AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. Hrg. 118–518

OVERSIGHT OF THE U.S. POSTAL SERVICE UNDERSTANDING PROPOSED SERVICE CHANGES

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

DECEMBER 5, 2024

Available via the World Wide Web: http://www.govinfo.gov

Printed for the use of the
Committee on Homeland Security and Governmental Affairs

U.S. GOVERNMENT PUBLISHING OFFICE
57–738 PDF WASHINGTON : 2025

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

GARY C. PETERS, Michigan, *Chairman*

THOMAS R. CARPER, Delaware
MAGGIE HASSAN, New Hampshire
KYRSTEN SINEMA, Arizona
JACKY ROSEN, Nevada
JON OSSOFF, Georgia
RICHARD BLUMENTHAL, Connecticut
LAPHONZA BUTLER, California

RAND PAUL, Kentucky
RON JOHNSON, Wisconsin
JAMES LANKFORD, Oklahoma
MITT ROMNEY, Utah
RICK SCOTT, Florida
JOSH HAWLEY, Missouri
ROGER MARSHALL, Kansas

DAVID M. WEINBERG, *Staff Director*
CHRISTOPHER J. MULKINS, *Director of Homeland Security*
ANNIKA W. CHRISTENSEN, *Senior Professional Staff Member*
WILLIAM E. HENDERSON III, *Minority Staff Director*
CHRISTINA N. SALAZAR, *Minority Chief Counsel*
ANDREW J. HOPKINS, *Minority Counsel*
LAURA W. KILBRIDE, *Chief Clerk*
ASHLEY A. GONZALEZ, *Hearing Clerk*

CONTENTS

	Page
Opening statements:	
Senator Peters	1
Senator Paul	2
Senator Carper	12
Senator Hassan	14
Senator Blumenthal	17
Senator Rosen	20
Senator Ossoff	22
Senator Hawley	25
Senator Marshall	28
Prepared statements:	
Senator Peters	33

WITNESSES

THURSDAY, DECEMBER 5, 2024

Louis DeJoy, Postmaster General and Chief Executive Officer, United States Postal Service	
Testimony	4
Prepared statement with attachments	35

APPENDIX

Senator Blumenthal's photo	121
Senator Hawley's letter from Missouri Farm Bureau Federation	122
Statements submitted for the Record:	
Envelope Manufacturers Association	123
Keep US Posted	125
National Association of Postal Supervisors	129
Responses to post-hearing questions for the Record:	
Mr. Dejoy	135

OVERSIGHT OF THE U.S. POSTAL SERVICE: UNDERSTANDING PROPOSED SERVICE CHANGES

THURSDAY, DECEMBER 5, 2024

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:06 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Garry Peters, Chair of the Committee, presiding.

Present: Senators Peters [presiding], Carper, Hassan, Sinema, Rosen, Blumenthal, Ossoff, Butler, Paul, Johnson, Lankford, Romney, Scott, Hawley, and Marshall.

OPENING STATEMENT OF SENATOR PETERS[1]

Chairman PETERS. The Committee will now come to order. We are coming together at a very important time for the U.S. Postal Service (USPS) where postal workers just successfully delivered ballot mail during a busy election season and are now ramping up for a peak holiday season. Postmaster General (PMG) shared some numbers for the election mail. I think you will probably talk about in your testimony here today.

But certainly, a very busy time, and I certainly appreciate Postmaster General DeJoy for being before us here today to answer questions about the Postal Service operations, finances, and its services to the American people every day.

One key issue we will discuss today is the Postal Service's proposed service changes which are currently under review by the Postal Regulatory Commission (PRC). We will continue to examine these plans and their potential impacts on constituents as well as their implications for Postal Service finances.

The Postal Service connects Americans everywhere, delivering critical mail like prescription drugs, Social Security checks, rent payments, small business packages, and the list goes on. Americans rely on the Postal Service every day, so it's critical that we understand its plans for service, operations, and finances.

Our last hearing with the Postmaster General was in April where we discussed the significant nationwide changes the Postal Service has begun making to its operational network. These include plans to consolidate facilities, and reduce truck trips, and other changes as to how mail is delivered. These changes will have raised

[1] The prepared statement of Senator Peters appears in the Appendix on page 33.

concerns about service quality and cost effectiveness, particularly in rural areas like Iron Mountain Processing Center in my home State of Michigan.

At our last hearing and afterward, my colleagues and I urged you, Postmaster General, to pause and further study these changes before moving forward to fully understand their impacts on the service and cost. As a result, the Postal Service paused a number of facility consolidations until January 2025. The Postal Service also requested an advisory opinion from its regulator, the Postal Regulatory Commission, to further study these changes. I think this is a positive step to fully understand the impacts through a transparent public process.

However, since our last hearing, the Postal Service has also announced new changes, including changes to its service standards, which dictate the speed of mail delivery. Members of Congress, including Members of this Committee, have continued to raise questions about these changes and about the service impacts.

Two years ago, I led the passage of the bipartisan Postal Service Reform Act, the first major reforms to the Postal Service in over 15 years. This legislation set the Agency on a more stable financial footing, providing over $50 billion in financial relief over 10 years. The Postal Service is not on the brink of financial crisis, but it does need to make careful decisions about how it moves forward.

While the Postal Service is making intended changes intended to save cost, questions certainly remain about tracking actual cost reductions and the potential for service cuts that also impact the bottom line. Above all, the Postal Service must continue to focus on its public service mandate to deliver to each and every American. That's why we are here today to ensure the Postal Service remains accountable to Congress, and the American people, and the Members of this Committee. Other Senators I have heard from are certainly looking for a very open discussion.

Mr. DeJoy, thank you. Thank you for being here today for answering members' questions, and I look forward to a robust discussion. I would now like to turn over the microphone to Ranking Member Paul for his opening remarks.

OPENING STATEMENT OF SENATOR PAUL

Senator PAUL. Over 40 years ago, Milton Friedman remarked, "If you put the Federal Government in charge of the Sahara Desert, in five years, there would be a shortage of sand." While Friedman was discussing price controls and output restrictions in oil and gas in Dubai, the same logic can be applied to the U.S. Postal Service.

In 2020, Congress was promised that $107 billion bailout would put the Post Office out of the roam and out of the hole it has been within three or four years. We were also told that the USPS operations would break even by 2031. Postmaster DeJoy sat in front of our Committee in August of that year and stated, "I am absolutely convinced that with some help from Congress and our regulator, we can do it, and that there is a bright future ahead for the Post Office."

I argued against giving more taxpayer money to the Postal Service, suggesting that private business would be better at managing ongoing costs by making the necessary cuts. Unfortunately, my

concerns have proven to be correct. The Postal Service's Delivering for America (DFA) initiative, the bailout, was expected to yield quick results. However, the post office lost $6.5 billion in 2023, and is set to lose $9.5 billion in 2024.

That does not sound like progress. They were losing $1 billion a quarter, now they are losing $2 billion a quarter. Only in Washington can someone point to losing $2 billion a quarter as a success. Given the continued financial shortfalls, it is entirely nonsensical for the USPS to convert more than 190,000 service workers into career roles since October, 2020.

If this were a private business, you would be doing the opposite. If you were a unionized corporation in one State, what did they do? They actually moved to another State and opened a non-unionized in a right-to-work State, and that's how they continue to exist. Corporations do not add to their misery by adding and increasing their labor costs.

These government career roles effectively allow those workers to make 50 percent more per hour and create decades of benefits, responsibilities that will make breaking even in the future even more difficult. When we had pension problems in Kentucky, we did the opposite. We ended up changing from a pension. We went to a contribution plan, and then we gradually are fixing. It's still taking a long time because we had the old obligations, but we gradually figured out how to go to a new plan where we would not be stuck with all these pensions.

These positions are of insourcing jobs that were provided at lower cost before by private partners who are increasing the cost of the Post Office. During the Postal Service Reform Act, I argued that no funding should be given to USPS without changes to its labor practices and cost. Instead, no labor changes were made, and now Americans are left holding the bag of an ever more bloated Postal Service.

The Postal Service tried to explain away these bad numbers due to the cost that USPS cannot control. But the service is spending $9.6 billion on electric delivery vehicles, and spending nearly $40 billion over 10 years to convert and build certain facilities into hubs that so far have resulted in worse delivery and services.

In order to keep making these infrastructure updates, the Postal Service asked to raise its $15 billion borrowing limit with the Treasury Department. Hardly sounds like a success. Private sector companies deal with uncontrolled costs all the time, including the same factors USPS faces like inflation, and they find a way to provide for their owners and shareholders. But they don't do it by adding more union employment.

USPS would count for the uncontrollable costs in their budget and stop coming to Congress. You guys should try to fix the problem instead of keep coming back and asking for more. This has not stopped Congress, though, from throwing even more money at the Postal Service. For those counting, that's $120 billion in funding and relief in the past four years alone.

While $120 billion is already an astounding number on its own, when you consider the sum relative to our nation's dismal fiscal condition, it suddenly becomes reckless. We are over $36 trillion in debt. It's time to do something different. What we are not seeing

is anything different at the Post Office, and I, for one, say it's about time we have some reform.

Chairman PETERS. Thank you, Ranking Member Paul. It it's the practice of the Homeland Security and Governmental Affairs Committee to swear in witnesses. Mr. DeJoy, if you would please stand and raise your right hand. Do you swear that the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. DEJOY. I do.

Chairman PETERS. Thank you. You may be seated, and you are recognized for your opening remarks.

TESTIMONY OF LOUIS DEJOY,[1] POSTMASTER GENERAL AND CHIEF EXECUTIVE OFFICER, UNITED STATES POSTAL SERVICE

Mr. DEJOY. Good morning, Chair Peters, Ranking Member Paul, and Members of the Committee. I appreciate the opportunity to once again discuss the significant progress that the U.S. Postal Service is making in accomplishing the objectives identified in Delivering for America plan.

When I agreed to take the role as Postmaster General, the Nation was at the beginning of a pandemic, and the Postal Service was an organization in crisis facing a diverse array of challenges that put the organization on a near-term trajectory to financial and service collapse.

The Postal Service had lost almost $90 billion, was projected to lose another $200 billion over the next 10 years, and was about to run out of cash before year end. Our over 31,000 facilities were in shocking, horrible condition, with over $20 billion in deferred maintenance and ill-equipped for modern day tasks.

We had not met our service standards in almost 10 years, and not reduced work hours in over eight years, despite significantly reduced volume. We had billions of dollars of self-inflicted wounds from poorly evolved package products, and had an organization and operational strategy that had long ago become dysfunctional.

More explicitly, over 57 percent of our 31,000 post offices did not cover the cost of the people that worked at them, and 76 percent of our 235,817 delivery routes lost money. We ran 55,000 trucks a day, 70 percent empty, and had four different networks operating at significantly low-use utilization, wasting billions of dollars.

This all came to a head in the peak season of 2021 when we were overwhelmed and dramatically impacted service throughout the Nation for many months. This was the dreadful condition and trajectory of the Postal Service prior to the DFA, and there was no plan anywhere to do anything about it.

The DFA plan has five simple directional objectives to be accomplished in consideration with the laws and regulations that govern the Postal Service today, and the relevant attributes of our evolving economy, environment, geography, marketplace, and competitive landscape.

These objectives are; to improve our operational precision and organizational effectiveness, to reduce our cost of performance, to cre-

[1] The prepared statement of Mr. DeJoy appears in the Appendix on page 35.

ate reliable and affordable service, to grow our revenue and margin on our products, to create productive and long-term careers for our employees.

These initiatives and the commitment to this transformation has been embraced by our whole organization, and the pace of change and accomplishments are impressive. We are a different organization today, and I am impressed by the talent tenacity of our people as they work hard to make the Postal Service the best in commerce and public service for many years to come. A unique opportunity we have, and as the Congress intended when they created us.

However, times have changed, and so has what it takes to be that entity that Congress intended. While we have accomplished a great deal, we are at the beginning of an ongoing journey to evolve with the Nation rather than lag behind. In the past, the inability and unwillingness to make the necessary changes when required is what had caused the condition and trajectory of the organization when I arrived here. To understand the full picture that the advisory opinion, contemplates, and solves, I refer to you to my written testimony.

However, in summary, we have prepared a comprehensive proposal and have been responsive to hundreds of questions asked of us by the PRC and other parties. Let me share some key points as a foundation to help set aside the fears and misunderstandings that seem to surround the PRC advisory opinion.

The changes we propose are to the collection, not the delivery of mail. In fact, we expect delivery times for most mail to improve. Your constituents receive far more delivered mail than they send. To further isolate the impact of our proposed change, it is primarily single-piece First-Class Mail to which we propose to modify the collection schedule and only by a matter of hours.

In the last 25 years, the volume of first-class single-piece mail has plummeted from 57 billion pieces to 12 billion. Yet, the chaotic, costly, and illogical network we have been laboring under was originally designed for mail, and now redesigned to include the increased package volume over an integrated network. The survival of mail and the Postal Service itself depends on successfully navigating the irreversible volume shift.

Although the proposal analyzes volume and distance to proposed schedule changes in the collection of single-piece mail, it's not a proposal that primarily impacts rural communities. The savings and operational efficiencies achieved here are substantial, and I assure you are necessary to preserve the universal service obligation (USO). The very mandate that policymakers fear being called into question is what we are in fact saving.

Please note that any service adjustments fall within the existing two-and five-day service standards, and that the proposal introduces standards that are relatable to our customers, and that they will be based on the five-digit ZIP Codes we are familiar with.

The changes proposed create from a network of massive chaos and redundancy, and integrated mail-in package network as required by the recent postal reform legislation, thereby correcting for poor operating practices, and enabling us to compete for new revenues and survive. In addition, the letter of invitation I received for this hearing requested that we also discuss transparency, and

accountability, and responsibilities we shoulder. In my written testimony, I have detailed for you every transparency, regulatory, and accountability burden under which we labor.

It is detailed in testimony and the weighty attachment that reminds the reader that we are not a typical government agency. We are self-financed and an independent establishment of the Executive Branch. We must operate, in many ways, like a private business, and we have many competitors.

We also have many layers of regulation and oversight that would cripple a private company that also had our scope and our public policy mandates. This has significance as it has paralyzed the Postal Service of the past, and a contributing reason why we are in the predicament we are in.

We relatedly a share testimony and attachment that details our unfunded mandates. As essential and justified as our universal service obligation is, it comes at a very high cost that needs to be reckoned with, at the same time as mail and package volume shift, delivery points steadily increase, cost climb, and pressures not to change a single thing about our service persist.

I welcome the opportunity to educate the Committee on our plans to move the organization forward. I welcome you on that journey. Thank you.

Chairman PETERS. Thank you, General.

In September, I asked for your commitment to report to this Committee on how the Postal Service has substantially and substantively considered the Postal Regulatory Commission's input on national changes that are going to be made to the network and to service standards.

You committed, at that time, to provide comprehensive responses to any PRC recommendations. But I would like to follow up on that, if I may, sir. Will you provide this Committee with a copy of your comprehensive response to each of the PRCS recommendations when they come out? Yes, or no?

Mr. DEJOY. Unless there's some regulatory reason not to, we will submit our responses to the Postal Regulatory Commission.[1] I think I am happy to send you a copy of our responses,

Chairman PETERS. So, you will provide that to us?

Mr. DEJOY. Yes.

Chairman PETERS. I appreciate it. For each PRC recommendation, you will provide a detailed explanation as to whether USPS will implement the recommendations as well?

Mr. DEJOY. We will answer the responses comprehensively. To the extent we——

Chairman PETERS. To the degree you will implement or not. Including to the degree to which you are going to implement or not implement going forward.

Mr. DEJOY. There's a specific way that we go about answering questions in the way that our legal department deals with. But from the standpoint of the organization as a whole, whether we submit it in that or we announce publicly what we are going to do at the same time, there will be full disclosure and transparency as to what we are actually going to do.

[1] The responses from Mr. DeJoy appears in the Appendix on page 135.

Chairman PETERS. OK. Very good. The Postal Service is required to provide, "Prompt, reliable, and efficient service to all communities," as you are well aware, and that includes rural areas. Rural Americans, like my constituents in the Upper Peninsula of Michigan, rely on the Postal Service to promptly deliver Social Security checks, rent payments, all sorts of critical mail. The Postal Service has announced service standard changes that would significantly impact rural mail.

Based on the numbers the Postal Service filed with the PRC, your plan is to slow down 68 percent of single-piece, First-Class Mail in rural areas, and that compares to 34 percent in urban areas. You would slow down roughly 15 percent of rural mail and upgrade only about three percent of it. These are necessary deliveries for these communities, so it would come late.

My question for you, sir, is how does the slowdown of rural mail, if implemented, comply with a Postal Service's obligation to provide prompt service to all communities?

Mr. DEJOY. I am not familiar with those numbers that you cite. First off, delivery of mail to rural areas, and to all areas will not change. In a few cases, about 10 or 15 percent, will, in fact, improve. Delivery is not being affected. OK? We are talking about the collection process of single-piece, First-Class Mail only, right?

Single-piece, First-Class Mail was 59 billion pieces 20 years ago, 23 years ago, it's down to 12 billion pieces now. We run the same collection processes for single-piece, First-Class Mail that drives significant cost and take up a significant amount of time in moving the overwhelming amount of volume that moves through the system.

On the delivery side, I am anticipating improvement in the delivery times because most mail originates within the 50-mile radius of the operations we are talking about. It's the collection of single-piece mail going out of these areas that could be slowed down somewhere between 12 and 24 hours.

Chairman PETERS. Also, service plans to reduce truck trips in areas across the country, collecting mail less often from outlying facilities and therefore reducing services. You tested this initiative in the Upper Peninsula of Michigan, and my constituents have now reported delays to important mail, like insurance claims, rent checks, the list goes on.

There have also been delayed prescriptions, where extra days certainly matter, and cities that were sending some samples to the Environmental Protection Agency (EPA) as a result of water testing, it requires quick turnaround. They can no longer do that because they cannot rely on the Postal Service to get that mailed to them on time. The USPS has said that this transportation optimization was a pilot, but my question for you is, are you planning to make that permanent up in the UP?

Mr. DEJOY. So that was an initiative called Local Transportation Optimization (LTO). We rolled that out in 12 locations around the Nation. Whether service, that the incidents that you were speaking about, consequences were related to that change or not, I cannot comment on because there are other reasons why service fails or why expectations are not met in terms of the changing environment.

There are a lot of places where we exceed in service. Part of the rationalization of the network is to meet the standard. But LTO, we went back and looked at it, and it was not consequential enough and executable enough to get the amount of cost savings that we needed. We have changed to the more regional approach that we are taking going forward. That's in our filing. The concept is the same, the area is just bigger that we are going to deal with.

Chairman PETERS. The Postal Service released its strategic plan in 2021. It called for postal reform, which was completed. It also called for executive actions to change how the Office of Personnel Management (OPM) calculates Postal Service pension obligations.

I sent a letter to the White House pushing for this change. OPM simply uses outdated accounting rules for postal employees, as you know, compared to other employees, and that puts extra cost onto the Postal Service. This could be changed, and the belief is could save billions of dollars while also saving pensions.

My question for you, sir, are you still in favor of making this administrative change? Could you explain to this Committee why that would be important?

Mr. DEJOY. There's two areas of our pension that we that we are interested. One is the Civil Service Retirement System (CSRS) reallocation, when we were separated as an independent agency from the Federal Government. We have calculated a significant shifting of the Federal Government's burden for its retirees, at the time, onto our balance sheet.

This is one of the things you helped us with trying to, writing to get actually executive action to make that change, which the Office of Legal Counsel (OLC) has said that that requires legislative change instead of executive change. But yes, we do feel the calculations show that we were overburdened when we separated from the government.

There are other things within our retirement plan. I expect to have 620,000, 610,000 people next year in our organization, and I will have 710,000 people on my retirement plan. There are things within our investment structure that will kill us. This is enterprise services money that we have aggregated and put into the foundation. We have to invest it as, with the Federal Government. We do not get the returns like a Tennessee Valley Authority (TVA) or an Amtrak. That's one of the other things that we are looking to do.

Then, there's some other subtle magic that OPM does with their calculations that are punitive to us, relative to the age group, the age calculations that they use for us and so forth. It is a huge issue. It was 80 percent of our loss this year. In my projections, to break even over the last three years, we had an additional $10 billion of bills from the Federal Government on our retirement plan that we were not expecting, and were well above the projections in the thing.

It's no different than any major corporation that found themselves in these particular constraints when they had defined benefit plans. However, in some cases, they are able to raise their prices and so on and so forth, or do their investments. It concurs with the changing marketplace. We had nothing available to us. We could not raise our prices effectively for the changes in the economy, and we could not rationally put investments with regard

to meet that obligation. It's an obligation that will continue to be detrimental to the survival of the organization.

Chairman PETERS. Thank you. Ranking Member Paul, you are recognized for your questions.

Senator PAUL. You mentioned in your testimony that the Post Office is different than other areas of government. That it has to operate like a private business. You also mentioned that about 80 percent of the volume of First-Class Mail has gone down over time.

Can you think of a private business where 80 percent of what they are doing to make money is going down in volume that would actually increase their employees?

Mr. DEJOY. Yes. Senator, you keep asking—I did not make the laws that organized the United States Postal Service. OK? I came in, as I said, to the condition that we had, and I am trying to fix it. Now, you exaggerate the hiring aspects. I am 20,000 people less in employment today than when I walked in the door. OK? I burned 50 million less work hours over last year than we did the year I walked in the door.

Senator PAUL. Is there more or less work being done by contractors versus government employees?

Mr. DEJOY. That's a good point. I was a contractor in that industry, and again, I walked into the situation I had. The contractors the contracts that we had and the locations that we had were detrimental to the organization. I had two points to get cost out. Do I shut down all my operations where all my people are, or do I bring in these contracting operations? I have changed huge contracts across from our priority mail system.

Senator PAUL. But I know of no one in private practice or investors who give advice through a corporate board who would say, you have a declining business model, we are going to increase the numbers. But then when you have a choice of hiring contractors that won't be paid the same wages, or pension benefits, or healthcare benefits that you pay your employees, you are up 190,000. You have insourced 190,000 jobs.

It's just sort of inexplicable. The whole point, that of the reform, of shifting the cost. It's not really reform, it's a shell game. We just took a bunch of things that are still costs on your books, and we put them on somebody else's books somewhere else in government. It's still a massive cluster in a way that the debt problem is just shifted over to another account. But in doing that, the main thing you were trying to get away from was healthcare costs and pension, right?

If you compare a contractor or a contracted employee to a government employee, an insourced employee, and you compare the health costs and the pension costs, they are dramatically higher for insource. By increasing your number of people who work for the government as opposed to contractors, you are compounding the same problem.

You were here with us three years ago saying, we cannot handle all these other expenses. We need to shift them somewhere else. The reform package did that. But in contrast, then you continue to hire more people instead of saying, well, we have all these extra costs associated with government labor, why don't we hire labor outside of the government and use contractors?

Mr. DEJOY. Senator, in isolation on one element of the issue, which you seem to be focused on, perhaps you are right. OK? But I have come out of industry. I have been on boards. I have built an organization in this similar space with 20,000 people, worked in an organization with 100,000 people, and walked into a situation that had varying activities going on inefficiently across its operation.

Senator PAUL. But I would argue you would have treated your own business differently.

Mr. DEJOY. I have not converted 140,000 people to full-time.

Senator PAUL. Your business was successful, though, not by doing the decisions you are making now. This would not have helped a private business as it is helping the Post Office.

Mr. DEJOY. I have to make decisions within the environment that I have. If I move a change of collection box time on a blue box, I have the rage of Congress bearing down on me. OK? There are tradeoffs that one has to make in this step. At the end of the day, we have requirements to have about 20 percent of our workforce be pre-career, 80 percent of our workforce be——

Senator PAUL. You are delivering less mail. You need a smaller organization on a building.

Mr. DEJOY. We are actually growing in the package business. The objective here is to create an integrated mail and package network. An integrated mail and package network means less contracted places, less of our own places, and putting people——

Senator PAUL. It's hard to point toward success when the debt last year was $6.5 billion, and this year's $9.5 billion. That doesn't look like success under any sort of metric. That looks like it's getting worse.

The reason why labor's an important part of this is, it's estimated that the labor's 80 percent of the cost of doing business for the Post Office. For United Parcel Service (UPS), which is unionized, but a private union versus a government union, it's about 50 percent. For Federal Express (FedEx), who's non-unionized, the cost of labor to the business is about 38 percent. There are cost savings by being outside of government unions. Frankly, even private unions have some cost savings.

But when we have a hole and we see a problem, we try to change it. Like, we have a pension problem in Kentucky. We just simply said the new hires would not be in the pension system or get a different deal. We understood that the previous hires would have to get their pension. The new people would come under a new contract, and we will dig our way out of the hole. It's going to take us 20, 25 years to dig our way out of it, but we began doing it by actually offering defined contribution as opposed to defined benefit.

You sort of did this and shifted the cost. But now, we are getting more people, we are getting more government workers. That's where the problem originated; was too many benefits to government workers.

Mr. DEJOY. I do not know that I agree, again, with that premise that that's where the problem originally——

Senator PAUL. Is labor still about 80 percent of your cost? Is labor still 80 percent of the cost?

Mr. DEJOY. It's still 80 percent of our cost. We have a plan to try and make the labor cost that we have work. And that means to create an integrated operation. We have 500 different locations around the organization that we were processing mail, including our contractors. I am trying to get down to 200.

Senator PAUL. Do you have the ability to hire new people under either a different pension or a different healthcare system? Do you have the ability to hire new workers for the government under a different pension or different healthcare arrangements than the previous? The union commands what the structure is, and you have to stay the same, right?

Mr. DEJOY. The Senate, and the House, and administrations when forming the United States Postal Service made these rules that we had.

Senator PAUL. You are exactly right. Then when we looked at the reform, that was my suggestion. Is if labor is 80 percent of your cost, you have to do something about your labor costs. Either outsource it, or what you need to do is provide a different alternative through pension or through healthcare. But we did not do any of that. All we did was the shell game of taking all your costs and sticking it somewhere else.

Mr. DEJOY. I disagree. How about we stopped processing 20 million packages a day by hand. Right? How about we bought some conveyors. OK?

Senator PAUL. How about you show us some cost savings?

Mr. DEJOY. We saved $2.5 billion dollars in costs, and $1.4 billion——

Senator PAUL. The debt went from $6.5 billion to $9.5 billion.

Mr. DEJOY. That's right. We had 20 percent inflation, and I had fixed prices.

Senator PAUL. So did everybody else. But not everybody else in the private marketplace treating their business like a private entity lost an extra $3 billion. It just isn't a success story. It's not your fault——

Mr. DEJOY. What would you like me to do?

Senator PAUL. I am not blaming it all on you, but you are constrained by things. But to say it's not a problem, I think, is just not to be honest with yourself——

Mr. DEJOY. I have never said it's not a problem.

Senator PAUL [continuing]. And with everybody else. It's a huge a problem.

Mr. DEJOY. I have never said it's not a problem. I am trying to find a fix and direction.

Senator PAUL. It's a huge problem. It's the way government works, and government just doesn't work very well. We should try to minimize government. One way to minimize government is not to hire more government workers. Make government smaller, hire private workers, because private workers are more subject to the marketplace. You would say to a private worker, we cannot keep offering the same pension we have done for 40 years. We cannot offer the same healthcare that we have done for the last 40 years. I do not think we are doing enough. I think we are going in the wrong direction.

Mr. DEJOY. My goal is to get the Postal Service workers to operate productively and efficiently. That's by giving them the tools, and the facilities, and the processes, and the inspiration to move forward. And from the standpoint of service and of cost effectiveness of the labored dollar, I think there is much improvement that we have made and much improvement that we can get to.

There are other burdens around the organization that I agree with you. A tough hill to climb. But the operational aspects and the growth aspects of the organization, the competitive aspects that it could have deployed 20 years ago are what we are trying to do now.

While you are all messing around with what the legislation should be, I am trying to deliver mailing packages cost effectively in the best way possible, like a private industry would, like a UPS would. That's what I have expertise in, and that is what my target is operationally and growthwise. Is that the Postal Service should act like UPS and FedEx with regard to all these other things that you all share responsibility in.

I am happy to work with you, like I worked with you, Senator Peters on getting the Postal Reform Act passed. I am happy to do that. Let's do it. But right now, I know what I am doing with regard to consolidating the organization, trying to move the organization forward to get work hours out, which we have, to get transportation cost out, which we have, right, and to grow the business, which we have. We will continue down that path until somebody hauls me out of here.

Chairman PETERS. Senator Carper, you are recognized for your questions.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks very much. And welcome, Mr. DeJoy. Good to see you. Thank you for your being here. There are several people in the audience behind you that we have worked with in the past. It's nice to see them.

One of the quotes, I don't know who's quotes this is, but where lies adversity, lies opportunity. That's one of my guiding principles in life. In the adversity that's faced by the Postal Service, there are opportunities as well. I think you are trying to seize today on some of those.

There are others, I will say, competitors to the Postal Service who are in the package business. They do not deliver mail, but they deliver a lot of packages. I know you guys are delivering a lot more packages as well. But some of those companies have decided over the last 5, 10 years that they want to phaseout their diesel engines and their gasoline engines, and have mail delivered in vehicles that do not create, carbon, greenhouse gases.

They did not make that conversion. Those companies did not make the conversion because they are somehow concerned about the planet burning up. Because of environmental concerns, they did it because they felt that they could actually—there's an economic argument. They thought that they could do this to deliver their products in a more cost-effective way.

I think when we passed a big postal bill a year or two ago, a couple years ago, we tried to provide some money for the Postal Service as your vehicles were very old. As you are making the trans-

formation and the modernizing of your fleet to make sure you are buying some vehicles that could be hybrids, it could be electric vehicles to save money. Not just because it was the right—you are being good environmental stewards.

Could you give us an update, please, on the rollout of postal vehicles, hybrids, electric vehicles, and some of the challenges you've encountered? How is the Postal Service finding this transition, both on the economic side and on the environmental side?

Mr. DEJOY. Yes. Thank you, Senator. As you said, we have over 220,000 vehicles that are over 30 years old, long exceeded their useful life. They were burning up on the street when I got here. We have committed both to internal combustion engine (ICE) vehicles and electric vehicles, 106,000 vehicles, that we will be bringing into the system over the next four years, of which 66,000 of them will be will be electric vehicles.

So far, to date, we have acquired—coming in this year, we will have about 10,000 electric vehicles coming. Now, there's two sides of that. There's the vehicle itself. We have unique requirements because most of our vehicles have to be right-hand drive as opposed to left. We can't go commercial off the shelf for many. We bought 10,000, for the transits, that are coming in. We next year we will start receiving a high volume of our next generation delivery vehicle, which is the right-hand side vehicle. Most of those will be electric vehicles over the rest of the years.

There's two sides to that. We have to build out the electric vehicle infrastructure, which is a big and long, multi-year project. There's imbalances right now in terms of getting the, commercial off-the-shelf vehicles that are specifically left-hand drive into the system. But we should be through that within the next 8 to 12 months to have those deployed. But we are moving forward in pretty good pace.

We got the President's Sustainability Award for rollout of electric vehicles. Originally, we looked at a one-for-one charging station per vehicle relationship. We are looking to expand that. We are finding some of our route's consuming can go two or three days without being recharged. We are putting that into the model, and that's going to help accelerate the deployment.

We are looking at clustering around some of our larger delivery units where we have 200 and 300 charging stations for vehicles there doing alternate days where we have the ability to do that. The team knew absolutely nothing about—including myself—about electric vehicles when we got here where I think we are pretty formidable and we will rise on that.

The other thing, I do think that in my work here, and in the other environmental things that we have gone through, I do think the statistics back 20 percent of the people order how their packages get delivered based on the environment. We expect that to grow, and we want to be the preferred supplier in the package delivery business for a certain size package for a certain distance. We are paying attention to that in our marketing in terms of all other points.

Senator CARPER. Good, good for you. Yes, I did. I am going to have to cut you off just for just a moment here. Vote by mail——

Mr. DEJOY. Just one other thing.

Senator CARPER. No. I am running out of time. I am sorry. Thank you for your responses, and thank you for your commitment to actually doing the right thing, but also the economically smart thing.

The other question I want to quickly ask, we have just come out of an election season, as we know, and people all over the country have been voting for Federal, State, local candidates. As it turns out, a lot of people are voting by mail, and they are finding that they like it. In fact, the majority, I think, a clear majority of people do not vote in person anymore. What kind of opportunities has this provided for the Postal Service house, and have we seized today to take advantage of that?

Mr. DEJOY. I did not hear the last part. Have we done what?

Senator CARPER. How has the Postal Service seized today? What the voters are looking for are easy ways they want to vote, but they do not want to go stand in line and the Postal Service can help with that. How are we doing in that regard?

Mr. DEJOY. First of all, we have just put out our report with 99.8 percent of the ballots getting, you know, within seven days, so on and so forth. It was less than in 2020. Voting was less than in 2020. I would say that there are opportunities to make this better, right? We have to get to a point where two things can be correct. We deliver 99 percent of the ballots on time, and you still find 1,000 ballots in place that didn't make it.

That's a big issue. It's not necessarily because of the Postal Service. It could be, but there's 8,000 different voting districts across the Nation, across 50 States with different rules and different types of mail pieces and different requirements. We do not count, we do not say when the vote has to be in, if it gets counted, and all that. That creates a lot of ugly conversation between our organization and State secretaries of State and so forth. Simple accusations of something being laid on the mail process creates a lot of emotion.

I think, long-term, we did an excellent job. It was a big effort on this. I think a standard mail piece would be helpful to us long-term. We are looking at ways to work with the different States, the different election officers to get into a specific contract-type of basis to do that.

But, yes, vote by mail is here to stay. We have done a good job. The election officials have done a good job, but it's still not where it needs to be because if we want 100 percent guaranteed performance, we need to do more together.

Senator CARPER. Thanks very much.

The CHAIRMAN. Thank you. Senator Hassan, you are recognized for your questions.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSAN. Thank you very much, Mr. Chair, and I want to thank you and the Ranking Member for holding this hearing. Welcome, Postmaster General. It is good to see you.

I want to focus a bit on the ways that you can work to strengthen mail service, and I want to also share my concerns about some of the proposals that you have that would make mail service worse in my State, for Granite Staters. The Postal Service has a plan to move some postal operations from Manchester, New Hampshire to

Boston. I oppose the plan because implementation of it will harm service and delay delivery. I also oppose moving operations from White River Junction, Vermont to Hartford, Connecticut, because White River Junction serves Granite Staters in the Northern part of New Hampshire.

We know from Postal Service Inspector General (IG) reports that processing center consolidations like the ones you are considering here, including those in Virginia and Georgia, resulted in "an immediate and significant decline in service performance". And we know, too, that those declines continued for several months, and that these facilities are still struggling to meet their on-time delivery goals.

I have also repeatedly heard serious concerns from postal employees and customers that your plans would slow delivery service in New Hampshire. Just to be clear, taking a collection center, a processing center from Manchester to Boston, moves it at least a two-hour drive time both from the collection point into the processing center, and then back up to New Hampshire.

Despite pausing your Manchester and White River Junction consolidation plans earlier this year, you have not sought an independent analysis of how these plans will impact Granite Staters. So, yes or no, will you ask the Postal Regulatory Commission to analyze the service impacts of moving operations from Manchester to Boston and White River Junction to Hartford? If the Postal Regulatory Commission finds that moving operations from Manchester to Boston, or White River Junction to Hartford will cause significant disruptions, will you stop the plan from moving forward?

Mr. DEJOY. If you are asking me if I would specifically ask the Postal Regulatory Commission to opine on that specific——

Senator HASSAN. To have an in an independent analysis done.

Mr. DEJOY. I would not.

Senator HASSAN. So, you won't have that done?

Mr. DEJOY. No.

Senator HASSAN. I am going to continue to strongly oppose the plans, especially in the absence of an independent review of the service impacts in New Hampshire, because common sense, and my own familiarity with the whole region tells me that this will slow down service in considerable ways.

How are you going to continuously monitor service as operations transition from Manchester to Boston, or from White River Junction to Hartford? If and when delays occur, how are you going to rectify them?

Mr. DEJOY. That's a good question. That is something that we have amped up considerably in terms of operational reviews, performance excellence onsite, and so forth. I can tell you that we have people looking at every bit of performance in all of these moves now, and we have response teams ready to jump in and make the necessary corrections.

Senator HASSAN. What if your monitoring tells you that it was a mistake to take it from Manchester to Boston, because it's going to delay delivery in considerable ways.

Mr. DEJOY. Again, a mistake, you may think it's a mistake, and we may not think it's a mistake. A delay, a change in service, and I don't know the specifics right now, off the top of my head, in

Manchester. We will have a service standard that is good for the whole nation, and we will meet that service standard.

Senator HASSAN. Because my time is limited, I hear you on that, and I hope you are right, but I believe you are not. The reason is, if you slow down collection, if you do collection less frequently, and it takes longer to drive mail from one place to the processing center than it did before, and you are doing less collection, and it's going to take longer to get it back to the State where you need to deliver, my common sense tells me that is going to delay service. Let me move on to another issue.

Mr. DEJOY. I think you are double counting some of that time.

Senator HASSAN. Since I am really familiar with the drives, and I am pretty familiar with the terrain. I am listening to my postal employees a lot because they are really smart people and they are familiar with it too. I would suggest you might want to talk with them.

Mr. DEJOY. I do. I talk with my employees all the time.

Senator HASSAN. But let me move on. Mr. DeJoy, we have limited time, and so I am going to move on to my next question. While you have focused on making large-scale operational changes, some smaller changes and investment in technology can have significant and positive impacts, because they will improve employee safety, they will boost morale, and they will improve customer service. There are two incidents that I want to highlight that demonstrate the need for common-sense investments by the service in technology.

First, earlier this year, a Nashua, New Hampshire letter carrier was robbed at gunpoint while delivering mail. Thankfully, he was unharmed, but the robbers stole his arrow keys, which are used to access mail collection boxes. Then they use the keys to steal the mail. In response to the rise in attacks on postal employees, letter carriers have called for converting arrow keys to electronic fobs, which could be disabled in the event that the fobs are stolen, preventing further crimes and disincentivizing criminals from stealing them in the first place. That's one incident.

The second incident occurred in Hanover, New Hampshire, where the local post office did not have access to Wi-Fi for two months earlier this year, meaning that the post office was unable to process credit cards to perform basic transactions. As we all know, having reliable Internet access is essential for operating a business in this day and age. So, will you commit to making common-sense investments to improve employee safety and customer service as part of the Delivering for America plan?

Mr. DEJOY. The Delivering for America Plan is all about making investments in our facilities and modernizing the network. So, yes.

Senator HASSAN. Thank you. These are things that letter carriers and other employees have raised, and we have had to push really hard, for instance, on the Wi-Fi issue. I would look forward to working with you on that.

I only have a little bit of time left, but I do want to just raise one more issue. My office regularly receives outreach from constituents asking for our help in resolving the postal issues they are facing. For example, for more than seven years, a small business owner in Peterborough, New Hampshire was able to reliably sched-

ule package pickups from her home nearly every day. Whether it was one package or 30, whether it was rainy or sunny.

After her regular mail carrier retired in 2023, the daily pickups became less reliable, and some days they were missed altogether. We hear stories like this all the time; frustrated customers and small business owners who are looking for reliable, consistent service. When we reach out to our Postal Service customer liaisons or regional management seeking help, we are often met with excuses instead of action. That's, obviously, not acceptable.

Will you commit to ensuring that your regional management takes a more active role in working with us to resolve issues brought to us by our constituents?

Mr. DEJOY. Yes. I think we do need some work in that area, Senator. We are aggressively pursuing that.

Senator HASSAN. I appreciate that. I will also just add that a number of my colleagues on both sides of the aisle have felt that sometimes your office's response is lacking when we make inquiries. I hope very much that we can work on improving that as well. Thank you.

Mr. DEJOY. Sure.

Chairman PETERS. Senator Blumenthal, you are recognized for your questions.

OPENING STATEMENT OF SENATOR BLUMENTHAL

Senator BLUMENTHAL. Thanks, Mr. Chair. Thanks for having this hearing. Thank you, Mr. DeJoy, for being here today.

When you were last here in April, you and I talked a little bit about Ridgefield, Connecticut. Small town, but important to me and the people of Connecticut, along with other towns where United States Postal Service has property that is essentially unused, and where in fact, the Postal Service could save some money. Maybe not billions of dollars, but every penny saved, as you know, from your business experience, is important to a corporation.

When we spoke in April, you promised to look into the Ridgefield property, personally, but all you did afterward was cite a September, 2023, letter from one of your government relations people, Scott Slusher. Is he still with you?

Mr. DEJOY. Yes.

Senator BLUMENTHAL. Is he here today?

Mr. DEJOY. Right there. Yes.

Senator BLUMENTHAL. Good morning, Mr. Slusher. Mr. Slusher told me in that letter, "During our peak holiday season, when mail and package volumes dramatically increase, the lot will be needed to accommodate the foreseeable needs of our customers and the additional seasonal employees we employ to meet those needs." When was the last time Mr. DeJoy you visited Ridgefield, Connecticut?

Mr. DEJOY. I do not know that I have ever been to Ridgefield, Connecticut.

Senator BLUMENTHAL. You have never been there?

Mr. DEJOY. No.

Senator BLUMENTHAL. Has Mr. Slusher ever visited? I take it from your non-answer that he has not.

Mr. DEJOY. I don't keep up with the travel.

Senator BLUMENTHAL. You don't know. No?

Mr. DEJOY. No.

Senator BLUMENTHAL. Let me show you a photo[1] of that lot last December, December 27th during the peak holiday season. It's empty. It's empty every day in December. It's empty every day during the year. That lot is unused. The small businesses on Main Street want to make that lot available for parking.

They don't want to take anything away from the United States Postal Service. The non-responsiveness, I am tempted to say stonewalling of the Postal Service in response to their and my request, the town of Ridgefield, so that that property can be used for parking, enabling more customers for those small businesses on Main Street, I think is really unacceptable. Will you come to Ridgefield?

Mr. DEJOY. Sure.

Senator BLUMENTHAL. We will set it up with your office during the peak holiday season.

Mr. DEJOY. I make trips.

Senator BLUMENTHAL. You will love Ridgefield.

Mr. DEJOY. People invite me. I will come to Ridgefield.

Senator BLUMENTHAL. It's especially beautiful in the peak holiday season. While you are in Ridgefield, maybe we could also visit Milford, Norwalk, East Hartford, where there are properties that could be sold by the Postal Service. They are essentially unused. Postal Service could make some money. And right now, it is essentially refusing even to respond as you have done, essentially, on Ridgefield.

Mr. DEJOY. First of all, I will take the whole tour. I will come up. But we have these requests throughout the whole nation, and we are in the process of looking at 31,000 facilities across the Nation, trying to determine what we are going to stay in and not stay in where we are going to park electric vehicles, and so forth.

We are in a status of evaluation. We will get through this as we work through our whole network, where our sorting and delivery centers are going to be, what our retail configuration's going to look like, and so forth. Then, that will be the time for us to move out in terms of looking at the monetization——

Senator BLUMENTHAL. But the problem is, Mr. DeJoy—and I apologize for interrupting, but my time is limited—as you well know, that in Norwalk, they are in the process of redeveloping their downtowns now in real time. But some of that in Milford, they are redeveloping a downtown. They want to provide you with reasonable alternatives for the postal property if it ever is going to be used.

In Litchfield—I mean, I could go through a number of towns where in real time, right now, there are businesses and taxpayer interests, and your customers are at stake. Why can't we move on some of these properties right away, rather than the post office, in effect, with all due respect, stonewalling the people of Connecticut.

Mr. DEJOY. I do believe that we need to, and have started a process, to engage. I just was with a couple of congressmen in their towns looking at some of these projects. I do think we need to get into a better dialog, more meaningful dialog with local constituents

[1] The photo referenced by Senator Blumenthal appears in the Appendix on page 121.

quicker in terms of the decisions that we need to make and the reasons why we can't relinquish or can relinquish the property. I think we need to get better at.

That does not change the answer in many cases because we do need many of these properties. But so, I don't know. Do you want me to look into this further?

Senator BLUMENTHAL. Well, you promised to look into it in April.

Mr. DEJOY. We gave you an answer.

Senator BLUMENTHAL. You gave me an answer to refer to a September, 2023, letter, which frankly, I find insulting.

Mr. DEJOY. What do you find insulting?

Senator BLUMENTHAL. Because, what you say is absolutely untrue. That it is used in the peak holiday season. If anybody paid attention, gave it the slightest care.

Mr. DEJOY. That's not true. Because, Senator, back when I got here, we added like 1,000 locations during peak, right, to do deliveries. Because of some of the changes that we have made in our operational processes that is coming down. We ran a lot of additional operations during the peak season that were crazy, and costly, and deteriorated service. In our process, I am emptying buildings all over the country, but this is a process.

Senator BLUMENTHAL. The process seems to be never-ending, and——

Mr. DEJOY. Exactly.

Senator BLUMENTHAL [continuing]. The lack of an end means the United States Postal Service is deprived of revenue that it needs, and it means insulting the people of the United States who have an interest, your customers, not only in that revenue, but also in the most effective use of property that belongs to the United States Postal Service. I welcome your willingness to come visit——

Mr. DEJOY. I will come. If I give up a building—I get booted out of a retail center where I am paying, let's say, $300,000 a year, you know what the price of that is for me to go someplace else today? Like $3 million a year. I have to be careful with what we do with this real estate. There's significant increases in value. Also, a whole cartel of opportunists that we have dealt with over the years at the Postal Service was regard to the centers. So, that property in a downtown, if you want a post office or a postal service, we are going through making——

Senator BLUMENTHAL. Are you aware that the post office moved out of Ridgefield? The office is no longer there. I would suggest that you really look into, as you promised you would do, the situation there personally. Maybe ask Mr. Slusher to do an advance visit so that you can be prepared when you come with me. I appreciate your willingness to do so, but time is not on our side when it comes to those small businesses, whether it's in Ridgefield or the interests of towns, Milford, Norwalk, Litchfield, East Hartford, where the property interests are not used properly.

I apologize for going over my time, Mr. Chair.

Chairman PETERS. Senator Rosen, you are recognized for your questions.

OPENING STATEMENT OF SENATOR ROSEN

Senator ROSEN. Thank you, Mr. Chair, and thank you for holding this hearing.

I do want to say, and I am very concerned, Postmaster, about your dismissal or lack of consideration of doing specific analysis and areas of concern regarding our mail delivery and our postal assets. I might remind you, as I follow the distinguished Senator from Connecticut, that today, that this body has oversight responsibility. We do expect timely collaboration in these important issues that affect each and every one of our constituents, and our communities, and our State's economics.

I am going to move on, Mr. DeJoy. The last time you testified before this Committee, we discussed my concerns for your proposal for the Reno Processing and Distribution Center. The proposal, as originally crafted, could have led to significant delays in mail delivery. While I appreciate that after months of pushing, USPS finally responded to my calls to keep in-State mail letter processing at Reno.

I do remain concerned about the overall implementation of your Delivering for America plan. According to the USPS online performance dashboard, while the standard for receiving delivering mail in Reno's two days, USPS is currently averaging three to four days in certain ZIP Codes in Reno. Can you speak specifically to Reno, if you may, what the USPS is currently doing to get our delivery times down in Northern Nevada to the two-day standard and when we might expect that?

Mr. DEJOY. Right now, of course, and I do not have specifically to Reno, but I believe Reno area, all of—I don't want to even say Nevada.

Senator ROSEN. If you come here, could you please learn to say Nevada properly? It is kind of respectful. I appreciate that.

Mr. DEJOY. No disrespect intended.

Senator ROSEN. Do you say Illinois, if you go to talk to the Senator from——

Mr. DEJOY. Why are making fun of me?

Senator ROSEN. It's a matter of respect. You have been for this through this body multiple times.

Mr. DEJOY. Maybe that's way I speak. Why are you making fun of me?

Senator ROSEN. I am not making fun of you, sir. You are making fun of me. I would like to see the respect due to my State of Nevada, which is experiencing problems in their mail delivery service. When can we expect mail delivery back down to the two-day standard?

Mr. DEJOY. 50 percent of market-dominant mail and packages gets delivered a day in advance. We are at about 85 percent in on time, 95 percent the day, a day later. We are going to be in that condition for probably the next 8 to 12 months when I expect that all mail through the system reaches its intended in four days. The average time is 2.8 days across the Nation for mail to be delivered.

Senator ROSEN. Thank you. I would like to move on and talk about the treacherous conditions on the Donner Pass on I80, which we did speak about also last time. It is the only way to get from Reno to Sacramento. A path that you had in your original plan to

redistribute mail processing from Reno would have relied for mail to travel out of Nevada.

Then of course, back again, as I mentioned, at that time, Donner Pass has some of the most extreme weather in the United States, with over 33 feet of snow annually. Just a few days ago, Donner Pass, again was closed due to heavy snowfall. You said you did not have the data last time. Do you have any data that you could share with us today on how the weather conditions in Donner Pass may have been affecting the Postal Service. As we know, it's closed on over an average of a month a year during various times due to wildfire, snow, and high winds since you testified in April. Would you be willing to provide me that information if you don't have it here today, and how it impacts our service?

Mr. DEJOY. We were speaking about that with regard to the collection mail, the turnaround mail that was going back into the Reno area. I made a trip out to Reno, actually, to look at the plant and the operation. For a variety of reasons we took an alternative course.

The turnaround mail will not go through the Donner Pass, it will stay local. Mail going out to the rest of the Nation will go through the Donner Pass or whatever other direction that we have when it is closed. We are well aware that it is closed.

We have alternate types of arrangements throughout transportation to move to Sacramento, where the main outgoing processing plant is going to be. I don't have any other specifics, but I can get our routings from transportation and show you what we do when it's closed. I can have that sent to you.

Senator ROSEN. Thank you. I want to talk a little bit about Regional Transportation Optimization (RTO), because in October you submitted a request for an advisory opinion from the Postal Regulatory Commission in which you proposed a series of operational changes. One such change is your Regional Transportation Optimization,

Under this proposal, mail collected at post offices and ZIP Codes more than 50 miles away from the nearest regional processing center and distribution would have their morning and afternoon drop off and pick up activities consolidated into a single route.

With the Postal Service already failing to meet many of its performance goals, I am concerned you want to cut the volume of routes. Senator Hassan, I think is concerned about the same thing. This proposal really unfairly impacts our rural mailers especially in receipt of their Social Security checks, their medications, and some of those.

Despite concerns that I know many of us have shared with you, you have decided to move forward, which I believe is a misguided proposal in citing a yet to be proven gains in efficiency along the later legs of delivery. Have you conducted an analysis that conclusively prove that any delays in mail originating in rural areas will be mitigated by the subsequent gains in efficiency, or is this merely conjecture?

Mr. DEJOY. We have done extensive analysis on the total operational changes that we are presenting and the cost savings. First off, delivery into these areas will be enhanced because most mail,

almost 90 percent of mail packages, originates within a 50-mile radius and nothing is changing to the delivery. So, that will happen.

With the collection, a single-piece mail somebody mailing a letter, the most that it will be affected is one day allocated across five days. It will still be no longer than five days to get to the furthest part in the Nation.

Senator ROSEN. And you have data? You have a report to support this?

Mr. DEJOY. Yes. It's all filed with the Postal Regulatory Commission.

Senator ROSEN. Thank you. I want to just quickly ask this last question. We have contingency plans. We have bad weather across our nation many different times of the year. Of course, I am concerned about our particularly bad weather up in Northern Nevada, along the I80 route. Do you have contingency plans in place if routes like ours in Reno, subjected to the RTO initiative become impassable? I am not the only person that may have roads that are impassable. I am sure if you speak with the Chair, he will tell you about roads that are impassable in the Upper Peninsula of Michigan, and you could probably go after State to State. Do you have a contingency plan in place due to weather conditions?

Mr. DEJOY. We have alternate routes and actions that we take. We have been delivering mail for 250 years. We have alternate actions that we take with every disaster road closure, hurricane, and so forth. Does it get it there the same time? That depends on the consequence of the event we are talking about. But we do have methodologies that we deploy readily to make sure that the mail gets delivered and collected.

Senator ROSEN. Thank you. Thank you, Mr. Chair.

Chairman PETERS. Thank you. Senator Ossoff, you are recognized for your questions.

OPENING STATEMENT OF SENATOR OSSOFF

Senator OSSOFF. Thank you, Mr. Chair.

Postmaster General, prior to your efforts to implement Delivering for America and move to the Palmetto facility in Georgia, on-time delivery for First-Class Mail in North Georgia was over 90 percent, correct?

Mr. DEJOY. Not so.

Senator OSSOFF. Not so? What was on-time First-Class Mail delivery in Georgia prior to the changes that you implemented at Palmetto?

Mr. DEJOY. Atlanta was always in the bottom 20 percent of our service standard across the Nation because——

Senator OSSOFF. No. My question is what percentage of First-Class Mail?

Mr. DEJOY. I do not remember. It was probably in the low 80's. Single-piece First-Class Mail was definitely in the low 80's.

Senator OSSOFF. In the midst of the changes that you implemented mid-spring, that declined to 36 percent, correct?

Mr. DEJOY. We have been through this, yes, it has.

Senator OSSOFF. We have been through this. We are going through it again.

Mr. DEJOY. OK. Let's go

Senator OSSOFF. On time delivery of First-Class Mail in Metro Atlanta in North Georgia, late spring, was 36 percent, correct?

Mr. DEJOY. That is correct.

Senator OSSOFF. You said at the hearing in April that we would be, "Where we need to be in about 60 days," correct?

Mr. DEJOY. I believe so. Yes.

Senator OSSOFF. It's been 233 days. Sound right?

It's been 233 days. On-time delivery of First-Class Mail in metro Atlanta and in North Georgia is now at 75 percent, correct? Are we where we need to be?

Mr. DEJOY. Where we are going to be for a little bit, yes.

Senator OSSOFF. Are we where we need to be?

Mr. DEJOY. Where we are going to be.

Senator OSSOFF. It's a simple question. Do you believe that 75 percent?

Mr. DEJOY. I think for right now——

Senator OSSOFF. On time delivery of mail in North Georgia is where we need to be?

Mr. DEJOY. 50 percent of First-Class Mail in Georgia gets delivered a day in advance. We are in the 75 to low 80's on time, and 90 percent is the day after. While we are doing our transitions, that's where we are going to be. That's one of the reasons why we have other types of service-related issues that are——

Senator OSSOFF. Yes. My time is limited. Let me assure you that for my constituents in Georgia, the mail being delivered on time, 75 percent of the time is not where we need to be when you said 233 days ago that we would be where we need to be in 60 days.

Mr. DEJOY. Yes.

Senator OSSOFF. Delivering for America plan projected positive net income for USPS starting in Fiscal Year (FY) 2023. Is that right?

Mr. DEJOY. That's correct.

Senator OSSOFF. In fiscal year 2023, you had a $6.5 billion loss, correct? In fiscal year 2024, you had a $9.5 billion loss, correct?

Mr. DEJOY. Correct.

Senator OSSOFF. You had projected for Fiscal Year 2024, a $1.7 billion gain, correct?

Mr. DEJOY. I do not remember.

Senator OSSOFF. Yes, that's correct. Would you say that your tenure has been a success?

Mr. DEJOY. I would say that the 10-year plan has not reached what the plan said it would be, but I do believe——

Senator OSSOFF. Sorry, not your 10-year plan, your tenure. Has your tenure as Postmaster General been a success?

Mr. DEJOY. Senator, I know how you feel about me. You have been quite public, OK, so I am not going to debate that you think I am a failure. Fine, I do not.

Senator OSSOFF. It's not about how I feel about you, Postmaster General. It's about whether or not seniors in Georgia are receiving prescriptions. It's the stacks of boxes of mail from courts that never arrived to their destination. It's the small businesses who are not able to get products to market.

Mr. DEJOY. That package——

Senator OSSOFF. This is my time, Postmaster General.

You are here under oath before the U.S. Senate.

Mr. DEJOY. I know where I am.

Senator OSSOFF. It's small businesses who cannot operate. It's death notices not delivered to family members. You are sitting here trying to explain that 75 percent on-time delivery is a success. It's not about how I feel about you, Postmaster General. It's how my constituents are being served by the United States Postal Service.

Let me ask you a question about the Palmetto facility in Georgia. Have there been any deaths in the Palmetto facility in the last year?

Mr. DEJOY. Any deaths?

Senator OSSOFF. Deaths.

Mr. DEJOY. I have a lot of events throughout the course of the year. I do not remember specific. I have a lot of deaths throughout the course of the year. I do not remember specifically Palmetto. No.

Senator OSSOFF. How many deaths of personnel on the job would you say you have had nationwide in the last year?

Mr. DEJOY. I would probably say 10 in the course of a year.

Senator OSSOFF. You had a death in the Palmetto facility last year. Will you provide my office in this Committee with all materials relevant to that death?

Mr. DEJOY. Absolutely.

Senator OSSOFF. When will on-time mail delivery be restored to the level prior to you trying to make these changes for my constituents in Georgia? You said in April we would be where we need to be in 60 days.

Mr. DEJOY. First of all, I disagree with the premise because the service is probably at the level of service where you were before I started these changes.

Senator OSSOFF. We are not.

Mr. DEJOY. Yes, we are.

Senator OSSOFF. I have the numbers in front of me. We are not.

Mr. DEJOY. I do not know what numbers you got.

Senator OSSOFF. I have your on-time delivery statistics, you are not where you were before you tried to make this change in Georgia. You are at 75 percent on-time delivery in Georgia. When will you be?

Mr. DEJOY. When we started the Delivering for America plan, Service in Georgia was terrible. Aspects of the Delivering for America Plan brought that service up. We were close to 90's across the board. That was part of the Delivering for America plan. When we opened the new plant is when we had our issues. Service went down, and we are recovering from it now. It's part of when we get to where we want to be, it's going to be part of the whole broad filing that we have with the PRC right now, where some of the service business rules that are 30 years old, that should have been changed are affecting how we measure service.

There's a bunch of other things that need to come together to get the service where it is. In all, service in Georgia is within less than three days, people get all their mail packages and everything. That will be the target, what we are trying to shoot for.

Senator OSSOFF. You just lowered your targets for next year, correct?

Mr. DEJOY. I lowered the targets for next year to put that, what I just said, out into the public. That this is what it's going to look like.

Senator OSSOFF. You lowered your targets for next year so you could meet your targets?

Mr. DEJOY. I can make the changes that we need to make to provide a viable United States Postal Service.

Senator OSSOFF. Postmaster General, you are not meeting your financial targets. You are hemorrhaging cash when you said you'd be making money. Delivery in Georgia has been abysmal this year. You have not recovered, as you said, you would, you need to do better for my constituents in Georgia.

Mr. DEJOY. Yes, sir.

Chairman PETERS. Senator Hawley, you are recognized for your questions. Thank you for deferring to some of our colleagues here. That was very kind.

OPENING STATEMENT OF SENATOR HAWLEY

Senator HAWLEY. Absolutely. Thank you, Mr. Chair. Mr. DeJoy, good to see you.

Let me ask you about the Regional Transportation Optimization plan. A couple of my colleagues had questions about this, and maybe you can clear up some things for me. My understanding is that this plan will eliminate end-of-day collection at post offices that are located more than 50 miles from a hub. Is that, basically, correct? I Am sorry, eliminate end-of-day collection from post offices that are located more than 50 miles from the hub. Is that, basically, right?

Mr. DEJOY. Most likely in most places.

Senator HAWLEY. OK. It's going to eliminate end-of-day collection at most post offices located more than 50 miles from one of the hubs.

Now, in Missouri, we have 926 post offices. 754 of them are more than 50 miles from a hub, and that accounts for 50 percent of my State's population. I understand that under your own agency's projections, 68 percent of rural single-piece, First-Class Mail will get downgraded under this plan. That's going to be half my State. Can you walk me through that?

Mr. DEJOY. Yes. I would have to look at what we are saying in terms of local cancellation, because I think in Missouri, we decided to keep another local cancellation plant. But it will be one or two plants. So, to some certain extent, you are right that there's a bunch of offices that are outside that would get what we say is the "plus one day" where we would send a truck out when we deliver mail and take it back, which is an obvious cure for an inefficient process.

We will then accelerate within the reach of the plant that it goes to. We will accelerate through the system. We will pick up time there. Across the country, we will pick up time because we will deploy pre-operating practices that get us on the road about four hours earlier. That's going to get us further.

With regard to the impact, the 68 percent, it's not that much. It's single-piece mail outbound only. Eighty eight percent of mail originates from within a 50-mile radius. All that delivery will be picked

up by that four-hour process moving through the system. All delivery into all your constituents everywhere, will be better in terms of the delivery site.

It's only the outbound collections that come and go through this that get the extra day within the one, two-, three-, four-, and five-day span that we have right now. A two-day may go to three days, a three-day may go to four days, a four-day may go to five days, but nothing's going beyond five days. We have tens of thousands of trucks running around with nothing in them, and that is a big reason to make the change.

I think, within on a single-piece mail, and I am not diminishing its importance, but somebody mailing a letter, a card, or something like that may get a day later within the five-day constraint.

Senator HAWLEY. Yes. Thank you for confirming that. My concern is that that's going to affect half of my State, 754 of my State's post offices. This is on top of downgrades that happened in late 2021. This is, as you can understand, I am sure, this is why the Missouri Farm Bureau has written to you opposing this. All of my rural electric cooperatives are opposed to this.

This is disproportionate impact on rural folks. I understand that some urban areas will also experience downgrades, but to them, your own estimates say it will be a third of their volume. It's two-thirds, more than two-thirds of the rural volume. I mean, why the disproportionate impact on rural folks?

Mr. DEJOY. It actually has more of an impact on urban areas. The impact is like 60 percent urban, 40 percent rural. You have urban areas have sprouted up. The postal system was built, 30's and 40's, and the geography has greatly changed. There are urban areas.

I need to get cost out. This is extremely, I do not believe that this is a punitive way. We focus on delivery. We are delivering to 167 million delivery points every day. We set the constraints around the five-day service. It only affects single-piece. All their deliveries, all their everything that's going to them is going to be timely. The local cancellation reach, I can get back to you as to what that reach is going to be from the one or two plants. That will take that out of the delivery—out of the impact zone.

But at the end of the day, this is a change we need to make to get the cost out. We we're chasing $3.7 billion up, and this is all about rural America, Senator.

Senator HAWLEY. You are reducing the volume to rural America. I mean, you are slowing it down. They are getting the downgrade. 68 percent of their mail is going to get downgraded

Mr. DEJOY. Significantly more volume gets delivered to people in rural America, in every place, than they actually mail out. Significant. It's disproportional inbound than out.

Senator HAWLEY. But you do not dispute the fact that 68 percent of their single-piece, First-Class Mail is going to get downgraded. You just told me that it would get downgraded. Listen, I think I understand you; you are trying to cut costs. I am just telling you, I understand your position, Mr. DeJoy, but I need you to understand mine.

I represent a State that's majority rural. 754 of my 926 post offices are going to experience additional delay. This is on top of the

fact that in the Kansas, Missouri District, you are hitting a 72 percent on-time delivery standard. That's well beneath your own target. I am just telling you that in my State, people they are very frustrated.

The Farm Bureau represents 157,000 Missouri Farm families. They look at your plan and they say, "What in the world? We are going to get the shaft here." Just to be honest with you, I am just telling you the facts. This is how in my State, this is how it seems.

Mr. DEJOY. I think the alternatives are that we get some significant government funding because we were going to run out of cash. When I got here, we were going to run out of cash. We have worked very hard to find a way. You see, I try and do one single move in efficiency, and there is no enjoyable answer for anybody here. We think this is a way that continues to get good, reliable.

It is a change. It's a change that should have been made 20 years ago. Right? There's a big heavy lift here because nothing's been done for 20 years. The impacts are not unfelt. I understand that. It's scary to many people. I understand that, too. But I think we have made a determination that this is what our role is to try and define and evolve as to what the service is.

We are looking at improving inbound service significantly keeping cost affordable, keeping the Postal Service alive. Yes, there will be an impact on some collection, single-piece mail.

Senator HAWLEY. You have asked the Postal Regulatory Commission, I think, for an advisory opinion on this. If they issue a negative opinion, will you stop moving forward with the implementation of this plan?

Mr. DEJOY. We will evaluate everything that they say, and take it seriously, and make adjustments. They had their testimony yesterday. We had our testimony yesterday. They started with negative connotations on the plan, which makes me question their understanding of what the condition that we are in and the things we need to do.

But we will take, like every input that we get, we will take it seriously and make adjustments. But I think there's an overwhelming propensity for us to move forward, and we should expect that.

Senator HAWLEY. I want you to know, and I want you to expect that I hate this plan, and I am going to do everything I can to kill it. I am going to try to protect every delivery to the State of Missouri, to my rural areas.

I just want you to know we are on the same page. I want you to know I am going to go to the mat on this, and I am going to work with everybody I can across this to protect delivery to rural America. If I have to go down with the ship, I will go down with the ship, but I am going to do everything I can to kill it.

Mr. DEJOY. Yes. You won't go down with the ship. If you are successful, the Postal Service will go down.

Senator HAWLEY. No. If I am successful, rural America will get its mail delivered on time, which is currently not. Urban areas will get their mail delivered on time, which is currently not. Who's paying for it? The taxpayers who have been paying for it all along. We just, in 2021, gave you a bill that you wanted, Mr. DeJoy, that reduced your liabilities by tens of billions of dollars.

Listen, I have been nice to you until now, but frankly, I am a little tired of this. We have waited, and we have waited, and we have waited for better delivery. I have written you letters like I cannot count talking about the delivery in the Kansas City area, which is appalling, talking about the delivery to rural area. We have got the Baring Post Office, which has been completely decimated for two solid years, that has now been rebuilt by a private party, that your agency still has not cleared and opened.

Yes, I am not happy about it. I have been nice to you today and up until now, but you have exhausted my patience on this. I just want you to know it because I represent a State whose patience is exhausted. I have leveled with you now. I think we understand each other. But I want to see service to my State and the rural areas of my State preserved. In the urban areas, I want to see it get better and meet the standard. I want the Baring Post Office rebuilt and open like you promised me it would be when we were here in April and it still isn't as we sit here in December.

That's my piece, that's where we are just so we understand each other, and I look forward to working with you going forward.

Mr. DEJOY. Yes, I understand you. I do not think you understand me.

Chairman PETERS. Senator Marshall, you are recognized for your questions.

OPENING STATEMENT OF SENATOR MARSHALL

Senator MARSHALL. Thank you, Mr. Chair. Welcome, Postmaster General.

Certainly, I understand you have an impossible job and I'd hopefully have time to ask you why is it impossible. But I want to start. We asked some folks back home, if you could be in front of the Postmaster General, what questions would they ask you? this first one is from Mike from Topeka, and Stacy from Marysville had the same question. "What is justifying the consistent price increases with no change or improvement in delivery time or service?"

Mr. DEJOY. Senator, we had a defective pricing model for 20 years. Mail volume cut in half, and we were not allowed to raise our prices to accommodate that, the basic division that would have told anybody that we needed to have a significant increase in price. Also, during the time period that I have been here in raising prices, we have had 20 percent inflation.

Under any circumstance, the prices that we have, the only thing we have raised our prices have been mostly the inflation, and that is the case. The service was deteriorating when I walked in the door, it had been bad. It was getting worse, and the trajectory has to be stabilized before we start getting back.

Senator MARSHALL. Thank you. I will go to the next question. This one's from Dana, from El Dorado. "A lot of folks in rural Kansas do not get their mail in a timely manner. First-Class Mail used to get anywhere in the United States in two to three days. What changed?"

Mr. DEJOY. The standard is five days now.

Senator MARSHALL. The standard is five. Why? Why was the standard changed?

Mr. DEJOY. Because mail volume had declined 50 percent. Over 50 percent. We spent $3.5 billion flying mail around the country to meet the three-day standard when I got here, and we are running 50,000 trucks a day empty, right? I do not own planes. We canceled those contracts that were flying, all the stuff. We put everything on truck and that's on a ground service, and that is our big initiative now.

Senator MARSHALL. Has that project been successful?

Mr. DEJOY. Yes. We have taken $1.5 billion out of our transportation budget. We got service up to the 90's across the board until we started making these physical distribution changes which are painful.

Senator MARSHALL. OK. Next, we sent a poll out to over 400,000 Kansans this week. Everybody was not a push poll. Over half of the Kansans in their mail said their mail delivery services are unreliable. Over half of Kansans said the mail delivery services are unreliable, and nearly 70 percent said they have personally experienced delays in the past year. How do you measure success? Certainly, you are not going to call that success, I would assume?

Mr. DEJOY. Now, we have issues in Kansas. I am aware of the service issues in Kansas, and we are working on a—the plant there is old. It's a three-story building. There are other operational issues that we have issues in Kansas, and I am working a strategy specifically to enhance the service in Kansas.

That is not a result of anything in the plan, right, it's a result of operational issues that we have in Kansas. I recognize it's there, and we are going to fix it.

Senator MARSHALL. How would you measure success?

Mr. DEJOY. In Kansas?

Senator MARSHALL. I assume there's some metric that says the average number of days. Are you meeting the five-day standard? I guess, how do you follow that?

Mr. DEJOY. I still think when you look at Kansas, 50 percent of market-dominant mail and packages get to where they are supposed to be a day in advance of a standard. We have, in your case, you said 77. We might be 77 percent on time, but the next day we are within 90. We are in the 90's. Right now with all the transitions of the traffic coming in and out that we need to make, I think that is that is part of the consequence of the damage that has been done to the organization over the past two decades.

Senator MARSHALL. My next question, Postmaster General. The city of Winchester, Kansas, has been without a post office building since October, 2020. city officials have been provided with a draft lease from the USPS, but have not received a signed, finalized lease allowing them to begin to construct a new building. Can I get your commitment today that a finalized lease will be returned to the city of Winchester by the end of this year?

Mr. DEJOY. By the end of this year? I know that's in process. I will check out with the timing with——

Senator MARSHALL. What's a reasonable time then, if it's not by the end of this year?

Mr. DEJOY. Sure. Let me get back to you. I will go check on that one when I get back to the office. I am trying to accelerate all our leasing practices. It is a laborious endeavor.

Senator MARSHALL. It's Winchester, Kansas.

Mr. DEJOY. Yes.

Senator MARSHALL. I think you kind of alluded to this audit by the Inspector General in the Kansas City region. What's getting better there? Tell me just what's improving? How are you measuring that? Can we expect improvement in six months, in three years?

Mr. DEJOY. I think in the coming year, Kansas is in the middle of the country. Most of the service is three-day service in and out of the country. That's a tough service lane for us now because we are trying to stretch the transportation dollar and fill our trucks. It is cumbersome when we are looking at some new routings and some new transportation modes that I think over the next six months, we will start to see them take shape.

When I got here, there was the tail of the mail. If it did not get there on time, it disappeared for 10 days. We are really focused on this window of within three days.

Senator MARSHALL. OK. I am going to close with this question. Postmaster General, explain to me where the resistance is. I think you are sincere. I think you want to fix the Post Office. I do not know that I could fix the Post Office, besides throwing money at it. Where's the resistance? I just feel like when—I can see the strain in your voice that you want fix this. You came in here, you want to—who's the resistance to fixing this problem?

Mr. DEJOY. I think there's a romance with an organization that, long ago, lost its ability to do the service that everybody expected. That is what's at the issue here, right? It was obvious in the past, we let it go. There was a significant resistance to any—I have calls with Congressmen, Senators that even understand my plan. They say just not in my district. Not here, not there, right? I have my own people, 640,000 people, that need to learn how to operate like FedEx and UPS. That's the only way we survive.

Senator MARSHALL. That sounds like resistance to me?

Mr. DEJOY. It's not resistance.

Senator MARSHALL. So, FedEx can do it, but you guys cannot?

Mr. DEJOY. It would have been easier for me to build a new postal service than to transition this one. Because we are also delivering 400 million pieces of mail and packages a day. Right? 400 million. You know, pretty reliable, too, if you say within three days. Pretty reliable if you tie all the other regiments that we have, right?

We have a postal regulatory organization, a regulator, that does not understand modern day logistics, and productivity, and aggregation, right? We have a laborious process. We have significant unfunded mandates that are given upon us by this Congress, right? I can go on, sir.

Senator MARSHALL. Thank you, Mr. Chair.

Chairman PETERS. Thank you. Postmaster General DeJoy, thank you for being here today. As you heard, Members of our Committee have lots of questions, and we appreciate you being here to answer those questions as we continue to exercise our oversight role as a Committee.

The record for this hearing will remain open for 15 days until 5 p.m. on December 19th, 2024, for the submission of statements and questions for the record. This hearing is now adjourned.

[Whereupon, at 11:45 a.m., the hearing was adjourned.]

APPENDIX

Chairman Peters Opening Statement as Prepared for Delivery Full Committee Hearing: Oversight of the United States Postal Service: Understanding Proposed Service Changes December 5, 2024

We're coming together at an important time for the Postal Service, where postal workers just successfully delivered ballot mail during a busy election season and are now ramping up for "peak" holiday season. One key issue we will discuss today is the Postal Service's proposed service changes, which are currently under review by the Postal Regulatory Commission.

We will continue to examine these plans and their potential impacts on mail delivery service for our constituents, as well as their implications for Postal Service finances. The Postal Service connects Americans everywhere, delivering critical mail like prescription drugs, Social Security checks, rent payments, small business packages, and more.

Americans rely on the Postal Service every day, so it's critical that we understand its plans for service, operations, and finances. Our last hearing with you was in April, where we discussed the significant, nationwide changes the Postal Service has begun making to its operational network.

These include plans to consolidate facilities and reduce truck trips, and other changes to how mail is delivered. These changes have raised concerns about service quality and cost-effectiveness, particularly in rural areas, like at the Iron Mountain Processing Center in my home state of Michigan.

At our last hearing, and afterward, my colleagues and I urged you to pause and further study these changes before moving forward, to fully understand their impacts on service and costs. As a result, the Postal Service paused a number of facility consolidations until January 2025.

The Postal Service also requested an "Advisory Opinion" from its regulator, the Postal Regulatory Commission, to further study these changes. This is a positive step to fully understand the impacts, through a transparent public process. However, since our last hearing, the Postal Service also announced new changes, including changes to its service standards, which dictate the speed of mail delivery.

Members of Congress, including Members of this Committee, have continued to raise questions about these changes and their service impacts. Two years ago, I led the passage of the bipartisan Postal Service Reform Act, the first major reforms to the Postal Service in over 15 years. This legislation set the agency on a more stable financial footing, providing over $50 billion in financial relief over ten years. The Postal Service is not on the brink of financial crisis, but it needs to make careful decisions about how it moves forward.

While the Postal Service is making changes intended to save costs, questions remain about how well the Postal Service is tracking actual cost reductions, and the potential for service cuts to hurt

the bottom line. Above all, the Postal Service must continue to focus on its public service mandate to deliver to every American.

That's why we are here today, to ensure the Postal Service remains accountable to Congress and the American people. The Members of this Committee, and other Senators I have heard from, are looking for transparency and an open discussion. Mr. DeJoy, thank you for being here today and answering Member questions.

I look forward to hearing from you and hope it is a productive discussion.

STATEMENT OF

POSTMASTER GENERAL AND CHIEF EXECUTIVE OFFICER

Louis DeJoy

before the

Senate Committee on Homeland Security and Governmental Affairs

"Oversight of the United States Postal Service: Understanding Proposed Service Changes"

United States Senate

December 5, 2024

Table of Contents

Introduction and Preface 3
The Advisory Opinion Request; Understanding Its Role and Importance 6
- **Successful Implementation of Refined Service Standards and Modernized Network is Key to Our Dual Mandates** 6
- **A Modernized Processing Network** 6
- **Regional Transportation Optimization (RTO)** 9
- **Estimated Cost Savings** 10
- **Service Standard Changes** 12
- **Impact on Service Expectations** 14
- **Stakeholder Input on Operational Changes** 17

The Request for an Advisory Opinion Must Be Considered with Broader Factors in Mind 18

Supplemental Sections 20
- **The Road to Crisis** 20
- **The Delivering for America Plan Is Working** 25
- **In Pursuit of Financial Stability** 35
- **Network Modernization** 39
- **Election Mail Performance and Observations** 43
- **Transparency and Accountability** 45
- **Unfunded Mandates** 48
- **Remaining Obstacles and Future Risks** 49
- **Conclusion** 51

Attachment 1 - U.S. Postal Service Transparency, Accountability, and Reporting Requirements

Attachment 2 – U.S. Postal Service Unfunded Mandates

Introduction and Preface

Good morning, Chairman Peters, Ranking Member Paul, and Members of the Committee. I appreciate the opportunity to once again discuss the significant progress that the U.S. Postal Service has made in the six months since my last appearance before this Committee. For this hearing, your specific request was to better understand our recent request for an advisory opinion from the Postal Regulatory Commission that was pending when I last appeared before the Committee.

Before diving into that explanation, permit me to briefly describe the circumstances that have led us to submitting that request.

When I agreed to take on the role as Postmaster General, the Nation was in the beginning of a pandemic and the Postal Service was an organization in crisis, facing a diverse array of challenges that put the organization on a near term trajectory to financial and service collapse. I saw it as a tremendous opportunity to engage in public service in an area where I had a significant amount of professional commercial expertise, to more directly engage my long-term interest in effective and efficient government, and to support my country in a time of national crisis, as we were in the beginning of the Pandemic. I understood the mission of the organization, and the fundamental statutory obligations to provide high quality postal services in a financially self-sufficient manner.

I also knew when I joined the Postal Service that the organization was not fulfilling its mission nor its fundamental legal obligations. The Postal Service had lost almost $90 billion, was projected to lose another $200 billion dollars over the next 10 years and was about to run out of cash before the year end. We were significantly understaffed because of employee turnover, our over 31,000 facilities were in a dilapidated condition and ill equipped for modern-day tasks and we had $20 billion in deferred maintenance. We had a fleet of over 200,000 vehicles that were 10 years past their useful life and lacked modern day safety and operating features. The trajectory of our service performance was obvious and dire, eventually resulting in the disastrous performance we experienced in the CY 2020 peak season. More explicitly, over 57 percent of our 31,000 Post Offices did not cover the costs of the people that worked at them and neither did over 76 percent of our 235,817 delivery routes.

This condition had been manifesting over the last 15 years and had been presented to the Congress, the Postal Regulatory Commission and other stakeholders through a variety of financial reports submitted to the Congress multiple times a year. The Government Accountability Office sounded the alarms numerous times identifying the Postal Service's high risk of failure. Finally, while the Postal Regulatory Commission was well aware of the changing economic environment regarding the substantial decline of mail volume, the growing number of delivery points, the financial burden placed on the Postal Service with the enactment of the 2006 Postal Accountability and Enhancement Act (PAEA) , it took over four years to address our defective pricing model and when it finally did so acknowledged that the changes it approved

would not be sufficient to restore the Postal Service to financial health . In fact, the only way we were surviving was by failing to fully fund our employee retirement plans and by deferring almost all facility maintenance that was not directly related to health and safety, subjecting our employees to sometimes horrendous operating conditions that also made the Postal Service ill equipped to serve the nation.

What was remarkable to me was that there was not a plan in sight from anyone to right the ship. In fact, prior to my arrival, the only option offered by the Board of Governors was to request a $70 billion cash infusion to rescue the United States Postal Service after having reported to Congress that we might run out of cash within 60 days.

I agreed to take on the challenge of transforming the organization from the untenable condition described above into an organization that could achieve service excellence and financial sustainability — all while it continued its day-to-day operations within a long ago broken business model that was conceived in an illogical manner, with unachievable expectations from stakeholders, by chasing unattainable service standards and deploying ineffective and inefficient operating and management practices across over 31,000 ill equipped and unsuitable facilities

My approach was a methodical one, which is detailed later in the testimony, but can be summarized as follows in relation to surfacing the need for the pending request for an Advisory Opinion with the PRC:

- We evaluated our organizational structure to determine if it was set up for success or even recovery. I concluded it was not; and set about correcting it.
- We methodically assessed each part of the organization, most importantly the operational elements — Retail and Delivery, Processing and Distribution, Transportation Logistics, Technology and Finance and Strategy, Marketing, and our commercial competitiveness.
- We stabilized our workforce.
- We developed a strategy to address the operational and financial challenges, which developed into the Delivering for America (DFA) 10-year plan setting forth a target to achieve break-even financial status and service excellence.
- We prioritized our work and painstakingly went about implementing the strategic and operational changes detailed in DFA, both operational, financial, and workforce related.
- Before implementing any meaningful operational changes to the network, I elected to do two things to stabilize service so we could understand any impact that implemented changes would have on service:
    - I modestly adjusted the service standards to move mail and package volumes from air transportation to ground. This was the first step to enable us to create an integrated mail and package network for all categories of mail, which is at the center of our transformation goals.

- Recognizing our unpreparedness to accommodate the growth in package volume, I added desperately needed distribution space and package handling equipment to avoid any reoccurrence of the disastrous events that took place during the 2020 peak season to better prepare us to handle package volume in a network that had been primarily set up for mail.

We set about with an ambitious network modernization strategy to implement best-in-class processing, transportation, technology and delivery operations to address the volume of mail and packages we have now, and the ambition we have for growth. Which brings us to where we are today.

As we undertook the transformation of the Postal Service and made many changes, and piloted many initiatives, we recognized that it is critically important to our long-term success that we transform our processing and transportation networks. One significant factor is the need to adjust the network to account for the fact that the volume of Single Piece First Class Mail, once the financial bedrock of the Postal Service, has dropped precipitously from 57 billion pieces in FY 1997, to just 12 billion pieces in FY 2023 — an approximate 80 percent decline. For that reason and others that we explain below, the Postal Service is proposing to implement operational initiatives and corresponding changes to our service standards that are the subject of our request for an advisory opinion from our regulator, and that will improve efficiency while providing more precise, reliable, and understandable service to customers. The operational initiatives lay the groundwork for sustained, high-quality service to the nation's more than 169 million delivery points, six days a week. These changes address clear deficiencies in our current processing and transportation operations and will lead to dramatically improved operating precision and significant cost savings, which are both essential to the Postal Service's efforts to achieve fiscal sustainability and high-quality service.

The plain truth is that the adjustments we have already made, and those we enable by proposing the service standard changes that are the subject of our Advisory Opinion request described below, will improve the operational and financial viability of the Postal Service, and enable us to more cost effectively perform our services in a reliable manner.

The Advisory Opinion Request; Understanding Its Role and Importance

Successful Implementation of Refined Service Standards and Modernized Network is Key to Our Dual Mandates

Section 3661 of Title 39 requires that when the Postal Service determines that there should be a nationwide or substantially nationwide change in the nature of postal services, we must submit a proposal to the PRC requesting an advisory opinion on the change. In October 2024, we submitted such a request for an advisory opinion from the PRC.

The changes proposed in this request provide well thought out solutions to correct for operating, service, and performance measurement deficiencies in our current operational environment that should have been corrected over a decade ago. These changes will yield substantial savings, will minimally impact service standards for most volume, and will accelerate a portion of our volumes — enabling us to preserve and strengthen our commercial mail volumes, which benefit our long-term financial health by substantially improving the value proposition we provide. Overall, service will be more reliable, service standards and expectations will be easier to understand, and our operations will be more efficient.

A Modernized Processing Network

As mentioned above, we intend to systematically redesign and invest in our outmoded processing facilities to create a network of Regional Processing and Distribution Centers (RPDCs) and Local Processing Centers (LPCs), which deploy standardized and logically sequenced operating plans and schedules for the movement of mail and packages, more sortation equipment, optimized transportation routes, and improved operating tactics to increase throughput, gain productivity, and increase asset utilization across the country. Through this process, we will also eliminate unnecessary annexes and contracted facilities that have been deployed throughout the country in an ad hoc fashion.

The Postal Service's legacy network, which consists of a variety of existing facilities like Processing and Distribution Centers (P&DCs) and Network Distribution Centers (NDCs), along with numerous ancillary facilities, such as annexes that support these core facilities, is outdated, costly, underperforming, and comprised of redundant transportation flows.

This network developed over multiple decades and has not been aligned to an effective strategy or appropriately adapted to shifting demands as the Postal Service's package volume increased and mail volumes declined. These facilities are generally in poor condition due to years of underinvestment and deferred maintenance, and they do not reflect the operational standardization that is necessary to enable the precise and efficient processing of mail and packages. Poor alignment and failed process achievement also frustrate dependent originating and downstream processes. Facilities often lack

adequate space and equipment to handle the changing volume and product mix, are poorly conceived, and have layouts that fail to support the logical sequencing of modern mail and package flows. The current assignment of processing operations and equipment sets to facilities is inconsistent across the network, resulting in a significant amount of operating variability.

There are also too many facilities, as ancillary facilities have been added to the network in a piecemeal, ad hoc fashion over the course of years to address the immediate needs and shortcomings of a local area. This has resulted in clusters of facilities near one another performing different and inconsistent tasks.

All these issues result in a network characterized by high operating variability, reduced capacity utilization, unnecessary handling and transportation, excess facilities, and numerous opportunities for error and delay. This results in random operating practices, adverse working conditions that negatively impact employment aspirations, higher costs, lower service performance, and excess carbon emissions.

The solution for fixing these issues is a network that enables the Postal Service to handle mail and packages in a precise, efficient, and integrated manner, and therefore the Postal Service is pursuing a systematic redesign of our processing and transportation infrastructure. The future processing network (which we will create from our existing network) consists of a group of standardized facilities, which fall within two categories: RPDCs and LPCs. These facilities will be designed, staffed, and operated using a common set of standardized design principles, physical layouts, and operational processes that support the logical sequence of processing, transportation, and cross-docking functions for mail and packages. In doing so, the Postal Service will generally leverage our existing core facilities: investments will be made to these existing facilities both to correct for years of neglect due to underinvestment and deferred maintenance, and to redesign and modernize the facilities to enable them to perform their designated operations. In some instances, the Postal Service will make investments in new facilities when necessary and appropriate.

The redesigned network is predicated on a regional concept, with each RPDC campus (which may be one or more facilities) serving a distinct region (which is in turn defined by reference to a set of 3-Digit ZIP Codes). Within each RPDC region, there will also be several LPCs (precisely how many will vary across the regions), which may be separate facilities or may be co-located with an RPDC.

The Postal Service intends to transform the network through a multi-year, highly structured process, which will occur on a region-by-region basis. As the Postal Service activates each new region, it determined facility layouts (including equipment sets) and operational plans through systematic and deliberative processes that assess all relevant factors. The Postal Service has been piloting this initiative in a limited number of regions beginning in July 2023. Certain regions have been substantially activated (Richmond, Atlanta, Portland, and Boise), while certain others are in various stages of activation; the

Postal Service intends to finalize the design, and thereafter activate, the remaining regions in the coming years.

During this period, the Postal Service has modified its strategies not just in consideration of our operational efficiencies, but also:

- with the gathering of details on the limitations in the size and condition of our existing facilities,
- with experiencing the difficulties encountered in endeavoring changes to the embedded structure,
- with the improvements identified in local mail processing,
- with the improvements identified in package processing,
- with the success experienced by the introduction of new products,
- with the effectiveness of exploratory initiatives such as Local Transportation Optimization (LTO),
- with ongoing discussions with our unions and other stakeholders,
- with ongoing evaluation of our service performance and business rules,
- with further understanding of the substantial capital requirements to rehabilitate our aged and poorly maintained infrastructure,
- in conjunction with developments in our approach to the package shipping industry,
- with changes in the marketplace for express products,
- with changes in the marketplace experienced coming out of the pandemic,
- with the further alignment of our organization and developing competency of our people, and
- with the increased velocity of change required because of the historical inflation and time requirements to make the required changes in this difficult environment.

This new network will enable significant cost reductions in both processing operations and in our transportation network, while improving the work environment for our employees. By deploying standardized and logically sequenced designs, layouts, and operating plans, more sortation equipment, and improved operating tactics, the Postal Service will be able to improve our operational precision and achieve greater productivity in processing operations. Regarding transportation, these changes allow the Postal Service to efficiently balance our use of air and ground transportation and further create a more optimized surface transportation network. In particular, the creation of RPDCs consolidates operations and predicates network transportation on a reduced number of surface and air nodes.

By simplifying the network in this manner, we will be able to further refine our surface transportation trips by eliminating unnecessary trips and increasing utilization of the trips we do run. This will also allow us to insource processes currently conducted at some of our many contracted facilities (Surface Transfer Centers (STCs) and Terminal Handling Service (THS)) for further efficiency gains and more stable operations. These changes will also enable cost reductions by eliminating excess facilities.

As noted above, the Postal Service intends to redesign the network in a manner that leverages and modernizes our existing core processing facilities (P&DCs and NDCs), which will be re-purposed to perform the intended functions of RPDCs and/or LPCs. At the same time, this initiative will also enable us to vacate unnecessary leased buildings, including annexes. Annexes have been haphazardly established over time in an effort to support our core processing facilities, given the current deficiencies of those facilities in terms of space, equipment, and layout. These ancillary facilities in many instances will no longer be necessary for processing purposes once our core facilities are redesigned and modernized into RPDCs and LPCs, and the current deficiencies are corrected.

Regional Transportation Optimization (RTO)

RTO will rationalize the Postal Service's legacy regional and local transportation network: that is, the transportation of mail and packages between collection/delivery facilities (e.g., Post Offices) and the processing network.

The volume of mail collected through our retail facilities (including mail collected on carrier routes and entered at Post Offices) has declined substantially in recent decades: for instance, in FY 1997 there were 57 billion pieces of Single-Piece First-Class Mail, which by FY 2023 had declined by approximately 80 percent to 12 billion pieces. Nevertheless, the Postal Service has not fundamentally adjusted our collection processes or our transportation network to account for that decline. Our business rules, service standards and operating practices shockingly remain largely intact from the days we were flush with this long-ago lost mail volume.

Rather, the Postal Service has long transported destinating mail and packages from the processing network to collection/delivery facilities in the morning (AM drop-off), while transporting originating mail from the collection/delivery facilities to the processing network in the afternoon (PM collections). This practice of separating the drop-off and pick-up of mail and packages leads to significant inefficiencies in both transportation and processing operations.

The Postal Service has many transportation lanes which transport low amounts of volume to and from collection/delivery facilities that are far from our processing facilities. In such circumstances, the Postal Service must either operate multiple trips to drop-off and pick-up mail and packages from these locations, or alternatively pay a Highway Contract Route (HCR) contractor to layover for multiple hours between the AM and PM legs of their route. This results in significant underutilization of our truck capacity, high costs, and associated excess carbon emissions. By contrast, trucks delivering mail to high volume collection/delivery facilities near their servicing plant typically have a higher fill rate, resulting in fewer inefficiencies, and can be typically carried out by Postal employee drivers (Postal Vehicle Service (PVS) drivers and Postal Vehicle Operator (PVO) drivers).

Our current local transportation network is dictated by our current service standards and business rules, and by legacy thinking based upon a bygone era of significant single-piece letter mail volumes. Overall, this network constrains the transportation for a regional geography and results in inefficient transportation with limited ability to reduce the number of truck trips or optimize truck capacity. This is because transportation is predicated on the principle that originating mail must get to the processing network on the day it is collected from customers, no matter how little the mail volume or how far away from the processing network the volume is entered, and therefore, no matter how much it costs to meet our service standards. The scope of this condition has grown significantly over the last 20 years with the substantial decline in mail volume and growth in the country's delivery points.

In addition to these transportation inefficiencies, our current local transportation practices reduce the efficiency and reliability of our processing and network transportation operations. Today, originating processing operations have a limited window in which to process and dispatch to the network the mail and packages that are arriving on PM transportation from facilities near the plant (most of the volume), as well as the mail and packages on PM transportation from outlying collection/delivery facilities. The need to wait for the latter volume to arrive at the processing plants creates a volume arrival profile which reduces efficiencies, requires the scheduled dispatch to the network to be later, and increases the likelihood either for the scheduled dispatch to leave late in order to wait for all of the mail and packages to arrive at the plant and be processed, or for mail and packages to not make the scheduled dispatch at all because it does not make it to the plant on time to be processed on that day given the compressed window. This impacts not only the efficiency and velocity of originating operations but can also have substantial negative downstream effects that reduce our service performance for all volume.

To address these issues, the Postal Service intends to implement the RTO initiative on a nationwide basis. Pursuant to RTO, certain collection/delivery facilities will have their destinating mail dropped off, and their originating mail picked up, on the same transportation route. 5-Digit ZIP Codes will generally be designated for RTO when the facility from which the collection mail and packages are dispatched is more than 50 miles from the RPDC campus. Overall, this change gives the Postal Service critically needed flexibility to create optimal transportation scheduling on a regional basis.

Estimated Cost Savings

These proposed operational changes will enable the Postal Service to save between $3.6 and $3.7 billion annually in Leg 1 (collection) and Leg 2 (internal network) transportation costs, mail and package processing costs, and facility costs. The savings estimates breakdown as follows:

- Approximately $651 million in savings annually through the application of RTO, which will enable us to run fewer trips and negotiate more cost-effective transportation contracts as we will no longer need to operate multiple trips to drop-off and pick-up mail and packages from

collection/delivery locations or pay contract drivers to layover for multiple hours between the AM and PM legs of their routes.

- Approximately $1.8 billion in savings annually through air and surface transportation costs due to the improvement of transportation efficiency as part of the new RPDC network that will standardize operating procedures, enable a reduced number of nodes, increase capacity utilization, and limit unnecessary handling and transportation. Of this total estimate, we estimate savings of approximately $1.1 billion from surface transportation, and $701 million from air transportation.

- Approximately $1.1 to $1.2 billion in savings annually through improved productivity in the plants by increasing throughput, reducing workhours, and improving discipline in operational and management practices, as well as through operational savings related to the insourcing of STC operations.

- Approximately $81 million in annual savings in facility costs through the elimination of facilities that are unnecessary in the redesigned RPDC/LPC network. By rationalizing our network flow through standardized and logical principles and operating plans, and improving the condition and layout of our network buildings as part of the RPDC/LPC network, we will be able to terminate leases for annexes that have been haphazardly added to the network on an ad hoc basis to serve as overflow operations due to inefficient use of other plant space in the legacy network, and to eliminate facility costs associated with THS/STC facilities whose operations will be insourced into the RPDCs.

These estimated savings are substantial and demonstrate the criticality of pursuing these operational initiatives as part of the Postal Service's efforts to achieve financial sustainability. At the same time, the estimated savings do not reflect the full amount of potential savings that we may be able to achieve through the initiatives that we are pursuing. The reasonableness of these estimated savings is further demonstrated by the Postal Service's successes so far in reducing costs in these categories as we have begun preliminarily implementing the DFA Plan. The Postal Service has through the ongoing implementation of the Plan been able to achieve significant savings to date, including $1.5 billion in savings in FY 2024 as compared to FY 2023 in network transportation, processing, and facilities. The Postal Service has therefore demonstrated the ability to achieve savings through the strategies of the Plan.

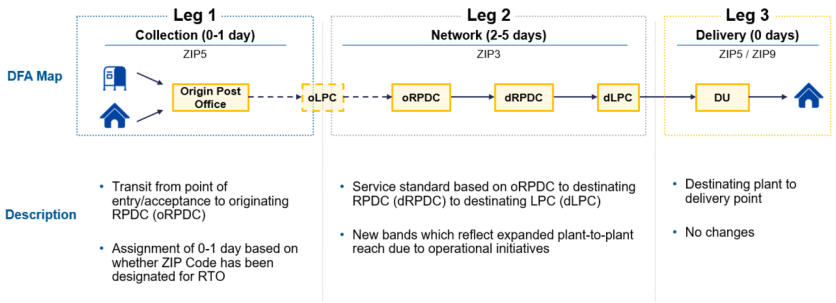
In addition, these changes are essential to improve our service to the package industry and achieve our growth objectives which are already beginning to prove successful with our introduction of USPS Connect Regional and Ground Advantage.

Service Standard Changes

To align with the above operational changes and improve operational precision and service reliability, we propose to transition to 5-Digit to 5-Digit ZIP Code (i.e. Post Office to Post Office) service standards that maintain the existing delivery day ranges for both First-Class Mail and USPS Ground Advantage, while more accurately and logically reflecting the three operational legs applicable to the movement of mail and packages, including collection to origin processing. We will also transition the service standards for end-to-end USPS Marketing Mail and Package Services so that they are based on the standards for First-Class Mail and USPS Ground Advantage, respectively, which will result in a shorter day range for these products when compared to the current service standards. Specifically, for volume traveling through our network (inter-RPDC), the Postal Service is proposing a new approach based on the three operational segments applicable to the movement of end-to-end mail and packages. We will also adjust the service standards for volume staying within a region (intra-RPDC), though because that volume follows a different operational path than inter-RPDC volume, it will not follow this specific segment-by-segment framework. In addition, this new framework does not apply to destination entry categories within these products, whose standards are not changing, except that we are updating those standards to reflect the new network.

By refining the service standards in this manner, they will more logically and accurately reflect our operations within the first operational leg (Figure 1) and enable us to implement the RTO initiative, thereby enabling us to address the significant deficiencies that currently exist in our regional and local transportation. The standards will also reflect the increased efficiency and reliability of our processing network due to RTO and the RPDC/LPC design, enabling us to accelerate our service standards within the second operational leg, making us more competitive in the marketplace with respect to commercial mail and packages. In addition, by allowing us to create service standards on a 5-Digit ZIP to 5-Digit ZIP Code basis, this approach is also more logical and understandable for our customers, as compared to the current service standards which are based on 3-Digit ZIP Code pairs.

(Figure 1 – Operational Leg Overview)



Leg 1: Under the proposed rules, our processes for collecting mail and packages from customers will not change, nor will access to Postal Service retail services. Instead, RTO eliminates the interdependency between the time mail is collected and our regional transportation schedules and plant processing schedules. As noted above, 5-Digit ZIP Codes generally will be designated for RTO when the collection/delivery facility servicing the ZIP Code is more than 50 miles from the RPDC campus (though exceptions may apply). The rules will add no day for Leg 1 for a ZIP Code within 50 miles of its servicing RPDC and will add one day to the service standard for a ZIP Code more than 50 miles from its servicing RPDC.

Leg 2: Under the proposed rules, for First-Class Mail and USPS Ground Advantage, there are two fundamental changes to our calculation of service standards in Leg 2 to align with our end-state RPDC network. First, the measured transit path will be updated. The current network path used for determining the service standard is Origin Processing Facility (OPF) to Area Distribution Center (ADC) to Sectional Center Facility (SCF). The proposed rules would instead measure the distance between the Origin RPDC and the Destination RPDC and then the distance between the Destination RPDC and the Destination LPC. Second, because of the improved arrival profiles facilitated by RTO and the improved efficiencies in the RPDC network, under the proposed rules, each of the existing service standard bands will expand by four hours.

Turnaround: The proposed service standards would also expand the geographic scope of turnaround volume (i.e., volume originating and destinating within a facility's service area). Currently, certain Intra-SCF volume receives a two-day standard. Under the proposed rules, certain Intra-LPC and all Intra-RPDC volume will be subject to the new turnaround rule which provides for a 2 or 3-day standard depending on the location of the originating mail volume. Specifically, processing facilities that cancel Single-Piece First-Class Mail on automated

equipment will have a 2-day standard for turnaround Single-Piece First- Class Mail originating from 5-digit ZIP Codes 50 miles or less from the cancellation location. If the originating volume is from a 5-digit ZIP Code beyond 50 miles of the cancellation location, the turnaround standard for Single-Piece First-Class mail will be 3 days. USPS Ground Advantage would also have 2–3-day intra-RPDC service. The standards for end-to-end Marketing Mail, Periodicals, and Package Services within a region will also be based on these standards.

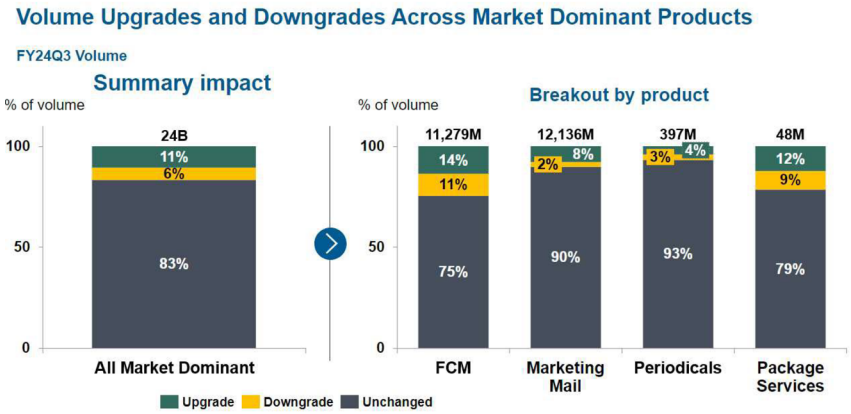
As discussed above, the financial and efficiency gains from the changes proposed in this case allow for certain LPCs to maintain cancellation operations. This means that more turnaround mail will be processed locally in certain locations, and that the Postal Service will not fully implement some of the MPFRs that have been studied in the past year. In situations in which the LPC retains cancellation operations, the 50-mile rule noted above will be based on the distance from the LPC. In other situations, the RPDC will have cancellation operations, meaning the 50-mile rule will be based on the distance from the RPDC.

Impact on Service Expectations

The proposed changes will lead to a net positive impact for First-Class Mail, as well as for end-to-end USPS Marketing Mail, Periodicals, and Package Services, from a service standard perspective. Most volume will retain the same service standard or see service standard improvements because of the Leg 2 improvements. Some mail and packages will experience a longer service standard, though still within the current day ranges, as the standards will incorporate 1 day within Leg 1 for all volume originating in a 5-Digit ZIP Code that is designated for RTO given its distance from the processing network. All volume will benefit from greater service reliability.

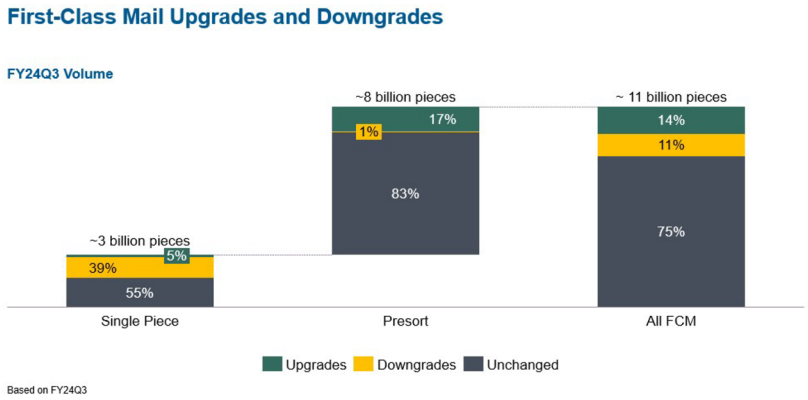
As demonstrated by the below chart (Figure 2), these refined standards result in the majority of overall market dominant volume having either the same service standard as it currently does, or an accelerated standard.

(Figure 2 – Impact of Standard Changes on Market Dominant Products)



For First-Class Mail, the proposed changes will have a net positive impact. As shown in the chart below (Figure 3), service standards for 55 percent of Single-Piece First-Class Mail, 83 percent of Presort First-Class Mail, and 75 percent of all First-Class Mail will remain the same. Service standards for 39 percent of Single-Piece First-Class Mail will be longer, and 5 percent will be shorter — with all still within the 2–5-day range. Given the relatively lower volume of Single-Piece First-Class Mail volume compared to Presort volume, the percentage of overall First-Class Mail volume that will receive a slower standard is 11 percent, while 14 percent of First-Class Mail volume will receive a faster standard.

(Figure 3 – Impact of Standard Changes on First-Class Mail)



Other market-dominant products will also receive net faster service than the current standards. For USPS Marketing Mail, 8 percent of volume will receive a faster service standard, 2 percent will receive a slower standard, and 90 percent will remain unchanged. For Periodicals, 4 percent of volume will receive a faster service standard, 3 percent will receive a slower standard, and 93 percent will remain unchanged. For Package Services, 12 percent of volume will receive a faster service standard, 9 percent will receive a slower standard, and 79 percent will remain unchanged.

For competitive products, the overall impact of these proposed changes is that the majority of packages will either have the same service standard or a better standard, consistent with the fact that a majority of package volume is entered in ZIP Codes that are within 50 miles of our processing network. As with market dominant products, all package volume will benefit from more reliable and precise service.

The relative upgrades and downgrades demonstrate the Postal Service's efforts to maintain high quality service and mitigate any customer impacts to the extent possible while also implementing operational changes necessary to achieve the critical — and significant — cost savings that are necessary for financial sustainability.

These proposals should not be controversial. As demonstrated above, this is not simply a plan to add a day to our service standards or to "slow down mail for rural Americans." RTO does not differentiate based on whether an area is urban and rural, but on the distance from the RPDC, and both urban and rural communities are therefore covered by RTO. Most of the volume that is downgraded (which constitutes only a small portion of mail volume overall) originates in urban areas.

Much has been made about the impact on Single-Piece First Class Mail entered at RTO-covered Post Offices. It is important to keep this statistic in perspective. Single-Piece First Class Mail makes up 24 percent of all First-Class Mail, and 10 percent of overall Market-Dominant volume. Single-Piece First Class Mail entered at offices covered by RTO represents 52 percent of all Single-Piece First Class Mail. It should also be pointed out that no changes are being made to our retail or delivery services, as the proposed additional day would only affect Single-Piece First-Class Mail collected through an RTO office, not Single-Piece First-Class Mail delivered through an RTO office (unless it also originated at an RTO office).

In addition to the relatively small percentage of volume that would be subject to a service standard downgrade by the changes, even those impacts are mitigated by several factors. The service standard day ranges are staying the same for First-Class Mail (meaning that any downgrades are minimal), turnaround service will be available in RPDC regions and from certain LPCs (expanding 2-3 day reach), individuals living in rural areas will benefit from the acceleration of the Leg 2 bands in terms of their *receipt* of important mail (including checks and medicines) that originate in a ZIP Code not subject to RTO, and no changes are being made to Leg 3 (meaning that delivery is still happening on the same

schedule 6 days a week). All customers will also benefit from the fact that volume, including volume originating in a ZIP Code subject to RTO, will be delivered in a more predictable and reliable manner. Additionally, access to retail services remains the same.

While the Postal Service recognizes the overall impacts on mail originating in rural areas because of RTO, the impact of this change is clearly outweighed by the benefits of these changes overall, with the benefits — in terms of a more sustainable and reliable Postal Service capable of achieving our universal service mission for all customers for the years to come — clearly being more consequential than these impacts. In this regard, if we did not make these changes, the Postal Service's financial and operational condition — and hence our ability to achieve universal service — would continue to deteriorate, which would be much more impactful on rural communities.

Stakeholder Input on Operational Changes

As part of the advisory opinion process, any interested party may file a notice of intervention and participate in a docket. In this case, 11 parties intervened, including seven industry groups, two groups representing postal employees, and two individuals. All intervenors are permitted to — and did — issue discovery requests. Consistent with Commission procedure, the Commission also appointed a Public Representative to represent the interests of the public in the proceeding. The Commission also appointed a Presiding Officer.

On September 5, 2024, the Postal Service conducted a pre-filing conference that was open to the public with an active question and answer session. On October 4, 2024, we filed our request for an advisory opinion, along with the Postal Service's record evidence, consisting of the testimonies of five witnesses, with supporting materials in the form of library references. On October 16, 2024, the Commission held a mandatory technical conference where Commission staff and interested parties asked questions of the Postal Service.

During the formal discovery period in the case, the Commission, the Public Representative, and the intervenors issued well over 300 information requests and interrogatories (many with multiple subparts). The Postal Service responded to them all on a timely basis pursuant to the PRC's rules, providing supplemental data and evidence where necessary. The proceeding will also involve an on-the-record hearing before the Commission and the participants may all file briefs.

We have also initiated the rulemaking process to change our market-dominant service standard regulations (39 C.F.R. Part 121) consistent with what is presented in the Section 3661 proceeding. On November 15, 2024, the Federal Register published the Postal Service's notice of proposed rulemaking regarding the service standard changes. Interested parties can file comments with the Postal Service in response to the Notice through December 31, 2024.

The Request for an Advisory Opinion Must Be Considered with Broader Factors in Mind

I understand that many Committee Members will raise matters of primarily local concern or from the perspective of a particular stakeholder or segment of our customer base. You represent your constituents and raising local concerns is understandable. The challenge and responsibility I face is different; I am working to preserve the Postal Service for the entire country, and to do so for the long term. Under the current law, the responsibility for balancing quality service with financial sustainability is assigned to the Postal Service, and therefore to our Board of Governors, and to me as the Postmaster General. The DFA is the only comprehensive plan that attempts to rescue the Postal Service that has been offered in the last 25 years. The DFA plan is the only plan that focuses on growth and viability. The DFA plan is the only plan that fights the resistance to change and addresses the obvious conditions present, and the possibilities that are within reach for our future. It is the only plan that makes the tradeoffs required to balance products, service, cost, infrastructure, employment, price and legislative action to achieve long-term viability under the laws that established the Postal Service, and the subsequent laws and regulations that either through error or neglect have served to threaten our future. As important, it is the only plan in execution, performing on-going due diligence, responding to the current challenges and making progress as we take on the enormous and complicated task of making the changes urgently needed to improve our plagued legacy operating system. All of this while delivering approximately 400 million pieces of mail to 169 million addresses daily, while measured against long ago irrelevant, unnecessary and cost prohibitive service standards and business rules.

I would be interested, and frankly surprised, to learn of an alternative plan that the Committee might offer that balances cost and service. I assure you that halting our initiatives will lead to the inevitable failure of the United States Postal Service. At this point, while our operating strategy is sound and will lead to a growth in revenue and reduction in cost, total financial sustainability is not assured even with this plan, given the many economic, legislative, regulatory, competitive and political obstacles and entanglements we must work through.

I want to continue my testimony by detailing in dedicated sections how the Postal Service found itself in such a precarious operational and financial position. I will then discuss our DFA Plan, what it has accomplished thus far, and how it has positioned us to address years of financial stress and the resulting underinvestment. From there, I will provide an overview of our network modernization initiatives and how we have carefully planned, refined, and improved them based on our experience. As suggested at the outset of this testimony, these initiatives demonstrated to us that to successfully realize the full benefits of our DFA Plan, and in the interest of our stakeholders, we should seek an advisory opinion from the PRC. I have detailed above the components of our request and the corresponding proposed adjustments to our service standards. I will continue my testimony by describing the challenges that continue to pose a risk to the organization, including regulator overreach, congressional interference, and service disruptions.

Finally, as requested by your letter of invitation, I will discuss just how transparent and accountable this organization has been with our regulators, Congress, stakeholders, and the general public. I would argue excessively so.

I would ask that you consider the request for an Advisory Opinion described above, and the factors detailed in the remainder of my testimony, while keeping in mind the dual mandates of universal service AND financial sustainability that Congress itself placed upon the Postal Service. It should go without saying that we are not simply focused on cutting costs; rather, we are committed to growth and the long-term achievement of our public service mission. We will not be able to fulfill that mission without being financially sustainable — as Congress intended.

[Testimony Continues in Sections]

Supplemental Sections

The Road to Crisis

As I stated earlier, in 2020 the United States Postal Service was an organization in crisis, facing a diverse array of challenges:

Mail Volume and Revenue Declines

Dramatic changes in customer demand put downward pressure on the traditional letter and flat product volumes, especially First-Class Mail volume. These sharp declines since Fiscal Year (FY) 2007 severely impacted our finances as well as the sufficiency of our processing, logistics, and delivery networks.

For example, domestic mail revenue declined from $59.1 billion in FY 2007 to $38.7 in FY 2020—a decline of over $20.4 billion (34 percent) or an average annual decline of 2.7 percent. This is a trend that continues. Total mail volume declined by 42 percent since FY 2007, a decline of about 3 percent per year. This is a trend that also continues. First-Class Mail volume — which provides the greatest contribution towards covering the costs of maintaining our universal service network — declined by 45 percent between FY 2007 – FY 2020.

At the same time, the cost to deliver mail increased as our mail volume and revenue declined. This was driven by increased demand on our network, including the number of delivery points we serve, which grew on average by more than one million each year. The result was a drop in pieces per delivery point per day from 5.6 pieces of mail and packages in FY 2006 to 3.0 pieces in FY 2020. Simply put, we were delivering less mail to more delivery points each year and transporting that mail in trucks that were often less than half full.

Package Trajectory and Misaligned Competitive Posture

Although package volume grew since FY 2007, this growth was not sufficient to offset the revenue loss from declines in mail volume. In addition, packages were costly and required more time to process and deliver. This was especially the case because the organization's de facto processing strategy was to handle millions of packages by hand, despite technological innovations.

We also inflicted self-harm by creating a package business that focused on accumulating volume with no effective strategy on pricing or cost. As an example, we incentivized the run-around and hollowing of our network through discounted pricing and created an environment for consolidator shippers to thrive while we struggled to survive. This self-destructive strategy led only to increased costs and

inefficiencies, at the expense of our mandate from Congress to be self-sustaining. We also created an array of confusing and self-competing product offerings that complicated our mission and compromised service.

Misaligned Processing, Logistics, Delivery, and Retail Network

Furthermore, our network was not adequately adapted or redesigned to process and deliver the current and projected volume of mail and packages efficiently and effectively. Our processing network was originally designed to meet the demands of a robust, and ever-growing mail market. Similarly, our facilities were located geographically and set up operationally to facilitate the timely and efficient processing of mail. As mail volume decreased, our machines and facilities were left under-utilized, leaving us with a physical network infrastructure that did not correspond to the current and projected needs of our customers.

Problems:

- Missed operating plans at our processing facilities reflected a failure to adapt to current mail and package volume realities. More than half of our facilities did not meet key operating plan indicators, which meant that the mail and packages they handled were not processed on schedule.
- The footprint of our network of facilities was inefficiently dispersed and accommodated too many disparate flows across products and classes, which drained resources, capacity, and degraded performance.
- Air and surface networks were underperforming and unreliable. Air transportation came with a high price and significant risk since we were reliant on external carriers. Additionally, our surface transportation was riddled with inefficiencies and burdensome manual processes.
- Chronic underinvestment led to dilapidated facilities and the average vehicle in our fleet was more than 28 years old, unreliable, and unsuitable for the current mail and package volume mix.
- Declining mail volume and an increase in e-commerce led to a reduction in retail traffic and revenue in our Post Offices.

Unreliable and Unachievable Service

Despite being one of the most trusted government organizations, the American public could not count on us to deliver reliable and predictable service. Most importantly, our service standards, the stated

goal for service achievement for each mail class, were unachievable. In fact, we had not met First-Class Mail service targets since FY 2012, and service performance was on a downward trend since FY 2017. As mail volumes declined further, service performance targets become increasingly difficult and more costly to meet. Mail products traversed differing processing and transportation streams, creating redundancies, multiple handlings, and underutilization of surface transportation networks. With every additional handling, we degraded our ability to achieve ideal on-time delivery.

Outdated and Destructive Pricing Limitations

Another hurdle to our success was an unworkable pricing structure. Since 2006, there has been a crippling and unnecessary price cap on most of our product and service offerings due to the purported postal "monopoly." However, at best the so-called monopoly is in name only. Since many electronic substitutes for our mail offerings exist, we simply don't have unfettered pricing authority, and the current pricing regime leaves the Postal Service in the position where we can't pay our bills,

This misguided statutory regime was overseen by the Postal Regulatory Commission (PRC) who failed to remove this overly burdensome price cap in its 10-Year Review of the System for Regulating Rates and Classes for Market Dominant Products. After taking four years to discover what the world already knew — that our pricing regime was obsolete — the PRC announced changes to the price cap system that allows the Postal Service more flexibility, but that the PRC conceded was insufficient to make us financially sustainable. In that regard, in granting some limited additional pricing authority, the PRC refused to correct for the 10 years that we had operated under the deficient and crippling pricing model. Had the Postal Service been able to raise prices above the Consumer Price Index (CPI) earlier, we would not be in our current financial state. Since 2006, based on the density rate authority granted by the PRC, we would have generated $55 billion dollars in cumulative gross revenue. Furthermore, despite the additional rate authority, a number of products are still essentially subsidized and do not cover their costs. In FY 2023, the Postal Service lost $1.35 billion from non-compensatory classes and products.

Organization Misalignment and Employee Turnover

For years, the Postal Service had an organizational structure that hindered our ability to adapt and evolve to changing circumstances. The Postal Service operated under a structure in which core and supporting functions were managed in a decentralized fashion within each of the seven Areas and 67 Districts. This structure created leadership roles where the range of responsibilities was simply too broad, making it difficult for one leader to execute strategies across all mission critical functions. This structure resulted in the Postal Service having an extremely high attrition rate among non-career (now pre-career) employees. This created chronic vacancies and a significant toll on frontline supervisors, career employees, and the remaining non-career employees. High turnover obviously also had a

negative impact on service. This structure also inhibited the Postal Service's ability to effectively pursue integrated, nationwide operating initiatives at a necessary level of consistency and precision.

Unfunded Liabilities Mandated by Congress and Lurking Financial Calamity

Many of our financial hardships were a direct result of Congress. With the passage of the Postal Accountability and Enhancement Act (PAEA) in 2006, Congress burdened the Postal Service with billions in prefunding retirement health benefit (RHB) payments. This unique burden resulted in $50 billion of defaulted payments to the RHB Fund.

In addition to prefunding requirements, normal cost and amortization payments to our retirement benefit programs crippled the organization. From FY 2007-FY 2020, retirement related expenses totaled $153 billion. In FY 2020 alone, they were $11.6 billion, or 14 percent of our total expenses.

Additionally, unlike virtually all public and private sector retirees that still offer health benefits to their retirees, postal retirees were not required to enroll in Medicare. In fact, despite the Postal Service and our employees paying over $37 billion in Medicare taxes since 1983, only 74 percent of postal retirees chose to enroll. This resulted in an overpayment to the Medicare Trust Fund, to which the Postal Service was the second largest contributor. It also resulted in retirement health benefits being significantly more costly for the Postal Service, postal employees, and postal retirees than for their non-federal counterparts.

In FY 2020, the Postal Service recorded a net loss of $9.2 billion, adding to 14 years of losses totaling $87 billion. The Postal Service projected a net loss of approximately $160 billion, a number that was likely understated as it assumed the reduction of approximately $40 billion in wages and benefits based on volume declines (something that had not occurred in the past eight years) over the next ten years, and a negative cash balance of the same size if we paid our projected retirement-related obligations.

Misguided Attempts to Reform

Attempts at operational reform were made by Postal Service leadership. However, each of these initiatives drew widespread criticisms from Congress, the public, employees, and mailers. The preoccupation with each of these initiatives was to cut cost. However, in the long run, these initiatives failed to result in projected cost savings, handicapped the Postal Service's competitive posture, and created a culture of mistrust with stakeholders who now perceive any modernization efforts initiated by the Postal Service as harmful to the institution and the public.

Previous Management Initiatives:

- In 2011, the Postal Service announced the Network Rationalization Initiative (NRI), which involved consolidating or closing hundreds of processing facilities with an estimated annual cost savings of $865 million.
- In 2012, the Postal Service announced the Post Office Structure Plan (POSTPlan), a plan to save $500 million annually by reducing hours at thousands of Post Offices.
- The Postal Service even explored reducing mail delivery from six days to five days.

As each of these initiatives stalled or were abandoned, our various stakeholders and management deferred to Congress to solve our issues with ever elusive postal reform legislation. Postal reform, and even the PRC's rate review proceeding, became obstacles to progress as everyone waited for years for someone else to act first.

It is into this environment, devoid of operational and strategic vision, that we introduced the DFA Plan in 2021.

The Delivering for America Plan Is Working

Since the launch of the DFA Plan, we have made significant progress to save, reinvigorate, and embolden the Postal Service. The strategies and initiatives of the plan put the Postal Service on a positive trajectory, with a firm strategic direction and a more competitive posture. It is a transformational roadmap to building operational excellence, financial stability, and a sustainable future for this essential national institution that is a part of the country's critical infrastructure. Executing on the plan is in stark contrast to doing nothing (as we have experienced in the past). Today, the DFA strategies remain the only solution to our longstanding problems and the only path forward to creating a Postal Service with long-term viability and strong service, products, and culture.

Below are some of the key accomplishments achieved since the launch of the DFA Plan, along with an overview of the steps that we will take moving forward:

A Strengthened Public Service Mission

- **Key Accomplishments:** We hold a vital position in every American community, with access to both businesses and consumers. Consequently, we are woven into the fabric of daily life. Since the introduction of Delivering for America, we reaffirmed our commitment to public service by fully embracing the permanent recognition of our obligation to ensure six-day universal mail and package delivery. We strengthened the organization and more than halved our projected net loss over 10 years. We started the modernization of our retail centers, maintained service levels despite challenges, and excelled in handling election mail with exceptional performance during the 2020 general, 2022 midterm, and 2024 general elections. We expanded partnerships with government agencies to provide essential services like designing and enabling the distribution of 900 million COVID19 test kits to the nation. Additionally, we implemented a publicly facing Service Performance Dashboard, increasing understandability for our customers.

- **Path Forward:** Our mission is one of enduring relevance and importance. To fulfill this mission, we will address organizational inefficiencies, advance cost-reduction and revenue-growth initiatives, and continue to innovate in our retail centers and service offerings. We will build on the momentum made and pursue new partnerships with government agencies to expand public trust services. We will become the local storefront for government and community services — a central hub for serving essential public needs.

An Organization Structured for Success

- **Key Accomplishments:** The organization underwent a comprehensive restructuring to enhance operational efficiency, role clarity, and overall performance. This involved flattening the

organizational structure to improve line-of-sight. Key changes included the creation of three core operating units — Logistics and Infrastructure, Processing and Distribution, and Retail and Delivery — and realigning administrative functions to headquarters while removing duplicative roles. Regular meetings were held to monitor progress and ensure alignment with Delivering for America strategies. Additionally, new cross-functional groups were formed to liberate the organization from the bureaucracy of the past, engage in process evaluation, deploy new strategies, foster collaboration, and align capital and expense planning with organizational strategy. Various nationwide functions were realigned. This included separating our Processing and Distribution, Logistics, and Retail and Delivery functions into three business units directly reporting to the Postmaster General, establishing a Chief Data Analytics Officer under the Chief Information Officer, and creating teams focused on facilities modernization, national account sales, and operational performance excellence. These efforts aimed to streamline operations, foster accountability, and drive mission-critical strategies effectively. Furthermore, we are revising the more than 900 policy and procedure manuals throughout our organization to align to our vision for the future.

- **Path Forward:** The organization is committed to advancing our objectives by refining our structure to better align with strategy, focusing on individual business units such as processing, delivery, retail, logistics, sales, marketing, and environmental sustainability. The organization will adapt to changes in the network and marketplace by incorporating commercial best practices to better serve customers and local communities. This includes ensuring clarity in hierarchical layers, appropriate managerial spans of control, ensuring skill adequacy, elimination of bottlenecks, even workload distribution, and fostering collaboration and coordination. A culture of engaged and collaborative leaders will drive performance, accountability, and cultural and digital transformation. The workforce will be repositioned and developed to align with strategic goals, and the Sales and Marketing organizations will be transformed to drive growth. All business functions will modernize their operations. Additionally, modernizing and securing technology will create a competitive advantage, enabling operational efficiencies, revenue generation, and overall improved organizational performance. These strategies aim to create a more agile, resilient, and forward-looking organization prepared for future challenges and opportunities.

Best-In-Class Processing and Delivery Operations

- **Key Accomplishments:** We made great strides, committing $17.3 billion to date, in the redesign of our processing network and improvements in the condition and suitability of our facilities. We started the launch of our new processing network, which will consist of 60 Regional Processing and Distribution Centers (RPDCs) and 190 Local Processing Centers (LPCs) featuring clean, spacious, and well-lit employee working environments fully equipped for modern day postal

operations. We engineered standardized layouts with adequate space to support more consistent and efficient operations. To accommodate the surge in package volumes during the COVID-19 pandemic, as well as our initiatives to reduce manual package sortation and grow our share of the package delivery market, we deployed over 450 package conveyor systems. This dramatically boosted package processing capabilities from 47 million to 77 million packages per day. Additionally, we made significant investments to refurbish and renovate facilities that suffered from years of deferred maintenance. Repair and alteration work is underway in more than 30 processing facilities.

We also continue to be the delivery service provider of choice for the nation. Our 83 Sorting and Delivery Centers (S&DCs) serve as centralized hubs to expand carrier and route originations. They also improve the geographic reach and speed of mail and package deliveries as well as enhance our ability to create an integrated network. The deployment of Small Delivery Unit Sorters makes package distribution more efficient and speeds our processes for delivery. The new S&DCs and their extensive network of 7,600 aggregated carrier routes, successfully extended next day delivery services to over 11 million people. A modernized fleet, including 24,700 new delivery vehicles represents the largest vehicle acquisition in 30 years. Advanced fleet management systems with telematics enhanced reporting enable comprehensive asset management strategies while also optimizing delivery routes. We achieved improved precision in deliveries as well as reduced repair and maintenance costs by integrating real-time data from various sources. Front-line supervisors and carriers are empowered with new mobile devices for better communication, including safety alerts. We bolstered security through Project Safe Delivery as we installed 30,000 electronic locks with multi-factor authentication, deployed more than 22,000 High Security Collection Boxes, and implemented identity proofing for changes of address, reducing fraudulent submissions by 99.98 percent.

- **Path Forward:** Going forward, we will continue to improve our mail and package processing operations and capabilities. We will standardize operations across the processing and delivery network, with RPDCs serving as aggregation points for logically defined regions and LPCs handling destinating sortation operations. To leverage economies of scale and reduce transportation costs, we will concentrate and consolidate facilities, eliminating approximately 200 haphazardly deployed annexes and contracted sites. I will further explain our network modernization initiatives later in my testimony.

A Fully Optimized Surface and Air Transportation Network

- **Key Accomplishments:** Crucial adjustments to our air and surface transportation are essential for maintaining high service standards and reducing operational costs. Since announcing Delivering for America, we realigned our transportation network, shifting volumes from costly air

networks to more efficient surface routes, resulting in fewer empty trucks, reduced costs, and faster delivery times. We transformed our contracted air network with new air terminals and carriers. We deployed a new and advanced logistics platform — with enhanced contract management, transportation oversight, real-time visibility, and fuel management. This enabled us to expedite negotiations, improve supplier performance, engage in nationwide freight auctions, and avail ourselves of market-based fuel pricing. Network optimization efforts, including the reduction of facilities and the logical alignment of operating functions, resulted in the elimination of 1.1 million underutilized transportation trips, significantly increased truck fill rates and reduced costs. These changes collectively yielded annual savings of over $1 billion. Employee empowerment initiatives, such as collaboration with the American Postal Workers Union to add more employee driver positions and more suitable vehicles, prepare us for driver shortages and ensure steady service capacity. Lastly, we worked to improve the capabilities of our contract carrier base of suppliers leading to greater reliability and safety. We also piloted the Local Transportation Optimization (LTO) program across 15 locations and 2,400 Post Offices to consolidate pick-up and drop-off activities at locations more than 50 miles from the servicing LPC.

- **Path Forward:** We are committed to completing our transition to new channels for air transportation and realigning our ground transportation network. This involves shifting volumes from expensive air networks to more economical surface networks, thereby reducing the number of empty trucks on the road, cutting costs, and improving delivery times. We will continue to use our state-of-the-art logistics software and technology to optimize routes, enhance real-time visibility, competitively solicit logistics carriers, and promote a robust transportation management ecosystem. Our plan includes consolidating Surface Transfer Center and Terminal Handling Service operations into our RPDCs, thereby gaining efficiency by insourcing these operations when economically advantageous. Our improved transportation processes will help us take full advantage of our new RPDC, LPC, and S&DC facilities to create an efficient and reliable integrated mail and package network. We will implement nationwide the RTO initiative, which evolved from the LTO pilot. It will reduce the number of truck trips and mail collections at most USPS facilities farther than 50 miles from a processing plant, to eliminate inefficient transportation runs and facilitate mail processing improvements. We will scale the Postal Vehicle Service program to insource transportation activities, ensuring labor stability in local transportation and improve our ability to manage emergent service requirements. Finally, we will finish the transition of our air network to a more logical and cost-efficient approach for the volume that we will continue to move through the air.

A Modern, Transformed Network of Post Offices

- **Key Accomplishments:** Our 32,000 Post Offices are a visible symbol of our ability to serve every community in the nation. We equipped over 50 S&DCs with a full suite of modern technologies to optimize the customer experience and expedite transactions, equipping them with rapid parcel drop-off stations, smart parcel lockers, and multi-functional self-serve kiosks to meet customer mailing and package needs. The technologies, offered in extended hours Post Offices, allow customers flexibility in when they conduct business. Biometric capture further expands our capability to provide government services. Additionally, we prototyped a modern retail lobby in Athens, GA, to create larger, brighter, and more inviting environments. We revitalized multiple retail locations with strategically placed monitors and new signage to provide informative details on available services and promote new products like USPS Ground Advantage. We expanded public trust services at our retail offices by forging partnerships with various agencies, thereby transforming Post Offices into community hubs that provide essential services. These include in-person identification proofing for the Department of Labor and the General Services Administration, fingerprint capture services for the FBI, and passport application and renewal processing for the Department of State.

- **Path Forward:** We are committed to a comprehensive approach to modernize and invest in our retail footprint to enhance the customer experience and strengthen our brand. This includes redesigning lobbies, integrating interactive self-service technologies, and introducing digital options. We will continue to strengthen our role as an enabler of commerce and public service to all communities by developing new products and services and by partnering with local businesses and various levels of government and community organizations. We will also empower local businesses by providing comprehensive shipping and mailing solutions for brand elevation. Additionally, there will be an expansion of self-service retail technology to offer expedited access to key services during extended hours, including innovative features like package-less returns and enhanced parcel locker services. In implementing Delivering for America, we decided not to close any retail locations or reduce hours for our vast network of Post Offices although we did contemplate such actions as a part of our original plan. We will maintain this decision to preserve our retail locations as we continue execution of Delivering for America.

A Reliable and Integrated Network for Mail and Packages

- **Key Accomplishments:** Over the past three years, we aligned our First-Class Mail and competitive domestic parcel offerings to move mail and packages together as required by law over an improved ground transportation network. Since implementing new products and standards, we began building an integrated and optimized coast-to-coast surface transportation

network. This transforming network led to significant cost savings. It also led to increased service reliability and enhanced service performance across all product categories, achieving an impressive average delivery time of 2.6 days. These efforts laid the groundwork for further operational, transportation, and productivity improvements.

- **Path Forward:** Federal law requires when the Postal Service determines that there should be a nationwide or substantially nationwide change in the nature of postal services, we must submit a proposal to the PRC requesting an advisory opinion on the change. As noted above, we recently submitted a request for an advisory opinion from the PRC regarding two operational initiatives that are part of the Delivering for America Plan: the RPDC/LPC network and the RTO initiative. The request also includes corresponding changes to our service standards that I explained earlier in my testimony. These proposed changes make operational sense, are necessary to correct deficiencies in our current operational environment, will yield substantial savings, will minimally impact — or improve — most service standards, and will accelerate a portion of our volumes — enabling us to preserve and strengthen our commercial mail volumes, benefitting our long-term financial health by substantially improving the value proposition we provide. Overall, service will be more reliable, service standards and expectations will be easier to understand, and our operations will be more efficient.

Bold Approach to Growth, Innovation, and Continued Relevance

- **Key Accomplishments:** To facilitate our continued growth, we updated our product and pricing strategies with innovative sales and marketing initiatives, including the successful launch of a suite of package products. We saw volume quadruple for our new flagship USPS Ground Advantage product. We strengthened partnerships through technology platforms and on-line marketplaces to proliferate our products and services across channels. We deployed advanced customer integration platforms to promote seamless engagement with customers and partners of all sizes. We also refined our sales and marketing organizations by integrating leading industry practices and robust metrics into their operating procedures. We launched First-Class Mail and Marketing Mail incentives to encourage mail owners to increase volume. The incentive is forecasted to generate more than 3 billion additional pieces of mail by December 2024. We also expanded Informed Delivery to 66 million subscribers, including business users, and introduced new features to provide updates and options for mail and package deliveries.

- **Path Forward:** To remain competitive and to survive as a universal service provider delivering mail and packages, we must grow our package delivery business. This will require us to evolve and expand our same-day, next-day, two-day, and nationwide delivery business by leveraging our modernized first, middle, and last-mile networks. We must continue to advance our solutions

and our relationships with shipping customers both large and small, both local and national, to compete and grow in the marketplace. This will require modern technology and equipment, operating discipline, and a customer first attitude from all our employees so we can win business in a market with formidable competitors. Concurrently, we must continue to develop methods to increase the value and affordability of market dominant mail products. Finally, as we demonstrated during the COVID-19 pandemic, we are a key component of the nation's critical infrastructure as the delivery provider offering unrivalled access and reach. We plan to continue to capitalize on this by increasing our service relationships to government agencies and communities throughout the nation.

Environmental Stewardship

- **Key Accomplishments:** As the largest mailing operation in the world, we are committed to environmental sustainability. To fulfill our objectives, we established an Environmental Council, chaired by the Postmaster General, to align our sustainability initiatives to the aspirations of the Administration and Congress without compromising our mission and cost reduction initiatives. We set firm emission reduction targets, defined robust sustainability measures and started deployment of electric vehicles into our fleet. We continually optimize our logistics and processing operations to reduce wasteful trips and inefficient practices. The Biden Administration recognized these efforts when we received the Presidential Federal Sustainability Award in 2024.

- **Path Forward:** We remain steadfast in our commitment to champion sustainable practices and achieve our ambitious sustainability targets in a manner that makes both business and environmental sense. We will continue to reduce emissions throughout our operations, electrify our fleet, and deploy technology to optimize delivery routes and improve asset utilization. By FY 2030, we are aiming to achieve the following:
    - Reduce Greenhouse gas emissions from fuel and electricity by 40 percent.
    - Divert 75 percent of waste from landfills.
    - Increase renewable energy by 10 percent.
    - Increase packaging recyclability to 88 percent.

A Stable and Empowered Workforce

- **Key Accomplishments:** The dedicated men and women of the Postal Service are our greatest asset and the primary source of strength for our organization. We invested in employee recruitment, retention and skill development, while also defining clear career paths and promoting

diversity. We invested in facilities to make our workplaces safer, more engaging spaces to work, and deployed new training for field supervisors and managers to create an engaging environment for employees. Our workforce stabilization initiatives have resulted in producing a more stabilized, trained and better supervised workforce.

- **Path Forward:** The organization aims to create a stable and empowered workforce through retention, improved employee experience, workforce development, and succession planning. We continue to fill supervisory vacancies and modernize the hiring process. Enhancements to the employee experience involve improving orientation, and better engaging employees during their first 90 days on the job. Long-term career paths and development opportunities will be enhanced to prepare for our rising expectations, while a robust succession planning program will prepare aspiring candidates for critical roles. Front-line supervisors will receive better training, tools, and support, with an expanded apprenticeship program to build a strong supervisory bench. The organization will promote diversity through the Executive Diversity Council and integrate diversity practices into employee programs. We will prioritize employee safety and wellbeing through effective safety programs, risk management, and improved support systems, ensuring a safer and healthier work environment.

Sensible and Prudent Legislative and Administrative Support

- **Key Accomplishments:** The enactment of the Postal Service Reform Act of 2022 (PSRA) alleviates the financial strain caused by Retiree Health Benefit (RHB) unreasonable and punitive prefunding payments established in 2006 with the enactment of the Postal Accountability and Enhancement Act. The PSRA eliminated the prefunding obligation, all past due amounts, and better integrated our RHB plans with Medicare. We expect these changes to save $40 to $50 billion over a decade. Additionally, the PSRA established the Postal Service Health Benefits Program, operating within the Federal Employees Health Benefits Program but with Medicare integration and separate risk pools, thus reducing healthcare costs for us, our employees, our retirees, and their families. The PSRA also allows us to form agreements with state, local, and tribal governments to offer non-postal services, with a potential to generate new revenue streams.

- **Path Forward:** We will work with the appropriate government agencies to implement the PSRA, ensuring a smooth transition to new postal health plans by 2025. We will seek to alleviate a substantial misallocation of retirement-related expenses stemming from our participation in the CSRS and other federal benefit programs. The lack of CSRS reform by the Executive and Legislative Branches negatively impacted our financial sustainability and Delivering for America efforts to eliminate our annual net losses.

By advocating for reforms that more fairly allocate responsibility for CSRS obligations and for reforms that allow market-based investments of retiree funds, we aim to reduce retirement-related expenses. Additionally, we seek to adopt private sector best practices for workers' compensation administration.

In addition, to enhance our financial flexibility we will seek to increase our debt limit of $15 billion. This was a restriction set by Congress over 30 years ago and sets us apart from private sector companies that have access to credit and capital markets.

More broadly, oversight reform of the Postal Service is critical, as the current regulatory framework involves multiple stakeholders, including the Postal Regulatory Commission, the Postal Service Office of the Inspector General (OIG), the Government Accountability Office (GAO), Congress, and various components of the Executive Branch. (Please see section on transparency and accountability below.) This complicates our ability to function as a financially solvent and nimble business enterprise to address the challenges we face. Moving forward, we will aggressively focus on cost control, revenue growth, and innovative service offerings that meet the needs of our customers at reasonable prices.

However, we must continue to advocate for congressional action to assist us in lowering our retiree benefits costs, streamlining oversight, revising our pricing models, and securing statutorily mandated appropriations — the provisions and collection of which is long overdue.

A More Rational Approach to Pricing

- **Key Accomplishments:** In addition to placing burdensome employee pre-funding requirements, the Postal Enhancement and Accountability Act (PAEA) of 2006 set in place the regulatory adherence to a pricing model for our market-dominant products that proved to be defective for the next 14 years, and which cost the organization over $57 billion in lost revenue. In January of 2021, the PRC finally provided some pricing relief which enabled us to more appropriately price our market-dominant products. However, the PRC failed to account for devastating impact the lack of this authority caused in previous years. When providing this additional pricing authority, the PRC recognized that it would not be adequate for us to become self-sustaining, and that in addition to the pricing relief, we must take additional actions to cut costs to become self-sustaining.

  The DFA Plan wisely stated that we would make judicious use of our pricing authority for market dominant products to compensate for diminishing mail volumes, grow revenue, and contribute to the initiatives to cover the costs of our service. We implemented semiannual price increases for

market dominant products to better leverage our rate authority for revenue generation in a historically high inflationary environment and to diminish (but not eliminate) the lag time between the impact of inflation and our ability to raise prices to partially deal with it. While this relief was somewhat helpful, it did not fully account for the historically high inflation we experienced during the first three years of the DFA Plan.

In addition, recognizing that growth in our package delivery business was an obvious opportunity to generate revenue to fund our infrastructure and operations, the DFA Plan set out strategies to improve our operations, adjust our sales and marketing practices, re-evaluate our product offerings, and reconsider our partnership relationships. Since then, we successfully eliminated reseller and consolidator contracts ensuring better utilization of our middle-mile infrastructure and enabling us to better connect with our customers and generate revenue with improved technology and individual contracts. We re-structured and energized our sales force and provided our shipping customers with competitive and responsive solutions to enable us to better meet the needs of our customers in the marketplace while also assuring our growth and stability. We offered new products such as USPS Ground Advantage, USPS Connect Regional, and USPS Connect Local. We also strategically implemented price increases for our competitive products, including modest price increases during peak season, in line with industry standards. Finally, we identified our weaknesses in serving mid-market customers and developed new products at attractive prices to grow our business, revenue, and market reach.

- **Path Forward:** We will continue to price market dominant products judiciously to grow our revenues to cover ever increasing costs. Despite our price increases for market-dominant products, and as noted by the OIG, we still have one of the lowest postage rates in the world, especially considering the scope of our universal service mission. Most importantly, we will continue to find innovative ways to capitalize on our improved operating and delivery network to create new competitive postal products that meet the evolving needs of our customers, and we will price them to gain additional revenue consistent with the market realities.

These accomplishments represent the hard work and dedication of our employees and management team, who have gone to extraordinary lengths to make the Postal Service a leader in commerce and public service. While these achievements are extraordinary in and of themselves, our financial challenges remain considerable.

In Pursuit of Financial Stability

When Delivering for America was first published, we projected a total net loss of more than $200 billion over 10 years if we were unable to achieve the required savings of nearly $50 billion through reduced work hours in line with our declining volume. Frankly, before implementation of the DFA, we had not been able to reduce work hours since 2014.

We originally planned to have breakeven net income by FY 2023 and, if not for the impacts of high inflation and our inability to achieve CSRS reform, we would have come close to this goal. We finished FY 2023 with a $6.5 billion net loss. Historically high inflation (which was significantly above our projections) contributed $2.6 billion to that figure, as inflation impacts our costs much more quickly than it impacts our ability to raise prices. In addition, our plan included an administrative action (the proper allocation of our CSRS obligations) which was not implemented. This expense of $3.1 billion combined with the inflation impact made up $5.7 billion of our $6.5 billion loss. The remaining impact was due to ongoing effects of the pandemic, significant increases in packages while mail volumes declined at a pace not seen since the Great Recession, and an organization in a far more eroded position than realized, ill-equipped to adapt to these changes.

Despite these challenges, in FY 2022, FY 2023, and FY 2024, we were able for the first time to make partial payments to the amortization of the unfunded liability in our pension accounts. We entirely defaulted on these payments from FY 2014 to FY 2021. We halved our projected loss and now project a loss of approximately $80 billion over the same period, and plan to close the remainder of the gap through additional cost-saving and revenue growth initiatives.

We aggressively sought opportunities to increase market share and revenue, resulting in revenue exceeding plan by $9.8 billion through FY 2024 compared to DFA 1.0 Base Plan. For the first time since 2014, we reduced annual work hours, eliminating 45 million in three years, resulting in annual savings of $2.3 billion. Some of these savings are because of the shift to more efficient, more automated facilities, even though this transformation is still in the early stages. We reduced annual transportation costs by $1.2 billion by shifting volume to our more efficient ground service network, insourcing some local transportation and transportation network functions, and making alignment adjustments throughout our operations to move mail more reliably and affordably. During this transformation, we invested heavily in our infrastructure and our employees. We converted 190,000 employees to full career status over the past 4 years, increasing our total career employees by approximately 28,000 employees (accounting for general attrition) to staff our operations appropriately, recover operational control, begin our transformation, significantly reducing overtime and minimizing the need for temporary employees — and thereby move to a well-trained and engaged workforce. We committed approximately $17.2 billion in capital and expense investment through FY 2024, including $6.2 billion to improve our existing facilities, which were dilapidated after years of neglect and lack of investment.

While the reduction in future losses already achieved is remarkable, the Postal Service did finish FY 2024 with a $9.5 billion net loss, compared to a net loss of $6.5 billion for the prior year, an increase of $3 billion primarily attributed to the year-over-year increase in non-cash workers' compensation expense. Over 80 percent of our current year net loss is attributed to factors that are outside of management's control, specifically, the amortization of unfunded retiree pension liabilities and non-cash workers' compensation adjustments. The historic inflationary environment we encountered (which was significantly above our plan) contributed to that figure, as our pricing adjustments are not proportional to our costs and are garnered after we have already been impacted by the inflation. It should be noted that if we had not accomplished the cost reduction and revenue growth initiatives we achieved over the last 4 years, we would have lost in excess of $55.3 billion, compared to our actual losses of approximately $21.9 billion as a result of the historical high inflation we experienced during my tenure as Postmaster General. In addition, we have not yet properly allocated our CSRS amortization obligations, representing $10.4 billion (FY2021-FY2024) of the costs outside of our control. Those costs would not exist if a more appropriate allocation method had been utilized.

This all underscores the need to move forward steadily with the DFA Plan's clear strategies to quickly achieve financial stability and service excellence. These strategies remain the only comprehensive solution to our longstanding problems and the only path forward to creating a Postal Service with long-term viability and strong service, products, and culture. Our plan will generate enough revenue to cover our operating costs, and enable investments in our people, infrastructure, and technology, while simultaneously providing our commercial customers and the American people with the excellent service they deserve. I would also encourage you to read our recently released DFA 2.0 for a blueprint for our path forward. It is our financial condition and the shared expectation that we must fund our own operations that necessitates the establishment of ambitious targets contained in that plan.

The fact remains that we continue to have losses, and it is evident that to break even and avoid running out of cash in the next several years, we must press ahead on our revenue-generating and cost-cutting initiatives.

It is also important that assessments of our financial situation be clear-eyed and well understood — especially in the absence of legislative reforms and given that we have little or no control over some key expenses (e.g., pensions and workers' compensation claims, etc.). Therefore, it is important to focus on controllable income or loss rather than uncontrollable factors that are required when using Generally Accepted Accounting Principles (GAAP). Judging the financial results of the Delivering for America plan by simply focusing on bottom-line GAAP loss undermines and ignores the very real achievements made by the organization.

While we have already made historic progress, it is not enough to make us financially sustainable. Given our still-precarious financial condition, we need to continue to move forward with the strategies in

Delivering for America that are already in motion. The alternative is that we will run out of cash and either fail to fulfill our basic obligations to the American people, drastically cut our services, or require a taxpayer-funded bailout. Our goal is to utilize all the tools available to us to stop any of those things from happening. The following are our near-term financial goals and objectives which were laid out in my letter of January 10, 2024, to the President and your Committee. Their achievement is dependent on the changes we seek to make to our processing and transportation networks, and correspondingly to our service standards as outlined in our recent Advisory Opinion request.

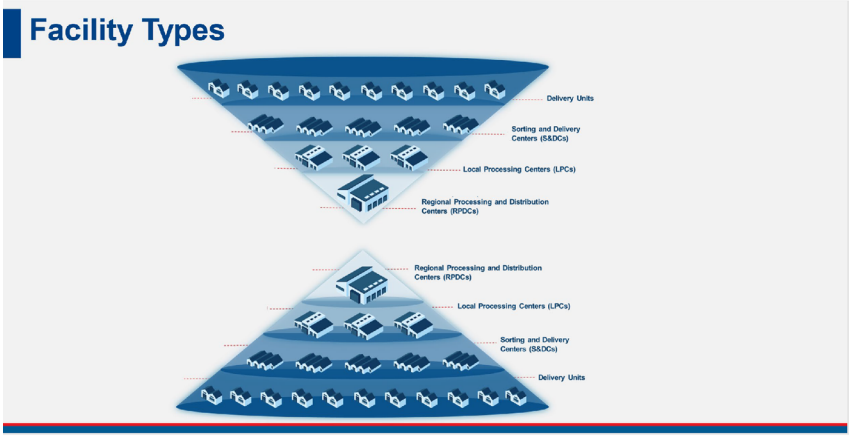
- Reducing our regional network transportation and its cost by at least $1.5 billion, by aggregating volume in fewer facilities, moving mail and packages regionally in an integrated manner using fewer trips, ensuring that the trips we run are fully utilized, and shifting more costly and less reliable air volume to ground transportation.
    - Insourcing of Terminal Handling Services and Surface Transfer Centers.
    - Reorganizing air-to-surface transportation to reduce costs and improve performance.
    - Reducing surface transportation from network realignment.
- Reducing our local transportation by $1 billion by optimizing routes and decreasing thousands of underutilized local trips a day.
- Reducing our Processing & Distribution costs by at least $1.5 billion by insourcing previously outsourced operations, reorganizing operating plans and schedules, adding more sortation equipment, and improving operating tactics to increase throughput, gain productivity and increase asset utilization.
    - Continue stabilizing operations by updating policies and procedures.
    - Continue implementing our new network of Regional Processing and Distribution Centers (RPDCs) and Local Processing Centers (LPCs).
- Reducing our Delivery cost of performance by $1 billion by right-sizing workhours, equipping our delivery units, accelerating S&DC implementation, optimizing our carrier route structures based on changing market conditions and improving operating tactics.
    - Continue opening new Sorting and Delivery Centers S&DCs in local markets.
    - Rationalize delivery route structure.
    - Increase product density of existing routes.
- Growing our package revenue by at least $3 billion through the introduction of new, reliable, and affordable products to the American people and American businesses that are aligned with our operating model and by modernizing our approach to sales and marketing.
    - Continue streamlining and improving our products and services.
    - Improve our sales and contracting methodologies.
    - Compete for our share of the marketplace.

- Continuing to recover market dominant revenue of $2 billion by leveraging our pricing authorities in a judicious manner to offset past inflation and correct for 15 years of a defective pricing model.
- Improving our service so that every American across the nation, in both rural and urban areas, can have an expectation of a Postal Service they can rely upon.

Network Modernization

As mentioned above, a key pillar of DFA is the fundamental transformation of our network. We are finally building a processing network designed for precision — one built for 21st century realities, not one that maintains the vestiges and nostalgia of bygone business models and antiquated ways of working. We are modernizing all aspects of our operations — including mail and package processing, delivery, and transportation — leading to cost savings, reliable service, renewed relevance, and longevity for this great institution. The Postal Service is investing $40 billion in modernization initiatives, including a network formed around RPDCs, LPCs, and Sorting and Delivery Centers (S&DCs) (Figure 4). At the same time as we are opening new and modernized facilities, we have worked to upgrade outdated processing and transportation infrastructure while disposing of outdated and costly annexes. I explained our RPDC/LPC network when I discussed our Advisory Opinion request, but I would emphasize that the new structure establishes a much more logical, reliable, precise, and efficient network to improve service and competitive posture while reducing unnecessary or underutilized transportation.

Figure 4 – Facility Types



Mail Processing Facility Reviews – Modernizing Investments, Not Closures

As part of our network modernization efforts, we are also moving forward with MPFRs where appropriate, which are reviews of certain local processing facilities to determine whether efficiency could be increased by transferring some mail processing operations to another site in the nearby region. This review includes determining whether other functionalities should be added to the local processing facility, such as new package processing equipment. The assessment and movement of certain processing operations is crucial to our financial success in the short-term and operational alignment in the future.

Let me be clear — these are modernizing changes, investments, and efforts to position facilities for the logical and efficient flow of mail and packages — and therefore for success and relevance in the current and future marketplace. These reviews are not precursors to facility closings, such as those done in 2012, well before my time. The MPFRs are not laying off career employees, and any impact on our flexible pre-career workforce will likely be mitigated by changes at these facilities or those nearby. We are improving our finances, the movement of mail, and the environment, by eliminating unnecessary transportation. At these local facilities, we are removing old equipment and eliminating unnecessary processes to make way for new equipment and processes to support our growth plans in the package delivery marketplace.

If, as part of this facility review process, it is determined that it is beneficial to the Postal Service to relocate certain processing operations in a specific location, it is highly likely that the local facility will be modernized and repurposed as an LPC, S&DC, or both, consistent with the broader network redesign outlined in the DFA Plan. Any such repurposing will result in a revitalized, modernized, and upgraded facility with improved employee amenities and a better working environment. To reiterate, we are <u>investing</u> in these facilities to better position them in our transformed network, not <u>closing</u> them or allowing them to continue to atrophy.

It should be noted that a majority of the mail collected locally does and will travel across our wider transportation and processing network over significant distances to reach their final destinations. Mail and packages destined for outside the local area may receive better service and be more cost effectively distributed, by aggregating them with mail and packages from other areas going to the same places that will likewise utilize the wider postal network and be transported significant distances from where the mail originated.

Because Members of Congress understandably have a more local than network-wide perspective, it is a common misunderstanding and often expressed concern that local originating mail will be poorly served by being processed at a more sophisticated facility a few hours away. Quite the opposite, as suggested above, it is the case that a very high percentage of mail (often 80 to 90 percent) that originates in a specific city or county is destined for other parts of the state, country, or world. So, making its first processing stop further away serves to hasten its travel, not slow it—indeed, as noted above we are

expanding the Leg 2 bands. For the small percentage of mail that is local-to-local, it will continue to meet the 2-day service standard. While this might seem counterintuitive, it is very consistent with logistics and mail processing reality and practice. One must only look at analogous express package carriers who operate out of a single or a handful of U.S. hubs to find evidence of this common practice for speed and efficiency.

Service Performance Connected to Network Transformation

Service performance is crucial, which is why we spent the past several years stabilizing service to make sure we had an improved base from which to launch the operational components of our DFA Plan. Service performance does not exist in in a vacuum, however, and it cannot be divorced from the financial realities of our current situation.

I recognize that there have been unintended service impacts surrounding the roll-out of some of our initiatives and that there is room for improvement. I fully commit to you that we will improve. The localized service impacts that we've seen in places like Atlanta, Houston, and Richmond in the past year have resulted from execution failures by operations management, severe employee attendance issues, gaps in transportation scheduling, and our overall inability to rapidly progress from the costly and deteriorated operating practices embedded in our legacy working environment to the high level of precision now required in our performance.

As I detailed in my last testimony, we are working through these issues and will emerge with a more efficient, effective network and a workforce better able to achieve precision and positive results. To that end, we continue to pursue many initiatives, including organizational and operating strategies to engage in this massive undertaking. Some of these initiatives include:

1. Ongoing reorganization to eliminate bureaucratic and ineffective behaviors, aligning leaders and disciplines to affect a more engaging and collaborative functional organization necessary for success in today's environment. Specifically, to enhance our ongoing deployments and further mitigate risks of failure, we have recently formalized and expanded new executive-led teams under each operational group that are dedicated to supporting the transition and execution of major network transformation initiatives, with assigned executive leaders for S&DCs, RPDCs, LPCs, and major logistic change efforts.

2. Consistent with the above, we have formed the Infrastructure and Operations Support organization. It includes a Service Quality Assurance team, focused on assessing the health of operations against quality and performance standards as we strive for organizational excellence. This group is comprised of members with both industry and Postal experience

who will troubleshoot and address systemic issues in our network and across the Postal footprint.

3. Continuing to expand our freight management capabilities, which were significantly flawed in years past. New technologies, new suppliers, and new processes and procedures are enabling us to more responsive to the daily short fall events in an operation of this magnitude.

4. Enhancing our recruiting, training, staffing, and operating instruction we will provide our supervisors with the skills required to influence our operational success by creating a culture of performance, accountability, and engagement. In addition, supervisor recruitment efforts have been expanded to ensure a robust pipeline of candidates for these critical leadership positions.

5. Expanding and intensifying management engagement to all aspects of our transformation initiatives including personnel, tools and tactics for improved planning, early detection, rapid response, conflict resolution and execution stability.

While recognizing the challenges in implementation, it is also important to note that our plans are designed — when properly executed — so that our customers, the American public, will receive more reliable service performance. However, the road to improvement must be accomplished while still delivering 112.5 billion mail pieces and 7.3 billion packages per year to the American people at 169 million delivery points across the nation, six, and sometimes seven days a week, within an organization that is ambitiously trying to learn how to operate and compete in the modern day. We must transform while being fully operational. We must teach our improved operational processes while executing them.

In addition, our transition activities do not happen in a vacuum. Our operations always experience events and circumstances that can wreak havoc on our delivery performance. These events do not subside as we go forth with our changes, further aggravating the consequences of our shortfalls. For example, we experienced significant challenges while insourcing operations at our STCs, which was urgently necessitated by the sudden bankruptcy of one of our major transportation contractors. This forced an acceleration of a previously planned transition to insource transportation operations — a process which normally takes four to five months — and resulted in the shutdown of eight major transfer facilities within eight weeks. This led to voids in staffing, equipment, facility readiness, and transportation scheduling, causing complicated workarounds. The transportation changes were immense, forcing us to transfer operations for thousands of truckloads of mail and packages a day, impacting operations across the network.

While we never lose sight of our service failings and the customers we disappoint, our service failures are not representative of the Postal Service as a whole.

Election Mail Performance and Observations

One example of our commitment to service excellence, as demonstrated by our recently released Post-Election Analysis report, the Postal Service once again fulfilled its role in delivering the mail when election officials and voters chose to use our services as part of their election process. Our good faith efforts to prioritize the monitoring and timely delivery of Election Mail paid dividends. We delivered 98.56 percent of ballots from voters to Boards of Election within our service standards, with an average delivery time of less than a day. Over 99 percent of these ballots reached the Boards of Election within seven days, the time we recommend voters use should they choose to vote by mail. I remain in awe of the talent and capability of this organization when it is strategically mobilized to accomplish a task.

As we move forward, I would just remind this Committee, and the public, of the very specific role we play, starting with what we do not do. We do not conduct elections or determine their timing or deadlines. We do not determine federal, state, or local election laws or practices, or the extent to which they incorporate the mail. We do not determine when election officials mail ballots out to voters or when voters return ballots back to Boards of Elections via the mail, nor do we determine the laws regarding that timing. We do not determine how and whether election laws rely on our postmark, nor whether the state legislatures consider how the mail system works when they design their election laws. We do not design ballots or ballot envelopes.

Instead, the Postal Service collects, processes, transports, and delivers the nation's mail. This includes Election Mail when public policy makers or election officials choose to use the mail as a part of their election system or when voters choose to use our services to participate in an election. We employ robust and proven processes to ensure proper handling and delivery of Election Mail, including ballots. We are a national service and as such need to have consistent policies nationwide to ensure that our operations run smoothly, and that our 650,000 employees understand what is expected of them.

We accomplished this year's election mail performance in the midst of two major and back-to-back hurricanes in the Southeastern part of our nation. During these events, we engaged in controlled shutdown of our operations across a census of over 10 million delivery points, only to immediately engage the day after to attempt to reach every single one of our impacted facilities as conditions enabled us to reach them. As always, we are the first sign of a return to normalcy in these stricken areas. We go to shelters, set up mobile units, relocate postal operations, manage mail flow, communicate internally and externally to millions of people and reassign thousands of carrier routes where our facilities are no longer operable. And our employees come to work to serve their communities, often at a time where they themselves are undergoing their own personal difficulties, as they live in these stricken neighborhoods.

As I reflect on the successful but unduly strenuous effort of the Postal Service in the 2024 General Election, and the steadily increasing use of vote-by-mail across the country, it is clear to me that we must take action to address a stark mismatch. The mismatch is one that has grown between the sea of variation that exists among the 8,000 election jurisdictions, and the uniform and unnecessarily heroic actions required by the Postal Service mail system during elections. The mismatch is burdensome, introduces undue risk and is unsustainable. We look forward to working with Congress and election officials to agree on solutions. I personally spoke to a number of Secretaries of State to reassure them around our efforts this election, and in every case, we agreed that we welcome the opportunity to work together to improve the system.

Transparency and Accountability

The Postal Service is engaging in a historic level of transformational change and must do so while subject to an historic level of transparency, accountability, and communication. The Postal Service has dual mandates to provide universal service and be financially self-sustaining. These mandates give the Postal Service a set of unique requirements and responsibilities unlike any other federal agency or private enterprise. While we recognize the importance of transparency given the public service nature of our work as an independent establishment of the Executive Branch of the government of the United States, a staggering quantity of statutory and regulatory reporting requirements have built up over decades of policy-making that in many instances have ceased to serve a useful purpose, but instead now place an unreasonable demand on the Postal Service that unnecessarily burdens the organization and diverts our resources and attention away from substantive action. In a case of the proverbial "tail wagging the dog," the mandated reports and required communications about Postal Service actions have become more important in some circles than the actions themselves, and thereby stand in the way of progress.

We face voluminous and duplicative reporting and accountability mandates which impose significant costs on the Postal Service in terms of work hours and lost opportunity costs. Moreover, while other federal agencies can respond to added administrative demands by adding to their workforce at taxpayer expense, the Postal Service has to earn the revenue that makes it possible to meet its reporting and oversight obligations.

For instance, as a federal entity, the Postal Service is subject to the oversight of its Office of Inspector General (OIG), though unlike other federal agencies, the expense of our OIG is ultimately drawn from the Postal Service's general fund — money produced by sales to our customers and that is diverted from covering our expenses or our ability to make investments for the future. Over the last four years, the USPS OIG has announced 645 audits and 45 white papers, amounting to roughly one announced audit every other day. The Postal Service spends countless workhours providing information to the OIG for its audits and responding to the OIG audit reports. These reports are submitted to the Congress and published on the OIG's website, and contain a perspective on events, issues and other developments that are publicly available. I have expressed concerns about whether the OIG's evaluations and conclusions are too myopic and fail to adequately consider the broader context of what the Postal Service is trying to accomplish. I also may not agree that the current audit framework best serves the American people or the Postal Service, and to the contrary believe that greater impact can be had if the OIG's audit function was organized differently. That said, it is beyond dispute that the OIG's audit reports provide a plethora of information about the inner workings of the Postal Service that further demonstrates our transparency.

In a similar vein, the PRC, which has limited oversight responsibilities over a defined portion of Postal Service operations, has a limitless thirst for information from the Postal Service, and a large portion of the information that the Postal Service provides to the PRC is posted on its website and is publicly available. To illustrate the demands of the regulatory reporting and transparency that is expected of the Postal Service, we estimate that we filed with the PRC this calendar year over 1,435 negotiated service agreements, over 225 documents related to periodic reporting, at least 65 documents related to other rate and classification matters, at least 80 documents related to complaint cases, public inquiry dockets, rulemakings and other miscellaneous items, and approximately 200 documents in the advisory opinion case. Like the USPS OIG, the PRC's annual budget is appropriated by Congress but paid for by the Postal Service and our customers.

Congress created the PRC, but it nonetheless also retained its oversight authority, with no appreciable diminution in reporting expectations. The transparency the Postal Service provides to Congress is exceptional. This includes everything from hearings like the one I am appearing at today, to briefings for leadership and individual members, to briefings of your staff, to announcements tailored for specific congressional districts. All told, the Postal Service had more than 19,000 contacts with congressional offices between the April 2022 passage of PSRA and the present. This does not include even more voluminous contacts between our local and regional customer service agents and local Congressional staff on everything from lost packages to questions about local Post Offices. Each year we answer more than 1,200 letters from Congress, spiking to 2,000 annually during COVID. Overall, the transparency we provide to Congress runs the gamut from confidential weekly reporting for the committees of jurisdiction of competitive and market dominant service performance, to simple assistance to individual congressional offices on the lease status of Post Offices they are considering naming. You will note in the attached list of statutorily mandated reports, the staggering amount of weekly, quarterly, and annual operational and financial reporting to which we are subject. And I should add that we frequently get requests from members of Congress for information that is already contained in reports that are statutorily mandated. We also developed a Government Relations Website at https://about.usps.com/who/government-relations/ that provides a constantly updated information resource for Members of Congress and their staff, state and district specific economic impact information, as well as contact information for further assistance. To communicate with the public, local communities, and policymakers about proposed changes to mail moves between processing plants, consistent with the Mail Processing Facility Review process, a website was created to detail all official actions. The content of these updates were also shared proactively with congressional oversight committees and corresponding Senators and House members. This communication amounted to hundreds of congressional notifications. At the highest level, I have made myself available to Congress — like I am doing today — and have participated in almost 100 meetings, hearings or calls with individual members of Congress since April 2022.

Even among federal agencies, the Postal Service's scope and the volume of congressional oversight requests is unique. Because we deliver to everyone, everywhere, and do so on an equal basis and as a universal service six and sometimes seven days per week, no other federal agency has the same footprint or intensity of interaction with every American. For every member of Congress, we provide a federal touchpoint at nearly every household in their state or district, which inevitably drives the exceptional level of oversight requests we receive. In that regard, and pursuant to a Congressional requirement, we have established a service performance dashboard through which we report on the quality of our service with regard to all of our Market-Dominant products by postal districts on a weekly basis.

These extensive direct reports to Congress is not the end of our accountability and oversight reporting to the legislative branch. As a federal entity, we are subject to reports and studies by the General Accountability Office (GAO), generally at the behest of congressional requests. This work generally duplicates the work of our OIG, but like our OIG, little of the resulting information can be applied to the actual business problems we face. Since 2020, we have completed 52 interactions with GAO regarding various aspects of our operations. And, of course, at the behest of Congress, we are also required to file quarterly, current, and annual financial reports, as though we were a publicly traded company. I have included as an attachment to this testimony an overview of just how excessive our transparency and accountability requirements have become. There needs to be some recognition that at a certain point, the totality of reporting requirements stops being a useful tool to inform and becomes an unnecessarily time-consuming burden for the organization that stands in the way of necessary action.

Finally, it also bears mentioning from an accountability perspective that the Postal Service has an atypical relationship with our regulator, the Postal Regulatory Commission (PRC). As noted above, the PRC's mission is to review certain defined aspects of our business, including rate and product changes, and to provide advice regarding defined changes to our service. However, unlike regulators such as the Federal Communications Commission (FCC) or the Securities and Exchange Commission (SEC), the PRC is not a regulator of an industry or an economic segment, but instead only regulates one entity—the Postal Service—and that entity is part of the federal government.

The Postal Service Board of Governors, which is comprised of nine Governors who are also Presidentially-appointed and Senate-confirmed (plus the Postmaster General and Deputy Postmaster General), is vested with the broader responsibility to balance the provision of quality service with financial self-sufficiency, set overall policy and strategy at the Postal Service, approve proposals to change postal rates, and oversee operations at the Postal Service representing the public interest generally. In practice, we have one Presidentially-appointed, Senate-confirmed body in the PRC providing oversight over a limited subset of policies established or proposed by another Presidentially-appointed, Senate-confirmed body, all to regulate a federal independent establishment. And while the Board of Governors has the

responsibility to carry out the mission of the Postal Service, the Board's authority is circumscribed by the PRC, which has no such responsibility.

Unfunded Mandates

As a self-financed, independent establishment of the Executive Branch, the Postal Service must balance the demands of operating like a business in funding its operations from the sale of postal products and services, while also offering high quality service in the form of the universal service mission. Congress and other parts of the government are understandably most focused on our public service mission, and often lose sight of our non-appropriated status, and that we must find a way to generate sufficient revenues to pay our bills. When new public policy expectations or projects are asked of us, the funding must come from postal ratepayers, not taxpayers as would be the case at most other agencies. There are currently just three exceptions to this construct in which we are reimbursed after-the-fact for "revenue foregone" for providing certain services; free mail to the blind, overseas voting, and the provision of mail service between the United States and the Freely Associated States (Micronesia, Palau, and Marshall Islands), which is part of an international treaty obligation to which Congress commits us.

Most of the unfunded mandates from a financial perspective that are not covered by the three exceptions flow from the Postal Service's universal service mission. In that regard, even the Postal Regulatory Commission, which narrowly defines the costs associated with the universal service mission, concedes that such costs total at least $6 billion in 2022, as reflected in the chart below. Further, under a more comprehensive evaluation of the costs of universal service, the Postal Service has estimated that the total costs of the universal service mission and other unfunded mandates total over $11 billion per year. A complete list of unfunded mandates is attached to my testimony.

PRC's Estimated Universal Service Mission Costs (in millions) – 2022

Postal Services to Areas of the Nation the Postal Service would not otherwise serve	**$853**
Maintaining small Post Offices	*$700*
Alaska Air Subsidy	*$133*
Group E PO Boxes	*$20*
Estimated Revenue not received due to free or reduced rates	**$1,797**
Preferred Rate of Discounts Net of Costs	*$1,185*
Periodical Losses	*$612*
Other public services or activities	**$3,353**
Six-Day Delivery	*$2,677*
Uniform First Class Mail Rates	*$74*
Uniform Media Mail / Library Rates	*$50*
Postal Inspection Service (Net Cost)	*$551*

Total:	**$6,003**

Remaining Obstacles and Future Risks

What we need now is perseverance while we implement the self-help elements of the DFA Plan, such as the network modernization efforts currently underway.

In the long run, there are no viable alternatives available to the updated DFA Plan that would comply with the laws Congress has set forth. As with the original DFA plan, our goals are to continue down the path of five basic aspirations as we engage each day with our long-term objectives:

1. Improve our operational precision.
2. Reduce our cost of performance.
3. Improve our service reliability.
4. Grow our revenue.
5. Create long term enjoyable career paths for our employees.

All our initiatives are aligned with these goals and propel us forward towards fulfilling our mission and covering our costs. The law requires that we do both.

Without the accomplishment of the basic strategies and initiatives of the DFA Plan, the Postal Service would gradually slide towards irrelevancy and insolvency with deteriorating infrastructure and service performance until a crisis point is reached. At that point, either we would have to implement drastic cuts to make the Postal Service financially viable, or Congress would have to make the decision to either bail out the Postal Service at great cost to the taxpayer, or even to scrap the current structure and make the organization dependent on the appropriations process. These are precisely the outcomes that we hope to avoid by making the measured, common-sense changes outlined in the DFA Plan that enable us to fulfill our obligations under our current business model that is established in the law.

However, there are several factors that may pose a risk to the progress of our DFA Plan, including entrenched interests that are resistant to change and that defend the status quo, ongoing operational and managerial challenges, legislative interference, and outdated thinking from our regulators.

Regulatory and Stakeholder Opposition

Change is not without its opponents. And defenders of the status quo have mobilized to pause or even stop our modernization efforts. Congress should serve an inquisitive but not obstructionist role regarding implementation of the DFA Plan. Since the 1970s Congress has entrusted the Board of Governors, the Postmaster General, and postal management with the independence to make operational decisions.

However, there is significant risk of institutional obstruction by our stakeholders and oversight bodies to bog down the DFA Plan in burdensome delay. As detailed above, legislative and regulatory devices can become tools for obstruction, absent alternate solutions.

A key principle of the Postal Reorganization Act of 1970 (PRA) — that remains today — is that the Postal Service should be free to make decisions in a businesslike manner, buffered from direct political control. To effectuate this purpose, the PRA, among other things, designed the Postal Service in a manner similar to a corporation. Nine Governors, appointed by the President and confirmed by the Senate, serve essentially as independent directors. The Governors, in turn, select the Postmaster General and the Governors and the Postmaster General select the Deputy Postmaster General. This structure is designed to ensure that the Postal Service is not beholden to short-term political considerations. It would be a dereliction of my duty to allow Congress to make operational decisions like which machines go in which processing facility.

Service Disruptions

While we are moving forward with the network modernization initiatives laid out in the DFA Plan, we continue to contend with our outdated legacy network. We have admittedly experienced difficulties in adjusting operations while opening new facilities and remodeling and repositioning existing ones. I understand that we are taking certain risks in these efforts. In our situation, however, these are necessary risks, and there is simply no other option. The Postal Service does not have the luxury (nor the desire, given our universal service mission) to shut down operations for an extended period, region by region, as we pursue these improvements.

Because of the immense size of our organization and scope of our activities, it is impossible to plan for every eventuality that might arise during a period of transition. Making what looks to be a minor change on paper may lead to unintended impacts in a different area of operation, due in part to the many unofficial practices and ad hoc makeshift procedures have been haphazardly put in place across the network over the decades. Nevertheless, we are constantly improving our network modernization process, using what we have learned from earlier efforts.

Conclusion

I would like to conclude my testimony by emphasizing that I have complete confidence that in 2025 we will accomplish more meaningful progress as we accelerate our execution and refinement of Delivering for America strategies. We must continue to challenge old status quo thinking and firmly reject calls to return to the outdated and disastrous practices of the past. The status quo does not serve postal customers, the mailing industry, our workforce, our facilities, or our financial or operational future — it consigns all of those to failure.

I take very seriously the Postal Service's legally required mission to deliver mail and packages to 169 million addresses six days a week and cover our costs — neither the Postal Service of the past nor Congress, nor any of our stakeholders have endeavored to accomplish this mission in a comprehensive manner and at the pace required. Yet Congress again validated this intent in the passing of the Postal Reform Act of 2022. In terms of our legislative road ahead, there are some meaningful reforms that we look forward to working with Congress to address. We will continue to encourage Congressional action to improve the financial, business, and oversight model that currently constrains the Postal Service. We seek a fair allocation of our pension costs; greater flexibility in the investment of pension assets; an increase in the borrowing limit set in the 1970s (which has not been adjusted for inflation in more than fifty years) to access the capital necessary to continue to evolve in the years ahead; reform of our workers compensation system, and reform of the burdensome and duplicative oversight functions that limit our ability to operate as a competitive enterprise. I look forward to partnering with you on these urgently needed reforms and others that increase our financial flexibility in the upcoming Congress.

I continue to take seriously our obligations to serve the American public, the need to inspire our employees to exceptional performance, our efforts to shape our operating strategies to accomplish our mission, and the need to grow our business in a financially self-sufficient manner — and will continue to do so. The approaches of the past, as overseen or executed by all stakeholders, including Congress, the Postal Regulatory Commission, the Office of the Inspector General, Boards of Governors and postal management, have delivered devastating consequences and ineffective solutions, which are reflected in the condition of the organization I inherited.

The updated DFA Plan is a vision for the Postal Service to achieve service excellence and financial sustainability. I repeat that it is not only the best way forward, but also the only comprehensive, viable plan that has been presented and acted upon in nearly two decades. The financial improvements that we have realized thus far are a promising start, but the hard work is just beginning, and we must recognize that we need to stay resolute in our approach to cutting costs and generating revenue. Postal leadership, Congress, regulators, and stakeholders must each play their part in building a worldclass, financially self-sustaining organization, and we remain confident that the DFA Plan is a rational roadmap for doing so.

Growth and cost reduction are at the heart of the DFA plan. Simply put, the DFA plan is not about contraction or only cost reduction. That approach would not support our goal of long-term viability. It has been tried and has proven a failed strategy.

Our strategy has its difficulties. Growth and cost reduction through the engagement of modern efficiencies, new products and organization wide competencies is difficult. This is made more difficult in an operation that has experienced long and significant market and operational deterioration which requires a period of repair and stabilization, while investing in new processes strategies and ambitions. Our strategy is about concurrently making the change desired while serving the nation and building on a sequence of accomplishments, on recovering from setbacks, and on navigating obstacles. This is what we will continue to do.

While much of my time is used on our immediate operations and how we deliver the mail that we have today, I am also charged with taking a longer view of the situation to solve our long-standing problems and ensure a relevant and vibrant Postal Service that is financially secure and operationally efficient.

I would invite all of you as Members of the Committee to please join me in this vision.

Thank you, Chairman Peters, Ranking Member Paul, and Members of the Committee, for the opportunity to submit this testimony.

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

U.S. Postal Service Transparency, Accountability, and Reporting Requirements

The letter of invitation to the December 5, 2024, HSGAC hearing requested details on the Postal Service transparency and oversight efforts, which are described earlier in the testimony and enumerated below. The Postal Service provides very extensive reporting from a number of sources – many statutory, many regulatory, many from Congress, and some more informal, such as Committee requests. Some of these requirements would apply to other federal agencies, others would apply to private companies, but many are unique to the Postal Service. These include but are not limited to:

Financial Reporting/Disclosures

- 39 U.S.C. § 2009 requires us to prepare and to submit to OMB an annual budget program, the contents of which are specified in the law.
- 39 U.S.C. § 2401(e) requires us to present our budget to numerous enumerated Congressional committees, as well as to prepare and submit a comprehensive statement on postal operations. The section specifies the content that we must provide in our comprehensive statement.
- 39 U.S.C. § 3654 requires the Postal Service to file quarterly, annual, and current reports with the Postal Regulatory Commission containing the information required by the Securities and Exchange Commission on Forms 10-Q, 10-K, and 8-K. That section also requires the Postal Service to prepare and submit annually an internal controls report.
- 39 C.F.R. § 3050.27 requires us to submit to the PRC and annual report summarizing workers' compensation activity and balances.
- 39 CFR § 3050.28(b) requires us to submit a monthly financial information report to the PRC, including information on mail revenue, mail volume and workhours.
- 39 CFR § 3050.28(c) requires us to submit a monthly Revenue and Expense Summary report to the PRC.
- U.S. Treasury Financial Manual Part 2, Chapter 4700 requires us to submit a number of regular reports, including:
    - Select significant disclosures in the Financial Report of the U.S. Government;
    - compilation of government adjusted trial balance using USSGL and associated attributes;
    - report on domestic and foreign receivables to the Fiscal Service;
    - explanations on material differences for intergovernmental transactions;
    - explanations on differences for intergovernmental transactions;
    - updates on the G-Invoicing implementation status;
    - CFO Representation for Intra-governmental Activity and Balances;
    - Management Representation Letter for Subsequent Events disclosures are addressed to the external auditor, signed by CFO;
    - annual reclassified financial statement information for inclusion in the Financial Report of the United States Government, and;
    - a summary of factual, projected, and judgmental misstatements identified during the external and/or reclassified audit
- The Postal Service also provides a wide range of data to the Internal Revenue Service, including but not limited to:
    - Quarterly Federal Excise Tax Return reports;
    - electronic files of all the 1099's sent to Suppliers;
    - tax withholdings for employees;
    - tax withholdings for 1099's;
    - health Benefits information, and;
    - W2 data.

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- There are a number of additional reports with financial implications sent various frequencies to different entities:
    - A weekly report providing the SF-1034, PS 7440, and supporting documents forwarded to Military Postal Service Agency (MPSA) & Department of State (DOS) for their review and concurrence.
    - A monthly report to the OIG on unmatched salary advances for certain employees.
    - A quarterly report to the Treasury on all the data the Postal Service will report with the General Fund as of the end of the quarter.

Operational & Strategic Reporting and Related Requirements

- 39 U.S.C. § 2402 requires the PMG to render an annual report to the Board, and for the Board to transmit the report to the President and Congress.
- 39 U.S.C. § 2802 requires the Postal Service to submit to the President and to Congress a strategic plan for its program activities. The section specifies what content must be included in the plan, which must cover a 5-year period and be updated every 3 years. The most recent update is DFA 2.0.
- An uncodified section of the PAEA at Pub. L. 109–435, title III, section 302 specifies that the Postal Service may not close or consolidate any processing or logistics facilities without (1) providing adequate public notice to communities potentially affected by a proposed rationalization decision; (2) making available information regarding any service changes in the affected communities, any other effects on customers, any effects on postal employees, and any cost savings; (3) affording affected persons ample opportunity to provide input on the proposed decision; and (4) taking such comments into account in making a final decision. When Congress passed this provision, it was understood that the 408 process was our vehicle for compliance. (Statutory)
- 39 U.S.C. § 2803 requires the Postal Service to prepare an annual performance plan covering each program activity that is set forth in our budget and in our comprehensive statement. The content that is required in the performance plan is set forth in the section and includes, among a number of requirements, the establishment of performance goals for the next year.
- 39 U.S.C. § 2804 requires the Postal Service to prepare an annual performance report covering each program activity that is set forth in our budget and to include it in our comprehensive statement. The content that is required in the performance plan is set forth in the section and includes, among a number of requirements, our actual performance achieved compared to the performance goals established for that fiscal year.
- 39 U.S.C. § 3652 requires the Postal Service to prepare and submit to the Postal Regulatory Commission an Annual Compliance Report within 90 days of the end of our fiscal year. The required content of the report, which is very extensive, is set forth in the section. In addition, the section requires the Postal Service to provide the comprehensive statement, the performance plan, and the performance report, to the Commission.
- 39 U.S.C § 3661 requires that any time the Postal Service determines that there should be a change in the nature of service which will generally affect service on a nationwide or substantially nationwide basis, we must submit a proposal to the Postal Regulatory Commission requesting an advisory opinion on the change.
- 39 U.S.C. § 3703(b) requires the Postal Service to post publicly on our website, specific information regarding any agreements entered into with state, local, and triable governments for the provision of non-postal services, including copies of the agreements themselves.
- 39 U.S.C. § 3692(a) requires the Postal Service to provide the Postal Regulatory Commission with service performance targets for each product
- 39 U.S.C. § 3692(c) required the creation of the Public Performance Dashboard which makes service performance reporting available to the public: Service Performance Dashboard

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 39 C.F.R. § 3010.126 requires that the Postal service “subscribe” or certify that to the best of the submitters knowledge all the information submitted to the PRC are true and not misleading. (Regulatory)

Products & Services

- 39 U.S.C. § 3622 requires the Postal Service to seek review from the Postal Regulatory Commission any time we seek to adjust the rates for our Market-Dominant products.
- 39 U.S.C. §§ 3632 and 3633 require the Postal Seek to seek review from the Postal Regulatory Commission any time we seek to adjust the rates for our Competitive products.
- 39 U.S.C. § 3641 requires the Postal Service to seek review from the Postal Regulatory Commission any time we seek to conduct a market test of an experimental product.
- 39 U.S.C. § 3642 requires the Postal Service to seek review from the Postal Regulatory Commission any time we seek to introduce a new product, modify an existing product, or transfer a product between the Market-Dominant and Competitive Product lists.
- 39 U.S.C. § 3705 requires the Postal Service to report annually to the Postal Regulatory Commission specific information about nonpostal services provided to other federal government agencies, and state, local, and tribal governments.
- 29 U.S.C. § 794d-1 requires the preparation and submission of reports to GSA and OMB regarding the extent to which the electronic and information technology is accessible to and usable by individuals with disabilities. (Regulatory)
- 29 U.S.C. § 794d requires the preparation and submission of reports to the Attorney General regarding the extent to which the electronic and information technology is accessible to and usable by individuals with disabilities. (Regulatory)
- PRC Order No. 6092 requires us to submit a Canada Post Corporation Bilateral Report with revenue, pieces, and weight information related to the Canada bilateral inbound packets, parcels, and express mail international service to the PRC.

Facilities

- 39 U.S.C. § 409(f)(3) requires the Postal Service to consult with state or local governments on the preparation of plans for the construction or modification of a building and allow the state or local government to review plans and conduct inspections.
- 39 U.S.C. § 409(f)(5) requires the Postal Service to inform the public and solicit feedback when it is constructing or modifying a postal building.
- 31 U.S.C. § 6506 (Intergovernmental Cooperation Act (ICA)) requires the Postal Service to solicit feedback from interested state, regional, and local governments when certain facilities actions are undertaken such as constructing a new facility, expanding an existing facility, and disposing of real property.
- 54 U.S.C. §§ 306102, 306108 (National Historic Preservation Act) and 36 C.F.R. Part 800 require consultation with the Advisory Council on Historic Preservation as well as state and local governments, tribal representatives, and the public when taking action that will affect historic properties. (Statutory)
- 39 C.F.R. § 241.4 requires the Postal Service to inform the local government and public and solicit feedback when it makes a tentative decision to relocate a retail facility. (Regulatory)
- 42 U.S.C. § 8253 requires federal agencies to identify to DOE on an ongoing basis "covered" facilities that constitute at least 75% of their total facility energy use. Per 42 U.S.C. § 8262j(a), Postal Service is required to comply "to the maximum extent practicable" with the requirements of 8253. (Regulatory)
- Executive Order 13287 (implementing the National Historic Preservation Act) requires the Postal Service to submit a report every third year to the Department of the Interior and the Advisory Council on Historic Preservation on the identification, protections, and use of historic properties by the Postal Service. (Executive Order)

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

Personnel

- 39 C.F.R. Part 3050 requires the Postal Service to file numerous periodic reports on regular intervals (biweekly, monthly, quarterly, yearly) including a variety of information such as employee statistics, payroll information, preliminary financials, national trial balance, revenue and expenses, billing determinants, revenue, pieces, and weight reports, the household diary study, workers compensation, demand elasticity estimates. (Regulatory)
- 5 CFR § 891.104 requires us to submit weekly retirement data to the Office of Personnel Management (OPM) for CSRS and FERS employees for calculation and payment of retirement annuity benefits. Year-end totals are sent annually in late December.
- The Postal Service also submits an annual calculation of imputed costs for employee benefits and a semi-annual employee headcount report.

Environmental

- 33 U.S.C. § 1321(d) and 42 U.S.C. § 9605 establish the National Oil and Hazardous Substances Pollution Contingency Plan (NCP) for responding to both oil spills and hazardous substance releases. 40 C.F.R. § 300.125(a) requires notification of any discharge or release to the National Response Center (NRC). The National Response Center (NRC) acts as the central clearinghouse for all pollution incident reporting. 40 C.F.R. § 300.165 requires an on-scene coordinator for the cleanup response to submit to the Regional Response Team or National Response Team a report on all removal actions taken at a site. (Statutory)
- Under 33 U.S.C. § 1321(j) and 40 CFR § 112.20, a Postal Service facility that could reasonably be expected to cause substantial harm to the environment by discharging oil into or on the navigable waters or adjoining shorelines must prepare and submit a Facility Response Plan (FRP) to the EPA. 40 C.F.R. § 112.20(h)(2) and Part 112, Appendix F, Section 1.2 require an FRP facility to include facility information, including whether the facility is located in or drains into a wellhead protection area protected under the Safe Drinking Water Act. (Statutory)
- Under 42 U.S.C. § 300j-6, federal agencies that own or operate facilities in wellhead protection areas or that may contaminate water supplies in a wellhead protection area surrounding a water well or wellfield supplying a public water system must comply with SDWA requirements to the same extent as other persons. They are also subject to EPA administrative and state, tribal, and local enforcement actions. The SDWA required states to develop and obtain EPA approval for wellhead protection programs (WHPP). Generally, Postal Service facilities in a wellhead protection area must submit Wellhead Protection Plans to the state to ensure operations do not risk contamination in the area. (Statutory)
- 42 U.S.C. § 4332(C) requires the Postal Service to include in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment, a detailed statement analyzing the reasonably foreseeable environmental effects of the proposed agency action and a reasonable range of alternatives to the proposed agency action that are technically and economically feasible and meet the purpose and need of the proposal. (Statutory)
- Under 42 U.S.C. § 4336a(c), requires that the Postal Service include a request for public comment on alternatives or impacts and on relevant information, studies, or analyses with respect to the proposed agency action in each NEPA notice of intent to prepare an environmental impact statement. (Statutory)
- 42 U.S.C. § 4336a(h) requires the Postal Service to report to Congress identifying if any environmental review was not completed within two years for an environmental impact statement or one year for an environmental assessment. (Statutory)
- 42 U.S.C. § 6912 and 40 C.F.R. § 262.41 require Postal Service facilities that generate 1,000 kilograms per month or more of hazardous waste or more than one kilogram per month of acutely hazardous waste to submit a report every two years regarding the nature, quantities and

disposition of hazardous waste generated at their facility. EPA refers to this as the National Biennial RCRA Hazardous Waste Report or Biennial Report. Some states have additional hazardous waste generation reporting requirements on top of the federal requirements. (Statutory)

- 42 U.S.C. § 6939g requires the EPA to establish a hazardous waste manifest system designed to track hazardous waste from the time it leaves the generator facility where it was produced, until it reaches the off-site waste management facility that will store, treat, or dispose of the hazardous waste. The Postal Service must prepare a Uniform Hazardous Waste Manifest, a form required by EPA and the U.S. Department of Transportation for all generators who transport, or offer for transport, hazardous waste for off-site treatment, recycling, storage or disposal. When completed, the form contains information on the type and quantity of the waste being transported, instructions for handling the waste, and signature lines for all parties involved in the disposal process. (Statutory)
- 42 U.S.C. § 9620(h) requires that any contract for the sale or other transfer of property owned by the United States on which any hazardous substance was stored for 1 year or more, known to have been released, or disposed of, shall include a notice of the type and quantity of any hazardous substances on the property and notice of the time at which hazardous substances were stored, released, or disposed on the property. (Statutory)
- 42 U.S.C. § 9620 subjects the Postal Service to the federal contamination cleanup requirements for hazardous substances including a notice of contamination that affects adjacent property, listing on the federal agency hazardous waste compliance docket, preparation and disclosure of a Preliminary Assessment of the contamination and a Remedial Investigation/Feasibility Study for the cleanup, and public participation in the planning and selection of a remedial action. (Statutory)
- 42 U.S.C. § 13219(b) requires the Postal Service to communicate, share, and disseminate, on a regular basis, information on Alternative Fuel Vehicle (AFV) programs with Department of Energy (DOE), GSA, and heads of appropriate federal agencies. This includes:
    - annual reporting to DOE under the Federal Analytical Statistical Tool (FAST) by December 15;
    - annual reporting to DOE in the EPAct AFV Compliance Report by February 15;
    - quarterly submissions to DOE on the Missed Opportunity Report.
    - quarterly reporting to DOE on Electric Vehicle Supply Equipment.
- Several federal environmental statutes require permits authorizing activities that may otherwise be statutorily prohibited. The Postal Service will have to report to the federal or state regulatory authority in the permitting processes. Some of the more common permitting for the Postal Service are National Pollution Discharge Elimination System permits under the Clean Water Act, emissions permits under the Clean Air Act, and hazardous waste disposal and storage tank operations under the Resource Conservation and Recovery Act. (Statutory)
- 16 U.S.C. § 1536(a)(2) requires the Postal Service to consult with the United States Fish and Wildlife Service or the National Marine Fisheries Service to ensure that actions by the Postal Service, which may jeopardize endangered species, are not likely to jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of critical habitat of such species. (Regulatory)
- The Postal Service complies with provisions of Executive Order 13693, Planning for Federal Sustainability in the Next Decade, which requires compliance with sections 301 through 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. §§ 11001-23). USPS Installation Heads submit emergency and hazardous chemical inventory reporting forms to the State Emergency Response Commission; the Local Emergency Planning Committee; and the local Fire Department that would respond to an emergency at a facility. (Executive Order)
- Several federal environmental statutes, such as the Clean Water Act (33 U.S.C. section 1323), the Clean Air Act (42 U.S.C. section 7418), the Resource Conservation and Recovery Act (42

U.S.C. section 6961), and the Superfund Act (42 U.S.C. section 9620), include waivers of federal sovereign immunity and allow states to regulate federal facilities and activities in the control of pollution. Under these waivers of sovereign immunity, the Postal Service is subject to various state environmental reporting requirements. (State Law)

- Under CA Health & Safety Code §§ 44150-44158, the California Air Resources Board requires heavy-duty vehicle inspection and maintenance (HD I/M) to ensure that vehicles' emissions control systems are properly functioning. The "Clean Truck Check" applies to nearly all diesel and alternative fuel heavy-duty vehicles with a gross vehicle weight rating (GVWR) over 14,000 pounds that operate on California public roads. This includes both in-state and out-of-state vehicles, as well as public vehicles (federal, state, and local government). To comply, the Postal Service will have to get regulated vehicles inspected and report the results to CARB. 42 U.S.C. section 7418(c) subjects the Postal Service to state inspection and maintenance requirements for the control of ozone and carbon monoxide. (State Law)

Oversight and Regulatory Activity

Either requested by Congress, or on their own initiative

Office of the Inspector General (OIG)

A total of 685 final reports were issued by the Postal Service Office of the Inspector General (OIG) between FY 2020 – FY 2024 for various audits and white papers, many requested by Congress and others that are self-initiated by the OIG. These range in scope from questions of nationwide operations to service at individual postal facilities:

Report #	Subject
24-102-R24	The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan
24-117-R24	Capping Report - South Carolina District: Delivery Operations
24-040-R24	Measuring Performance of Sorting and Delivery Centers
24-137-3-R24	Mile High Station, Denver, CO: Delivery Operations
24-137-1-R24	Brighton Main Post Office, Brighton, CO: Delivery Operations
24-136-R24	Efficiency of Operations at the Denver Processing and Distribution Center, Denver, CO
24-137-4-R24	Stockyards Station, Denver, CO: Delivery Operations
24-137-2-R24	Edgewater Branch, Lakewood, CO: Delivery Operations
24-071-R24	The Effectiveness of the New Regional Processing and Distribution Center in Portland, OR
24-100-R24	Mail Theft Mitigation and Response - Chicago, IL
24-107-R24	Capping Report - Kansas-Missouri District: Delivery Operations
24-103-R24	Attestation Report - Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management
24-125-2-R24	Northport Post Office, Northport, AL: Delivery Operations
24-129-R24	Efficiency of Operations at the Birmingham Processing and Distribution Center and Mail Processing Annex, Birmingham, AL
24-125-1-R24	Center Point Branch, Center Point, AL: Delivery Operations
24-125-3-R24	Tuscaloosa Main Post Office, Tuscaloosa, AL: Delivery Operations
24-017-R24	Service Optimization: Post Office Boxes
24-049-R24	Planning and Deployment of the Matrix Regional Sorter

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- RISC-WP-24-008 Analysis of Historical Mail Volume Trends
- 24-099-R24 Mail Theft Mitigation and Response - San Francisco, CA
- 23-175-R24 Employee Availability
- 24-074-R24 Effectiveness of the New Regional Processing and Distribution Center in Atlanta, GA
- 24-050-R24 Service Performance During the Fiscal Year 2024 Peak Mailing Season
- 24-101-R24 U.S. Postal Service Ground Advantage Billing Determinant Calculation Process
- RISC-RI-24-007 Examining Trends in the Postal Service's Workforce Composition - Research Insights Paper
- 24-064-R24 Postal Service's Adverse Weather Condition Procedures
- 24-117-2-R24 Mount Pleasant Post Office, Mount Pleasant, SC: Delivery Operations
- 24-117-1-R24 East Bay Station in Charleston, SC: Delivery Operations
- 24-116-R24 Efficiency of Operations at the Charleston Processing and Distribution Center, North Charleston, SC
- 24-117-3-R24 North Charleston Branch, North Charleston, SC: Delivery Operations
- 23-149-R24 ePostage Oversight
- 24-085-R24 Capping Report - Florida 1 District: Delivery Operations
- 23-162-R24 Evaluation of Freight Auction
- 24-043-R24 Bank Secrecy Act Compliance Program
- 24-130-R24 Fiscal Year 2024, Draft Form 10-Q Financial Report for the Quarterly Period Ended June 30, 2024 Dated July 30
- RISC-WP-24-006 Business or Public Service? Insights into the Unique Laws and Regulations Applying to the Postal Service
- 24-016-R24 Election Mail Readiness for the 2024 General Election
- 24-009-R24 Security of Postal Service Smartphones
- 24-069-R24 Service Performance of the New Sorting and Delivery Center in Binghamton, NY
- 24-042-R24 Invoice and Payment Processes for Inflation Reduction Act Funds
- 23-172-R24 Supervisor Vacancies
- 23-170-R24 Fleet Modernization - Charging Station Deployment Timelines
- 24-106-R24 Efficiency of Operations at the Kansas City Processing and Distribution Center, Kansas City, MO
- 24-107-1-R24 Hickman Mills Station, Kansas City, MO: Delivery Operations
- 24-107-2-R24 Robert L. Roberts Station, Kansas City, KS: Delivery Operations
- 24-107-3-R24 Shawnee Mission Post Office, Mission, KS: Delivery Operations
- 24-013-R24 Effectiveness of Package Shipping Services
- 24-079-R24 Capping Report - Puerto Rico District: Delivery Operations
- 24-038-R24 Fleet Modernization - Electric Vehicle and Charging Infrastructure Incentives
- 23-168-R24 Accuracy of Reported Service Performance
- 23-167-R24 State of the U.S. Postal Service Financial Condition
- 24-065-R24 Maryland District: Delivery Operations in Washington, DC
- 24-085-3-R24 Westside Station, Tallahassee, FL: Delivery Operations - Congressional
- 24-085-2-R24 Leon Station, Tallahassee, FL: Delivery Operations - Congressional
- 24-084-R24 Efficiency of Operations at the Tallahassee Processing and Distribution Facility, Tallahassee, FL - Congressional
- 24-085-1-R24 Lake Jackson Station, Tallahassee, FL: Delivery Operations - Congressional
- 23-134-R24 After-Action Review of Unauthorized Access to USPS Employee Self-Service Portal
- 24-032-R24 Capping Report - Minnesota-North Dakota District: Delivery Operations - Congressional
- 24-010-R24 Legacy Systems at the U.S. Postal Service

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 24-041-R24 U.S. Postal Service Emergency Preparedness: Hurricane Ian
- 23-171-R24 Sorting and Delivery Center Impacts to Florida 1
- RISC-RI-24-005 Sending It Back: Reverse Logistics and the U.S. Postal Service
- 24-079-3-R24 Guaynabo Post Office, Guaynabo, PR: Delivery Operations
- 24-079-2-R24 Toa Baja Post Office, Toa Baja, PR: Delivery Operations
- 24-078-R24 Efficiency of Operations at San Juan Mail Processing Annexes in Carolina, Puerto Rico
- 24-079-1-R24 Bayamon Post Office, Bayamon, PR: Delivery Operations
- 24-025-R24 Network Modernization: The Changing Role of Postmasters
- 24-037-R24 Mail Theft Mitigation and Response - Queens, NY
- 24-019-R24 Impact of Management Operating Data System on U.S. Postal Service Costing
- 24-095-R24 IG Memo on Form 10-Q Financial Report for the Quarterly Period Ended March 31, 2024 Dated April 29
- 24-048-R24 Delivery in Northern Minnesota - Congressional
- 23-145-R24 Postal Service Hiring Practices
- 23-164-R24 Scanning Compliance and Oversight of Dock Operations
- 23-161-1-R24 Impacts Associated With Local Transportation Optimization in Richmond, VA
- 24-065-3-R24 Ward Place Carrier Annex, Washington, DC: Delivery Operations
- 24-065-2-R24 Lammond Riggs Station, Washington, DC: Delivery Operations
- 24-065-1-R24 Brookland Station in Washington, DC: Delivery Operations
- 24-063-R24 Efficiency of Operations at the Curseen-Morris Processing and Distribution Center, Washington, DC
- 24-073-R24 Fiscal Year 2023 Decision Analysis Report Summary
- 24-050-1-R24 Alert - Mail Conditions at South Houston Local Processing Center
- 23-161-R24 Effectiveness of the New Regional Processing and Distribution Center in Richmond, VA
- RISC-WP-24-004 The Price of a Stamp: An International Comparison
- 23-165-R24 Mail Processing Machine Relocation
- 24-027-R24 Capping Report - California 5 District: Delivery Operations
- 24-032-5-R24 Minot Post Office, Minot, ND: Delivery Operations
- 24-032-6-R24 Mandan Post Office, Mandan, ND: Delivery Operations
- 24-060-R24 Efficiency of Operations at the Bismarck Processing and Distribution Center, Bismarck, ND
- 24-032-4-R24 Bismarck Carrier Annex, Bismarck, ND: Delivery Operations
- 23-163-R24 Fiscal Year 2023 Board of Governors' Expenditures
- 23-119-R24 Oversight of the Retail Lobby Customer Experience in New York 1 District
- 23-094-R24 U.S. Postal Service Emergency Preparedness: Winter Storm Elliott
- RISC-WP-24-003 Variations and Trends in Postal Regulatory Oversight
- 23-088-R24 Contract Trucking Safety and Compliance
- 23-131-R24 Procedures for Calculating Workshare Discounts for Letters
- 22-174-R24 U.S. Postal Inspection Service's Inventory Controls Over Law Enforcement Surveillance Equipment
- 24-054-R24 Fiscal Year 2024, Draft Form 10-Q Financial Report for the Quarterly Period Ended December 31, 2023 Dated January 26, 2024
- 24-027-3-R24 Inglewood Carrier Annex, Inglewood, CA: Delivery Operations
- 24-026-R24 Efficiency of Operations at the Los Angeles Processing and Distribution Center, Los Angeles, CA
- 24-027-2-R24 Downtown Long Beach Station in Long Beach, CA: Delivery Operations
- 24-027-1-R24 Dockweiler Station in Los Angeles, CA: Delivery Operations
- 22-199-R24 Southern California Site Technical Assessment Review

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 24-032-3-R24 New Brighton Carrier Annex, Saint Paul, MN: Delivery Operations - Congressional
- 24-032-1-R24 Apple Valley Branch, Saint Paul, MN: Delivery Operations - Congressional
- 24-032-2-R24 Eagan Branch, Eagan, MN: Delivery Operations - Congressional
- 24-031-R24 Efficiency of Operations at the Saint Paul Processing and Distribution Center, Eagan, MN
- 23-151-R24 Capping Report - Texas 2 District: Delivery Operations
- 23-156-R24 Capping Report - Maryland District: Delivery Operations
- 23-038-R24 Parcel Return Service - Consolidator Payment and Refund Errors
- RISC-WP-24-002 Postal Retirement Funds in Perspective: Historical Evolution and Ongoing Challenges
- 23-059-R24 Fleet Modernization - Electric Vehicle Charging Stations Acquisition
- 23-139-R24 Capping Report - Illinois 1 District: Delivery Unit Operations
- 23-137-R24 Processing and Delivery of Veterans Affairs Medicine
- 22-197-R24 Security Assessment of a U.S. Postal Service Product Solutions Application
- 23-130-R24 Delivery and Customer Service in Colorado Mountain Towns
- 23-082-R24 Fiscal Year 2023 Selected Financial Activities and Accounting Records
- 23-095-R24 Effectiveness of Planning Mail Capacity on Air Transportation
- 23-151-2-R24 Oak Forest Station Houston, TX: Delivery Operations
- 23-150-R24 Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX
- 23-151-3-R24 Conroe Post Office, Conroe, TX: Delivery Operations
- 23-151-1-R24 Fairbanks Station Houston, TX: Delivery Operations
- 23-090-R24 Fiscal Year 2023 Officers' Travel and Representation Expenses
- 23-155-R24 Efficiency of Operations at the Eastern Shore Processing and Distribution Facility, Easton, MD
- 23-156-1-R24 Cambridge Post Office in Cambridge, MD: Delivery Operations
- 23-156-2-R24 Easton Post Office in Easton, MD: Delivery Operations
- 23-156-3-R24 Salisbury Post Office in Salisbury, MD: Delivery Operations
- 23-121-R24 Fiscal Year 2024 Peak Mailing Season Preparedness
- 23-122-R24 Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2023 Reclassified Financial Statements
- 23-173-R24 Fiscal Year 2023, Draft Form 10-K Financial Report for the Annual Period Ended September 30, 2023 Dated November 7, 2023
- RISC-WP-24-001 Examining Alternative Inflation Indices for Regulating Market Dominant Price Increases
- 23-091-R24 Hazardous Waste Management at Postal Service Vehicle Maintenance Facilities
- 23-060-R24 Processing of Retroactive Pay
- 22-201-R24 Serving America: Contract Postal Unit and Village Post Office Operations
- 23-139-4-R24 Northtown Station in Chicago, IL: Delivery Operations
- 23-139-5-R24 Roger P. McAuliffe Station, Chicago, IL: Delivery Operations
- 23-139-2-R24 Daniel J. Doffyn Station, Chicago, IL: Delivery Operations
- 23-139-1-R24 Cragin Station in Chicago, IL: Delivery Operations
- 23-138-R24 Efficiency of Operations at the Chicago Processing and Distribution Center, Chicago, IL
- 23-087-R24 Business Reply Mail Operations
- 23-113-R24 Capping Report - Louisiana District: Delivery Unit Operations
- 22-194-R23 Corporate Information Security Office Workforce
- 22-185-R23 Internal Controls Over the Annual Capital Property Review
- 22-178-R23 U.S. Postal Service Response to Mail Theft

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 23-033-R23 Postal Service Customer Experience - Delivery Surveys
- 23-065-R23 Penalty Overtime
- 23-028-R23 Follow-Up to Nationwide Employee Background Screening
- 23-055-R23 Transportation Workplace Safety and Driver Security
- 23-092-R23 Terminal Handling Services Modernization - Phoenix, AZ
- 22-200-R23 Address Management System for Rural Routes
- 23-111-R23 Parcel Select Billing Determinants Process and Procedures
- 23-072-R23 The Path Forward for the Postal Service Loyalty Program
- 23-035-R23 Progress Made to Reduce Mail Excluded From Service Measurement
- 23-062-R23 Review of USPS Sorting and Delivery Centers Opened in Quarters 1 and 2 of FY 2023
- 23-066-R23 The Single Induction Package Sorter Machine Deployment and Performance
- 23-110-R23 Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management
- RISC-RI-23-008 Investment Trends in Sustainable Postal Processing Operations
- 23-036-R23 Return on Investment for Capital Projects
- 23-085-R23 Kansas City Delayed Mail
- 23-100-R23 Capping Report - Tennessee District: Delivery Unit Operations
- 23-112-R23 Efficiency of Operations at the New Orleans Processing and Distribution Center, New Orleans, LA
- 23-057-R23 Postal Service's Use of Automated Guided Vehicles
- 23-113-2-R23 Carrollton Station in New Orleans, LA: Delivery Operations
- 23-113-1-R23 Bywater Station in New Orleans, LA: Delivery Operations
- 23-113-5-R23 Lake Forest Station, New Orleans, LA: Delivery Operations
- 23-113-3-R23 Central Carrier Station, New Orleans, LA: Delivery Operations
- 23-113-4-R23 Elmwood Branch in New Orleans, LA: Delivery Operations
- 23-106-R23 Capping Report - Ohio 2 District: Controls Over Retail Transactions
- 23-089-R23 Repair and Maintenance of Package Sorting Machines at Delivery Units
- 23-084-R23 Compensation, Benefit, and Bonus Authority in Calendar Year 2022
- 22-177-R23 Management of Postal Service Smartphones
- 23-132-R23 Fiscal Year 2023, Draft Form 10-Q Financial Report for the Quarterly Period Ended June 30, 2023 Dated July 26
- 23-031-R23 Efficiency of Surface Transfer Centers in the Western Pacific Region
- 23-025-R23 Service Performance During the Fiscal Year 2023 Peak Mailing Season
- 23-106-2-R23 Groesbeck Branch in Cincinnati, OH: Controls Over Retail Transactions
- 23-106-3-R23 Cincinnati Main Office, Cincinnati, OH: Controls Over Retail Transactions
- 23-106-1-R23 Madeira Branch Office, Cincinnati, OH: Controls Over Retail Processes
- 23-067-R23 Capping Report - Efficiency of Selected Processes at Select Retail Units, California 6 District
- 22-175-R23 Mobile Delivery Device Security Controls Assessment
- 23-018-R23 Cremated Remains
- 22-088-R23 Contract Authoring Management System Utilization and Controls
- 22-166-R23 Flats Cost Coverage
- 22-185-1-R23 Management Alert - Unsecured Assets at the Washington Network Distribution Center
- 23-099-R23 Efficiency of Operations at the Memphis Processing and Distribution Center and Mail Processing Annex, Memphis, TN
- 23-100-1-R23 Collierville Main Post Office in Collierville, TN: Delivery Unit Operations
- 23-100-2-R23 Cordova Main Post Office, Cordova, TN: Delivery Unit Operations

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 23-100-3-R23 Desoto Carrier Annex in Memphis, TN: Delivery Unit Operations
- 23-100-4-R23 Germantown Main Post Office in Germantown, TN: Delivery Unit Operations
- 23-100-5-R23 Hickory Hill Station, Memphis, TN: Delivery Unit Operations
- 23-076-R23 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Maine-New Hampshire-Vermont District
- RISC-WP-23-007 Industry Trends - Major Investments in Postal Processing Networks
- 21-239-R23 U.S. Postal Service's Plans to Resolve Post Office Suspensions
- 23-050-R23 Mail Delivery, Customer Service and Property Conditions Review - Select Units, Florida 3 District
- RISC-WP-23-006 The International Package Market - Trends and Opportunities for the Postal Service - White Paper
- 22-217-R23 Competitive Products Billing Determinants: Priority Mail
- 22-167-R23 Sure Money - International Electronic Money Transfer Service
- 22-159-R23 Package Tracking Messaging
- 22-121-R23 Workers' Compensation Program Update
- 23-076-5-R23 Mail Delivery, Customer Service, and Property Conditions Review – Southern Maine Carrier Unit, Scarborough, ME
- 23-076-1-R23 Mail Delivery, Customer Service, and Property Conditions Review – Industrial Park Annex, Saco, ME
- 23-075-R23 Efficiency of Operations at the Southern Maine Processing and Distribution Center, Scarborough, ME
- 23-076-3-R23 Mail Delivery, Customer Service, and Property Conditions Review - Main Office Carrier Section, Portland, ME
- 23-076-2-R23 Mail Delivery, Customer Service, and Property Conditions Review – Lewiston Main Post Office, Lewiston, ME
- 23-076-4-R23 Mail Delivery, Customer Service, and Property Conditions Review - Sanford Main Post Office, Sanford, ME
- 23-093-R23 IG Memo on Form 10-Q Financial Report for Quarterly Period Ended March 31, 2023
- RISC-WP-23-005 Historical Analysis of USPS Retirement Fund Returns
- 23-067-3-R23 Efficiency of Selected Processes - Chula Vista, CA, Post Office
- 23-067-2-R23 Efficiency of Selected Processes - Rancho Santa Fe, CA, Post Office
- 23-067-1-R23 Efficiency of Selected Processes - San Diego Hillcrest Station, San Diego, CA
- 22-202-R23 Late Trip Payment Process for Highway Contract Routes
- 22-162-R23 Fiscal Year 2022 Board of Governors' Expenditures
- 22-081-R23 Distribution of Repair and Maintenance Resources
- RISC-RI-23-004 The Paper Shortage and its Effects on Mail
- 22-180-R23 Postal Service's Non-Career Employee Turnover Follow-up
- 23-050-1-R23 Mail Delivery, Customer Service, and Property Conditions Review – Allapattah Station
- 23-050-3-R23 Mail Delivery, Customer Service, and Property Conditions Review – Flagler Station, Miami, FL
- 23-049-R23 Efficiency of Operations at the Miami Processing and Distribution Center, Miami, FL
- 23-050-4-R23 Mail Delivery, Customer Service, and Property Conditions Review – Princeton Branch, Homestead, FL
- 23-050-2-R23 Mail Delivery, Customer Service, and Property Conditions Review - Doral Branch, Doral, FL
- 22-107-R23 Next Generation Delivery Vehicles - Environmental Impact Statement
- 22-113-R23 Manual Plant Verified Drop Shipments: Atlantic Area

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 22-186-R23 Assessment of U.S. Postal Service Trailer Utilization
- 22-187-R23 Service Performance of Election Mail for the 2022 Mid-Term Elections
- 23-034-R23 Fiscal Year 2022 Capping Report - Efficiency of Operations at Processing and Distribution Centers in the Western Region
- 22-160-R23 Contractor - Labor Qualifications
- 22-158-R23 International Mail Service Suspension Operations
- 23-086-R23 Fiscal Year 2022 Decision Analysis Report Summary
- 23-020-R23 Capping Report - Efficiency of Selected Processes at Select Retail Units, Arizona-New Mexico District
- 22-193-R23 Highway Contract Route Trips Not Performed
- 23-030-R23 Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - WestPac Area
- 23-029-R23 Fiscal Year 2022 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - Central Area
- 22-006-R23 Voyager Fleet Card Program
- 22-128-R23 Supervisor Timecard Administration
- 22-208-R23 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Delaware-Pennsylvania 2 District
- 22-188-R23 Capping Report - Efficiency of Selected Processes at Select Retail Units, Massachusetts-Rhode Island District
- 22-120-R23 Safety and Health Program Training
- 23-047-R23 FY2023 Review of Form 10Q - Quarter 1
- 23-020-1-R23 Efficiency of Selected Processes - Yuma Main Office, Yuma, AZ
- 23-020-2-R23 Efficiency of Selected Processes - Lake Havasu City Post Office, Lake Havasu City, AZ
- 23-020-3-R23 Efficiency of Selected Processes - Phoenix Sierra Adobe Station, Phoenix, AZ
- 22-035-R23 Postal Service Investment and Interest Rate Risk
- RISC-WP-23-003 The Postal Service in the 21st Century: A Recent History
- 22-206-R23 Efficiency of Operations at the Delaware Processing and Distribution Center, Wilmington, DE
- 22-208-1-R23 Mail Delivery, Customer Service, and Property Conditions Review – Germantown Station, Philadelphia, PA
- 22-208-6-R23 Mail Delivery, Customer Service, and Property Conditions Review – Lancaster Avenue Station, Wilmington, DE
- 22-208-5-R23 Mail Delivery, Customer Service, and Property Conditions Review – Edgemoor Branch, Wilmington, DE
- 22-208-2-R23 Mail Delivery, Customer Service, and Property Conditions Review – Logan Station, Philadelphia, PA
- 22-208-3-R23 Mail Delivery, Customer Service, and Property Conditions Review – North Philadelphia Station, Philadelphia, PA
- 22-208-4-R23 Mail Delivery, Customer Service, and Property Conditions Review – Marshallton Branch, Wilmington, DE
- 22-207-R23 Efficiency of Operations at the Philadelphia Processing and Distribution Center, Philadelphia, PA
- 22-181-R23 Mail Delivery, Customer Service, and Property Conditions Review - Select Units Atlanta, GA Region
- 21-173-R23 U.S. Postal Service's Response to Sexual Harassment Complaints
- 22-055-R23 Fiscal Year 2022 Officers' Travel and Representation Expenses
- RISC-WP-23-002 Primer on Postal Reform - White Paper
- 21-262-R23 Delivery Operations - Undelivered and Partially Delivered Routes

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 22-129-R23 U.S. Postal Inspection Service's San Francisco Division
- 22-075-R23 Fiscal Year 2022 Selected Financial Activities and Accounting Records
- 22-170-R23 Mail Delivery, Customer Service, and Property Conditions Review - Select Units New Jersey Region
- 22-188-3-R23 Efficiency of Selected Processes - Woburn Main Post Office, Woburn, MA
- 22-188-2-R23 Efficiency of Selected Processes - Norwood Post Office, Norwood, MA
- 22-188-1-R23 Efficiency of Selected Processes - Fort Point Station, Boston, MA
- 22-157-R23 Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2022 Reclassified Financial Statements
- 22-163-R23 Fiscal Year 2023 Peak Season Preparedness
- 23-007-R23 Fiscal Year 2022, Draft Form 10-K Financial Report for the Annual Period Ended September 30, 2022 Dated November 1, 2022
- 22-181-2-R23 Mail Delivery, Customer Service, and Property Conditions Review - Old National Station, Atlanta, GA
- 22-179-R23 Efficiency of Operations at the Atlanta, GA Processing and Distribution Center
- 22-181-1-R23 Mail Delivery, Customer Service, and Property Conditions Review – McDonough Main Post Office, McDonough, GA
- 22-181-3-R23 Mail Delivery, Customer Service, and Property Conditions Review – Stockbridge Main Post Office, Stockbridge, GA
- 22-141-R23 Capping Report - Efficiency of Selected Processes at Select Retail Units, Virginia District
- 22-057-R23 U.S. Postal Service Money Order Trends and Cost Coverage
- 22-170-3-R23 Mail Delivery, Customer Service, and Property Conditions Review - Union Post Office, Union, NJ
- 22-169-R23 Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center, Kearny, NJ
- 22-170-2-R23 Mail Delivery, Customer Service, and Property Conditions Review - Kearny Main Post Office, Kearny, NJ
- 22-170-1-R23 Mail Delivery, Customer Service, and Property Condition Review – Belleville Annex, Belleville, NJ
- 22-045-R23 Vehicle Maintenance Facility Preparedness for Next Generation Delivery Vehicles
- 22-147-R23 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Milwaukee, WI Region
- 22-069-1-R23 Management Alert - Key Issues with Channel Partners
- RISC-WP-23-001 The Value of the Postal Service's Retail Network for Small Businesses
- 22-006-1-R23 Management Alert - Voyager Card Program - Internal Control Issues
- 22-126-R22 Compensation, Benefit, and Bonus Authority in Calendar Year 2021
- 22-090-R22 Alaska Mail Services
- 22-076-R22 COVID-19 Test Kits Distribution
- 22-079-R22 Timecard Administration Follow-Up
- 22-093-R22 Election Mail Readiness for the 2022 Mid-Term Elections
- RISC-WP-22-009 Changes in Mail Mix: Implications for Carriers' Physical Health
- 22-125-R22 Capping Report - Efficiency of Selected Processes at Selected Retail Units, Georgia District
- 22-141-2-R22 Efficiency of Selected Processes - Southside Station, Richmond, VA
- 22-141-1-R22 Efficiency of Selected Processes - Bon Air Branch, Richmond, VA
- 22-141-3-R22 Efficiency of Selected Processes - Montrose Heights Station, Henrico, VA
- 21-146-R22 Review of the National Change of Address and Moversguide Applications

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 22-132-R22 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Albuquerque and Santa Fe, NM Region
- 22-037-R22 U.S. Postal Inspection Service's Oversight of Facility Security and Access Control
- 22-078-R22 Aboveground Storage Tanks
- 22-082-R22 Air Transportation Distribution and Routing Relabeling Process
- 22-036-R22 Moving Mail by Rail
- 22-130-R22 Attestation Report - Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management
- 22-154-R22 Efficiency of Operations at the Milwaukee, WI, Processing and Distribution Center
- 22-115-R22 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, St. Louis, MO Region
- 22-147-1-R22 Mail Delivery, Customer Service, and Property Conditions Review – North Milwaukee Station, Milwaukee, WI
- 22-147-2-R22 Mail Delivery, Customer Service, and Property Conditions Review – Waukesha Main Post Office, Waukesha, WI
- 22-147-3-R22 Mail Delivery, Customer Service, and Property Conditions Review - Dr. Martin Luther King Jr. Station, Milwaukee, WI
- 22-147-4-R22 Mail Delivery, Customer Service, and Property Conditions Review – Bradley Carrier Annex, Milwaukee, WI
- 22-111-R22 Efficiency of Processing Operations and Service Performance in Western Maryland
- 21-129-R22 Procurement and Management of Cybersecurity Tools
- 21-221-R22 Wireless Assessment
- 21-261-R22 Management of Suppliers' Contractual Performance
- RISC-WP-22-008 Inflation and the U.S. Postal Service - White Paper
- 21-205-R22 State of Cybersecurity
- 21-243-R22 Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities
- 22-134-R22 Efficiency of Operations at the Albuquerque, NM, Processing and Distribution Center
- 22-132-4-R22 Mail Delivery, Customer Service, and Property Conditions Review – Coronado Station, Santa Fe, NM
- 22-132-3-R22 Mail Delivery, Customer Service, and Property Conditions Review - Santa Fe Main Post Office, Santa Fe, NM
- 22-132-1-R22 Mail Delivery, Customer Service, and Property Conditions Review - Rio Rancho Branch, Rio Rancho, NM
- 22-132-2-R22 Mail Delivery, Customer Service, and Property Conditions Review - Richard J. Pino Station, Albuquerque, NM
- 21-265-R22 U.S. Inspection Service's Prosegur Contract
- 22-161-R22 IG Memo on Form 10-Q Financial Report - Quarter Ending 6-30-2022
- 22-131-R22 FY 22 Confidential Funds
- 22-101-R22 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Seattle, WA Region
- 22-092-R22 Capping Report - Efficiency of Selected Processes, Texas 1, District
- 22-068-R22 Free Matter for the Blind - Congressional
- 22-122-R22 Efficiency of Selected Processes - Atlanta Main Post Office, Atlanta, GA
- 22-123-R22 Efficiency of Selected Processes - Marietta Main Post Office, Marietta, GA

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 22-124-R22 Efficiency of Selected Processes - Stone Mountain Post Office, Stone Mountain, GA
- 22-115-2-R22 Mail Delivery, Customer Service, and Property Conditions Review – Maryville Gardens Station, St. Louis, MO
- 22-115-1-R22 Mail Delivery, Customer Service, and Property Conditions Review - Saint Peters Main Post Office, Saint Peters, MO
- 22-112-R22 Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center
- 22-115-4-R22 Mail Delivery, Customer Service, and Property Conditions Review – Marian Oldham Station, St. Louis, MO
- 22-115-3-R22 Mail Delivery, Customer Service, and Property Conditions Review – Chouteau Station, St. Louis, MO
- 21-234-R22 Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding
- 21-224-R22 Assumptions and Metrics Underlying the Delivering for America 10-Year Plan
- 22-021-R22 Transportation Cost System - Surface Highway
- 22-039-R22 Service Performance During the Fiscal Year 2022 Peak Mailing Season
- 22-091-R22 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Indianapolis, IN Region
- 21-260-R22 Changes in the Usage of the Modes of Transportation
- 21-232-R22 Competitive Outbound International Negotiated Service Agreement Pricing and Revenue Commitments L3
- 22-098-R22 Mail Delivery, Customer Service, and Property Conditions Review – Lacey Branch, Lacey, WA L3
- 22-095-R22 Mail Delivery, Customer Service, and Property Conditions Review – Parkland Branch, Tacoma, WA L3
- 22-097-R22 Mail Delivery, Customer Service, and Property Conditions Review - Renton Main Post Office, Renton, WA L3
- 22-096-R22 Mail Delivery, Customer Service, and Property Conditions Review - Kent Main Post Office, Kent, WA L3
- 22-053-R22 Negotiated Service Agreement and Customer Compliance Capping Report
- 22-019-R22 Property Condition Review - Capping Report
- 21-197-R22 International Mail Operations and Performance Data
- 22-067-R22 Efficiency of Selected Processes - Mesquite, TX, Post Office L3
- 22-066-R22 Efficiency of Selected Processes - Wylie Post Office, Wylie, TX L3
- 22-065-R22 Efficiency of Selected Processes - Dallas Main Post Office, Dallas, TX L3
- 21-264-R22 Supplier Qualifications
- 21-255-R22 U.S. Postal Service Knowledge Continuity
- 22-086-R22 Mail Delivery, Customer Service, and Property Conditions Review - Carmel Main Post Office, Carmel, IN L3
- 22-087-R22 Mail Delivery, Customer Service, and Property Conditions Review – Linwood Station, Indianapolis, IN L3
- 22-085-R22 Mail Delivery, Customer Service, and Property Conditions Review – Plainfield Main Post Office, Plainfield, IN L3
- 21-263-R22 U.S. Postal Service's Recognition and Awards Program
- 22-094-R22 Efficiency of Operations at the Seattle, WA, Processing and Distribution Center
- 21-235-R22 U.S. Postal Service's Implementation of Enterprise Risk Management
- RISC-WP-22-007 The Postal Service's Collection Point Management System - White Paper
- 22-077-R22 Mail Delivery, Customer Service, and Property Conditions Review - Select Units, San Diego, CA Region
- 21-267-R22 San Francisco International Service Center Closure - Congressional

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 22-080-R22 Efficiency of Operations at the Indianapolis IN, Processing and Distribution Center
- RISC-WP-22-006 The Role of the Postal Service in Identity Verification - White Paper L3
- 22-099-R22 Management Alert - Workplace Environment Tracking System (WETS) User Access
- 22-063-R22 Management Alert - Mitigation of Findings Identified During Assessment and Authorization Process
- 21-063-R22 Retail Systems Continuity of Operations
- 21-240-R22 Transfer of Mail Processing Operations from Selected Facilities
- 22-100-R22 IG Memo on Form 10-Q Financial Report for the Quarterly Period Ended March 31, 2022 Dated April 29, 2022
- 21-251-R22 Overtime Administration System
- RISC-WP-22-005 Demographic Trends in Mail Access Changes and Service, 2016-2020 White Paper
- RISC-WP-22-004 Trends in New Delivery Points - White Paper L3
- 21-229-R22 Mail Transport Equipment
- 22-052-R22 Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Columbus, OH Region
- 22-058-R22 Management Alert - Issues Identified with Internet Change of Address
- 22-061-R22 Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center
- 22-062-R22 Mail Delivery, Customer Service, and Property Conditions Review – Ramona Main Post Office, Ramona, CA
- 22-059-R22 Mail Delivery, Customer Service, and Property Conditions Review - Linda Vista Station, San Diego, CA
- 22-060-R22 Mail Delivery, Customer Service, and Property Conditions Review – Downtown San Diego Station, San Diego, CA
- 22-034-R22 Deposit by Mail Controls at the U.S. Postal Service
- 21-191-R22 U.S. Postal Inspection Service's Online Analytical Support Activities Congressional
- 22-041-R22 Efficiency of Operations at the Columbus OH, Processing and Distribution Center
- 22-064-R22 Fiscal Year 2021 Decision Analysis Report Summary
- 22-001-R22 Capping Report - Mail Delivery, Customer Service, and Property Condition Reviews - Select Units, Portland, OR Region
- RISCWP22003 Electric Delivery Vehicles and the Postal Service - White Paper
- 21-212-R22 Efficiency of Surface Transfer Centers in the Southern Region
- 22-042-R22 Mail Delivery, Customer Service, and Property Conditions Review - Lewis Center Main Office, Lewis Center, OH L3
- 22-043-R22 Mail Delivery, Customer Service, and Property Conditions Review – South Columbus Station, Columbus, OH L3
- 22-044-R22 Mail Delivery, Customer Service, and Property Conditions Review - East City Annex, Columbus, OH L3
- 22-018-R22 Fuel Expenses, Cash, Stamps, and Money Orders - Charlotte, NC, Ballantyne Station Post Office
- RISCWP22002 The Truck Driver Shortage: Implications for the Postal Service - White Paper
- 21-130-R22 Air Mail Not Moving as Assigned
- 21-100-R22 Fiscal Year 2021 Board of Governors' Expenditure
- 22-028-R22 Efficiency of Operations at the Portland, OR, Processing and Distribution Center
- 21-094-R22 Fiscal Year 2021 Officers' Travel and Representation Expenses
- 21-127-R22 City Delivery Operations - Nationwide Route Management

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 21-241-R22 Voyager Card Transactions - Acredale Station, Virginia Beach, VA
- 22-031-R22 Mail Delivery, Customer Service, and Property Conditions Review – Beaverton Main Post Office, Beaverton, OR L3
- 22-046-R22 Fiscal Year 2022, Draft Form 10-Q Financial Report for the Quarterly Period Ended December 31, 2021 Dated February 1, 2022
- 21-118-R22 Ventilation and Filtration in Postal Service Facilities
- 22-032-R22 Mail Delivery, Customer Service, and Property Conditions Review – Vancouver Main Post Office, Vancouver, WA L3
- 22-030-R22 Mail Delivery, Customer Service, and Property Conditions Review – Piedmont Station, Portland, OR
- 22-029-R22 Mail Delivery, Customer Service, and Property Conditions Review – Parkrose Station, Portland, OR L3
- 21-271-R22 Stamp Inventory, Financial Differences, and Voids - Panorama City, CA, Branch Office L3
- 20-255-R22 Replacement of Privately Owned Delivery Vehicles
- 21-113-R22 Fiscal Year 2021 Selected Financial Activities and Accounting Records
- 21-215-R22 Next Generation Delivery Vehicles - Contract Clauses
- 21-140-R22 Unscheduled Leave - Absence Without Leave (AWOL) Status
- 21-237-R22 Efficiency of Operations at the Baltimore, MD, Processing and Distribution Center
- 21-230-R22 Voyager Card Transactions - Philadelphia, PA, Paschall Station
- 21-222-R22 Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers
- 21-233-R22 Mail Delivery and Customer Service Operations - Ashford West and Westbury Stations, Houston, TX
- 21-266-R22 Management Alert - International Export Package Advanced Electronic Data
- 21-206-R22 Fiscal Year 2022 Peak Mailing Season Preparedness
- 21-227-R22 Property Condition Reviews - Whitley City, Monticello, and West Somerset Post Offices in Kentucky
- 21-203-R22 Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2021 Reclassified Financial Statements
- 21-096-R22 Payments to Contract Cleaners
- 22-013-R22 Fiscal Year 2021, Draft Form 10-K Financial Report for the Annual Period Ended September 30, 2021 Dated November 6, 2021
- 21-116-R22 Trips Operating More than Four Hours Late
- 21-194-R22 Congressional - Mail Delivery and Customer Service Operations – Select Baltimore Units, Baltimore, MD
- 21-158-R22 Property Condition Review - San Francisco, CA Processing and Distribution Center
- 21-099-R22 U.S. Postal Inspection Service Case Management of Arrests
- 21-124-R22 Springfield, MO, Processing and Distribution Center Grievances
- 20-315-R22 Shipping Services Contract Compliance
- 21-214-R22 Mail Delivery and Customer Service Operations - Sunrise Station, Las Vegas, NV
- 21-208-R22 Congressional - Sale of the East Hartford, CT Post Office
- RISCWP22001 Views of the Postal Service As An Employer - White Paper
- 21-174-R22 Voyager Card Transactions - Baltimore MD, Raspeburg Station
- 21-217-R22 Vehicle, Fuel, and Oil Expenses - Pratt and Metropolitan Station Post Offices, Brooklyn, NY
- 21-111-R21 Contractor Security Clearances at Surface Transfer Centers
- 21-098-R21 Seamless Acceptance Mail Quality Processes
- 21-183-R21 Compensation, Benefit, and Bonus Authority in Calendar Year 2020

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 20-316-R21 Peak Season Hiring
- 21-109-R21 Controls over Contract Labor Hours
- 21-064-R21 Fiscal Year 2020 Board of Governors' Expenditures
- 21-238-R21 Fiscal Year 2020 Decision Analysis Report Summary
- RISC-WP-21-010 1-800-ASK-USPS: The Postal Service's Interactive Voice Response System - White Paper
- 21-131-R21 Manual Mail Processing Efficiency
- 21-120-R21 Nationwide Service Performance
- RISCWP21009 Improving Operational Efficiency Using Informed Visibility - White Paper
- 21-201-R21 Management Alert - Air Mail Not Moving as Assigned at the Los Angeles Terminal Handling Services
- 21-200-R21 Property Condition Reviews - Menlo Park, Excelsior, and Sutter Street Post Offices in CA
- 21-182-R21 Attestation Report - Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management
- 21-019-R21 Noncompetitive Contracts
- 20-286-R21 Security Assessment of the Customer Registration Application
- 21-209-R21 Voyager Card Transactions - Pittsburgh, PA, Penn Hills Branch
- 21-210-R21 Voyager Card Transactions - Norwalk, CT, Post Office
- 21-047-R21 Congressional - Service Performance - First-Class Single Piece Letter Mail
- RISCWP21008 A Primer on Service Standards - White Paper
- 21-020-R21 Vehicle Parts Pricing
- 20-277-R21 U.S. Postal Service's Protection Against External Cyberattacks
- 21-204-R21 Postage and Fees Refunds - Norristown Tri-County Post Office
- 20-129-R21 Manually Adjudicated Indemnity Claim Payments
- 21-015-R21 Accident Reporting
- 21-067-R21 U.S. Postal Inspection Service Oversight of Its Use of Cryptocurrency
- RISCWP21007 Step into Tomorrow: The U.S. Postal Service and Emerging Technology – White Paper
- 21-185-R21 Mail Operations at the Mid Carolina, NC Processing and Distribution Center
- 21-202-R21 Meter Revenue Refunds - West Sacramento, CA, Industrial Station
- 21-070-R21 Processing for Selected Resignation and Reassignment Personnel Actions
- 21-112-R21 Embargoes and Redirections at U.S. Postal Service Processing Facilities
- 21-184-R21 Mail Operations at the Raleigh, NC, Processing and Distribution Center
- 21-049-R21 Plant Load Agreements - New Jersey District
- 21-187-R21 Property Condition Reviews - Center Ossipee, East Wakefield, and Conway Post Offices in New Hampshire
- 21-059-R21 Capital Equipment at the Eagan Information Technology Center
- 21-056-R21 Passport Application Acceptance Operations
- RISCWP21006 How Institutions Change - White Paper
- 21-176-R21 Voyager Card Transactions - Wilmington, NC, Magnolia Station
- 21-211-R21 Fiscal Year 2021, Quarter 3 Draft Form 10-Q Financial Report Dated August 2, 2021
- 21-148-R21 Vehicle, Fuel, and Oil Expenses - Woodlawn Station Post Office, Birmingham, AL
- 20-281-R21 Contract Invoice Payment Process
- 21-151-R21 Mail Operations at the Denver, CO, Processing and Distribution Center
- 21-166-R21 Mail Operations at the West Valley, AZ, Processing and Distribution Center
- 21-025-R21 Postal Service Secure Destruction Program

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 21-177-R21 Mail Delivery and Customer Service Operations - Newark Post Office, Newark, DE
- 21-149-R21 Refunds of Permit Postage and Fees - Ranson, WV Post Office
- 20-268-R21 Online Priority Mail Express Refunds
- 21-022-R21 "As Needed" Highway Contract Routes
- 21-036-R21 City Carrier Cost System
- 20-289-R21 Controls Over Retired Business Applications
- 21-170-R21 Stamps, Money Orders, and Cash - Las Vegas, NV, James Brown Jr. Station
- 21-145-R21 Postage, Fees, and Meter Revenue Refunds - Ft. Lauderdale, FL Main Post Office
- 20-313-R21 Contract Delivery Service Cost Attribution
- 21-138-R21 Property Condition Reviews - North Royalton, Willoughby, and Jesse C. Owens Post Offices in Ohio
- 21-144-R21 Property Condition Reviews - Cochituate, Winchester, and John F. Kennedy Post Offices in Massachusetts
- 21-032-R21 COVID-19 Leave Administration
- 21-147-R21 Mail Delivery and Customer Service Operations - Carrier Sections, Cleveland, OH
- 21-139-R21 Meter Revenue and Retail Services Refunds - Mesquite, TX, Main Post Office
- RISCWP21005 Marketers' Perceptions of Informed Delivery and Informed Visibility - White Paper
- 20-314-R21 Terminal Handling Services - Denver, CO
- RISCWP21004 Vote by Mail and the Postal Service: A Primer - White Paper
- 21-141-R21 Stamps, Money Orders, and Cash - Phoenix, AZ, Main Office and Northeast Station
- 21-134-R21 Mail Delivery and Customer Service Operations - East Stroudsburg Post Office, East Stroudsburg, PA
- 21-119-R21 Delayed Mail at the Santa Ana, CA Processing and Distribution Center
- 20-305-R21 U.S. Postal Inspection Service Pandemic Response to Mail Fraud and Mail Theft
- 21-133-R21 Voyager Card Transactions - Hemet, CA, Post Office
- 20-317-R21 Negotiated Service Agreement - Contract #1028830
- 21-135-R21 Voyager Card Transactions - Chino, CA, Post Office
- 20-233-R21 Negotiated Service Agreement - Contract #1024794
- 20-278-R21 Integrity of the U.S. Postal Service's Social Media Presence
- 21-101-R21 Management Alert - Issues Identified in International Package Operations Chicago International Service Center
- 21-114-R21 Delayed Mail at the Phoenix, AZ, Processing and Distribution Center
- 21-121-R21 Mail Delivery and Customer Service Issues - Olathe East Branch, Olathe, KS
- 20-295-R21 Scheduled Hours and Payments for Highway Contract Routes
- 21-143-R21 Fiscal Year 2021, Draft Form 10-Q Financial Report for the Quarterly Period Ended March 31, 2021 Dated April 28, 2021
- 21-097-R21 Management Alert - Negotiated Service Agreement Price Tables Sent Unsecured to Vendors
- 20-152-R21 Fiscal Year 2020 Selected Financial Activities and Accounting Records
- 21-007-R21 International Election Mail Observations for the 2020 General and 2021 Georgia Senate Runoff Elections
- 21-122-R21 Mail Delivery and Customer Service Operations - Castle Rock Main Post Office, Castle Rock, CO
- 21-125-R21 Voyager Card Transactions - Monroe, NY, Post Office
- 21-126-R21 Stamps, Money Orders, and Cash - Burbank, CA, Main Office and Downtown Station

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 21-005-R21 U.S. Postal Inspection Service Washington Division
- 21-115-R21 Refund of Permit Postage and Fees - Merrifield, VA, Post Office
- 21-093-R21 Property Condition Reviews - Garyville, North Kenner, and Lake Forest Post Offices in Louisiana
- 21-074-R21 Delayed Mail at the North Houston, TX, Processing and Distribution Center
- 20-167-R21 U.S. Postal Service Exit Processing
- 21-088-R21 Mail Delivery and Customer Service Operations - Southwest Station, Washington, D.C.
- RISCWP21003 Revenue and Costs in the Retail Network - White Paper
- 20-272-R21 Delayed Mail at the Lehigh Valley, PA Processing & Distribution Center
- RISCWP21002 Customer Perceptions of the U.S. Postal Service During the COVID-19 Pandemic - White Paper
- 21-117-R21 Meter Revenue Refunds - Tipton, IA, Post Office
- 20-208-R21 Uncompensated and Undercompensated Services
- 21-034-R21 Management Alert - Protection of Personally Identifiable Information on Internal Systems
- 21-075-R21 Management of Highway Contract Route Contractor Failures at the New Jersey International Network Distribution Center
- 21-091-R21 Property Condition Reviews - Greenville Station A, Simpsonville, and Easley Post Offices in South Carolina
- 20-257-R21 Impact of the Pandemic on Postal Service Finances
- 21-087-R21 Mail Delivery and Customer Service Operations - West Milwaukee Branch, Milwaukee, WI
- 21-089-R21 Mail Delivery and Customer Service Operations - Holiday City Station, Memphis, TN
- RISCWP21001 Partnering for Health: Potential Postal Service Roles in Health and Wellness White Paper
- 21-071-R21 Management Alert - Excessive Wait Times to Accept Commercial Mail Shipments at the Cleveland Processing & Distribution Center
- 20-318-R21 Service Performance of Election and Political Mail During the November 2020 General Election
- 21-069-R21 Voyager Card Transactions - Brick, NJ, Post Office
- 21-072-R21 Refund of Permit Postage and Fees - Hagerstown, MD, Post Office
- 20-215-R21 Peak Season Air Transportation
- 21-092-R21 Stamps, Money Orders, and Cash - Los Angeles, CA, Barrington Station
- 20-252-R21 Misrouted Mail Within the U.S. Postal Service Network
- 20-157-R21 Payments to Contract Postal Unit and Village Post Office Suppliers
- 21-066-R21 Voyager Card Transactions - Elizabeth, NJ, Post Office
- 21-037-R21 Pandemic Volume and Revenue Projected Scenarios
- 21-065-R21 Refunds of Permit Postage - Washington, D.C. Main Office Window
- 21-046-R21 Property Condition Reviews - Maplewood, North County, and Brentwood Post Offices
- 21-017-R21 Management Alert - Issues Submitting and Processing Change of Address Requests
- 20-296-R21 Congressional - Mail Delivery and Customer Service Issues - Select Chicago Stations, Chicago, IL
- 20-200-R21 Elevator Modernization Program
- 21-044-R21 Property Condition Reviews - Martinsburg, Gerrardstown, and Ranson Post Offices

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 21-009-R21 Mail Delivery and Customer Service Operations - Avent Ferry Station, Raleigh, NC
- 20-158-R21 Bank Secrecy Act Compliance
- 21-028-R21 Late and Extra Trips at the Los Angeles, CA, Processing and Distribution Center
- 21-029-R21 Late and Extra Trips at the Richmond, VA, Processing and Distribution Center
- 20-321-R21 Property Condition Reviews - Smithville, Leander, and Kyle Post Offices
- 20-193-R21 Contract Delivery Service Contract Renewal Compliance
- 21-039-R21 Mail Delivery and Customer Service Operations - Columbia Main Post Office, Columbia, MO
- 20-275-R21 Mail Service During the Early Stages of the COVID-19 Pandemic
- 21-055-R21 Stamps, Money Orders, and Cash - Minneapolis, MN, Main Office
- 20-076-R21 Accenture Information Technology Contracts
- 21-018-R21 Management Alert - Active Smishing Campaign Masquerading as the U.S. Postal Service
- 20-194-R21 Projected Savings and Returns on Capital Investment Projects
- 20-299-R21 Mail Delivery and Customer Service Operations - Katy Carrier Annex, Katy, TX
- 20-205-R21 Delivery and Customer Service Operations - New Hampshire
- 20-320-R21 Property Condition Reviews - Annapolis, Columbia, and Legion Avenue Post Offices
- 20-180-R21 Timecard Administration
- 20-234-R21 Assessment of the U.S. Postal Service's Leased Trailers
- 20-259-R21 Employee Safety - Postal Service COVID-19 Response
- 20-178-R21 U.S. Postal Inspection Service's Oversight of Mail Suspected of Containing Illicit Drugs at Postal Facilities
- 20-269-R21 Opinion on the U.S. Postal Service's Fiscal Year 2020 Reclassified Financial Statements
- 21-014-R21 Deployment of Operational Changes
- 20-179-R21 U.S. Postal Inspection Service Confidential Funds Program
- 19-009-R21 Expedited Packaging Supplies Program Costs
- 20-292-R21 Congressional - Operational Changes to Mail Delivery
- 20-306-R21 Stamps, Money Orders, and Cash - Newark, OH, Post Office
- 20-280-R21 Stamps, Money Orders, and Cash - High Shoals, NC, Post Office
- 20-293-R21 Management Alert - Property Condition Issues at Spring Garden Station
- 20-095-R21 Automated Delivery Unit Sorter Cost Savings
- 20-126-R20 Relocation Benefits Program
- 20-156-R20 Payments to Injured Employees
- RISCWP20010 Implementing Advance Electronic Data: Challenges and Opportunities – White Paper
- 20-127-R20 Air Cargo Contract Compliance
- 20-271-R20 Military, Diplomatic, and Other International Election Mail
- 20-198-R20 Global Positioning System for Highway Contract Routes
- RISCWP20009 Generation Z and the Mail - White Paper
- 20-203-R20 Efficiency and Safety of Lift Gates
- RISCWP20008 Package Delivery in Rural and Dense Urban Areas - White Paper
- RISCWP20007 Next Generation Connectivity: Postal Service Roles in 5G and Broadband Deployment - White Paper
- 20-224-R20 Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the U.S. Office of Personnel Management
- 20-177-R20 Recovery for Private Party Damage to Postal Service Vehicles

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- RISCWP20006 The U.S. Postal Service and Emergency Response: A History of Delivering for the American Public - White Paper
- 20-206-R20 Negotiated Service Agreement - Contract #50593050
- 20-249-R20 District's Stamp Stock Shipments' Claims for Losses
- 19-033-R20 Arrow Key Management Controls
- 20-225-R20 Processing Readiness of Election and Political Mail During the 2020 General Elections
- 20-209-R20 Assessment of Overtime Activity
- 19-016-R20 Business Application Review of the HERO System
- 20-143-R20 Professional Services Contract Rates
- 19-017-R20 Controls Over Purchasing and Maintaining Information Technology Equipment
- 19-040-R20 U.S. Postal Service Mail Recovery Center
- 19-041-R20 Plant Load Agreements - Santa Ana District
- 20-264-R20 Financial Controls Policy for Retail Units
- 19-002-R20 Delivery Vehicle Acquisition Strategy
- 19-018-R20 Security Assessment of a U.S. Postal Service Information Technology Application
- 20-117-R20 Follow-up: Using No-Fee Money Orders for Invoices Greater than $1,000
- 19-031-R20 Workers' Compensation Program Cost Containment Activities
- RISCWP20005 Sustainability and the Postal Service: Creating a Greener Future Through Product Innovation - White Paper
- 20-088-R20 Cost Reduction Initiatives for Mail Products
- 19-012-R20 Cybersecurity Incident Detection and Response Capability
- 20-052-R20 Small Package Sorting System Performance
- 20-256-R20 Stamp and Cash Inventories - Chicago, IL, Offices
- 20-251-R20 Management Alert - Risks Associated with Information Technology Applications
- 20-237-R20 Informed Delivery Sign-Up Communication and Implementation
- 20-112-R20 Fiscal Year 2019 Delivery and Retail Response Team Follow-up Analysis
- 20-103-R20 Mercury Mailability Communication and Implementation
- 19SMG007HR000-R20 Informal Grievance Oversight
- 20-219-R20 Management of Highway Contract Route Contractor Failures at the Columbus, OH, Processing and Distribution Center
- 20-235-R20 Management Alert - Timeliness of Ballot Mail in the Milwaukee Processing Distribution Center Service Area
- 20-223-R20 Management of Highway Contract Route Contractor Failures at the Greensboro, NC, Processing and Distribution Center
- 19XG013NO000-R20 U.S. Postal Service's Processing Network Optimization and Service Impacts
- 20-124-R20 Stamp Count Analysis
- 20-144-R20 Transportation Network Optimization and Service Performance
- 19SMG012SM000-R20 Leased Facility Maintenance
- 20-212-R20 Facility Condition Reviews - Miami Springs, Promenade, and Doral Post Offices
- 19-032-R20 In-Office Cost System Sampling Processes
- 20-189-R20 Mail Delivery and Customer Service Operations - New Orleans Central Carrier Station, New Orleans, LA
- 20-164-R20 Late and Extra Trips at the Philadelphia, PA, Processing and Distribution Center
- 20-201-R20 Local Purchases and Payments - Hicksville, NY, Post Office
- RISCWP20004 Reevaluating the Universal Service Obligation - White Paper
- 20-202-R20 Accountable Paper, Postal Funds, and Voided Postage Validation Imprinter Label Refunds - Orlando, FL, Orlo Vista Branch
- 20-188-R20 Mail Delivery and Customer Service Operations - Foothill Station, San Jose, CA

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 19-026-R20 Contract Closeout Process
- 19SMG008HR000-R20 First-Line Supervisor Recruitment and Retention
- 20-159-R20 Facility Condition Reviews - Short Hills, Roseville, and Wood Ridge Post Offices
- 19-004-R20 U.S. Postal Inspection Service Forensic Laboratory Services
- 19RG009MS000-R20 Management of Postal Zones
- RISCWP20003 Maintaining Rural Retail Networks: Best Practices Abroad and their Implications for the U.S. Postal Service - White Paper
- 19SMG009SM000-R20 Controls Over Expense Purchase Card Activity
- 20-151-R20 Mail Delivery & Customer Service Operations - Milam Dairy Annex, Miami, FL
- 20-149-R20 Mail Delivery and Customer Service Operations - Hawthorne Post Office, Hawthorne, CA
- 20-160-R20 Facility Condition Reviews - Belmar, Normandy Beach, and Spring Lake Post Offices
- 20-148-R20 Local Purchases and Payments: Fuel and Oil - Tallahassee, FL, TLH Lake Jackson Station
- 19SMG010HR000-R20 First-Line Supervisor Resources
- 19SMG011HR000-R20 Management Structure at the U.S. Postal Service
- 19-014-R20 U.S. Postal Inspection Service Handling of Suspected Marijuana Packages
- 20-166-R20 Local Purchases and Payments: Miscellaneous Services - Exeter, NH, Post Office
- 20-147-R20 Local Travel Payments - Louisville, KY, Galleria Finance Station
- 20-163-R20 Manual Flats Processing Operations at the Tucson, AZ, Processing and Distribution Center
- 19-024-R20 Accuracy of Surface Visibility Scans and Reporting
- 19BG010FT000-R20 Options to Reduce Unfunded Retirement Liabilities
- 20-150-R20 Mail Delivery and Customer Service Operations - Chatsworth Post Office, Chatsworth, CA
- 20-165-R20 Local Purchases and Payments: Miscellaneous Services - Ellensburg, WA, Main Post Office
- 19-008-R20 Management Alert - Automatic Indemnity Claim Payments
- 20-101-R20 Fiscal Year 2019 Decision Analysis Report Summary
- 20-102-R20 Management Alert - Nationwide Delivery Scanning Issues
- 19POG001SAT000-R20 Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover
- 20-161-R20 Manual Flats Processing Operations at the Birmingham, AL, Processing and Distribution Center
- 20-153-R20 Fiscal Year 2020, Quarter 1 Draft Form 10-Q Financial Report Dated February 4, 2020
- 20-107-R20 Mail Delivery and Customer Service Operations - Allen Post Office, Allen, TX
- 20-071-R20 Facility Condition Reviews - Greenfield, Maxwell, and New Palestine Post Offices
- 20-070-R20 Facility Condition Reviews - Waynesville, Lake Junaluska, and Clyde Post Offices
- 18TG005IT000-R20 Review of Information Technology Network Performance
- 20-113-R20 Accountable Paper and Postal Funds - Pomona, CA, Main Post Office
- RISCWP20002 Same-Day Delivery: Implications for the U.S. Postal Service - White Paper
- 19BM004FT000-R20 Fiscal Year 2019 Selected Financial Activities and Accounting Records
- 19-003-R20 CONGRESSIONAL - Delivery and Customer Service Issues - Greenpoint and Williamsburg Stations, Brooklyn, NY
- 19BG004FT000-R20 Partnership Agreement Compliance

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- 20-098-R20 Manual Letter Processing Operations at the Industry, CA, Processing and Distribution Center
- 20-099-R20 Manual Parcel Processing Operations at the Brooklyn, NY, Processing and Distribution Center
- 20-078-R20 Mail Delivery Issues - Montbello Station, Denver, CO
- 20-068-R20 Passport Revenue and Fees - Sioux Falls, SD, Meadows Retail Station
- 19XG007NL000-R20 U.S. Postal Service Transportation Cost of Mail Transport Equipment
- 19XG009NO000-R20 Mail Excluded from Service Performance Measurement
- 19RG002DR000-R20 National Operational Assessment - Customer Service and Delivery Operations
- 19BG009FT000-R20 Compensation, Benefit, and Bonus Authority in Calendar Year 2018
- 20-065-R20 Manual Letter Processing Operations at the North Bay, CA, Processing and Distribution Center
- 19SMO005HR000-R20 First-Line Supervisors in the U.S. Postal Service - White Paper
- 20-077-R20 Delivery Scanning Issues - La Vergne Post Office, La Vergne, TN
- 19-043-R20 Mail Delivery Issues - Vista Station, Sparks, NV
- 20-064-R20 Manual Parcel Processing Operations at the Harrisburg, PA, Processing and Distribution Center
- RISCWP20001 A Closer Look at Postal Labor Costs - White Paper
- 20-069-R20 Meter Revenue Refunds - Coppell, TX, Main Office
- 19-045-R20 Postage Validation Imprinter Voids and Nonsaleable Stock - Los Angeles, CA, LAX Airport Finance Station
- 19-046-R20 Meter Revenue Refunds - Southgate, MI, Post Office
- 19-039-R20 Local Purchases and Payments: Miscellaneous Services - Far Rockaway, NY, Main Post Office and Park Station
- 19BM008FT000-R20 Opinion on the U.S. Postal Service's Fiscal Year 2019 Reclassified Financial Statements
- 19TG013OV000-R20 U.S. Postal Inspection Service Charlotte Division
- 19-015-R20 Fiscal Year 2019, Draft Form 10-K Financial Report Dated November 8, 2019
- 19XG002NL000-R20 U.S. Postal Service Transportation Network Operations and Cost Optimization Practices
- 18SMG023SM000-R20 Supply Management's Control Environment Over Contracting Officers
- 19XG010NO000-R20 Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections
- 19-019-R20 Meter Revenue Refunds - Hazelwood, MO, Main Post Office
- 19-010-R20 Postage and Fee Refunds - Rockville, MD, Post Office
- 19-020-R20 Mail Delivery Issues - Brightwood Station, Indianapolis, IN
- 19SMG006HR000-R20 Custodial Workhours
- 19RG005DR000-R20 Customer Service, City Delivery, and Vehicle Operations Workload and Workforce Performance Indicators
- 19BG006CP000-R20 Priority Mail Express (PMEX) Service Performance Costs in the Caribbean District
- 19RG003MS000-R20 U.S. Postal Service Sales and Marketing Key Performance Indicators
- FCSFM20001 Local Travel Reimbursement - Las Vegas, NV, Huntridge Station

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

Government Accountability Office (GAO)

The Postal Service contributed to a total of 52 GAO reports and studies from the Government Accountability Office (GAO) between FY 2020 – FY 2024, some specific to postal operations and finances and others more generally related to federal agencies:

Report Subject – Number

- U.S. POSTAL SERVICE - Inspection Service Should Document Its Law Enforcement Workforce Decision-Making Processes - GAO-24-106497
- Spectrum IT Modernization: Incorporating Leading Practices Could Improve Planning Effort - GAO-24-106634
- International Mail - Effects of Rate Increases and Other Factors on USPS and Domestic Stakeholders - GAO-24-106557SU -- Public Version GAO-24-107383
- U.S. Postal Service: Opportunities Exists to Strengthen Workforce Diversity Efforts - GAO-24-105732
- U.S. Postal Service - Better Incorporating Leading Practices for Project Management Could Benefit Strategic Plan Implementation - GAO-23-105297
- Community Development Block Grant - Disaster Recovery Applicant and Contractor Fraud Risks - Engagement numbers 104382 (Originally code 103444 USPS Address Management System Data Reliability 2020)
- Federal Budget - Government-Wide Inventory of Accounts with Mandatory Spending, Fiscal Years 2001-2021- GAO-23-105674
- U.S. ACCESS BOARD - Interagency Efforts to Promote Accessibility for People with Disabilities Generally Followed Leading Collaboration Practices - GAO-23-105948
- Cybercrime - Reporting Mechanisms Vary, and Agencies Face Challenges in Developing Metrics - GAO-23-106080
- HIGH-RISK SERIES: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas - GAO-23-106203
- U.S. Postal Service: Action Needed to Improve Credibility of Cost Assumptions for Next Generation Delivery Vehicles - GAO-23-106677 - PUBLIC VERSION GAO-23-105409SU
- Electric Vehicle Infrastructure - USPS Should Plan for Potential Workplace Charging - GAO-23-105781
- FY 2022 and FY 2021 Consolidated Financial Statements of the U.S. Government - GAO-23-105837
- Capitol Attack: Federal Agencies Identified Some Threats, but Did Not Fully Process and Share Information Prior to January 6, 2021 - GAO-23-104793SU - PUBLIC VERSION GAO-23-106625 issued 2/22/23
- U.S. Postal Service: Few Differences in On-Time Performance between Rural and Urban Areas - GAO-23-105169
- U.S. Park Police Staffing - 106005
- FEDERAL ENERGY AND WATER MANAGEMENT: Agencies Report Mixed Success in Meeting Efficiency Requirements, and Additional Data Are Needed - GAO-23-105673
- Online Exploitation of Children: Department of Justice Leadership and Updated National Strategy Needed to Address Challenges - GAO-23-105260
- Working Dogs - Federal Agencies Need to Better Address Health and Welfare - GAO-22-104489
- "2022 Annual Report:
- Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits GAO-22-105301"
- Fleet Management: Preliminary Observations on Electric Vehicles in the Postal and Federal Fleets - GAO-22-105931

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- FY 2021 and FY 2020 Consolidated Financial Statements of the U.S. Government - GAO-22-105122
- HIGH-RISK SERIES: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List - GAO-22-105184
- Spectrum Management: Information Technologies for Managing Federal Use - GAO-22-105221
- "Capitol Attack:
- Federal Agencies' Use of Open Source Data and Related Threat Products Prior to January 6, 2021 - GAO-22-105256SU
- PUBLIC VERSION GAO-22-105963 issued 5/2/22"
- COMPACTS OF FREE ASSOCIATION - Implications of Planned Ending of Some U.S. Economic Assistance - GAO-22-104436
- Virtual Currencies: Additional Information Could Improve Federal Agency Efforts to Counter Human and Drug Trafficking - GAO-22-105462 public version
- COUNTERING ILLICIT FINANCE AND TRADE - Better Information Sharing and Collaboration Needed to Combat Trade-Based Money Laundering - GAO-22-447
- COVID-19 - Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response - GAO-21-105051
- U.S. POSTAL SERVICE: Better Use of Climate Data Could Enhance the Climate Resilience of Postal Facilities - GAO-21-104152
- Congressional Mandate - BROADBAND: FCC is Taking Steps to Accurately Map Locations that Lack Access - GAO-21-104447
- U.S. Postal Service Primer: Answers to Key Questions about Reform Issues - GAO-21-479SP
- Congressional - COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity - GAO-21-551
- U.S. Postal Service: Further Analysis Could Help Identify Opportunities to Reduce Injuries Among Non-Career Employees - GAO-21-556
- U.S. POSTAL SERVICE: Customer Complaints Process - GAO-21-465
- Air Cargo Security: TSA Field Testing Should Ensure Screening Systems Meet Detection Standards - GAO-21-339SU and public version GAO-21-105192
- Volume, Performance, and Financial Changes since the Onset of the COVID-19 Pandemic - GAO-21-261
- Facial Recognition Technology: Federal Law Enforcement Agencies Should Better Assess Privacy and Other Risks (GAO-21-243SU-sensitive version and GAO-21-518-public version)
- FY 2020 and FY 2019 Consolidated Financial Statements of the U.S. - GAO-21-340R
- HIGH-RISK SERIES: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas - GAO-21-119SP
- FEDERAL CONTRACTING: Actions Needed to Improve Department of Labor's Enforcement of Service Worker Wage Protections - GAO-21-11
- Federal Employees' Compensation Act - Comparisons of Benefits in Retirement and Actions Needed to Help Injured Workers Choose Best Option - GAO-20-523
- Civil Monetary Penalties: Review of Federal Agencies' Compliance with the 2019 Annual Inflation Adjustment Requirements - GAO-20-538R
- U.S. Postal Service: Congressional Action Is Essential to Enable a Sustainable Business Model (GAO-20-385)
- U.S. Postal Service: Expanding Nonpostal Products and Services at Retail Facilities Could Result in Benefits but May Have Limited Viability - GAO-20-354
- FY 2019 and FY 2018 Consolidated Financial Statements of the U.S. - GAO-20-315R
- International Mail: Stakeholders' Views on Possible Changes to Inbound Mail Regarding Customs Fees and Opioid Detection Efforts - GAO-20-340R

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

- Federal Trust and Other Dedicated Funds: Fiscal Sustainability Is a Growing Concern for Some Key Funds - GAO-20-156
- U.S. SECRET SERVICE Investigative Operations Confer Benefits, but Additional Actions Are Needed to Prioritize Resources - GAO-20-239
- U.S. POSTAL SERVICE: Additional Guidance Needed to Assess Effect of Changes to Employee Compensation - GAO-20-140
- International Mail: Progress Made in Using Electronic Data to Detect Illegal Opioid Shipments, but Additional Steps Remain - GAO-20-231RSU
- U.S. Postal Service: Offering Nonpostal Services through Its Delivery Network Would Likely Present Benefits and Limitations - GAO-20-190

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

Postal Service Interactions with Congress – 118th Congress

The Postal Service expends considerable effort to provide Congress with information and provide a conduit to answer questions, resolve constituent issues, and provide transparency. Government Relations also maintains and staffs a field office for congressional staff in the Longworth House Office Building, B245.

The Postmaster General also conducts frequent and extensive outreach to Congress.

Scheduled Meetings/Phone Calls/Briefings: **92**

(Note: This number does not include the much more frequent impromptu or unscheduled calls and contact with members of Congress.)

Formal Hearings: **4**

Weekly Service Performance Reporting to House and Senate Oversight Committees

Service performance data for every Postal District for both Competitive and Market Dominant products

Weekly Election Mail Service Performance reporting

Service performance was provided to the House and Senate Oversight Committees for the week leading up to the 2024 General Election

Service Performance Dashboard

Since passage of the Postal Service Reform Act in 2022, the Service Performance Dashboard has provided the public and congressional offices with searchable service performance for all Postal Districts, and all Market Dominant product types.

Appropriation Committee Requests

The Senate and House Appropriations Subcommittees, connected

Congressional Notifications and Announcements

All announcements regarding Network Modernization actions, Service Alerts, Pricing Announcements, noteworthy PRC filings, and actions of importance to House and Senate Oversight Committees and routinely provided with individual Members offices for noteworthy actions or changes in their States or Congressional Districts

District Quarterly Briefings: **1,832**

Each quarter, the Postal Service district staff and Government Relations liaisons conduct briefings for congressional staff in each state.

HQ Congressional Briefing: **141**

Government Relations provides formal briefings to congressional staff, members and committee staff on various issues and subjects.

Actionable Phone Calls: **638**

Government Relations liaisons logged contacts by phone that merited follow-up or actionable information. (Note: Individual phone calls are not tracked because they are too numerous, but notable calls are tracked.)

Meeting: **1,413**

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Testimony Attachment 1

Government Relations liaison are in frequent contact with congressional staff and conduct regular meetings to answer questions, resolve issues and provide information.

Emails: **8,846**

Government Relations liaisons and directors interact with congressional staff primarily through email. Individual requests and interactions are noted here.

Government Relation outreach website – Postal 101/ Postal 101 Briefing: **809**

Government Relations provides either a comprehensive in-person briefing on postal issues, or individual briefing materials on specific topics, or both, to congressional staff. These materials were provided or accessed 809 times. Further, a specially designed website intended for congressional is maintained at: https://about.usps.com/who/government-relations/

Facility Tour: **295**

Government Relations fields and facilitates requests for by congressional staff for tours of our facilities.

Congressional Letters:

Addressed to the Postmaster General: **921**

Total Letters from Congress: **3,719**

Mail Processing Facility Review notifications: **885**

As part of the Delivering for America Plan, the Postal Service initiated Mail Processing Facility Reviews at 59 sites across the nation. Notifications were provided were provided to Congress and the information is also available at https://about.usps.com/what/strategic-plans/mpfr/welcome.htm

Direct in-person engagements by Government Relations with individual Members of Congress include,

Meetings: **146**

Phone Calls: **25**

Emails: **127**

Facility Tours: **11**

Government Relations and Public Policy Website

- Postal 101s educating Members and Staff on various Postal topics
- Informational Speeches and Briefings from the Postmaster General **6 Currently**
- Economic Impact Statements for Every Member of Congress **535**
- Contact information for Postal Service Liaison
- Current Priorities and Key Topics Resource **18 currently**
- Key PMG Correspondence **6 currently**

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
USO	Maintaining operations at low traffic Post Offices	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	The Postal Service maintains small post offices, which are generally located in rural or remote areas, as part of its duty "to establish and maintain postal facilities of such character and in such locations, that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services."	39 U.S.C. § 101(a)
USO	Alaskan Air Subsidy	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	Alaska Bypass Service allows mailers to ship goods such as food and other cargo on pallets directly to rural customers in Alaska. Commercial airline carriers deliver goods on pallets to hub airports in either Anchorage or Fairbanks. Smaller airline companies or independent pilots then break down these pallets and deliver the goods to remote communities accessible only by air, which are commonly called bush sites. The shipped goods "bypass" the Postal Service's network. With Alaska Bypass Service, the Postal Service pays for the cost of air transportation from hub airports to bush sites. The difference between this cost of air transportation from hub airports to bush sites and the average cost of ground transportation if it were available is called the Alaska Air Subsidy. The Commission previously concluded that the Alaska Air Subsidy is part of the USO.431 The Alaska Air Subsidy increased from $120 million in FY 2018 to $135 million in FY 2019.4	39 U.S.C. § 101(a)
USO	Group E Post Office Boxes/Free P.O. Boxes for residents without carrier delivery	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	Group E Post Office Boxes are provided free of charge to customers when the Postal Service does not offer carrier delivery to their physical address.433 To meet its USO delivery obligation,434 the Postal Service makes Group E Post Office Boxes available "for the purpose of resolving potential discrimination issues arising from instances in which the Postal Service chooses to provide, or not to provide, customers with a carrier delivery option."435 In FY 2011, the Commission approved treating the cost of providing Group E Post Office Boxes as an institutional cost to more equitably distribute the USO Cost. The Commission also concluded that this treatment was analogous to, and consistent with, the treatment of the Alaska Air Subsidy.436 Consequently, the Commission included the cost of Group E Post Office Boxes, which are primarily facility-related, in estimating the USO Cost.	39 U.S.C. § 101(a)
USO	Preferred-rate discounts net of costs	Estimated Revenue Not Received Due to Free or Reduced Rates	39 U.S.C. § 3626 requires the Postal Service to provide reduced rates for preferred rate categories in USPS Marketing Mail, Periodicals, and Library Mail.438 The Commission determines estimated revenue not received by quantifying the difference in revenue between mail that is statutorily required to receive a discount and the revenue the Postal Service would have received if those mailpieces were not discounted. This increase in revenue is adjusted for potential decreases in costs. If not discounted, rates for these mailpieces would be higher, resulting in a loss of volume and, consequently, lower costs.	39 U.S.C. § 101(a)
USO	Periodicals losses	Estimated Revenue Not Received Due to Free or Reduced Rates	Periodicals losses are the annual amount by which Periodicals' attributable cost exceeds revenue. The PAEA's price cap does not allow the Postal Service to fully recover Periodicals losses through rate increases. It is assumed that, if not for the price cap, the Postal Service would raise Periodicals rates to the level necessary to cover attributable cost. Accordingly, the Commission considers these losses to be part of the USO Cost.	39 U.S.C. § 101(a)

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
USO	Six-day mail delivery	Public Service or Activity	Since 1984, appropriations bills have included a provision requiring the Postal Service to continue providing Six-Day Delivery, which was added to Title 39 as part of the Postal Service Reform Act or 2022. The cost of providing Six-Day Delivery is measured as the estimated savings the Postal Service would achieve by providing residential delivery service 5 days a week instead of 6 days a week.	39 U.S.C. § 101(b)
USO	Uniform First-Class Mail rates	Public Service or Activity	Rates for First-Class Mail must be uniform throughout the United States. To determine the cost of uniform First-Class Mail rates, the Commission estimates the increased contribution that the Postal Service would earn if dropship discounts were allowed for workshare First-Class Mail.	39 U.S.C. § 101(a)
USO	Uniform Media Mail/Library Mail rates	Public Service or Activity	Media Mail/Library Mail rates must be uniform for mail of the same weight and must not vary with the distance transported. The Commission estimates the cost of the distance component by assuming that without this requirement, Media Mail/Library Mail would provide the unit contribution of Bound Printed Matter, a proxy that does not have this restriction. The Commission estimates the additional unit contribution by determining the difference between the unit contributions of Bound Printed Matter and Media Mail/Library Mail. Media Mail/Library Mail total volumes are then multiplied by the estimated additional unit contribution to produce an estimate of the total additional contribution if Media Mail/Library Mail rates were not uniform.	39 U.S.C. § 101(a)
USO	Postal Inspection Service (Net Cost)	Public Service or Activity	In the FY 2019 Annual Report, the Commission began including the net cost of the Postal Inspection Service in the estimated cost of the USO as an "other public service or activity" under 39 U.S.C. § 3651(b)(1)(C). The Postal Inspection Service enforces over 200 federal laws that relate to crimes involving the postal system, its employees, and its customers. The mission of the Postal Inspection Service is "to support and protect the [Postal Service] and its employees, infrastructure, and customers; enforce the laws that defend the nation's mail system from illegal or dangerous use; and ensure public trust in mail." Law enforcement activities of the Postal Inspection Service involve defending the nation's mail from illegal or dangerous use by, for example, combatting illegal narcotics, mail fraud, and mail and package theft. The costs of the Postal Inspection Service are partially offset by fines collected and restitution, which are subtracted from the total cost to calculate the net cost.	39 U.S.C. § 3651(b)(1)(c)
Non-USO	Federal pensions amortization (CSRS and FERS total) and restrictions on fund investments.	Employment and Contracting Requirements	USPS is required to prefund 100 percent of its federal pensions, a far higher rate than among private, State, and other Federal employers that prefund such obligations, without any ability to recoup a funding surplus.	39 U.S.C. § 1005(d)(1)
Non-USO	Federal retiree health benefit amortization and normal costs without Medicare integration and restriction on investment of RHB funds	Employment and Contracting Requirements	USPS is required to participate in Federal retiree benefits programs without Medicare integration and required to prefund 100 percent of its federal retiree health benefits, a far higher rate than among private, State, and other Federal employers that prefund such obligations, without any ability to recoup a funding surplus. Private employers' retiree health benefits plans can access Medicare Part D prescription drug subsidies; the Federal health benefits program does not. And private employers invest their pension and health benefits plan assets in diversified portfolios to maximize returns; the Postal Service's plan assets are invested solely in low-yield Treasury securities, placing a higher funding burden on the Postal Service.	39 U.S.C. § 1005(d)

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
Non-USO	Employee health benefits	Employment and Contracting Requirements	The Postal Service is required to participate in Federal employee and retiree benefits programs. While certain benefits may be altered pursuant to collective bargaining, benefits are required to remain at least as favorable as they were in 1971. Private employers may not offer such programs at all or, if they do, tend to offer benefits that are far less costly for the employer.	39 U.S.C. § 1005(d)
Non-USO	Federal workers' compensation	Employment and Contracting Requirements	Cost incurred in excess of private sector compensation for equivalent work. Private companies and other non-Federal employers are subject to State workers' compensation programs, which are less costly for employers.	39 U.S.C. § 1005©
Non-USO	Federal EEO/MSPB obligations	Employment and Contracting Requirements	Cost incurred to comply with EEO/MSPB obligations. Equal employment opportunity (EEO) laws treat the Postal Service as a Federal employer, thereby shifting more costs to the Postal Service and offering more lenient standards to employee-litigants than if the Postal Service were treated like a private employer. In addition, many Postal Service employees can appeal adverse employment determinations to the Merit Systems Protection Board (MSPB), a right that private-sector employees do not have.	29 U.S.C. §§ 633a, 791(b), 794(a); 42 U.S.C. § 2000e-16; 39 U.S.C. § 1005(a).
Non-USO	Collective bargaining, binding arbitration	Employment and Contracting Requirements	USPS must engage in collective bargaining with its unions, and any disagreement must be submitted to binding third-party arbitration. The Postal Service must also adhere to a structured consultation process regarding pay, benefits, and other programs with supervisory and postmaster organizations, which have recourse to a third-party fact-finding panel.	39 U.S.C. §§ 1206-1207(1)
Non-USO	TCOLA	Employment and Contracting Requirements	Territorial Cost-of-living Allowance paid to USPS employees outside the continental USA (e.g. Alaska, Hawaii, etc.).	39 U.S.C 1005 (b)
Non-USO	Veterans' preference	Employment and Contracting Requirements	USPS is subject to Federal veterans' preference laws, which drive complex testing, screening, and appeals systems for discipline and staffing. Private employers are free from these requirements.	39 U.S.C. § 1005(a)(2).
Non-USO	Federal contracting requirements (prevailing wage determination base)	Employment and Contracting Requirements	USPS is subject to restrictions on the contractors that it can hire. Private companies need not limit their contractor pools on the basis of contractors' wage or employment practices.	39 U.S.C. § 410(b)(4)the following provisions of title 40: (A)sections 3114–3116, 3118, 3131, 3133, and 3141–3147; and (5)chapters 65 and 67 of title 41; 41 U.S.C. §§ 46-48c.
Non-USO	Executive compensation limits	Employment and Contracting Requirements	Inability to attract top talent for senior level positions due to non-market based compensation caps. Salaries and bonuses for Postal Service executives are capped relative to the Vice President's salary; These limits restrict the President's and the Postal Service's ability to recruit skilled leadership from the private sector.	39 U.S.C. § 202 (a)

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
Non-USO	Capital & investment constraints	Capital and Investment Controls	Unlike private firms or other governmental entities, the amount that the Postal Service can borrow is capped at $3 billion per year and $15 billion total. Due to its legal constraints and the business challenge of long-term and accelerating volume decline, the Postal Service reached the $15 billion ceiling in FY 2024.	39 U.S.C. § 2006; Scope of Treasury Department Purchase Rights with Respect to Financing Initiatives of the U.S. Postal Service, 19 Op. Off. Legal Counsel 238 (1995); Authority of the Secretary of the Treasury Regarding Postal Service Bond Offering, 17 Op. Off. Legal Counsel 6 (1993); 39 U.S.C. § 2005(a)(1), (a)(2)(C); Postal Reorganization Act – Investment of Excess Funds of the Postal Service, 43 Op. Att'y Gen. 45 (1977); 39 U.S.C. § 2003(d); Postal Service Bond Offering, 17 Op. Off. Legal Counsel at 11-12; Investment of Excess Funds, 43 Op. Att'y Gen. at 47
Non-USO	National security activities (including both government mail irradiation and bio-detection system activities)	National Security and Law Enforcement Duties	The Postal Service is subject to Presidential emergency preparedness directives, some of which increase its costs. In addition, the Postal Service bears the cost for a contract to irradiate certain mail to the Federal government and for transportation of mail to and from the irradiation facility. Government Mail Irradiation costs includes the irradiation contract, trucking, preparation and post treatment labor and space. National security activities total value includes sum of government mail irradiation and bio-detection system totals.	Exec. Order No. 13,416, § 2(a), 3 C.F.R. 251 (2006);
Non-USO	Law enforcement constraints	National Security and Law Enforcement Duties	As Federal law enforcement officers, Postal Inspectors and Postal Police are subject to constitutional due process and warrant limitations that do not restrict private companies' security operations. These legal limitations, in turn, expose the Postal Service to liabilities that private companies do not face.	39 U.S.C. §§ 204
Non-USO	PRC budget	Regulatory Costs and Mandatory Disclosure	The Postal Service is required to fund the entire budget of the Postal Regulatory Commission (Commission). No private delivery companies or utilities are required to fund Federal agencies with the power to regulate and investigate them.	39 U.S.C. §§ 410(b)(10)the Inspector General Act of 1978; and, 504(d)
Non-USO	OIG budget	Regulatory Costs and Mandatory Disclosure	The Postal Service is required to fund the entire budget of the Office of the Inspector General of the U.S. Postal Service (OIG). No private delivery companies or utilities are required to fund Federal agencies with the power to regulate and investigate them.	39 U.S.C. § 3622(d)(1)(A)
Non-USO	Product restrictions	Regulatory Costs and Mandatory Disclosure	The Postal Service can offer only those services that are related to the delivery of physical items, with a narrow exception for certain grandfathered services that the Commission has authorized to continue. By contrast, private businesses and foreign postal operators are free to diversify their product portfolios to raise revenue, maximize cost efficiencies, and mitigate risk.	39 U.S.C. §§ 102(5)
Non-USO	FOIA net cost	Regulatory Costs and Mandatory Disclosure	Costs incurred to comply with the Freedom of Information Act.	39 U.S.C. § 410(b)(1) section 552

Postmaster General Louis DeJoy 12.5.24 HSGAC Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
Non-USO	PRC compliance costs	Regulatory Costs and Mandatory Disclosure	Costs incurred to comply with PRC compliance costs.	39 U.S.C. §§ 410(b)(10)the Inspector General Act of 1978; and, 504 (d)
Non-USO	Commercial impact of public disclosure	Regulatory Costs and Mandatory Disclosure	The Postal Service is subject to transparency requirements that do not apply to private companies: the Freedom of Information Act (FOIA), the Sunshine Act, and the Privacy Act. It is also required to report operational and commercial information to the Commission at a far more granular level than private companies disclose. That information is either published as a matter of course or subjected to a balancing test that may result in disclosure irrespective of whether a private business would publicly disclose comparable information.	39 U.S.C. § 410(b) (1)section 552 (public information), section 552a (records about individuals), section 552b (open meetings), section 3102 (employment of personal assistants for blind, deaf, or otherwise handicapped employees), section 3110 (restrictions on employment of relatives), section 3333 and chapters 72 (antidiscrimination; right to petition Congress) and 73 (suitability, security, and conduct of employees), section 5520 (withholding city income or employment taxes), and section 5532 [1] (dual pay) of title 5, except that no regulation issued under such chapters or section shall apply to the Postal Service unless expressly made applicable;. Id. § 3652 (a)Costs, Revenues, Rates, and Service.—
Non-USO	Federal CISO requirements	Potential for Discussion	Costs incurred due to federal cybersecurity regulations	
Non-USO	Federal 508 compliance	Potential for Discussion	Costs incurred to comply with federal 508 compliance procedures	
Non-USO	Energy policy Act (Alternative Fueled Vehicles)	Potential for Discussion	Cost to purchase alternatively fueled vehicles.	
USO	USO requirement to serve compact agreement countries at domestic rates	Potential for Discussion	Costs incurred to offer domestic rates to non-US jurisdictions	
USO	USO requirement to serve OCONUS territories at domestic rates	Potential for Discussion	Costs incurred to offer domestic rates to non-US jurisdictions	
Non-USO	STOP Act requirement to track AED	Potential for Discussion	Costs incurred to comply with STOP Act requirements.	
Non-USO	UPU compensation limits on terminal dues for mail and other services	Potential for Discussion	Reduced revenue share allocation due to UPU imposed terminal dues for mail products under UPU purview	
Non-USO	Restricted from doing Mergers and Acquisitions	Potential for Discussion	Opportunity cost due to inability to acquire companies to supplement innovation, expand revenue sources, etc.	

Ridgefield, CT Parking Lot
NO PARKING
UNAUTHORIZED
VEHICLES WILL BE
TOWED AWAY
AT VEHICLE
OWNER'S EXPENSE

MISSOURI FARM BUREAU FEDERATION
P.O. Box 658, 701 South Country Club Drive, Jefferson City, MO 65102 / (573) 893-1400

November 13, 2024

Postmaster General Louis DeJoy
USPS – Headquarters
475 L'Enfant Plaza SW
Washington DC 20260-0010

Dear Postmaster General DeJoy:

On behalf of Missouri Farm Bureau, our state's largest general farm organization, I write to you with concerns regarding the U.S. Postal Service's proposal, "Regional Transportation Optimization." Missouri Farm Bureau represents over 157,000 member families all across the state of Missouri who rely on the hardworking employees of your agency to provide prompt, efficient, and reliable service to our rural communities six days a week, rain or shine.

It has come to our attention that the U.S. Postal Service (USPS), through the proposed implementation of this plan, intends to consolidate mail drop-off and pick-up opportunities for locations greater than 50 miles from the nearest regional USPS hub. Our members are already frustrated by slow delivery times, consolidation of rural facilities, and the overall perceived inefficiency of USPS as a whole. Additionally, we echo concerns shared by various members of Missouri's congressional delegation in correspondence with USPS earlier this year.

Rural Americans rely on prompt and reliable postal service for a whole host of reasons, including receiving letters from loved ones, critical medication, time-sensitive documents and bills, and even Social Security payments. We believe these taxpayer-funded services should serve rural and urban areas equally to the maximum extent possible. Further restricting access to services in rural areas does not accomplish this goal.

By USPS's own admission and analysis, this change will disproportionately impact rural citizens. Per studies cited by Arslan Saleem, USPS Director of Corporate Performance Reporting and Analytics, in testimony to Congress, nearly 68% of single-piece first-class mail volume will experience downgrades in rural areas.

We urge your team to reconsider this proposal and develop a better path forward that prioritizes efficiency within the service, and equitable treatment between rural and urban citizens. Thank you for your attention to this important issue. Should your team wish to reach us, please direct any response to Spencer Tuma, Director of National Legislative Programs, at spencer.tuma@mofb.org.

Sincerely,

Garrett Hawkins

Garrett Hawkins
President

cc: Missouri Congressional Delegation

December 13, 2024

The Honorable Gary Peters
Chair
Committee on Homeland Security &
Government Affairs
United States Senate
Washington, DC 20510

The Honorable Rand Paul
Ranking Member
Committee on Homeland Security &
Government Affairs
United States Senate
Washington, DC 20510

Dear Chairman Peters and Ranking Member Paul:

The Envelope Manufacturers Association (EMA) respectfully submits the following statement for the record for the Senate Homeland Security Government Accountability Committee and (Committee) December 5, 2024, hearing titled, "Oversight of the United States Postal Service: Understanding Proposed Service Changes." EMA members manufacture and supply paper-based communications, especially envelopes and printed products. EMA also supports education and research through the EMA Foundation for Paper-Based Communications. EMA and our member companies are part of the U.S. mailing industry, which represents 7.9 million American jobs and generates $1.9 trillion in sales revenue and depends on a reliable and affordable United States Postal Service (USPS).

We applaud the Committee for continuing its oversight of the USPS and the implementation of Postmaster General Louis DeJoy's "Delivering for America" (DFA) plan. Since the implementation of this plan, postage rates have gone up six times and over 33% or more for certain categories of mail, and service has declined drastically. We, like many in the mailing industry, are concerned that continued implementation of this plan at this pace could jeopardize the overall long-term viability of the USPS to serve the American people and businesses who depend on it.

While USPS continues to raise rates and slow service the financial picture continues to worsen. USPS lost $6.5 billion in 2023, the year that the Postmaster General projected the USPS would break even. In Fiscal Year 2024, USPS lost a staggering $9.5 billion, in a year when the DFA plan projected revenue of $1.7 billion.

With the unprecedented rate and pace of postage increases it is no surprise that USPS suffered substantial losses in volume for all types of mail. The losses in mail volume, from our perspective, are attributable in large part to the significant and frequent postage increases. The price hikes coupled with the slower service will continue to harm the U.S. mailing industry and the USPS's own bottom line. Paying more for slower, less reliable service is disincentivizing businesses and everyday Americans from utilizing the mail.

700 S. Washington Street, Suite 260, Alexandria, VA 22314 ♦ + 703.739.2200 ♦ Fax +1 703.739.2209 ♦ www.envelope.org

Considering all the problems USPS is facing, we are concerned that the leadership of the USPS is continuing down the same path of implementation of DFA, with significant investment in a redesigned network, unprecedented rate hikes, and slower service, and somehow expecting a different result than we have experienced since the DFA plan launched in 2021.

We urge Congress to aggressively continue its oversight efforts in the new Congress and look forward to collaborating with the Committee on potential legislative fixes to problems that the USPS is unwilling or unable to make on its own.

Sincerely,

Marie Clarke, Esq.
President
EMA and EMA Foundation

700 S. Washington Street, Suite 260, Alexandria, VA 22314 ♦ + 703.739.2200 ♦ Fax +1 703.739.2209 ♦ www.envelope.org

December 5, 2024

The Honorable Gary Peters
Chairman
Homeland Security and Governmental Affairs Committee
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Rand Paul
Ranking Member
Homeland Security and Governmental Affairs Committee
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Peters and Ranking Member Paul,

Keep US Posted, an alliance of American consumers and the Market Dominant mailing industry welcomes this hearing on the status of the The U.S. Postal Service (USPS), which is a critical institution that is woven into the historical fabric of our nation — and to this day serves as a vital lifeline for our nation's productivity, success and collective wellbeing. USPS plays a hugely important role for consumers and businesses subject to its monopoly privileges, and collectively it represents an industry that generates approximately $1.9 trillion in annual revenues and employs more than 7.9 million workers.

Keep US Posted was formed to give USPS customers— individual members of the mailing public and industry alike—a voice in postal policy. Not only does our nation need and depend on mail services—especially because USPS is the only courier able (and mandated to reach) every address across the country, but we also recognize that the mailing services USPS is tasked with providing strongly depend on a healthy customer base and an affordable and reliable USPS.

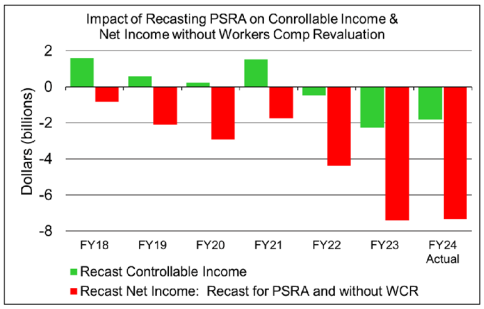
Unfortunately, due to USPS mismanagement—and chiefly its continued pursuit of the *Delivering for America Plan* (DFA)— the future of USPS and its customer base is in peril. Neither the bipartisan Postal Reform Act of 2022—which resolved $120 billion in USPS liabilities—nor the millions in COVID relief funding provided by Congress prevented USPS from delivering unprecedented and exorbitant twice-a-year rate increases, poor service, and excessive cost overruns, despite the intention of the Postal Reform Act of 2022 to fiscally stabilize the USPS and prevent the need for excessive rate hikes, which have been occurring twice each year since 2021—something which was and has been unprecedented throughout the Postal Service's nearly 250-year history.

While USPS has indicated it will forego the small rate increase it could have pursued in January 2025, it is evident that this is not a change in direction, but rather a temporary response to the concerns of you and your colleagues. In a September 23 filing at the Postal Regulatory Commission (PRC), USPS indicated it expects to seek twice-a-year increases in 2026 and 2027. To make matters worse, earlier this month, USPS filed for an advisory opinion at the PRC to degrade mail service for rural customers. And in its Delivering for America 2.0 update, USPS is proposing to increase its borrowing authority. Congress must not allow USPS to charge more, spend more and deliver less on the taxpayer's dime.

This mismanagement resulted in a $6.5 billion loss for USPS in FY2023—in what the DFA promised to be the first break-even year—and a $9.5 billion loss for USPS in FY2024 and is now projecting a loss of

$6.9 billion in the current year. Moreover, mail volume losses have accelerated far beyond the normal decline patterns in response to the punitive increases, and service quality is at a three-year low. Meanwhile, the huge growth in package volumes upon which USPS based the entire DFA have not emerged.

As the chart below indicates, ignoring a one-time windfall from the Postal Service Reform Act (PSRA) of 2022, the Postal Service's financial condition has worsened dramatically under DFA.



This financial performance is especially concerning given the following:

- In FY2021, the COVID pandemic created a surge in demand for shipping services resulting in nearly $4 billion in revenue growth, including a federally funded COVID test kit program for which the Postal Service was the sole contractor.
- At the same time, legislation provided the Postal Service with $10.2 billion to offset COVID related expenses.
- Since 2021, the United States has experienced sustained economic growth, and thanks to favorable regulation, the Postal Service has been able to raise rates on its monopoly products at an unprecedented rate.
- The Postal Service has taken aggressive steps to insource activities previously performed by private sector partners which have failed to yield expected benefits.
- Total postal volumes have declined by 13 percent, yet career postal employment has increased.

Despite this record, postal management has indicated no intention to reconsider its plans to appropriate capital from the private sector to fund wasteful investments in excess sorting capacity. Further, at the most recent Board meeting, the USPS clearly indicated its intention to seek greater borrowing authority. Given the recent trajectory, allowing the USPS to accumulate additional debt will greatly increase the risk that taxpayers will eventually be asked to save the Postal Service. The USPS has had three years to pursue DFA and the results speak for themselves. To continue down the same path will invite continued failure.

The USPS SERVES US Act (H.R. 9839) addresses this crisis by giving the PRC the necessary mandate and power to hold USPS accountable. Currently, the PRC, by its own admission, lacks the statutory authority to do what is necessary to stop destructive rate hikes, and as recently as this spring permitted a huge July rate increase that it admitted was "not prudent….and not in the best interests of stakeholders."

This is a warning to Congress that changes are needed to ensure the PRC can do the job it was created to do. In addition, clear authority from Congress is even more necessary in the post-*Loper Bright* environment.

H.R. 9839 contains provisions to ensure efficiency improvements, service quality and volume retention. It creates an autonomous Office of Customer Advocate to give customers, especially small businesses, a dedicated point of contact and representative in proceedings, and it allows USPS to invest its assets in better performing private index funds. These provisions have broad support from USPS's customer base and have been carefully crafted to give the PRC the clarity and authority it needs to address these challenges on a consistent, expert, and bipartisan basis.

I urge the Committee to take up this bill in the new Congress. USPS cannot be permitted to continue down its current path. Thus far, it has shown no indication it will do anything differently unless changes are made to its governance structure. Failure to act will leave USPS with too few customers to support its bloated obligations, thus leaving Congress to choose between substantial reductions in service or a costly taxpayer bailout. This outcome will not benefit USPS, its customers, or its employees.

Sincerely,

Kevin Yoder
Former Member of Congress (KS-03)
Executive Director, Keep US Posted

NATIONAL ASSOCIATION OF POSTAL SUPERVISORS
National Headquarters
1727 KING STREET, SUITE 400
ALEXANDRIA, VA 22314-2753
(703) 836-9660

Statement of

Chuck Mulidore

Executive Vice President

National Association of Postal Supervisors

Hearing Before

Senate Committee on Homeland Security and Governmental Affairs

December 5, 2024

Chairman Peters, Ranking Member Paul and members of the committee, thank you for extending the National Association of Postal Supervisors (NAPS) the privilege to share with the committee the views of the approximately 47,000 postal supervisors, managers and postmasters NAPS represents. I am Chuck Mulidore, the Executive Vice President of NAPS.

As you may know, NAPS members serve as frontline guardians in securing and enhancing our national mail system by managing its processing, delivery, retail, administrative and support functions. NAPS members are proud of the 250-year history of the United States mail system and pledge to fight for its viability into the foreseeable future.

NAPS knows the committee is aware that postal supervisors, managers and postmasters are essential to this nation's most-trusted federal agency and, therefore, NAPS is appreciative of the committee's statutory, diligent, comprehensive and necessary postal oversight.

NAPS values the chairman and ranking member's appreciation that the Postal Service is not an autonomous profit-driven corporate entity; rather, it is a national treasure, established in the U.S. Constitution for the benefit of our citizens. Its modern incarnation remains an independent establishment within the executive branch of our government, and a vital part of the nation's essential infrastructure. The Postal Service's most important stakeholder is the American public – your constituents. As such, legislative oversight and the regulatory oversight exercised by Congress and the Postal Regulatory Commission (PRC) are crucial. Moreover, in 1996, Congress felt it necessary for and added a layer of oversight through the Postal Inspector General, a position independent of postal management, hired by and reporting directly to the presidentially nominated Postal Board of Governors.

Notwithstanding this oversight and legislative authority, a considerable portion of the Postal Service's financial challenges are rooted in several decades-old harmful congressional and White House decisions that have destabilized the agency, both operationally and financially. For example, three decades ago, Congress imposed on the Postal Service retirement and health insurance charges intended to offset ongoing federal budget deficits. Inasmuch as Postal Service operations were funded by postage, not through annual appropriations, numerous past congresses raided the Postal Service as a cash cow to reduce the federal budget deficit. Ironically, this was after Congress, in 1989, moved the Postal Service "off-budget." This hard-fought action was intended to protect it from congressional budget tampering.

About 20 years ago, it was discovered that the Postal Service was overpaying into the Civil Service Retirement and Disability Trust Fund by about $3 billion per year. Instead of refunding the Postal Service its overpayments and waiving future contributions, Congress forced the Postal Service to divert future overpayments into an "escrow fund," with the fund's disposition to be decided later by Congress. Subsequently, Congress enacted legislation to shift the military retirement credit of postal employees from the U.S. Treasury to the Postal Service. This budget sleight-of-hand pilfered the escrow and then some, totaling about $27 billion.

And then, in 2006, Congress passed the Postal Accountability and Enhancement Act. One of the statute's provisions forced the Postal Service to prefund future retirement liabilities – an obligation carried by no other entity, public or private. The prospective assessment totaled $5.5 billion to $5.8 billion per year from 2007-2016. Fortunately, the 2022 Postal Reform Act relieved the Postal Service of this punitive obligation. Indeed, when evaluating the Postal Service's current financial condition, an honest and responsible examination will consider the punitive and unfair way in which the Postal Service has been treated in the past.

The Postal Service has also been forced to refute untrue allegations about its conduct in delivering and processing absentee ballots. NAPS believes Americans are grateful for the work that the U.S. Postal Service employees perform in furthering American democracy. In the three most recent federal elections – conducted in 2020, 2022 and 2024 – there has been no credible evidence of any fraud involving Americans who chose to exercise their right to vote by mail. Indeed, in the 2024 election, the Postal Service processed over 99.2 million election ballots and transmitted those ballots from the voter to the election authority on the average of just one day.

Notwithstanding the exemplary USPS performance in recent elections, NAPS is deeply concerned with postal performance associated with implementation of the Delivering for America (DFA) initiative. Postal leadership endeavors to make this the hallmark of the modern Postal Service, but the performance data resulting from the DFA's roll-out plan has been a blemish on the agency. With the increased transparency resulting from the Postal Reform Act of 2022, the diligent work of the Postal Inspector General, the regulatory surveillance of the PRC, and the legislative oversight of the House and Senate committees of jurisdiction, the American public and their elected leaders can objectively evaluate the DFA thus far.

One of the more recent and worrisome aspects of the DFA initiative is the Postal Service's post-Thanksgiving concession that it will fail to meet its fiscal year 2024 performance standards with the DFA, and, therefore, proposes to downgrade its target for fiscal year 2025. On Friday, November 29, the agency announced a significant reduction in its performance targets for single-piece First Class Mail.

In 2024, the Postal Service's strived to meet a performance target of 93% on-time for two-day delivery and 90.3% for three-to-five-day delivery. The day after Thanksgiving, the agency advised its regulator that it was lowering its target for 2025 to 87% for two-day delivery and 80% for three-to-

five-day delivery. To fully understand the magnitude of this operational gap, you need to recall that, in 2021, the Postal Service, with much fanfare, declared that it would meet a 95% on-time performance standard as it moved air transit mail to ground carriage if it was permitted to extend the delivery window by one day. As the committee knows, the Postal Service never met that target and the DFA has widened the distance between the target and actual performance. It would be instructive to know what specific factors led the Postal Board of Governors to approve the new performance targets.

As NAPS has previously testified before this committee, the Postal Service moved much too fast in implementing the plan, without the constructive input of its frontline managers who would be tasked with implementing the plan. Moreover, we continue to be distressed by the impact the DFA has had and will continue to have on rural mail service. Eliminating afternoon mail collection from postal units more than 50 miles from one of the USPS' Regional Processing and Distribution Centers would further degrade rural service by delaying mail transit from the point of mail acceptance to delivery for rural postal customers. In fact, at a September 26 hearing conducted by House Appropriations Financial Services and General Government Subcommittee Chair David Joyce, the Postmaster General admitted that the local incarnation of this regional transportation initiative – Local Transportation Optimization – blew up on the launch pad in Wisconsin.

NAPS hopes the current PRC review of the USPS' request for an advisory opinion on the DFA will have an informative, constructive and positive impact on the Postal Service's decision-making as the agency deliberates over the future of the DFA. For its part, NAPS "intervened" in the docket and submitted a series of on-the-record questions relating to the plan's fidelity to Title 39's requirement that the USPS prioritize prompt universal mail service and concerns about rural service degradation. In addition, we asked about employee and transportation availability assumptions and to what extent the Postal Service assessed customer expectations prior to implementation.

Yesterday, the PRC conducted its long-awaited public hearing associated with the USPS' request for an advisory opinion on the DFA. It was illuminating that under PRC questioning, the Postal Service sought to defend a potentially flawed DFA design. Specifically, the operational design used to build the specifics of certain aspects of the DFA failed to incorporate its USPS transportation and processing networks into a unified postal system. As a result, the evaluations of transportation and processing were conducted in their own silos.

Moreover, USPS responses to PRC questioning reflected that the DFA design did not take into account numerous random variables that could affect mail delivery, transportation and processing. Indeed, integrating random variables into it operational modeling might have created the mechanisms to prevent the operational breakdowns that took place in such areas as Virginia, Georgia and Texas.

Mr. Chairman, Ranking Member Paul and committee members, it is NAPS' hope that the Postal Service responsibly and comprehensively considers the advice of the PRC, this committee and its supervisors, managers and postmasters before taking further steps in moving forward with the DFA. Thus far, the record speaks for itself.

As we progress to the next congressional term, NAPS looks forward to our continuing dialogue with the chairman and members of the committee to ensure the viability and vitality of a universal, national mail system.

Thank you.

Post-Hearing Questions for the Record
Submitted to Louis DeJoy
From Senator James Lankford

Oversight of the United States Postal Service: Understanding Proposed Service Changes
Thursday, December 5, 2024

1. **In 2022, you suggested that the Postal Service would be able to break even if the Postal Service Reform Act (PSRA) became law. After the PSRA became law, you cited inflationary pressures as the driving cause for continued losses. However, many had forecasted increasing inflation prior to the passage of the PSRA.**

    a. **What steps were taken to better ensure that the Postal Service's financial outlook accounts for expected economic trends?**
    b. **Do you continue to believe that the Postal Service will break even during your tenure? If so, please provide an estimated timeline.**
    c. **Alternatively, do you believe there is a chance that the Postal Service could reach insolvency? If so, please provide an estimated timeline.**

When Delivering for America was first published, we projected a total net loss of more than $200 billion over 10 years if we were unable to achieve the required savings of nearly $50 billion through reduced work hours in line with our declining volume. Frankly, before implementation of the DFA, we had not been able to reduce work hours since 2014.

We originally planned to have breakeven net income by FY 2023 and, if not for the impacts of high inflation and our inability to achieve CSRS reform, we would have come close to this goal. We finished FY 2023 with a $6.5 billion net loss. Historically high inflation (which was significantly above our projections) contributed $2.6 billion to that figure, as inflation impacts our costs much more quickly than it impacts our ability to raise prices due to the regulatory structure imposed on us regarding price changes. In addition, our plan included an administrative action (the proper allocation of our CSRS obligations) which was not implemented. This expense of $3.1 billion combined with the inflation impact made up $5.7 billion of our $6.5 billion loss. The remaining impact was due to ongoing effects of the pandemic, significant increases in packages while mail volumes declined at a pace not seen since the Great Recession, and an organization in a far more eroded position than realized, ill-equipped to adapt to these changes.

Despite these challenges, in FY 2022, FY 2023, and FY 2024, we were able for the first time to make partial payments to the amortization of the unfunded liability in our pension accounts. We defaulted on these payments from FY 2014 to FY 2021. We halved our projected loss and now project a loss of approximately $80 billion over the same period,

and plan to close the remainder of the gap through additional cost-saving and revenue growth initiatives.

We aggressively sought opportunities to increase market share and revenue, resulting in revenue exceeding plan by $9.8 billion through FY 2024 compared to DFA 1.0 Base Plan. For the first time since FY 2014, we reduced annual work hours, eliminating 45 million in three years, resulting in annual savings of $2.3 billion. Some of these savings are a result of the shift to more efficient, more automated facilities, even though this transformation is still in the early stages. We reduced annual transportation costs by $1.2 billion by shifting volume to our more efficient ground service network, insourcing some local transportation and transportation network functions, and making alignment adjustments throughout our operations to move mail more reliably and affordably. During this transformation, we invested heavily in our infrastructure and our employees. We converted 190,000 employees to full career status over the past four years, increasing our total career employees by approximately 28,000 employees (accounting for general attrition) to staff our operations appropriately, recover operational control, begin our transformation, significantly reducing overtime and minimizing the need for temporary employees -- and thereby move to a well-trained and engaged workforce. We committed approximately $17.2 billion in capital and expense investment through FY 2024, including $6.2 billion to improve our existing facilities, which had been dilapidated after years of neglect and lack of investment.

While the reduction in future losses already achieved is remarkable, the Postal Service finished FY 2024 with a $9.5 billion net loss, compared to a net loss of $6.5 billion for the prior year, an increase of $3 billion primarily attributed to the year-over-year increase in non-cash workers' compensation expense. Over 80 percent of our current year net loss is attributed to factors that are outside of management's control, specifically, the amortization of unfunded retirement liabilities and non-cash workers' compensation adjustments. The historic inflationary environment we encountered (which was significantly above our plan) contributed to that figure, as our pricing adjustments are not proportional to our costs and are garnered after we have already been impacted by the inflation. It should be noted that if we had not accomplished the cost reduction and revenue growth initiatives we achieved over the last four years, we would have lost in excess of $55.3 billion, compared to our actual losses of approximately $21.9 billion as a result of the historic high inflation we experienced during my tenure as Postmaster General. In addition, we have not yet properly allocated our CSRS amortization obligations, representing $10.4 billion (FY2021-FY2024) of the costs outside of our control. Those costs would not exist if a more appropriate allocation method had been utilized.

This underscores the need to move forward steadily with the DFA Plan's clear strategies to quickly achieve financial stability and service excellence. These strategies remain the only comprehensive solution to our longstanding problems and the only path forward to creating a Postal Service with long-term viability and strong service, products, and culture. Our plan will generate enough revenue to cover our operating costs, enable investments in our people, infrastructure, and technology, while simultaneously providing our commercial customers and the American people with the excellent service they deserve. I would also encourage you to read our recently released DFA 2.0 for a blueprint for our path forward. It is our financial condition and the shared expectation that we must fund our own operations that necessitates the establishment of ambitious targets contained in that plan.

The fact remains that we continue to have losses, and it is evident that to break even and avoid running out of cash in the next several years we must press ahead on our revenue-generating and cost-cutting initiatives.

It is also important that assessments of our financial situation be clear-eyed and well understood — especially in the absence of legislative reforms and given that we have little or no control over some key expenses (e.g., pensions and workers' compensation claims, etc.). Therefore, it is important to focus on controllable income or loss rather than uncontrollable factors that are required when using Generally Accepted Accounting Principles (GAAP). Judging the financial results of the Delivering for America plan by simply focusing on bottom-line GAAP loss undermines and ignores the very real achievements made by the organization.

While we have already made historic progress, it has not yet been enough to make us financially sustainable. Given our still-precarious financial condition, we need to continue to move forward with the strategies in Delivering for America that are already in motion. The alternative is that we will run out of cash and either fail to fulfill our basic obligations to the American people, drastically cut our services, or require a taxpayer funded bailout. Our goal is to utilize all the tools available to us to stop any of those things from happening. The following are our near-term financial goals and objectives which were laid out in my letter of January 10, 2024, to the President and your Committee. Their achievement is dependent on the changes we seek to make to our processing and transportation networks, and correspondingly to our service standards as outlined in our recent Postal Regulatory Commission (PRC) advisory opinion request.

- Reducing our regional network transportation and its costs by at least $1.5 billion, by aggregating volume in fewer facilities, moving mail and packages regionally in an integrated manner using fewer trips, ensuring that the trips we run are fully

utilized, and shifting more costly and less reliable air volume to ground transportation.
    - Insourcing of Terminal Handling Services and Surface Transfer Centers.
    - Reorganizing air-to-surface transportation to reduce costs and improve performance.
    - Reducing surface transportation from network realignment.
- Reducing our local transportation costs by $1 billion by optimizing routes and decreasing thousands of underutilized local trips a day.
- Reducing our processing & distribution costs by at least $1.5 billion by insourcing previously outsourced operations, reorganizing operating plans and schedules, adding more sortation equipment, and improving operating tactics to increase throughput, gain productivity and increase asset utilization.
    - Continue stabilizing operations by updating policies and procedures.
    - Continue implementing our new network of Regional Processing and Distribution Centers (RPDCs) and Local Processing Centers (LPCs).
- Reducing our retail and delivery cost of performance by $1 billion by right-sizing workhours, equipping our delivery units, accelerating Sorting and Delivery Center (S&DC) implementation, optimizing our carrier route structures based on changing market conditions and improving operating tactics.
    - Continue opening new S&DCs in local markets.
    - Rationalize delivery route structure.
    - Increase product density of existing routes.
- Growing our package revenue by at least $3 billion through the introduction of new, reliable, and affordable products to the American people and American businesses that are aligned with our operating model and by modernizing our approach to sales and marketing.
    - Continue streamlining and improving our products and services.
    - Improve our sales and contracting methodologies.
    - Compete for our share of the marketplace.
- Continuing to recover market dominant revenue of $2 billion by leveraging our pricing authorities in a judicious manner to offset past inflation and correct for 15 years of a defective pricing model.
- Improving our service so that every American across the nation, in both rural and urban areas, can have an expectation of a Postal Service they can rely upon.

Based on the preceding background, I offer specific answers to your questions as follows, as supported with the detail above.

a. What steps were taken to better ensure that the Postal Service's financial outlook accounts for expected economic trends?

We make inflation projections based on publicly based inflation percentages and those are included in our budget. The level of inflation coming out of the pandemic was beyond projections. One unique aspect for the Postal Service is that our costs may only be recovered in arrears, the year after they are incurred, and that includes inflation. As a result, if inflationary costs, in addition to other uncontrollable costs, may only be recovered in the year after incurred, and pricing adjustments to recover from increased costs are also only submitted for approval to the PRC in latter years, there is a substantial lag time in cost recovery. Given the regulatory pricing structure imposed on us, the Postal Service does not have the same ability to adjust its pricing on the fly as similarly situated private competitors. In summary, neither expenses nor revenue are readily adjustable and the lag time in recovery of both compounds quickly.

b. **Do you continue to believe that the Postal Service will break even during your tenure? If so, please provide an estimated timeline.**
I do. I am not willing however to offer a specific time frame of the controllable versus uncontrollable costs about which I have testified. A distinct majority of expenses are uncontrollable, and require congressional action to adjust. Actuarial reallocation to our CSRS obligations has now been interpreted by the Office of Legal Counsel to require congressional action, as would workers' compensation reforms, and the ability to invest pension assets in anything other than Treasuries. Absent congressional action, this will be an enormous drag on finances and controllable costs and efficiencies would be much more challenging to overcome.

In addition, Congress has shown much resistance to many elements of the Delivering for America plan that involve achieving cost efficiencies, reduced transportation, or facility adjustments. Should our necessary transformation activities be slowed or stopped, it is difficult to see how break-even goals could be achieved.

c. **Alternatively, do you believe there is a chance that the Postal Service could reach insolvency? If so, please provide an estimated timeline.**

There is a strong chance, yes. As I have cautioned repeatedly, when I joined the Postal Service in July of 2020, the organization was on a near-term trajectory to financial and service collapse. For all the reasons stated in the answer to the above question, absent reform of uncontrollable expenses including those requiring action from Congress, if high inflation persists, and if the necessary initiatives from the Delivering for America plan are stopped or slowed down out of parochial or political fear or special interest advocacy, there is a chance the Postal Services could decline into financial and service collapse. We are working hard to avoid that.

2. **Has the Postal Service prepared an analysis of insourcing under the Delivering for America plan? Does the analysis consider an increasing cost of labor, procurement of an expanded fleet of trucks, and the maintenance of those vehicles? Please provide the analysis.**

The RPDC/LPC network redesign allows the insourcing of processes currently conducted at some of our many contracted facilities (STCs) and Terminal Handling Services (THSs) for further efficiency gains, more stable operations, and improved working conditions. We have also insourced transportation operations, ensuring labor stability in local transportation and improving our ability to manage emergent service requirements.

The procurement of new vehicles is a necessity, with all of our current Long-Life Vehicles (LLVs) having already surpassed their useful lifespan. Without the acquisition of new vehicles, the Postal Service would be stuck paying ever-increasing amounts merely to maintain older and older LLVs or replace them with a hodge-podge of commercial-off-the-shelf (COTS) vehicles. Average yearly maintenance costs for LLVs exceeded $5,200 in FY23 and was projected to grow beyond $5,500 in FY 2024. The acquisition of new COTS vehicles in FY24 helped the Postal Service replace its most expensive to maintain LLVs reducing the average cost to $4,400 supporting the fiscally responsible decision to modernize the fleet. While COTS generally have a lower initial cost, their expected service lifespan is also much shorter than purpose-built delivery vehicles.

3. **High volume Mail-Theft Attacks surged 139% between FY 2019 and FY2023. Is there a plan to address the trajectory of increased crime against letter carriers in 2025?**

As described in my written testimony, I am concerned about the increase in crime over the past several years that resulted in escalating criminal incidents against Postal Service employees and the mail. Every postal employee deserves to work in safety and to be free from targeting by criminals seeking to access the public's mail.

Project Safe Delivery Progress to Date
Project Safe Delivery is the Postal Service's first comprehensive strategy to combat these crime challenges. It was developed as a holistic approach to lessen the likelihood that criminals will target our employees. While arrests and prosecutions must be a part of the solution, we cannot arrest our way out of this problem. Our focus will continue to be on prevention and implementing strategies and technologies that will protect our employees and the mail.

The initiative is already showing results. Multiple departments within the Postal Service, including the Inspection Service, the Office of the Chief Information Officer, and the Office of the Chief Retail and Delivery Officer are working together to support the

ongoing campaign. While efforts are ongoing and continuously evolving, the period from May 2023 to the end of FY 2024 has already yielded significant outcomes for Project Safe Delivery. Some of those successes include:

- Enforcement surges completed in 10 cities, leading to arrests and more than 1,000 investigative actions.
- 32 percent more arrests for robberies of Postal Service employees in FY 2024 than the previous year by the Postal Inspection Service and our federal and local law enforcement partners.
- More than 23,000 high-security blue collection boxes installed nationwide.
- 99.98 percent reduction in fraudulent Change of Address submissions after implementation of electronic and in-person authentication procedures.
- Replacement of more than 38,000 antiquated arrow locks with electronic locks
- Interception of 1.31 million packages with fraudulent postage
- Increased monetary rewards to bring criminals to justice.

The Postal Inspection Service is the primary law enforcement, crime prevention, and security arm of the Postal Service. Our Postal Inspectors are federal law enforcement agents who carry firearms, make arrests, execute federal search warrants, and serve subpoenas. Over 1,200 Inspectors enforce roughly 200 federal laws covering crimes that include fraudulent use of the U.S. Mail and the postal system.

The Inspection Service is prioritizing robbery and mail theft investigations, with an increased focus on cyber-enabled financial crime associated with mail theft and carrier robberies. We've updated training curriculum and prioritized trainings to support these assignments and ensure investigators are well equipped to handle the ever-changing landscape of financial crimes. The Inspection Service is also deploying postal inspectors and analysts to areas with high postal-related crime in an effort to surge resources and make significant impacts in robbery and mail theft investigations. In addition, the Inspection Service has increased the coordination with law enforcement partners, including the Department of Justice, to identify and bring criminals to justice. We also selectively accept seasoned special agents from other federal law enforcement agencies to strengthen our forces.

I have also directed the Chief Postal Inspector to conduct a comprehensive review of how we deploy our postal inspectors across the nation. Our goal is to ensure that we have the right personnel in the right places, enabling us to better investigate crime and protect our employees.

Combatting Change of Address Fraud

The Postal Service processes more than 33 million change of address (COA) transactions each year – over 93,000 address changes per day. Most COA fraud is driven by an identity theft motive separate from the Postal Service. Last year, we implemented dual authentication Identity Verification Services for online COA transactions to provide

enhanced security controls to reduce fraud. In addition, the Postal Service now offers enhanced in-person COA transactions at Post Offices and retail outlets. Furthermore, customers seeking a COA will now receive a validation letter at their old address and an activation letter at their new address.

Defeating Counterfeit Postage
Since July 2023, we have seized more than 1.31 million packages with counterfeit postage with an estimated $8.75 million loss avoidance for the Postal Service. To combat counterfeit postage, we continue to take possession and dispose of packages identified with counterfeit postage. We are also taking action to shut down websites and eCommerce accounts selling counterfeit postage. The Postal Service is also deploying updated mail processing equipment capable of identifying counterfeit postage and isolating packages for seizure.

Furthermore, the Inspection Service has established a dedicated team of Inspectors to investigate and pursue criminal and administrative penalties on retailers and shippers of counterfeit postage. The Inspection Service also conducts mail validation reviews and interdictions at high volume origin locations. Our goal is to intercept, identify and investigate the most egregious offenders and present the investigation to the Department of Justice for criminal action. We've also developed enhanced training and facilitated instruction to internal and external stakeholders.

4. **In a statement on October 10, 2024, the Postal Inspection Service stated, "[o]ur top priority is investigating violent crimes against Postal Service employees." What are some other steps the Postal Service could take to enhance USPS employee safety?**

Please see the response above regarding our ongoing efforts to combat postal crime.

The Inspection Service works closely with state and local law enforcement officers as Inspection Service task force officers (TFOs). TFOs are force multipliers and allow postal inspectors to share intelligence data in real time with our state and local law enforcement partners. The Inspection Service also strategically appoints Special U.S. Attorneys in conjunction with various United States Attorney's Offices to assist in the prosecution of postal-related crimes.

The Postal Inspection Service utilizes avenues such as social media to connect with postal customers, not only to provide crime prevention messaging, but also to assist with enforcement of postal-related crimes. The Postal Inspection Service features Wanted Wednesday posts every week, showcasing a reward poster and seeking to identify those responsible for robberies of USPS letter carriers, mail theft, burglaries of Post Offices, and more. The Postal Inspection Service also issued a public service announcement during the holiday season asking the public to be vigilant to any suspicious activity around USPS letter carriers.

The Postal Service along with the Postal Inspection Service and USPS OIG provided messaging regarding key accountability, mail theft, and employee collusion to all Postal Service employees.

5. **What is your opinion on the USPS being able to invest some of its assets into TSP-like funds? Would this give the USPS a chance to create wealth and see positive returns?**

The Postal Service supports this concept. We believe that diversification into additional investment asset classes would benefit the investment performance of Postal retirement assets and benefits funds over the long term.

An OIG study estimated that at the end of 2022 our retirement related funds from the Civil Service Retirement System (CSRS) alone would have a surplus of $800 billion, instead of a $100 billion deficit, had we been allowed to invest those assets in a mix of 60 percent stocks and 40 percent bonds.

6. **On December 12, 2024, the *Washington Post* reported that Oshkosh has delivered only 93 of the 3000 vehicles expected by the end of November. The report claimed that the Postal Service has already paid approximately $3 billion of the $10 billion contract and that the manufacturer is only producing one vehicle per day. Is there a plan in place to fully execute the contract in a fiscally responsible way?**

To be clear, the Washington Post article commented only on the Next Generation Delivery Vehicle (NGDV) aspect of the Postal Service's vehicle strategy, without acknowledging the other elements of the delivery vehicle strategy, most notably the supplemental and more ongoing acquisition of Commercial Off the Shelf (COTS) vehicles and the charging infrastructure involved in both vehicle types. The article cites the $3 billion in congressional funding as part of the $9.6 billion in total funding, but it is important to clarify that those funds are being used to offset Postal expenses of both NGDV and COTS and the charging infrastructure for both.

With regard to the NGDV contract and progress, our relationship with Oshkosh is defined by our contract, and we intend to hold Oshkosh to its contractual obligations, while recognizing the normal interplay that will need to take place in the execution and performance of an agreement of this magnitude. In total, the Postal Service will invest $9.6 billion for vehicle modernization. Strategic deployment of additional vehicles will continue during the next five years, prioritizing areas based on factors such as delivery volume, infrastructure readiness, and operational needs.

The Washington Post article referenced above brought up an October 2024 Office of the Inspector General (OIG) report on the Postal Service's acquisition of new delivery vehicles. While there have been some extended timelines for deployments of NGDVs and

Battery Electric Vehicles (BEVs), the OIG acknowledged that delays are typical of new-model vehicle launches, particularly for BEVs. While some USPS delivery vehicles have experienced extended timelines for deployment and utilization, we fully expect savings to be captured upon the fielded deployment of these vehicles, merely on a later timeline than originally projected.

As more background, the production of any new vehicle involves extensive engineering design followed by testing to ensure that the vehicle operates as designed in its as-built form, and the NGDV is a custom-designed and custom-built vehicle. The NGDVs had multiple test phases planned to ensure that the vehicle purchased by USPS would meet the rigorous requirements. These tests were designed to ensure the NGDV could endure postal operations in hot and cold environments, mountainous and flat terrains, and in icy and dry conditions.

In the original notional schedule that was in the award contract signed in February 2021, the plan was to build and test technology prove-out and design-cognizant test vehicles in 2022 and 2023 allowing for the first production vehicles to be delivered by October 2023. However, during technology prove-out testing in 2022, it was discovered that an updated design would be required to address cracking in the vehicle's unibody in the rear header area. The findings were discussed with the Postal Service, and it was agreed to allow the scheduled delivery of the first production vehicles to move to June 2024 to enable redesign and further testing. A modified delivery schedule was enshrined into the contract.

In August 2023, the body manufacturer for the NGDV determined the robotic manufacturing process was not going to be installed in time to meet the ramp up plan previously enshrined in the modified delivery schedule. This was due to supply chain delays which impacted their ability to complete the installations of robotics that would support 84 vehicles produced per day. Due to this another agreed upon delivery schedule modification was made and incorporated into the contract. Initial vehicle delivery dates remained the same, but the daily rate ramp up to 84 vehicles per day had to be modified. This mutually agreed modification was enshrined into the contract. Oshkosh has been producing according to this contract and remains on track.

These scheduled modifications are common in new vehicle and production line start-ups. Producing a vehicle is complex. It involves numerous suppliers, parts, and components that must come together in a safe, reliable vehicle. Schedule modifications were anticipated and were mutually agreed upon before being written into the contract. While an initial investment was made by USPS to help Oshkosh build out the NGDV production facility, each payment was made upon the completion of specific milestones. Additionally, all other payments are made on a per unit basis dependent upon acceptance of each NGDV by USPS.

The Postal Service certainly anticipated that issues would be likely to arise during the development and pre-production phases of this significant endeavor that would need to be addressed, just like with any large production of a purpose-built vehicle that has unique engineering and other requirements. That is the reason we negotiated and executed a contract that contains specific provisions that enable us to closely monitor the performance of our contractor, to address issues as they occur, and to take corrective actions as appropriate, and that is precisely what we have done and will continue to do.

7. **On December 14, 2024, the *Washington Post* reported that President-elect Trump has discussed privatizing the Postal Service. If this was the policy of the Administration, would you support the privatization of the Postal Service?**

The United States' postal system predates the United States itself and is unique within the government because it sells products and services to customers in a broader commercial marketplace. That uniqueness was not always reflected in the governing statute. For most of this country's history, postal services were provided by the Post Office Department, a Cabinet-level Department that lacked authority to operate in a business-like manner. Congress changed this arrangement by establishing the modern Postal Service in 1970 as an independent and self-financed establishment, with a leadership structure like that of a private corporation, and with significant authority over rates, operations, and employment. The modern Postal Service is therefore in many ways empowered to run like a business in achieving our core public mission to bind the nation together by providing prompt, reliable, and efficient universal postal services adapted to the needs of the United States, in a financially sustainable manner.

The current statutorily designated business model obligates the Postal Service to exercise business-like judgment while balancing the provision of quality service (which is intentionally expressed in the postal laws primarily in qualitative terms) with the need to be financially self-sufficient, in order to ensure that both goals can be achieved over time as circumstances change and the needs of the American people evolve. The Delivering for America Plan is designed to enable the Postal Service to achieve the current business model, by reducing our cost of performance, increasing our service reliability, growing our revenue through more rational pricing and enhanced products and services, and improving the working conditions and career paths of our employees.

The Postal Service is focused on full implementation of the Delivering for America Plan, which can succeed in achieving service excellence and financial sustainability for the Postal Service consistent with the current business model, so long as stakeholders support our efforts to modernize, rather than seek to hinder those efforts due to short-sighted, parochial reasons. As part of DFA 2.0, we have also asked Congress for certain limited actions to address our retiree benefits costs, streamline oversight, revise our pricing models, and secure statutorily mandated appropriations.

The Postal Service is the creation of a statute that was passed by a prior Congress and signed into law by a prior President, and laws can be changed. The President and the members of Congress are the designated officials that work together to decide whether any change is required in the structure of our organization within the Federal Government. It is therefore up to those policymakers to determine whether any construct other than the current set of laws and regulations should govern the Postal Service. Absent such statutory change, the Postal Service will remain focused on fulfilling our universal service mission under our current business model by providing prompt, reliable, and efficient service across an integrated network for mail and package delivery to every American address at least six days per week, in a financially self-sufficient manner.

Post-Hearing Questions for the Record
Submitted to United States Postmaster General Louis DeJoy
From Senator Roger W. Marshall

"Oversight of the United States Postal Service: Understanding Proposed Service Changes
December 5, 2024

1. **The Congressional Budget Office has indicated that the USPS will be insolvent by 2028. They could not put together long-term budget projections for a recent piece of legislation due to this. Recently, the USPS filed opposition to a motion asking for updated financial projections on the current Delivering for America Plan saying that such projections are "unnecessary and a distraction". Why won't the USPS provide Congress and the mailing community its financial forecasts?**

   The Postal Service provides detailed financial information to our stakeholders and the public at large through the release of regular financial reports that are filed with the Postal Regulatory Commission and that are publicly available.

   As for why we are opposed to releasing additional financial projections, it has become clear that speculation on when precisely we will achieve breakeven status has become an unnecessary and unreliable distraction and focal point for critics. A long-term projection that seeks to predict what our future financial position would be over many years if DFA initiatives are implemented is not a productive way to measure progress under the Plan because (1) we must make a large number of assumptions over an extended period of time which are in many instances interdependent, and (2) our financial results are dependent on numerous variables outside of our control and not impactable by our DFA initiatives. Publication of such projections simply allows special interest groups and other stakeholders to ignore the relevant context and to call for a halt to our modernization efforts while ignoring the tangible results of DFA to grow revenue, cut costs, and improve efficiency.

   More specifically, we initially projected that we would breakeven by FY 2023 as part of the 2021 DFA Plan. While we did not breakeven by FY 2023 as the Plan projected, that was due almost entirely to factors outside of our control (particularly record high inflation and a lack of anticipated CSRS reform), and therefore is not meaningful without consideration of the relevant context to any reasonable evaluation of the Postal Service's actual progress with respect to the self-help DFA initiatives – which has been substantial. However, parties, like the PRC, have used the fact that we have not achieved our prior projections as basis to superficially argue against the continued implementation of the Plan and to disregard the progress that we actually achieved.

   It is also not a common practice of any other governmental entities to provide financial projections, whereas in contrast the Postal Service provides quarterly reports on our controllable and uncontrollable expenses, revenue, volume information, and our controllable and net income. It is fair to say that there is far more transparency around the Postal Service – whether about our service performance, volume, operations or finances – than any other entity in the executive branch. I would refer you to the list of transparency and accountability items submitted as part

of my testimony – and that includes voluminous and detailed financial reports, such as the Annual Report to Congress.

2. **FY 2024 on-time service performance for Periodicals was 83.3 percent, down from 86.5 percent in FY 2023 and far from the 95 percent promised in the Delivering for America Plan. I also understand that the Postal Service is reducing its on-time service performance target for Periodicals from 87.29 percent in FY 2024 to 84 percent in FY 2025. Is that correct?**

   That is correct. We are navigating fundamental changes to our network while still delivering 112.5 billion mail pieces and 7.3 billion packages per year to the American people at 169 million delivery points across the nation, six, and sometimes seven days a week.

   It is important to understand this year's performance targets within the context of the many changes and initiatives the Postal Service is implementing to ultimately improve service and achieve financial sustainability. As shared with you previously, the Delivering for America (DFA) 10-year plan involves a host of infrastructure investments, changes to the legacy mail processing network and transportation operations, and refinements in how service standards (the target number of days it will take to deliver a given mailpiece) are calculated. These changes are a critical component of DFA, and I must also emphasize they are absolutely essential for the survival of the Postal Service as a matter of financial and operational necessity.

   As a result of DFA changes, service performance for market-dominant products improved in FY 2022 and then again in FY 2023, with nearly every product or category showing improvements over FY 2022 results, and some reaching 95 percent. By the end of FY 2023, however, we had not achieved breakeven status. And although this was largely due to factors beyond our control—including high inflation—it became clear that achieving target service performance scores within our existing network came at an unacceptable cost. Thus, we identified that further refinements to our service standards and business rules were required to accommodate these necessary operational changes.

   With that in mind, the Postal Service has submitted FY 2025 service performance targets based on the capabilities of our current network, but with an eye toward improvement as DFA network modernization takes hold, evidenced by the fact that the FY 2025 targets are higher than FY2024 performance. In sum, the targets reflect operational reality and the magnitude of the transformational task ahead of the Postal Service; they reflect the transitions which will unfold during the coming year, but in no way do they belie the improvements the Postal Service expects the modernized network to achieve over the long term.

3. **The USPS has a plan to move the mail processing facility in North Platte, Nebraska to Denver. This plan was paused in May & a final decision is expected to be made by early 2025. This move will impact mail delivery for my constituents in northwest Kansas. Please provide an update on this plan. Further, please provide any rationale that the USPS is using to justify this move.**

   The North Platte mail processing facility itself is not moving. The North Platte Processing and Distribution Center (P&DC) facility will remain open and be modernized as a Local Processing

Center (LPC), resulting in a revitalized, modernized, and upgraded facility with improved employee amenities and a better working environment. The Postal Service plans to invest between $4M - $6M into the North Platte LPC for modernization, deferred maintenance, and new processing automation equipment, as we prepare the facility to serve as an important contributor to operations in today's economy and far into the future. Specifically, new mail and processing equipment investments totaling $2.4M and $2.0M for modernization efforts and deferred maintenance investments.

Further with regard to mail delivery, in the case of the North Platte P&DC, the Postal Service recently decided that the facility will continue certain local originating mail processing operations. This decision was made possible due to the identification of enhanced efficiencies in proposed operational improvements, along with related refinements within the existing service standards. In addition to preserving certain local originating processing operations, the North Platte facility is set to undergo changes, backed by the investments mentioned above to enhance its services.

4. **The USPS recently performed an audit of mail delivery in the greater Kansas City area. The audit identified several recommended changes that the USPS should implement. What is the status of these recommended changes? Have they been implemented in full? Provide all USPS information on implementing these proposed changes.**

We have closed out several recommendations from the September 13, 2024, OIG audit on Kansas-Missouri District delivery operations. We are still working to identify and implement additional strategies to fill and retain carrier positions in the Kansas-Missouri District.

Local Human Resources (HR) officials conducted audits in August and September 2024. HR officials continue to meet with the district leadership twice a week to review staffing. Additionally, the Headquarters HR audit team conducted 511 audits in high opportunity offices during the week of Feb 10, 2025.

Post-Hearing Questions for the Record
Submitted to United States Postmaster General Louis DeJoy
From Senator Roger W. Marshall on behalf of Senator John Hoeven

1. **Constituents, including local newspaper outlets and their customers, continue to contact my office with concerns about timely, reliable mail service. North Dakotans depend on the Postal Service each and every day, and I am concerned that the proposed changes to rural delivery may negatively impact communities across my state. You provide an essential service and communication with your customers is vital, as it is the case for any business. Will you commit to being transparent and engaging with the public both during the period where these changes are being considered as well as after a decision whether to move forward or not is made?**

   The Postal Service is engaging in historic levels of transparency while simultaneously engaging in an unprecedented level of transformational change, and we will continue with that transparency as we move forward.

   By way of example, the proposed changes presented to the Postal Regulatory Commission as part of our request for an advisory opinion were robustly described, carefully explained, and well documented. To be clear, those changes are not focused on rural delivery, but instead on the operational and service standard changes that are designed to improve postal operations and achieve critical cost savings that are necessary for to ensure that we can continue to provide universal service for years to come in a financially sustainable fashion.

   As part of the advisory opinion process, any interested party was allowed file a notice of intervention and participate in the proceeding. Consistent with PRC procedure, a Public Representative was appointed to represent the interests of the public.

   On September 5, 2024, the Postal Service conducted a pre-filing conference that was open to the public with an active question and answer session. On October 4, 2024, we filed our request for an advisory opinion, along with the Postal Service's record evidence, consisting of the testimonies of five witnesses, with supporting materials in the form of library references. On October 16, 2024, the Commission held a mandatory technical conference where Commission staff and interested parties asked questions of the Postal Service.

   During the formal discovery period in the case, the Commission, the Public Representative, and the intervenors issued well over 300 information requests and interrogatories (many with multiple subparts). The Postal Service responded to them all on a timely basis pursuant to the PRC's rules, providing supplemental data and evidence where necessary.

   The PRC conducted a hearing at their offices on December 4, 2024, regarding the planned changes to the Postal Service's processing and transportation networks, which was streamed for those interested in remote viewing. We consistently participated in transparent, deliberative discussions of the advisory opinion process. Any changes being made to our operations will be communicated to our customers and other stakeholders.

We also sought public comment on the proposed changes to the rules governing our service standards, which was published in the Federal Register on November 15. Any interested stakeholder could submit comments to our proposal.

I would also draw your attention to my testimony which listed the tremendous transparency and accountability standard to which the Postal Service is held.

2. **What metrics will the Postal Service take into consideration when assessing whether to move forward with the rural delivery changes? Specifically, how will the Postal Service ensure that there are not unreasonable delivery delays for customers in rural areas of the country?**

As noted in my written testimony, the proposed changes are not intended to slow down mail for rural Americans. Regional Transportation Optimization (RTO) does not differentiate based on whether an area is urban and rural, but on the distance from the RPDC, and both urban and rural communities are therefore covered by RTO. In fact, most of the volume that is downgraded (which constitutes only a small portion of mail volume overall) originates in urban areas.

The service standard day ranges are staying the same for First-Class Mail (meaning that any downgrades are minimal), turnaround service will be available in RPDC regions and from certain LPCs (expanding 2-3 day reach), individuals living in rural areas will benefit from the acceleration of the mail (including most checks and medicines) that originate in a ZIP Code not subject to RTO, and no changes are being made to the 6-day per week delivery schedule. All customers will also benefit from the fact that volume, including volume originating in a ZIP Code subject to RTO, will be delivered in a more predictable and reliable manner. Additionally, access to retail services remains the same.

While the Postal Service recognizes the overall impacts on mail originating in rural areas because of RTO, the impact of this change is clearly outweighed by the benefits of these changes overall, with the benefits — in terms of a more sustainable and reliable Postal Service capable of achieving our universal service mission for all customers for the years to come — clearly being more consequential than these impacts. In this regard, if we did not make these changes, the Postal Service's financial and operational condition — and hence our ability to achieve universal service — would continue to deteriorate, which would be much more impactful on rural communities.

3. **Weekly newspapers are important to rural communities across North Dakota, whose residents rely on their timely delivery in order to be informed and feel a greater sense of engagement with their community. Undelivered newspapers, as well as late newspaper delivery, also negatively impacts publishers, who can potentially lose subscribers and revenue from advertisements. I am concerned that the proposed service changes, coupled with the mail processing changes, will lead to even more delayed and inconsistent newspaper delivery.**

Should you move forward with these changes, how will the Postal Service ensure that weekly newspapers are delivered consistently and timely?

The DFA Plan will lead to greater operational precision and efficiency for all categories of mail, and at a basic level, the cost savings will help to ensure the continued provision of postal services since our statutory business model requires us to pay our own bills and to be financially self-sufficient. All market-dominant products, including Periodicals, will receive net service upgrades overall, and the network efficiency gains will promote more reliable service overall. It should be noted that operationally, Regional Transportation Optimization (RTO), the rationalization of the Postal Service's legacy regional and local transportation network, will not impact destination entry Periodicals, as it affects collected mail volume.

To better support Periodical customers, the Postal Service created a Periodicals Strike team across all districts to provide information to employees on the product offering and requirements.

○