

Let the Postal Service (USPS) Eliminate Saturday Mail Delivery

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$1,285	\$1,460	\$1,685	\$1,850	\$2,020	\$2,170	\$2,320	\$2,470	\$2,720	\$2,970	\$8,300	\$20,950

Heritage Recommendation:

In addition to other efficiency-creating steps, the U.S. Postal Service (USPS) should be granted authority to eliminate Saturday delivery of letter mail. This proposal would save \$1.3 billion in 2016, and \$21 billion over 10 years.

Although the USPS relies almost exclusively on its own revenue for operations, as part of the federal government, its spending is included in the Unified Budget. The reduction of USPS spending will benefit taxpayers by reducing the chances of a financial failure that will lead to a taxpayer-funded bailout.

Rationale:

The USPS is in trouble. As the Internet has grown, the amount of mail sent by Americans is inexorably shrinking, leading to losses in the billions. Unless the organization is comprehensively reformed, it will fail, leaving the U.S. taxpayer to pick up the pieces.

Congress, however, is impeding the Postal Service's ability to reform its operations for the smaller role it will play in the new digital world. Most prominently, and expensively, the USPS has been prohibited from reducing its mail service to five days a week from the current six, eliminating Saturday mail service (parcel delivery would continue). Such a step would save approximately \$2 billion per year for the USPS.

Additional Reading:

- James L. Gattuso, "Can the Postal Service Have a Future?" Heritage Foundation *Backgrounder* No. 2848, October 10, 2013, <http://www.Heritage.org/research/reports/2013/10/can-the-postal-service-have-a-future>.
- James Gattuso, "Sending a Message: USPS Strips Saturday Service," The Daily Signal, February 7, 2013, <http://dailysignal.com/2013/02/07/sending-a-message-usps-sinks-Saturday-service/>.

Calculations:

Based on CBO Cost Estimate, "H.R. 2748, Postal Reform Act of 2013, June 23, 2014, <http://www.cbo.gov/sites/default/files/hr2748.pdf>. This savings estimate based on scores for the reduction in the frequency of mail delivery, other changes in mail delivery, and Alaska mail delivery. The CBO estimates are provided through 2024. We assume the same trend in savings as indicated by the CBO's estimates for the 2025 value. This results in estimated savings of \$850 million, \$2.1 billion, and \$20 million in 2025 for the three components listed above.