

# Congress of the United States

## House of Representatives

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### **Opening Statement of Chairman Gerald E. Connolly**

### **Hearing on “Waiting on the Mail: Postal Service Standard Drops in Baltimore and the Surrounding Area”**

### **February 14, 2022**

We are here today in Baltimore, less than a week after the House’s historic passage of the Postal Service Reform Act of 2022. That bill, of which I am an author and original co-sponsor, will put the Postal Service on the path of financial solvency — unshackling the Postal Service from unfair statutory burdens that kept it mired in unnecessary payments. The bill takes a pragmatic approach, planting the Postal Service on firm financial ground and readying it for the future.

The Postal Service is invaluable to this nation. Throughout this pandemic, our Postal Service workforce delivered prescription medications, paychecks, food stuffs, stimulus checks, holiday and birthday gifts, rapid COVID tests from the Biden Administration, and more to homes and businesses across the country. A June 2020 Harris Poll found that the Postal Service ranked as the “single most essential company to Americans during the pandemic,” Outranking companies that manufacture PPE and sanitizers.

The Postal Service employs 630,000 individuals who live in every single congressional district. According to Pew Research, 91% of Americans have a favorable view of the Postal Service—making it the most popular federal agency.

A recent inspector general report, however, found the Postal Service has not always been meeting the needs of its customers. In fact, the Postal Service Office of Inspector General found that the Postal Service only met service performance targets for three of 33 products in Fiscal Year 2020.

Why are service performance targets important? The Inspector General said that missing delivery goals, “could result in late fees and even a drop in credit ratings for consumers, as well as a disruption in cash flow for businesses.” I know one of our witnesses today, Mr. Metzger, experienced these late fees and incurred costs because of mail delays.

The OIG added that late deliveries may drive mailers away from using the Postal Service, saying, “Once a consumer moves their bill payment online, they may be unlikely to go back to using the mail.”

Simply put, missing service performance targets hurts those who rely on the Postal Service, and ultimately can diminish the standing of this beloved institution.

Despite the importance of meeting service performance targets, between October 2020 and January 2021, on-time delivery rates for first-class mail plummeted from 84% to 61%. Historically, the Postal Service achieves rates between 90% and 93%.

Fortunately, nationwide service performance has since significantly improved—almost hitting those historically-achieved rates. We should certainly recognize this progress, identifying the best practices that galvanized it so that the Postal Service can continue to serve the public. But I should also note two key changes implemented by the Postal Service in the last fiscal year that make these data a bit rosier than reality.

First, though the Postal Service exceeded its Fiscal Year 2021 service performance target for First-Class Mail, that target was drastically reduced from the prior year, Fiscal Year 2020. In particular, the Postal Service reduced its Fiscal Year 2021 target on-time delivery rates for First-Class Mail by more than 11%.

In addition, the Postal Service added an extra day or two to some First-Class Mail service delivery standards, giving the Postal Service extra time to deliver mail and still count it as on-time. So, some of the improvement we see is likely attributable to these new decreased service standards—and not to improvements in the speed of mail delivery.

On this day after the Super Bowl, you might liken this to moving the goalposts so close that the kicker couldn't possibly miss the extra point.

Last October, we held a hearing in Chicago to investigate its deteriorating mail delivery performance. But as we said in that hearing, Chicago was not the worst in the nation at the time. That was Baltimore.

We are here in Baltimore today because this area was and remains among the hardest hit by substandard delivery. In short, Baltimore's mail delivery has consistently underperformed the rest of the nation.

If you look at the screen, you will more clearly see why we are in Baltimore today. The figure shows quarter-by-quarter on-time delivery rates for every Postal district across the nation. The top row is for First-Class Mail with a two-day service standard, and the bottom row is for First-Class Mail with a three-to-five-day service standard. Baltimore is in red, and the nationwide average is indicated by the dashed, black line.

We need to know why in the second quarter of 2021, Baltimore's on-time delivery rates dropped to 62% for two-day mail and 25% for three-to-five-day mail. That's around 1 in 3 pieces of mail that arrived late for two-day mail, and 3 in 4 that arrived late for three-to-five-day mail. I find that to be unacceptable.

We should recognize that Baltimore's performance—alongside the rest of the nation—has improved since last year's trough. But, as the graph shows, Baltimore has more often than not underperformed the nationwide average since Fiscal Year 2012. That's at least 10 years of underperformance.

We are in Baltimore today to try to understand the root causes of its historic underperformance. By working together to address issues we uncover, we can ensure that the Postal Service delivers mail to Baltimore residents consistently and on-time.

We expect and demand more from our Postal Service. But to do that, we need leadership to provide it the resources and staffing it requires to meet customer needs.

Instead, we have witnessed deteriorating service performance coupled with price hikes. Postmaster General Louis DeJoy has made consequential and damaging operational changes at the Postal Service that affect postal delivery nationwide—and he has repeatedly done so without conducting the data analyses or customer engagements required to ensure he is not causing unwitting damage.

I am particularly concerned about the Postal Service's 10-year plan, which reduces service standards further and increases prices—a novel business model, if successful. The Postal Regulatory Commission's advisory opinion of Mr. DeJoy's proposal to reduce delivery standards stated that, "it is not clear that the tradeoff between financial viability and maintaining high-quality service standards is reasonable."

According to the Postal Service Office of Inspector General, nine of Baltimore's busiest post offices had difficulty even grasping the scope of their own problems.

If you look at the screen again, you will see a table from a recent OIG report showing that nine Baltimore-area post offices undercounted delayed mail in their facilities by 771,640 pieces—a 79% undercount.

Data management did not only pose an issue in Baltimore’s delivery units, but also in its Processing and Distribution Center, which processes mail pieces and distributes them to local post offices. Another related OIG report notes that, “employees were not performing container load scans and depart scans consistently before dispatching mail to the next facility.” Without accurate and complete data, management cannot make informed operational decisions, and so it is left guessing the steps they need to take to improve mail delivery for Postal customers.

The OIG also found that key features of the Processing and Distribution Center slowed down employees, leading to increased delays in mail delivery. For example, the facility’s tray management system, which transports trays of letters within the facility and significantly reduces transport time, has been inoperable since March 2019. According to the OIG report, the absence of the tray management system has added two hours per day to each operation to move the mail.

The tray management system was supposed to be replaced last month. Perhaps we can clear this matter up today.

In short, mismanagement of Baltimore postal facilities has unnecessarily contributed to delays in mail delivery relative to the rest of the nation.

Today we have witnesses who can help us diagnose the root problems at these Baltimore area postal facilities. And we have witnesses who need to be part of designing and implementing solutions.

We need to hold Postal Service leadership to account. We need to see written plans that are responsive to the analysis and recommendations of the Postal Service Inspector General. And we need to strive to reach delivery rates that meet the demands of the Postal Service’s customers—reviving the Postal Service instead of driving it into a death spiral.

We’re going to work together as colleagues to solve these problems and to hopefully change the governance of the Postal Service to ensure we have a Board of Governors and a Postmaster General who are in fact dedicated to the Postal Service mission to deliver mail and packages in a timely and efficient basis to every household and every business, every day.

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