

Five myths about the U.S. Postal Service

By John E. Potter

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For 235 years, the U.S. Postal Service has delivered your mail in snow, rain and dark of night. However, tough market conditions are creating new challenges for our business. Misconceptions about the future of our enterprise abound; dispelling these myths will show that we can continue to deliver the mail.

1. The Postal Service wastes taxpayer dollars.

The Postal Service, reorganized in 1971 as an independent agency of the executive branch, operates as a commercial entity. We rely on the sale of postage, mail products and services for revenue.

A small annual appropriation from Congress reimburses the USPS for free mail for the blind and absentee-ballot mailing for overseas military personnel. Otherwise, we have not received taxpayer funds to support postal operations since 1982; in fact, though we're often described as "quasi-governmental," we're required by law to cover our costs.

2. The Postal Service is inefficient.

Ten years ago, it took 70 employees one hour to sort 35,000 letters. Today, in that same hour, two employees process that same volume of mail. Though the number of addresses in the nation has grown by nearly 18 million in the past decade, the number of employees who handle the increased delivery load has decreased by more than 200,000.

According to the U.N.-affiliated Universal Postal Union, we deliver nearly half of the world's mail. The World Economic Forum, host of the annual summit of global power players in Davos, Switzerland, consistently ranks the U.S. Postal Service among the top 4 percent of more than 120 nations' and territories' postal services.

But keeping operating costs down is the greatest testament to efficiency. Since 2002, the Postal Service has cut its costs by \$43 billion, including by \$6 billion in 2009. These savings have come through workforce and overtime reduction, the renegotiation of more than 500 supplier contracts, the consolidation of facilities, the closing of administrative offices, and cuts in travel expenses and supply budgets.

Despite such efforts, the Postal Service [was added to the Government Accountability Office's "high-risk list"](#) last July to help put it on a more sustainable financial path. The GAO assessment, with which we agree, accurately reflects the Postal Service's fiscal condition, but the announcement also noted that many of the actions we've taken to reduce costs should continue.

We've also asked Congress to eliminate the statutory requirement that we deliver mail six days a week. A [switch to five-day delivery](#) would help us save more than \$3 billion a year while still devoting appropriate resources to delivering the mail.

3. Mail is not reliable.

Independent quarterly surveys conducted by IBM confirm that the Postal Service has achieved record reliability levels. In the last quarter of 2009, on-time overnight delivery of single-piece first-class mail was at 96 percent for the fifth straight quarter, an agency best.

We're not only punctual, we're trusted and secure. According to the Federal Trade Commission, [as little as 2 percent](#) of identity crimes occur through the mail. Theft of a wallet or purse is responsible for 5 percent -- meaning your documents are safer in the mail than they are in your pocket.

4. The USPS is not environmentally friendly.

There's no way around it: Delivering mail uses fossil fuels, and mail often produces paper waste. Still, the Postal Service is greener than you think. As long as consumers and businesses use physical mail, we're committed to finding ways to process it responsibly.

Our fleet of 44,000 alternative-fuel-capable vehicles is one of the largest in the world and includes electric, three-wheeled electric, hybrid electric, ethanol, fuel-cell, biodiesel and propane technology. More than a half-billion packages and envelopes that we provide free annually are recyclable and made of environmentally friendly materials. The quality of the raw materials in our packaging, including tape and labels, makes the USPS the only shipping company to meet the stringent eco-design and manufacturing standards set by McDonough Braungart Design Chemistry in its [Cradle to Cradle](#) program.

Last year, we recycled more than 200,000 tons of paper, plastics and other waste -- the equivalent of saving 1.67 million barrels of oil,

according to an online Environmental Protection Agency calculator. There are Leadership in Energy and Environmental Design (LEED)-certified post offices, a 2.5-acre green roof on a major facility in downtown Manhattan, solar photovoltaic building systems and other sustainable building designs in use across the country.

Still, saving the environment doesn't begin and end with the Postal Service. That's why we encourage our customers to "read, respond and recycle." In 8,000 post offices nationwide, signs remind P.O. box customers to open their mail, take whatever action is necessary and place the waste in our recycling bins. The EPA reports that standard mail represents less than 2.1 percent of the material in our nation's landfills. (By comparison, disposable diapers represent 2.2 percent, glass beer and soft-drink bottles 3 percent, and yard trimmings 6.9 percent.)

5. The USPS can't compete with the private sector.

The Postal Service can and does compete. Our closest competitors, UPS and FedEx, don't threaten our business; as two of our biggest customers, they help build it. Our competition pays us to deliver more than 400 million of their ground packages every year in residential areas and on Saturdays. In turn, the USPS contracts with UPS and FedEx for air transportation to take advantage of their comprehensive air networks.

Although stamp prices have increased about 33 percent over the past 10 years, this increase is in line with inflation. By comparison, private carriers raised their prices by as much as 60 percent between 1999 and 2009. The Postal Service is, and has always been, a bargain.

It's no secret that the Postal Service has been losing money since 2007. What are not well known are the financial demands of the Postal Reform Act of 2006 -- demands not faced by the private sector. Though the USPS is self-supporting, its finances are tied to the federal budget because postal employees participate in federal retirement plans. In 2006, Congress required that the USPS prefund 80 percent of future postal retiree health benefits. This will cost more than \$5 billion a year through 2016. No other federal agency or private company carries [such a heavy burden](#).

Without the prefunding requirement, the Postal Service would have been better able to weather the recent recession. In 2008, prefunding contributed to a loss of \$2.8 billion. Without it, we would have been \$2.8 billion in the black.

Though we operate in a difficult legislative and economic environment, we are prepared to forge ahead. On March 2, we are releasing our plan for future financial viability and greater business flexibility -- a plan that will keep the Postal Service thriving for years to come.

John E. Potter is postmaster general of the United States.

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