

**BACKGROUND**

Postmaster General John E. Potter, in testimony today before a House subcommittee, urged lawmakers to provide the Postal Service with greater flexibility with regard to mandated retiree health benefit payments. The Postal Service asked for no financial assistance from Congress.

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 (Sept. 31), 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.

The \$900-billion mailing industry employs 9 million Americans in businesses ranging from catalog sales to paper manufacturing and printing. The industry is the conduit for roughly \$1 trillion in commerce annually, represents nearly 7.5 percent of the GDP and drives our nation's economy. The Postal Service is at the center of the mailing industry, playing an invaluable role in the United States economy and maintaining an economic presence in every community in America.

**POSTAL SERVICE STRATEGY**

Describing the current Postal Service budget gap created by the agency's revenue shortfall as a "chasm, widening each day," Potter outlined elements of the Postal Service's strategy to help close that gap:

- A new process for evaluating and adjusting 90,000 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 (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.

**WHAT PEOPLE SHOULD KNOW**

- The Postal Service plays an invaluable role in the United States economy and the lives of our citizens.
- The Postal Service, like virtually every other American business, is currently facing enormous financial challenges created by the most difficult economic conditions in decades.
- The leadership of the Postal Service continues to respond to the economic challenges we face, but legislative action – at no cost to taxpayers – is also needed now to provide us with the operational flexibility needed to help insure that we maintain our invaluable service to the American public and economy.
- We're doing everything we can today to protect tomorrow.