

FOR IMMEDIATE RELEASE
March 25, 2009

Media Contact: Gerry McKiernan
(O) 202-268-2155
(C) 202-285-3386
usps.com/news
Release No. 09-030

U.S. Postal Service Details Economic Viability Strategy *Postmaster General Testifies on Capitol Hill, Urges Congress to Act*

WASHINGTON – The U.S. Postal Service today presented to Congress a comprehensive strategy for ensuring its long-term viability, despite recent sharp declines in mail volume caused by the current economic environment

Postmaster General John E. Potter, in testimony before the House Subcommittee on Federal Workforce, Postal Service and the District of Columbia, additionally urged lawmakers to provide the Postal Service greater flexibility with regard to mandated retiree health benefit payments. The Postal Service, a self-funded government entity, asked for no financial assistance from Congress.

“I come before you today with only one agenda – asking for your support in preserving an effective, affordable Postal Service, capable of serving every American in every community, and one that remains an important economic driver for many years to come,” Potter said. “These are extremely challenging times – for the nation and for the Postal Service. We have done a great deal to preserve the future of our nation’s mail system. But there is more to be done and we must do it together.”

As a result of the economic recession, the Postal Service has predicted that mail volume will likely plunge to 180 billion pieces by the end of fiscal year 2009, from 212 billion pieces as recently as 2007. At the hearing, Potter described Postal Service actions to sustain long-term economic viability, including reductions in fixed, variable and non-personnel costs over the next three years.

Specifically, Potter outlined ongoing elements of the Postal Service’s strategy to help close the budget gap – a “chasm, widening each day,” he said – created by the agency’s revenue shortfall. These include:

- A new process for evaluating and adjusting city delivery routes
- Reduction of employee work hours and overtime by pursuing even greater efficiencies throughout the organization
- Halting construction of new postal facilities and directing funds to the sites with the most critical needs (i.e., buildings badly damaged or destroyed by natural disasters)
- Improved fleet management and delivery routing to reduce fuel usage
- Expanded energy efficiency to reduce energy use throughout Postal Service facilities
- Reductions in employee travel budgets through the use of web and video technology to conduct meetings and conferences
- Renegotiations of supplier contracts to reflect reduced needs

To strengthen the Postal Service’s efforts, Potter asked Congress to pass H.R. 22 and modify the method by which it is required to fund retirement health care benefits. This legislative change would reverse a policy that was instituted when the Postal Service experienced large surpluses – and result in at least \$2 billion in annual savings over an eight year period. There would be no costs to the taxpayer were H.R. 22 to be enacted.

“Even with our aggressive cost-cutting measures, our situation is critical,” Potter said. “We cannot overcome the economic forces without help from Congress.”

Potter also said the Postal Service would initiate a public policy discussion with Congress, regulators, major customers, the business community and the American people regarding adjusting its delivery

schedule from six to five days. The removal of a legal requirement regarding days of delivery could result in annual savings of \$3.5 billion, according to the Postal Service. The requirement for six-day delivery service was mandated by Congress in 1983 when technology and consumer access were much different than they are today.

For a copy of Postmaster General Potter's testimony, visit http://www.usps.com/communications/newsroom/testimony/2009/pr09_pmg0325.htm

#

Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the USPS Newsroom at www.usps.com/communications/newsroom/welcome.htm.

An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 149 million residences, businesses and Post Office Boxes, six days a week. It has 34,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. Named the Most Trusted Government Agency five consecutive years by the Ponemon Institute, the Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.