

June 30, 2014

Network rationalization update

USPS to resume efforts early next year

The Postal Service will continue the network rationalization of its mail processing operations next year, PMG Pat Donahoe announced today.

Up to 82 facilities will be consolidated beginning in January 2015 and concluding prior to the fall mailing season. The changes are expected to generate \$750 million in annual savings.

“The Postal Service has recorded substantial losses over the last three years and continues to see steep declines in First-Class Mail volume and revenue. As a result, we find ourselves with excess capacity in the network and few alternatives to reduce costs. Our operating costs are continuing to increase, and our debt and other liabilities threaten our financial viability,” Donahoe said in a [video message](#) to employees.

USPS also is grappling with legislative mandates, ongoing uncertainty over legislative reform, and a court review of recent price changes, which have delayed much-needed investments in new equipment and vehicles.

In 2012 and 2013, USPS consolidated 141 mail processing facilities, generating annualized cost savings of approximately \$865 million. The consolidations required no employee layoffs.

For employees who may be impacted by upcoming consolidations, the Postal Service remains committed to finding reassignment opportunities in other locations. Donahoe emphasized that the Postal Service also remains committed to keeping employees informed.

“For now, I ask that you continue to do your job to the best of your ability and continue to work with your customers to assure them that the transition will be smooth. You have my commitment that I’ll continue to keep you informed as we work with you to make these transitions,” Donahoe said.

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