



March 17, 2025

Dear Members of Congress

Since my communication of March 13 regarding the agreement the Postal Service entered into with DOGE and GSA, there has been a great deal of inquiry from Congressional Members, Employees, Union Leadership, the Mailing and Shipping Industry, as well as the media, regarding the conflicts that may exist with regard to the DOGE initiatives, the status of the Postal Service as an independent establishment of the Executive Branch, and our continued service to the American people.

The Postal Service is engaging in a historic level of transformational change and must do so while subject to a historic level of transparency, accountability, and communication. The specific efforts that I have engaged the DOGE/GSA team to assist us with have long been initiatives of the Delivering for America Plan designed to improve overall our operations, enhance the marketability of our products, and dramatically reduce cost and grow revenue. While we have accomplished a great deal, these specific initiatives for which we have sought assistance from the DOGE team for a variety of reasons remain undone. The Delivering for America Plan ("DFA Plan") has always included gaining relief from the staggering cost of the burdensome methodologies thrust upon us by legislation and regulation as identified in my letter of March 13, and as I will further explain below.

We recognize that the Postal Service has dual mandates to provide universal service and be financially self-sustaining in doing so. These mandates give the Postal Service a set of unique requirements and responsibilities—unlike any other federal agency of our scope (financial self-sufficiency) or private enterprise (mandate of universal service with related restrictions on eliminating certain money losing services). We recognize the importance of transparency given the public service nature of our work and our above-referenced status as a part of the Executive Branch, albeit with certain statutory independence. I have touted (although not without some occasional complaint from me), the high level of our transparency and our compliance burden in my written testimony to the Senate Committee on Homeland Security and Governmental Affairs, "Oversight of the United States Postal Service: Understanding Proposed Service Changes" on December 5, 2024, which is attached hereto.

In addition to the formal reporting and oversight requirements, and the activities generated by having our own Office of the Inspector General, the Postal Regulatory Commission, the General Accountability Office and both House and Senate Oversight committees, we receive more than five thousand inquiries a year from members of Congress regarding all aspects of our service to the nation. To add to this, I personally interact with not only individual members, but also Congressional leadership, concerning matters as minor as the movement of a mail processing machine from one building to another, changing a transportation route, changing retail Post Office hours or pickup times, and delivery requests to new neighborhoods that were long ago designated for cluster boxes. Unsolicited letters offering to purchase Post Offices or processing plants for all manner of local government or economic redevelopment agency purposes, with little regard for the economic interests of the Postal Service, cross in the mail with contrary letters that take the opposite view and insist that not a single change should occur at a Post Office or

processing plant in a state. Indeed, the only consistency between the two sets of letters is that there is little regard for our statutory obligation to be financially self-sufficient.

The well demonstrated interest of Congress in the activities of the Postal Service, despite our best efforts to be responsive, has often, lead to the slowing, or in some instances stopping, of the cost saving initiatives we have proposed. In fact, a quick look at the myriad bills proposed in the last Congress reveals that the cost savings initiatives to achieve our survival are universally opposed while expansive operational and financial expenditures are supported without any plan on how to pay for them. In fact, no comprehensive cost or operational efficiency plans other than the Delivering for America plan have yet been put forward by anyone. The time and resources we have spent rebutting legislation that would add cost and defy operational efficiency—such as the Stop and Study Act, legislation to modify ZIP Codes, legislation regarding the movement of processing operations from one plant to another, legislation to stop efforts to realize transportation savings, the “DEJOY Act” to freeze our archaic service standards in place, efforts to even roll back service standards to a bygone era and many others—could have been better spent advancing DFA efforts that would have allowed us to cite even more progress, obviating the need for the current DOGE efforts. The fact is that DOGE is the only other game in town that seems oriented toward helping us to achieve our efficiency and cost goals that are reflected in the DFA Plan, instead of parochial protectionism that is grounded in political self-interest and that is contributing to the financial peril of the Postal Service and our universal service mandate.

Concerning the agreement with the DOGE/GSA team, we will, as required, keep you informed of the initiatives in which we have asked the team to engage, as well as any changes in those initiatives as we move forward with the directed engagement. In addition, as you read these initiatives, please understand that resolution of them must occur no matter the structure the Postal Service takes in the future. To that end, please review a more detailed description and listing of the activities for which I have sought their help.

- **Retirement Plans:** The mismanagement of our self-funded retirement assets and the actuarial miscalculations of our retirement obligations. These work functions reside with the Office of Personnel Management and the Treasury Department based on legislation enacted by the Congress. They result in several billion dollars a year in burdensome additional charges not common in private industry and include:
 - CSRS Correction and Revaluation - A retroactive adjustment to the allocation between the Federal government and USPS shares of CSRS benefit payments for employees that worked for both the Post Office Department and that Postal Service that would result in a transfer of \$153.6 billion using the years-of-service method.

Investing Pension and RHB Assets - A 2023 USPS OIG study found that had assets been invested in the market, the pension assets would be over \$900 billion more than under the current Treasuries investment, significantly reducing our annual costs.

OPM Mis-billing: USPS is formally appealing four of the assumptions that OPM uses for calculating the pension liabilities, and therefore the amortization expenses, for the Postal Service each year. If recommended assumptions are adopted, it would result in a **\$13.5 billion** reduction in FY2023 FERS liabilities, reducing our annual expense by \$1.5 billion.

Workers Compensation Costs: The mismanagement of our Workers' Compensation Program resulting in approximately \$400 million dollars a year in excessive charges when compared to private industry practices. These work functions reside with the Department of Labor and are legislated by the Congress. The USPS OIG released a report in 2023 that looked at adopting private sector best practices with regards to workers' compensation.

- **Unfunded Congressional Mandates:** The unfunded mandates imposed on us by legislation. These well-intended laws that have been passed since we were created as a self-funding entity for the most part require the Postal Service to perform costly activities without providing any supporting funding. In the private industry context, this would be like UPS or FedEx providing services to the federal government without charging for them. This amount is estimated to cost between \$6 billion and \$11 billion annually. As you know, Congress is responsible for passing legislation without appropriate funding.
- **Regulatory Requirements:** Our burdensome regulatory requirements restricting normal business practice and speed to market. The Postal Regulatory Commission is an unnecessary agency that has inflicted over \$50 billion in damage to the Postal Service by administering defective pricing models and decades old bureaucratic processes that encumber the Postal Service. They have an anachronistic view of the Postal Service's current business environment, they have failed to change as the times and the postal economy has changed, and they therefore stand in the way of the timely and necessary changes required to succeed as a self-funded enterprise in a competitive environment—which is what the Postal Service needs to do to survive.
- **Retail Center Lease Renewals:** Review of our leases on almost 31,000 retail centers and the future difficulties we will face in their renewal because of ownership consolidation, urban development, and general increases in rental rates when decades long leases expire, and where landlords are well aware of the political difficulties we face when moving or consolidating a retail location even when approximately half of our current retail Post Offices fail to cover their cost of local operations. Future lease renewals be even more difficult to support financially.
- **Leveraging Postal Infrastructure for Federal Agencies:** Our role in providing services to other federal agencies in areas where our retail locations, logistics, delivery services, vehicles, infrastructure, stocking locations, and resilience can assist these agencies at a substantially reduced cost and enhance our profitability. I believe there are billions of dollars annually that will benefit us and significantly reduce government-wide cost.
- **Counterfeit Postage:** We are combating an estimated one-billion-dollar problem with counterfeit postage. While we have implemented several technological and physical intervention measures, additional innovative solutions are needed to address this ongoing issue. A review of our process and any additional out of the box thinking would be helpful.

These are the only initiatives that I have requested and authorized the DOGE team to assist on thus far, and only the data and information required to pursue these initiatives will be provided to the DOGE team members. To the extent that we expand the scope of assistance of the DOGE team because of progress on the discrete initiatives list already provided, I will report back to you on those areas. It is important to me that Congress and the public understand that the DOGE engagement is not expansive but directed. As a hands-on leader of this organization for almost five years now, and one who has designed and implemented – with good progress – a cost and operational transformation of my own, I am not averse to offers of help that move us in the direction we are already traveling. Similarly, I am not averse to assistance in pursuit of knocking down obstacles we do not control as specified above.

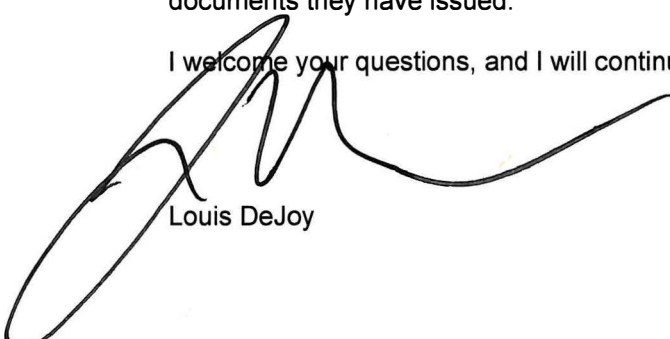
Now, as leaders in Congress, it probably has not escaped your notice that several of the identified initiatives require legislative action. We do not have the authority to change laws or employee benefit accounting or the way our pension assets are invested, yet these intractable issues

heavily burden our balance sheet and our operating costs and fly in the face of the legislative requirement that we cover our costs by competing for our revenue in the marketplace. This has long been the hypocrisy of the Congressional demand for service expansion and the concurrent demand for profitability. My efforts to address these financial burdens to the organization are aligned with my promise to Congress to achieve break-even financial status through these critically needed reforms along with the self-help initiatives of DFA. I can assure you they are not, as some have suggested, intended surreptitiously to make the organization more suited to privatization, nor do they constitute a "bailout" of any kind. These reforms, which have always been directly reflected in the DFA Plan which is free for anyone to read, would correct egregious, nearly incomprehensible mistakes made by your predecessors in decades past.

Importantly, I know Congress is rightfully focused on the Postal Service achieving break even financial status, just as I am. That has been my goal since 2021. It is now my expectation, that absent a pandemic, another period of 20 percent inflation or legislative or regulatory interference, that we soon will achieve operating income break even status, or modest operating income status, just as we did last quarter, on a continuing basis. We achieved this because of the transformative infrastructure changes we are making, the transportation and work hour savings we are achieving, the rapid growth of our package delivery business and corresponding enhancement to our revenues, and, yes, long overdue pricing adjustments.

I have long asked Congress to allow us to stick to our self-help efforts once DFA set the path for achieving not just survival—but true transformation, and I believe that preference has been justified by our financial and operational progress. Bipartisan passage in 2022 of the Postal Service Reform Act without question lengthened our runway, even while offering only non-cash balance sheet relief. But that legislation was not a magical elixir for all ills threatening our medium- or long-term survival. So, when the DOGE team recently reached out to me to pitch in, I decided to constructively direct their attention to the areas I know we can use any and all help as listed above. At the same time, I took the opportunity to reiterate that the Postal Service is an independent establishment of the Executive Branch, and under title 39, United States Code, our status and our mission are unique. Moreover, I think it is fair to say that the Administration also recognizes as much, as reflected not only in our recent agreement, but also in the Executive Orders regarding the DOGE, federal hiring freezes, and federal agencies RIFs and restructuring, which are not directed to the Postal Service. Indeed, OPM and OMB have likewise directly acknowledged this important distinction between the Postal Service and other federal agencies by specifically excluding the Postal Service from the workforce initiatives in the guidance documents they have issued.

I welcome your questions, and I will continue to keep you informed.



Louis DeJoy