

**LEGISLATIVE PROPOSALS
TO PUT THE POSTAL SERVICE ON
SUSTAINABLE FINANCIAL FOOTING**

HEARING
BEFORE THE
**COMMITTEE ON
OVERSIGHT AND REFORM**
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

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FEBRUARY 24, 2021
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**LEGISLATIVE PROPOSALS
TO PUT THE POSTAL SERVICE ON
SUSTAINABLE FINANCIAL FOOTING**

Wednesday, February 24, 2021

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND REFORM,
Washington, D.C.

The committee met, pursuant to notice, at 10:13 a.m., 2154 Rayburn House Office Building, Hon. Carolyn Maloney [chairwoman of the committee] presiding.

Present: Representatives Maloney, Norton, Lynch, Cooper, Connolly, Krishnamoorthi, Raskin, Mfume, Porter, Tlaib, Bush, Davis, Wasserman Schultz, Welch, Sarbanes, Speier, Kelly, Lawrence, DeSaulnier, Gomez, Pressley, Comer, Jordan, Foxx, Hice, Grothman, Cloud, Gibbs, Higgins, Keller, Sessions, Biggs, Donalds, Herrell, LaTurner, Fallon, and Clyde.

CHAIRWOMAN MALONEY. The committee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time. I now recognize myself for an opening statement.

Good morning, and I want to welcome all of our witnesses and thank everyone for participating in this important hearing on the future of the Postal Service.

The Postal Service is one of our Nation's most vital and respected institutions. It provides service across the country to every single address and it adds over a million new delivery points every year. It binds our Nation together in the way that no other agency or organization does.

Unfortunately, the Postal Service is facing a dire financial situation that requires us to act. On Friday, we circulated draft legislation with proposals to address some of the most important factors driving up costs for the Postal Service.

I will address one of those proposals, Medicare integration, and some of my colleagues will address the other provisions.

First, while all postal employees pay into Medicare through their careers, not all retirees enroll when they reach age 65. Approximately 73 percent of retirees are enrolled, but the other 27 percent are not.

The Postal Service has paid about \$35 billion dollars into Medicare since 1983. The draft bill would require current employees to enroll in Medicare when they reach 65. Retirees who are already over 65 would be given a three-month period to enroll with no penalty.

While employees and retirees would keep Federal health benefits through a new health plan, Medicare would be the primary payer.

Keep in mind that these employees have already paid into the system. This reform, known as Medicare integration, would cut long-term costs by reducing copays and other medical costs for retirees.

It would also save the Postal Service about \$10 billion over 10 years. These are critical savings that will help the Postal Service become more financially sustainable.

In addition to Medicare integration, my colleagues will discuss how the bill would eliminate the unfair requirement that the Postal Service prefund retiree health benefits for 75 years into the future.

Eliminating this unfair provision would take approximately \$35 billion off of the Postal Service's books. They will also discuss how the bill would increase transparency to ensure that service standards are met.

On that note, we all know the Postal Service implemented a number of changes last year that resulted in widespread service deterioration across the country. Part of that was caused by the coronavirus pandemic, and postal employees who are on the front lines have been hit especially hard.

But the other part of the problem was, really, Postmaster General DeJoy's actions. As the Inspector General concluded, he did not adequately assess the impacts of his changes on service and he did not adequately consult with Congress and others before doing so.

Many people across the country and on this panel have grave concerns, and recent events have aggravated them. For example, we have been trying to get information about the new strategic plan, which has yet to be made public.

Of course, my own views of Mr. DeJoy are a matter of public record, and all members of our committee are entitled to express their own views.

However, even as our committee continues conducting vigorous oversight of current postal operations, we will not be delayed or deterred from our North Star. We need to pass meaningful reforms and, hopefully, bipartisan reforms to put the Postal Service on more sustainable financial footing for years to come.

With that, I now recognize the distinguished chairman of the Government Operations Subcommittee, Mr. Connolly, for his opening statement.

Mr. CONNOLLY. Thank you, Madam Chairwoman, and thank you for your leadership in focusing on the long-term success of the Postal Service at one of the first hearings of this committee during the 117th Congress.

I am committed to working with you and our colleagues to pass a bill through this Congress that finally fixes the long-standing financial problems of the Postal Service.

Postal Service has been a critical lynchpin of the American fabric since 1775. It employs 650,000 people and is the foundation for a more than \$1.7 trillion mailing industry that employs more than 7½ million people.

Today's hearing serves to inform Congress of the reforms necessary to return the Postal Service to viability, financial health, and to ensure that Postal Services survive well into the future.

These efforts are not new, certainly, not new to me. I was elected to Congress shortly after the lame duck session of 2006 in which the Postal Accountability and Enhancement Act was passed into law under the guise of being a reform bill.

I believe, however, that that bill is the root cause of much of the Postal Service's financial difficulty and decline. For nearly 15 years, the Postal Service has struggled to comply with that law, especially the prepayment requirement, a unique obligation no other entity in the world is required to meet.

Congress has an obligation, having created this problem in its own legislation, to fix it, and that is what the USPS Fairness Act provision does. The prefunding requirement requires the Postal Service to pay between \$5.4 billion and \$5.8 billion each year for 10 years into the health benefits fund.

But a decrease in revenue starting around 2006, coincidentally, forced the Postal Service to forgo the required prepayment since 2010.

Postal Service currently has, roughly, \$35 billion in unfunded retiree health care benefits because of Congress' last-minute decision in 2006 to require an onerous prefunding.

The money sits in the Treasury account waiting to fund the health benefits of those not yet born even when it could be used to fortify a struggling Postal Service to replace vehicles, for example, that are now on average 25 years or older, that literally explode and endanger the work force in the second largest vehicular fleet in the country.

The language of the USPS Fairness Act would remove a manufactured yet real liability from the books, wiping the \$35 billion of debt from the Postal Service's ledger books.

The provision is not a panacea but it is a critical pillar of the bipartisan comprehensive reform plan that we are focused on today. This provision removes the distraction of a multibillion dollar debt of Congress' own creation and gives the Postal Service time to build a practical business model that will—can be adjusted to the changes in technology in the marketplace.

We have a moral obligation to fix the problem Congress created. Most importantly, the provision will allow the Postal Service to focus on serving the American people and delivering their mail and packages every single day, especially during a pandemic.

I have been working for 12 years since I entered Congress to build broad coalitions of multifarious stakeholders who rely on the Postal Service for their businesses and nonprofits, and for veterans who get their prescription medications through the mail, rural Americans who rely on package delivery to make it through the pandemic and individuals who pay their bills and businesses who use the mail for their commercial transactions.

I am prepared to meet this moment and join with you, Madam Chairwoman, and my colleagues on the committee to enact meaningful reforms to deliver for this Nation. Congress cannot afford to miss this moment.

Thank you again for your leadership, and I yield back.

CHAIRWOMAN MALONEY. Thank you.

Mr. Lynch—I now recognize the distinguished representative, Mr. Lynch, for your opening statement.

Mr. LYNCH. Thank you, Madam Chair.

First of all, I would like to commend you and Ranking Member Comer for your continued leadership in addressing the urgent challenges facing the United States Postal Service.

I would also like to thank Chairman Gerry Connolly, Ranking Member Jody Hice, and Representative Brenda Lawrence for their work on this important issue.

Beginning with the draft text of the Postal Service Reform Act of 2021, we now have an opportunity to take a viable path toward enhancing the financial viability of our most trusted government institution.

This legislation is strictly reflective of a fundamental reform need that are the subject of bipartisan and stakeholder consensus. It is also—its sole purpose is to ensure that the Postal Service and its dedicated work force are equipped to carry out the vital public service mission in the long term.

And as Chairman Connolly pointed out, the strength of the U.S. Postal Service really rests with the more than 650,000 letter carriers, clerks, mail handlers, supervisors, and postmasters who work to process and deliver the mail to every home and business in America, six and even sometimes seven days a week, and any meaningful effort that we undertake to enact postal reform must reflect the commitment and the sacrifice of the American postal workers.

As Chairwoman Maloney stated earlier, the integration of postal retiree benefits—health benefit plans with Medicare is one of the core reforms included in this draft.

This proposal comes down to a basic question of fairness. To date, our postal workers have been required to pay nearly \$35 billion into Medicare since 1983, and it remains the second largest Federal work force Medicare contributor after the Defense Department.

Meanwhile, one quarter of postal employees never receive any Medicare benefits. Yet, all postal employees bear the cost of resulting higher retiree premiums.

So with that, I strongly support our committee's efforts to enact common sense and bipartisan reform legislation. This is extremely important to a lot of rural communities that rely heavily on the Postal Service.

And with that, I urge my colleagues on both sides of the aisle to get behind a good reform bill and I yield back the balance of my time. Thank you.

CHAIRWOMAN MALONEY. Thank you, Mr. Lynch.

And I now recognize the distinguished Representative Lawrence, who was a postal worker for 30 years and has been a great partner in our work to save the Postal Service.

Mrs. Lawrence, you are now recognized for your opening statement.

Mrs. LAWRENCE. I want to begin by thanking our Chairwoman Maloney and Chairs Connolly and Lynch for your partnership as we work to craft this postal reform legislation.

For years, the financial situation facing the Postal Service has grown more and more dire, due in part to factors outside of their own control.

I am thrilled that this committee is prioritizing postal reform as one of its major initiatives during the 117th Congress. Our reform provisions would provide the Postal Service with desperately needed financial assistance.

I want to focus on another important aspect of this package, which are service standards and accountability.

During my near 30-year career with the Postal Service, I and other postal workers took great pride in our efforts to meet our service standards and performance targets. It is what drove our work ethic.

The agency's unofficial motto best sums up the work force commitment to achieving those goals: neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds.

For a large period of the last year, the Postal Service was in the news for the wrong reasons, consistently delayed mail delivery, while more than 600,000 employees of the Postal Service has heroically continued to uphold their mission to deliver mail in the midst of a global pandemic.

Questionable operational changes implemented by Postmaster DeJoy has hindered their work and caused the Postal Service to miss that mark. Congress must include language to emphasize the need for service performance targets.

While we have only heard reports of this at this time, I am critically concerned about any proposal to alter the Postal Service first class mail system. Anything that will reduce the agency's ability to meet its standards—its service standards.

After months of persistently low delivery times and those concerning reports mandating targets for service performance, it is absolutely necessary to hold the agency accountable.

Last year, 91 percent of Americans had a favorable opinion on Postal Service, even though we were struggling with the pandemic in our service. That number is based on the agency's more than two centuries of robust service standards, something that the American people have come to expect.

If we do not make every effort to affirm that commitment to the service standards and accountability, it will chip away at the foundation of what makes this agency so great.

While this legislation provides the agency with financial reforms it needs, we cannot allow flawed operational changes to be a drop in our commitment to its timely service to compromise our mission.

We must pair these reforms with strong language to repair and to require robust service standards.

At this time, Madam Chair, during a pandemic is not the time to weaken our service standards. Thank you so much, and I yield back.

CHAIRWOMAN MALONEY. Thank you. And I will now turn to Ranking Member Comer. But before I do, I would like to extend my sincere thanks for his graciousness and for his willingness to consider working with us in a bipartisan way.

And with that, I now recognize Ranking Member Comer.

Mr. COMER. Well, thank you, Madam Chair, for holding this hearing. Thank you for allowing this hearing to be hybrid and thank you for what I think is your sincere desire for bipartisan postal reform.

After all the talk about the Postal Service over the past year, I am very happy we are finally doing something that has the potential to address the real issues facing the Postal Service and improve service and delivery for the American people.

But I must add that last year in this committee, Democrats spun wild conspiracy theories about Postmaster DeJoy's plan to steal the election by removing unnecessary blue postal boxes and underused mail sorting machines.

History has already shown that baseless conspiracy theory to be untrue, and it will go down in history with other baseless conspiracy theories like the ones Adam Schiff spun in the Intelligence Committee.

Postmaster General DeJoy was attacked for trying to tackle two glaring problems with postal operations that must be addressed: having the trucks leave on time and reducing the massive amounts of overtime postal workers accumulate.

Again, Republicans debunked the Democrats' mailbox myths and said repeatedly we should devote our energies toward fixing the Postal Service's broken business model.

With election year politics behind us, I am thankful, again, Chairman Maloney has agreed to take on the important but difficult task of postal reform.

Preserving and shaping the U.S. Postal Service is one of the most fundamental and important jobs of this committee. The core issues that plague the Postal Service is relatively straightforward.

Demand for first class mail has plunged and costs have stayed the same. No business could be expected to survive in such a scenario without making tough decisions.

A second core issue is emerging. Demand for packages has exploded and the Postal Service isn't equipped to deal with this massive demand increase.

There are other issues, foremost of which should be the needs of the American public, which together create a very complex challenge to address. One issue likely to be front and center today, how to pay for the benefits the Postal Service promises to its employees, which now make up well over \$100 billion, \$100 billion, in unfunded liabilities.

As of now, there is no plan for how to pay for these promises. Funding by some estimates will be depleted by the year 2030.

The Postal Service cannot be left to default on its retirees. It will require creative solutions and sacrifices from all interested parties, and there are many to make, this work.

We cannot ignore this problem. There are realities we must confront and address. Hard decisions must be made. This challenge calls for bipartisanship, and I am thankful Chairwoman Maloney has made the offer to work together on this effort.

Like all Americans, I am deeply concerned about the performance of the Postal Service over the past year. The delays in mail delivery across the country hurt small businesses, prevented the timely delivery of medication, hindered bills from being delivered

on time, and presented numerous other problems for the American people.

I have spoken to Postmaster DeJoy about these delays and I am eager to learn more today about how this issue is being addressed and what needs to be done to prevent it from happening again.

But I will say this. Mr. DeJoy is finalizing a business reform plan. The last Postmaster General, if you will remember, promised us to deliver a plan back in 2019. But it never arrived.

Most of you will remember that hearing when Elijah Cummings and Mark Meadows grilled the former Postmaster General, "Why haven't you brought a plan?" That plan never arrived.

The status quo at the Postal Service is not sustainable. Postmaster General DeJoy should be commended for doing the hard work to confront the realities facing the Postal Service.

I am eager to work with both my Republican and Democratic colleagues to reform the Postal Service, ensure its fiscal sustainability, and improve service to the American people. We must tackle and address the real issues facing the Postal Service.

I look forward to hearing from today's witnesses on their ideas to improve the Postal Service.

Now I would like to yield to the ranking member of the Government Operation Subcommittee, Ranking Member Hice from Georgia.

Mr. HICE. I thank the ranking member and, Chairwoman Maloney, thank you for calling this hearing today, and we all agree that the Postal Service is critical for our country and it calls for serious debate.

But I would agree with the ranking member that for this past year, Democrats spread false information and really blamed Republicans and the previous administration and the Post Office for an attempt to co-opt the 2020 elections. And we are dealing with that.

And just by way of remembrance, I have got some quotes that were made right here in this very room.

Quote, "An attack on our Postal Service and an attempt to dismantle our Postal Service out of a selfish desire to sabotage our democracy and maintain grip on power is an attack on all of us."

So somehow, last year, we were all in here, us being accused and Mr. DeJoy in the Postal Service of sabotaging our democracy.

The speaker said, "The president, his cronies, and the Republicans in Congress continue to wage their all out assault on the Postal Service and its role in ensuring the integrity of the 2020 election."

So, somehow we were all involved in an attempt to destroy the election.

Then there was another member of this committee. Mr. DeJoy, you will probably remember this. You sat here in this room and had to hear this straight up.

He said to you, quote, "How dare you disenfranchise so many voters? You know that it is a felony for a Postal Service officer or employee to delay delivery of mail. Somehow you can delay all the mail and get away with it. They can be prosecuted. You can't, even if your actions are a million times worse." And then he said, "Mr. DeJoy, is your backup plan to be pardoned, like Roger Stone?"

How unfair to make those kinds of unbelievable accusations and allegations. That same representative went on and suggested that we may need to arrest you in order to have you show up here for a hearing, which, of course, was unnecessary. You did it voluntarily.

Then there was a picture that went online, like this one here, of a member chained to a mailbox. This did nothing but create fear in the American people. This did nothing but put distrust in the American people with the Postal Service.

And I bring all this up because we endured all this last year, all year long. But let us remember what Mr. DeJoy actually did with the Postal Service.

First, he removed the blue mailbox drop boxes. But in so doing, was that an attempt to sabotage the election? Absolutely not. It is a routine process.

In fact, over the last couple of decades, 35,000 of those drop boxes had been removed, some 12,000 under President Obama's watch. We didn't hear anything about it then. It was only when Mr. DeJoy continues the process of scaling down.

One of the other things he did was take out mail sorting machines. Perhaps that had something to do with the fact that mail volume has drastically declined and these machines take up a lot of room, space needed for packaging processing.

He also reduced overtime. Well, let us just by remembrance bring to mind that the Postal Inspector General is the one who documented rampant overtime use and abuse, the cost of which was over \$1.1 billion in 2018 alone.

If that much overtime is the norm in the operating procedures of the Postal Service then, yes, there is a serious problem with overtime.

Now, perhaps all of this that I am saying is water under the bridge at this point. I certainly hope so. Maybe now we can get back to the real issue at hand, which is authentic reform of the Postal Service.

And maybe the efforts of Postmaster DeJoy will be put behind us and at this point that the election is over perhaps things will calm down as it relates to the rhetoric that has been so consistent this past year from the Democrats. Or maybe it won't. I don't know. We will see.

But as we roll into this debate, as Chairwoman Maloney has said, she hopes this to be a bipartisan movement. But, again, I would say just yesterday another member of this committee made the following quote: "Louis DeJoy is a political hack, a crony of Donald Trump and a massive Republican donor. He is taking a wrecking ball to the U.S. Postal Service."

So, I don't know that we are going to get over some of the rhetoric or not and, quite frankly, I would venture to raise the question with that kind of statement made just yesterday, are we now to assume that the Biden administration is not going to have anyone in any position appointed who has not giving money to Democrats?

Are we to assume from that kind of statement that now Republicans have the green light to day in and day out relentlessly go after any member of the Biden administration who has donated in the past to Democrats?

Well, today's hearing is about the Postal Service. It is not supposed to be about Louis DeJoy. But I doubt if that is going to be the case. And why does all this matter?

Well, at the end of the day, I, like the ranking member, have many concerns about the poor performance of the Postal Service in recent months. Our office has been covered up with complaints. And Mr. DeJoy is the captain of the ship. The buck stops with him.

But the important thing at the end of the day is that the Postal Service have strong leadership and that they have a plan to improve rather than sit back and wait for more taxpayer bailouts and assistance.

But if we are going to demand reform, which we should, why should we believe that there is not going to be more of the insane damaging rhetoric in the past? And I hope I am wrong with that.

Why should we believe that any steps other than those in the draft bill here, which really erases tens of billions of dollars in misplaced payments and unfunded liabilities, which, frankly, I support those basic concepts in this draft bill. But those things are not enough.

But why should we believe that the rabid resistance is not going to continue? If moving blue boxes and mail sorters and trying to bring sanity to overtime usage is somehow viewed as criminal activity by the postmaster, then what in the world is going to happen to the business plan that he comes up with and what is any postmaster general, be it Mr. DeJoy or someone else, going to do to try to right the ship of the Postal Service?

I will be very much interested in hearing some of these questions answered today. We have got to get input and deal seriously with reform issues and get beyond nonsensical, insane, rabid rhetoric that has been coming for the past year.

And I hope we will be able to do that Madam Chairwoman. I yield back.

CHAIRWOMAN MALONEY. OK. Now I will introduce our witnesses.

Our first witness today is Postal Service Board of Governors Chairman, Ron Bloom. Then we will hear from Postmaster General Louis DeJoy.

Next we will hear from Postal Service Inspector General Tammy Whitcomb. Next we will hear from the president of the American Postal Workers Union, Mark Dimondstein.

Next we will hear from Joel Quadracci, president and chairman and CEO of Quad, and finally we will hear from Dr. Kevin Kosar, a resident scholar at the American Enterprise Institute.

The witnesses will be unmuted so we can swear them in. Please raise your right hand.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[Witnesses are sworn.]

CHAIRWOMAN MALONEY. Let the record show that the witnesses answered in the affirmative. Thank you.

And without objection, your written statements will be made part of the record. And with that, Chairman Bloom, you are now recognized for your testimony.

**STATEMENT OF RON BLOOM, CHAIRMAN, UNITED STATES
POSTAL SERVICE BOARD OF GOVERNORS**

Mr. BLOOM. Chairwoman Maloney, Ranking Member Comer, and members of the committee, thank you for inviting me to appear before you today.

My name is Ron Bloom and I am honored to chair the Board of Governors of the United States Postal Service. This is not my first involvement in public service.

I served in the Obama Administration, first, as a member of the Auto Task Force helping to lead the restructuring of GM and Chrysler, and later on the White House staff.

In my 40-plus-year career, I have held leadership roles in both labor unions and financial institutions, specializing in restructuring and revitalizing large complex organizations.

In addition to the Postmaster General, I am joined on the board by five other Governors, each of whom brings significant relevant experience to our task.

My involvement with the Postal Service began a decade ago as an advisor to its largest union, the National Association of Letter Carriers. That experience, along with my work on the board, has only deepened my appreciation for the extraordinary dedication of the more than 645,000 women and men of the United States Postal Service.

Throughout this pandemic, Postal Service employees performed with distinction. This was most evident during last November's election, as they delivered 4.6 billion pieces of election and political mail and ensured that 99.89 percent of mail ballots were sent back to election officials within our guidance to voters.

Our peak season began immediately thereafter, and while the Postal Service delivered 1.1 billion packages over the holidays, we fell far short of our service targets. With COVID sidelining thousands of our employees, many Americans, including your constituents, experienced significant delays in the delivery of mail and packages.

This level of service is acceptable to no one at the Postal Service, and we are working to urgently address this challenge. But as we improve service, and we are and we will, we must face some hard truths.

As presently constituted, the Postal Service's ability to serve its twin mandate, to bind the Nation together and remain financially self-sufficient, is profoundly threatened.

For too long the Postal Service has been burdened with unsustainable liabilities and its own failure to adapt to the changing needs of its customers. As we look ahead, if we continue on our current path we are projected to lose \$160 billion over the next 10 years.

But for the Postal Service to succeed in the long term, we can't just throw money at the problem. We must address the systemic issues plaguing its outdated model.

For these reasons, the Postmaster General and postal management have been working with the Board of Governors on a comprehensive plan to invest in and revitalize the Postal Service.

This plan is still being finalized, so I am not in a position to reveal any specifics today. But I can tell you that its focus is on en-

sureing that the Postal Service is able to perform its essential public service mission and meet our universal service obligation in a reliable and affordable manner to 160 million American—161 million American households six and seven days each week.

This plan will require tough choices. As I mentioned earlier, I have significant experience in revitalizing and restructuring large complex enterprises, including the integrated steel industry, GM and Chrysler, and dozens in between.

Now, and if I have learned one thing it is that the single largest impediment to achieving a successful outcome is that stakeholders will support the abstract need for change, but will seek to avoid any change that impacts their particular interest.

Successful restructuring simply cannot work that way. We must be ready—we must all be ready to do our part. Congress has a vital role to play.

Our plan will ask you to give the Postal Service relief from its current requirement to prefund its retiree health benefits, and that we be allowed to fully integrate our retiree health plans with Medicare.

These changes will save us more than \$40 billion, or 25 percent of the hole we are trying to fill. We will also be asking the Biden administration to calculate our obligation to the CSRS pension plan using modern actuarial principles, which will save an additional \$12 billion.

Today, the Postal Service stands at a crossroad facing enormous challenges and significant opportunities. What happens next is up to us.

We can continue to ignore these challenges and demand that nothing changes while this great organization slowly dies, or we can come together and do something really important for the United States Postal Service and the people we serve. Thank you.

CHAIRWOMAN MALONEY. Thank you.

Postmaster General DeJoy, you are now recognized for your testimony.

**STATEMENT OF LOUIS DEJOY, POSTMASTER GENERAL,
UNITED STATES POSTAL SERVICE**

Mr. DEJOY. Good morning, Chairwoman Maloney, Ranking Member Comber, and members of the committee.

I want to applaud the subject of the hearing, legislative proposals to place the Postal Service on a more sustainable path while addressing performance. You have put your finger on the precise combination of success factors that the Postal Service leadership and I have been focused on for the past eight months—building a financially sustainable organization that fulfills our responsibility to the American people and to our employees, and that enables excellent reliable service that meets the expectations of our customers.

There is difficult work that is ahead of us to fix the systemic problems that have plagued the Postal Service. But I am confident that together these problems can be solved and I see a bright future ahead for the Postal Service and the public we serve if we have the collective courage to act.

A tangible reflection of our optimism for the long term viability of the Postal Service is our award yesterday of a production contract for the next-generation delivery vehicles.

Let me say at the outset that we must acknowledge that during this peak season we fell far short of meeting our service targets. Too many Americans were left waiting for weeks for important deliveries of mail and packages. This is unacceptable and I apologize to those customers who felt the impact of our delays.

All of us at the Postal Service from our board, to our leadership team, to our union association leadership, to every employee strive to do better in our service to the American people, and we will do better.

That said, the fundamental challenges that the Postal Service confronted in 2020 made the urgent change that we need to pursue even more evident.

The years of financial stress, under investment, unachievable service standards, and lack of operational precision have resulted in a system that does not have adequate resiliency to adjust and adapt to changing circumstances.

I am proud of the dedication of our employees who work tirelessly to meet our public service mission during the most trying of circumstances.

While our performance during the election was tremendous, the service performance issues that we otherwise experienced during much of the year demonstrate why we must make fundamental changes to provide our customers with the service they expect and deserve.

We need to frankly confront the problems we face, be candid and realistic about the magnitude of the solutions we require, and embrace the few crucial elements of legislative help we need from Congress.

Above all, my message is that the status quo is acceptable to no one because the solutions are within reach if we can agree to work together. Our dire financial trajectory, operational and network misalignment to mail trends, outdated pricing, infrastructure underinvestment, inadequate people engagement, and an insufficient growth strategy all demand immediate action.

We have a detailed plan for such action, which we will finalize soon, and with your help we can restore a Postal Service to the American people that they truly deserve.

To confront these urgent issues, our team has been working on a 10-year strategy that will reinforce the Postal Service's obvious strengths and address our obvious weaknesses.

The key commitments of this plan will include, one, a commitment to six and seven day week delivery service to every address in the Nation, not just because it is the law but because it is the key ingredient to our future success; two, a commitment to stabilizing and strengthening our work force, especially for our associates who are not yet in a career position.

We want every postal employee to have tools, training, and supportive environment necessary to enjoy a long-term career with us. And three, a commitment to investing in our network infrastructure, including vehicles, technology, and package sortation equipment.

We demonstrated this commitment with our award yesterday and look forward to working with Congress to determine if our electric vehicle goals can be accelerated.

In the weeks ahead, I look forward to sharing more information and engaging in discussions about this strategy with public policymakers, our unions, and management associations, our employees, our stakeholders, and with the American people.

To be self-sufficient, we also need targeted legislation. I thank you for your leadership and renewed interest in addressing our unfair and unaffordable employee retirement health benefit costs. That will give us a fighting chance when combined with other elements of our plan for financial sustainability.

Importantly, these funding changes can be made while sustaining and improving these value benefits to our employees. Our board and I, our management team, our union associations, and association leadership look forward to working with you and the administration to revitalize the Postal Service.

Thank you.

CHAIRWOMAN MALONEY. Thank you.

Inspector General Whitcomb, you are now recognized for your testimony.

**STATEMENT OF TAMMY WHITCOMB, INSPECTOR GENERAL,
UNITED STATES POSTAL SERVICE**

Ms. WHITCOMB. Thank you.

Good morning, Chairwoman Maloney, Ranking Member Comer, and members of the committee. Thank you for inviting me here today to discuss the Postal Service's recent service issues as they relate to potential reform efforts.

The mission of the OIG is to ensure the efficiency, accountability, and integrity of our Nation's Postal Service through independent oversight under the authority of the Inspector General Act of 1978.

We take our mission very seriously. The ability of the Postal Service to meet its service standards is always important, especially during the current pandemic when Americans are relying so heavily on it to deliver critical items like checks, medicines, packages, and ballots.

Even before the pandemic, the processing network was not operating at optimal efficiency. The Postal Service's drive to push mail through its network to meet its service goals actually led to costly inefficiencies due to lack of coordination and integration between the mail processing, transportation, and delivery operations.

Additionally, it routinely used the transportation networks and high levels of overtime to mitigate delays, causing late and extra trips and further increasing costs. When the pandemic hit, it brought a perfect storm of postal challenges, declines in mail volume and revenue, a surge in parcel volume which offset the revenue loss from mail but required costly operational shifts, and reduced employee availability due to illness and quarantine.

In the beginning of the pandemic, the Postal Service was able to modify operations to generally mitigate the impact and meet its obligation of universal service.

However, starting in early summer, the Postal Service introduced various operational and organizational changes. When deployed on

top of employee absences due to COVID-19, these changes negatively impacted quality and timeliness of mail delivery. Some areas were hit harder than others.

The pandemic impacted the Postal Service in other ways. The 2020 primaries and general election saw record numbers of people voting by mail. In addition to our planned election mail readiness work, we devoted significant resources to monitoring how mail-in ballots were processed.

In the weeks leading up to November 3, we sent 500 OIG employees to over 2,000 postal facilities nationwide. Our fieldwork is now complete and, generally, the Postal Service effectively prioritized and delivered ballots during the election season.

We will soon release our work on service performance during the general election and the subsequent runoffs.

After the election and throughout the peak holiday mailing season, service performance was severely challenged. While there are signs of improvement, concerns about service performance remain. We are currently focused on broad service issues as well as specific areas where concerns have been raised.

In response to a request from members of this committee and others, we are looking at service performance in a number of low-performing districts including Atlanta, Georgia, Charleston, South Carolina, and Detroit, Michigan.

In addition, we are evaluating recent embargoes where the Postal Service stopped accepting mail at certain overwhelmed facilities. We are currently finalizing a project specifically focused on the Cleveland, Ohio, plant, where commercial drivers experienced excessive wait times.

Finally, we are studying the development of service performance targets and measurements and looking broadly at reasons why they are challenging for the Postal Service to meet.

Any discussion about service must be put in the context of the Postal Service's difficult financial condition. The combination of declining first class mail volume and revenue, an ever growing number of delivery points, and large retirement-related payments has resulted in the Postal Service reporting a net loss annually for almost 15 years.

While there are no easy answers, there are potential reforms that can help move toward financial solvency. Our work supports various measures that could reduce the unfunded retirement liabilities including Medicare integration, alternative assessment strategies, and addressing the prefunding requirement.

We also identified a more equitable way to distribute the responsibility for CSRS-covered postal employees whose career spanned both the Post Office department and the Postal Service.

Another way to address the financial problems is exploring opportunities for new revenue. The Postal Service has historically played an important role in supporting and expanding the country's infrastructure, from building roads to developing the zip code system to providing nonpostal government services.

We believe there are opportunities to provide additional services that align with this historical role. For example, it could partner with internet providers to improve broadband connectivity, utilize

its vast network to improve access to government services, or provide nonbank financial services.

By leveraging its extensive reach, the Postal Service can both increase revenue and provide valuable services to the American public.

Thank you for the opportunity to discuss our work. I am happy to answer any questions.

CHAIRWOMAN MALONEY. Thank you.

And, Mr. Dimondstein, you are now recognized for your testimony.

STATEMENT OF MARK DIMONDSTEIN, PRESIDENT, AMERICAN POSTAL WORKERS UNION, AFL-CIO

Mr. DIMONDSTEIN. Thank you, Madam Chairwoman Maloney, Ranking Member Comer, and committee members. I welcome this opportunity to testify.

I am the president of the American Postal Workers Union, representing 200,000 of the 630,000 postal workers who proudly accept, process, sort, transport, and deliver mail to 161 million addresses a day.

Over the years, we have worked closely with the other three postal unions, all equally dedicated to the postal mission of providing universal service at affordable rates, and working with Congress to build consensus on legislation.

The pandemic has underscored the vital role of the Postal Service enshrined in the Constitution and overwhelmingly supported by the public. Our mission to bind the Nation together is carried out by moving critical information, necessary goods, lifesaving medicine, and on a nonpartisan basis, providing voters access to the ballot box.

Like other front line workers, postal workers have been nothing short of courageous in these dangerous and stressful times. The last year has brought a new appreciation for the Postal Service and also exposed the need to address its long-term stability.

The system is suffering under the strains of the pandemic, decades of understaffing and under investment, and, at times, misguided policies. Service has fallen to unprecedented and unacceptable lows.

This committee, we believe, can help right the ship, and we propose the following legislative pillars.

First, repeal the unprecedented and draconian 2006 mandate to prefund retiree health benefits decades in advance. This mandate accounts for over 84 percent of reported postal losses since the passage of the Postal Accountability Enhancement Act.

We were encouraged by the strong bipartisan support for prefunding repeal in the last Congress and look forward to its swift passage.

Second, the \$45 billion currently in the postal Retiree Health Benefit Fund is invested solely in low yield Treasury bonds and is being far outpaced by rising medical costs.

The Postal Service is forced to make up the difference of billions in lost growth and revenue. We suggest a minimum of 50 percent invested in well proven TSP life funds with strong oversight.

Third, and only as a companion to the first two pillars, integrate on a prospective basis future postal retirees into the Medicare system, thereby reducing the Postal Service's cost and, in many cases, the employees' cost.

It will have to be carefully designed as a postal plan under the Federal employee health benefit umbrella to ensure that the health benefits retirees have earned through their dedicated service are not sacrificed, and appropriate exceptions need to be crafted.

These proposals have all earned to one degree or another bipartisan support in the past and should form the foundation of new legislation. There is also no question that your oversight and legislative efforts are needed to address the current chaos of mail delays.

The goal should be to improve the service, not reduce the standards. In fact, we support a restoration of the July 2012 service standards. And this is certainly no time to shutter or further consolidate mail processing facilities and undermine the network.

The law requires the people deserve and postal workers are committed to providing the, quote, "prompt, reliable, and efficient services under the Postal Reorganization Act."

Furthermore, our experience of the last year calls for bolder action as well, in our view. The bipartisan Board of Governors called for \$25 billion In emergency COVID relief last spring. This body twice passed such a provision.

The December relief package included \$10 billion as a down payment. Emerging COVID legislation should include the additional \$15 billion to help stabilize the Postal Service during this crisis.

We also urge Congress to pass an additional \$25 billion of what is called a modernization grant, also requested on a bipartisan and unanimous basis by the Postal Board of Governors.

This proposal was passed by the House in the last Congress as part of H.R. 2. This order would allow the Postal Service to upgrade its fleet and facilities, and expand and enhance Postal Services.

Postal Service is a national treasure and trusted cornerstone of our country. The American Postal Workers Union looks forward to working with this committee on a nonpartisan and bipartisan basis to ensure the long-term sustainability of the people's Postal Service.

And I welcome any questions. Thank you, Madam Chairperson. CHAIRWOMAN MALONEY. Thank you.

Mr. Quadracci, you are now recognized for your testimony.

**STATEMENT OF JOEL QUADRACCI, CHAIRMAN, PRESIDENT,
AND CHIEF EXECUTIVE OFFICER, QUAD/GRAPHICS**

Mr. QUADRACCI. Good morning, Madam Chairwoman, Ranking Member Comer, and distinguished members of the committee. Thank you for your leadership in pursuing bipartisan postal reform legislation and for holding this hearing.

If ever the country needed a reminder of just how important USPS is to our way of life, we got it in 2020. We all relied on the Postal Service to deliver groceries, medications, online purchases, and other basic goods, which have sustained the economy throughout the pandemic.

We are grateful to the postal workers bravely serving on the front lines, and now is the time to support those workers by enacting meaningful postal reform legislation, and we are so pleased to support the chairwoman's discussion draft.

I have the good fortune to lead an outstanding company in a critical industry. At Quad each year, over 8 billion pieces of mail originates from one of our plants. This accounts for just over 12 percent of the overall marketing mail in the country. It means that our industry and the USPS are intrinsically linked.

I am also here on behalf of the Coalition for a 21st Century Postal Service. With mailers and shippers of every kind in members of our supply chain, C-21 represents a broad cross-section of an industry that in 2019, in partnership with the USPS, generated \$1.6 trillion in sales and employed 7.3 million workers.

Given the accommodation of service and pricing circumstances over the past year, our coalition and the industry as a whole are alarmed and question the continued ability of the Postal Service to provide affordable universal service.

We firmly believe that raising prices and/or reducing service will only exacerbate the problem of retaining volume. The Postal Service stands on the precipice of another step down in its volumes and revenues.

The combination of crushing mail rate increases authorized by the PRC and the recent chaos in delivery has shaken the confidence of the industry in the postal system.

Postage is now more than 60 percent of the cost of mailing a piece, and with the PRC proposed rate increases that number will jump to nearly 70 percent or more, disproportionately impacting mail decisions every day.

Quad turns 50 this year, and while many aspects of being a printer have changed, one remains the same. Serving our customers is paramount. The same holds true for the USPS.

Mailing in the digital world requires that all aspects of the effort work together, as now more than ever we live in a real-time world and service delays hurt. USPS is a vital partner serving the American public, and missing delivery and in-home dates reduces or even eliminates the value of the catalog from our favorite store, the greeting card from Grandma, your hometown newspaper, the magazine you have been waiting for, and we all know how frustrated we get when our e-commerce deliveries are delayed.

Missed deadlines erode the confidence in the mail and the volume declines. The chairwoman's discussion draft is an important step forward that our coalition supports wholeheartedly.

But we believe more is necessary. First, the unsustainable rate increases authorized by the PRC, which will equal three or four times inflation, must be avoided. We recommend that the committee direct the PRC to conduct a second time-limited review in order to recalculate rates based on the events of 2020, the impact of the bill and other postal developments, none of which are considered in this initial review.

Second, if at least some of the USPS retirement assets were invested in instruments outside of government, the expected high-yield returns would net the USPS billions of dollars. The thrift sav-

ings plan in which most Federal retirements funds are safely invested is one of those options.

Third, the time has come to codify the mandate for delivery six days per week and combine it with a directive that the postal network remain an integrated whole. We also want to bring your attention to overcharges imposed on the Postal Service for the Civil Service Retirement System, which total anywhere from \$50 billion to \$111 billion. They should be returned to the USPS.

The Postal Service is at a tipping point. The impacts of COVID are exacerbating its financial situation. Maintaining its self-funded status is critical to the American public.

If business mailers, which generate 90 percent of USPS revenue, are priced over the mail, taxpayers will be forced to pay the costs. The USPS can have its deficit closed, remain self-funded, and a valuable partner by enacting the common sense reforms proposed in the chairwoman's bill, along with the additional reforms I have laid out for you.

But we must act now. Thank you.

CHAIRWOMAN MALONEY. Thank you, and, Mr. Quadracci, you are breaking up a little bit. We are going to have the staff contact you and try to correct it for the questioning period.

Mr. QUADRACCI. Thank you. My apologies.

CHAIRWOMAN MALONEY. OK. Thank you.

And, Dr. Kosar, you are now recognized for your testimony. Dr. Kosar?

**STATEMENT OF KEVIN KOSAR, RESIDENT SCHOLAR,
AMERICAN ENTERPRISE INSTITUTE**

Mr. KOSAR. Thank you, Chairperson Maloney. Am I coming through clearly?

CHAIRWOMAN MALONEY. You are breaking up a little bit, too.

Mr. KOSAR. Oh. All right. I will do my best.

Chairperson Maloney, Ranking Member Comer, thank you for inviting me to testify, and thank you for devoting your valuable time and energy to this critical issue.

As many of you know, I have been studying the Postal Service a long time. I was a nonpartisan analyst at the congressional Research Service from 2003 to 2014, and I worked with this committee a lot over that period.

In subsequent years, I have continued to work on Postal Service challenges. I thank you for having me back to the committee. This is very, very important stuff.

With time limited and so much for the committee to discuss, I am going to limit my comments to the issue of the Postal Service's troubled business model.

As last year demonstrated, the USPS is an essential public service. Americans trapped at home relied on it to deliver both parcels and absentee ballots, and this is to say nothing of the billions and billions of other pieces of mail the Postal Service delivered, everything from catalogs to jury summons to prescription drugs.

Americans think quite highly of the agency. In the middle of 2020, Gallup found the Postal Service was the Nation's most popular Federal agency, and this is not surprising.

A big reason the public likes the Postal Service is the model. It is a self-funding government agency. This model means that the public pays no taxes to support the Postal Service, and everyone in America receives mail free of charge.

Now, the Postal Service's self-funding model worked pretty well from 1970 to around 2007 because mail volume grew every year. But in 2007, then Postmaster General John Potter came to Congress and said, "Our business model is broken."

He noted that the Postal Service's revenues were not going to increase enough to cover the agency's growing operating costs. What PMG Potter could not have known was that the very next year mail volume would plunge with the onset of the Great Recession, and since 2008, mail volume declined almost 40 percent.

Last year in 2020, the Postal Service's revenues were \$73 billion, which is actually a little less than the agency's revenues were in 2008. But last year, it is operating for \$5 billion higher than they were in 2008.

And I should note those figures exclude the cost related to the Retiree Health Benefits Fund prefunding. If we threw those RHBF costs in the losses would be worse.

In 2020, the Postal Service lost \$4.4 billion dollars. If you put in the retiree health benefits costs, it would be more than \$9 billion.

So, a critical question I hope Congress grapples with is what reforms are needed so that the agency's costs and revenues can be made to better align? Or put more bluntly, how can we make the Postal Service's self-funding model work in the 21st century?

Speaking to the revenue side, the Postal Service was set up in Congress to do paper mail. This main line of business is atrophying and there is little reason to believe that paper mail volumes are going to start growing again.

So, you might ask, what about parcels? There, the picture is unclear. Postal Service's parcel revenues have tripled since 2010. It is far from clear if parcel revenues will continue to increase. Once COVID-19 passes, presumably some Americans will shift some of their purchases from online to going back in person to stores.

I should also mention the Postal Service regularly warns in its financial statements that most of the parcels it delivers come from a few big companies and those companies are building out their own delivery networks, which creates the alarming possibility of parcel volume and revenue decreasing for the Postal Service.

This is a really tough situation and I think Congress needs from the Postal Service an estimate of what revenues likely are going to be over the next five years.

And then Congress should probably have the Postal Regulatory Commission, the Inspector General, and mailing and shipping companies all get together and look these figures over and provide feedback to Congress.

Then there is the cost side. Last year, the Postal Service's costs actually went up to an all-time high and only about \$700 million of that has been attributed to COVID-19. As my testimony notes, the Postal Service had some success in cost control over the last 10 years. But it is an uphill battle.

As former PMG Potter alluded to, there are natural upward pressures on the Postal Service's costs. The delivery network is ever ex-

panding. More Americans make for more delivery points. And collective bargaining also produces upward pressures on costs. Healthcare costs for postal workers at all Americans tend to trend upward, et cetera.

So, I think Congress should consider a variety of means to empower and encourage the Postal Service to better control its costs so they can be better aligned with revenues.

With that I will conclude my remarks, and I would be happy to respond to any of your questions. Thank you.

CHAIRWOMAN MALONEY. Thank you. I understand we are having some connection problems. So, we are going to take a very brief break for five minutes to see if we can get them corrected.

Some of our witnesses are breaking up and the delivery really from members in this room is breaking up, too. So, we will be very brief. Five minutes of brief recess to try to correct this.

[Recess.]

CHAIRWOMAN MALONEY. Thank you. I think we have improved it so we can communicate better. Thank you, and the chair now recognizes herself for five minutes for questions.

I would like to ask about one of the critical provisions in our draft bill, the integration of postal retirees into Medicare and get our witnesses' view.

Postmaster General, why don't we start with you? Right now, postal employees pay into the Medicare program. Is that correct?

Mr. DEJOY. Yes, ma'am.

CHAIRWOMAN MALONEY. My understanding is that they have already paid in about \$35 billion since 1983. Is that correct?

Mr. DEJOY. That is correct.

CHAIRWOMAN MALONEY. But not all retirees are enrolled. Based on our information, about 73 percent of retirees are enrolled but the other 27 percent are not. Is that correct?

Mr. DEJOY. That is correct.

CHAIRWOMAN MALONEY. The provision in our draft bill would require current employees to enroll in Medicare when they reach 65 and retirees who are already over 65 would be able—would be given a three-month period to enroll with no penalty.

Postmaster DeJoy, do you support Medicare integration?

Mr. DEJOY. Yes, Madam Chair. We support that Medicare integration as you described it.

CHAIRWOMAN MALONEY. Thank you. Not only will Medicare integration reduce copays and other medical costs for retirees, but the Congressional Budget Office reports that it will save the Postal Service nearly \$10 billion over 10 years.

Is that correct, Mr. DeJoy?

Mr. DEJOY. I believe it is a little more than that, ma'am. The Medicare integration projections that we have are at least \$30 billion over 10 years.

CHAIRWOMAN MALONEY. Thirty billion?

Mr. DEJOY. Mm-hmm.

CHAIRWOMAN MALONEY. Well, we need to get the right number. So, we will work with you on that. Thank you.

Let me go down the list of the witnesses. Mr. Bloom, you are the chair of the Postal Service Board of Governors. Do you support Medicare integration?

Mr. BLOOM. Yes, Madam Chair. We do.

CHAIRWOMAN MALONEY. Mr. Dimondstein, as the representative of postal workers, APWU also supports Medicare integration. Is that correct?

Mr. DIMONDSTEIN. Madam Chair, we certainly do as part of a comprehensive package. So yes, we do. We think it would be good for workers, good for the Postal Service, and good for the future.

But it has to be crafted carefully and we are happy to work with you and the committee on that. But yes, we are in support as part of comprehensive postal reform and the pillars I testified about.

CHAIRWOMAN MALONEY. Thank you.

Mr. Quadracci, as an industry stakeholder, do you support Medicare integration?

Mr. QUADRACCI. We absolutely do. It is common sense and it should be done.

CHAIRWOMAN MALONEY. And, Ms. Whitcomb, as inspector general, I know you don't typically take positions on policy proposals. But would you agree that this would significantly help the Postal Service's financial picture long term?

Ms. WHITCOMB. Yes. Our work supports the fact that this would be very beneficial to the Postal Service's financial situation.

CHAIRWOMAN MALONEY. Dr. Kosar, would you agree that Medicare integration would help the Postal Service's financial picture?

Mr. KOSAR. It is not something I have looked at closely, but I get the impression it will. One thing where I could use some more clarity is whether in the course of doing it, it creates any sort of negative spillovers upon the financial health of Medicare itself or on the Federal Employees Health Benefits Program.

CHAIRWOMAN MALONEY. Thank you.

This is important because the Government Accountability Office reports that without reforms like Medicare integration, the Postal Service Retiree Health Benefit Fund could become insolvent by 2030, and it appears that we have widespread support for this provision among the Postal Service, the workers, the industry, and stakeholders.

I believe we should go forward with this provision when we introduce this bill and mark it up at our business meeting, and I hope there is significant bipartisan support for it.

I now yield to the distinguished gentleman from Kentucky, Mr. Comer, is recognized for his questioning.

Mr. COMER. Thank you, Madam Chair.

Postmaster DeJoy, you have seen the provisions in the draft bill, mainly, the Medicare integration and prefunding ones. If we pass just that, just that part, does that put the Postal Service back in good financial state over the long term?

Mr. DEJOY. No, it does not, sir. We look at this bill, the components of this bill for Medicare integration and elimination of the prefunding benefit about totaling somewhere between \$40 billion and \$50 billion, and we are projecting \$160 billion loss over the same period the next 10 years.

So, in our plan, it is a part of our solution and it is necessary, and we have experienced, you know, unfair treatment in this. But it doesn't solve the problem.

Mr. COMER. Do all the provisions in the bill do anything to address your changing business environment, namely, the decrease in mail and increase in packages?

Mr. DEJOY. No. No. Those are—but these—there are self-help plans that we have, you know, moving forward, that will help address that, and in fact, our strategy, when released, will—combined with this legislation should bring us to nearly break even. It is a break even plan over the next 10 years.

Mr. COMER. So, you believe that your plan will be enough to provide the structural reform necessary to fix the Postal Service?

Mr. DEJOY. I think absent this legislation that the chair proposes there is no path to totally eliminating our loss. But in combination with this and other action—other good strategies for the American people and for the Postal Service, we see a path forward to sustainability and good service.

Mr. COMER. What happened the last time you tried to implement some reforms?

Mr. DEJOY. Well, you know, I think the word “reforms” is exaggerated and what I am—what I am accredited with doing is also, you know, not accurate.

But a simple thing that I did engage in was setting—you know, we had an organization with a COO and seven, eight area vice presidents and an OIG report that said our trucks weren’t running on time and we were running extra trips, and it was substantially costly and deteriorating service.

And I asked them to go—to make—you know, put a plan together to do what I felt was a pretty simple task in most other places. After about three weeks, they came back with a plan that guided to run—you know, run transportation on time and it really had, you know, a negative impact on service for about two or three weeks when we began to recover.

It should have been something that we were—would be able to resolve within a couple of days. But it took us longer but, in fact, recover prior to—you know, prior to within about a month we had gotten back.

All the other things on closing boxes—collection boxes, reducing overtime never happened, from my standpoint. Those were internal—it may have been through a meeting where they briefed me on something, but I was there for three weeks. It was an—it was an operations team that did it.

In fact, overtime since I have been there is through the roof, much more than it has ever been, you know, in the Postal Service.

Mr. COMER. Right. Well, I appreciate the reform efforts and look forward to looking more into your reform and working with you.

Mr. DEJOY. If I can just add, the plan that we are talking about now has been eight months of work with an extensive part of management team, with dedicated long-term postal employees, with very, very sensitive—great sensitivity to their service, their historical service to the American people.

This is a balanced plan when it comes forward. Together with the chair’s legislation, we should be able to, you know, have a sustainable Postal Service.

Mr. COMER. Right. Look forward to that.

My next question is for Chairman Bloom. Do you support Postmaster DeJoy's plan?

Mr. BLOOM. The plan hasn't been finalized. But the Board of Governors has been involved with the Postmaster General as the plan has been developed. Yes.

Mr. COMER. Well, Madam Chair, I will conclude with that. It is important to note that Chairman Bloom is working closely with Postmaster DeJoy. Chairman Bloom is a Democrat, former Obama Administration person, and I think that that is what it is going to take to reform the Postal Service.

Real reforms, tough decisions. And it is going to have to be done in a bipartisan way, and I look forward, Madam Chair, to working with you to see that that happens.

So, I yield back the balance of my time.

CHAIRWOMAN MALONEY. Thank you.

The gentlewoman from the District of Columbia, Ms. Norton, is recognized for five minutes.

Ms. NORTON. Thank you very much, Madam Chair.

And I really appreciate this hearing because we have been talking about the prefunding mandate ever since I have been a Member of Congress, and perhaps we can do something about it now, Mr. DeJoy.

Only this agency requires full prefunding of health care for future retirees. Only the Postal Service, and this prefunding has to be in advance for 75 years. That is a lot of money, particularly for an agency which is succumbing to new technology. Employees even many years away from retirement, we are required to prefund it—to prefund.

Now, the idea was, of course, responsible to ensure the availability of future health benefits for retirees.

Postal—Postmaster DeJoy, how much money is currently saved in the Retiree Health Benefits Fund?

Mr. DEJOY. I think the original combination of the postal contributions and the transition is somewhere around \$40 billion to \$45 billion.

Ms. NORTON. Consider that amount of numbers. If other Federal agencies were required to prefund the cost of retirees' health care coverage.

Or let me ask you, do you know of any other agency required to prefund in this way or is the Postal Service alone?

Mr. DEJOY. I am not an expert on any other agency. But from the standpoint of the comparisons that I received, no, I don't think I know of any that does.

Ms. NORTON. Well, let me ask Mr. Quadracci about private sector firms. Are they required to prefund the cost of retiree health coverage—health care coverage?

Mr. QUADRACCI. I don't know anybody who does and I think, in fact, if we had to, I am not sure my business would be here today.

Ms. NORTON. I understand that.

And finally, the Federal Government understood it couldn't keep refunding and so in 2006 the Postal Service or since that time has simply refused to prefund \$35 billion, I think, outstanding.

And I think it is fair to say that there is no expectation that this money will be repaid. In fact, the Congressional Budget Office,

when I cite an authoritative reference, does not even score any longer the elimination of the prefunding mandate because it does not believe that these unpaid funds will ever be repaid.

Chairman Bloom, does the board support eliminating the prefunding mandate?

Mr. BLOOM. We do, Congresswoman.

Ms. NORTON. President Dimondstein, your statement supporting Chairman DeFazio's bipartisan legislation to eliminate prefunding mandate that was included in this discussion draft, as you stated, this legislation is a necessary step to solving the disastrous prefunding mandate that is dragging down the Postal Service.

Do you stand by that statement here today?

Mr. DIMONDSTEIN. Absolutely. It is unfair. It is draconian. It is unprecedented, and it really has choked the Postal Service from needed investment and moneys over the years. So, we absolutely stand by a repeal of the unfair prefunding mandate.

Ms. NORTON. Finally, how would eliminating the prefunding mandate help your members?

Mr. DIMONDSTEIN. The eliminating of the prefunding mandate would—No. 1, it would take a lot of financial pressure off of the Postal Service, and anytime there is undue and unnecessary financial pressure we cannot carry out our mission as effectively as postal workers believe in and are dedicated to.

And so it would, certainly, enable the workers to provide better benefits and it would certainly enable the workers, going forward, to be more secure in their jobs, to be more secure in their mission.

And I don't know any postal worker that doesn't think that it is the right thing to do away with this prefunding mandate. It will make our jobs easier and it would improve the service to the people of this country, and that is what we are about.

Ms. NORTON. Madam Chair, I think it is unanimous from all parties that prefunding should be eliminated. I certainly hope we do so in this Congress.

Thank you very much, and I yield back.

CHAIRWOMAN MALONEY. The gentleman from Georgia, Mr. Hice, is now recognized for five minutes.

Mr. HICE. Thank you, Madam Chairwoman.

Chairman Bloom, let me begin with you, and I don't want you to take offense at this first question. It is just a matter of fact that the ranking member brought it up.

But which political party do you affiliate with?

Mr. BLOOM. I am a registered Democrat.

Mr. HICE. OK. So, from that perspective, let me just ask you, last year did you believe that Postmaster DeJoy was trying to sway the election against your party's nominee?

Mr. BLOOM. No.

Mr. HICE. So, do you believe that or did you believe that he was somehow removing the blue boxes for the purpose of preventing people from mailing in ballots?

Mr. BLOOM. No.

Mr. HICE. Did you believe that he was trying to remove the mail sorting machines for the purpose of slowing down election mail?

Mr. BLOOM. No.

Mr. HICE. OK, thank you.

Let me go—Inspector General, let me ask you along the similar line of thought. Did your office, the Inspector General’s Office, find any sign whatsoever, any evidence of a plan by Postmaster General DeJoy to hinder vote by mail?

Ms. WHITCOMB. No, we did not.

Mr. HICE. All right. Did the Postal Service perform—well, let me ask you this. Did you look into how well they performed when it came to delivering election mail?

Ms. WHITCOMB. Yes. We have wrapped up that work. Our work has not—a report has not yet been released, but generally found that that the Postal Service prioritized ballots effectively during the election.

Mr. HICE. OK. Well, then let me go to the Postmaster General himself. How was the performance in delivering election mail?

Mr. DEJOY. Very proud of the performance of the 640,000 men and women of the Postal Service, and they—we did the usual thing that we do every election, performed extraordinary measures.

We delivered 99.7 percent—we have a report out that is on our website—99.7 percent of ballots within two days. Some very, very, extremely high numbers. I have it written down someplace here.

But everything was in the 99 percent. Ballots to election—from voters to election boards were 1.7 days, the average time across 135 million ballots.

Mr. HICE. Well, and I know that is specific to election mail. We have issues with first class and other types of mail. But you can’t improve a great deal on those kind of statistics when it comes to election mail.

So, let me come back to you again, Chairman Bloom. Just again, in your opinion, where the attacks last year against Postmaster General DeJoy warranted?

Mr. BLOOM. Congressman, I would say that they weren’t. I will say, in my humble opinion, that the politicization of the Postal Service was a bipartisan affair. But on your question, I think those particular attacks were not fair.

Mr. HICE. OK. Well, thank you for your honest answers. And quite frankly, it is with that spirit that I believe the potential of bipartisan solutions is within reach.

We have got to get away from the attacks and allegations that are unfounded, and I am pleased to hear that you, as a admitted Democrat, understand that the allegations against Mr. DeJoy were unwarranted, and I appreciate that.

And so it is my hopes, Madam Chairwoman, that we will be able to proceed in getting some genuine solutions as we move forward here, and the allegations that came forth from many in this committee, that he was attempting to alter, co-op, the elections. If those were true allegations, he miserably failed.

There was a record-setting 135 million mail-in ballots with almost perfect delivery with those. And so I am hopeful that with this information cleared, we will be able to move forward in a bipartisan manner.

I thank the Madam Chair, and I yield back.

CHAIRWOMAN MALONEY. Thank you for your bipartisan comments.

And now to the gentleman from Massachusetts, Mr. Lynch, is recognized for five minutes.

Mr. LYNCH. Thank you very much, Madam Chair.

Let me followup on the gentleman from Georgia's questions then. To the two previous witnesses, would you say with the near—excuse me, let me quote the gentleman from Georgia—the almost perfect delivery of ballots in the previous election, given that fact, would you say that it was unconscionable that someone would dispute and vote to undo the results of that almost perfect delivery of ballots in the previous election?

To either of the two previous witnesses. Let me—let me just recount the facts. The gentleman from Georgia voted to undo the elections in two separate states, and so he has just spent about five minutes reminding us, in his own words, that the delivery of ballots was almost perfect by the United States Postal Service in that election that he voted to undo.

So, I am asking you whether you—the evidence that you have supports that.

Anytime now. OK. Reclaiming my time. I didn't think so.

Postmaster General, I am indeed very happy to see you here today and I am very pleased that in your testimony you have agreed that the onerous burden on the Post Office to prefund their retiree benefits by 75 years in advance should be corrected, should be eliminated, and also that you support the integration of Medicare, which, depending on whose estimate, yours or Chairwoman Maloney's, it is going to save about \$10 billion for the Post Office over the next 10 years. I am glad we are in agreement on that.

Let me ask you, there was a story in the *Washington Post* that—and I need to be careful about this—it talked about your yet to be released strategic plan and the change in the delivery frequency of first class mail and that it may be reduced from the existing one to two days or 1.7 days, I think you quoted, to three to five days.

Is that something that you are anticipating or that might be part of your strategic plan?

Mr. DEJOY. As Chairman Bloom said, we are not finalized. We are getting very close to finalized, and we have taken eight months to do a diagnostic on just about every aspect of our operation to identify what the significant ails in our performance and cost are.

And we have put together a comprehensive balanced solution that moves forward in service—of service standards, which have not been met for the last eight or nine years, and which, as the OIG has stated, drive significant cost and lack of process to do Herculean efforts to meet some of the—some of the considerations we have.

Now, I have—

Mr. LYNCH. Let me just—let me reclaim my time, and I appreciate your answer. I do.

Let me just say we, on this committee, have confronted this issue before about reducing delivery standards. You know, we are a little bit concerned right now with the numbers we have from December, the Christmas rush, where I think 38 percent—only 38 percent of the local first class delivery was on time, and that is down from 91 percent in the previous year.

So, let me—let me just say this.

Mr. DEJOY. I would just say—I would say that is not accurate information.

Mr. LYNCH. Well, that is the information we have from the Post Office. So, that is all I got to work with.

All I got to say is this. If the business plan for the Post Office is to deliver an inferior product, and we are in competition with FedEx and UPS and Amazon, that spells trouble. That leads me to believe that we would be going into a downward spiral.

The solution can't be to not deliver the mail or to deliver it three to five days. You know, instead of next day delivery, when we can get around to it delivery. That won't work. Just like, you know, going to five days did not work because that is not what the customer wanted.

You know, the customer wants seven days delivery, not five days, and thankfully, my colleagues on the other side of the aisle finally agreed with that and dropped their proposal.

So, for what it is worth, that is my sense of it. I thank you again for your willingness to attend the committee and I yield back the balance of my time.

CHAIRWOMAN MALONEY. Thank you.

The gentlewoman from North Carolina, Ms. Foxx, is recognized for five minutes.

Ms. FOXX. Thank you, Madam Chair, for holding this hearing.

All of us are affected by the Post Office. All of us use the Post Office. All of us want the Post Office to be efficient. I want the Post Office to be self-funded as it was planned to be many, many years ago. I use the Post Office a lot. The local folks in my area are great and I enjoy talking with them.

And I want to thank our witnesses for being here today. Mr. Dimondstein, I have a question of you. My understanding is you represent 200,000 of the 600,000, postal union workers. I want to ask you how your union and the others are going to help assure the success of the Postal Service operational reform efforts that the Board of Governors and the Postmaster General have jointly designed.

And I don't want you to mention more money. What are you all going to do better than you have done before? Because you have a real self-interest in this issue.

Mr. DIMONDSTEIN. Well, better than we have done before. I think the postal workers do a great job and I think the postal workers—and we have seen that in a pandemic, underscored in these stressful and dangerous times.

The postal workers themselves and the unions that represent them actually have done a lot to try to deal with the staffing issues, to try to deal with the overtime issues, and, in fact, have addressed questions of pay rates and benefits in a way before my time, I should say. But—

Ms. FOXX. But my understanding is that benefits are climbing as mail volume is decreasing—

Mr. DIMONDSTEIN. Well—

Ms. FOXX [continuing]. Even though there may be a very slight decline in employees. So, the number of employees is not going down commensurate with the mail volume going down. But your benefits are going up.

Mr. DIMONDSTEIN. Our benefits—look, we—obviously, the union believes that all workers should have decent living wages and good benefits. The unions have given up a lot of wages and including some of our benefits structure over time.

Ms. FOXX. Name an example, one specific example.

Mr. DIMONDSTEIN. OK. In 2011, the Postal Board of Governors chair testified before Congress that the American Postal Workers Union gave up \$4 billion of wages and benefits in that one contract for the life of the contract, and that keeps giving, going forward.

We have increased the contribution, unfortunately, from our point of view, but the contribution that workers pay for their health care premiums have tremendously increased to the detriment of the worker, all for—

Ms. FOXX. But, Mr. Dimondstein—

Mr. DIMONDSTEIN. That is an example.

Ms. FOXX [continuing]. Don't most people in the private sector pay some on their health care benefits? I think most people in the private sector do pay for their health care benefits.

Mr. DIMONDSTEIN. But I am—again, I don't want to argue. I am sure you are aware that postal workers paid 28 percent of their premiums for a family health plan. That is over \$6,000 a year that the postal worker pays out of their pocket. It is over—

Ms. FOXX. OK. What—do you want the Post Office to be self-funded? Do you want to be self-funded, self-sufficient, and not have to keep coming back to Congress to ask for money?

Mr. DIMONDSTEIN. I don't know anytime outside of the COVID, in my history as the president and a union activist before that—I know of none—no time outside of the COVID emergency relief that taxpayer dollars since the—since it changed under the law in 1970 that taxpayer dollars have been used to going to the Postal Service nor has the Post Office, as far as I know, come before this body seeking money. I am not sure where all this bailout idea comes from when it is the opposite.

Ms. FOXX. OK. Should the Postal Service give incentives for the retirement of older employees and hire new employees?

Mr. DIMONDSTEIN. That is a decision that management makes. If you are if you are asking about early outs, Congresswoman, while there has been history at times—

Ms. FOXX. Just yes or no. Just yes or no.

Mr. DIMONDSTEIN. The question is—that is a Postal Service decision. Yes.

Ms. FOXX. OK. Thank you.

Mr. DIMONDSTEIN. Sure.

Ms. FOXX. OK. IG Whitcomb, I have a question. According to CBO, the Medicare trust fund will run out of money as early as 2023. Integrating postal retirees will expedite the collapse of the Medicare program. What happens to postal retirees then?

Ms. WHITCOMB. That is—if the Medicare trust fund runs out of money, is that what you are asking?

Ms. FOXX. Yes, and the employees are put into Medicare as opposed to their own health care fund.

Ms. WHITCOMB. Yes. I am sure that is a bigger challenge than the postal employees. But it is not work that we have done at this point.

Ms. FOXX. But that is the—they want to get into the Medicare plan, knowing that it is going to run into trouble before your own medical plan is going to run into trouble. So, what does that say about the approach to this?

Ms. WHITCOMB. Again, that is something that is a bigger challenge than the Postal Service and not one that our work addresses or that I am prepared to address. But we can get back to you if you are interested in us doing some work in that area.

CHAIRWOMAN MALONEY. The gentlewoman's time has expired.

Ms. FOXX. Thank you. Madam Chair, one more quick question. Not a question. I have some material I would like to enter into the record with—

CHAIRWOMAN MALONEY. Without objection.

CHAIRWOMAN MALONEY. Thank you.

Ms. FOXX. Thank you.

CHAIRWOMAN MALONEY. The gentleman from Tennessee, Mr. Cooper, is recognized for five minutes.

Mr. COOPER. Thank you, Madam Chair.

Many of our colleagues have mentioned the goal of self-funding for the Post Office, and it is a worthy goal.

But, Mr. DeJoy, it is not a goal that you pursued in your private sector companies, right, self-funding of health benefits over 75 years? That would have been disastrous for your company, right?

Mr. DEJOY. Well, we had self-funding plans, but they were not advanced the way—you know, actuarially for the rest of everybody's life. So no, we would not have had that.

Mr. COOPER. And no other Federal agency has this requirement?

Mr. DEJOY. Not that—not that I am aware of, sir.

Mr. COOPER. So here, we are putting a burden on the Post Office that is extraordinary and, perhaps, fatal and this Congress is, hopefully, going to lighten that burden.

But this self-funding requirement, I think, has more implications. I think it would be better if we all agreed that we need to minimize the subsidies because the cost of delivering mail in Alaska is, clearly, higher than in a more urbanized state, right?

Mr. DEJOY. It costs more to get to Alaska and that is a different question than—

Mr. COOPER. But Alaska is a part of the United States, just as rural citizens are part of the United States, and it costs more to deliver the mail the last mile to those people.

Mr. DEJOY. It does, but there is a process.

Mr. COOPER. It is a largely unacknowledged cost because the price of the stamp is the same everywhere.

Mr. DEJOY. But that is the intent of universal service, sir.

Mr. COOPER. But that implies a hidden subsidy and a hidden tax within each stamp because some people pay more, some people—everybody pays the same.

Mr. DEJOY. It implies a cost for the service as designed by the Congress. It is a service. You have—it is not a tax. You have a choice not to mail something.

Mr. COOPER. Well, most people rely on communication, and the private competition that you face is much more flexible at varying their rates. The Post Office has a flat fee pretty much for everybody, even though the costs vary widely.

Mr. DEJOY. That is, again, the design of the system. I think the problem is we have not been able to address that pricing over—for 14 years until just recently. That has been most of the damage that has been done to the organization.

Mr. COOPER. But puts the Post Office at a systematic disadvantage, right? Because of the design of the program. It is flat rate postage, and it goes anywhere—Alaska, Hawaii, the territories. Same price.

Mr. DEJOY. Well, we talk about market-dominant mail products, which we—that is what you are speaking about now, which we really don't have other, you know, competition in that area other than digital communications and our failure to evolve over the last 10 years.

So, I don't really—I really don't understand what you are getting at.

Mr. COOPER. Would FedEx, Amazon, UPS be doing as well if they didn't rely on the Post Office so heavily for last mile coverage?

Mr. DEJOY. FedEx, that is a competitive product, which we need to get better at doing. We have operational—we have not evolved.

Mr. COOPER. But they rely heavily on our last mile coverage because we are the only people who provide that.

Mr. DEJOY. That is not really true. Right. FedEx actually doesn't do—their last mile delivery with us has been significantly reduced over the last year.

Mr. COOPER. But they still rely on the Post Office to deliver and you have actually been making money on the increase in package deliveries that have been sent the Post Office direction, right?

Mr. DEJOY. Package volume has been up significantly.

Mr. COOPER. And that has been a silver lining in the cloud.

Mr. DEJOY. Well, the cost coverage on competitive package volume is different than the cost coverage on mail, as the pricing is designed. And it is important—it is important that we recognize the difference in what it is you are identifying here, package delivery versus mail delivery, going to every address versus going to where we can price competitively, because that is a big part of the problem that we are attempting to solve with our new plan.

Mr. COOPER. I think Mr. Dimondstein mentioned that \$45 billion that has been saved up for health benefits for employees. Now it is only invested in low-yield Treasury bonds.

It would be interesting if that money had been invested in the stock of Amazon, FedEx, and UPS. Would the employees be doing a whole lot better today than they are now with the low-yield Treasury bonds?

Mr. DEJOY. Yes, sir.

Mr. COOPER. How much better?

Mr. DEJOY. Bazillions of dollars.

Mr. COOPER. Bazillions of dollars. So, again—

Mr. DEJOY. We are all familiar with the investment strategy of Federal Government's and Social Security investment strategy, as it is—that has been long debated is you give up risk, you know, for a price. I mean, that is a whole another discussion that you all have had for years.

Mr. COOPER. Finally, Mr. DeJoy, you are a political appointee, a holdover. No one knows how much longer you are—

Mr. DEJOY. That is incorrect. I am not a political appointee. I was selected by a bipartisan Board of Governors, and I would really appreciate if you would get that straight.

Mr. COOPER. Well, how much longer are you planning to stay?

Mr. DEJOY. A long time. Get used to me.

Mr. COOPER. As long as the board approves your staying?

Mr. DEJOY. That is the—as far as my commitment to see our plan through, I am here until I can see it tangibly produced the results we intended to. I believe the board is committed to that—

Mr. COOPER. But that is not determined by you. It is determined by the board.

Mr. DEJOY. Well, it could be determined by—I could resign, right?

CHAIRWOMAN MALONEY. The gentleman's time has expired. The gentleman's time has—

Mr. DEJOY. I could get tired of it. I have other things I can do.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. JORDAN from Ohio is recognized for five minutes.

Mr. JORDAN. Thank you, Madam Chair.

Mr. DeJoy, did you have any protesters at your house last night?

Mr. DEJOY. Not last night.

Mr. JORDAN. President Biden called for you to resign, Mr. DeJoy?

Mr. DEJOY. No, the president has not called for me to resign.

Mr. JORDAN. Any member of your board called for you to resign?

Mr. DEJOY. No, sir.

Mr. JORDAN. None of the Democrat and Republicans on the board haven't called—any of the Democrats called for it?

Mr. DEJOY. We have—you know, it is hard to tell in our board meetings because we all very much act in a bipartisan manner focused on postal issues. But there are two gentlemen that—you know, the chair identified that he is a registered Democrat and I think there is another gentleman on the board.

Mr. JORDAN. Mr. Bloom is a Democrat, right? He supports you.

Mr. DEJOY. Yes, he is a Democrat. Yes.

Mr. JORDAN. Has the chair—the chair of this committee, has she called for you to resign this Congress?

Mr. DEJOY. She has not.

Mr. JORDAN. She called for you to be suspended last Congress. I don't think she has called for you to resign in this Congress, has she?

Mr. DEJOY. We have had good conversations on a variety of—

Mr. JORDAN. Yes. And I know where Mr. Connolly's at and some of the Democrats. But, I mean, last time you were here you had protesters banging on pots and pans outside your house. You had 90 some people calling for you to resign. You were the worst guy on the planet last time you were here. I just want to know what has changed.

Mr. DEJOY. Maybe—that is not for me to answer.

Mr. JORDAN. I mean, they were so ticked last time, Mr. DeJoy, they passed a bill—they called us in on a Saturday in August to pass a bill, and then they had a hearing on the bill they passed two days later. Do you remember that?

Mr. DEJOY. So, it was an unfortunate set of circumstances for me, for my family, for the postal employees, for the postal board. None of it was based in any type of fact. It was sensationalization.

But we are through—I am through that. The board is through that. We are just trying to get our plan—get this legislation passed and get on with the improvements we need—

Mr. JORDAN. They passed a bill on Saturday, August 22, a bill they know had no chance of becoming law, a bill that was not even taken up in the Senate. Then they had a hearing on the bill they already passed two days later. Normally, you do it the other way around.

Normally, you actually have a committee get together, look at the legislation, debate it, discuss it, have witnesses, get expert testimony, all that stuff. And then you maybe pass it out of committee and go to the floor and do it.

They called us in special to pass a bill on a Saturday, and then had a hearing on Monday and all that weekend they had protesters at your house, disrupting your family and, frankly, your neighbors as well.

And now you are telling me you got no one on the Board of Governors asking you to resign, no protesters at your house. The president hasn't asked you to resign, the chairwoman hasn't asked you to resign, and I want to know what has happened.

What is different between February 24, 2021, and August 24, 2020? What happened in those six months? What could—what could explain the Democrats' difference in attitude?

Mr. DEJOY. Mr. Congressman, I don't want to participate in—

Mr. JORDAN. What do you mean you don't want to—I am asking you a question—

Mr. DEJOY. I believe—I believe there is—

Mr. JORDAN. Can you hazard a guess as what might have happened between August 24, 2020, when they passed a bill—

Mr. DEJOY. I am—I am hoping—

Mr. JORDAN [continuing]. And then had a hearing on it? What may have happened between August 24th, 2020, and February 24th, 2021? What could have happened in the interim there that would change the attitude of Democrats?

Mr. DEJOY. One of two things. Either everyone is anxious to hear our new strategic plan or we had an election. One of the—

Mr. JORDAN. I am sure that is it. I am sure that is it.

[Laughter.]

Mr. JORDAN. Still waiting for an answer. I did this to you when you were here last time, Mr. DeJoy. I asked you, you know, to comment on something. You wouldn't do it then either.

What happened between August and February? What important event happened?

Mr. DEJOY. We had an election.

Mr. JORDAN. We had an election. It was all a charade. You don't have to take my word for it. The Wall Street Journal called it a giant conspiracy theory. Called us back in.

It was all to—it was all part of the predicate for laying the groundwork for the mail-in balloting and all the chaos and confusion the Democrats wanted, and the laws that I think they passed

in so many states, frankly, in an unconstitutional fashion, it was all about politics.

It was all about the election. Do you agree with that, Mr. DeJoy?

Mr. DEJOY. It was a very sensitive time for the Nation and there was a lot of activity—

Mr. JORDAN. They accused you of things—that they said you were—you were restricting overtime. False. They told you, oh, you were taking the collection boxes, doing something that had never been done before, even though it had been done by every previous Postmaster General.

Twelve thousand of them had been moved by the Obama Administration Postmaster General. But, oh, somehow you were the worst. Again, all under the guise of creating this crazy chaos that they wanted around the election relative to mail-in balloting and you were the guy they used to launch it all, to start it all in the summer, when everyone was calling saying all kinds of—you were—I mean, you were—like I said, they had you as the worst guy on the planet back then. And now everything, oh, it seems to be so much better now.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. JORDAN. Thank you, Madam Chair.

CHAIRWOMAN MALONEY. The gentleman from Virginia, Mr. Connolly, is now recognized for five minutes.

Mr. CONNOLLY. Thank you, Madam Chairwoman. And all the gaslighting that we just heard does not change facts. Mr. Dimondstein, please move the mic close to your mouth. Thank you.

Am I—am I making this up, as Mr. Jordan apparently would have you believe? That the president of the United States last summer, Donald J. Trump, publicly said voting by mail would lead to massive fraud. Did he say that or is that—am I imagining that, Mr. Dimondstein?

Mr. DIMONDSTEIN. I don't think you are imagining it. What I recall him saying at one point is he was going to make sure that the Postal Service got no financial COVID emergency relief because then they would be able to more effectively deliver value—

Mr. CONNOLLY. Thank you. But the point is, it was Donald Trump, the Republican nominee, who was planting the idea, aided and abetted by disruptive changes proposed by a new Postmaster General and a compliant Board of Governors, that actually eroded public confidence in the ability to vote by mail. That wasn't a Democratic narrative. That was a Republican narrative by the president of the United States and his enablers.

And oh, by the way, inconvenient fact. Mr. Hice would have you believe that it was partisans on this committee, and he quoted a number of Democrats—by the way, admitted Democrats. For the record, I am an admitted Democrat and damn proud of it.

I didn't vote to overturn an election and I will not be lectured by people who did about partisanship. The facts are stubborn things. It wasn't—the idea that it was complete fiction, that the changes proposed by Mr.—in fact, implemented by Mr. DeJoy with a compliant board, led by, now, Chairman—Mr. Bloom, who has admitted he went along with them.

It was a Federal judge who found it politically motivated, not a Democratic critic. I refer you to a Reuters story last September.

U.S. District Judge Stanley Bastian in Yakima, Washington, upheld a challenge by 14 states and enjoined the Postmaster General to stop what he was doing, and said the states have demonstrated that the defendants are involved—the defendants being listed DeJoy and company—they are involved in a politically motivated attack on the efficiency of the Postal Service.

That is not some partisan Democrat. That is a Federal judge, and that wasn't the only ruling that provided the injunction to stop the deliberate disruption of the Postal Service that was contributing to erosion of confidence in the ability of people to vote by mail.

That wasn't a Democratic plot, and all of the gaslighting we are listening to here doesn't change the facts.

Mr. Bloom, you have admitted that—in fact, you supported and do support the changes that Mr. DeJoy undertook that were widely criticized not just by Democrats but by actual American people who received the mail or didn't, by businesses, by stakeholders, by the media. That didn't just originate in this room.

Somehow, people were bothered by it because one of the most sacred institutions in America that still works during the pandemic, warts at all, was actually being threatened in the public mind by these changes and that the reason was political. We didn't make that up. A Federal judge confirmed it.

Mr. Bloom, you agreed with those changes. You agreed to hire Mr. DeJoy because you found him qualified. You had—you were—according to one of your colleagues, you were all tickled pink with the performance of the Postmaster General in the height of the controversy during a pandemic. Are you still tickled pink with his performance?

Mr. BLOOM. The board supports the Postmaster General.

Mr. CONNOLLY. Do you—your colleague said 100 percent of the board were tickled pink and had complete support. Was he speaking for you that you were tickled pink? Just wanted to get it in the record that you are tickled pink.

Mr. BLOOM. I am generally not tickled—I am generally not tickled pink by things. But as I said, the Board of Governors believes the Postmaster General, in very difficult circumstances, is doing a good job and we have been involved with the development of the plan that we think will make the Postal Service much stronger and much better over time.

Mr. CONNOLLY. I appreciate your candor. I am running out of time. Respectfully, I disagree, and I hope President Biden disagrees as well and that we take action to replace the Board of Governors with people who care about the Postal Service and are going to be committed to their job of oversight and accountability.

I yield back.

Mr. COMER. Madam Chair, point of order.

CHAIRWOMAN MALONEY. The gentleman is recognized for a point of order.

Mr. COMER. I just wanted to state for the record Mr. Connolly pointed over about voting to object in the election. I have never—ranking member, I have never voted to object to a Presidential election. But I will tell you who has. Nancy Pelosi in 2004. So, I just wanted to state that for the record.

I yield back.

CHAIRWOMAN MALONEY. The gentleman yields back.

Mr. CONNOLLY. Madam Chairwoman, I would—if I may, I appreciate the distinguished gentleman's comment. I did not name anybody who voted to overturn the election. Certainly did not mean to include Mr. Comer if he didn't do it.

CHAIRWOMAN MALONEY. The gentleman yields back.

The gentleman from Wisconsin, Mr. Grothman, is recognized for five minutes.

Mr. GROTHMAN. Thank you. First of all, I would like to just, in general, thank you for getting out the contracts with regard to the new delivery vehicles. I think you did a great job in selecting new vehicles and I am sure that they are going to be a great asset to the Postal Service.

Mr. DEJOY. Thank you, sir.

Mr. GROTHMAN. Next, I have kind of a technical question here, and I guess it could be either one of you. I know a lot goes—you know, a lot of—there is a lot of controversy about this prefunding the pension plan, and I have talked to people back in my district who are very emotional about it.

But they don't know how it works. So, I figure between the two of you folks up here today, you should know how it works.

If we have three different individuals, and they began this prefunding in the first decade here, 2006 or 2—

Mr. DEJOY. Can you speak—I can't hear you.

Mr. GROTHMAN. OK. I believe they began the prefunding in around 2006, 2005, around then?

Mr. DEJOY. Yes, sir.

Mr. GROTHMAN. OK. If I have three different employees, one employee began working at the Postal Service in 1975 and ended in 2005. So, he entirely worked before the new mandate came in.

We got another employee who began work in 2000. He is going to retire in 2030. So, he kind of straddles the period before the prefunding and the brief period after. We have got another employee who starts working in 2010 and winds up retiring in 2040. So, his entire tenure is part of the prefunding.

When we calculate the prefunding, how is it calculated, first of all, on the guy who retires before the prefunding begins? Is that pay as you go for his pension?

Mr. DEJOY. His—the fellow who retires before prefunding began, the cost of his retirement benefits would actuarially be calculated in being in our underlying costs. So—but he would not have the prefund.

There is two elements. There is the liability, the projected liability, and then there is the prefunding mandate of that projected liability.

Mr. GROTHMAN. OK. But the guy who retires before the prefunding starts, do we operate, and the union president jump in here too, is that pay as you go then? Are they—is that—

Mr. DEJOY. No. If they retire—the prefunding aspect of it is—I believe the way tabulation works is we take all employees that are in Postal Service employ, whether they are there for three years or four years and they got another 30 years ahead of them, and we

start calculating what their future retirement benefit would be and amortizing that over some period of time.

Mr. GROTHMAN. Right. I understand. But so the person who already retired he hit—the way we pay for his pension or medical is unrelated to what happened in 2005, 2006, right?

Mr. DEJOY. If he retired before—you are right on that. Yes.

Mr. GROTHMAN. Right. So, he goes—OK. And the person who starts after that, when we calculate that that is an entirely amortized thing and, you know, we calculate how much money we got to put in there so when he retires, we are ready to go, right? The guy in the middle, the guy who, say, starts working in 2000 and retires in 2020 or something, so that is a hybrid.

Mr. DEJOY. Yes.

Mr. GROTHMAN. We prefund some but not all?

Mr. DEJOY. No, we would prefund—once the prefunding mandate came in, you would calculate what—whoever was on the rolls you would calculate what that liability was, and then that would be amortized in terms of part of the prefunding.

Mr. GROTHMAN. So, do we—this is the question. So, do we try to catch up or not? Because if we have a postal employee who began working before the mandate but retires after the mandate, when he retires we still—then we still have some of that liability unfunded. Is that correct?

So, when he retires part of it should be the money we have set aside, which we haven't, but part of the money is set aside and part pay as you go. Is that the way it works?

Mr. DEJOY. Yes, well, the overall liability is calculated based on every everybody that is on the payroll, right, and retirees. That is the overall liability. That actuarially gets adjusted, you know, every year.

The prefunding portion was to—the prefunding portion was to advance—to put more money into the—into the fund for the future retirement benefit of everybody that is on the work force.

So, some may retire—may never get—they are not vested. They may never get to a retirement status with the Postal Service. Yet, we are prefunding their liability.

Mr. GROTHMAN. OK. I guess I used up all my time. Too bad. No fun. Sounds like I confused him.

CHAIRWOMAN MALONEY. Yes. The gentleman from Illinois, Mr. Krishnamoorthi, is recognized for five minutes.

Mr. KRISHNAMOORTHY. Thank you. Good morning, Mr. DeJoy.

I just want to clear up a couple of things. As you said at your testimony at page nine, the USPS' performance in the election in delivering millions of mail-in ballots was quote, unquote, “a great success story,” correct?

Mr. DEJOY. Yes, sir.

Mr. KRISHNAMOORTHY. And as you detail in your testimony, you provided, quote/unquote, “secure and timely delivery” of the ballots that were entrusted to you, right?

Mr. DEJOY. Yes, sir.

Mr. KRISHNAMOORTHY. You did everything possible to prevent fraud in mail-in balloting, correct?

Mr. DEJOY. I don't know that we were in—we are in charge of fraud. I don't know what you are referring to.

Mr. KRISHNAMOORTHY. You did everything to prevent fraud with regard to the mail-in ballots in your custody, correct?

Mr. DEJOY. Within our custody, we protected the security of the mail. Yes.

Mr. KRISHNAMOORTHY. And you are not aware of any fraud with regard to the mail-in ballots that you delivered?

Mr. DEJOY. No.

Mr. KRISHNAMOORTHY. Joe Biden won the election, right?

Mr. DEJOY. Yes, sir.

Mr. KRISHNAMOORTHY. Let me turn you to a chart that the *Washington Post* produced on February 6. It talks about the delivery—the on-time performance of the delivery of two-day and three-to-five-day first class mail and, basically, it charts what has occurred with regard to this on-time delivery from January 2020 through December 2020.

And at the top it, basically, says that on—in January 2020, on-time delivery was, roughly, around 90 percent and on-time delivery for three-to-five-day mail was, roughly, 80 percent. So, 90 percent for two-day delivery, 80 percent for three-to-five-day delivery of first class mail.

You took office around the end of July, around June 20, right?

Mr. DEJOY. Mm-hmm. June 15.

Mr. KRISHNAMOORTHY. June 15. Fair enough. And after you took direction or leadership at USPS, what happened with regard to two-day delivery is it went from, roughly, the 90's all the way down to around 70 percent toward the end of the year, and with regard to three-to-five-day it went from, roughly, 80 percent when you took charge of USPS down to approximately 40 percent, and that is according to the data from the USPS.

So, sir, when you get to 40 percent, basically, what you are telling your customers is, you have a, roughly, four in 10 chance that their three-to-five-day delivery standard is going to be met, and that is starting to sound like Vegas.

And the problem is that sending a letter through the USPS should not be a game of chance, and that is why my constituents are so outraged.

But let me talk to you about two-day mail for one second. According to the February 12 *Washington Post*, there is an article in there that says that you have quote, unquote, “discussed plans to eliminate two-day delivery for first class mail.” You don’t dispute that you are considering as part of your 10-year plan the elimination of the two-day delivery first class mail standard, are you?

Mr. DEJOY. We are evaluating all service standards.

Mr. KRISHNAMOORTHY. Sir, will you commit to keeping two-day delivery of first class mail locally?

Mr. DEJOY. I will—there will be two-day mail class in our plan. Some percentage of that, where the reach is right now, may change.

Mr. KRISHNAMOORTHY. So, you are—but what you are saying is that for local mail, first class—

Mr. DEJOY. You need to define local and I don’t—second, I don’t agree with any of your premise about my—are you trying to suggest—

Mr. KRISHNAMOORTHY. You can take that up with the—you can take that up with the *Washington Post*, sir. Let me—let me direct you—

Mr. DEJOY. Well, it is unfortunate that that is where you get your information, because it is going to take more than that to fix the Postal Service.

Mr. KRISHNAMOORTHY. Well, sir, The *Washington Post* sourced it from the USPS, so you can talk to your data source at the USPS, sir.

Mr. DEJOY. The *Washington Post* is like many members here. Really don't know what is going on within—

Mr. KRISHNAMOORTHY. Let me turn your attention to another issue, sir, which is this. According to your own testimony, you said that the first step in your reorganization or your operational changes is we became more disciplined by running our trucks on time and on schedule, according to page 14 of your testimony.

The L.A. Times ran a story and investigation showing that trucks that ran on time left half empty and left mail at their processing facility.

So, Mr. Dimondstein, let me just ask you this. To the constituent who comes to me complaining that their medications haven't arrived on time, I shouldn't tell them that the trucks were on time, should I?

Mr. DIMONDSTEIN. Our position has always been that it is called—

Mr. KRISHNAMOORTHY. Sir, just a yes or no question.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. DIMONDSTEIN. You should not have to—

CHAIRWOMAN MALONEY. The gentleman may answer the question.

Mr. DIMONDSTEIN. I am sorry.

Mr. KRISHNAMOORTHY. Go ahead.

Mr. DIMONDSTEIN. The question—

Mr. KRISHNAMOORTHY. To the constituent who complains that their medications haven't arrived on time, I should not go to them and just say the trucks ran on time. Don't worry, the trucks ran on time.

Mr. DIMONDSTEIN. You are correct and we agree with you.

Mr. KRISHNAMOORTHY. Thank you. I yield back.

CHAIRWOMAN MALONEY. The gentleman from Texas, Mr. Cloud, is recognized for five minutes.

Mr. CLOUD. Thank you, witnesses, for being here today. Can you hear me? Thank you for being here today. Really appreciate the opportunity to address what is this important topic.

Certainly, the Postal Service has been on the high risk list, I think, since 2009, the previous Obama/Biden administration. So, it is time for we—for us to address it for sure.

I want to especially welcome back Postmaster DeJoy. It is great to have you back here in what hopefully is a more substantive conversation than the last time you were here. Last time it was, unfortunately, in such a hyper-politicized environment that it seemed impossible to really get anything done in the ways of conversation.

Now, Chairman Bloom, could you remind us as to how Postmaster DeJoy became the postmaster? Was this a political ap-

pointee? Was this a partisan standard? Could you—could you remind us of that, please?

Mr. BLOOM. Sure. The end of last year, the then existing Postmaster General indicated that she intended to retire and the board embarked on a search process, a rather traditional search process. Hired an outside firm who specializes in search. We wound up identifying 200 people who were potentials. That list was then winnowed. There were—and a number of people interviewed, and finally the board came to a decision.

Mr. CLOUD. And this is a partisan board? A bipartisan board?

Mr. BLOOM. The board at the time and today has both Democrats and Republicans on it.

Mr. CLOUD. And that vote was a partisan vote or how did that vote come down?

Mr. BLOOM. The vote was unanimous.

Mr. CLOUD. OK. That is what I recalled, and that was part because of your great logistics experience in the private sector. And it seemed to me that you came into the position and began to make some systemic changes.

I know one of the things that my colleague just mentioned was the fact that one of the things you looked at was that overtime costs were going up. Meanwhile, our bulk delivery was going down.

How much mail we were delivering was going down, and so you began to look at that as, hey, here is a way we can maybe save some money for the American taxpayer.

Maybe you didn't understand the political environment that we were in at the moment, but it seemed like that has been the case that the attempts have been to address some of the systemic issues.

The GOA, the Government—the GAO, I should say, put out a report in May 2020 that said that the United States Postal Service's current business model is not financially sustainable due to the declining mail volumes, increased compensation and benefits costs, and increased unfunded liabilities and debt.

We have known for a long time that the USPS is not in a sustainable business model, especially with the competitors we see and the changing dynamics of how we communicate and how we ship and do mail.

Does this bill address any of these issues?

Mr. DEJOY. Sir, in our plan, there are three to four different elements, segments of it, that bring us to sustainability and growth in serving the American people.

And this is an important part of it. This is about a third of—gets us a third of the way where we need to be in the plan that we have put together. So, it is very important to the future sustainability, which I believe we, with our design, we have a sustainable and viable Postal Service.

Mr. CLOUD. OK. But that is in—that is in your report to be given to us in short order, right? That has not been presented yet?

Those proposals aren't in this bill?

Mr. DEJOY. They are not but, really, it is the only legislative ask where we are proceeding within our plan.

Mr. CLOUD. OK.

Mr. DEJOY. So, if you want a viable Postal Service and can trust that we have a plan to move forward, this is—this is, you know, a good way to help.

Mr. CLOUD. OK. Could you talk about some of the logistics? Do you believe that the rise in third-party logistics companies offers opportunities for the Postal Service to increase work sharing?

Mr. DEJOY. I am not a fan of evaluating work share. I think it is—in many ways it has done—it has enabled people to run around and network and it is part of the reason we have a hollowed out network, and a network is the biggest part of our problem.

But I do see third-party logistics companies, they have customers and customers need to get to the American people, and it is part of our long-term plan. We think we need to have a stronger marketing and product-oriented type of service that attracts all types of companies to put more—mail is becoming—you know, packages is mail.

We saw that during the pandemic a big—you know, our competitors stopped delivering to many different areas. We continued to deliver to 160 million addresses a day. We only deliver 35 percent of the packages to the American community right now.

I think we have an opportunity to grow that and serve the people, and having partnerships with commercial businesses and being fully integrated with them, as third-party organizations really know how to do, is a big—is a big opportunity for us.

Mr. CLOUD. Thank you.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

The gentleman from Maryland, Mr. Raskin, is recognized for five minutes.

Mr. RASKIN. Thank you very much, Madam Chair, and I want to first thank Mr. Connolly for his devastating refutation of the propaganda that we were treated to today.

But I want to talk about the future.

Chairman Bloom, do you and the board agree with Mr. DeJoy's contemplated elimination of first class mail currently delivered in two days?

Is this something that you and the board have discussed and do you think that this would improve the public's satisfaction with current delivery performance?

Mr. BLOOM. Congressman, as I said earlier, the plan has not been finalized. But so I have to simply rely upon my broad statement, which is the plan—and you will obviously have a lot of opportunity to diligence it—but the plan is committed to revitalizing and strengthening and growing the Postal Service.

There will be elements of it, I suspect, that some don't like and there will be elements that others do. But I guess I would ask, Congressman, that when you evaluate it, you look at it in its totality, and ask whether in its totality it moves the Postal Service forward.

Mr. RASKIN. Well, then, Mr. DeJoy, let me come to you.

In terms of the totality of this idea, which you seem to have some buy-in from Chairman Bloom about, what is the logic of eliminating first class service, which generally delivers the mail in, roughly, two days and moving instead to a three-to-five-day win-

dow? How will that improve the appeal and resiliency of the Post Office?

Mr. DEJOY. Well, the—we believe that the appeal of the Postal—this change—we feel that the Postal Service will survive these minor changes that we are making.

Not coming up with an operating model that can get out of losing \$10 billion a year will—you know, somebody mentioned, you know, a debt—a future death spiral. I would suggest that we are on a death spiral. We cannot—even with this legislation, we cannot continue to lose money.

Now, local, what we are looking at with regard to—we are not—first class is still a very, very big part of our service to the American people and it is a very, very big part of our model.

We have—in order to meet first class standards—

Mr. RASKIN. Let me—let me interrupt you there, sir, because—let me just pursue that for one second. Do you plan to prevent first class mail from being—reclaiming my time, Mr. DeJoy.

Mr. DEJOY. In order to meet first class standards, we have operated many, many different networks that cost us significantly and have not made performance.

CHAIRWOMAN MALONEY. OK. The time belongs to—

Mr. RASKIN. Do you plan to prevent first class mail from being shipped by airplane?

Mr. DEJOY. I am sorry?

Mr. RASKIN. Do you plan to prevent first class mail from being shipped by airplane?

Mr. DEJOY. In our strategy, if we, in fact, get the relief that we need in terms of time, we will put more mail on the ground? And I will tell you that a big, big reason for our service performance failures this peak season had to do that our air carriers performed at 50 to 60 percent, and—

Mr. RASKIN. Well, oh, so if you would just explain the philosophy behind this contemplated change. How does changing the standards to lengthen delivery times to double or triple delivery times successfully address service problems?

Mr. DEJOY. Well, you can't—you cannot—when you—do you want—you really—you want me to answer that? I will talk about mail, for instance.

Mr. RASKIN. I do. I think America wants to know what you mean getting rid of first class delivery.

Mr. DEJOY. Well, we can talk about mail. We can talk about three days to get from New York to California. We can talk about that. We can't do that on a truck. And if you look at what happens, right, we have to—we take mail.

We process it in an originating plant. We load it on a truck. We take it to an air terminal. A terminal will handle, loads it on a plane. Then we fly it to some other location somewhere around the country to be sorted by somebody else, then to maybe get on another plane to fly to the other location, right, to go to a terminal handling charge station, to go load it on a truck to go to an area mail distribution center, to go to a destination plant, to go to a DDU to get delivered by a carrier, and we got three days to do that.

And that network—that network, sir, over the last year has been performing at about a 55 to 60 to 70 percent rate, right, and that is a big, big reason for a lot of our failure, especially through the Christmas holiday.

We have had packages, first class packages, not even in that—in that statistic being held up at air belt facilities across the country. It is not reliable. It has grown inconsistently reliable.

Mr. RASKIN. One question that we have all heard from our constituents, it sounds like—it sounds like your solution to the problems you have identified is just surrender. You are, basically, saying because the mail has been late under your leadership, we are just going to change the standards and build it into the system that it will be late.

Mr. DEJOY. Sir, the standards have not been met—the three-to-five-day standards have been running at 80 percent for years. It is not reliable. You can—you could sit here and think that I am bringing all this damage to the Postal Service.

But as I said earlier, the place was operationally faulty because of lack of investment and lack of ability to move forward, which is what we are trying to do.

CHAIRWOMAN MALONEY. The gentleman's time has expired. The gentleman's time has expired.

Mr. RASKIN. With that, I would yield. Thank you.

CHAIRWOMAN MALONEY. The gentleman from Ohio, Mr. Gibbs, is recognized for five minutes.

Mr. GIBBS. Thank you, Madam Chair.

First, I want to try to clear up a little discussion that happened to my friend from Ohio, Jim Jordan, being accused of gaslighting from my colleague from Virginia.

And, you know, I don't think it is the Post Office issue. They deliver the mail. When election boards were—in certain states were mailing out universal mail-out ballots with no verification, that wasn't your problem. That was the election board problem and to take this, as my gentleman—my colleague from Virginia did, took it out of context.

You know, you guys deliver the mail. You know, what the election boards put out, that is what they put out and you mail it—you deliver it. And so that was—I think that is just taken out of context and it is, really, playing politics.

Obviously, we are here at this hearing for the financial condition of the Postal Service and, you know, in my experience, there is generally two types of businesses: businesses that make things and businesses that provide services.

You know, if you make a—if you make a crappy product, you go out of business. You perform a crappy service, you go out of business.

And, unfortunately, what I have seen happen and I hear from my constituents and my own experience, the service is really bad. I am going to give just a couple of examples because I think it has actually gotten worse since the holiday period.

I just talked to my CPA yesterday. He mailed a 10" by 12" envelope with the proper postage from Cleveland to Columbus mailed on January 5, 166 miles, approximately. It arrived yesterday.

I have a local county veterans service center that sent a five-figure check certified mail with return receipt, mailed on December 9 to Falls Church, Virginia. It was delivered on January 7.

On January 21, they did another package, another envelope, and it took them a month again. I have—a constituent reported a five-week delay to send an envelope five miles in my district from Navarre to Massillon.

These examples go on and on. My personal examples, you know, it is pretty embarrassing when you have to call up a local retailer, in this case it was J.C. Penney, because I received a J.C. Penney bill last week that was due on January 25, and the next day I got the J.C. Penney bill that is due on February 25.

And so I, personally, I have lost all confidence in the postal system. I get mail that doesn't arrive. Last week, I signed up—earlier I signed up where you—they take the photographs, and last week I get the email I had to first class pieces of mail. One showed up. The other one hasn't showed up yet.

So, personally, I am doing everything I can to—I won't send payments through the mail anymore. That is how much confidence I have lost in the system.

And so, Mr. DeJoy, you have a huge challenge ahead of you because, you know, I am a baby boomer. I have confidence in the mail. I am not Generation Z or a Millennial. I had confidence and I have completely lost it.

Right now, personally, my goal is to be able to get to the point where I put my mailbox in the garbage can. So, that is how I feel about the service that has been—it has just been deplorable.

Medicaid—Medicare integration, I think I fully support that. I see in some of my background notes here a typical retiree from the Post Office service does not enter into Medicare because their monthly premium would be normally \$148 a month and they are getting a better deal by not doing that, and I think that is, you know, unbelievable how that happened in the past.

I think, as far as I can tell, I know Postal Service workers are different than Federal employees. It is kind of like an arm of government, we want to say. I think they are the only ones that don't have to sign up into Medicare.

Mr. DeJoy and Bloom, I am curious, when you talk about the \$160 billion loss over 10 years projected, obviously—we fixed Medicare integration and the prepayment and all that—are you also—what are you factoring in for volume?

Are you factoring losing more volume or do you think you are going to be able to get this ship reckoned up to the point where you will be able to compete with your two big competitors and, of course, the Amazons of the world? And, you know, we are seeing what is happening there. So, what do you think on the volume in that 10-year projection?

Mr. DEJOY. This is—the plan that we are putting forward does have a growth—does have a growth plan in it for—as I discussed, we tried to have a balanced plan of legislation, cost improvements, and revenue growth and we are preparing the organization.

Mr. GIBBS. So, you are that—are you basing that on increased volume or decreased volume?

Mr. DEJOY. Increased volume mostly in the package business and some mail—excuse me.

Mr. GIBBS. Well, I hope—I hope you are right. I guess I would just challenge a little bit because what I am seeing, you know, I bought some stuff through, like, Amazon. I get the stuff two days later. They tell me when it is coming. No shipping costs because—

Mr. DEJOY. A lot of it comes through us.

Mr. GIBBS. What is that?

Mr. DEJOY. A lot of it comes through us—

Mr. GIBBS. And that is why I am letting you make that point.

Mr. DEJOY [continuing]. Because it gets emptied to our delivery unit—

CHAIRWOMAN MALONEY. The gentleman's time has expired. The gentleman may answer his question.

Mr. GIBBS. You can answer.

Mr. DEJOY. First of all, on your first point about this being, you know, about the service, I have to remind this committee that the Postal Service is living in a nation where the pandemic exists also, OK, and that has a significant impact on us.

But if product got—if mail and packages got to our delivery units, we deliver to 161 million addresses six days a week at over 90—over 96 percent of the time. That is through the—all those service things through—even through peak.

The problem was getting mail and packages through our—through our network. Significant air capacity was lost. Significant transportation capacity was lost.

Forty percent package volume over any peak plan that we had, right, which—a truckload of mail is 500,000 pieces. A truckload of packages is 5,000, right. It is significantly different.

And then we had a huge—and this is America. This is not Amazon in the network. This is American consumers. Nobody in our network volume took up more than two or three, four percent of the volume, right.

Then we had nonmachinables, which were 100 percent more. Big boxes that our workers have no machinery, nothing to deal with, right. This was the environment.

We had—we had a 650,000-person organization that hired 200,000 people last year, right, and the numbers didn't go up. That was turnover, turnover because of the environment and the stress and historical lack of good tactical procedures with regard to our work force.

So, this is the culmination of what happened to your service, right, and this is—this is the plan that we are going to address and try and fix, going forward, and it does have growth in it. It has significant growth in it and we need the support for this bill.

Mr. GIBBS. I appreciate it. Thank you.

CHAIRWOMAN MALONEY. Thank you. The gentleman's time has expired.

The gentleman from Maryland, Mr. Mfume, is recognized for five minutes.

Mr. Mfume?

Mr. MFUME. Yes, Madam Chair, thank you very much. Thanks for calling this hearing. Like you and so many other members of

this committee, I am grateful that we are having an opportunity to put in place a process whereby the Postal Service would be in a position that guarantees its sustainability well into the future.

Last August, I sat with many of you on this committee and inquired about the changes implemented under the leadership of Mr. DeJoy and that of the Postal Service and Board of Governors.

CHAIRWOMAN MALONEY. Mr. Mfume, can you center your mic or your computer so we can see your face? By law we have to show you during the questioning, and we can't see you right now.

Mr. MFUME. I did not know, Madam Chair, that you could not. My—

CHAIRWOMAN MALONEY. OK. Yes. Fine now. Thanks.

Mr. MFUME. Sorry about that.

I questioned the relationship during that meeting between the accelerate—or about the accelerated removal of sorting machines and collection boxes, and the decreases in mail arrival times.

I also asked Mr. DeJoy and the chairman if they were aware that the expedited street to afternoon sortation program implemented in July had a

[inaudible] across the United States and was opposed by the National Association of Letter Carriers and opposed by postal workers across the board.

Now, the people on this committee and citizens across the country are free to ascribe whatever definition they choose to the response I got. But in my opinion, the response was empty words, and worse yet, empty words that continued to lead to empty mailboxes.

I appreciate the ranking member's previous line of questioning to the witnesses, but he asked each one of them if, in fact, they thought that Mr. DeJoy's intent was to slow down the delivery of mail prior to the election, and I would say to the gentleman and remind myself that unless one is a heart surgeon or a brain surgeon that it is almost impossible for a third-party witness to accurately determine what a person's intent is in their heart or in their brain.

But, Madam Chair, when we take that question and turn it around and ask instead about what was the effect, perhaps the better questions to the witnesses wouldn't have been did Mr. DeJoy's actions have the effect of slowing down the mail. The disassembling of sorting machines, the removal of mailboxes from communities, and the denial of many overtime requests—did they have the effect of slowing down the mail, and I would dare venture to say that most, if not all, would say yes, that is the effect and that was the effect.

My office, like many of yours, receives a daily significant number of complaints from constituents who have gone days, some weeks, without receiving their mail and receiving it on time.

In Baltimore City, Baltimore County, and Howard County, Maryland, that has been the case now for months. It is very difficult, and I don't want this lost. I know we are talking about trying to find a way to create and craft new legislation.

But I don't want it lost on the fact that there are a lot of people who have suffered and had to pay extra money, late fees for bills that were not late but, rather, delivered late. And there were many

of those who missed out on their medication schedules because their medications were not on time.

These delays have had harmful impacts on the lives of our constituents and, yet they continue to worsen. And so like my colleagues, I am grateful that the chairwoman has decided to hold this hearing because now we will have the opportunity to construct and review legislative proposals to place the Postal Service on a sustainable footing.

But let us not rewrite history. The good was what happened between then and now was that we had a free and fair election, in which we owe a debt of gratitude to postal workers all over this country who, against great odds, delivered the mail as essential workers on time. They delivered ballots on time.

The bad news is that we are still left with the effects of the cuts. Not the intent, the effects. So, the Postal Service's financial condition, as we all know, has deteriorated over the years due to a number of factors. We don't need to get into finger pointing.

I do believe that these proposed legislative opportunities can reinstate service standards and implement the kind of protections for postal workers if we can get away from casting aspersions in the very first hearing that has been set up to find a way out of this problem.

So on that, Mr.—Madam Chairman, I would yield back, Mr. DeJoy, thank you for coming back again. I would ask, though, before I yield back my time, can you tell us when your strategic plan will be revealed and will you commit here today, if it is the pleasure of the chair, to come back before this committee to explain it in detail and to receive the critique and the questions and, perhaps, the support even the members of this committee?

Mr. DEJOY. Sir, we—probably within the next two weeks we should be ready with our plans, and I am always happy to come before this committee and explain it.

CHAIRWOMAN MALONEY. Thank you.

Mr. MFUME. Thank you, Madam Chair. I yield back.

CHAIRWOMAN MALONEY. The gentlewoman from Missouri, Ms. Bush, is recognized for five minutes.

[No response.]

CHAIRWOMAN MALONEY. Ms. Bush, would you please unmute?

Ms. BUSH. I am having some technical difficulties here. I am having some technical difficulties.

CHAIRWOMAN MALONEY. We are going to—we are having some technical problems. We are going to go to the gentleman from Florida, Mr. Donalds. You are recognized for five minutes.

Mr. DONALDS. Thank you—thank you, Madam Chair.

I am going to just—there has been a lot of speeches in this hearing so I am going to just get to questions.

Mr. Kosar, my number-one question is can you describe the legislative reforms that Congress can explore to assure that work force costs do not unnecessarily increase, going into the future?

Mr. KOSAR. Sure. Thank you, sir, for asking.

You know, one thing is there was a bill that I very much like introduced by Representative Lynch which would address the Retiree Health Benefits Fund through a method that is a little different than what was being discussed today, and what it would do is take

the approximately \$42 billion in the Retiree Health Benefits Fund and authorize a portion of it, 25 to 33 percent, to be invested in index funds the same way that Federal workers have a TSP which is able to be invested in index funds. And the result of that is rather than getting low yields from Treasuries in the RHBF, the money would grow faster.

And the Postal Service Inspector General did a study on that and it is the best strategy out there, as far as I can tell. I think my feeling is that the Postal Service in general needs operational freedom to figure out ways to drive down costs.

I know Congress likes to mandate every year that six-day paper mail delivery continue. They dropped this in the Annual Appropriations Act. But I don't know why that needs to be mandated. If the Postal Service and the public truly demand it, then why not remove the mandate and let the Postal Service adjust accordingly?

I think the Postal Service also needs to be empowered to or encouraged to solve the overtime issue. In 2019, the Postal Service use something like \$5 billion—spent \$5 billion in overtime.

Whether that means they need to hire more employees or temporary employees so that they are not having to have people run extra overtime costs, or through some other solution, I think that is worth exploring. And I have also noted that an idea kicked around for a very long time is collective bargaining.

Right now, when—the Postal Service bargains with its four unions, and if it can't come to agreement, it goes to mediation, and in the course of that the Postal Service's financial condition is not explicitly required to be considered.

And so putting it in a statute that it at least be a factor considered, not a determining factor for the results but at least considered explicitly, could possibly bend cost curves over the long term.

Mr. DONALDS. Thank you, Mr. Kosar.

Ms. Whitcomb, my question for you is can you expand on your testimony and describe how big of an impact to the Postal Service's current financial crisis, the documented overreliance on overtime work, has been?

Ms. WHITCOMB. Yes. We did that work and released it last summer, and found that there were significant increases from Fiscal Year 2014 to 2019 in overtime. I believe Mr. Kosar just mentioned that work as well.

Obviously, we were in a different time period. COVID had not been in consideration at that point. So, I think there is maybe some different considerations now. But overtime had grown considerably during that six-year period.

Mr. DONALDS. Thank you so much.

Postmaster General Mr. DeJoy, I am going to give you the rest of my time to answer this one. Would you actually support shifting the defined benefit pension—the defined benefit pension to a defined contribution more in line with the private sector?

Mr. DEJOY. I didn't hear you, sir.

Mr. DONALDS. Would you support shifting the defined benefit pension to a defined contribution more in line with the private sector?

Mr. DEJOY. No, I think the compensation and benefit plans that are in the Postal Service right now have been negotiated over a

number of years and I am not prepared—that is not anything that we are looking at.

We respect the—we work with the union leadership and the plans as the way they are right now is not—not changing them. It is not part of our—you know, is not part of our strategy.

We think there are better ways. There are many, many, many ideas about what to do with the Postal Service. I will submit that we have spent eight months with a couple hundred leadership people in leadership at the Postal Service in defining what the best solution, holistic solution, was to serve the American people and we have come up with a plan that I will release soon, and messing around with employee benefit plans is not part of what—you know, what I am interested in right now.

Mr. DONALDS. All right. Thank you.

Thank you, Madam Chair. I yield back.

CHAIRWOMAN MALONEY. The gentleman yields back.

The gentlewoman from Michigan, Ms. Tlaib, is recognized for five minutes.

Ms. TLAIB. Thank you, Chairwoman. Thank you so much for this hearing. I truly appreciate it.

I would like to spend some time here addressing a serious concern that I have heard from my residents about ongoing service issues in my district.

So, Postmaster DeJoy, I want to bring your attention to the photo on the screen, and I will give the committee some time to post it.

[Photo is shown.]

Ms. TLAIB. So, Postmaster DeJoy, this is a delivery barcode sorter machine, correct?

Mr. DEJOY. Yes, ma'am.

Ms. TLAIB. OK, so thank you for that. And these machines can process, roughly, what, 35,000 pieces of mail per hour, correct?

Mr. DEJOY. I would—I don't know exactly. But let us assume—seems like you know, so I will accept that.

Ms. TLAIB. I appreciate that. So yesterday, just yesterday, I spoke to our local Detroit American Postal Workers Union president, Keith Combs, about the ongoing service issues in southeastern Michigan.

He made me aware that four delivery barcode sorter machines that were removed prior to the 2020 election have actually been re-installed in the USPS facility in Detroit. So, I thank you for that.

However, which is very odd, these machines have actually sat idle for months, apparently, because the USPS' central region has not given the Detroit facility permission to use them. So, I find this really concerning since my residents are still experiencing significant delays or receiving their—in receiving their mail.

For example, I spoke with one elderly veteran recently, you know, one of the block club presidents in my community, who had not gotten any mail, was, I think, getting it once a week.

So, this is not an isolated incident, as you know, so I am just really interested, Mr. DeJoy, were you aware that the central region had not given the Detroit facility a directive to start using these machines?

Mr. DEJOY. I am not but—and as I can attest, communication within the organization is sometimes not accurate. So, I would have to check if that is—

Ms. TLAIB. That is a huge—I don't know, Postmaster. That is a huge miscommunication. I mean, do you commit to immediately begin working with the central region staff to get the Detroit facility the directive to use these four sorting machines that will get 35,000 pieces of mail sorted in an hour and go out the door.

Mr. DEJOY. Well, you are assuming your information—let me just be clear. You are assuming your information is accurate. What I am saying is that—

Ms. TLAIB. OK. So—

Mr. DEJOY [continuing]. You know, that that—I don't know.

Ms. TLAIB. OK. So, reclaiming my time. Is it good to see—it is good to see that you are at least consistent about targeting—you know, basically, addressing not knowing and having these issues and struggles within the agency.

So, we have four sorting machines in Detroit and somebody needs to get permission to use the machines. I mean, why bother putting them in there last year, reinstalling them in there if you are not going to be able to use them?

I mean, so do you agree that that is an issue?

Mr. DEJOY. So, I would have—no, I don't agree. I don't know what the issue is. There are 650,000 people, thousands of machines, 50,000 truckloads of that moving down in a day.

Ms. TLAIB. Postmaster DeJoy, I am asking you for a partnership here.

Mr. DEJOY. You are asking me about an area which has historically had significant delivery problems.

Ms. TLAIB. Mr. DeJoy, I am not giving you a narrative. I am telling you—DeJoy, I am reclaiming my time.

I am really sincere here. I am asking you for a partnership.

Mr. DEJOY. As am I.

CHAIRWOMAN MALONEY. The gentlelady reclaims the time.

Ms. TLAIB. OK. I am telling you there is four machines that were used for taxpayer dollars installed in Detroit to help get mail out the door. They haven't given the green light to use them.

So, I need you to do your due diligence as the Postmaster General. We just heard from a Member of Congress asking you to go investigate, check it out, find out where the miscommunication is, and get these machines up and running. Do you want to at least commit that you will look into this?

Mr. DEJOY. I will—first of all, I want to—I would like to—we don't receive taxpayer dollars. But I will look into what the story is on this machine and my office will get back to you.

Ms. TLAIB. OK. Well, the machines are there. Somebody spent money on these machines, reinstalled them there, Mr. DeJoy. I am just asking you to do your job and find out why they haven't started using those machines.

You know, just acknowledge that the information I am giving you, at least in very good faith, that something is wrong when four machines are sitting idly by.

So, I would like to close by really looking to the future here and really wanting, again, to help you.

I want to ask President Dimondstein, given all these ongoing issues, what do you think needs to really truly happen you with UPS' service standards, going forward, to better serve the American people?

Mr. DIMONDSTEIN. Congresswoman, we—the union believes in the—in the law, of prompt, reliable and efficient services, and it breaks our heart. It frustrates the employees. It angers the employees, because we treat the mail as our own and we want to treat it as if it was coming to our family members and our friends, and you have heard many other things today.

So, going forward, legislation is a key part. Helping to provide the financial support by getting rid of this burden of prefunding by the Medicare integration and by the investment of some of the funds in the retiree plans.

But the Postal Service, they have taken a positive step on this. They need to deal with the chronic understaffing. They have agreed recently to hire about 11,000 more people around the country in mail processing. That will help.

They should look at expanding services such as financial services and charging stations for electric vehicles in front of Post Offices. There are all sorts of things that can be done that just make the Post Office that much more relevant in people's lives.

But there is no getting around it. This situation is deplorable with the mail, and you heard a Congressman here say—and it breaks our heart because I have friends saying, I have family members saying the same thing—how can I trust the Postal Service to get the work done and serve me as a person of this country.

Ms. TLAIB. Thank you. Thank you so much.

Mr. DIMONDSTEIN. But, going forward, Congress can really help. I urge you all to keep it tight. I know my time is up. I went on too long. I am sorry, Madame Chairman.

CHAIRWOMAN MALONEY. The gentlewoman's time has expired. Thank you.

The gentleman from Louisiana, Mr. Higgins, is recognized for five minutes.

Ms. TLAIB. Chairwoman—Chairwoman, before you move on—if I may, Chairwoman, please
[inaudible].

CHAIRWOMAN MALONEY. Without objection.

Mr. HIGGINS. Madam Chair, was I recognized?

CHAIRWOMAN MALONEY. Yes, you were recognized.

Mr. HIGGINS. Thank you, Madam Chair, and thank you for holding this hearing and I thank both the
[inaudible]. I am sorry, Madam Chair. This is Congressman Higgins.

CHAIRWOMAN MALONEY. We are having a communications problem. We can't hear you, Mr. Higgins. OK. OK.

Mr. HIGGINS. I am sorry, Madam Chair.

CHAIRWOMAN MALONEY. OK.

Mr. HIGGINS. This is Congressman Higgins.

CHAIRWOMAN MALONEY. OK. We are having a communications challenge.

Mr. HIGGINS. I see that we are having technical difficulties. I am unmuted. You will have to move on, Madam Chair.

CHAIRWOMAN MALONEY. OK. Mr. Keller is now recognized for five minutes.

Mr. KELLER. Thank you, Madam Chair.

Based on testimony in today's hearing, the Postal Service is in the process of finalizing its long-term business plan.

Mr. HIGGINS. Madam Chair, I am unmuted. OK. Good.

CHAIRWOMAN MALONEY. Mr. Keller has now been recognized, unless he yields back to you.

Mr. KELLER. Well, I will just continue to go and maybe we can figure out Mr. Higgins' problem.

CHAIRWOMAN MALONEY. OK. He is going to—the time is his now. He was recognized. OK.

Mr. KELLER. As I was saying, the Postal Service is in its process of finalizing its long-term business plan, some high-level summaries of which are included in today's testimony.

While I would like to take the promise of its release at face value, this committee has been waiting on a comprehensive long-term business reform plan for several years.

Mr. Bloom, when will this committee be in receipt of the plan? Mr. DeJoy can answer to help out. When will we have the plan?

Mr. DEJOY. We are—we are a couple of weeks away from the mission plan.

Mr. KELLER. Can you give me a date? What day—what date will we have it? What is the date? I mean, if you are working on the plan—

Mr. DEJOY. In March. I will tell you in March. You will see—

Mr. KELLER. By the end of March we will have the plan?

Mr. DEJOY. Yes, by the end of March. Yes.

Mr. KELLER. OK.

I am struggling to understand why a hearing has been called on reforming the Postal Service and their long-term business plan has yet to be finalized. It is my expectation that a followup hearing will be conducted to fully examine this plan and its suggested reforms.

When I was in private industry, the first step we took toward fixing something that was broken was the first measure where we were as an organization and only then develop a strategy to improve. Bailouts or other unrestricted assistance for the Postal Service would be irresponsible and ineffective.

For the United States Postal Service, reform starts with the universal service obligation and overall mission to provide trusted, safe, and secure communications between our government and the American people, businesses and their customers, and the American people with each other.

I appreciate the hard work of our postal workers and letter carriers. They are the ones who get the job done every day, and any frustration with the lack of progress we have seen is directed at the organization's leadership.

Mr. DeJoy, you mentioned in your testimony that service performance cannot improve in an environment where costs are increasing, the network needs attention, customers expect more, and revenues are declining. It seems to me that as a 2018 White House Task Force recommended, we may need to more narrowly define what the universal service obligation requires.

In other words, we may want to better define the Postal Service's mission in order to move forward toward solvency. What are your thoughts on that?

Mr. DEJOY. Sir, I think our plan addresses the two fundamental things that are in legislation right now, continuing to deliver six days a week and be—get to be self-sustaining.

In that process, when we talk about narrowing the mission, I think we could—our plan sticks with the mission. It makes some adjustments to unachievable hurdles. It makes some adjustments for things that we are asked to do that that are extremely costly.

But still, at the end of the day, we are delivering—in this plan, we are delivering six days a week to every household in America and we are—we are growing our business by aligning to the new economy and positioning our organization to—you know, to fulfill its obligations.

We depend—our network depends on a series of, you know, transportation contractors that drive up our costs and have significant—have had significant impacts on our delivery schedule, and our operating plans are not integrated from our plans into our transportation.

There are billions of dollars in this network that we that we plan—in our own self-help plans that we try to achieve. It is not consequential, you know, to employees. It is not consequential to the American public. It is just better operational management of what we are doing.

Mr. KELLER. And we will see that—we will see that in the plan?

Mr. DEJOY. Yes, you will.

Mr. KELLER. And there is one thing I would like to clear up. We have a post-employment benefit plan for our—for our postal workers, which we need to keep the promise of and that is funding the retirement plan or the pensions.

And we do that as we go. That is currently funded, correct?

Mr. DEJOY. Yes, that is—

Mr. KELLER. That is just a yes or no. It is currently funded?

Mr. DEJOY. Yes.

Mr. KELLER. And we pay that as we go. We should do the same thing with the health care. It is not prefunding, and we need—we need to talk about this so we can keep the promise to the people that do the work every day. It is not prefunding. It is paying as you go.

In other words, they are earning that post-retirement benefit, and to think that just the money is going to appear the day they retire is irresponsible.

So, let us really have the honest discussion of if we have to catch up because we didn't make payments in the past, that is one thing. The other thing is we need to—we need to make sure we catch that up and that we pay as we go.

So, the terminology is very, very clear. As a private individual, when you have a retirement account and you expect to be able to afford things when you retire, you make the contributions over a series of years. The contribution plus the investment equals the necessary cash to fund that benefit.

So, it is not prefunding. It is paying as you go. And I realized I have run over but I wanted to make that important part, and that is how we need to do it.

Mr. DEJOY. But so we can have—we do have significant balances, much more than the Federal Government does, in all our retirement accounts, and the issue before us here right now is Medicare integration for our retirees.

We have \$35 billion that we have paid in to Medicare and 27 percent or 25 percent of retirees do not take advantage of it. And the prefunding that we do is based on a requirement by the Congress to have inputs in it for the actuarial calculations that will never—may never—people may never need those benefits they will not retire. So, I think—I think—

Mr. KELLER. But if we don't make the contribution—excuse me.

Mr. DEJOY. I agree with you. I agree with you how you classified it. But I still think this is—that this is an unfair treatment of the Postal Service and it is something that needs to be corrected.

Mr. KELLER. Well, I think in order to make sure we protect the benefits that the people are earning—

Mr. DEJOY. This is all about that.

Mr. KELLER [continuing]. It would be responsible of us to make sure we call it pay as you go, not prefunding. Thank you.

Mr. LYNCH. [Presiding.] The gentleman's time has expired.

The chair now recognizes the gentleman from Illinois, Mr. Davis, for five minutes.

Mr. DAVIS. Thank you, Mr. Chairman, and I also want to thank Chairwoman Maloney for calling this hearing. I am very pleased to know that everybody who have indicated or asked have indicated that they are in favor of getting rid of the prepayment of retiree benefits.

Matter of fact, I recall being on the committee when we passed that legislation, and I didn't like it then and but we voted it in and that is what was voted.

Mr. Postmaster, I am sure that you and—not you, some of the members of your staff have seen some of the news reports of the tremendous problems that we have had in the Chicagoland area.

Everything that has been mentioned, of course, have been our problems and our issues. In addition to the traditional Chicago climate, the weather in the winter time gets pretty bad.

The people have been screaming, crying, climbing up the wall, wanting to know when they are going to be able to get a delivery or wanting to know when there is going to be some relief.

I know we are talking primarily futuristically in terms of the future direction of the Postal Service. But could you tell me what is being done to bring some relief to the Chicagoland area right now?

Mr. DEJOY. So most of—a number of our urban areas have been hit hard for—a number, beginning with COVID and beginning—and also with the recent weather.

We have worked, you know, within—without—as volume has come down, because we were overwhelmed with volume up and through the second—up until almost the third week of January. We were still clearing out for the holiday season. We are beginning to see, you know, relief in that area and it is just really not—I mean, we are working hard, working plants overtime, adding people.

But the real relief is coming from the volume coming down and that enables us to use our capacity to get out and deliver.

In certain areas—I mentioned a statistic earlier—we, a 650,000, 660,000-person organization with hiring 200,000 people and that moving the needle up. That means that is tremendous turnover within the ranks that we have had this year, and it magnifies itself in our urban areas. It really—

Mr. DAVIS. Let me ask you, are you hiring new carriers?

Mr. DEJOY. We have been hiring across the board. Yes, sir. Fifty thousand people just in the last two months of last year, 200,000 over the year.

As President Dimondstein just said, we converted 10,000 into December and I am very committed to working to stabilize the work force. I think that has been a real, real big issue for us with our noncareer turnover rate, trying to stabilize that and give long-term career opportunities for most of the—

Mr. DAVIS. Let me ask you an operational question.

Mr. DEJOY. Mm-hmm.

Mr. DAVIS. How much authority or autonomy do local management teams have in budgeting and in making decisions relative to personnel needs?

Mr. DEJOY. Mm-hmm. So, we are doing a lot of work on the organization for a variety of reasons, and that was one of the big changes I made. We had a big area. We divided the country up into seven areas in all the different operations.

Every aspect of the organization were in those seven areas that reported up to one, you know, chief operating officer, and it was—the organization itself, not the people, the organizational strategy itself had too many broad functional aspects for individual teams to actually manage any kind of impact.

We have begun to flatten the organization, spread it out, have more functional lines from corporate headquarters right down to the—to the local Post Office and have really started to work on process. We needed a lot of process improvement.

When you don't have a lot of committed process, then you have a lot of people second guessing everything, which is what I think you are leading to. We are working very, very hard to clean that—to clean—make—bring a lot of clarity to everybody from, you know, a senior executive right down to a delivery unit, a mail carrier. I have good people on it. We are moving forward.

Thank you.

Mr. DAVIS. Thank you. Thank you very much, Mr. Chairman, and could I submit for the record two items, one, a audit report titled "Mail Delivery and Customer Service Issues Select Chicago Stations," and a letter from seven Members of Congress who represent that area to the Postmaster General, inquiring about services and delivery?

Mr. LYNCH. Without objection, so ordered.

Mr. DAVIS. I yield back. Thank you.

Mr. LYNCH. The gentleman's time has expired. The gentleman from Louisiana, Mr. Higgins, is now recognized for five minutes.

Mr. HIGGINS. Thank you, Mr. Chairman. We had some technical difficulties earlier.

Mr. LYNCH. I think those have been resolved. OK.

Mr. HIGGINS. Yes, sir. So, I can be heard at this time, Mr. Chairman?

Mr. LYNCH. Yes, sir. Go right ahead.

Mr. HIGGINS. Thank you, my friend. I thank the Postmaster General DeJoy for appearing before us today to discuss the current status and challenges of the Post Office.

Additionally, I very much appreciate the letter you distributed to members of the committee on February 18, Postmaster DeJoy, and I will refer to that in a moment.

Let me say that I love the Post Office. I support the Post Office and employees. It is an indelible part of American history. It is arguable that we could—we could never have formed a solid republic, a representative republic of the many sovereign states, without a reliable Post Office. We might not have an America to discuss without a solid Post Office.

So, you know, my support for the Post Office is reflective of my love for country. And, yet, you know, we have to admit some serious challenges there. So, I would like to jump into that, Mr. DeJoy.

The COVID-19 pandemic placed burdens on every aspect of business across America. Would you concur that the combination of massive quantities of mail-in ballots for the election cycle occurring at the beginning of the holiday season and COVID protocols that the USPS had to deal with, like every other business across the United States, would you agree that that was, generally, the root cause for increased inefficiencies at the Post Office?

Mr. DEJOY. Sir, I believe that that just dramatically increased the consequence of a continuous erosion that was happening anyway, right. So I think—

Mr. HIGGINS. But it was in—it was in rough shape. We all know that. Listen, but this is not news. It should all get fixed now. My colleagues across the aisle, they have the White House, the House, and the Senate. So, we should get the Post Office fixed pretty quick.

But, historically, it has been an issue. When I was in high school, my history teacher drew a map of the United States and asked us all to name a city in the United States, and we did. And at the time, there was great debate of the price of a stamp going from 13 cents to 15 cents.

And once we all identified a city, he asked any one of us who could drive there for 15 cents—who could go and deliver a letter for 15 cents.

Of course, none of us could, and this is a lesson that has stuck with me, and that now a stamp is 55 cents. The point is that, of course, historically, the Post Office has always gone through struggles and now is no exception. We have to find a way past it.

And I am going to leave my remaining time to you, Postmaster DeJoy, to answer the following question. You will have about a minute and 45 seconds.

In your letter, you said we can improve and strengthen this institution for future generations, that much work needs to be done by all of us. But with your support, you said, I am confident in our plan and optimistic about our future.

Postmaster DeJoy, please tell America why they should be confident and optimistic in the future of the Post Office. I will leave you my remaining minute and 20 seconds.

Mr. DEJOY. Sir, what I have found at the, you know, Postal Service is 633,000 committed employees that believe in the mission and commit to the mission under relatively—sometimes extreme circumstances like as demonstrated during the COVID, during the pandemic, and also when you see when we have hurricanes or forest fires, they are usually the first part of getting back to normalcy when you see people come back into the communities.

The thing—the number-one fundamental reason I am an optimist in terms of the plan moving forward is you look at in all the pressure the organization has been under the last eight months.

We still—if we got mail and packages to delivery units, delivered to every household, over 98 percent of the time and that is—that is an advantage. That is a—that is the tool that we plan to use in our plan, you know, moving forward to get mail and packages to that—those delivery units in the most efficient manner, least cost manner, yet timely manner, and then use that delivery network to address the new economy as it moves forward to, you know, grow—you know, grow our business. This is about not—

Mr. HIGGINS. I thank the gentleman. I thank the gentleman for his dedication. My time has expired, and Mr. Chairman, I yield.

Mr. LYNCH. The gentleman's time has expired. The gentleman yields.

The chair now recognizes the gentlewoman from California, Ms. Porter, for five minutes.

Ms. PORTER. Thank you very much.

Mr. DeJoy, do you know how big the Postal Service's deficit is?

Mr. DEJOY. So, we lost \$9.2 billion last year. Is that what you are asking? Or if you are asking about the \$40 billion net equity?

Ms. PORTER. Yes. Also the unfunded liabilities and debt.

Mr. DEJOY. I am sorry?

Ms. PORTER. The unfunded liabilities and debt, please.

Mr. DEJOY. Total is about \$80 billion right now.

Ms. PORTER. OK. When was the last time the Postal Service recorded a net profit?

Mr. DEJOY. Seven years ago. Six or seven years ago, eight years ago.

Ms. PORTER. I believe it was 2006. Mr. DeJoy, how much longer until the Postal Service runs out of cash?

Mr. DEJOY. We could run out of cash tomorrow if I pay our bills.

Ms. PORTER. OK. And so at current levels, we can agree that 2021, now, soon. So, my question for you is you developed—last time we talked, you made some changes to the Postal Service in the summer and the fall, and according to the USPS inspector general, the last time you made changes you did not do any analysis of if those changes would save money.

This is according to the USPS Inspector General. You are an executive and you did no analysis? Now, I have heard that you have a new strategic plan. But I am really concerned that this plan may neither be strategic nor a plan.

Have you figured out if this new plan would save money and improve performance?

Mr. DEJOY. First of all, I will—while I respected the Inspector General, I disagree with your—the premise of the conclusion that you have reached and if that was in the report, I disagree with that also.

But having said that, we have extensive studies over the last eight months to improve reliability, reliability of service and reduce costs and grow that—

Ms. PORTER. Wonderful. Mr. DeJoy, will you provide those analyses to this committee?

Mr. DEJOY. When we announced that when we announce the plan, we will—we will produce a certain amount of information with regard to how we came about, you know, what our solutions are.

But the committee has its powers to request whatever it is that it needs and it will go through the process. And, you know, we are not—we are not embarrassed by the work we did. We are actually quite proud of it.

Ms. PORTER. OK. So, we will look forward to requesting those analyses and those extensive studies you just referenced. Did you hire any consultants to help with these studies?

Mr. DEJOY. So, the organization has had embedded consultants for a long time, and to the extent that the management team use consultants to support—

Ms. PORTER. Reclaiming my time.

Mr. DeJoy, are those consultants employed by the Postal Service or by outside organizations and hired on a contract?

Mr. DEJOY. I consider all consultants—when you say the word consultant, I am thinking they are outside organizations that are—that are hired by, you know, by the Postal Service.

Ms. PORTER. Reclaiming my time.

Mr. DeJoy, who are those consultants?

Mr. DEJOY. We have hundreds of consultants, ma'am. I couldn't—

Ms. PORTER. Would you please provide a list to the committee of the consultants that were involved in this strategic plan?

Mr. DEJOY. I can provide you whatever information we have. What I was about to tell you, if you will let me finish, was that most of this plan was designed by about 150 people within the organization.

It was a Postal-produced analysis, and to the extent that any of those groups had consultants working within the organization, they may or may not have used that. But this is a Postal leadership plan that was—you know, that was put together.

Ms. PORTER. Thank you.

Mr. DeJoy, you have said you are committed to managing the U.S. Postal Service with excellence.

With that in mind, what are the aspects of the Postal Service today that you view as most critical, that you treasure the most, building a little bit on what my colleague from across the aisle, Mr. Higgins, just asked you?

You mentioned the employees. But what do you value about what the Post Office does? What are you not willing to change just to make a buck?

[Laughter.]

Mr. DEJOY. I think the, as I said earlier, one of the key attributes of the Postal Service that I think is very important, both from the standpoint of what it—what it does for the Nation and also for its viability, because this Congress, as previous Congresses, say it needs to remain self-sustaining. And until that law changes—

Ms. PORTER. Mr. DeJoy—reclaiming my time.

Mr. DeJoy, what is it that the—

Mr. LYNCH. The gentlelady—

Ms. PORTER [continuing]. Post Office does that you treasure?

Mr. LYNCH. The gentlelady's time has expired, and I think the gentleman has tried to answer the question.

Thank you very much. The chair now recognizes the gentleman from Texas, Mr. Sessions, for five minutes.

[No response.]

Mr. LYNCH. Mr. Sessions, you might be muted. I am not sure.

Can't hear you. Are you there? OK.

Mr. SESSIONS. Chairman, is that better?

Mr. LYNCH. I can hear you now. Yes.

We should give that gal a raise.

Voice. Hey, let us try this one.

Mr. SESSIONS. Tell him to—tell him to move on to another witness

Mr. LYNCH. No. No. You are on. You are on. Go ahead.

Mr. SESSIONS. Oh, we are on now? OK.

Mr. LYNCH. We didn't take out any time. Go ahead. Give minutes.

Mr. SESSIONS. Thank you, Chairman.

Chairman, thank you very much and I appreciate you and the chairwoman having this committee hearing today.

Mr. DeJoy, I would like to tell you how much I appreciate and respect you and your colleagues coming today to the hearing in Washington, up on the Hill. That is important for the American people to hear as well as Members of Congress.

I previously served on the last Postal Subcommittee back in 1997, 1998, 1999, and 2000, whenever it was, and we recognized how important the Postal Service was—the employees, the service they provided to the country, and debated vigorously just as we are today, not just the usefulness but the use of and about the employees. We owe you a lot. You are out every day. Your men and women are in rain, sleet, snow, everything that the saying goes by. And I recognize that there are Members of Congress who are frustrated.

But I think that you and the entire team today, including those that are union members but still postal employees, have talked about as trying to get it together the best way you see fit to run the operation.

And I wish we would have given you more credit for that instead of trying to second guess you and trying to nitpick and micro-manage you. But that is also our job.

What I would say to you, sir, is that I would like to have your answer when you come up with it about what the long-term view is to include outside-the-box thinking. Like I am a part of—in my

background, I spent 16 years with AT&T, which is a telecommunications company here in this country, a very large one.

And we went through changes that were constant. Change is constant. But we had to look at it sometimes in a way of not just what our mission was but the right way to serve it, and I hope that you will look at all the things that you believe are necessary for sustaining the Post Office, sustaining their mission, but also looking at things that might be out of the box.

What would that mean? Well, that may mean something that we need to change in your mission statement, something that we need to give you the flexibility to run your business the way it will sustain it, the way you believe and the employees believe you can move forward to make it happen together.

I am from Waco, Texas, and have had a strong relationship with my postal carrier and the postal carriers at my home and at my business, and they are dedicated honest people who come to work every day.

We need to support them. But we also need to make sure that the long-term effort when we look at it 10 years from now, that we can offer the words sustaining with that, too. So, it is my hope you will use at least my time with you today to say thank you.

Thank you for your devotion. Thank you for your effort. And thank you for having each of your people who are there today work together. I look forward to that answer that comes and hopes—hope that you will give us some sort of thinking outside the box of ways that Congress needs to think about the way we think about you to sustain that.

And I yield back my time.

Mr. LYNCH. The gentleman yields back.

The chair now recognizes the gentlewoman from Missouri, Ms. Bush, for five minutes.

[No response.]

Mr. LYNCH. Thank God for staff, huh?

Ms. BUSH. All right.

Mr. LYNCH. There we go.

Ms. BUSH. I can hear you now. OK. Perfect.

[Laughter.]

Mr. LYNCH. Ms. Bush, you are up.

Ms. BUSH. Technology, right? OK.

St. Louis and I thank you, Madam Chair, and—sorry, Madam Chairwoman. I am sorry. Mr. Chair. Sorry, Madam Chairwoman—for convening this important hearing.

St. Louis is home to more than 50 Post Offices and Postal Service—and the Postal Service employs more than 5,320 postal workers in my district. The United States Postal Service helps families and loved ones stay connected, provide jobs, delivers life-saving medicines, sustain small businesses, and gives people access to the ballot box.

Our community respects the USPS as a fundamental public service.

Chairman Bloom, by statute, the Postal Service's Board of Governors comprises 11 individuals, including nine people appointed by the president with the advice and consent of the Senate, and then

the Postmaster General and the Deputy Postmaster General who are all appointed by the Board of Governors.

How many members does the board have today?

Mr. BLOOM. The board has six external Governors and the Postmaster General.

Ms. BUSH. OK. How long has the board lacked full membership?

Mr. BLOOM. Oh, goodness. I believe we haven't been at full strength in quite a number of years. I will get back to you on the exact number, but I believe it is at least six or seven years since we had a full board.

Ms. BUSH. OK. How have the Postal Service in general and the board specifically suffered from having incomplete membership on the Board of Governors?

Mr. BLOOM. Well, Congresswoman, I guess what I would say is that Congress intended us to have a full board, and so I think an organization functions best when it has the full diversity of views that comes from a, you know, a full group.

Congress, in its wisdom, set up nine as the number. I think it is a good number. I sat on other boards with nine. I think it is a good—for external Governors I think it is a good number.

So, I think the board would always benefit from additional perspective.

Ms. BUSH. Given that there are still three Governor positions unfilled and you are in your final year of service, I believe, Chairman Bloom, for President Biden, are you not?

Mr. BLOOM. Actually—I am actually in my—I am actually in my holdover year, Congresswoman. Yes.

Ms. BUSH. Your holdover year? OK.

OK. Thank you for clarifying.

Well, so President Biden has the chance to fill three open positions on the board. What—can I ask you, Chairman Bloom, what career field do the majority of Governors on the board come from?

Mr. BLOOM. We have a diversity of backgrounds. Just thinking off the top of my head, there is one gentleman who has been involved in a large trucking company so has some relevant logistics experience. There is another gentleman who has been in finance, another business-oriented individual. There is a—one of the Governors has been involved as an airline pilot and a union leader.

Ms. BUSH. OK.

Mr. BLOOM. So, it is a diversity of backgrounds.

Ms. BUSH. What is the average net worth of Governors on the board?

Mr. BLOOM. I have no idea.

Ms. BUSH. OK. How about any black, indigenous, or people of color on the board?

Mr. BLOOM. The board is comprised today of six white males.

Ms. BUSH. How many women serve on the board?

Mr. BLOOM. It is six white males, Congresswoman.

Ms. BUSH. Exactly. Again. We need women to the front.

So, currently, the board includes only white men.

Mr. BLOOM. That is correct.

Ms. BUSH. This grotesque lack of representation is a critical opportunity to diversify the board's ranks. An agency of over 640,000 employees that come from every walk of life and serve the entire

American public should have representation at the top reflective of the broader American population.

More than 35 percent of postal workers are people of color while zero percent of Governors are. Meanwhile, the positions that are filled and are not—are not supposed to be represented by special interests include—actually include Wall Street bankers are fossil fuel lobbyists.

This question is for Postmaster General DeJoy. Do you see it as a problem that the Board of Governors of the United States Postal Service looks like a millionaire white boys club?

Mr. DEJOY. What I would say is that the Postal Service's not having a full board is not enabling it to reach its full breadth of impact and I welcome that, and I would say also there was a period where there were no board members on the Postal Service.

But that is not a problem with the Postal Service. That is a problem of whatever administration that is in power and the Senate at the time. The Postal Service would love to have a diverse board that reflects its population.

But this is not something that is within our—you know, within our power, and I would say that the period where whatever Postmaster General and leadership team was there at the time, which I think it was my predecessor, that had to be an unbearable time and a totally—it had a huge consequence on her ability to lead and the ability for the organization to move forward, and I feel very strongly about that and I think the quicker we get some new board members from the administration the less we can talk about this and move on to the plan and the real, real problems that we need to fix here.

So, I welcome your discussion on this and whatever you can do to advance this process, I certainly would appreciate it.

Ms. BUSH. Thank you, Postmaster General.

I would like to reclaim my time.

CHAIRWOMAN MALONEY. [Presiding.] The gentlewoman's time has expired.

Ms. BUSH. OK.

CHAIRWOMAN MALONEY. OK. The gentleman from Arizona, Mr. Biggs, is recognized for five minutes.

Mr. BIGGS. Thank you, Chairwoman Maloney and Ranking Member Comer, for leading this hearing. I thank the witnesses for being here today and appreciate all my colleagues' work to find a fiscally responsible future for the Postal Service and I am looking forward to working with you on this effort.

But today, I want to discuss some of the 2020 events that affected the Postal Service's ability to deliver mail in a timely fashion. No, they don't have to do with COVID-19.

Last year, our Democratic colleagues turned a blind eye to nationwide mayhem, destruction, rioting, and looting conducted by Black Lives Matter and Antifa activists. Many businesses and government agencies, including the Postal Service, saw their entities burn and operations halted because of the persistent violent riots.

Frederic Rolando, president of the National Association of Letter Carriers, stated, quote, "The postal property and vehicles have been ransacked during the recent wave of civil unrest and letter carriers have been assaulted and robbed on their routes. Their irre-

sponsible actions harmed postal employees and the citizens we serve,” closed quote.

Here are a few examples of how the Postal Service was impacted by these events. In Minneapolis, two Post Offices were burned and USPS vans were stolen and torched by rioting protestors. Also in Minneapolis, the USPS shut down mail delivery at seven Post Offices. The Kenosha Post Office in Wisconsin had to close indefinitely due to the violent riots.

In Chicago, at least six Post Offices were broken into and burglarized, affecting mail deliver operations, and in Lancaster, Pennsylvania, a Post Office was pelted with debris as riots erupted across that city.

To make matters worse, a member of this committee went on national television, ostensibly to discuss the USPS funding crisis, and called for continuing violence and unrest in the streets.

And as if it weren't enough, Postmaster DeJoy faced protests outside of his home in D.C. perpetrated by false narratives from my colleagues on this committee.

Given all this evidence, I think our Democrat colleagues owe an apology to Postmaster General DeJoy and all the hardworking Postal Service workers who were affected by the BLM and Antifa riots of 2020.

Mr. DeJoy, can you elaborate, please, on how the civil unrest from last year affected your agencies operations, including the financial impact from the destruction it suffered?

Mr. DEJOY. So, they are always, you know, consequential, disruptive, and costly both in terms of our assets and stress on our employees. Fortunately, in many of these cases, we have advance notice and we are able to get our people out, lock up our buildings. The real consequence comes to the people that live in those communities because they are the pride of the service, and whenever the areas open up again, it takes time to reopen our facilities and deal with any of the disruption.

So, these had impacts. They were specific to the individual locations that it occurred, and I would say our overall broader issues last year were more systemic nationally that created a real consequence. But those areas do impact those people that live in the communities and our workers that are in the communities.

Mr. BIGGS. Thank you. And, Madam Chair, I ask unanimous consent to enter into the record reports documenting the violence against USPS, including the letter that I quoted from Mr. Alejandro from the National Association of Letter Carriers.

CHAIRWOMAN MALONEY. Without objection.

Mr. BIGGS. Thank you. An article from the *StarTribune.com*, entitled, “Burned Post Offices Destroyed in Minneapolis. Unrest Leave a Void;” of the *Gateway Pundit* from May 29, “U.S. Postal Service Vans Stolen and Torched by Rioting Minneapolis Protestors;” one from *Fox9.com*: “USPS Shuts Down Mail Delivery at Seven Post Offices in Twin Cities for Friday;” one from *Breitbart* dated August 24, 2020: “Kenosha’s Main Post Office Closes Indefinitely Due to Violent Riots;” one from the *Chicago Sun Times*, June 5, 2020: “Reward Offered for Details in Post Office Looting;” one from *RT.com.USA*: “Antifa Lays Siege to Lancaster Police Precinct Following Latest Officer-Involved Shooting;” and one dated August

17, 2020 from *Black Enterprise.com*: “Rep. Ayanna Pressley Calls for Unrest in the Streets Over the Failures of the Trump Administration;” and one August 15, 2020 from *WUSA-9*: “Protestors Gather Outside of USPS Postmaster General’s Home in D.C. Amid Voter Suppression Allegations.”

CHAIRWOMAN MALONEY. Without objection.

Mr. BIGGS. Thank you, Madam Chair.

CHAIRWOMAN MALONEY. The gentlewoman from Florida, Ms. Wasserman Schultz, is recognized for five minutes.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair. I want to turn to another topic that is addressed by this legislation, and that is one of transparency. After the postmaster general implemented operational changes in mid-July of last year, service performance was substantially impacted. My district office was flooded with calls from constituents experiencing mail delays, and I received countless pictures of pallets of undelivered mail and idled sorting machines. In early September, I was urged to visit USPS facilities during a morning shift to investigate the reports that I was getting about the dysfunction going on inside. I provided USPS management ample notice and had employees willing to escort me through the facility, and yet I was denied entry. This was not isolated incident. I became aware that several other Members of Congress were also denied permission to make timely tours of postal facilities in their districts.

Mr. DeJoy, in the interest of transparency and enhancing public confidence in the Postal Service, will you commit to remedying this issue and permitting Members of Congress access to tour postal facilities upon request? And please do not say that at the time, the Hatch Act was justification for not allowing access. The Office of Special Counsel, which is the principal enforcement agency of the Hatch Act, has made it clear that the Hatch Act does not prohibit Federal employees from allowing Members of Congress to tour Federal facilities for an official purpose, which these tours were.

Mr. DEJOY. Ma’am, I will check with our legal counsel, and if there is a new position that they wish the Agency to take, personally, I have no issue where you go or what you see, but there are Agency rules and positions we take because we are an independent agency, and—

Ms. WASSERMAN SCHULTZ. OK. Let me be specific. Reclaiming my time. I am talking about upon request, not told that we have to give 48 hours’ notice, or two weeks’ notice, or a week’s notice. Even around an election, nothing should bar a Member of Congress being able to tour a postal facility for an official purpose. And we aren’t around an election now, but no matter when we ask, there isn’t any rule that I am aware of that would bar us from being able to tour a postal facility. Obviously, adequate notice is, you know, the morning of, the night before, the afternoon before. But would you agree to remedy unreasonable notice requirements so that Members of Congress can tour facilities, particularly because this entire hearing has been about the challenges that the Postal Service is having with delivering mail.

Mr. DEJOY. So, as I said, I mean, the position on whether the Hatch Act applies or not, I am not able to comment on it. With regard to having Members of Congress visit our plants, we will get

back to you, but I don't have a particular objection to it. But if you really want to go look at where our problems are, I suggest you go to airports to look at backed-up mail.

Ms. WASSERMAN SCHULTZ. OK. Reclaiming my time. I don't need any suggestions about where I go. I want to be able to inspect postal facilities, and I expect that you would ask your counsel to communicate with the Office of Special Counsel about the Hatch Act specifically and make sure that Members of Congress can tour facilities upon request. That is what I want an answer to, and that is what I want to do and other members to do as well. So, moving on, I look forward to getting an answer from you as soon as you can.

Mr. DEJOY. Mm-hmm.

Ms. WASSERMAN SCHULTZ. The other thing I wanted to touch on is mail delays and service standards. Mr. DeJoy, when I decided to tour the local postal facilities, and I appreciate Ms. Tlaib bringing this up as well, many of the reports I received were about decommissioned sorting machines. And I understand that the reason for decommissioning some of the sorting machines was that letter volume was down while package volume skyrocketed. However, these machines, which can label and sort thousands of letters, bills, ballots each hour are a vital tool for our postal workers, especially during an election season and other busy times.

Now, I have asked you this question before and didn't get a clear answer, so I am going to try again. Will you commit to giving local plant managers the flexibility to reinstall sorting machines when mail volume is high?

Mr. DEJOY. No, I won't commit to that.

Ms. WASSERMAN SCHULTZ. Why not?

Mr. DEJOY. Because there is a process that we go through within the organization that determines what—

Ms. WASSERMAN SCHULTZ. OK. Reclaiming my time. I want to make sure I ask Mr. Diamondstein about this issue. There have been reports that USPS leadership are pursuing policies that are deliberately slowing down the mail by decreasing service standards. Are you concerned about making sure that there is the local ability of supervisors to be able to request to plug in sorting machines and also make sure that we can maintain current service speeds? And what has happened in the past when the USPS slowed down the mail by decreasing service speeds?

Mr. DIAMONDSTEIN. Well, I think the best way I can answer that question is we are for the Postal Service having an operation where people get the prompt service they are promised under the law. And if that means local autonomy, then there should be enough local autonomy to do that and have that decisionmaking going. Obviously, the union doesn't get involved with the relationships between the managers, but there has to be an operation that is nimble enough and committed enough to make sure that that mail moves. And if it means local authority to do certain things, then that is what it should include.

Ms. WASSERMAN SCHULTZ. Thank you. That is why the President needs to fill the Board so we can get a postmaster general who actually is committed to making sure that that happens. Thank you, Madam Chair. I yield back the balance of my time.

CHAIRWOMAN MALONEY. Nancy Mace is now recognized for five minutes.

Mr. DEJOY. I would suggest that would not solve your problems.

CHAIRWOMAN MALONEY. Nancy Mace?

[No response.]

CHAIRWOMAN MALONEY. We will go to Yvette Herrell? Yvette Herrell?

Ms. HERRELL. Thank you, Madam Chair, and thank you for hosting this committee meeting. It is very important. It is important to our constituents all over the country. And one of the things I heard here today that I do agree with is that the status quo is not acceptable. I will also yield part of my time at the end for a couple of answers from Chairman Bloom and from Mr. DeJoy. But right now, what I want to ask is, can you discuss and expand on the reforms you have made—this is to Mr. DeJoy—at the U.S. Postal Service? When you arrived in June 2020, what did you see and how did you decide what to tackle first?

Mr. DEJOY. I am sorry. I didn't understand the question.

Ms. HERRELL. Let me see if I can do it this way.

Mr. DEJOY. There you go.

Ms. HERRELL. OK. Thank you. Can you discuss and expand on the reforms you have made at the U.S. Postal Service? When you arrived in June 2020, what did you see and how did you decide what to tackle first?

Mr. DEJOY. When I first arrived, I spent a lot of time with the leadership team, management team, doing inquiries. Actually, I started about 45 days before that doing that, so when I arrived on-site, I had spoken to most of the leadership team. I reviewed many, many internal audit reports and so forth. And we also have to remember when I came on, at that particular point in time, the Agency was forecasted to lose \$22 billion that year, up from about \$7 or \$8. We ended at \$9, and run out of cash in September.

One of the top things that I looked at, and part of it was supported by OIG report, was our none of our trucks were running on time. It is the key to a network operation. I asked the management team, which included area vice presidents, operational vice presidents, and the COO, let's go look, which these were not new ideas. This was on the table already. Let's go look and actually make a move to try and have this work, reduce extra trips and run trucks on time. Why? Because we run 50,000 truckloads a day and at 25 percent full, all right? So, it should have been something to be able to accomplish.

We went ahead and implemented that, and it crashed. We recovered in several weeks, and I learned from that and that is why I began the reorganization. A big part of that consequence was what led me to reorganize the organization, which we are in the process of doing right now. The rest of the rumors about machines, shutting down machines, cutting overtime, all that stuff is not accurate.

Ms. HERRELL. OK. Thank you. And earlier today, I heard somebody on the committee say that the service standards have been damaged. In your opinion, under your watch, have these service standards been damaged, or, in your opinion, do you think there have been some improvements made, because I do appreciate that you are undertaking this entire process more in the light of run-

ning the entity like a business, which I think is a very smart thing to do. But I am curious about the comment that was made earlier about the service standards that were damaged.

Mr. DEJOY. Well, our performance against our service targets for the standards have deteriorated significantly. They have been on a path for the last seven or eight years of deterioration, and we are going to continue and will continue to do that unless we adopt a plan to not make the changes that we want to make. This was exacerbated by the peak season, the pandemic, and a significant breakdown in our transportation network, and due to extreme volume and increased physical size characteristics of the volume presented to us.

Ms. HERRELL. Thank you. And my last question is to Chairman Bloom. Just I wanted to give you a chance to respond to partisan accusations that you were attempting to purposely slow mail in voting prior to the election. Can you elaborate on that for just a few seconds?

Mr. BLOOM. Yes, sure. The Board of Governors was in full support of all of the extraordinary measures that were taken to try to fulfill our obligations to deliver election mail as promptly as we possibly could. That was a key commitment of the whole Postal Service, strongly supported by the Board.

Ms. HERRELL. Thank you, Madam Chair. I will yield back. And for the record, I am tickled pink to be in this committee hearing today.

CHAIRWOMAN MALONEY. OK. The gentleman from Vermont, Mr. Welch, is recognized for five minutes.

Mr. WELCH. Thank you very much, Madam Chair. Mr. DeJoy, Vermont has a number of companies that depend on catalog sales, and they are really important companies in Vermont. And as you can appreciate, they are very concerned about the potential of increased costs of the catalogs, and my understanding is that under consideration now is about a seven percent increase this year, and over five years, 35 percent. Could you speak to that and what your analysis is about the impact that would have on those businesses? And what they tell me, just so you can respond specifically to them, is that with that kind of price increase, they will really have to reduce that marketing tool and probably go to digital. And, A, they don't want to do that, and B, obviously that might have an impact on revenue, that even though you are raising prices, the revenue will go down.

Mr. DEJOY. So, I have been speaking to many people in the industry about the recent, you know, PRC rule. This is our regulator. We had a 10-year test, right, with the legislation, and they took four years to evaluate it. And they came to the conclusion that, more or less, that the reduction in mail volume has had significant consequences to the Postal Service, you know, over the last 14 years. They didn't fix any of that, right, but that could have been somewhere between \$25 and \$50 billion, you know, that would have helped the health.

Mr. WELCH. Just to focus this, I am really concerned and they are concerned about price increases and the impact on their—

Mr. DEJOY. And they should be.

Mr. WELCH. Yes.

Mr. DEJOY. They should be concerned about it because it is one of the tools and it is one of the levers we get to pull, right? And our regulator has established that we have a certain amount of pricing increases that we can do now based on a four-year analysis in costs. Now, as I told the industry, that is a lever. That is part of our plan: pricing. This legislation is part of our plan, and operational cost savings is part of our plan, and growth is part of our plan. To the extent that we don't get anything else done but this PRC ruling, then I am going to have to use it all to keep us in business. If we get cooperation and we get to move forward with the plan, we get this legislation, we are not out to profit. We are out to break even as your laws, as the congressional laws, mandate us to. That is all this is about. So, the sooner we can get moving on legislation, get moving on the operational improvements that we need to make, which may include some minor service adjustments, the less we will have to use price. The Board, myself, the management team, we want to be an economic, affordable user for everyone.

Mr. WELCH. So, you know, I hear you acknowledging that a price increase would put pressure on these marketers and their marketing plans. You are mindful of that.

Mr. DEJOY. I am very, very mindful, sir, of, you know, delivering an affordable service. Now, I will also say that there are many, many users of the mail system to deliver mail and packages. Some may be in your constituents' situation, but a big part of our mail volume, they are our customers and we appreciate them, but over 60 percent of our business are commercial users, corporations that have a profit, that attempt to make profit. So certainly, no one likes price increases, but that does not mean that it leads to any further reduction in mail.

Mr. WELCH. Thank you. In my last 45 seconds, can you tell us the bipartisan proposals that are under consideration that you support? I mean, there has been talk here by the chair and our ranking member—

Mr. DEJOY. Right.

Mr. WELCH [continuing]. About some provisions they agree on.

Mr. DEJOY. Well, I think what the chair and the ranking member are speaking about is the Medicare integration that is in the bill and the elimination of the pre-funding. The rest of the bill has some reporting and stuff like that—

Mr. WELCH. So, you do support that, those—

Mr. DEJOY. Yes, sir. Yes, sir, I support it. Our Board supports it. Our union leadership supports it. It has been an unfair situation for the Postal Service. It needs to be corrected.

Mr. WELCH. Thank you, Mr. DeJoy.

Mr. DEJOY. Mm-hmm.

Mr. WELCH. Madam Chair, I yield back. Thank you.

CHAIRWOMAN MALONEY. The gentleman yields back, and I now recognize the gentleman from Kansas, Mr. LaTurner. You are not recognized for five minutes.

Mr. LATURNER. Thank you, Madam Chairwoman. I want to thank you for holding this hearing to help the committee and Congress focus on the challenges facing our Postal Service, which are many. In rural America, we understand the importance of postal

mail to connecting our people and communities. In these unprecedented times, the United States Postal Service, which was already having financial issues, has been put under even further strain. Our founders recognized the importance of postal mail to uniting our country by including the establishment of post offices and postal roads in our Constitution.

The Post Office is vital to commerce across America. Any postal reform considered by Congress must guarantee continued and long-term access to mail delivery for rural areas like Kansas, while also being financially responsible. Every one of my constituents back home, including corporate constituents, like Hallmark Cards, will suffer if we don't get this right. We must enact meaningful reforms that will place the Postal Service on a long-term path to financial sustainability, while at the same time increasing efficiencies and improving services. It is my hope that in this hearing and subsequent hearings, we will focus on the United States Postal Service's challenges, both financial and operational, instead of focusing on politics.

Mr. DeJoy, how are you doing today, sir?

Mr. DEJOY. I am great. Thank you.

Mr. LATURNER. I wanted to ask, when you talk about your bold operational reform agenda, what aspects of this plan are you most worried about, that are most at risk to immediate resistance?

Mr. DEJOY. I think there are visions and aspirations for the Postal Service in terms of delivery that are just achievable, you know, with our current network. We talk about flying. We don't own planes, right, so we have, you know, a deteriorated transportation network. And so we spend a lot of money, a lot of inefficiency in trying to achieve these composite-type standards that are just not doable in the current environment. And then we get down to questioning if we are committed to six-and seven-day-a-week delivery, does it make a difference if it is an extra day, you know, to get a letter, because something has to change. We cannot keep doing the same thing. Last year, we did \$80 billion worth of service to the American people and we charged \$70, right?

So my goal, our goal here, is to potentially charge \$72 and get another \$2 or \$3 out of the operational costs, which is very, very achievable, but we can't achieve it just doing everything we are continuing to do. So, I am worried about continued resistance to change, which everybody here seems concerned about and recognizes that there is an issue, but to get consensus to make a move when we have a plan—this is a well-thought-out balanced, robust plan—would be a real shame for everyone not to, you know, jump on it and support it.

Mr. LATURNER. Thank you. And a question for Mr. Quadracci on Zoom. Earlier you talked about the elements that you think need to be added to this bill. Can you elaborate on that, please?

Mr. QUADRACCI. Yes. I know we had some technical difficulties.

Mr. LATURNER. Yes.

Mr. QUADRACCI. But basically—

Mr. LATURNER. Thank you.

Mr. QUADRACCI [continuing]. There are four main items. It was to avoid, you know, triple and quadruple rate increases that the postmaster general just talked about, that the Postal Rate Commis-

sion has allowed for. You know, I will come back to that. But then six-day delivery, which has already been talked about, investing in higher retirement returns for the employees, which has already been talked about, and really return the overpayment to the Civil Service Retirement System. You know, this is stuff that was paid by the customer through postage. We are not asking for that back for the customer. We are asking it to be used for the Post Office's stability, and that is billions of dollars.

But back to, you know, the triple and quadruple rate increases, if I take you back to—this was personally very painful for me—it was the last year that the Post Office was allowed to increase by any rate it wanted before they were capped by CPI under the PAEA. And when that came out, it was anywhere from a 10 to 40 percent increase in rates that would kick in in 2008. Immediately, we saw our volume drop like a rock. The industry lost between 25 and 30 percent of its volume. A lot of people blame the Great Recession on that, but I will tell you as someone who is very close to his clients, that that is not true. It started before the wheels came off in the economy because of that big increase. Those catalogers that were just discussed and many others dropped mail like a rock.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. QUADRACCI. And once the economy came back—

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. QUADRACCI. OK. Thank you.

Mr. LATURNER. Thank you, Madam Chairwoman.

CHAIRWOMAN MALONEY. The gentleman from Georgia, Mr. Johnson, is recognized for five minutes.

Mr. JOHNSON. Thank you, Madam Chair. Mr. DeJoy, you have led a distinguished career in business, having served as the CEO of New Breed Logistics from 1983 to 2014. And thereafter, when that company was acquired by XPO Logistics, you served as the CEO of XPO Logistics' supply chain business. So, you have got a long and successful career in logistics. Isn't that correct, sir?

Mr. DEJOY. Yes. Yes, it is.

Mr. JOHNSON. And you brought that training with you when you accepted the position at the Postal Service, beginning your tenure in May 2022, correct?

Mr. DEJOY. June 2020, sir.

Mr. JOHNSON. I said 2022. That is what I meant, 2020, but you corrected me in terms of May. It was June, not May. But can you name for me, sir, one enterprise, governmental or private sector, that is required to fully pre-fund health benefits for its retirees and current employees?

Mr. DEJOY. I don't know of any. I don't know of any. I have heard of something someplace, but for the most part, it is non-existent.

Mr. JOHNSON. And this requirement has created a crushing blow for the Post Office's ability to maintain solvency on a year-to-year basis. Isn't that correct?

Mr. DEJOY. Yes, sir.

Mr. JOHNSON. And so when people talk about the Post Office not making money, and being insolvent, and needing to be replaced, that is just not true, is it?

Mr. DEJOY. Well, I don't think any of that is true, but we have financial problems. This——

Mr. JOHNSON. Well, I will tell you that the decline in first-class mail is one of those factors, isn't it?

Mr. DEJOY. Yes, sir. We lost over 45 billion pieces of mail a year 10 years ago.

Mr. JOHNSON. And is that any reason why you would want to create a situation where the first-class mail was not delivered within the current timeframe that is set for it to be delivered within, and you would want to stretch it out and deliver the first-class mail, let it be delivered at a slower pace than the pace that is set in stone for right now?

Mr. DEJOY. I mean, that is——

Mr. JOHNSON. Why would you want to cause first-class delivery to be degraded?

Mr. DEJOY. So, I think first-class delivery is degraded already because we don't make our service standards. We are not able to make our service standards. We have never made our service standards, and it is going to be increasingly——

Mr. JOHNSON. Well, you are——

Mr. DEJOY. It is going to be increasingly difficult to, in fact, you know, make them. If we were to try to proceed with a plan——

Mr. JOHNSON. But you are trying to change the service to allow for first-class mail to be delivered over a longer period than the guidelines currently call for.

Mr. DEJOY. You are guessing at what I am trying to do.

Mr. JOHNSON. Why would you do that?

Mr. DEJOY. We haven't released a plan yet.

Mr. JOHNSON. Well——

Mr. DEJOY. I will say that at the end of the day——

Mr. JOHNSON. Well, why would you want to do that?

Mr. DEJOY [continuing]. If we move forward with a plan, only about 30 percent of first-class mail would be impacted with any additional delays.

Mr. JOHNSON. Well, let me ask you this.

Mr. DEJOY. And it comes because we are not able to reach the markers.

Mr. JOHNSON. Let me ask you this question, sir. Let me ask you this question. During the middle of a pandemic and in a climate where there were going to be millions more ballots cast in an upcoming election——

Mr. DEJOY. Yes.

Mr. JOHNSON [continuing]. You decided to change the service delivery standards for the mail, and, as a result, the performance of the Post Office went into a steep decline. Why did you do that?

Mr. DEJOY. Well, are you talking about the past or are you talking about the future? You are confusing me.

Mr. JOHNSON. No, I am talking about this past summer——

Mr. DEJOY. Yes. So——

Mr. JOHNSON [continuing]. Right before the judge ordered you to replace those——

Mr. DEJOY. The intent of the changes that I made, you would think, would make the mail move on time. We were asked to put together a plan to have our trucks dispatch from the plants on

time. We had significantly late vehicles, 50,000 a day, running around with 25 percent full. That is what I did. We failed at the execution. We fixed that—

Mr. JOHNSON. Well, the service standards went down.

Mr. DEJOY. And that was all done within—

Mr. JOHNSON. They were lowered as a result of your actions.

CHAIRWOMAN MALONEY. The gentleman's time has expired. The gentleman may answer the question.

Mr. DEJOY. The transportation change that I made in July was remedied by the last week of August. It had no impact. After that, we ran extra trips. We ran late trips. We did everything we possibly could. The system was overwhelmed by package and mail volume, underwhelmed by the performance of our carrier networks, and also, quite frankly, our own operations within our plant facilities. We talked earlier about embargos. These were not embargoes. We had lines outside our plants because we couldn't fit anything else in our plants. That is not an embargo. That is being physically overwhelmed. However, had we gotten mail and packages to our delivery units, it got delivered 98 percent of the time within a day. So, nothing that has gone on over the last four months had anything to do with my asking the trucks to run on time in July.

CHAIRWOMAN MALONEY. The gentleman's time has expired. The gentleman from Georgia, Mr. Clyde, is recognized for five minutes.

Mr. CLYDE. Thank you, Madam Chair, for holding this important hearing and to our witnesses for their testimony. It is no secret that the election in my home state of Georgia was plagued with improprieties and irregularities. While I am not here to get into the specifics of those, nor am I looking to point fingers at the Postal Service, I am trying to understand some terminology used more than 10 times in the Postal Service's 2020 Post-Election Analysis Report, that being the term of "extraordinary measures." This term was used throughout the report to highlight the Postal Service's success in having achieved the results that it did. Your report notes that some extraordinary measures deployed in the 2020 election had been deployed in previous years. I also want to make it known that some of the extraordinary measures deployed in 2020 were court mandated, as was in the case of Georgia, and ballots processed under such measures were excluded from total counts.

As a businessman and a former Navy logistics officer, the term "extraordinary measures," as it pertains to promoting metrics achieved and results delivered, leads me to think that you took steps above and beyond expectations. "Extraordinary measures" also generally requires the reshuffling of resources and labor away from other primary tasks and duties. But in the case of the Postal Service, those extraordinary measures taken were measures that helped you meet expectations and fulfill your missions, not to exceed them, nor did you put proper accounting processes in place.

My Democratic colleagues are encouraging states to expand mail-in ballots, and are pushing a bill, H.R. 1, that would restrict states' rights to determine the vote-by-mail eligibility of its residents. For an entity already flailing and saddled with billions of dollars in liability, I cannot imagine that said extraordinary measures are sustainable. So, to Mr. DeJoy, in a few sentences, how critical is it for Congress to take steps toward reforms that bolster efficiency to

make these extraordinary measures, as they pertain to meeting minimum expectations, a relic of the past? What do we need?

Mr. DEJOY. I kind of got a little lost. What is the question, the specific—

Mr. CLYDE. How critical is it for Congress to take steps toward reforms that bolster efficiency to make these extraordinary measures that we have been talking about, as they pertain to meeting minimum expectations, a relic of the past?

Mr. DEJOY. What was the last word?

Mr. CLYDE. A relic of the past. Enunciation is really terrible here.

Mr. DEJOY. Yes, the last two words.

Mr. CLYDE. A relic of the past.

Mr. DEJOY. A relic of the past.

Mr. CLYDE. Yes. Thank you.

Mr. DEJOY. So, extraordinary measures have been a set of procedures that the Postal Service has done historically around mail-in ballots, and it really is quite, you know, something to see. We actually hunt inside plants for ballots to make sure it gets processed, often to the degradation of other type of services around election time. We are probably the most stable thing in the mail-in ballot process. We have 50 states and a number of districts that, you know, have electoral boards, and all their processes are different. And that is, you know, a big reason for some of the consequence of why we need to go through the extraordinary measures we do to get ballots out to the voters and back to the electoral boards. So, to the extent that anything can be done to streamline that, even a simple thing as a barcode in the first-class, you know, mailing of ballots, would be very, very helpful to the Postal Service.

But I would say to you, taking on that and going back to our plan in the future, there are extraordinary measures going on within the Postal Service everywhere. We have, you know, composite measures and metrics that we need to fulfill that are just not able to be filled.

Mr. CLYDE. OK.

Mr. DEJOY. And it creates an operational process that, at the time, I found quite chaotic.

Mr. CLYDE. OK. All right.

Mr. DEJOY. And of the things that, you know, this plan that we have—

Mr. CLYDE. Thank you, Mr. DeJoy. I just have one more question for you—

Mr. DEJOY. Yes.

Mr. CLYDE [continuing]. And I just have a few seconds left, on the topic of the Postal Service's role in upholding the sanctity of our elections. We know that a 2017 investigation by the Office of the Special Counsel found some Postal employees violated the Hatch Act. Can you please submit for the record answers to the following: one, detail of changes made to prevent violations during the 2020 election cycle, especially as it pertains to ballots processed under extraordinary measures; and two, is the Office of the Special Counsel currently investigating or planning to investigate possible violations of the Hatch Act that might have occurred last year.

Mr. DEJOY. Yes. I am not aware of any of that, nor am I aware of any violations that are even being, you know, talked about, but we will go back and, you know, look through the records.

Mr. DEJOY. I think there was a commitment by the 630,000 men and women of the Postal Service to perform, you know, to within the letter of the law to move, you know, ballots through, and I don't think anything other than that happened.

Mr. CLYDE. OK. Thank you very much. I yield back.

CHAIRWOMAN MALONEY. The gentlelady from California, Ms. Speier, is recognized for five minutes.

Ms. SPEIER. Thank you, Madam Chair. Mr. DeJoy, the President provided an executive order upon becoming President that he wanted electric vehicles to be used to the greatest extent possible. A GSA analysis on the lifetime basis of EVs versus conventional vehicles found that they were about equal because of the lower cost of maintenance and the cost of gas, and as batteries become cheaper, they will probably actually decrease in price. So, my question is, you have just purchased a number of vehicles. My understanding is not one of them is an EV.

Mr. DEJOY. Well, that is not true. We announced the acquisition yesterday. As you know, our vehicles are 30 years old and catch on fire—

Ms. SPEIER. Yes. If you would just answer the question. How many EVs did you purchase?

Mr. DEJOY. We have in our plan a commitment to buy 10 percent of—

Ms. SPEIER. Of the fleet? Well, why would it be 10 percent? Why not 90 percent?

Mr. DEJOY. Because we don't have the \$3 or \$4 extra billion in our plan right now that it would take to do it, but we are happy to talk with the Administration and with this Congress if they want to help us.

Ms. SPEIER. All right. Thank you.

Mr. DEJOY. But we did spend about \$500 million on convertible.

Ms. SPEIER. Reclaiming my time. Reclaiming my time.

Mr. DEJOY. Every vehicle could be, you know, converted to electric. We have very well—

Ms. SPEIER. All right. I thank you, Mr. DeJoy. I would like to go on to another issue. In October 2020, CBS News reported that XPO Logistics landed a \$5 million highway shipping contract with USPS, which was the first regular contract for a postal route that XPO Logistics had signed with the USPS in more than a year. An ongoing investigation by a crew in Washington revealed that USPS also awarded XPO Logistics another highway shipping contract of nearly \$26,000 to run from November 2020 to 2022. You were, of course, formerly employed by XPO Logistics and had maintained an interest when you came on board as postmaster general. In October of last year, the Office of Government Ethics issued a certificate of divestiture to you showing that you had finally agreed to divest. Have you completely divested of XPO Logistics?

Mr. DEJOY. I have completely divested of XPO Logistics.

Ms. SPEIER. Have you transferred any of your interests to your adult children?

Mr. DEJOY. No.

Ms. SPEIER. Has the—

Mr. DEJOY. I have not transferred any of my XPO interest to my adult children. You said “any of my interests.”

Ms. SPEIER. To your wife.

Mr. DEJOY. No.

Ms. SPEIER. To any of your family members?

Mr. DEJOY. So, you said any of my interests. I have lots of interests. If you are talking specifically about XPO, I haven’t transferred that to anybody.

Ms. SPEIER. Do you have any interests associated with the Postal Service contracts that have been with the Postal Service in the past?

Mr. DEJOY. Ma’am, I have had a number of investigations with regard to my ethics. An OIG report came back without recommendation. I did it all right. I don’t know where you are going with this, but there are no ethical violations in my time at the Postal Service, nor anywhere else in my career.

Ms. SPEIER. Well, evidently—

Mr. DEJOY. Evidently?

Ms. SPEIER [continuing]. The OIG did not review some of your accounts, and the name of the entity associated with those accounts is redacted. I am just curious, Ms. Whitcomb, if there has been an updated review of Mr. DeJoy’s compliance with ethics requirements.

Mr. DEJOY. I comply with all ethics requirements. I did it immediately as I came into the organization.

Ms. SPEIER. No, I am asking this of Ms. Whitcomb. Is she on the line?

Ms. WHITCOMB. Yes, I am here. Yes, since the issuance of that report, we completed our work and found that Mr. DeJoy followed guidance from Postal ethics staff and provided written recusal notifications, set up screening arrangements to avoid potential conflicts—

Ms. SPEIER. Thank you.

Ms. WHITCOMB [continuing]. And divested appropriately.

Ms. SPEIER. Thank you. Let me end by asking you this, Mr. DeJoy. In my area, my constituents, I just got two yesterday. One got a letter that took 12 days from Dallas, Texas to San Francisco. I think people are willing to accept one day, but 12 days presently is only going to become greater in the future. In the Bay Area, there are 100 non-carrier positions and 100 letter carrier positions before the November election that were unfilled. The Bay Area cost is very high. You could get a job at the In-N-Out Burger drive-through for \$18 an hour. My understanding is it is about \$17 an hour as a starting salary for USPS. And so my question is, are you willing to look at a different rate of salaries for those who live in high-cost areas?

CHAIRWOMAN MALONEY. The gentlewoman’s time has expired. The gentleman may answer the question.

Mr. DEJOY. So, the union leadership and our H.R. team negotiate rates. But what I will tell you is that I am committed to improving on the pre-career status of some 200,000 employees within our organization and have them really see a path to full-time employment, and I think that is really where we can improve on the re-

tention and still stay competitive in the marketplace. And that is work I am very, very active in doing and recently converted 10,000 people in December, and that has not been done in many years here.

Ms. SPEIER. I yield back my time here.

CHAIRWOMAN MALONEY. Thank you. The gentleman from Texas, Mr. Fallon, is recognized for five minutes.

Mr. FALLON. Thank you, Madam Chairwoman. The Federal Government and this institution, Congress, we are world-class experts at kicking the can down the road and also burying our heads in the sand. In short, we are terribly proficient at ignoring glaring, alarming, and potentially devastating problems, not just here, but in a myriad of ways. Solving the current dire financial status of the Postal Service should not be partisan. It seems it is because I have been watching this for several hours now, but it shouldn't be. We should take partisanship and throw it in the trash, particularly when we are looking at the realities of math.

Between 2007 and 2019, the Postal Service lost \$79 billion, and in 2020, I believe that figure was \$9.2 billion. Former Postmaster General Megan Brennan testified a couple years ago that in the absence of real legislative and regulatory reform, the Postal Service would be flat broke by about 2024. And what are some of the answers that are being proposed today by our friends on the other side of the aisle? Is it cutting costs? Is it reducing work force compensation? Is it limiting unfunded liabilities? Is it requiring the financial condition of the Postal Service to be considered during future collective bargaining? No. No, not one of those things. Medicare integration has been talked about a lot, and it looks as if, by estimates, it will save about \$40 billion dollars over the next decade. But we are trying to close \$160 billion gap, and taxpayers shouldn't be on the hook for that anyway. It is not as if Medicare is a shining example of financial safety and stability.

Mr. DeJoy, I have a very quick question for you. How many of the proposed reforms from the 2018 task force—I believe there may be, like, six major ones—have been implemented? Have there ever been any?

Mr. DEJOY. I can't hear you.

Mr. FALLON. I am sorry. Can you hear me?

Mr. DEJOY. Yes.

Mr. FALLON. How many of the proposed reforms from the 2018 task force have been implemented?

Mr. DEJOY. So, if you haven't noticed, we have had kind of a restriction on implementing a lot of different processes. But the task force, I did study the task force, and there was some good directional elements of it, and there were some things that I would not sign on to. But some of those elements that we announced the plan, I will be, you know, happy to discuss it. And in that report, I mean, the White House report absolutely supported, you know, that it should remain a public entity, and that we needed to look at new ways of marketing our services, but recognized that there are cost and operational issues which our plan addresses.

Mr. FALLON. OK. Is it fair to say that that was constructive, though, as far as the task force? They had some ideas that were worth looking into?

Mr. DEJOY. As a public agency, we take all input.

Mr. FALLON. OK. And I apologize and thank you, and I think you are doing a great. I just am short on time. Mr. Diamondstein, I want to ask you a few questions, if I could. Your union currently has on its website a link to a 2021 union contract survey, and in it, you also tell your members, and I am going to quote here, “Contract negotiations are most challenging with management always trying to chip away at our wages, rights, and benefits.” And I would just have to share that I think demonizing the Americans that work at the Postal Service and in the Postal Service leadership doesn’t do anything to solve the crisis that we are facing. It doesn’t do anything to close that gap. So, you know, when we are looking at background material here, when we were reading through it—it was rather extensive, I was really alarmed by the \$160 billion in unfunded liabilities and debt; \$50 billion unfunded liabilities for pension benefits, \$60 billion in unfunded liabilities for worker compensation liabilities, and \$19 billion for compensation as well. It is glaringly obvious that this \$160 billion chasm has to be closed, or at least narrowed, by limiting at least some somewhat the aforementioned unfunded benefits, or they are going have to be trimmed.

So, I just had three quick questions for you. Is your union willing to acknowledge that, and what is your union doing to help the Postal Service become profitable, obviously other than fighting management. And then last, do you oppose or support requiring the financial condition of the Postal Service to be taken into account during future collective bargaining? And I can ask those questions again.

Mr. DIAMONDSTEIN. You expect me to remember those three questions.

Mr. FALLON. OK. Well, I will go first. Are you willing to acknowledge that this \$160 billion chasm is large, it is glaring, and we are going to have to do something to trim that?

Mr. DIAMONDSTEIN. OK. I appreciate that question because a lot has been thrown around today about the dire financial situation. But the reality is that a heck of a lot of this liability and debt is paper, and it was created. If the Postal Service is broke, we could say it is broke on purpose. And so, actually our pension plans are over funded. Our retiree healthcare funds are funded in a way that no other company or no other Federal agency does. There is a lot of money there. So to me, it doesn’t get us to where we need to go by creating this picture that is really not the case.

Now that isn’t diminishing that we feel there is some real challenges, so one of the questions you asked is what are we doing about it. We are huge advocates of expanded services. Expanded services bring in new revenue, such as in the financial service world, such as paycheck cashing, such as licensing, such as electric charging stations in front of many post offices. There are all sorts of things that we can do that we are willing to work with management on.

Now, your third question—I think I remembered them all—is the question of what have we done. The Postal workers have given up a lot. And I am glad you are reading our website, but you should go back to our 2010 collective bargaining agreement where we

didn't get pay raises for two years at all, where we lowered the standards to the point that the Post Office unfortunately is having trouble hiring. We didn't want to go that way, all right? But we believe in good living wage jobs, good benefits, and the problem with the Postal Service is not that we have a collective bargaining process where if it ends up in interest arbitration, they can't take into account the financial—

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. DIAMONDSTEIN [continuing]. Post Office. We are model employers under the law, and we should remain that way. But I do take issue with this idea of the hundreds of billions of dollars that is thrown around when it is really not case, and Congress can fix it—

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. DIAMONDSTEIN [continuing]. With many of the ways we have talked about.

CHAIRWOMAN MALONEY. The gentleman from Maryland, Mr. Sarbanes, is recognized for five minutes.

Mr. SARBANES. Thank you, Madam Chair. Can you hear me OK?

CHAIRWOMAN MALONEY. Yes, we can.

Mr. SARBANES. OK. I appreciate the hearing, and I appreciate the good work on the bill that we have been discussing today. And thank you for your staff's efforts on that, and hopefully we can make some forward progress with it.

Postmaster General DeJoy, you, I think, conceded a couple of rounds back that there was some failure of execution in terms of the plan that you were implementing last spring and summer. I thank you for that acknowledgement. What the head scratcher for me was that you would barrel forward with your plan as the pandemic was ramping up. I just never understood. I mean, leave aside the pros and cons of the plan, and I have a lot of concerns about it, but why you wouldn't go into some kind of a pause mode at a time when the postal work force was going to be under incredible pressure, I have never completely understood.

But be that as it may, I want to, Mr. Diamondstein, talk to you for a moment. First of all, thank you for your representation of American Postal Workers Union. You have very strong members and leadership in the Baltimore area. I want to thank you for that because they have given us good insight on some of the challenges that the Postal Service is facing. One of the components of the bill that we are talking about in the discussion draft, in addition to the Medicare integration and eliminating the requirement to pre-fund retiree health benefits, has to do with service performance reporting. And it is the idea that there will be required targets for the Postal Service to meet in terms of performance and then reporting what goes with those targets, and that will reflect nationwide performance, area performance, district levels, et cetera, and form the basis of a plan that can go to PRC on addressing the failure to meet standards in the future.

My question for you is, can you speak to how that effort, and that focus, and that reporting regime relates to the Postal Workers Union and other union support for restoring 2012 service standards, which I know is something that you all have spoken to. Talk to me a little bit about how you see those relating, and talk to me

as well about your confidence and experience with the Postal Service management pulling the union into the conversation around how to meet those standards and address any gaps between the standards and actually what is happening in practice.

Mr. DIAMONDSTEIN. Well, to take the second part first, my union has not been consulted as management sought input on their 10-year planning. It is not like we never have conversations here and there with our counterparts, but we never were consulted by the Board of Governors or by this Administration, and we think that is a real problem. We know what is going on in the workroom floor. We are all Postal workers ourselves and union leadership were in touch with our members, and we have a lot to offer.

In terms of the language of the bill, the draft discussion, we are glad that you are taking on the question of service standards. We think it should be stronger in our first read, and we have made no bones about it that we would like to see overnight delivery restored within our towns, one side of the street to the other, that that would be good for the business. It would be good for the customers. It would be good for the workers. It is a win-win-win, and that is what revised 2012 standards would do. But we do appreciate the committee's efforts to try to address the service issues, which folks on both sides of the aisle are obviously very concerned about and Postal workers are deeply frustrated with.

Mr. SARBANES. Well, thank you.

Mr. DIAMONDSTEIN. I hope I have answered your question.

Mr. SARBANES. No, I appreciate that, and I would just say there is no hope of achieving any service standards that meet the public's expectation if the work force, and the unions, and the people that are on the front lines aren't collaboratively involved in that conversation, whether it is, in this instance, with respect to our committee and how we discuss proposed legislation, or, just as importantly, with the management of the U.S. Postal Service.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. SARBANES. So, thank you for your—

CHAIRWOMAN MALONEY. The gentleman's time has expired. Ms. Kelly is now recognized for five minutes.

[No response.]

CHAIRWOMAN MALONEY. Ms. Kelly of Illinois.

Ms. KELLY. Thank you, Madam Chair. The coronavirus pandemic has caused a great increase in the volume of packages that are moving through the postal system, increasing in some weeks by 60 percent over the same period last year, as we have been discussing. According to press reports, over last year's peak holiday season, the surge in package volume essentially overwhelmed many postal processing facilities, with packages piling up so much that it became difficult for workers to move freely in order to do their jobs.

I am getting calls daily from my district, people crying, screaming into the phone, their mail drastically delayed by three to four weeks. The surge in package volume was undoubtedly a major factor. There have been reports that UPS and FedEx "dumped packages" that they could not deliver on time. Mr. Postmaster, what do you have to say about that?

Mr. DEJOY. Well, I agree with you that we have been overwhelmed by packages, as I said earlier in my testimony. The extent

to which UPS and FedEx dumped, I don't know if that is the right word, but they are able to refuse package volume, and we chose not to. So, to the extent that they were not taking volume, we were the only outlet for the American people, and we got a whole bunch of it, and that resulted in what you were describing in your district all over the country. Those conditions existed.

Ms. KELLY. Yes, I just got a Christmas card last week. Why did the Postal Service seem so unprepared for the package surge?

Mr. DEJOY. Well, I am here eight months, and this has been going on for 10 years, right, the network, the erosion in the network, the imbalance in our operating schedules. But even if I was here for 10 years, we are in a pandemic, Congresswoman, and the 40-percent increase over peak volume for our organization was probably even too much to predict. I mean, I don't think FedEx and UPS like not taking volume, right, because they are profit oriented.

So, you know, we were overwhelmed with packages in the regular business, you know, before the pandemic, right? We had not outfitted any of our operations significantly enough with package sortation equipment, the right transportation methodology, the right plant-to-plant movements, significant issues in moving packages. So this—

Ms. KELLY. OK. Let me ask Mr. Diamondstein, what was the experience of workers during the surge, particularly with respect to coronavirus safety in postal facilities? And I am sorry I am not on camera. I am trying, but it just won't let me on.

Mr. DIAMONDSTEIN. Well, first and foremost, it was obviously very stressful. Postal workers as frontline essential workers, like so many other frontline essential workers, are still dedicated to the mission, but we have had a lot of sickness. We have unfortunately had an unfortunate share of deaths and, of course, we have had a lot of people that weren't able to come to work because of the childcare issues, with schools, and all sorts of things. Now, in terms of the health and safety, I think that the parties, the union and management at the national level of the Post Office, really did quite a good job putting in a lot of protocols to make the workplace as safe as possible in a dangerous time.

It was a little shaky in the beginning because people were hit kind of unawares, but there has been plenty of PPE. There has been a lot of safety shields between the folks that staff the windows and the customers. There has been extra cleaning. There has been extra chemicals. There has been extra wash-up time. So, I think on that part, we did excel as both union and management. It doesn't mean it has always been applied evenly and equally throughout the country.

Ms. KELLY. Right.

Mr. DIAMONDSTEIN. But there is certainly the vehicle there for folks to protect themselves. We also agree with management—

Ms. KELLY. I am running out of time.

Mr. DIAMONDSTEIN. I am sorry.

Ms. KELLY. So, I just want to say to the postal workers, thank them for their service, but we need to take steps to make sure the Postal Service is on firm footing going forward—

Mr. DIAMONDSTEIN. Absolutely.

Ms. KELLY [continuing]. Because it is a disgrace if you could just hear all the phone calls. Thank you. I yield back.

Mr. DIAMONDSTEIN. Great.

CHAIRWOMAN MALONEY. The gentlewoman from Michigan, Mrs. Lawrence, is recognized for five minutes.

Mrs. LAWRENCE. Thank you so much. Mr. Bloom, I am looking at the tenure of Board of Governors, and it seems like the longest one that has been in place is 2018, so the majority of all you have been serving almost entirely in the pandemic experience. Have any of you ever gone through an entire structure reorganization like what is being proposed or the service standards? Do you have any experience in that?

Mr. BLOOM. Well, we are——

Mrs. LAWRENCE. Yes or no?

Mr. BLOOM. I have had a lot of experience with restructuring, yes.

Mrs. LAWRENCE. As it impacts service standards? Where did you work before, sir?

Mr. BLOOM. The experience I had was working for the Federal Government with the General Motors restructuring, working for the Steelworkers Union and the integrated steel industry and other——

Mrs. LAWRENCE. And they don't have service standards, sir, correct?

Mr. BLOOM. No. No, that would not——

Mrs. LAWRENCE. Sir, my next question is to the postmaster general. Yes or no, do you recognize that during your tenure since you have been here, you have been compromised by COVID, holiday mail, and election mail, a record amount of election mail, during this period? Yes or no.

Mr. DEJOY. What do you mean by "compromised?"

Mrs. LAWRENCE. You have been impacted, your ability to do your job.

Mr. DEJOY. Yes.

Mrs. LAWRENCE. Can you confirm that the staffing, as has been stated by the union representative, has been compromised or impacted by COVID? So, you don't have the 600,000 employees that you have on paper. They haven't been able to work, so you have been working with a reduced staff, correct?

Mr. DEJOY. Yes, in fact, we have had 200,000 new hires, and our population stayed the same. That is a tremendous amount of new entries into——

Mrs. LAWRENCE. Absolutely. It is because of their work environment, I am told. So, my question is to you, Mr. DeJoy. You recognize that the Postal Service is in a competitive market with UPS, FedEx, and other delivery companies, correct?

Mr. DEJOY. I do.

Mrs. LAWRENCE. So, as a customer, if you are going to reduce the standards——

Mr. DEJOY. Mm-hmm.

Mrs. LAWRENCE [continuing]. And raise the amount of mail, and you have another company sitting right beside you that will continue to have those standards, would that decrease the volume of people who would come to the Postal Service, because, as of now,

it is affordable, and even in 2020, you were in the 90's for service standards, but now you have reached one of the lowest ever. And I am not putting it all on you, sir. You are new to the job. You have been impacted by these. But why is there any common sense behind changing an organization in the middle of a pandemic? You haven't even stabilized your work force because there is a revolving door. There are so many things that you need to do. I appreciate you saying you are being bold, but that is just like me saying that I am going to restructure an organization in the middle of a pandemic when half my work force isn't there. I had an unprecedented amount of mail volume, and then I had this huge impact of COVID with parcels.

Let me tell you one of the challenges. In my district, you have NDC, which is a parcel processing plant, that did not know what was incoming mail and what was outgoing mail. The mail was literally gridlocked. That is a lack of management. You have to fix the management that you are responsible for before you start ripping everything apart. To me, and I have said this to you personally, I don't understand how you come in just ripping the organization apart during a pandemic when you haven't even come in to show your leadership of being able to run an efficient, accountable organization. It has changed. I called the postmaster about the gridlock of trucks sitting for 20 hours to drop a load in Detroit. He told me I can't answer that question because "I have no responsibility over processing." I said, well, give me the person. They told me to go to Denver. I called Denver. They couldn't give me an answer right away. So, here we are with this disjointed organization. You haven't shown, and I am not saying you can't, but you haven't shown your leadership, and now you want to rip it apart.

Mr. DEJOY. Congresswoman, we have had good conversations before. I think this type of description of what is going on is not really accurate, "rip it apart," or "nobody knowing what is going on." I would suggest to you, if we look back over the past 10 years—

Mrs. LAWRENCE. It is factual. It is going on.

Mr. DEJOY. I am sorry?

Mrs. LAWRENCE. It is going on. You had a gridlock, and you know that—

Mr. DEJOY. OK.

Mrs. LAWRENCE [continuing]. Where no one knew—

Mr. DEJOY [continuing]. And where do we want to put that responsibility?

Mrs. LAWRENCE. Well, it ultimately rests in your hands, sir. You're the postmaster general.

Mr. DEJOY. OK. And we have a plan to fix that, but—

CHAIRWOMAN MALONEY. The gentlewoman's time has expired.

Mr. DEJOY. But I would say to you that the problem is more than one-dimensional, right? With regard to the organization, that is one of the things that we are very much working aggressively on to have an organizational strategy that actually knows who is responsible for these things. I would suggest to you, before you may think people knew they were responsible, but if they did, when we ran trucks on time, they would have went with mail and they didn't. So, and we are also facing—

Mrs. LAWRENCE. Fix it.

Mr. DEJOY [continuing]. With regard to your service——

Mrs. LAWRENCE. Fix it.

Mr. DEJOY [continuing]. With regard to your service question——

CHAIRWOMAN MALONEY. The gentlewoman's time has expired.

Mrs. LAWRENCE. Fix it.

CHAIRWOMAN MALONEY. OK. The gentleman from California, Mr. DeSaulnier, is recognized for five minutes.

Mr. DESAULNIER. Thank you, Madam Chair. I want to thank you for having this hearing, and I also want to associate myself with the comments from my colleague from Louisiana some time ago about the historical importance of the Postal Service. All these years since before the founding, postal delivery has been important to this country and it has adapted, and clearly, we have a challenge now in this global economy.

I would like to say before specifically asking a couple questions of Mr. Diamondstein, as a former small business owner in a very low-margin business—the restaurant business in San Francisco Bay Area—this cultural thing that the private sector is always right, it drives me slightly to distraction. Having been from the private sector, but now having spent a lot of time on ride-alongs looking at government services about the local, state, and Federal level and ride-alongs with the Postal Service here in the East Bay of San Francisco Bay area, and a lot of discussions, including with the former postmaster general, the public sector can learn from the private sector. The private sector is not all-knowing, and we can see shortcomings from the private sector as well. You mentioned companies like Enron and WorldCom, and the recession, and housing crisis.

And then the issues of subsidies, I wish we had more accurate descriptions about how taxpayers subsidize the private sector and what we get, to be politically agnostic, were those returned to people. So, in this instance, again, as a former retailer, one of the great strengths of the Postal Service is the retail aspect of people liking their delivery person. The letter carriers are out there every day, again, having been on ride-alongs with postal workers. My success when I was in private sector was directly related always to my employees and the relationship I had in management, even though I often wasn't physically there, although it wasn't a large corporation like the current postmaster general's background. I think to destroy that branding in any way has been a great disservice to the American taxpayer. So, specifically, having these performance standards, and I look forward to this legislation and having a real discussion focused on performance standards, the background of instilling that and getting a reward from it, but still protecting a lot of the important assets, particularly the rank and file in the Postal Service.

So, Mr. Diamondstein, it is interesting to me, along the tone of my comments, is that 7,500 mid-managers don't have the ability to go to the Merit System Protection Board. So, could you tell me some of the challenges to that and some of the things we need to do to allow due process, but also to this very important group of people to make sure that their morale is good and they feel like they are being protected while we still demand high standards from them?

Mr. DIAMONDSTEIN. Well, Congressman, we obviously don't represent the mid-managers that you are speaking of, but we have no opposition to people in the organization having the maximum due process that the law can provide, and the MSPB is certainly a route there. So, you know, we focus on our collective bargaining agreements and our rights within that, but we have not put up any up obstacles on that question.

Mr. DESAULNIER. And in terms of the people you do represent, the benefit for them to be able to access the due process that the Merit System allows them, could you give us a few comments about that, and understanding there is a balance here. Management and rank-and-file have a traditional relationship. We want it to be as healthy as we can, but we want a collective benefit to go to the taxpayer or the customer.

Mr. DIAMONDSTEIN. OK. Well, again, just be careful about the taxpayer since it is not a taxpayer-funded entity, and I think that is important to keep in mind.

Mr. DESAULNIER. Right.

Mr. DIAMONDSTEIN. In terms of our members, we have due process under a collective bargaining agreement, and within that, there are groups of employees or disabled veterans who also have access to MSPB under the law. So, we are satisfied from the point of the people that we represent that the due process rights are there. They work.

Mr. DESAULNIER. Yes, I appreciate the comment about taxpayer. I am sorry. I slipped into my former party affiliation from many years ago when I was registered as a Republican, so I appreciate that, but just a last comment. I really think the Congress would be well served if we had a better understanding of the relationship between subsidies and support, whether it is in the infrastructure and transportation system, and the benefit that we all get as Americans from that. So, thank you, Madam Chair. I yield back.

CHAIRWOMAN MALONEY. The gentleman yields back. The gentleman from California, Vice Chair Gomez, is recognized for five minutes.

Mr. GOMEZ. Thank you so much, Chair Maloney. I really appreciate this hearing. I just want to start off by expressing my appreciation to the men and women of the U.S. Postal Service, the letter carriers, the postal workers, for just being out there every single day during this pandemic. I know the pandemic has had an impact not only when it comes to almost every aspect of American life, but also to the men and women who are still going to work every single day, delivering the mail, making sure that things try to get there on time. It hasn't been easy at all, and I know that they are deeply concerned about the decrease in performance. They are also deeply concerned about just the direction of the U.S. Postal Service across the board.

So, I am in complete support of making sure that we can provide as much financial support to the U.S. Postal Service as possible. Americans do see it, that it should not be run like a business, but as a public service, and I think that there is a reason why, because oftentimes a business just attempts to maximize profit, not necessarily how it caters to their clientele, just how do we maximize

profit. And when you just try to maximize profit, it doesn't mean that you automatically get the best result.

I want to ask Mr. DeJoy about a couple of things. Coming from California, trying to have more electric vehicles on the road, and combatting climate change is a big deal. You mentioned 10 percent of the fleet would be electric. Real quick, just a few questions, and I am just trying to figure it out. You are replacing a lot of these old mail delivery trucks. What is the new miles per gallon for each new truck, especially since the old one was, I guess, 10 miles per gallon?

Mr. DEJOY. It is more. I don't recall off the top of my head what it is. You know, we have a year decide what the final complement is on the electric vehicle, and we are very much pursuing it, but we need to kick the project off.

Mr. GOMEZ. Listen, I am glad you are moving forward. I heard that you guys have been trying to find somebody to actually do this since 2015, so I am glad it is moving. But if you are replacing just inefficient vehicles, right, the American people want to know how you made that decision. Was it based on miles per gallon? Great. And then at the same time, what kind of tailpipe emission standards are they achieving? How much are they reducing in greenhouse gas emission? Just kind of figuring out, like, because that is a big deal if you are not going through more electric, right, by raw numbers, which we would know are cleaner.

You said also that you could convert these new trucks to electric if you got more resources. How much would it cost to convert a truck, and was that taken into the consideration when deciding just to purchase 90 percent fossil fuel vehicles?

Mr. DEJOY. First of all, the evaluation factor on what you were speaking as a total cost of ownership over a 10-, or 15-, or 20-year period when we did it, which includes everything, the cost per truck is a little misleading because it is really the cost of the electric infrastructure around the Nation that we would need to implement. And this is a procurement-sensitive statistic. I can't, you know, disclose in total, but it was significantly more.

Mr. GOMEZ. Reclaiming my time. I just want to be very clear. Congress is going to be supportive of trying to get electric vehicles in the Postal Service fleet, and we also understand that it is part infrastructure, and we can take that into consideration when we allocate resources. I think you should take a harder look on what kind of fleet you are going to be using, especially since the issues regarding the climate crisis are just growing. One last thing—

Mr. DEJOY. I was hoping for the invitation, sir.

Mr. GOMEZ. Yes. You said "we are proud of what we have done." And I look at the Postal Service, and I must admit I am really disappointed in where it is at, and rightly or wrongly, and I think it is rightly, you are being stuck with just the deterioration of the public's confidence in it.

CHAIRWOMAN MALONEY. The gentleman's time has expired.

Mr. GOMEZ. I hope that the Board of Governors takes steps to review it, but with that, I have to yield back since my time is up. Thank you so much.

CHAIRWOMAN MALONEY. Thank you. The gentleman yields back. The gentlewoman from Massachusetts, Ms. Pressley, is recognized for five minutes.

Ms. PRESSLEY. Thank you, Madam Chair. Thank you for convening today's hearing. The United States Postal Service is one of our Nation's greatest institutions. Its public servants are our greatest individuals on the front lines of this ongoing pandemic. In the Massachusetts 7th, which I represent, nearly 3,000 postal workers across 38 facilities—shout out to NALC Local 34—they are risking their health to deliver everything from lifesaving medication to unemployment checks. It is critical we enact legislation to bring stability to USPS and the lives of all of its employees. But make no mistake, there is no legislative fix.

[Inaudible] of Postmaster General DeJoy and the current Board of Governors. They have caused the postal work force to suffer, they have caused delivery and critical services to be cut, and they have caused our communities great hurt. These actions are a clear dereliction of duty and service to the American people. They demand accountability, which is why I have repeatedly called for the removal of Mr. DeJoy and the entire Board of Governors, and the appointment of a new diverse board with the experience and skills needed to represent the public interest and to restore the public's faith and integrity of the USPS.

The USPS needs leadership that respects the fundamental role the Agency plays in our society, and Congress can leverage the resources, dedicated workers, and infrastructure of the Postal Service to meet the Agency's fiscal needs and to serve the broader American public. Postal banking presents a unique opportunity to simultaneously increase revenue for the U.S. Postal Service while advancing economic justice. An estimated one in four people in America are unbanked or underbanked, including 50 percent of black and Latinx communities, resulting in thousands of dollars in fees and resilience on predatory check cashing services and payday loans. This burden disproportionately falls on communities of color. Sixty-three percent of majority black census tracts do not have an active bank branch. These banking deserts, however, do have post offices. If post offices offered financial services, such as money transfers, bill payment, and check cashing, our Nation would take a significant step toward closing the racial wealth gap. Mr. Diamondstein, can you provide any details on the history of postal banking in our country?

Mr. DIAMONDSTEIN. Well, for over 60 years—I can't remember the exact dates, Congresswoman—I think 1911 to 1967 or so, there was actually a savings bank in the Postal Service. The Postal Service now provides financial services, such as money orders, some types of check cashing, and I completely agree with your comments around postal banking. We would like to start with the basic thrust of improved, and enhanced, and expanded financial services as a step that may get us some day to a public option on postal banking. But the advantage of the steps is it is within the Postal Service itself. It will not take legislation to do those things. We think it would be great for the people, the social justice issues you raised, and we think it would be great for the Postal Service itself. And the postal workers that we represent are ready to rock and roll.

Ms. PRESSLEY. Thank you, Mr. Diamondstein. And could you further unpack, elaborate as to why the USPS is uniquely positioned to provide banking services to those who are unbanked and underbanked? And also, could you just answer, is there support for postal banking among postal workers?

Mr. DIAMONDSTEIN. Yes, there is definitely support amongst postal workers for postal banking, for expanded financial services. People see it as an important service and an important part of our future. Your first question, Congresswoman, please again?

Ms. PRESSLEY. How is the USPS uniquely positioned to provide these services?

Mr. DIAMONDSTEIN. Well, we are in all these neighborhoods where banks have pulled out. We are trusted. We are trained. We are accountable. We are dedicated. And 91 percent of the people of the country, through the entire political spectrum, support the Postal Service and trust postal workers. So, we are in a great position to provide these expanded services.

Ms. PRESSLEY. Thank you. Thank you. And there are so many who are eligible for stimulus relief during the pandemic, but are unable to access those funds because they are unbanked. In a public report, the Office of the Inspector General concluded that, "Financial services have been the single-beset new opportunity for post offices to earn additional revenue. For the Postal Service, this might translate into \$8.9 billion per year." Ms. Whitcomb, how could providing financial services improve the financial footing of the USPS?

Ms. WHITCOMB. Yes, the report that you cited, we issued a while back, and we did an analysis of the positioning of the Postal Service to provide financial services. And, as you stated, posts around the world are very active in the financial services industry. Many posts achieve significant financial benefits by providing financial services to the citizens in other countries. So, we are happy to discuss this—

Ms. PRESSLEY. I am so sorry. I am running out of time. Reclaiming my time just for one minute—

Mr. COMER. Madam Chair, out of time, and we have votes on the floor.

CHAIRWOMAN MALONEY. The gentlelady's time has expired.

Ms. WHITCOMB. We can discuss it further with the committee staff.

Ms. PRESSLEY. Thank you.

CHAIRWOMAN MALONEY. OK. That concludes all of our witnesses today and questioning. But before I close, I ask unanimous consent to place in the record letters of support for reforms to the Post Office. Without objection.

CHAIRWOMAN MALONEY. And before I close, I would like to offer Ranking Member Comer a chance to ask any wrap-up questions to the witnesses or to make any closing remarks. Ranking Member Comer, you are now recognized.

Mr. COMER. Well, thank you, Madam Chair, and I appreciate very much that you held this hearing, and I appreciate very much the ongoing conversations that we have to try to get to a real bipartisan postal bill that actually does reform. I want to say, Mr. DeJoy, you said earlier, your only request is for those included in

the draft bill, but requests aren't the same as needs. And our side has sought to clarify that you have support of the Board and that Democrats' charges against you are baseless. It is clear, as Mr. Connolly said, that they want you gone.

So, your plan when it comes out might be fantastic, but however long you do end up staying, it is not going to be forever. So, we need policies that are going to address the aspects of the Postal Service's problems over and above those dealing with retiree benefits. And when I asked you what happened the last time you tried to make those operational changes, it wasn't to have you detail how those changes impacted service. It was to highlight how entrenched interests fought you tooth and nail at every turn, and the likelihood is that is what is going to happen in the future.

But I felt it was essential for us to discuss the obstacles facing the Postal Service and hear about some difficult decisions that we will have to make in Congress. With this information, we have a real opportunity for the Postal Service to enact meaningful change. It is often a mantra that we should start with the easy pickings. The temptation to do so in the case of postal reform is strong because of how much we hear from our constituents and stakeholders, nervous about any possible changes to how things have always been done. Fixing some accounting issues and doing things like switching the pot of money from which employee healthcare is funded will no doubt cleanup the books and create some short-term relief for the Postal Service, but they are not nearly enough, and everyone knows that. They will not solve the problems confronting the Post Office, and the American people are not going to see them as an improvement on the services they rely on.

As Mr. Bloom said in his written statement, "If I have learned one thing, it is that the single largest impediment to achieving a successful outcome is that stakeholders will support the abstract need for change, but will seek to avoid changing anything that impacts their particular interests." So, in other words, the chairman of the Board of Governors is saying that stakeholders know something is wrong, they know something needs to change, so they all say the right things about it. But when push comes to shove, they refused to consider any changes that will force them, in turn, to adapt or evolve in a way that ensures the Postal Service can survive and thrive.

We here on this committee should not limit ourselves to the easy pickings and leave the more difficult decisions to some later date. If we do, it will be too simple to pat ourselves on the back for finally enacting some postal legislation and ignore the opportunity to create real lasting change that will allow the Postal Service to serve the American people better. A postal bailout alone without any structural changes is not a real reform bill.

So, Mr. DeJoy, we look forward to your forthcoming plan. We appreciate the working relationship that you and Mr. Bloom and the entire Board have, and we appreciate the fact that the Board supports your forthcoming changes. So, Madam Chair, I look forward to working with you as we move forward to pass a real bipartisan postal bill that reforms the Post Office. I yield back.

CHAIRWOMAN MALONEY. I thank the gentleman for his comments and his willingness to work together for real postal reform. I now recognize myself for five minutes.

First, I would like to express my appreciation to all the postal workers who have been on the frontlines of helping the American people during this time of COVID. I want to ask Postmaster General DeJoy about a bill that is on a slightly different topic which I will be introducing today, the Vote By Mail Tracking Act. This bill would require all ballots mailed in Federal elections to include a Postal Service bar code, allowing the ballot to be tracked by the Postal Service, election officials, and the voter. This bill would go a long way toward ensuring that ballots are sorted, processed, and delivered efficiently, and would provide more transparency and accountability to voting by mail. Mr. DeJoy, does the Postal Service support the use of barcodes to track all Federal ballot mail?

Mr. DEJOY. Yes, ma'am, we do.

CHAIRWOMAN MALONEY. Thank you. Ensuring that ballots are delivered on time and giving election officials and the public additional transparency can only improve our elections.

And in closing, I want to thank everyone for a fruitful discussion today on this incredibly important topic. We have heard it many times throughout this hearing—it bears repeating—the Postal Service is one of our Nation's most vital and respected institutions. It deserves our full support. Sadly, its financial situation is far too unstable and requires that Congress act in a bipartisan manner to ensure that it can continue to serve the American population for years to come. The draft reform legislation that we discussed today will help the Postal Service accomplish that goal. Medicare integration will save the Postal Service at least \$10 billion in the next 10 years. Eliminating the unfair pre-funding mandate will take over \$35 million off the Postal Service's debt sheet, and additional requirements to help the Postal Service meet its service performance targets will give the American people increased certainty that their Postal Service truly works for them in an efficient and effective manner.

I appreciate the contributions of my colleagues today on both sides of the aisle. I appreciate the testimony of Mr. DeJoy and all of our panelists, and I hope that we can continue to work together to introduce a bipartisan bill that can pass the House in the very near future and be sent to the Senate and hopefully pass there, and signed into law.

I yield back, and the meeting is adjourned. Thank you.

[Whereupon, at 3:15 p.m., the committee was adjourned.]

