

Postmaster General and CEO Louis DeJoy's remarks from Feb. 9, 2021 open session meeting of the Board of Governors

Remarks as prepared for delivery by Postmaster General and CEO Louis DeJoy during the open session meeting of the Postal Service Board of Governors on Feb. 9, 2021.

Thank you, Mr. Chair and good morning.

I'd like to begin by congratulating Governor Bloom on his election as Chair of this Board, and Governor Martinez on his election as Vice Chair.

Governor Bloom and Governor Martinez, I have enjoyed working with you both as Board members and look forward to continuing our work together in your new roles.

I would also like to thank Governor Duncan for his nearly two-and-a-half years of service as Chair of this Board. I am grateful he is remaining on the Board and look forward to our continued work together as well.

Since our last open Board meeting in November, the Postal Service went through our peak season. And like much with 2020, this year's peak season was like no other.

Throughout the peak season, the Postal Service faced multiple challenges. This included significant employee shortages as a result of the COVID-19 pandemic, multiple winter storms in the Northeast, capacity issues with airlifts and trucking, and a historic high level of mail and package volumes.

Altogether, the Postal Service still managed to deliver more than 1.1 billion packages this holiday season. I am proud of our workers who made this happen.

At the same time, we must acknowledge that during this peak season, we fell far short of meeting our service targets. Too many Americans were left waiting weeks for important deliveries of mail and packages.

This is unacceptable, and I apologize to those customers who felt the impact of our delays. All of us at the Postal Service, from our Board, to our leadership team, to our union and association leadership, to every employee strive to do better in our service to you.

During the peak season, Postal management took a number of steps to try and address our issues head-on.

- This included hiring over 50,000 seasonal workers and then increasing full-time career staffing – by more than 10,000 positions in total – in key facilities across the country.
- We continued to utilize employee overtime as necessary to stabilize operations; and, ran a significant number of extra transportation trips throughout the country.
- We extended lease agreements on annexes to provide additional package processing and dispatch capacity beyond the holiday peak season – and bought as much air capacity as we had access to.
- All in all, we threw everything we had at it—
- No cost cutting—No efficiency initiatives—No relaxation of any effort anywhere –
 - And yet we missed our service standards by far and disappointed the nation.

Like nearly every organization in this country, the pandemic has strained our operations and caused us to fall short of our service standards. However, the fact is that we have not met our service standards for the past eight years and we have not covered our costs for even longer.

And while our service performance issues have deservedly captured a lot of recent attention, the problems underlying them stretch back for many years and are a prelude to what will be coming if changes are not made.

In fact, absent the increase in the recent rate ruling, and including the impacts substantial pro-forma cost reductions, our projected operating losses reach \$160 billion dollars over the next 10 years.

And looking ahead, the current trends that impede us the most are poised to continue to plague any progress. These trends include:

- Dramatic shifts in the characteristics of our volume;
- Declining mail volumes and;
- Growing package volumes, that will be accompanied by greater competition within the marketplace.

What this means is that if our service, reliability, and costs do not improve – and improve soon – our ability to meet our Universal Service Obligation will be threatened, and our relevancy diminished.

Simply put, the United States Postal Service needs better operating and marketing strategies and greater investment.

For too many years, Postal employees have been asked to do more with less – forced to employ antiquated systems, utilize outmoded equipment, and drive outdated vehicles. This drives up costs and slows down service for customers. We cannot afford to keep this up.

Unlike many who care to offer suggestions about the Postal Service, I offer that the future of the Postal Service must not be about assigning blame; it must be about finding solutions and implementing them –and that is what our Board, our management team and I plan to do.

When I review our operating performance, even during this difficult period, our carrier network delivered to every address in America—over 161 million of them—each day.

The fact is, if our system got mail and packages to our delivery units—it got delivered within a day over 99% of the time. An astounding accomplishment that makes me very optimistic about our future.

Unfortunately, our national network did not have the same success. Plants, transportation, processing equipment and our operating strategy have not evolved with the changing demands of our society. Our national network could just not keep up and adjust to the over 40% increase in network package business—which we are obligated to accept.

To confront these urgent issues, our team has been working on a ten-year strategy that will reinforce the Postal Service's obvious strengths and address our obvious weaknesses.

The key commitments of this plan will include:

1. A commitment to six day a week delivery service to every address in the nation, not just because it is the law – but because it is the right thing to do and a key ingredient to our future success.
2. A commitment to stabilizing and strengthening our workforce – especially for our associates who are not yet in a career position. We want every postal employee to have the tools, training, and supportive environment necessary to enjoy a long-term career with us. We want them to feel empowered.
3. A commitment to investing in our infrastructure, including vehicles, technology, and package sortation equipment.

Service. People. Infrastructure. These serve as the foundation that will drive our evolution and determine our success.

Our strategy intends to address our weaknesses, including all aspects of plant processing, transportation, and unachievable service standards.

These changes are not just needed; they are long overdue.

Our new operating goals will be simple – get mail and packages to our carrier network in the most cost-effective manner, and on a deliberate schedule to meet our standards. From there, our carriers will deliver them within a day – over 99% of the time – to addresses all across the country.

With this new precision, we will grow our pieces per delivery and our ability to reinvest in our network. Most importantly, we will improve our ability to meet the Postal Service's public service mission.

In the weeks ahead, I look forward to sharing more information about this strategy with policymakers, our unions, our employees, our stakeholders, and with the American people.

At this time, I would like to thank the Congress for the legislation that will reimburse the Postal Service for COVID-19 related expenses and the renewed interest in addressing our unfair employee retirement benefit costs. I look forward to working with them and the new administration in making measurable improvements to the Postal service.

Our nation is justifiably proud of its Postal Service. Our employees are too. Now it is up to all of us who care about this institution to provide it with the tools, the investments, and the strategies it needs. Together, we can improve and strengthen this institution for future generations.

I thank the Board for their assistance in this effort, and I look forward to the work ahead.

Thank you.