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Postmaster General Continues Efficiency Improvements *Layers Eliminated, Executive Ranks Reduced*

WASHINGTON — Postmaster General Patrick R. Donahoe today announced a newly redesigned Postal Service, one that is better positioned for growth, reflects further alignment within the organization to achieve core business strategies and, when fully implemented, will help realize approximately \$750 million of annual cost savings.

"I am confident that we have developed a strong plan that takes a key step toward a leaner and less bureaucratic structure. One that is fair to our employees and one that will meet the future needs of our customers and the mailing industry," Donahoe said.

About 7,500 positions will be eliminated across the organization through the redesign that also includes the closing of seven district offices and offers limited financial incentives to those who meet specific qualifications.

The seven district offices that are closing are Columbus, South East Michigan, Northern Illinois, South East New England, South Georgia, Big Sky and Albuquerque. District offices house only administrative functions and do not affect customer service, mail delivery, Post Office operations or ZIP codes. The functions of these seven districts will be assumed by district offices within close proximity.

A Voluntary Early Retirement and financial incentive programs will be offered to eligible employees. Employees must be 50 years old, with at least 20 years of service; or any age with at least 25 years of service to qualify for the incentive. Employees who accept the VER offer or already meet existing retirement qualifications will receive \$20,000 paid over two fiscal years to separate from the Postal Service.

"It's critical that we adjust our workforce to match America's changing communications trends as mail volumes continue to decline," Donahoe said. "At every step and with every change, our focus remains on our customers and continuing to provide outstanding customer service."

Today's announcement focused on the administrative and executive corps. Additional staff reductions will occur as the Postal Service makes necessary changes to its network and retail operations. The full scope and financial impact of these personnel actions should be realized in one calendar year – March 2012.

While cost savings will be realized, the main objective of the restructuring is to enhance and strengthen customer service and relationships. The realignment flattens the organization, enabling flexibility to more quickly adapt to changing market forces and continuing mail volume decline.

The Postal Service is streamlining operations and improving efficiencies across the organization in order to protect its ability to provide affordable, universal mail service. By modifying networks, consolidating functions and restructuring administrative and processing operations, the Postal Service is adapting to

meet the evolving needs, demands and activities of its customers.

“Mail remains valuable. It is at the heart of a \$900 billion industry that continues to drive commerce and the American economy,” Donahoe said. “We will continue to work with Congress and our employees to achieve the long-term, structural and legislative changes we know we need to remain a viable organization.”

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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 150 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, *usps.com*, the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 29th in the 2010 Fortune 500. *Black Enterprise* and *Hispanic Business* magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute.