

# **EXHIBIT 15**

**Committee Testimony**

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# USPS Finances/Operations During COVID-19/Elections

[CQ ABSTRACT](#)[SCHEDULED WITNESSES](#)[TESTIMONY](#)**Committee Holding Hearing:**

Senate Homeland Security and Governmental Affairs Committee

**CQ Abstract:**

Senate Homeland Security and Governmental Affairs Committee (Chairman Ron Johnson, R-Wis.) hearing on "Examining the Finances and Operations of the United States Postal Service During COVID-19 and Upcoming Elections."

**Scheduled Witnesses:**

Sen. Gary Peters, D-Mich. Sen. Ron Johnson, R-Wis. U.S. Postal Service Postmaster General Louis DeJoy testifies

**Testimony:**

**Louis DeJoy, Postmaster General, United States Postal Service**

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**Committee:** Senate Homeland Security and Governmental Affairs Committee

**Subject:** USPS Finances/Operations During COVID-19/Elections

Good Morning Chairman Johnson, Ranking Member Peters, and Members of the Committee. Thank you for calling this hearing to discuss the important work of the United States Postal Service.

I am proud to represent the more than 630,000 hard-working and dedicated men and women of the Postal Service, who have proven, now more than ever, the importance of the Postal Service in the daily lives of all Americans. It is an incredible honor to serve the public and this organization as Postmaster General.

## INTRODUCTION

I assumed the role of Postmaster General just over 60 days ago with the goal of preserving and strengthening this great American institution. The Postal Service was established by Congress to fulfill a public service mission of providing prompt, reliable, and universal postal services to the American people, in an efficient and financially self-sustaining fashion. The Postal Service's ability to fulfill that mission in the coming years is fundamentally at risk, and changes must be made to ensure our long-term sustainability for the years and decades ahead. The business model of the Postal Service--as established by law--requires us to cover our costs through our own efforts, and I view it as my personal obligation to put the organization in a position to fulfill that mandate. 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 Postal Service. But it does require significant effort by the Postal Service to change.

Since the Governors announced my selection as Postmaster General in May, I have been fully immersed in understanding and evaluating all aspects of the postal organization and business model, to understand the Postal Service and the reasons for our current financial condition. I have been working closely with postal leaders to learn every core area of our business. We have assessed previous plans, as well as research and analysis about our products and services and the competitive marketplace. We have evaluated our operational practices and the many ways we deliver value for our customers, as well as the drivers of our troubling financial condition. We have looked to find the good in the organization, which we will preserve and strengthen, and we have also tried to identify the items that are obstacles to our success, and to chart a course to surmount those obstacles.

I am an optimist by nature. For that reason, I am enthusiastic and energized about the prospects for the future of the Postal Service and our untapped promise. I have been extremely impressed by the dedication of the Postal Service workforce and their commitment to the public service that we provide the American people, and I am excited about the fantastic competencies of this organization. I believe that there are tremendous opportunities available to us if we are willing to grasp those opportunities, and to take the transformative steps necessary to turn our business around and become financially healthy, while remaining a vital part of the nation's critical infrastructure.

Some may ask, why does the Postal Service need to transform? To that question, I say that while I am optimistic about the future of the Postal Service, I am also a realist, and am keenly aware of the magnitude of the financial challenges we face. Our financial position is dire, stemming from substantial declines in mail volume, a statutorily-imposed business model that is broken, huge legacy retiree healthcare and pension liabilities, and a management strategy that has not adequately addressed these issues. As a result, the Postal Service has experienced over a decade of financial losses, with substantial net losses every year since 2007. In FY 2019, net losses approached \$9 billion and we are closing in on \$11 billion in losses for 2020. Currently, our liabilities exceed our assets by approximately \$135 billion. Without dramatic change, there is simply no end in sight, and we face an impending liquidity crisis that threatens our ability to deliver on our mission to the American public.

At the same time, there is a critical need to make capital investments to ensure effective and efficient operations, and meet the needs of the American people. Our financial situation has forced us to defer capital investments over the past decade to preserve liquidity, which is not a sustainable strategy for success. Most vitally, we need to invest in new delivery vehicles so that our letter carriers can safely serve the American people and we can participate in the growth of the new economy.

Changing this state of affairs and positioning the Postal Service for long-term success and sustainability requires fundamental changes. It requires that we

stop simply talking about the ways to address the Postal Service's financial condition, and instead start actually addressing them. It requires that the Postal Service not be prevented from taking the steps necessary to transform our organization to meet the challenges that we face. It requires a recognition that in order to achieve the mission laid out by our statute --to provide high-quality universal postal services in an efficient and self-sustaining fashion--the Postal Service must continually adapt and adjust our operations to a constantly changing world. We simply cannot be successful if we are subject to political or regulatory requirements that force us to remain static in a world that is incredibly dynamic.

I am not kidding myself, so I fully understand that these steps will not be easy, which is likely one reason why they have not been taken before. But they are necessary, and I am committed to doing the hard work. I certainly recognize that not everyone will agree with the ideas I have concerning how to return the Postal Service to a financially sustainable path. These solutions are based upon my 30 years of commercial experience in the logistics business and the listening, collaboration, and intensive reviews I've conducted with members of our Postal Service team across the organization. My vision is of a Postal Service that provides our essential public service in an efficient and effective manner and that can adapt to the evolving needs of the American public in a self-sustaining way, which is consistent with our statutory mandate as established by Congress.

I also want to make certain things clear. One criticism that I have heard is that some believe that I treat the Postal Service as a private sector business, rather than a government service. I accepted the job of Postmaster General fully committed to the role of the Postal Service as an integral part of the United States Government, providing all Americans with universal and open access to our unrivalled processing and delivery network, as reflected in the Mission Statement that the Board adopted on April 1, 2020. I fully embrace six-day delivery of mail and packages as one of this organization's greatest strengths. I also plan to invest in tools and equipment for our letter carriers, and to enhance the stability of our non-career workforce, to continue to provide the nation's most trusted service. At the same time, I recognize that in 1970,

Congress created an independent Postal Service designed to operate more like a business, with substantial autonomy over its operations and the freedom to make postal decisions outside of the direct political control of Congress or the President. Congress has therefore recognized that achieving our public service mission and acting in a business-like manner are not mutually exclusive. Rather, making decisions based on the exercise of business judgment regarding the best way to provide service to the American people is fundamentally necessary if there is any hope for us to fulfill the Postal Service's statutory mission.

I am also fully committed to preserving and protecting the Postal Service's proud tradition of serving the American public in a nonpartisan fashion, and I embrace the concept of public service as a public trust. I intend to uphold the trust that has been placed in me by the Governors, and in that regard, I have and will continue to abide fully with all of my ethical obligations, despite assertions to the contrary. I have worked closely with ethics officials and have followed their guidance, and will continue to do so. I took this job to give back to my country and to hopefully do some good by putting the Postal Service back on a financially sustainable path.

I recognize that our service performance has come into question recently. We take these concerns seriously and are focused on stabilizing service to ensure we meet our commitment to the American public. We deliver to 160 million residences and businesses 6 days per week, and on a normal day the Postal Service shows up and delivers 99.94 percent of the time. Unprecedented conditions over the last six months, however, have contributed to service instability in certain areas of the country that have escalated.

Since March 2020, the Postal Service has experienced mail delivery challenges due to the COVID-19 global pandemic. The impacts of the pandemic have had broad reaching impacts on all aspect our operations, with a limited supply of commercial air trips to carry our volume, decreased employee availability as employees deal will health, home and community impacts, and significant changes in mail and package volumes. However, our overall ability to service our required deliveries during these difficult times still remains above 99.88 percent. In addition, improvements we have made in our

transportation network have also revealed the need to realign some of our other processes, which have temporarily impacted mail and package service performance. We are acting to address those issues, and have seen immediate improvements, and we will continue to make necessary corrections. Despite these shortfalls, the American public's support of our employees has been overwhelmingly positive and we continue to work diligently with hiring and reallocating resources to ensure we deliver at expected levels.

Service, like many things, is local. And there are several cities and communities that have been hard hit by the pandemic. These same cities and regions are also some of the most complex delivery operations we manage. All of that, combined with employee availability issues and difficulties in hiring additional resources, have resulted in more significant delivery service disruptions than reflected in the national average. The entire organization is working collectively to restore consistent delivery service. We are mobilizing all available resources and managing these offices at a national level.

Overcoming difficult times and providing a sense of normalcy for the American public is just one critical attribute of this organization's resiliency that has contributed to our legacy for the past 240 years. While our resiliency has been tested, it has not been broken. You have my commitment, and that of the entire organization, that we will stabilize operations and restore the nation's confidence and trust in the Postal Service.

#### THE PUSH FOR PROGRESS AND FINANCIAL SUSTAINABILITY

The causes of the Postal Service's dire financial condition are well-understood, and the only way that they can be solved is through significant and fundamental reforms to our current business model. This requires action from Congress, the Postal Regulatory Commission (Commission), and the Postal Service.

As the Postal Service has said for years, Congress and the Commission have long delayed much needed legislative and regulatory reforms which would have helped to address the situation. Congress must enact reform legislation that addresses our unaffordable retirement payments. Most importantly, Congress must allow the Postal Service to integrate our retiree health benefits

program with Medicare, which is a common-sense best practice followed by all businesses who still offer retiree health care. It must also rationalize our pension funding payments.

Legislative reforms have been discussed and debated for years, but no action has been taken. I urge Congress to expeditiously enact these reforms. I also urge Congress to enact legislation that would provide the Postal Service with financial relief to account for the impacts of the COVID-19 pandemic on our financial condition.

The Commission, meanwhile, must expeditiously resolve the 10-year review, and design a more rational regulatory system for our mail products. The 10-year review has been ongoing for nearly 4 years, and it has been nearly 3 years since the Commission concluded that the current system is not working, yet it has still not finalized a replacement system. We continue to wait for the required relief.

Had Congress and the Commission fulfilled their obligations to the American people concerning the Postal Service, I am certain that much of our cumulative losses that we have experienced since 2007 could have been avoided, and that the Postal Service's operational and financial performance would not be in such jeopardy.

At the same time, the Postal Service has failed to engage a sufficient operating strategy that adequately mitigated these predicted annual financial losses. We should not wait for the legislative and regulatory process to save us. The Postal Service must do our part, by pursuing every strategy within our control to ensure our success, and in that regard, I know we can do more. If we want to be viable for the long term, it is absolutely imperative for the Postal Service to operate efficiently and effectively, while continuing to provide service that fulfills our universal service mandate and meets the needs of our customers.

Efficiency and effectiveness are also necessary given the realities of the marketplace in which we operate. There are competitive alternatives to every product that we offer, and the way in which the American people use the mail has evolved. For that reason, high-quality, reasonably-priced service is an absolute necessity, but it is equally important for us to embrace the reality that



high-quality service and efficient service are not mutually exclusive, but instead must go hand-in hand if we are going to keep pace with our competition and be self-sustaining, as our mandate requires.

The Postal Service is a great American institution with tremendous capabilities and prospects, and I know there is incredible additional value within the Postal Service that needs to be unlocked. To reach our full potential we need to be even better at everything we do well now, and we need to recognize our issues and urgently embrace the changes required to unleash the full range of possibilities. To transform and remain a self-sustaining, mission-focused organization that continues to serve the American people, the Postal Service must have a management structure and an operating strategy that ensure we operate efficiently and effectively. We must focus on our strengths to maximize our prospects for long-term success, by improving the products and services we provide, pursuing new revenue streams, and continuing to operate more efficiently.

Let me tell you about the two things that I have done so far to pursue these goals during my 60-plus days in office.

First, I took a fresh look at our operations and considered any necessary organizational and structural adjustments that would best position the Postal Service to maximize our core competencies and key strengths. I worked diligently with Postal Service leadership throughout the country to find good practices in the organization. I met very smart and dedicated people who were anxious to engage in improvement, but were locked in an organization that was too bureaucratic. I worked with them in groups and individually for hundreds of hours to identify an organizational strategy more equipped to deal with our operating model and the future initiatives we are developing together to ensure the long-term success of the organization. I worked with each individual in the leadership ranks and assessed their specific talents and interest, and together we designed an organizational structure with leadership that is ready to embark upon the very substantial initiatives we have ahead of us. Twenty-four people were given roles they were excited about with many getting promotions. This was a liberation of talented people now placed in roles that will enable the organization to improve service, expand revenue, and

do so in a cost-effective manner--which is the mission assigned to me by the Governors.

To be more specific, the modified organizational structure aligns functions based on core business operations and will provide more clarity and focus on what the Postal Service does best: collect, process, move, and deliver mail and packages. We needed to provide greater focus on the core aspects of our business, and the new structure allows that with clearer lines of authority and accountability. The modified organizational structure will also strengthen the Postal Service by enabling us to identify new opportunities to generate revenue, so that we will have additional financial resources to be able to continue to fulfill our universal service obligation to all of America. We are confident that the new organizational structure is the right alignment, and it was a change that needed to be made.

Second, I have ensured that the organization refocuses on the need for operational discipline. Every operational services organization, public or private, must solve the problem of designing an efficient operating plan and then meeting that plan to be successful. The Postal Service is no different. It is frankly the only path to consistent, affordable service, and is foundational to our future aspirations and objectives. For that reason, I started with one simple step: directing that we be more disciplined by ensuring that our trucks should run on time and on schedule, and that we should eliminate unnecessary extra trips. Running on time and on schedule is the only way that our network can work in the manner that is intended, because each step that is used to accept, process, transport, and deliver a piece of mail or package throughout our network must work seamlessly to meet our service standards.

In just a few weeks, we have substantially improved our on-time dispatch schedule from 89.4 percent to 97.0 percent on time. We have also focused on decreasing the number of extra trips we operate. We have reduced this costly expense by over 70 percent in the last four weeks. To put this in perspective, our trips on time have increased from 35,000 daily trips to more than 39,000 daily trips. Late trips decreased by over 2,900 trips per day and extra trips decreased by over 1,600 trips per day. While the improvements are dramatic, this effort did expose a need to realign some of our processing and scheduling

that caused mail to miss the scheduled transportation, and has temporarily impacted mail and package service performance. Once the need to realign was identified, we have acted quickly to correct these issues and have seen immediate improvements, but we acknowledge that more work needs to be done to ensure we are service responsive. We will continue to bring disciplined focus to stabilize operations across processing, transportation, and delivery within our network to fulfill our obligation and commitment to provide consistent and reliable service that meets the expectations of the American public.

This effort does not mean leaving mail behind; rather, it means adhering to our existing operating plan so that we can achieve our mission in a sustainable fashion. To be clear, the trucks need to leave on time with the mail that is supposed to be on those trucks based upon our operating plans. As with any operational initiative, it exposed additional inefficiencies in our processes and systems that we quickly began to correct. We continue to keep a sharp focus on how the two changes we have implemented impact our service performance, and we will take swift action to make adjustments in real-time as needed to ensure that any service issues that arise are corrected as quickly as possible. You have my personal commitment, and that of the entire organization, that we will stabilize operations and restore your confidence and trust in the Postal Service.

The decision to focus on our transportation discipline was not made in a vacuum. On the day that I was sworn in as Postmaster General by our Board of Governors, the Postal Service Inspector General issued a report entitled "U.S. Postal Service's Processing Network Optimization and Service Impacts." In that report, our Inspector General indicated that the Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs in FY 2019. Yet, even after incurring these additional costs, the Postal Service has not seen material improvement in our service performance scores. While we did not fully agree with all aspects of OIG's report, we did not dispute the fundamental conclusion that we need to redouble our efforts to

focus on our plans to improve operational efficiency and to further control overtime expenditures.

Finally, three other issues have received considerable attention, so I wanted to clear up misconceptions about them.

Overtime has also been a source of substantial cost, and it is to a certain extent reflective of inefficiency in our operations. A new OIG report coming out shortly identifies that between FY2014 and FY2019, the number of Postal Service employees who received more in overtime pay than they made in base salary increased from 758 to more than 4,000. Overtime is scheduled and assigned based on operational requirements, and management has focused on ensuring that overtime used is necessary based on workload or other factors and is authorized in accordance with our policies. However, I did not direct the elimination of overtime, and in fact overtime has not been reduced since I became the Postmaster General. We were incurring overtime at a rate of approximately 13 percent prior to my arrival, and in June, July, and August, overtime is still at approximately 13 percent. In fact, since my first week on the job, the Postal Service has spent well over \$750 million in overtime.

Regarding collection boxes, the Postal Service has over 140,000 blue collection boxes, and we have reviewed collection box density annually on a routine basis in accordance with Postal policy. Over the past 10 years, over 30,000 collection boxes have been removed from around the country, averaging 3,500 boxes per year. This has been done because of the low volume of mail that those boxes were receiving, meaning it was inefficient to keep them in place. This is a long-standing policy and process that I did not initiate or direct, but I have paused it until after the election given recent customer concerns.

#### Blue Collection Box Removal Data 2013 - Present

Fiscal Year 2013 ...Fiscal Year 2014 ...Fiscal Year 2015 ...Fiscal Year  
2016 ...Fiscal Year 2017 ...Fiscal Year 2018 ...Fiscal Year 2019 ...Fiscal Year  
2020 to date ...Total Remaining to Date

Count of

Boxes .....164,099 .....159,729 .....156,349 .....154,006 .....152,539 .....146,2

## Boxes

Removed .....-4,370 .....-3,380 .....-2,343 .....-1,467 .....-6,287 .....-2

Finally, regarding mail sorting machines, the Postal Service has always evaluated equipment sets and other operational factors to balance available resources with changes in volumes. For the evaluation of processing equipment, we utilize an iterative process in which volume trends by product type are compared to the fleet of equipment needed to process the mail. Since 2016, overall letter mail volume has dropped by 29 percent and overall flat mail volume has dropped by 32 percent. Accordingly, letter sorting equipment during the same period was reduced by 27 percent and flat sorting equipment was reduced by 25 percent. This includes the removal of over 1000 machines. While letter and flat machines have been reduced to account for the reduction in letter and flat volume, we have increased package sorting equipment to process the increases in package volume.

In April 2020, an evaluation of letter and flat sorting equipment utilization showed that even with the ongoing reductions in equipment, the letter sorting machines are only being used for 32 percent of the available machine hours. The flat sorting machines are only being used for 38 percent of the available machine hours. Even if letter and flat volumes increase substantially, there is more than enough capacity on the machines to handle the volume. For context, we anticipate that Election Mail will account for less than two percent of all mail volume from mid-September until Election Day. Nonetheless, while I did not initiate the evaluation or removal of this equipment, I have given the directive to stop the removal of additional mail processing machines through the election.

## ELECTION MAIL

As I stated earlier this week, the Postal Service is ready today to handle whatever volume of election mail it receives this fall. Even with the challenges of keeping our employees and customers safe and healthy as they operate amid a pandemic, the American public should know that this is our number one priority between now and Election Day. All of us in the Postal Service are

justifiably proud of our role in the democratic process, and I intend to keep it that way.

I recognize that it has become impossible to separate the necessary long-term reform efforts we will need to undertake from the broader political environment surrounding the election, and I do not want to pursue any immediate efforts that might be utilized to tarnish the Postal Service brand, particularly as it relates to our role in the democratic process.

To reiterate, a false narrative has developed that the two steps we have taken to improve efficiency--running on time and on schedule and realigning our organizational structure--are somehow designed to harm the ability of voters to use the mail to vote. Further, this false narrative has turned matters that have either been long planned or are part of long-standing processes in place for years--well before my arrival 67 days ago--such as the routine equipment reductions and the regular removal of low-volume collection boxes, into attacks on the election. Even the recommendations that we have been making for years, like asking election officials to use First-Class Mail when sending blank ballots to voters or urging voters to return their ballots one week before the election, have been turned into accusations that we are degrading the service provided to Election Mail.

While this narrative is fundamentally false and unfair, there is also no doubt that it is hurting the Postal Service's valued reputation as a source of reliability and strength for the American people. And, it could serve to undermine public confidence in the electoral process. Managing the Postal Service in an efficient and effective manner cannot succeed if everything is politicized; this was a key insight that led to the creation of an independent Postal Service in the first place. In such an atmosphere, it becomes impossible for the Postal Service to do the job that Congress has tasked us to do, and that it is my solemn duty to uphold.

Therefore, and as I announced earlier this week, I have decided to pause the implementation of our future transformative efforts until after the election.

While the Governors and I believe significant reforms are essential, as discussed above, even longstanding efficiency efforts have become a

distraction from our mission of service to the public as the nation prepares to hold a presidential election in the midst of a devastating pandemic. Because those longstanding operational initiatives and other efforts that are under consideration have been raised as areas of concern, and to avoid even the appearance of any impact on election mail, I am suspending those longstanding initiatives until after the election is concluded.

Therefore, retail hours at Post Offices won't be changed, and mail processing equipment and blue collection boxes won't be removed during this period. No mail processing facilities will be closed and we have terminated the pilot program that began in July that expedited carrier departures to their delivery routes, without plans to extend or expand it. To clear up any confusion, overtime has, and will continue to be, approved as needed. Finally, effective October 1, 2020, we will engage standby resources in all areas of our operations, including transportation, to satisfy any unforeseen demand for the election.

In addition to the above commitments, I also announced the expansion of our current leadership taskforce on election mail to enhance our ongoing work and partnership with state and local election officials in jurisdictions throughout the country. Leaders of our postal unions and management associations have committed to joining this taskforce to ensure strong coordination throughout the Postal Service, with state and local partners, and to make sure any concerns can be raised and resolved at the highest levels of the organization. Because of the unprecedented demands of the 2020 election, this taskforce will help ensure that election officials and voters are well informed and fully supported by the Postal Service.

These efforts will further enhance our already robust outreach efforts with state and local election officials. During this outreach, the Postal Service explains our services and delivery processes, and provides guidance on how election officials can design and send their mailings in a manner that is consistent with postal regulations, that improves mailpiece visibility, and that ensures timely and efficient processing and delivery.

Our outreach also includes educating election officials and voters to be mindful of how the mail works, since state election deadlines often do not consider our delivery standards. This is particularly important given the anticipated increase in mail-in voting during the COVID-19 pandemic, especially in those jurisdictions that are less experienced with handling high volumes of mail-in votes and that are trying to implement new election rules and requirements.

Our key recommendation is that voters should request their ballot at least 15 days before the election, to ensure that they have enough time to receive the ballot, complete it, and then mail it back to the elections office. The return ballot should be placed in the mail at least 7 days prior to the election. Despite some assertions to the contrary, this is the same message that we have made in previous years and have been reiterating all year, and has nothing to do with recent operational initiatives or concerns about delayed mail. To be clear, these recommendations are designed to help ensure that ballots will be delivered and counted, and should in no way be misconstrued to imply that we lack confidence in our ability to deliver those ballots. We can, and will, handle the volume of Election Mail we receive.

In that regard, we have not changed our delivery standards, our processing, our rules, or our prices for Election Mail. To the contrary, we have intensified our efforts to fulfill our role in the electoral process. We will do everything we can to handle and deliver Election Mail in a manner consistent with the proven processes and procedures that we have relied on for years.

In sum, the goal of our education efforts is simple: to ensure that voters who choose to use the mail will have their votes counted. This goal is advanced by being transparent, and educating voters about how the mail works and what they can do to ensure that their vote is counted. It is not advanced by remaining silent and letting voters believe that all they need to consider is whether they have requested and mailed a ballot in accordance with state law deadlines. While we will do whatever we can to deliver ballots even when they are mailed at the last second, it should also be obvious to fair-minded election officials that urging voters to mail back their ballot at least a week before the deadline is a simple and straightforward step to ensure that ballots are



delivered on time and, most importantly, counted under state law. Because this goal is so important, we intend to continue our efforts, and also to work with the leaders of our unions and management associations, to help spread the word that voters who choose to use the mail to vote should request their ballots early and vote early.

#### COVID-19 RESPONSE

Just as all of us in the Postal Service are justifiably proud of our role in the democratic process, we are also proud to do our part as an essential government service, critical to the nation's infrastructure, during the COVID-19 pandemic. I have been struck by the commitment and dedication of postal employees, who have truly gone above and beyond during this national emergency.

The Postal Service has been a source of constancy and reliability in every community. Our more than 630,000 employees are working to make sure our customers can depend on us. We're on the front lines -- delivering needed medications, supplies, benefit checks, financial statements and the important correspondence every family counts on receiving. The public support for the organization is extremely high because postal employees are so committed to serving their communities and their customers. We aim to continually earn the trust and support of the public.

We will continue to take the necessary steps to protect the safety and wellness of our employees, and to reinforce workplace behaviors to ensure that contact with our customers reflects the best guidance regarding healthy interactions, social distancing and risk minimization.

Like the rest of the country, the pandemic has impacted us financially, including increased costs associated with the measures necessary to protect our employees and customers, such as the purchase of personal protective equipment and installation of transparent dividers at retail locations. We have also seen a remarkable impact on our mail volume, which has decreased 24 percent. Given these numbers, and as I noted earlier, I also call on Congress to enact legislation that addresses the impact of the pandemic on our financial condition.

## CONCLUSION

Since I became Postmaster General just over 60 days ago, I made the deliberate decision to focus my energy on learning the organization so I could make informed decisions as a leader and CEO from the start. This time was well spent, but I recognize that in these first two months or so, I have not been as available to non-postal stakeholders for meetings and discussions. While my efforts to study and improve the organization will be ongoing throughout my tenure as Postmaster General, I recognize the importance of now being more available to Congress and other external stakeholders. I hope my testimony today demonstrates as much.

I accept the responsibility that the Governors gave me to maintain and enhance our reputation and role as a trusted face of the federal government in every community, and I intend to work with postal executives, management associations, managers, union leadership, and our craft employees to do everything I can to put us back on a financially stable path. I am confident that we can chart a path forward that allows the Postal Service to fulfill our vital public service mission in a sustainable manner. I look forward to the challenge, and know we are up to it.

In this regard, I want to be transparent with you in saying that it remains critically important for the Postal Service to reform. It is imperative that the Postal Service undertake a number of transformative steps in order to create a financially viable organization, capable of fulfilling our public service mission to the American people in a self-sustaining fashion over the long term. These steps will not be easy, but are necessary, and we simply must pursue them. While we will not implement any changes before the election, we will continue to move forward with analyzing those changes that are necessary, so that we are prepared to move forward once the election ends. We need the support of Congress to achieve these goals, rather than to be hamstrung. I would appreciate your support in working together to ensure a bright future for the Postal Service.

Thank you, Mr. Chairman, Ranking Member Peters, and Members of the Committee, for the opportunity to submit this testimony. I welcome any questions that you and the committee may have.

Read this original document at:

<http://www.hsgac.senate.gov/download/testimony-dejoy-2020-08-21>

**Sen. Peters, Gary C. - (D - MI)**

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**Committee:** Senate Homeland Security and Governmental Affairs  
Committee

**Subject:** USPS Finances/Operations During COVID-19/Elections

**Testimony:**

Thank you, Mr. Chairman.

Mr. DeJoy, I appreciate you joining us today. As you can imagine, we have a lot of questions for you.

We are in the middle of an unprecedented pandemic. We are experiencing one of our nation's worst health and economic crises. Now we are facing a mail crisis, and we are just months away from an election where we expect record numbers of Americans to vote by mail.

For many communities in Michigan and across the country, the Postal Service has always been a lifeline. Especially for the communities private carriers won't deliver to.

Whether folks are receiving important medications, financial documents, critical home supplies, or simply trying to stay in touch with their loved ones, the Postal Service has always delivered. But Mr. DeJoy you have not.

For more than two centuries, Americans have been able to count on the Postal Service. But - in less than two months as Postmaster General - you have undermined one of our nation's most trusted institutions and wreaked havoc

on families, veterans, seniors, rural communities and people across our country.

The operational changes you implemented, without consulting with your customers or the public, have caused significant delays. Delays that have hurt people across the nation. Delays that come at a time when people depend on reliable service now more than ever.

In July, I started hearing reports about how severely your changes were slowing down the mail.

I asked you for answers - but it wasn't until I launched an investigation that you admitted you had directed these changes yourself.

And despite multiple requests, it took you more than one month to respond to me directly. I'm still not satisfied with your explanation.

You have brushed off these delays, calling them an "inevitable" side effect of your vision for the Postal Service.

Let me tell you about the people who are forced to bear the brunt of your decisions.

Beth from Ada, Michigan works for a company that produces educational materials for health care workers.

Beth's company started seeing serious delivery problems and switched to overnight shipping, which has almost doubled their shipping costs. Between these delays and the pandemic, they have had to layoff multiple employees to help absorb these costs.

Mary from Redford said her daughter has been getting her epilepsy medication through the mail, usually in 3 to 4 days. Because of changes you ordered, her latest refill shipped on July 20th, and took 9 days to be delivered.

When Mary's daughter realized the medication wasn't going to arrive on time, she tried to ration what few pills she had left. As a result, she suffered seizures and was transported to the hospital.

These are just a few of my constituents who shared their stories as part of my investigation.

I have received more than 7,500 reports of delays from people in Michigan and across the country in just two weeks. They have written to me about skipping doses of their medication, and their small businesses losing their customers or having to layoff employees. All because of changes you directed.

Mr. Chairman, I also move to enter into the hearing record an update on what my investigation is finding.

Mr. DeJoy, your decisions have cost Americans their health, their time, their livelihoods and their peace of mind. You owe them an apology for the harm you have caused - and you owe all of us clear answers.

The country is anxious about whether the damage you have inflicted so far can be quickly reversed and what other plans you have in store that could further disrupt or damage reliable, timely delivery from the Postal Service.

If you plan to continue pursuing these kinds of changes, I think my colleagues, and many of our constituents, will continue to question whether you are the right person to lead this indispensable public institution.

Read this original document at:

<http://www.hsgac.senate.gov/download/opening-statement-peters-2020-08-21>

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**Sen. Johnson, Ron - (R-WI)**

**Committee:** Senate Homeland Security and Governmental Affairs  
Committee

**Subject:** USPS Finances/Operations During COVID-19/Elections

**Testimony:**

I want to start by thanking Postmaster General DeJoy first, for making himself available on such short notice, and second, for taking on the very thankless task of trying to maintain the United States Postal Service as a financially viable entity. Unfortunately, he has found out over the last few weeks, that not

only is it a thankless task, but he has already been subjected to character assassination as Democrats have put him in the cross hairs of another hyperbolic false narrative perpetrated to gain political advantage.

I hope we can stick to the facts in this hearing today. One fact that needs to be highlighted to refute one part of the false narrative is that the Postmaster General was not appointed by President Trump. The bipartisan Postal Board of Governors engaged a professional search firm that identified Louis DeJoy as an outstanding candidate with the necessary background and skill set to tackle the enormous challenges facing the Postal System. The bipartisan Governors then unanimously approved his appointment as Postmaster General. Mr. DeJoy reports to the Board, not the President.

Another false narrative is that a failure to provide funding to the Postal Service will undermine the election. The Postal Service has \$15.1 billion in cash following a better than expected financial performance during the pandemic. Due to a surge in package delivery, USPS earned \$1.5 billion more during COVID-19 than during the same period last year.

That said, the long term financial reality of the Postal system is bleak, and it has been bleak for years. The main reason is that first class mail volume has declined dramatically with the advent of the internet. Because the Postal System is constrained by a host of legislative requirements, it does not have the flexibility a private sector entity would have to deal with the dramatic reduction in the demand for its products.

In a perfect world, the Postal System would have funded its long term pension and retiree health care liabilities as they were incurred. Because they didn't, those unfunded liabilities now total \$120 billion. Unfortunately, the 2006 Postal Reform Bill did not ensure long term financial viability and in its attempt to address the unfunded liability problem, it depleted the Postal System of cash and arbitrarily turned long term liabilities into short term liabilities on its balance sheet.

Subsequent attempts at reform have largely proposed a taxpayer bailout. The cost of these proposals is generally understated based on CBO's 10 year scoring requirement, which misleadingly characterize a \$48.3 billion bailout

as only costing \$10.7 billion over ten years. These proposals always lack the full range of structural reforms that will be required to ensure the long term viability of the System.

For years, GAO and Inspector General's reports have recommended reforms that have at best, been only partially implemented. One of the most costly inefficiencies that has been repeatedly highlighted in these reports is the out of control use and payment of overtime. To his credit, this is the reform Postmaster DeJoy began implementing shortly after his appointment.

According to an Inspector General report issued the day Postmaster DeJoy was sworn in, the Post Office spent \$4 billion in FY 2019 in mail processing and delivery overtime and penalty overtime costs. Those overtime costs represent 45% of the Postal System's \$8.8 billion loss for last year.

It is Postmaster DeJoy's commendable attempt to reduce those excess costs that are now being cynically used to create this false political narrative.

According to Democrats, the postmaster is trying to sabotage the Post System to disenfranchise voters in the upcoming election. Notices that were sent before he was sworn in, meant to inform election officials to factor in normal postal capabilities in setting their ballot deadlines, are being used as evidence of this conspiracy theory. And a willing media is once again, happily playing along.

On average, the Postal System delivered 2.6 billion pieces of non-package mail per week in 2019. Because of COVID, the Postal System's first class weekly volume is down 17% this year to date. Even if every voter used mail-in balloting, that would be approximately 150 million pieces of mail, or less than 6% of weekly volume. As long as election officials factor in normal postal delivery capabilities, and in light of the 17% decline in weekly volume, the postal system has more than enough excess capacity to handle mail-in balloting.

Again, I want to thank Postmaster General for his appearance today, for his service, and I look forward to your testimony.

Read this original document at:

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