



NALC Fact Sheet

Department of Legislative and Political Affairs — National Association of Letter Carriers, AFL-CIO
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Service Standards

In response to a crushing 2006 postal reform measure that mandated the U.S. Postal Service (USPS) “pre-fund” retiree health benefits for its active and retired employees decades in advance, a unique burden (no other agency or company faces it), USPS made a terrible decision to slow the delivery of mail by reducing its service standards. This misguided approach was meant to reduce costs, but it failed to significantly improve the Postal Service’s bottom line and hurt the efficient, reliable delivery of mail nationwide.

Before July 1, 2012, the Postal Service’s standard for First-Class Mail was overnight delivery in most metropolitan areas and rural communities, but in January 2015 the Postal Service lowered its First-Class Mail service standards, eliminating the overnight promise. The agency revoked this guarantee in order to be able to change the way it processes mail, closing and consolidating facilities with a focus on reducing costs, rather than maintaining the capacity to preserve timely delivery.

In 2011, USPS announced an aggressive plan to eliminate over half of its 461 mail processing facilities in two phases, 140 consolidations or closures by 2013 and 89 consolidations or closures by 2014. The Postal Service projected it would save \$805.5 million a year through these closures and consolidations – which were accompanied by the service

standard reduction. While the first phase closed 141 facilities in 2012 and 2013, the second phase was delayed by nearly a year, after which only 15 facilities were closed and just 21 were consolidated. Further plans to downsize were suspended in May 2015 due to public outcry and overwhelming customer complaints.

These efforts, to reform service standards and to improve the Postal Service’s bottom line, clearly failed. Facility closures resulted in slower service and delayed mail but did not generate the expected savings. A 2016 audit by the USPS Office of Inspector General concluded that the downsizing plan achieved only 10 percent of its projected savings of \$805.5 million a year.

American businesses and the broader public were the main victims. Mailers and citizens now receive inferior service as a result of these misguided efforts to meet a needlessly burdensome retiree health prefunding mandate. This mandate accounts for 92 percent of the Postal Service’s losses since 2007, and 100 percent of the losses over the past six years.

While service standards are not at immediate risk of further cuts, they must be improved to ensure acceptable and efficient levels of service are provided.