



## Post Office's Saturday Cut: Too Little, Too Late

By Kathryn Buschman Vasel February 06, 2013

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### REUTERS

Starting late this summer, consumers can skip checking their mailboxes for any letters, bills or cards on Saturdays.

The debt-laden United States Post Office announced Wednesday it will end Saturday delivery of first-class mail in an attempt to cut costs. The business will retain delivery of packages, express and Priority Mail.

“Package deliver will continue Monday through Saturday,” said Postmaster General Patrick Donahoe Wednesday. “There will be no changes in terms of Post Office hours. If we're open Saturday, we'll be open Saturday. We'll continue to deliver mail to Post Office boxes on Saturday which is very important for a number of businesses.”

The Postal Service posted a \$16 billion loss in 2012, defaulted on its \$11.1 billion retiree health benefit prefunding payments and tapped out its \$15 billion lifeline with Treasury. The agency claims eliminating Saturday delivery starting Aug. 1 will save \$2 billion annually.

“To give some perspective of our liquidity situation, a typical large organization would have either cash on hand or quick borrowing ability,” Donahoe said. “In October, at one point this year, the Postal Service had less than four days of cash on hand. That's a very scary situation and it's no situation that a business should be in.”

This move is the most substantial in a litany of steps the USPS has taken to reduce its massive deficit and cut costs. It has already eliminated 35% of its workforce, shuttered rural offices and slashed hours at others.

The USPS needs Congressional approval to shift to a five-day delivery week, but experts say they expect lawmakers to approve the idea. Since 1984, Congress has mandated that the agency deliver mail six days a week.

“At some point Congress isn't going to have a choice; we heading toward the possibility of a taxpayer bailout,” said Tad DeHaven, budget analysis at the Cato Institute. “I would anticipate Band-Aid after Band-Aid being applied as we proceed here into the future.”

House Oversight and Government Reform Committee Chairman Darrell Issa, (R-CA), and Tom Coburn (R-OK), sent a letter to leaders of both chambers of Congress supporting the delivery cut. The pair wrote, “In his recent inaugural address, President Obama spoke about the need to find real solutions to our nation's problems. Supporting the US Postal Service's plan to move forward with 5-day mail delivery is one such solution worthy of bipartisan support.”

The delivery reduction is a step in the right direction, but experts say the business can't simply rely on cost cutting measures in order to survive.

“It’s a fundamental misunderstanding of the problem, it’s as if we are in the age of horse and buggy in the dawn of automobiles,” says Rick Geddes, associate professor, department of policy analysis and management at Cornell University. Geddes advocates that the Postal Services unhinges itself from Congress and undergoes corporatization and commercialization. “It’s a large company and we have solid corporate laws that create a structure for a large business that allows it to thrive.” He says taking this step would allow the agency to better compensate employees and bring in outside experts to re-evaluate how to better use current assets.

“I would also commercialize the office as well, free up the decision-making on what products and services it offers and how frequently, make room for innovation. We’ve been under a one-size-fits-all approach for way too long, it’s time to become more innovative with our mail delivery.”

The financial structure of the USPS is a result, in part, of its existence in an in-between world; it isn’t considered a government agency, nor an independent business -- yet it still receives exemptions from certain taxes and antitrust laws.

DeHaven agrees that Congress needs to split ties with the USPS, but says too much special interest keeps that from happening.

“The average member of Congress only cares about the service to the extent they can send campaign stuff to people,” he said. “Postal issues are complex, and Congress members are getting mail about privatizing the Post Office, but they will hear from unions, mailers and rural areas supporting the office. This isn’t a sexy issue -- lawmakers aren’t going to stick their neck out and say the office needs to be privatized.”

National Association of Letter Carriers President Fredric Rolando said the reduction will be "disastrous."

"It would be particularly harmful to small businesses, rural communities, the elderly, the disabled and others who depend on Saturday delivery for commerce and communication," he said in a statement.

Read more: <http://www.foxbusiness.com/government/2013/02/06/post-office-saturday-cut-too-little-too-late/#ixzz2K8okLSz3>