

Postal Service to end Saturday letter delivery

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The U.S. Postal Service has dropped its plan to eliminate Saturday mail delivery because Congress prohibited the plan.

Source: Source U.S. Postal Service

Janet Loehrke, Joan Murphy and Anne Carey, USA TODAY

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(Photo: Bryon Houlgrave, Gannett)

WASHINGTON -- The U.S. Postal Service took another major step in its battle for fiscal viability Wednesday, announcing plans to halt Saturday mail delivery.

Postmaster General Patrick Donahoe said package delivery, which has seen growth in recent years as online purchasing booms, will continue on Saturdays when the plan is implemented in August.

Donahoe said one less day delivering letters, magazines, catalogs, ads and other mail would save \$2 billion annually. "It's an important part of our strategy to return to financial stability," he said.

The announcement drew mixed reviews on Capitol Hill, where the idea has drawn fierce opposition in the past.

House Oversight and Government Reform Committee Chairman Darrell Issa, R-Calif., and Senate Homeland Security and Governmental Affairs ranking member Tom Coburn, R-Okla., sent a letter to leaders of both chambers of Congress supporting Donahoe's plan. Issa and Coburn, the top Republicans on committees with jurisdiction over USPS, called the plan "common-sense reform."

But some lawmakers from rural states more reliant on six-day mail delivery expressed frustration with the decision.

"This is bad news for Alaskans and small-business owners who rely on timely delivery to rural areas," said Democratic Sen. Mark Begich, who said the decision would slow overall mail delivery time for items, including Social Security checks.

Begich said the Postal Service should have allowed Congress more time to find a legislative solution. The Senate passed a postal bill last year that would have prevented the elimination of Saturday delivery for at least two years, but the effort stalled in the House.

"We wouldn't be in this situation if the House had done its job and passed a bill," Begich said.

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House Speaker John Boehner, R-Ohio, called postal overhaul a "pretty difficult" issue and recommitted the chamber to action.

"Congress needs to act. There's no question about that, and I hope that we'll act soon," he said.

American Postal Workers Union president Cliff Guffey said he opposes Donahoe's plan, saying a solution must come from Congress.

"USPS executives cannot save the Postal Service by tearing it apart," he said.

Donahoe said surveys indicate the public supports five-day delivery. Most people questioned at main post office in Greenville, S.C., said they had no problem with the decision.

"I'm totally OK with that," said Crystal Heart, who was there mailing copies of a local magazine that included a story about her wedding photography business. "Anything that comes on a Saturday I can wait until Monday if it is really important."

But in New Castle, Del., single mother Danielle Bradley said she's worried she'll miss a needed check in the mail, especially on long holiday weekends. "You can't do the waiting thing when you've got a kid who's asthmatic," she said.

The volume of first-class mail has declined sharply since 2008 as more people pay their bills online. Last year the Postal Service had a \$15.9 billion loss and defaulted on its pension plan contributions. USPS has also reached its borrowing limit, Donahoe said.

"It's put a tremendous financial pressure on the Postal Service," he said.

The Postal Service previously had cut costs by eliminating 193,000 jobs and consolidating 200 mail processing centers. The service cutback will enable the Postal Service to cut more jobs, which Donahoe said can be done through retirements, buyouts and normal attrition.

Under the new schedule, post office hours will not change and post office boxes will continue to receive Saturday delivery, Donahoe said. The plan should have little impact on speed of delivery except for items that would have been delivered on Saturday, he said.

The Postal Service expects growth in package delivery as e-commerce expands, he said.

"America's mailing habits are changing," Donahoe said. "This makes common sense."

The six-month lead time will allow businesses to adjust their production and delivery schedules, he said.

STORY: Mass mailers brace for change (<http://www.usatoday.com/story/money/business/2013/02/06/mailers-brace-for-change/1896725/>)

USPS has faced billion-dollar deficits since 2007 attributed to a combination of the bad economy, the Internet and mandatory pre-funding of retiree health benefits.

The agency in November reported an annual loss of a record \$15.9 billion for the last budget year. The financial losses for the year, which ended Sept. 30, were more than triple the \$5.1 billion loss in the previous year. Last year the agency was forced to default on billions in retiree health benefit prepayments to avert bankruptcy.

The agency's biggest problem -- and the majority of the red ink in 2012 -- was not due to reduced mail flow but rather to mounting mandatory costs for future retiree health benefits, which made up \$11.1 billion of the losses. Without that and other related labor expenses, the mail agency sustained an operating loss of \$2.4 billion, lower than the previous year.

The change in the delivery schedule announced Wednesday is one of the actions needed to restore the financial health of the service, Donahoe said. He is continuing to press for legislation that will provide greater flexibility to control costs and make new revenues.

"We take no tax dollars. We do not want tax dollars," he said.

Contributing: Susan Davis; Natalie DiBlasio; Ron Barnett, The Greenville News; Mike Chalmers, The News Journal in Wilmington; and the Associated Press