



POSTAL NEWS

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POSTMASTER GENERAL WELCOMES COMMISSION'S PERSPECTIVE

Preserving universal service in face of declining mail volume key issue

WASHINGTON, D.C. – Speaking today at the first meeting of the new Presidential Commission on the U.S. Postal Service, Postmaster General John Potter told the Commissioners that they have an historic opportunity to preserve the postal system as a viable, efficient and affordable service well into the future.

“The key question is how can we continue to provide universal service to all Americans and still make it affordable in the face of potentially declining mail volume?” Potter said. The Postal Service must be able adjust to the changing needs of the American public into the future, Potter told the Commission, and he looks to them to help define what those needs are.

Potter pointed to the success the Postal Service has had since its formation under the Postal Reorganization Act of 1970, transforming itself into a highly automated operation, with the highest service levels it has ever had, yet, when adjusted for inflation, the price of a stamp today is essentially the same as it was in 1971.

“We have lived up to our mandate to provide affordable, universal mail service to every American regardless of where they live, where they work and regardless of their economic circumstances,” Potter said.

The Postal Service has seized the initiative to transform itself, Potter reminded the Commission, under the Transformation Plan developed at the request of Congress. The plan outlines strategies to improve service, use resources more efficiently, enhance productivity, and increase revenue.

However, Potter cautioned that economic recession, bio-terrorism and electronic diversion have had a negative impact on mail volume. “Twenty-five percent of postal revenue comes from bills and payments—the segment of the mail most vulnerable to electronic diversion,” Potter noted. “In addition, the General Accounting Office raised concerns regarding long-term liabilities and obligations related to debt repayment, pension costs and health care benefits.”

Potter told the Commission that legislation was needed to change the amount the Postal Service pays into the Civil Service Retirement System or ratepayers would be overpaying into the fund by \$71 billion. With legislative change, rates could remain stable through 2006.

Potter praised the wide range of business experience the members of the Commission have, which will enable them to bring an unbiased perspective. He said he welcomed the opportunity to work with them in making a thorough and objective assessment of the public policy issues facing the Postal Service.

Since 1775, the U.S. Postal Service has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that makes deliveries to about 140 million addresses every day and is the only service provider to deliver to every address in the nation. The Postal Service receives no taxpayer dollars for routine operations, but derives its operating revenues solely from the sale of postage, products and services. With annual revenues of more than \$67 billion, it is the world's leading provider of mail and delivery services, offering some of the most affordable postage rates in the world. The U.S. Postal Service delivers more than 43 percent of the world's mail volume — some 203 billion letters, advertisements, periodicals and packages a year — and serves seven million customers each day at its 38,000 retail locations nationwide.