The Postal System Crisis
A Math Modeling Approach
Total Mail Processed by USPS 2000-2009

## Employees of USPS

<table>
<thead>
<tr>
<th>Field Installations</th>
<th>Total USPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GM/PM/Installation Head</td>
<td>25224</td>
</tr>
<tr>
<td>Supervisors/Managers</td>
<td>32850</td>
</tr>
<tr>
<td>Prof/ADM/Tech-Field</td>
<td>8408</td>
</tr>
<tr>
<td>Clerks/Nurses</td>
<td>205442</td>
</tr>
<tr>
<td>Mail Handlers</td>
<td>54892</td>
</tr>
<tr>
<td>City Carriers</td>
<td>218397</td>
</tr>
<tr>
<td>Motor Vehicle Operators</td>
<td>8406</td>
</tr>
<tr>
<td>Vehicle Maintenance</td>
<td>5418</td>
</tr>
<tr>
<td>Maintenance Service</td>
<td>39229</td>
</tr>
<tr>
<td>Rural Carrier</td>
<td>65170</td>
</tr>
<tr>
<td>Area Operations Offices</td>
<td>1397</td>
</tr>
<tr>
<td>Total Workforce</td>
<td>664833</td>
</tr>
</tbody>
</table>

# Operating Costs of Postal Service

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>In 3rd quarter, fiscal year; 2010 (Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Benefits</td>
<td>11,866</td>
</tr>
<tr>
<td>Retiree Health Benefits</td>
<td>1,964</td>
</tr>
<tr>
<td>Worker’s Compensation</td>
<td>1,956</td>
</tr>
<tr>
<td>Transportation</td>
<td>1,469</td>
</tr>
<tr>
<td>Other</td>
<td>2,255</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>19,510</td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>16,045</td>
</tr>
<tr>
<td>Loss from Operations</td>
<td>3,465</td>
</tr>
</tbody>
</table>

Total Cost of Workers = 15,786 in millions of dollars

Current State

- Losing money
- Revenue decreasing
- Not capable of being self sufficient
- Becoming obsolete

Cost
Revenue

The 10 Year Problem

The 20 Year Problem

The 50 Year Problem

Cost
Revenue

Billions of Dollars

Years Past 2000

Automated Postal Center

- Can support up to 85% of the retail services in a post office
  - Weighs letters, flats, and packages (~70 lbs)
  - Postage for First-Class®, Priority, express mail, parcel post, international
  - First-class stamp sheets
  - ZIP CODE look-up
  - Delivery confirmation, certified, and insurance
  - Information about other services offered by the post office
  - Prints Express Mail labels, Certified Mail™ and return receipt forms
  - Displays delivery and tracking information
  - Prints receipts
Implementation and Benefits

Cost to Implement

- 32,741 Post Offices in the United States
- 1.05 billion dollars to add an additional APC at each location
- Only one current employee is tasked to do routine service check-ups (do not need to hire new employee)

Benefits

- Need one service clerk to supervise the APC; keep two remaining service clerks to oversee other operations
- 205,000 service clerks (6-7 per post office)
- Cut ½ of the current service clerks over a period of 10 years → initially SAVE 2.43 billion dollars/year in operating costs
Projected Effects of APC

Billions of Dollars

Cost
Revenue

Years Past 2000

References


