

FOR IMMEDIATE RELEASE  
Nov. 21, 2011

Contact: Susan McGowan  
(O) 202-268-3118  
(C) 202-578-7782  
[Susan.McGowan@usps.gov](mailto:Susan.McGowan@usps.gov)  
[usps.com/news](http://usps.com/news)

Release No. 11-127

## **Postmaster General Urges Congress to Reevaluate Current Postal Reform Bills**

**Predicts Decade of Losses Absent Greater Business Model Flexibility and Speed**

WASHINGTON — In a speech delivered today at the National Press Club in Washington, D.C., Postmaster General Patrick Donahoe encouraged Congress to step back and take a second look at postal reform legislation as currently drafted in the House and Senate.

Providing his first public commentary on postal reform packages, Donahoe argued for providing the Postal Service with a more flexible business model that would enable the Postal Service to quickly implement cost cutting measures. “Unfortunately, both bills have elements that delay tough decisions and impose greater constraints on our business model. Taken as they are, they do not come close to enabling cost reductions of \$20 billion by 2015 – which they must do for the Postal Service to return to profitability.”

“If passed today, either bill would provide at best one year of profitability, and at least a decade of steep losses,” said Donahoe. “However, by taking the best of both the House and Senate approaches, Congress can provide the Postal Service with the legal framework and the business model it needs.”

The Postmaster General expressed his gratitude for the strong leadership and engagement of the Congress and the Administration in advancing reform legislation, and expressed confidence that an effective solution would be enacted. Both HR 2309 and S 1789 were introduced earlier this year to respond to an urgent liquidity crisis and to address long-term structural constraints in the Postal Service business model.

Throughout its recent fiscal crisis the Postal Service has advanced proposals that would allow it to operate more as a business would, with greater flexibility to quickly reduce costs and respond to a dynamic marketplace for mailing and shipping services.

The Postal Service is seeking changes in the law that would provide it with the authority to: determine delivery frequency; develop and price products quickly; control healthcare and retirement costs; rapidly realign mail processing, delivery and retail networks; operate under a streamlined governance model; and leverage its workforce with greater flexibility.

Within the constraints of its current business model, the Postal Service has aggressively cut costs, reducing the size of its workforce by 128,000 career employees and annual operating expenses by \$12.5 billion over the past four years.

“America needs a Postal Service that can operate more like a business,” said Donahoe. “I have no doubt the Postal Service will endure as a great American institution. But to do so, we need to operate with a great business model.”

The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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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 \$65 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.