proximity of the post office:

I just made a quick roundtrip to our downtown post office and was extremely grateful for the short time it took me to travel there, complete my business, and return home. You see, I am a full-time caregiver for my 95-year-old mother. Rarely do I leave her alone, as her mind and body are failing. If I do run a short errand, I worry the entire time I am gone. So, it took me exactly eight minutes to

**Table 1**

**Benefits of the Postal Service and Post Offices: Consumer Benefits**

| Description of Benefit   | Postal Service | Post Office | Rural/Isolated | Vulnerable | Metric   |
|--|----------------|-------------|----------------|------------|--|
| <b>General Benefits</b>  |                |             |                |            |  |
| Postal service prices establish a competitive baseline for other delivery services, constraining unfettered pricing.   | √              |             |                |            | <ul style="list-style-type: none"> <li>USPS rates and rate increases over time</li> <li>Other providers' rate and rate increases over time</li> </ul>              |
| Anyone—including isolated or disadvantaged consumers—can access products from anywhere. Some areas have limited access to broadband or it is unreliable, and those populations are dependent on mail.  | √              |             | √              |            | <ul style="list-style-type: none"> <li>Data on broadband access, home computer use</li> </ul>  |
| Housebound people, such as the elderly or disabled, can get needed goods delivered. They also receive information through the mail on ways to obtain goods they cannot get through the mail, e.g., grocery stores or dry cleaners that deliver. Postal service also facilitates return of purchased goods. | √              |             |                | √          | <ul style="list-style-type: none"> <li>Demographic data on population affected</li> </ul>  |
| Blue boxes provide a way to securely send mail close to home.  | √              |             |                |            | <ul style="list-style-type: none"> <li>Number and spatial distribution of mail boxes</li> </ul>  |
| Postal service is obligated to provide accommodations for disabled. Postal service provides services without discrimination.   | √              |             |                | √          |  |
| United Parcel Service has surcharges for customers living in certain areas. USPS does not have these charges.  | √              |             | √              |            | <ul style="list-style-type: none"> <li>UPS and other provider surcharge data compared to USPS prices</li> </ul>  |
| USPS handles change of addresses well. Private shippers are unable to forward parcels to new address because they don't have the information.  | √              |             |                |            | <ul style="list-style-type: none"> <li>Volume of address changes</li> <li>Time from request to implementation of address change</li> </ul>                         |
| USPS delivers medication and other health-related products through the mail. This delivery is of particular importance to isolated areas where residents may be many miles from town and may lack their own transportation.  | √              |             | √              | √          | <ul style="list-style-type: none"> <li>Estimated dollars saved by using mail order prescriptions.</li> <li>Estimated number of mail order prescriptions</li> </ul> |
| Mail delivery is less expensive than a computer and internet connection.   | √              |             |                |            | <ul style="list-style-type: none"> <li>Comparative price data</li> </ul>   |
| Advertising, including through the mail, helps lower prices. Research shows that when a market is opened to advertising, prices go down.   | √              |             |                |            | <ul style="list-style-type: none"> <li>Data on effect of advertising on prices</li> </ul>  |
| Shopping by catalog allows consumers to compare prices.  | √              |             |                |            | <ul style="list-style-type: none"> <li>Dollars saved by comparing prices</li> </ul>  |
| Receiving goods by mail at home saves time and money on gas.   | √              |             |                |            |  |

| Description of Benefit   | Postal Service | Post Office | Rural/Isolated | Vulnerable | Metric  |
|--|----------------|-------------|----------------|------------|---|
| Mail provides the opportunity to support charitable organizations, a source of satisfaction for some individuals.  | √              |             |                |            | <ul style="list-style-type: none"> <li>Volume and percent of donations received by mail compared to on-line donations</li> </ul>    |
| USPS employees provide information about postal products and services.   |                | √           |                |            |   |
| Mail delivered to P.O. boxes is almost always in by 11:00 am or 11:15 a.m., much earlier than home delivery.   |                | √           |                |            | <ul style="list-style-type: none"> <li>Percent of P.O. Box renters that find this important</li> </ul>                              |
| Rural carriers provide the same services as the post office. They issue money orders, sell stamps, etc.  | √              |             |                |            |   |
| Travelers and the homeless can use general delivery to receive mail.   |                | √           |                | √          | <ul style="list-style-type: none"> <li>Number of general delivery users</li> </ul>  |
| Mail such as catalogs and magazines have entertainment value.  | √              |             |                |            |   |
| Individuals can receive and pay bills by mail. This is of particular importance to those not using Internet, such as the elderly, those without bank accounts, or those who want to receive checks and bills in hard copy. Individuals cannot do banking on-line if they do not have a regular bank account. | √              |             |                | √          | <ul style="list-style-type: none"> <li>Percent of population paying bills by mail compared to those paying bills on-line</li> </ul> |
| People receive checks through the mail and can mail deposits to banks.   | √              |             |                |            | <ul style="list-style-type: none"> <li>Number of persons that use the mail for banking</li> </ul>                                   |
| <b>Special Services or Prices</b>  |                |             |                |            |   |
| Individuals can receive and cash money orders (both domestic and international). Low-income and immigrant populations are less likely to use the regular banking system. ID requirements for cashing money orders are less stringent than for other types of checks.   | √              |             |                | √          | <ul style="list-style-type: none"> <li>Number of money orders purchased and cashed</li> </ul>                                       |
| Individuals can obtain special services, certified mail, registered mail, delivery confirmation, signature confirmation, and insurance (USPS 2008b).   | √              | √           |                |            | <ul style="list-style-type: none"> <li>Number of persons that use each of these services</li> </ul>                                 |
| USPS allows the blind and disabled to send and receive free reading matter.  | √              |             |                | √          | <ul style="list-style-type: none"> <li>Number of users of free reading matter program</li> </ul>                                    |
| The price of Military Mail postage is the same as domestic postage. A First-Class® Mail stamp will also deliver a letter to a U.S. military service member located halfway around the world.   | √              |             |                |            | <ul style="list-style-type: none"> <li>Volume of military mail</li> </ul>   |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.

Note: For this table, vulnerable populations include elderly, blind, disabled, low-income, and immigrants.



run this errand. If the post office were not centrally located in our downtown, I am uncertain when I would have been able to get there. I almost always see someone there that I know which means I have to “look decent” when I go, but given my homebound status I truly enjoy talking with people while waiting in line or visiting with the employees, some of whom have been there for most of the 24 years I have been going there.

In addition to providing accessible postal services for vulnerable populations, post offices also provide needed services for those without bank accounts. Individuals can purchase money orders from USPS and cash money orders at post offices. A recent national survey of financial capability (FINRA 2009) found that 12 percent of the U.S. population did not have a savings or checking account, but that 31 percent of low-income households are unbanked. The fees charged for purchasing and cashing postal money orders are lower than commercial check cashing services, and the identification requirements are less stringent than for cashing personal checks. In 2008 USPS issued an average of 597,000 money orders daily (USPS 2009d).

The postal service also provides a point of contact for travelers and the homeless, who can use general delivery to receive mail at post offices.

### ***Business Benefits (Table 2)***

The longest list of benefits is business benefits, which accrue to small businesses, large businesses, nonprofit organizations, and communities. Although some of these benefits are not strictly social benefits, they do improve the lives of individuals and society. Many of these benefits stem from the extensive network set up by the postal service and its special discounted prices, both of which allow businesses to connect to consumers they would otherwise not be able to reach. It also allows for the maintenance of a wide variety of businesses in diverse locales.

Small and home-based businesses are able to obtain needed supplies, send products to customers all over the world, and use standard mail for bulk advertising. This promotes business in rural and remote areas and enables businesses to locate in areas where rent and labor costs are lower.

One representative of the National Rural Letter Carriers Association noted that an elderly woman on his route operated a doll business out of her home. She is able to maintain her business because the mail carrier comes by every day to pick up and deliver packages.

With regard to post offices, home-based and other small businesses use post office boxes for business mailing addresses because mail arrives at the same time each day and is stored securely.

**Table 2**

**Benefits of the Postal Service and Post Offices: Business Benefits**

| Description of Benefit  | Postal Service | Post Office | Metric  |
|---|----------------|-------------|---|
| <b>Small Businesses</b>   |                |             |   |
| <p>Postal service helps small- and home-based businesses exist:</p> <ul style="list-style-type: none"> <li>- Products can be picked up and sent all over the world.</li> <li>- Businesses can receive supplies even if they are located in rural or remote locations.</li> <li>- Parcel Select and Parcel Return Service provide commercial customers with an economical means of shipping packages (USPS 2009d)--private parcel services are more expensive than the USPS.</li> <li>- Some small businesses might not be able to afford higher mailing costs and might go out of business without USPS.</li> </ul> | √              |             | <ul style="list-style-type: none"> <li>▪ Comparison of USPS parcel service price and UPS/FedEx parcel service price</li> <li>▪ Number of jobs added at small businesses</li> </ul>                  |
| <p>UPS and FedEx do not go to as many places or as often for small shippers. Small and large businesses can locate anywhere. (For example, catalog businesses are often in rural areas.)</p>  | √              |             | <ul style="list-style-type: none"> <li>▪ Number of small businesses located in areas not served by UPS or FedEx</li> <li>▪ Number of small businesses charged premium for their location</li> </ul> |
| <p>Small businesses do a lot of mail advertising (e.g., coupon mailers) to generate customers. Small businesses use postal service for geographic targeting.</p>  | √              |             | <ul style="list-style-type: none"> <li>▪ Volume of mail advertising</li> <li>▪ Redemption of mailed coupons</li> </ul>  |
| <p>Catalog companies generate sales by mail.</p>  | √              |             | <ul style="list-style-type: none"> <li>▪ Volume of sales in response to catalogue mailings</li> </ul>   |
| <p>Postal service is vital to information dissemination for business-to-business publications. With mail service, publishers can stay in business and subscribers or members can get information in timely manner.</p>  | √              |             | <ul style="list-style-type: none"> <li>▪ Subscription volume</li> </ul>   |
| <p>Post office boxes provide a timely way for small businesses to get mail. Mail arrives at the same time each day.</p>   |                | √           | <ul style="list-style-type: none"> <li>▪ Percent of small businesses that use P.O. Box as mailing address</li> </ul>  |
| <b>Large Businesses</b>   |                |             |   |
| <p>UPS and FedEx use USPS for last-mile delivery because it is not economically feasible for them to do it. The postal service operates the largest civilian fleet in the world, with approximately 220,000 vehicles on road (USPS 2009c).</p>  | √              |             | <ul style="list-style-type: none"> <li>▪ Percent of UPS and FedEx deliveries that use USPS for last mile</li> </ul>   |
| <p>USPS supports shipping and mailing industries, such as pre-sorting businesses and air and rail carriers. Businesses that deal with postal processing technology profited by selling equipment to other "posts" and other companies.</p>  | √              |             |   |
| <p>USPS has 50,000 contracts with small and large companies and is the core of a trillion-dollar industry supporting 8 million jobs (USPS 2009c).</p>   | √              |             | <ul style="list-style-type: none"> <li>▪ Number of contracts</li> <li>▪ Number of jobs supported</li> </ul>   |

| Description of Benefit   | Postal Service | Post Office | Metric   |
|--|----------------|-------------|--|
| USPS offers Commercial Plus Pricing for high-volume shippers (USPS 2009d).   | √              |             | <ul style="list-style-type: none"> <li>USPS rates compared with other providers' rates</li> </ul>  |
| <b>Nonprofit Organizations</b>   |                |             |  |
| Nonprofits benefit from reduced rates. Contact with public by mail provides an opportunity for an organization's membership to grow.   | √              |             | <ul style="list-style-type: none"> <li>Rates charged to nonprofits</li> </ul>  |
| Nonprofits do most of their fundraising by mail and not electronically because nonprofits use mailing lists to contact potential donors.   | √              |             | <ul style="list-style-type: none"> <li>Percent of donations received via mail vs. on-line.</li> </ul>  |
| <b>Communities</b>   |                |             |  |
| USPS provides stable jobs and has a history of providing employment opportunities to minorities. This stable employment has a ripple effect in communities where these individuals live.   | √              | √           | <ul style="list-style-type: none"> <li>Statistics on employment, wages, benefits, and advancement</li> </ul>                                 |
| Some post offices lease their space, which provides a steady flow of rental income to community.   |                | √           | <ul style="list-style-type: none"> <li>Number of post offices leasing space</li> <li>Percent of post offices leasing space</li> </ul>        |
| By helping to generate economic activity for a downtown area, post office helps maintain property values and commercial activity, which in turn produces tax revenue for local government. These taxes bring benefits to entire community (Zigelbauer, et al. 2005). This can also be true of suburban post offices located in shopping centers.       |                | √           | <ul style="list-style-type: none"> <li>Compare tax revenue from downtown businesses in downtowns with and without post offices.</li> </ul>   |
| Post offices bring increased foot traffic for nearby businesses. USPS customers and employees bring business to local shops.   |                | √           | <ul style="list-style-type: none"> <li>Foot traffic counts</li> <li>Intercept surveys</li> </ul>   |
| Post offices identify the "main street" of the community, and they anchor the retail center. It may be harder to retain or attract other business if post office closes. Closure signals giving up on community.   |                | √           | <ul style="list-style-type: none"> <li>Comparable Community and Business Mix Analysis (Zigelbauer et al. 2005)</li> </ul>                    |
| A downtown post office makes it more likely that people will want to work near the commercial district.  |                | √           |  |
| A centrally located post office is easy to reach on foot or by public transportation, making it more accessible to elderly, disabled, and low-income populations and increasing the number of transactions that will be conducted at and near the post office.   |                | √           | <ul style="list-style-type: none"> <li>Population density near post offices</li> <li>Public transportation access to post offices</li> </ul> |
| When postal and other government services are located downtown, governments can maximize the value of existing infrastructure, such as roads, utility lines, and municipal service like police, fire, and ambulance protection, rather than spending money to extend infrastructure and services to new, less developed areas (Skaggs and Smith 1997). |                | √           | <ul style="list-style-type: none"> <li>Number of post offices in downtown area, suburban areas, and exurban areas</li> </ul>                 |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.





Large businesses, especially those in the shipping and mailing industries, benefit from special pricing for high volume shippers. Taking advantage of the postal system's extensive delivery network, UPS and FedEx contract with USPS for "last mile delivery" of some shipments. USPS participates in key industry groups, such as the National Postal Forum and the Mailers Technical Advisory Committee, sharing information on technology and products that benefit the mailing industry (USPS 2009f).

Nonprofit organizations pay reduced prices for standard, or bulk mail, which can be used to increase membership and solicit contributions. According to interview respondents, nonprofits do most of their fundraising by mail, in part because they have built up and maintained mailing address lists, and they do not have comparable lists of e-mail addresses.

Postal services are an intrinsic part of conducting business, and factors such as favorable rates and an extensive delivery network are important to achieving business success. The postal service itself, because of its size and range of activities, supports many other businesses in the mail and delivery industry. Post offices and their services provide additional benefits to business as well as to communities, as discussed below.

USPS provides additional benefits to communities as an employer, a tenant (in communities where post offices are leased), and an economic generator. Post offices help to generate economic activity when they are located downtown or in a shopping area with other businesses. Public buildings, including courthouses, libraries, and post offices draw many people on a typical day, generating potential business for surrounding merchants and making downtowns more hospitable (Zigelbauer, Ryan, and Grabow 2005).

Groups interested in the sustenance and revitalization of downtown areas, such the Trust for Historic Preservation's Main Street program, see post offices as vital to the health of downtown areas. They argue that post offices generate a great amount of pedestrian traffic, which provides spin-off business for nearby shops, offices, and restaurants. For example, a consumer survey conducted in the 1990s by Iowa Main Streets communities found that over 80 percent of the people shopping downtown did so because the post office was located there (Skaggs and Smith 1997). Main Street proponents also note that the economic activity created by post offices helps maintain property values in addition to commercial activity, and that both produce tax revenue for the local government, which can be used to maintain and improve services for the local community.

One Main Street program coordinator noted that people visit the downtown post office monthly, weekly, and daily, bringing economic and social vibrancy to the area. This respondent also pointed out that her community's post office rents its space, and that in 2008 the USPS renovated the exterior of the post office's storefront and made it handicapped accessible. The Main Street program convinced the building's owner to renovate the adjacent storefronts at the same time. The aesthetic improvements to the buildings encouraged other owners to improve nearby storefronts, making the whole area more attractive to shoppers.



Historic preservationist Donovan Rypkema (Rypkema 2005) argues that improvement of existing buildings, such as post offices, creates more jobs than new construction because a rehabilitation project requires more labor than materials, and thus provides jobs to local craftsmen such as carpenters, electricians, plumbers, and painters, who pay taxes locally and patronize local businesses. In contrast, materials for new construction are often shipped in from afar and thus have a much more limited effect on the local economy. He adds that historic preservation has benefits that extend beyond a rehabilitation project, including the creation of new businesses; an increase in private investment, tourism, property values, quality of life, sense of neighborhood, community pride, and property and sales taxes; and the dilution of concentrated poverty or physical deterioration.

Main Street proponents also argue that a centrally located post office makes the best use of existing infrastructure and services, while post offices moved to outlying areas may require new roads. At the very least, they require a longer trip for police, fire, or ambulance workers in the event of an emergency. Lastly, Main Street supporters maintain that the closure of a downtown post office can have a devastating economic impact on a local community. The loss of foot traffic reduces business at nearby establishments, possibly causing businesses to move locations. This reduces tax revenue because of decreased economic activity, decreases property values, and generally reduces the vitality of the area.

It should be noted that suburban post offices located in shopping centers can similarly serve as hubs of social and economic activity. For people living in the suburbs, where social contact is less frequent than for those living in denser areas, the opportunity for social interaction provided by the post office may be particularly welcome. Just as in downtowns, nearby shops benefit from the business visitors to the post office bring.

A Missouri resident noted to her Main Street coordinator that the post office enlivened her downtown area both socially and economically:

The post office, like the coffee shops, restaurants, and offices, is a crucial part of downtown life. It's a point of daytime activity that gives downtown its personality. I [have my] office downtown and really enjoy the walk to the post office. For people who aren't based downtown, it's a great chance to stop in for coffee or lunch. The post office puts feet on the street, and I like that a lot.

Further support of the view that post offices are community assets comes from the United Kingdom, where the Conservative Party recently proposed giving local residents powers to protect community assets from closure and allow them to take over the running of public buildings (LGC 2009). The policy would allow nonprofit community groups to take over struggling local facilities, including post offices (Gray 2009).

### ***Safety and Security (Table 3)***

Safety and security include security of the mail as well as safety of individuals and communities. People trust the USPS to keep their mail safe, whether at the blue box on the

**Table 3**

**Benefits of the Postal Service and Post Offices: Safety/Security**

| Description of Benefit  | Postal Service | Post Office | Metric  |
|---|----------------|-------------|---|
| Mail carriers provide a neighborhood watch function and can observe potential dangers or problems. They carry cell phones and can report fires and accidents and help victims.  | √              |             | <ul style="list-style-type: none"> <li>▪ Number of 911 calls by carriers on routes</li> </ul>                               |
| Carriers can observe if mail is not collected and check if the resident is ill or injured. Carriers can find people who have fallen and get help (USPS 2009e).  | √              |             |   |
| Postal service disseminates information about missing children, safety tips for children, and community emergency procedures.   | √              |             | <ul style="list-style-type: none"> <li>▪ Volume of mail, posters</li> <li>▪ Number of missing children recovered</li> </ul> |
| USPS can provide back-up communication network in emergencies.  | √              |             |   |
| Postal service has agreed to deliver medications in case of pandemic or bioterrorism.   | √              |             |   |
| USPS is a leader in responding to disasters. Its address base enables government and other responders to find people (e.g., FEMA and the American Red Cross used the database after Katrina). USPS is a logistics company, more action-oriented than other federal agencies, and is accustomed to delivering every day. | √              |             |   |
| Following natural disasters, USPS is often the first federal organization to reestablish contact with population.   | √              |             |   |
| Nonprofits, which rely on mail for their donations and existence (such as the American Red Cross or hospitals), play a vital role in recovery from disasters.   | √              |             | <ul style="list-style-type: none"> <li>▪ Percent of donations received via mail</li> </ul>                                  |
| Postal service and post offices are a reassuring sign of presence of U.S. government in communities.  | √              | √           |   |
| Mail delivered to box at post-office or to a blue box is secure.  | √              | √           |   |
| Postal clerks can watch for suspicious mailing behavior and flag potential problem packages.  | √              | √           | <ul style="list-style-type: none"> <li>▪ Number of reports of suspicious behavior and packages</li> </ul>                   |
| Customer traffic to post offices means a safer environment for other businesses and shoppers.   |                | √           | <ul style="list-style-type: none"> <li>▪ Crime rates in neighborhoods with and without post offices</li> </ul>              |
| Services such as certified mail offer a reliable paper trail for important documents.   | √              |             | <ul style="list-style-type: none"> <li>▪ Volume of certified mail</li> <li>▪ Number of certified mail users</li> </ul>      |
| Postal service helps prevent mail fraud and identity theft. People find it reassuring that tampering with or misdirecting the mail and mail fraud are federal crimes.   | √              |             |   |
| People trust USPS to keep their mail safe and to get it to its destination in a timely and secure manner.   | √              | √           | <ul style="list-style-type: none"> <li>▪ Consumer surveys (e.g., Ponemon Institute)</li> </ul>                              |
| Postal employees assist federal, state, and local law enforcement authorities. They collect evidence and otherwise assist in criminal investigations.   | √              | √           |   |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.



street or at a post office box. The public knows that tampering with or misdirecting the mail and mail fraud are federal crimes. Postal clerks can observe suspicious mailing behavior and flag potential problem packages. The U.S. Postal Inspection Service assists commercial mailers in implementing procedures to protect mail security (USPS 2009g).

Postal customers can also purchase services such as certified mail to assure a reliable paper trail for important documents.

The postal delivery infrastructure, including residential address information, places USPS in an excellent position to assist in disasters, helping to find people and delivering medications in cases of pandemic or bioterrorism. Additionally, the postal infrastructure can be seen as a back-up mechanism that would enable commerce and personal communication to continue in case of an “Internet attack” that disables electronic communication.

The presence of mail carriers contributes to neighborhood safety. Since they are familiar with the neighborhoods they serve and the homes on their routes, mail carriers can identify suspicious or unusual behaviors and check on residents. Both the National Association of Letter Carriers (NALC) and USPS include examples of local heroes on their websites, such as instances where mail carriers who came upon residents who had fallen or were ill responded by calling 911 and assisting residents until help arrived (NALC 2008; NALC 2009; USPS 2009e). Post offices also contribute to community safety by increasing traffic in commercial districts and providing a visible government presence.

The Postal Service also publicizes information related to safety and security. For example, the “America’s Looking for its Missing Children” Program has relied heavily on the postal service to publicize images of missing children through lobby posters and included with mailings of advertising products. The program (sponsored by Valassis, a media and marketing services firm) works in partnership with the U.S. Postal Service and the National Center for Missing & Exploited Children. Program leaders note: “The mailbox is a powerful way to reach people. If you put information in the mailbox, people read it and respond.” The program’s mailings also include safety tips for parents and children. Over 1,700 of 2,000 children featured in this program have been recovered, with 149 of them attributed to the mailings, according to Valassis executives.

#### ***Environmental (Table 4)***

Environmental benefits of the postal service encompass a wide range of initiatives that USPS has undertaken to reduce its carbon footprint. Table 4 highlights benefits mentioned by interview respondents. Much more detail is available in the USPS 2008 Sustainability Report (USPS 2008a). USPS energy saving efforts include, but are not limited to, reducing motor vehicle gasoline consumption, reducing solid waste and recycling, and building and operating sustainable, “green” buildings. USPS reduces gasoline consumption by mapping out energy-efficient routes, using one carrier to serve a large area, and providing last mile delivery for other delivery companies, thus reducing the number of vehicles that are traveling the same route.

**Table 4**

**Benefits of the Postal Service and Post Offices: Environmental Benefits**

| Description of Benefit   | Postal Service | Post Office | Metric  |
|--|----------------|-------------|---|
| One carrier serves a large area.   | √              |             | <ul style="list-style-type: none"> <li>Median size of service area</li> </ul>   |
| Consumers can mail letters close to their homes and get deliveries to their homes rather than drive.   | √              |             |   |
| Packages can be picked up at homes or businesses, reducing need for trips to the post office.  | √              |             | <ul style="list-style-type: none"> <li>Percent of all USPS handled packages picked up at homes or businesses</li> </ul>                                   |
| Post offices are located in areas near other public buildings and businesses, reducing the need for consumers to make multiple trips (USPS 2008a). |                | √           |   |
| Carbon footprint of postal delivery is relatively low compared to alternatives. Paper mail creates no more carbon emissions than electronic mail.  | √              |             | <ul style="list-style-type: none"> <li>Carbon emissions of paper mail compared to electronic mail</li> </ul>  |
| All mail accounts for less than 5 percent of all municipal waste.  | √              |             | <ul style="list-style-type: none"> <li>Data on sources/ amounts of municipal waste</li> </ul>   |
| Some post offices are drop-off points for recycling cell phones and other goods.   |                | √           | <ul style="list-style-type: none"> <li>% of post offices that accept goods for recycling</li> <li>Volume of goods collected for recycling</li> </ul>      |
| USPS operates one of the nation's largest fleets of alternative fuel capable vehicles.   | √              |             | <ul style="list-style-type: none"> <li>Owned vehicle energy use by fuel type tracked over time</li> <li>% of fleet that uses alternative fuels</li> </ul> |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.



USPS also helps individuals reduce automobile use by placing blue boxes in neighborhoods, providing home delivery, and locating post offices near other community services and retail establishments. USPS uses a range of options to deliver the mail, including walking, bicycles, and a large fleet of alternative fuel-capable vehicles. About 60 percent of USPS facilities have work-site recycling programs for one or more commodities. In addition to these programs for employees, in 2008 almost 4,000 post offices offered lobby recycling for paper, and some post offices are drop-off points for recycling electronics as well (USPS 2008a). These programs save energy and educate USPS employees and the public about environmentally sustainable practices.

The location of post offices in downtown areas is also considered a “smart growth” tool by urban planners and preservationists because city centers are more likely to have public transportation. Locating post offices and other public buildings near downtowns or other transit hubs helps communities reduce traffic congestion (Pianca 2002). Several states have established policies directing state agencies to locate downtown wherever possible, requiring consideration of proximity to public transportation, pedestrian access to retail and commercial facilities, and opportunities to use historic structures (another conservation measure, as it avoids duplication through new construction). The General Services Administration (GSA) also encourages the location of federal agencies in historic properties and districts, especially in central business districts (National Historic Preservation Act of 1966, Amended 2006).

### ***Other Government Services (Table 5)***

The postal service facilitates a number of other government services, including voting by mail, registering to vote, applying for an absentee ballot, applying for a passport, and Selective Service registration. Within the United States, USPS provides information and implements voting by mail in states that provide this option, as well as absentee voting in all states. The Postal Service also supports Military Absentee Voting. Local election officials mail absentee ballots to overseas service members and service members overseas return their ballots free of charge from any military post office (APO/FPO), American embassy or consulate. Last year more than 17 million absentee ballots were delivered by the Postal Service (USPS 2008c).

In 2008, USPS accepted 8.5 million passport applications (USPS 2009c) and some post offices also provide passport photo services. In FY 2007, the postal service processed 4.9 percent or 124,000 of all Selective Service registrations (Pommerening 2008b). Congressional communications are delivered free of charge by the USPS and income tax forms are available at post offices. The postal service also cooperates with other federal agencies as well as state and local governments upon request. For example, USPS is currently assisting the Census Bureau with preparations for the 2010 Census. Many state wildlife departments have used rural mail carrier surveys to track populations of small game. Volunteer mail carriers record all observations of specified wildlife (e.g., quail and rabbits) for a set survey period as they travel their normal mail delivery routes (Applegate 1997; Kentucky Department of Fish and Wildlife Resources 2002).

**Table 5**

**Benefits of the Postal Service and Post Offices: Other Government Services**

| Description of Benefit   | Postal Service | Post Office | Metric   |
|--|----------------|-------------|--|
| Individuals can vote by mail. A study of Oregon's Vote by Mail electoral process showed that vote by mail increased voter turnout, particularly among those working, homemakers, students, and those who are disabled/unable to work (Southwell 2004). | √              |             | <ul style="list-style-type: none"> <li>▪ Number and percent of absentee ballots delivered by USPS</li> </ul>   |
| Individuals can obtain forms to register to vote and apply for an absentee ballot in the post office (Lewin 2008).   |                | √           | <ul style="list-style-type: none"> <li>▪ Number of voter registration forms distributed</li> <li>▪ Number of absentee ballot applications</li> </ul>           |
| Individuals can apply for and receive passports.   | √              | √           | <ul style="list-style-type: none"> <li>▪ Number of passport applications accepted</li> <li>▪ % of all passport applications nationally</li> </ul>              |
| Individuals can register for the military.   | √              |             | <ul style="list-style-type: none"> <li>▪ Number of Selective Service registrations processed</li> </ul>  |
| Individuals can obtain federal tax forms at post offices.  |                | √           | <ul style="list-style-type: none"> <li>▪ Number of post offices that provide federal tax forms</li> </ul>  |
| Individuals receive important government notifications (e.g., from the Internal Revenue Service, Social Security Administration).  | √              |             |  |
| USPS facilitates delivery of Congressional communications.   | √              |             |  |
| Letter carriers assist wildlife agencies in counting wildlife.   | √              |             | <ul style="list-style-type: none"> <li>▪ Number of states</li> <li>▪ Number of miles covered</li> <li>▪ Response rate on Rural Mail Carrier Surveys</li> </ul> |
| USPS assists the Census Bureau with preparations for coordinating and conducting the national decennial census.  | √              |             |  |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.



### ***Information Exchange (Table 6)***

Information exchange has been the core of the postal service since its founding, when it was intended to maintain an informed and educated citizenry in order to perpetuate a republican form of government (John 2008). Today, information exchange includes personal, business, political, and public service communications and has been described by some respondents as the great equalizer, because information is available to all at uniform prices regardless of where they live. Although many other forms of information exchange, such as television and Internet, are possible today, respondents still noted particular benefits of the favorable pricing and delivery services of the postal system. For example, it was noted that investigative journalism is still largely supported by the print media, and many smaller publications rely on mail subscribers to pay these costs. Often these publications support a particular political viewpoint and the circulation of publications with a wide range of views contributes to open discussion.

The postal service also facilitates the distribution of public service information both through the mail delivery system and by displaying notices at post offices. The postal service is also no longer limited to printed media: USPS provides information and services online, averaging 1.2 million visitors each day to its web site, [usps.com](http://usps.com) (USPS 2009d).

### ***Social Linkage (Table 7)***

Social linkage is a very broad and subjective concept that was frequently mentioned by respondents to refer to personal contacts with postal employees and with the community, as well as correspondence with family and friends across long distances.

Greeting cards are one example of this. Sending and displaying greeting cards are an American cultural traditions, with 7 billion cards purchased per year. Over 60 percent of greeting cards are mailed (Greeting Card Association 2009). They are used as part of the celebration of family rituals and religious or secular holidays and to maintain and enhance connections with families, friends and others, particularly at times of difficulty (such as illness or mourning) and special occasions or transitions (such as birthdays, graduation, engagement and marriage). Use of the postal service to send greeting cards (and, likely, personal notes and letters) can be seen as a contemporary example of the historic view that the national post is intended to bind the nation together (Erickson 2000, 1997).

Research on greeting card use indicates that cards sent through the mail are especially important to low and middle-income groups, suggesting they would be more negatively affected by postal rate increases or service curtailment and might reduce the use of the mail for sending greeting cards (Erickson, 2000, 1997). To the extent that low income groups are less likely to have computers or be able to afford Internet service, they are more dependent on the post for this important form of linkage to family and friends.



**Table 6**

**Benefits of the Postal Service and Post Offices: Information Exchange**

| Description of Benefit  | Postal Service | Post Office | Metric   |
|---|----------------|-------------|--|
| Journals, newspapers, political magazines, etc. bring information to the home. Low rates allow receipt of a wide range of materials regardless of location. Periodicals may be highly specialized for particular industry groups.           | √              |             | <ul style="list-style-type: none"> <li>Number of periodicals that receive special rates, by circulation</li> </ul> |
| Small, political magazines are important to democracy because they educate voters. They offer a range of perspectives, contributing to political discourse. Publications rely on mail subscribers to pay costs of investigative journalism. | √              |             | <ul style="list-style-type: none"> <li>Circulation numbers for small political journals</li> </ul>                 |
| Periodicals link together people who share interests but live far from one another.   | √              |             |  |
| Mail service aids communication within communities. For example, local churches and other community religious institutions mail bulletins to members.   | √              |             |  |
| Materials displayed in post offices include wanted criminal/fugitive posters, missing children posters, and community notices.  |                | √           |  |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.

**Table 7**

**Benefits of the Postal Service and Post Offices: Social Linkage**

| Description of Benefit   | Postal Service | Post Office | Metric   |
|--|----------------|-------------|--|
| A person experiences a “mail moment” when he or she gets correspondence, especially from friends or family.  | √              |             | <ul style="list-style-type: none"> <li>▪ Consumer surveys of perceived benefits</li> </ul>   |
| Sixty percent of the 7 billion greeting cards purchased annually in the US are mailed (Greeting Card Association 2009).  | √              |             | <ul style="list-style-type: none"> <li>▪ Volume of greeting cards handled by USPS and trends over time</li> </ul>  |
| People often know their postmaster and are familiar with post office employees. Postmaster tends to be one of the leaders in the community.  |                | √           |  |
| Postal service and local post offices support social connection and community identity.  | √              | √           | <ul style="list-style-type: none"> <li>▪ Community surveys on social capital (e.g. Social Capital Community Benchmark Survey)</li> </ul>                           |
| In rural areas much of mail is delivered to P.O. boxes so residents come to the post office every day. Rural post offices are gathering places central to a community’s social and cultural life.    |                | √           | <ul style="list-style-type: none"> <li>▪ % of population in a community that receives mail at the post office</li> <li>▪ Counts of post office visitors</li> </ul> |
| The post office is a place to see others in the community, including people of all kinds.  |                | √           |  |
| Post offices establish community identity, especially in rural areas, and engender community cohesion.   |                | √           |  |
| People can send packages to family members in college or the military.   | √              | √           | <ul style="list-style-type: none"> <li>▪ Volume of mail to those serving in the military</li> </ul>  |
| Mail helps maintain social connection and provides access to the outside world, particularly for those who are elderly or isolated.  | √              |             | <ul style="list-style-type: none"> <li>▪ Census data on elderly and isolated populations</li> </ul>  |
| The mail carrier is a source of social contact for isolated populations. Rural carriers may be a person’s only daily contact.  | √              |             | <ul style="list-style-type: none"> <li>▪ Census data on elderly and isolated populations</li> </ul>  |
| Mail carriers participate in annual food drives and a variety of volunteer activities.   | √              | √           | <ul style="list-style-type: none"> <li>▪ Data on amount of food collected</li> </ul>   |
| Postmasters help customers with low literacy levels by reading the mail to them, helping them write checks, etc.   |                | √           |  |
| People can mail packages to their home countries. Because international transactions can be complex, face-to-face assistance from a clerk is important, particularly for those with limited English. | √              | √           |  |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.



Mail carriers are a source of personal contact, especially for isolated or homebound individuals. Postal employees are also active participants in their communities, fostering social connections through food drives and volunteer activities. Post offices were mentioned frequently as sources for social linkages and community connections. Since many rural residents come to the post office every day to collect their mail, the post office serves as a gathering place. Community notices are posted on bulletin boards, and post office staff are familiar faces that assist customers in reading the mail and completing complex transactions.

The quotation from the woman caring for her 95-year-old homebound mother, quoted at length above, provides an example of the importance post offices can play as a place that supports social connection. Homebound most of the time, the woman viewed the post office as a valued place to see friends and casual acquaintances. One Main Street program coordinator noted that her husband, an architect who designs apartments and condominiums, always includes a central area for mail receipt to provide an opportunity for social exchange. She views this as particularly important for the elderly, for whom retrieving their mail might be the sole opportunity for daily social activity.

### ***Civic Pride and Patriotism (Table 8)***

Finally, the postal service continues to be a source of civic pride and patriotism. In the Ponemon Institute's 2009 Privacy and Trust Survey (USPS 2009a) more than 87 percent of respondents ranked the postal service first among 74 agencies, meaning that Americans trust the USPS as the government agency best able to keep their information safe and secure. The postal service represents the federal government in visible ways in people's daily lives, from the uniformed mail carrier to the flag on the post office. USPS also supports civic engagement by providing information on voting, taxes, wanted criminals, missing children, and disaster preparedness procedures.

**Table 8**

**Benefits of the Postal Service and Post Offices: Civic Pride and Patriotism**

| <b>Benefit</b>  | <b>Postal Service</b> | <b>Post Office</b> | <b>Metric</b>                                |
|---|-----------------------|--------------------|--|
| USPS is a symbol of the federal government.   | √                     | √                  |  |
| USPS is a trusted, personal representation—a “face”—of the federal government.  | √                     | √                  | ▪ National surveys (e.g., Ponemon Institute) |
| The post office is tied to community identity. Post offices and communities often share the same name.  |                       | √                  |  |
| USPS continues to be the most valued government agency. In surveys, it is among the top five most respected and valued businesses in the country. | √                     | √                  | ▪ National surveys                           |

Source: Unless otherwise cited, the descriptions of benefits were obtained through interviews conducted by the Urban Institute.



## IV. MEASUREMENT AND METHODS

For many of the benefits described above, activity measures exist to assess how many people are using a particular service. For example, tallies are kept on the use of passport services, reading materials for the blind, voter registration, and mail-order prescriptions. In some cases, values have been estimated for these services. But some of the benefits described in the previous section are much harder to quantify. How much is it worth to residents to have a nearby blue box? How much is it worth to have a post office nearby where serendipitous encounters can occur?

To answer these questions, we looked to postal services research as well as the fields of community development and economics to identify methods for measuring social value that might be applicable for further USPS research. One of the more commonly used methods is willingness-to-pay surveys. Intercept surveys and foot traffic surveys are often used to estimate the impact of institutions, including post offices, on economic activity and social life. The framework and analytic techniques of welfare economics can be applied to postal services, as can hedonic pricing models. Also applicable are methods of evaluating social capital, civil society, local places of meeting, and downtown business mix, as well as assessment of social return on investment. The developing area of happiness economics might provide another tool for measuring social value in the future.

Some analysts point out that it is important to distinguish between the value to the mailers and the value to the recipients. The amount mailers are willing to pay for USPS products is captured to some extent in annual demand elasticities estimated by the USPS. These assessments tend to show that demand for many USPS services are inelastic; that is, mailers continue to buy the goods despite price increases. It is, however, more difficult to estimate the importance of mail to the recipient.

Analysts also emphasize the distinction between postal service value and public value. It is one thing to calculate wages of a postmaster and a post office's employees or to measure how much post office employees or users spend in nearby businesses. It is another thing to try to answer the question: What is the perceived value to the community? That value will vary from population to population, with differences across generations, across the rural-urban divide, and across socioeconomic groups. The methods listed in Table 9 all attempt in some way to tackle the challenge of quantifying the more intangible social value of a good.

**Table 9**  
**Metrics for Valuing Social Benefits**

| <b>Analytical Method</b>                               | <b>Description</b>   | <b>Metric</b>  | <b>Source</b>                                 |
|--|--|--|---|
| Willingness-to-pay surveys                             | Also called contingent valuation and stated-preference surveys, these surveys ask people how much they would be willing to pay for services.             | Dollar amount willing to pay to maintain services  | NERA Economic Consulting 2009                 |
| Intercept surveys                                      | Visitors are stopped and asked about the reason for their visit and the frequency with which they visit that institution.                                | Number of visitors<br>Frequency of visits  | Skaggs and Smith 1997                         |
| Foot traffic surveys                                   | People at a certain location are counted over a period of time. That number is compared to the number of people in the nearby area over the same period. | Ratio of people visiting institution to those in the vicinity  | Skaggs and Smith 1997                         |
| Social capital measurement validity                    | A method of constructing and testing the reliability of measures of social capital from survey items.  | Likert type scales to measure trust, reciprocity, density and diversity of network.<br>Simple counts to measure network size                     | Saguaro Seminar 2001<br>Stone and Hughes 2002 |
| Valuation of civil society on socioeconomic well-being | Spatial effects models used to model an OLS regression of civic engagement variables on economic indicators (e.g., median family income).                | Change in median income, inequality, poverty rate, and unemployment rate as a function of civic engagement                                       | Tolbert, et al. 1998                          |
| Economic benefits of local places of meeting           | A method of placing economic value on local places of meeting in a small-town community.   | Change in median income, poverty rate, non-migration, and unemployment as a function of the natural log of the number of local places of meeting | Tolbert et al. 2001                           |
| Comparable Community and Business Mix Analysis         | A method used to measure the effect of government buildings in downtown areas on the number and diversity of business in the downtown area.              | Comparison of the total number of businesses and businesses by industry in downtowns with and without a government office.                       | Zigelbauer et al. 2005                        |
| Welfare economics analytic framework                   | A field of microeconomics that focuses on the optimal allocation of resources and goods and how this affects social welfare.                             | Industry characteristics, pricing, demand – varies by issue and model  | Arrow 1963 is one example                     |
| Hedonic price function                                 | A method used to estimate economic value for a non-market good by observing behavior in the market for a related good.                                   | Housing prices or property values to estimate the value of access to public goods or amenities   | Gravel, Michelangeli, and Trannoy 2006        |
| Social return on investment                            | A method of valuing a social service activity over time that has been used by nonprofit organizations to monetize the value of their programs.           | Net present value<br>Return on investment rate and ratio   | Emerson et al. 2001                           |
| Happiness economics                                    | Economists estimate happiness, or well-being, as a function of a public good, income, and other demographic data.  | Happiness as a function of the presence of a public good.  | Helliwell 2005<br>Levinson 2009               |



### ***Willingness-to-Pay Surveys***

One increasingly common, though still somewhat controversial, tool for estimating the value of non-market goods like social benefits is willingness-to-pay surveys. These surveys are also called contingent valuation studies because they ask a person to assess the value of something but not actually pay for it. The hypothetical nature of the payment is the source of the controversy surrounding these surveys. People have difficulty attaching a dollar value to services and an even harder time considering an extreme case such as not having a post office. Despite their shortcomings, willingness-to-pay studies have been used to assess the value people place on recreational opportunities, wildlife opportunities (Holder et al. 2009), and, recently, postal services in the United Kingdom (NERA Economic Consulting 2009). To date no such study has been performed in the United States.<sup>2</sup>

The UK report assessed the social value of the entire postal network at between 2.3 billion pounds and 10.2 billion pounds. It defined social value as customers' willingness to pay for the post office and the services it provides (which in the UK include not only mail and parcel service but also receipt of government benefits, licensing, bill payment, and access to banking services). The study explained that its findings represent the "consumer surplus" connected to its services in two situations: (1) If postal services were offered not through post offices but through some less convenient alternative, the social value is the extra convenience that the post offices provide compared to the alternative, and (2) If postal services were no longer available, the social value is the benefit customers gain from the service existing at all, net the price they pay for it. A peer review of the study noted that while the estimated social value's range was quite wide, the study "provides a useful estimate of such values...and clearly indicates that network benefits far outstrip costs" (NERA Economic Consulting 2009).

Since many of the benefits discussed in this report come at no cost to consumers, it is difficult to quantify how much one would be willing to pay for such services and post offices. Such surveys could be useful particularly in terms of calculating how much to charge users if the postal service decided to charge for some of the services that are currently free (e.g., home delivery of mail). Economists interviewed by the Urban Institute indicated that a willingness-to-pay study would be an appropriate tool for assessing the social value of the USPS's services.

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<sup>2</sup> The 2009 study by George Mason University researchers *The Universal Service Obligation and the Postal Monopoly* included an assessment of public needs and expectations. A survey for this part of the report included one willingness-to-pay question. The survey asked respondents: "Suppose the postal service decided to close your nearest post office. What is the largest fee you would be willing to pay to keep it open?" Of the approximately 800 respondents, 64 percent replied \$0, 18 percent replied \$25, 5 percent replied \$50, 3 percent replied \$100, 2 percent replied \$150, and the remainder replied "Don't know" or refused to answer. The respondents were also asked "What would you think about the Postal Service closing your post office and replacing it with service at a nearby store in your neighborhood?" Approximately 20 percent said they would favor or strongly favor that option, 28 percent said they were indifferent, and 49 percent were opposed or strongly opposed.



However, they hazarded that such a study would need to be very carefully constructed and would need to force people to consider as realistically as possible how much they would be able and willing to pay for postal services. Respondents would need to understand that USPS is not supported by tax dollars, (e.g., these are not services they are already paying for with their tax dollars). Such a study would also need to look at the question, as the UK study did, of how people would respond if the USPS changed not just the amount of its services, but ceased its operations altogether.

### ***Intercept Surveys and Foot Traffic Counts***

Historic preservationists, market researchers, economic development practitioners, and others use intercept surveys and foot traffic counts to estimate economic activity generated by downtown businesses. An intercept survey is a simple tool in which interviewers “intercept” people visiting a particular location, such as a shopping mall, a downtown area, or a social service office and very briefly ask them about the purpose of their visit, their experience, or other questions about their visit. For example, respondents in a downtown area might be asked if they intend to visit the post office on that particular trip, as well as how often they visit the post office on average each day, week, or month. Foot traffic counts involve counting the number of people present in a location, such as the post office, and comparing that to the number of people visiting the surrounding area overall.

Main Street programs contacted by the Urban Institute indicated that they conduct foot traffic and intercept surveys regularly to measure the economic activity in business districts, including at post offices. They also collect data from post offices on average usage in order to measure the value of the post offices and the potential crossover patronage to nearby businesses. Some Main Street programs also conduct car counts to measure the level of activity at post offices and in downtown areas, while others track the use of public parking spaces downtown.

An intercept study approach also was used, along with participant observation, to conduct ethnographic research among greeting card shoppers. Researchers “shopped” alongside customers in a greeting card store, observing them and intercepted some to ask about the cards they selected in order to obtain insights about the role that greeting cards play in American culture (Erickson 1997).

### ***Social Capital Measurement***

Social capital refers to the social benefits that arise from involvement in social networks, such as clubs, religious congregations, PTAs, unions, coworkers, neighbors, and ones’ families. Benefits from social capital include, but are not limited to, information sharing, trust, cooperation, civic engagement, and community empowerment. A growing body of literature over the last several years shows that social capital—and the trust, reciprocity, information, and cooperation associated with it—enables many important individual and social goods. For





example, communities with higher levels of social capital are likely to have higher educational achievement, better performing governmental institutions, faster economic growth, and less crime and violence (Saguaro Seminar 2001).

Stone and Hughes (2002) sought to create a statistically reliable measure of norms, networks, and network characteristics in an attempt to find a measure of social capital. Using data from the Families Capital and Citizenship project of the Australian Institute of Family studies, they test three analytic approaches for measuring social capital. The surveys used contained Likert-type scale<sup>3</sup> measures of an individual's trust, reciprocity, density of network, and diversity of network. The sizes of an individual's networks were all simple counts. The first technique they used to measure social capital was based on the particular type of network (e.g. family-based ties, friendships, etc.) For their second technique, they tried to create a single measure of social capital. For their third technique, they clustered individuals based on their strengths and weaknesses in regards to the different types of social capital and the different types of networks.

To validate the measures of social capital, they compared the three different social capital measures to other variables noted in social capital literature to test whether the relationship is statistically consistent with the theory. Using a combination of OLS and multinomial logit regressions,<sup>4</sup> they found that all three measures of social capital were statistically valid, although using a single measure of social capital was more problematic than the other two. They suggested that the type of social capital used should reflect the study question. This methodology could help in measuring and testing the social values of post offices and postal services that are difficult to quantify, since many of the social benefits discussed earlier include the ability of the post office and the postal service to strengthen social linkages and communities, both of which contribute to social capital.

### ***Valuation of Civil Society on Socioeconomic Well-being***

Some researchers have tried to measure the effect of civic engagement on socioeconomic variables. For example, Tolbert, Lyson, and Irwin (1998) used a model with a residual spatial effects term to estimate the effect of civic engagement variables on median

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<sup>3</sup> A Likert type scale is a set of declarative statements, for which the subject must respond based on level of agreement or disagreement with the statement on a numeric scale, 0-11 in this study.

<sup>4</sup> An Ordinary Least Squares (OLS) regression is a regression in which the best fit is determined by the minimization of the sum of the squared residuals. Thus, it aims to minimize the number of observations for which the difference between the observed value and the value predicted by the model is large. A multinomial logit regression is a regression for which the dependent variable can have more than two discrete outcomes.



family income, family income inequality, family poverty rate, and the unemployment rate. The data came from the Census, the Association of Statisticians of American Religious Bodies, Gale Research Co., and the United States Department of Agriculture. Using an OLS regression, they found that civic involvement reduced family income inequality and poverty rates, while it had a mixed effect on median household income and mean number of unemployed. Regressions of this sort are useful for providing quantifiable value to social benefits, and could be used in conjunction with survey data to show how social benefits have economic outcomes.

### ***Economic Benefits of Local Places of Meeting***

Tolbert, Irwin, Lyson and Nucci (2001) argue that places of local gathering are important for creating the vibrant social network necessary to improve civic engagement and allow for local informal job search networks. Using data from the 1992 Economic Census Program, they ran an OLS regression of a small town's civic community, including the number of local places of gathering, on its median income, poverty rate, nonmigration rate, and unemployment. They ran separate regressions for nonmetro and metro areas.

Tolbert, Irwin, Lyson and Nucci (2001) found that a 1 percent increase in the number of local meeting places resulted in a .031 percent increase in median income in nonmetro areas and a .015 percent increase in median income in metro areas, both were statistically significant. They also found that an increase in the number of local places of meeting also significantly decreased the unemployment rate, such that a 1 percent increase in local places of meeting decreased unemployment rate by approximately .015 in nonmetro areas and by .01 in metro areas. They also found that a 1 percent increase in the number of local gathering places led to a .01 percent increase in the nonmigration rate in nonmetro areas and a .001 percent decrease in the unemployment rate in metro areas. Although it would be difficult to apply this method directly to post offices, as often they would only increase the number of places of local meeting by one, it does give empirical validity to the indirect economic value of places of meeting and consequently post offices as places of meeting.

### ***Comparable Community and Business Mix Analysis***

Zigelbauer, Ryan, and Grabow (2005) compared the number of business and the business mix of Jefferson, Wisconsin, with the number of businesses and the business mix of other comparable communities in Wisconsin. Comparable communities were defined to have a similar municipal population, have a similar distance from a major city (population over 25,000), and have a similar distance to any major discount department store. This sample of Wisconsin communities was separated into two groups: those with county government offices downtown and those without county government offices downtown. Then, using business data from Info USA, they were able to compare the number of businesses and the business mix of downtowns with county governments and those without. They found that communities with downtown county government offices had 8.4 percent more businesses, 7.4 percent more retail



businesses, 25 percent more professional, technical and scientific businesses, and 26 percent more education, healthcare and social assistance-related businesses. However, communities with downtown county government offices had fewer restaurants than communities without downtown county government offices.

A similar study comparing downtowns with a post office to comparable downtowns without a post office could readily be done, and could be used to estimate the value of the presence of post offices in downtown areas. One could also study downtowns before and after the closure of a post office.

### ***Welfare Economics Analytic Framework***

Welfare economics focuses on the optimal allocation of resources and goods and how this affects social welfare. It considers how goods are distributed and how that affects the common good. It has been used to consider a broad range of policy issues from tax policies to air pollution, to public school choice. Techniques include assigning units of welfare or utility, sometimes based on willingness-to-pay surveys, and creating models that are tested using econometric analysis.

### ***Hedonic Price Function***

Hedonic pricing is used to estimate economic value for a non-market good by observing behavior in the market for a related good. Empirical estimations of housing hedonic prices functions, which include local public goods, are fairly common. Gravel, Michelangeli, and Trannoy (2006) used housing prices to estimate the social value of the public goods to which the current housing occupants had access. They measured the value of 17 public goods, including public schools, geographic characteristics, and culture/commercial infrastructure in several cities in France. The value of these public goods was calculated in relation to the proximity of the houses to the public goods, and controlling for other physical characteristics of the housing, such as number of bedrooms. Post offices were not included in this particular study; however, a similar study could be done to estimate, for example, the effect of a home's proximity to a post office on the price of the home.

### ***Social Return on Investment***

The field of social return on investment, or SROI, offers yet another method of analyzing social value. Social return analysis emerged in the 1990s from social accounting and cost-benefit analysis. Nonprofit organizations, particularly those in the UK and Europe, have used this type of analysis to place a social, environmental, and economic value on the services they provide (London School of Business 2009). An SROI analysis generally involves several basic steps: (1) Examine the social service activity over a time period, usually five to 10 years, (2) Calculate the amount of investment required to support the activity and analyze the capital



structure of the nonprofit that supports the activity, (3) Identify the cost savings, reductions in spending and related benefits that accrue as a result of the activity, (4) Monetize the cost savings and benefits, (5) Discount the savings to the beginning of the investment timeframe using a net present value or discounted cash flow analysis, and (6) present the social value in terms of net present value and the return on investment as rates and ratios (Emerson, et al. 2001).

Because this type of analysis has been developed for nonprofit, or third sector, organizations that are smaller than the USPS, an SROI analysis of the USPS might prove challenging. However, the SROI principles of assigning monetary values to services that are not easily quantifiable could provide a useful framework for an effort to quantify the social value of postal services.

### ***Happiness Economics***

Finally, another emerging method of quantifying non-market goods is “happiness” or “stated well-being” economics. These studies estimate happiness as a function of a non-market or public good, income, and other demographic data (Levinson 2009). They use data collected about happiness from surveys including the General Social Survey, which is annually administered by the University of Chicago’s National Opinion Research Center, and the World Values Survey, a survey of more than 80 societies administered by an international network of social scientists. These surveys ask people to quantify how happy or satisfied they are, often using a scale of 1 to 10 (Helliwell 2005). Happiness economists have begun using these answers to estimate the value people place on conditions like air quality, price inflation, airport noise, urban regeneration, and state cigarette taxes.

This method is promising but currently somewhat problematic as a tool for assessing the value of postal services for two reasons. First, these studies use daily or annual averages of the good to estimate their value (Levinson 2009). It might be difficult to quantify the “amount” of a postal good, other than to say it exists (e.g., a post office or mailbox is present in a community) or not. More important, happiness surveys are often conducted only once a year, making it difficult to connect happiness data with a “postal event,” such as the closing of a post office. If happiness data were collected on a more frequent basis, it could become easier to determine how changes in postal services might affect happiness.

## **V. NEXT STEPS**

This study is part of the dialogue that is underway and being encouraged by the PRC to obtain broad input on the future of mail and hardcopy communications in the United States. This report provides a comprehensive inventory of benefits, but many questions remain. The fact that there are benefits beyond the direct economic benefits accounted for in individual



transactions does not, in itself, recommend the support of all activities of the postal service in their current form. Several of the experts interviewed for this study volunteered that current USPS services could be improved upon. Some argued that the USPS could improve its performance by offering more services from mail trucks or more services and goods—such as Internet service, banking, office supplies, groceries, and advertising—at post offices. Others argued that well-regulated private enterprises could play a role in an effective postal service.

Some benefits were repeatedly mentioned by respondents, but people see the value of the post from their own vantage point or constituency that they represent, whether rural resident, small business owner, or nonprofit organization. It is very difficult to assure that all perspectives have been included and to obtain an objective assessment of benefits, particularly those social benefits that are not readily quantified. More in-depth and rigorous research is needed to address key questions, including:

- Can the benefits identified be validated with representative survey samples?
- What services are valued by particular subgroups or constituencies and which population groups benefit most?
- What is the cost of providing these benefits and how does it compare with the benefits?
- How can some of the social benefits be quantified?
- Which, if any, of the benefits identified, are viewed as essentially government services or unique to the postal service and best provided by the postal service?
- Which benefits, if any, could be provided as well, as affordably, or as efficiently by another provider?

To address these questions, more information is needed about how postal services are used and perceived by various categories of consumers, and comparative information is needed about alternative services and providers. Regardless of the method, future research into social benefits of the postal service should include a comparison of the current system to an alternative—a “counterfactual,” in academic parlance. That is, further studies should assess the benefits of the postal service compared to services offered by another provider—the United Parcel Service, for example—or compared to a certain set of proposed changes within the USPS. We recommend the following avenues for further research:

- Descriptive analysis of available data focusing on key subgroups and geographic information;
- Surveys of consumers, businesses, and nonprofit organizations;
- Willingness-to-pay analysis;
- Economic analysis, including regression analysis within a welfare economics framework and estimation of hedonic price functions;



- Cost effectiveness assessment of selected scenarios; and
- Case studies applying new metrics or examining selected locations in-depth.

Each of these approaches, described below, are best considered as components of an overall research and assessment plan to be carried out over a period of several years. Each will contribute to a more comprehensive understanding of the social value of postal services, but will still not answer every question. In particular, broad scale cost-benefit analysis and impact analysis are particularly challenging. Such studies will need to build on the findings of some of the research proposed here and may be applicable only to specific services or locations.

### ***Descriptive Analysis of Available Data***

Many of the benefits identified are thought to be particularly important for certain subgroups of the population. Understanding and quantifying these differential effects can be enhanced with additional data analysis, focusing on key subgroups and geographic information. When certain services are said to be particularly important to the elderly or to immigrants, just how many people are affected and where do they live? A number of studies addressing such questions are possible by combining data from existing national databases. For example, Geographic Information System (GIS) mapping combined with Census data and other national survey data can be applied to identify isolated areas, areas with large numbers of immigrants, areas with limited access to banking services, areas with limited Internet access, etc.

Available data can also be used to consider post office locations and their benefits to communities. A number of these analytic approaches were described in the previous section, such as the Wisconsin study that found that communities that are county seats with government offices downtown tend to have a greater mix of businesses than those communities that were not county seats or that did not have county offices downtown (Zigelbauer, et al 2005). While descriptive analyses such as this do not establish cause and effect, they may still offer useful evidence about business patterns and post office locations.

A pre-post analysis of business patterns, property values, and local tax revenues in communities that have lost post offices could also be conducted for a large number of communities using available data. The point here is that there is a wealth of national data at the county level and even at the neighborhood level that address economic, health, safety, and social well-being. A range of analytic methods exist that can be applied to better understand the relationship between various postal services, as well as post offices, and key indicators in available data.

### ***Surveys***

Since it is difficult to quantify social benefits, carefully constructed national surveys are the best method for obtaining subjective information, such as preferences, needs, and behavior. Surveys can provide information about how consumers currently use postal services as well as



the use of comparable services offered by other providers. Surveys would provide evidence about the social benefits of the post beyond the largely anecdotal information that currently exists. Such surveys should use sample selection methods that allow projections to the larger population and use standardized data collection procedures. Based on the findings in this paper, valuable information could be gathered through surveys of consumers, businesses, and nonprofit organizations, conducted by an independent organization. Beyond further documenting and describing the use of postal services, survey questions that ask about consumer preferences can be used for willingness-to-pay analysis.

### ***Surveys of Consumers***

Surveys of consumers (sometimes called household surveys) are recommended to address questions such as: what does the public know or understand about the postal service? Do they even know about some the services available? What benefits do they identify with mail delivery to their homes or postal boxes? What are the benefits of a local post office? Some consumer surveys have been conducted, but they vary in their coverage, and some focus on reactions to cuts in service but do not document benefits of postal services identified by consumers. Surveys of consumers would need to provide clear and uniform introductory information to assure that respondents understand what USPS is and the postal services that are being addressed in the survey. Postal services do seem to be “taken for granted” and some of the literature suggests that the public does not understand that the postal service is self-supporting and not paid for with tax dollars.

### ***Surveys of Businesses***

Many business organizations have taken the opportunity to weigh in on postal prices and proposed changes in postal operations, but a survey or surveys (e.g., of small businesses and large businesses or a separate survey of mail and package industry businesses) would provide more systematic documentation of business benefits and preferences and their choice of providers, such as FedEx and UPS. A survey of businesses should also address technology -- how it has affected their use of postal services and anticipated changes for the future.

### ***Surveys of Nonprofit Organizations***

Nonprofit organizations encompass a wide range of activities and a wide scope of operations. Many nonprofits participate in industry associations unique to their line of work (e.g., charitable organizations, political publications, or organizations focused on a particular issue such as the environment), and some of these associations advocate about postal processes and services on their members’ behalf. A survey sample that captures this diversity would provide a more comprehensive picture of the postal benefits, and service needs, of the nonprofit



sector. Similar to the business survey, questions should address documentation of benefits and preferences, their choice of providers, and effects of technology.

### ***Economic Analysis Using Empirical Methods***

Section IV on Measurement and Methods above, identified several analytic methods that, appropriately framed, could be applied to key questions pertaining to postal services. Using a welfare economics framework and existing data, regression models can be developed to compare allocations of postal resources and/or services. Existing data, such as property values, can be used to estimate hedonic price functions.

Survey data can be used for willingness-to-pay analysis. Although the 2009 PRC report on the universal service obligation and postal monopoly included a few willingness-to-pay questions in a survey of individuals, to date no large-scale study of willingness-to-pay for postal services has been performed in the United States. Economists and other academics note that a willingness-to-pay study of the USPS would need to be very carefully constructed and would need to force people to consider as realistically as possible how much they would be able and willing to pay for postal services. Such a study would also need to look at the question, as the UK study did, of how people would respond if the USPS not just changed the amount of its services but ceased its operations altogether.

### ***Cost Effectiveness Analysis of Selected Scenarios***

Cost effectiveness analysis of selected activities and alternatives can be useful for decision-making. With input from the postal service and representatives of a variety of human service agencies (including probably county as well as federal government agencies and a small number of national nonprofit organizations) researchers can develop a number of alternative scenarios of post office configurations. The objective of such a task would be to identify specific groups of services/functions that would be provided along with postal services, design scenarios accordingly, and compare these to “baseline” scenarios representing current operations or a scenario with substantially reduced services or elimination of postal services. This work would identify and define the major cost elements and sources for obtaining specific program cost data, including government program costs for each scenario. With respect to effects, the research should identify the likely effects of each scenario and suggest metrics to measure these effects. The effects should include both potential positive and negative benefits—and consider potential unintended effects. Since it is likely to be very difficult (if not impossible) to impute monetary values for some of the benefits this approach arrays the costs and major benefits of each scenario, leaving it to decision makers to apply their value judgments in selecting among options.





### ***Case Studies for Applying and Testing New Metrics or for In-Depth Investigation***

For some of the hardest to measure social benefits, a case study approach could be used to document use and benefits of postal services in various settings and with differing levels of community assets, testing different metrics for suitability and accuracy. As described in Section IV, the methods used for social return on investment might be applied to measuring the social value of postal services. Since SROI has been used for smaller, nonprofit organizations, it would be best to try this approach in a small number of locations or for a limited number of potential benefits. Case studies are also a good starting point for identifying costs and benefits of particular services.

Using a more qualitative approach, case studies -- including interviews, observations, and focus groups with consumers -- could assess the key facets of social capital identified in the Social Capital Community Benchmark Survey (Saguaro Seminar 2001) in locations with and without post offices. These facets include general social trust, political participation, civic leadership and association involvement, and equality of civic engagement across a community.

Case studies are also valuable where a unique situation or event offers an opportunity to glean broader lessons. A community's response to a service change, the postal service's response to a natural disaster, the entry of a competitor into a particular market -- any of these might provide the opportunity for in-depth analysis. In each case the goal would be to understand what is unique about the role of the postal service, what could be done better, and what the various decision points and trade-offs might be.

### ***Conclusion and Blueprint for Moving Forward***

This project takes a broad scan of the many benefits of postal services and post offices, considering the perspectives of individual consumers, businesses, and nonprofit organizations. We provide a framework that categorizes benefits, beneficiaries, and measures. Research in community and economic development supports the concept of post offices as community assets and of the value of social connectedness and civic engagement, two social benefits frequently associated with postal services. And, research is ongoing to advance the field of social capital measurement. Considering the social value of the post, while challenging, is conceptually possible and consistent with other work on social valuation.

We recommend the following next steps. First, that PRC develop a detailed research plan that frames the questions of interest and the comparisons to be made across providers, services, and/or locations. This requires careful consideration of the goals of the research. It is important to consider the time frame for analysis -- that is, will the research address postal service benefits, costs and options in the next year, the next five years, or as far as ten years out? The research plan should be comprehensive, but modular, in that, depending on funding, research can proceed on some components and not wait until funding is secured for all components. Qualitative research can be costly, but with a range of options that can be considered, an approach can be selected that is consistent with research funds available.



Second, consider the following options for future research:

1. Conduct descriptive analysis using existing data.
2. Use these analyses to develop hypotheses and conduct empirical analysis.
3. Develop scenarios and conduct cost effectiveness assessments.
4. Design and conduct surveys of consumers, nonprofit organizations, and businesses.
5. Use survey data to conduct willingness-to-pay analysis.
6. Design and implement case study approaches for selected issues such as disaster response or post office closures.

After the research plan is developed, item 1 on the list could begin right away, since it calls for using existing data. Items 2 through 4 can be initiated concurrently. Of these, items 2 and 3 are less costly than item 4, which is more ambitious. However, a range of options are possible for items 2 through 4, depending on time and resources. Surveys will yield new and unique information that is needed for item 5, which would occur later in the research agenda. Case study approaches can be included at any point, based on opportune times to study unique situations or respond to timely questions.



## **APPENDIX A: List of Interviews and Contacts**

1. Mark Acton, Commissioner, Postal Regulatory Commission. Meeting on October 22, 2009 (with Dan Blair and Paul Harrington).
2. Dan Blair, Commissioner, Postal Regulatory Commission. Meeting on October 22, 2009 (with Mark Acton and Paul Harrington).
3. Robert Brinkman, Legislative Counsel, National League of Postmasters of the United States. Telephone interview on November 4, 2009.
4. Larry Buc, President, SLS Consulting, Inc. Telephone interview on December 3, 2009.
5. Don Cantriel, President, National Rural Letter Carriers Association. Telephone Interview on November 12, 2009.
6. Anthony Conway, Executive Director, Alliance of Nonprofit Mailers. Telephone interview on November 24, 2009.
7. Michael Crew, Director, Center for Research in Regulated Industries, Rutgers Business School. Telephone interview on December 22, 2009.
8. Evelyn Darling, Executive Director, Fields Corner Main Street. E-mail message on December 18, 2009.
9. Lee Fritschler, Professor of Public Policy, George Mason University. Telephone interview on November 24, 2009.
10. Mary Anne Gibbons, General Counsel, United States Postal Service. Telephone interview on November 13, 2009.
11. Vincent Giuliano, Senior Vice President of Government Relations, Valassis. Telephone interview on November 9, 2009.
12. Ruth Goldway, Chairman, Postal Regulatory Commission. Meeting on October 13, 2009.
13. Tony Hammond, Commissioner, Postal Regulatory Commission. Meeting on October 22, 2009 (with Nanci Langley).
14. Paul Harrington, Special Assistant to Commissioner Acton, Postal Regulatory Commission. Meeting on October 22, 2009 (with Mark Acton and Dan Blair).
15. Wendy Hocking, Manager of Policy Strategies, United States Postal Service. Telephone interview on November 13, 2009.
16. Joan Jefferson, Main Street Coordinator, Florida Main Street. E-mail message on December 17, 2009.
17. Richard Kielbowitz, Associate Professor of Communications, University of Washington. Telephone interview on November 10, 2009.



18. Linda Kingsley, Senior Vice President of Strategy and Transitions, United States Postal Service. Telephone interview on November 13, 2009.
19. Nanci Langley, Vice Chairman, Postal Regulatory Commission. Meeting on October 22, 2009 (with Tony Hammond).
20. Robert Levi, Director of Government Relations, National Association of Postmasters of the United States. Telephone interview on November 12, 2009.
21. Arik Levinson, Professor of Economics, Georgetown University. Telephone interview on December 15, 2009.
22. Rafe Morrissey, Government Relations, Greeting Card Association. Telephone interview on January 29, 2010.
23. Christine Pommerening, Research Assistant Professor of Public Policy, George Mason University. Telephone interview on December 1, 2009.
24. Alan Robinson, Transportation and Postal Consultant, Direct Communications Group. E-mail message on December 8, 2009.
25. Fredric Rolando, President, National Association of Letter Carriers. Telephone interview on December 1, 2009.
26. Jeff Siegler, Director of Revitalization, Heritage Ohio. E-mail message on December 22, 2009.
27. Linda Sherry, Director of National Priorities, Consumer Action. Telephone interview on December 1, 2009.
28. Sarah Shore, Assistant Director, Downtown Lee's Summit Main Street, Inc. E-mail message on December 21, 2009.
29. Kennedy Smith, former Director of Trust for Historic Preservation's Main Street Center, currently Principal at The Community Land Use Group. Telephone interview on December 17, 2009.
30. Don Soifer, Executive Director, Consumer Postal Council. Telephone interview on November 6, 2009.
31. Teresa Stack, President, The Nation Company. Telephone interview on November 5, 2009.
32. David Straus, Postal Counsel, American Business Media. Telephone interview on November 16, 2009.
33. Paul Swartz, Director of Government Affairs, National Rural Letter Carriers Association. Telephone Interview on November 12, 2009.
34. Phillip Tabbita, Negotiation Support Manager, American Postal Workers Union. Telephone interview on December 10, 2009.



35. Kevin Tarley, Assistant Director of Government Affairs, National Rural Letter Carriers Association. Telephone Interview on November 12, 2009.



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