

Lous DE-Jov
POSTMASTER GENERAL, CEO

UNITED STATES POSTAL SERVICE
UNITED STATES POSTAL SERVICE

March 13, 2025

The Honorable John Thune
Majority Leader, United States Senate

The Honorable Mike Johnson
Speaker of the House of Representatives

The Honorable Charles Schumer
Minority Leader, United States Senate

The Honorable Hakeem Jeffries
Minority Leader, U.S. House of
Representatives

The Honorable Rand Paul
Chairman, Senate Homeland Security
and Government Affairs Committee

The Honorable James Comer
Chairman, House Committee on Oversight
and Government Reform

The Honorable Gary Peters
Ranking Member, Senate Homeland
Security and Government Affairs
Committee

The Honorable Gerald Connolly
Ranking Member, House Committee on
Oversight and Government Reform

Dear Leaders,

Over the past four years, the Postal Service has engaged in transforming from a battered government bureaucracy with substantial financial losses destined for collapse, to an organization that is aspiring and engaging in practices that will enable us to provide high quality service to the nation for decades to come and to have a financially viable future.

It has long been known that the Postal Service has a broken business model that was not financially sustainable without critically necessary and fundamental core change. Fixing a broken organization that had experienced close to \$100 billion in losses and was projected to lose another \$200 billion, without a bankruptcy proceeding, is a daunting task. Fixing a heavily legislated and overly regulated organization as massive, important, cherished, misunderstood and debated as the United States Postal Service, with such a broken business model, is even more difficult.

Through the Delivering for America (DFA) plan released in 2021, we initiated a series of targeted and thorough long-term strategies focused on rehabilitation of our infrastructure and operating practices, efficiency gains, cost savings and revenue growth. Our strategies have focused on maintaining a modified, but sustainable, universal service mission that was noble when constructed, still meritorious today, and that can be financially self-sufficient with the changes we are pursuing. We have undertaken this dramatic change consistent with the laws and regulations currently in place, not the laws, regulations and policies we, or others, think we should have. We have also engaged in this transformation, in the face of considerable resistance, all while serving the nation by providing our services to 167 million delivery addresses at least six days per week through a pandemic, a period of high inflation, and politically sensationalized times.

While I recognize that changing the way we serve the nation has been difficult for many of you, I ask that you reflect for a moment on the magnitude of the problem that we had to attack for the good of the country, and to ask yourself how else we could fix a broken business model and whether it could be accomplished without fundamentally changing the way we conduct our business? I certainly recognize that our execution in transition could have been better in many areas, and I have often apologized for it. However (by way of explanation, and not an excuse), the rescue activities and pace of change required to transform this organization far exceeds most normal turnaround efforts. The scale of our daily work is unprecedented and extraordinary, our infrastructure was greatly deteriorated due to years of underinvestment, and our operating practices were for a postal environment of long ago that were never adjusted as the times and our business changed. We are encumbered by many unreasonable rules and regulations that handcuffed our service expectations and that in many instances were a barrier to meaningful change. In that regard, we all need to bear in mind that we are a self-funded organization by law that must pay our bills and cover our costs through the sale of postal products and services, and we receive essentially no taxpayer dollars to support our operations. It is our responsibility to achieve our public service mission while operating in a self-sufficient manner—an obligation that I take very seriously.

Our Accomplishments Are Impactful and Have Provided a Path Forward

We have achieved significant successes through our self-help DFA strategies. Please review our accomplishments to date:

- The reduction in air transportation, ground transportation, terminal handling facilities and excess facilities in the amount of \$2.2 billion annually through better routing practices, operating contract terminations, and lease cancellations. This involved changes to contracts and operations that exceeded \$10 billion annually and this effort remains on-going.
- The termination and renegotiation of past revenue agreements that generated revenue exceeding \$9 billion annually. These agreements that we ended or modified disadvantaged our competitiveness in the commercial package shipping industry. These changes will result in sustainable package revenue growth that will ultimately produce tens of billions of dollars while serving the whole nation with affordable and reliable package delivery, which is part of our universal service mission and essential to our financial sustainability.
- The reduction of our HQ workforce by 20 percent of authorized positions that was sensationally labeled "The Friday Night Massacre" at the beginning of my tenure. An annual saving of over \$200 million.
- The reduction of our labor workforce, tied to our capital investments, by approximately 30,000 people from fiscal year 2021, with plans for a further reduction of another 10,000 people in the next 30 days through a Voluntary Early Retirement program. Today we operate with 50 million fewer workhours annually than we did just 3 years ago, representing \$2.5 billion in savings.
- For FY 2024, we grew total revenue by 14.3 percent or \$10.1 billion over 2021 base projections. Our new package products are being well received in the marketplace with Ground Advantage Heavyweight up 178 percent, Ground Advantage Lightweight up 23 percent and Parcel Select from our sectional facilities up 116 percent. These products are responsive to the needs of our customers and represent changes from previous products that were not, and that were losing share in the marketplace.
- Maturation as part of the nation's critical infrastructure demonstrated by bravely serving the country during the uncertain times of the pandemic through our delivery to households in every community of critical durable goods and vital medications and communications; and by implementing and operating the COVID test kit distribution program, in which we delivered to more than 90 million households (representing 3 out of 4 residential addresses in the country), part of the increase in testing capacity for the

country that reportedly prevented 1.4 million deaths and 7 million hospitalizations during the pandemic.

- And finally, our previously disclosed current plans to reduce our future operating costs by over \$3.5 billion annually and to grow our revenue by \$5 billion annually because of our new network operating plan, refined service standards that are integrated with the new network operating plan, new product introduction and sales initiatives, and our judicious use of our pricing opportunities.

I believe the commercial and operating viability of the Postal Service is within arm's reach as demonstrated in the first quarter of this year during which we generated \$1 billion in controllable income. This same quarter (FY 2025, Q1), we produced a net income of \$144 million, compared to a net loss of \$2.1 billion for same period last year (SPLY). We are continuing to aggressively implement all of our cost-cutting and revenue-growing initiatives to continue down this positive path towards financial self-sufficiency.

There is Much More to be Done but Major Initiatives are Out of Our Control

Last night I signed an agreement with the General Services Administration and DOGE representatives to assist us in identifying and achieving further efficiencies. This is an effort aligned with our efforts, as while we have accomplished a great deal, there is much more to be done. We are happy to have others to assist us in our worthwhile cause. The DOGE team was gracious enough to ask for the big problems they can help us with. Among other initiatives, I provided the following list of items that are in your hands and that have been intractable even though they have needed to be addressed for over a decade. Please review the following:

- The mismanagement of our self-funded retirement assets and the actuarial miscalculations of our retirement obligations. These work functions reside with the Office of Personal 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.
- 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 unfunded mandates imposed on us by legislation. These well-intended laws that have been passed since we were created as a self -funding agency 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.
- Our burdensome regulatory requirements restricting normal business practice. 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.

Our Future Is Delivering for America

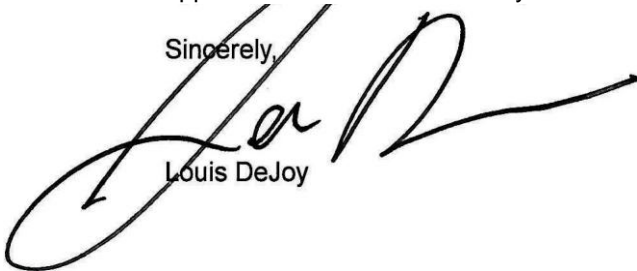
The Postal Service has been leading change in government with a laser focus over the past 4 years. We are optimizing our network, creating efficiencies, cutting costs, growing revenue, and

creating a culture absent of bureaucratic thinking and complacency. The Postal Service is leading change in the marketplace by offering new and valued product offerings that are priced affordably and that deliver reliable service for all customers - residential and commercial, that is responsive to their needs.

The Postal Service once faced the immediate threat of insolvency, which would have required a taxpayer bailout. Now, the Postal Service is instead finally experiencing an unprecedented period of growth and innovation as it emerges as a change leader in government. Our efforts have provided a lifeline to our organization and provide a vision for the bright future of our service that is financially sustainable if Congress engages appropriately. I ask that you please engage with the Postal Service, our DOGE representatives, and the Federal agencies that need to adapt to the critically necessary changes involved and to correct for the deficiencies of the past that can and must be corrected.

The Postal Service is on the right track. With further implementation of the DFA plan, and the continued dedication from the 635,000 men and women of the United States Postal Service, the organization will thrive and become the envy of other government and commercial enterprises across the w a worthy accomplishment for America's Postal Service, especially as we approach 0th anniversary of our founding.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'L. DeJoy', is written over the word 'Sincerely,' and extends across the line of the name 'Louis DeJoy'.

Louis DeJoy