



August 11, 2020

The Honorable Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform
House of Representatives
Washington, DC 20515-6143

Dear Chairwoman Maloney:

This is in response to your August 6 letter to Postmaster General Louis DeJoy, which was cosigned by several of your colleagues, regarding U.S. Postal Service operations.

As discussed in my July 22, 2020 response to you, Subcommittee on Government Operations Chairman Connolly, Subcommittee on National Security Chairman Lynch, and Congresswoman Lawrence, the documents repeatedly relied upon by members of Congress and the media regarding recent operational changes did not originate from Postal Service Headquarters and were not prepared by Postmaster General DeJoy. You raise concerns regarding the rhetoric in these documents, but as I also explained in the July 22 response, these documents should not be treated as official statements of Postal Service policy.

That said, my July 22 response also made clear that the Postal Service is "taking immediate steps to increase operational efficiency by re-emphasizing existing operational plans to provide prompt and reliable service to meet our current service standards." I also provided some details concerning those immediate steps, and explained why they were within the authority of the Postmaster General and did not require Board of Governors or regulatory approval. In addition, although you correctly note in your recent letter that I did not specifically mention the new Expedited to Street/Afternoon Sortation (ESAS) initiative in my response, my letter was intended to discuss our efforts generally, and that pilot initiative was not even started by the Postal Service until July 25, 2020, three days after my letter.

Furthermore, while not addressed in your August 6 letter, on August 4, 2020, Chief Logistics and Processing Operations Officer and Executive Vice President David E. Williams briefed the Committee on Oversight and Reform staff with more detail regarding these "immediate steps," including the ESAS pilot. I participated in this briefing as well, along with Chief Financial Officer and Executive Vice President, Joseph Corbett and Finance and Strategy Senior Vice President Luke Grossmann. We spoke with the staff for approximately one and a half hours, explaining the steps being taken and the rationale for those steps.

The Postal Service is in a financially unsustainable position, stemming from substantial declines in mail volume, and a statutorily imposed business model that is broken. We are currently unable to balance our costs with available funding sources to fulfill both our universal service mission and other legal obligations. Because of this, the Postal Service has experienced over a decade of financial losses, with no end in sight, and we face an impending liquidity crisis.

As we have repeatedly stated, Congress and the Postal Regulatory Commission must enact legislative and regulatory reforms to help address the situation. At the same time, it is imperative for the Postal Service to operate efficiently and effectively, while continuing to provide service that achieves our universal service mission and meets the needs of our customers. We recognize that there are alternatives to every product that we offer, and for that reason high-quality, reasonably-priced service is an imperative. It is equally important to note that high-quality service and efficient service are not mutually exclusive, but in fact necessarily go hand-in-hand if we are to be self-sustaining as required by law. Indeed, achieving both is the only way that the Postal Service can continue to survive as a self-funded entity and to provide prompt, reliable, and reasonably-priced universal postal services for all Americans over the long-term.

As such, we are vigorously focusing on the efficiency of our operations as a fundamental strategy to enable the provision of high-quality service in a financially sustainable manner. As explained in the July 22 letter and during the August 4 briefing, we have taken immediate steps to better adhere to our existing operating plans, which were developed precisely to ensure that we meet our present service standards in an efficient and effective manner. By running our operations on time and on schedule, we will enhance our ability to be sustainable and to be able to continue to provide high-quality, affordable service. Of course, we acknowledge that temporary service impacts can occur as we redouble our efforts to conform to the current operating plans, but any such impacts will be monitored and temporary as the root causes of any issues are addressed and corrected. However, our long-term viability depends on us taking the transformative steps necessary to provide quality service in an even more efficient manner. But you can rest assured that we will continually review our operational practices and make adjustments as required to ensure that we operate in an efficient and effective manner.

More specifically, and as discussed with the Committee on Oversight and Reform staff on August 4, in our efforts to reemphasize our existing operational plans, we are focused on improving our transportation efficiency. This means working to eliminate extra and late trips. The need to dispatch an extra truck or to hold a truck only arises when the mail being carried by those extra or late trips is off schedule in the first place. Therefore, a more disciplined transportation schedule exposes other areas in our system where adjustments or corrections are needed to keep the operational plan on schedule. In addition to an emphasis on eliminating extra and late trips, we are reducing unnecessary miles and more fully utilizing capacity. Given persistent volume declines, such efforts are necessary to ensure that trucks are not traveling long distances with limited volume onboard.

In addition to transportation efforts, we are also focused on maximizing the efficiency of our processing and sortation equipment. Similar to truck capacity, the time and cost associated with running a machine grows significantly less efficient with less volume on the machine. By adhering to planned start and stop times, and running sort plans based on current volumes, we can maximize the efficiency of our processing operations and ensure that the mail departs from our plants on time. In some instances, we may be able to shift or remove equipment as appropriate. These efficiency efforts also permit further alignment of employee schedules with operating plans and prevent the negative downstream impacts to our operations when the mail leaves our plants late.

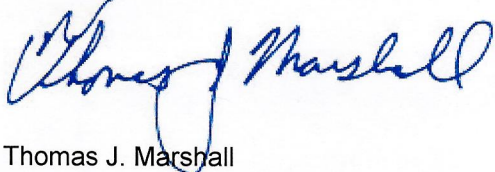
Decreases in volume and improvements in automation also result in less need for carriers to manually sort mail. On July 25, 2020, we started the ESAS pilot in 384 Post Offices across the country. The pilot decreases carrier time in the office in the mornings and ensures that our letter carriers start their routes on schedule. ESAS is designed to improve consistency in delivery times, increase carrier efficiency, ensure that there are no downstream effects as the result of our carriers arriving back to their Post Offices late, and reduce cost. Parcels, small parcels and rolls (how medicines are often sent), First-Class flats, election mail, Social Security and other benefit checks, and local newspapers will continue to be sorted in the morning and will not be impacted by the pilot. A small volume of mail not compatible with automation and some Marketing Mail that could not be sorted before the carriers leave the Post Offices will be sorted in the afternoon after carriers return from delivery. At the conclusion of the test, the Postal Service will evaluate any impact to customer service and operational efficiency. If the test is deemed successful, the Postal Service will take any necessary legal and regulatory steps prior to national expansion. Please find attached a presentation discussing the pilot.

Contrary to media accounts and other accusations, there have been no edicts to delay the mail or eliminate overtime, although we are reemphasizing that operational managers must ensure that overtime is earned as the result of unexpected volume or other factors, pursuant to our normal overtime analysis, before it is approved. As indicated by the above efforts, we are working towards meeting our current operational plans in a manner that improves efficiency and service, and does not slow down the mail. Closely following the operating plan should also decrease unnecessary overtime, as will reinforcement of the processes for approving overtime and aligning hours with workload to reduce unauthorized overtime.

We trust that you will find that the above information is consistent with the information shared with the Committee on Oversight and Reform staff at the August 4, 2020 briefing, and we will work to keep our oversight committees informed as decisions are made on other significant efforts. In that regard, we are in the process of scheduling a staff level briefing to discuss the organizational changes which we made on Friday to our management structure to realign our business and provide focus and clarity. Finally, Postmaster DeJoy looks forward to participating in the Committee on Oversight and Reform hearing scheduled for September 17 to further discuss these operational efforts, which are all designed to return the Postal Service to a financially sustainable path while providing efficient service to our customers that meets their needs.

I hope this provides additional clarification and I appreciate your ongoing interest in the Postal Service. If I can be of assistance in other postal matters, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Thomas J. Marshall". The signature is fluid and cursive, with the first name "Thomas" and last name "Marshall" clearly legible.

Thomas J. Marshall

Enclosure