

November 19, 2003

The Honorable John E. Potter
Postmaster General
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1000

Dear Postmaster General Potter:

We appreciated your testimony last week before the Committee on the need for prompt congressional action on postal reform legislation. Given the critical role of the Postal Service to the nation and the magnitude of the Service's financial challenges, this critical public policy challenge should be addressed sooner rather than later. As we begin to draft reform legislation, we will need additional information to make considered judgments on the recommendations from various parties, including the President's Commission on the U.S. Postal Service.

The Postal Service's retail, mail processing, and transportation networks are particularly critical to the Service's ability to continue to provide affordable, high-quality universal service. You testified that the Postal Service must have the ability to alter its retail and mail processing networks to meet customer needs, provide increased access, and achieve greater operational efficiency. In this regard, the Service's Transformation Plan noted that the Service plans to optimize its retail network, including closing retail facilities deemed to be redundant and reducing the Services's physical infrastructure in markets where the Postal Service considers its retail access to be over represented. This plan also outlined the Postal Service's far-reaching plans to overhaul its mail processing and transportation network, which it calls its Network Integration and Alignment (NIA) initiative. If implemented, this initiative could lead to the closure and consolidation of a number of facilities, with major implications for the Postal Service's costs, employees, and the quality of universal postal service, as well as for the affected communities and the mailing industry.

Therefore, we are concerned that limited information is available about the goals, strategies, and status of the Postal Service's initiatives to transform its retail, mail processing, and transportation networks. GAO has testified that, since the Postal Service issued its Transformation Plan nearly two years ago, it has not provided adequate transparency on its overall plans to rationalize its infrastructure and workforce; the status of initiatives included in its Transformation Plan; and how it plans to integrate the strategies, timing, and funding necessary to move toward becoming a high-performing organization. GAO has also concluded that the Postal Service has had limited constructive engagement with stakeholders who may be affected

The Honorable John E. Potter
November 19, 2003
Page 2

by the Postal Service's initiatives related to rationalizing its infrastructure and workforce. We are also concerned that lack of information in this area could lead to mistrust, making it more difficult to gain support from key stakeholders.

Thus, we would like for you to provide the Committee with a plan that lays out how the Postal Service intends to optimize its infrastructure and workforce, including the Postal Service's vision in this area and how it plans to reach it. The plan should describe the criteria, process, and data the Service uses to make its decisions, as well as the parties consulted in the plan's development. It will also be important to address the strategies, timing, and funding necessary to implement these plans. The development of this information will provide the Postal Service with the opportunity to approach its vision in a comprehensive, integrated fashion, with appropriate communication and coordination with postal stakeholders, including this Committee. Since the Governmental Affairs Committee plans to address postal reform early next year, we request that you provide such information to us no later than April 7, 2004 – the 2-year anniversary of the Postal Service's Transformation Plan.

We support the Postal Service's efforts to do everything it can to achieve postal transformation within the scope of existing legislative authority, including implementing the Transformation Plan initiatives. However, the lack of information on the status of your efforts in this area makes it difficult for the Committee to provide effective oversight and support. Consistent with GAO's recommendation, we request that you provide us with biannual updates on the status of implementing transformation initiatives and other recommendations of the Presidential Commission that fall within the scope of the Postal Service's existing authority. Please provide the first update by February 2, 2004, so that we may benefit from this information at the beginning of our legislative session.

In closing, we recognize your tireless efforts to transform the Postal Service and appreciate the difficulties inherent in this task. We are committed to working with you to address the urgent need to make rapid progress on postal reform issues.

Sincerely,

Susan M. Collins
Chairman

Thomas R. Carper
U.S. Senator

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