

FACT SHEET

KEY MESSAGES / TALKING POINTS

PRC FILING TO CHANGE SERVICE STANDARDS

Overview

In recent years, the Postal Service has undertaken a number of initiatives to reduce costs and address its financial challenges. As part of those efforts, the Postal Service believes it can reduce costs considerably by modifying certain service standards in a way that enables a substantial consolidation of the Postal Service's mail processing and transportation networks, allowing the Postal Service to continue to meet the needs of mail senders and recipients using and funding a much leaner infrastructure.

On Sep. 15, 2011, the Postal Service announced it would begin studying 252 mail processing facilities for possible closure. At that time, the Postal Service also announced it was considering changing service standards and an Advance Notice of Proposed Rulemaking was being filed with the Federal Register that day.

On Monday, Dec. 5, the Postal Service will transmit to the Postal Regulatory Commission (PRC) a request for an advisory opinion regarding service standards associated with a significant rationalization of its mail processing network. Shortly thereafter, the Postal Service will publish a notice in the Federal Register soliciting public comment on the proposed service standard changes.

Key Messages

- Due to the dramatic decline of First-Class Mail volume and the related revenue loss, the Postal Service is proposing comprehensive changes to service standards that will allow for significant consolidation of the postal network in terms of facilities, processing equipment, vehicles and employee workforce.
- The postal network is tied to the current overnight transit time in existing service standards. The model being proposed through the rulemaking process is to move First-Class Mail to a 2–3 day standard for contiguous U.S. destinations; however, there would be an opportunity for mailers who properly prepare and enter mail at the destinating processing facility prior to the day's critical entry time to have their mail delivered the following delivery day.
- This change would allow the mail processing network to be significantly realigned. There are currently 252 processing facilities around the country being reviewed for possible consolidation and/or closure using the well-established Area Mail Processing review guidelines. Facility-specific reviews were initiated Sept. 15.
- The Postal Service has been extremely diligent in reacting to the volume loss. Since 2006, we have closed 186 facilities, removed more than 1,500 pieces of mail processing equipment out of operation, decreased employee complement by more than 110,000 through attrition and reduced costs by \$12 billion.

Talking Points

- The Postal Service is continually improving efficiencies by making better use of space, staffing, equipment and transportation to process the nation's mail. Improving efficiencies has become increasingly important, given the significant reduction in the amount of First-Class Mail that enters the postal system.

- In fact, since 2006, First-Class Mail has declined by 27 percent. During this same time period, deployment of state-of-the-art automated mail-processing equipment has enabled more efficient processing than ever before. Due to the electronic mail diversion, mail deposited into blue collection boxes has significantly declined.
- In many cases, mailers are increasing sortation and entering into the postal system closer to its final delivery point, thereby bypassing many postal processing and transportation operations.
- These factors have created considerable excess processing capacity at many postal facilities where mail is canceled and sorted, which is why the Postal Service is actively looking into opportunities to increase efficiency by consolidating mail processing operations.