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Postal Service Facts, Not Myths

Myths about the Postal Service fly fast and far these days. Some of these myths make it into print and can morph from pure myth to perceived reality. For instance, you may have heard that there are 36,000 post offices in the United States, which are more retail outlets than Walmart, Starbucks and McDonald's combined. In addition, many of these post offices are labeled as "money losers." These statements, made more to shock than to inform, are not accurate. Let's look at the facts.

First, a post office much more than a retail outlet. While post offices have some retail function, usually they are the final distribution point out of which the Postal Service's carrier force operates, and most Postmasters spend most of their time managing carriers, not retail employees. Thus, one can't completely close down the delivery functions of a post office without modifying the delivery system—unless you want the delivery system to grind to a halt. Many of the postal critics don't take this into account when they talk about how much post offices "cost" and push for closing more post offices.

Second, there are not 36,000 post offices but 27,000 and many of those are in rural areas. With 3,537,438 square miles in the United States to cover, that is one distribution point for every 131 square miles in the U.S. Is that really excessive?

Third, some have said that 80 percent of post offices lose money. Even if it were right (and it's not), the figure doesn't mean anything. That is because the revenue generated from the largest part of our mail, commercial mail, is credited to the post office where the mail is entered and not to the post office whose carriers end up delivering that mail. That's right, under USPS' cost accounting system, *all* of the final costs of delivering the mail in a post office's area are included in the costs of the delivering post office—but none of the associated revenue is allocated to that post office.

Of course, the delivery post office loses money. How could it not, when it bears all the final delivery costs but gets none of the associated income?

Oh, that 80 percent figure? It's understated. As the Postal Service recently told the Postal Regulatory Commission, 92.5 percent of post offices lose money.

Only 2,205 post offices are "profitable" and those 2,205 just happen to have the income of some big mailer credited there—even though the cost of delivering that mail is shared by post offices across the country. If you want to make more post offices profitable, just change the cost accounting system so that revenues are properly allocated to post offices.

Now I need make an important distinction. What I just described applies to our nation's cities and suburbs. Rural areas are different. There, small post offices do exist that have few carriers and little revenue. These post offices—the smallest 10,000 post offices—by any cost accounting system often are not "profitable." However, together, these post offices cost less than 1 percent of the Postal Service's budget, and, therefore have no effect on 99 percent of the Postal Service's finances. They are, however, a critical part of the delivery system that allows us to deliver to every rural household every day.

Moreover, their role is much different than a post office in an urban or suburban environment. In addition to their postal function, they play other critical roles in their rural community, including acting as the face of the federal government, functioning as a community center, cashing checks and issuing money orders, and serving as the focal point for that community's identity. Congress has made it somewhat harder to close these small post offices, but that is the way it should be for once a small rural town loses its post office, that town often shrivels up and dies. Their cost to the Postal Service is negligible, and the benefit to the Americans they serve is priceless.

We cannot put rural America and universal service in jeopardy with so little to gain and so much to lose without knowing the facts. The small rural town has as much right to a constitutionally authorized post office as does urban America.

Decisions about the Postal Service need to be based on fact, not myth.

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