



FOR IMMEDIATE RELEASE
Aug. 8, 2023

POSTAL NEWS

Contact:
David Partenheimer
david.a.partenheimer@usps.gov
usps.com/news



Postmaster General and CEO Louis DeJoy's Remarks During Aug. 8, 2023, Postal Service Board of Governors Meeting

WASHINGTON, DC — *The below remarks are as prepared for delivery by Postmaster General and CEO Louis DeJoy during the open session meeting of the Postal Service Board of Governors on Aug. 8, 2023.*

"Thank you, Mr. Chairman, and thank you to everyone for your attendance and interest in the United States Postal Service.

Our leadership team continues to push forward to implement the strategies defined in the Delivering for America Plan that will transform the Postal Service into a vibrant and self-sustaining organization, delivering postal services to the American people for many years to come.

As Josh will later show you, our service has been strong throughout the year with 98% of the nation's population receiving their mail and packages in less than three days. We have maintained this service performance while engaging in numerous transformational initiatives across the organization and across the country.

Concerning these initiatives, during the third quarter we continued moving mail and package volume from expensive air transportation to our improving ground transportation network.

Today more than 95 % of First-Class Mail and more than 95% of First-Class packages are moved through our ground transportation system. This is a reduction by over 90% from just two years ago and puts us on course to reduce approximately 1 billion dollars from our annual air transportation cost.

In addition, we opened our first Regional Processing and Distribution Center in Richmond, Virginia and began the closing of many inefficient annexes and contract facilities around the nation.

All of this serves to reduce transportation and handling cost while providing timely and reliable service. Our improvement processes are enabling us to reduce approximately 30 million workhours from this year's operations when compared to last.

Concurrently, our teams are planning significant transformation activities over the next 17 months. During this time period, the Postal Service plans to open another **9** Regional Centers as well as renovate **27** local processing centers and **60 additional** sorting and delivery centers. This will be done without closing any local Post Office Retail operations.

Approximately 85% of next year's investment will be in existing USPS facilities, beginning the journey to eradicate over \$20 billion dollars of deferred maintenance and prepare us for the next 30 years of operations.

Each location initiated will continue to provide significant opportunities to reduce transportation and wasteful redundant handling costs while increasing our service performance and market opportunities.

On the sales and marketing front, I am excited to recognize that after a long administrative process, on July 9 we finally were able to offer Ground Advantage, our 2 to 5-day ground product reaching across the nation with weight limitations increased to 70 pounds.

The elimination of Retail Ground, **Parcel Select Ground, and First-Class Package Service** simplifies our operating and transportation process while increasing the size of our targeted market in serving the package industry.

This now enables us to follow through on the objective set two years ago when we changed our service standard to two to five days—that objective being to aggregate mail and package volume and move it together on the ground—across a region and across the country.

We are confident that this new product, as well as the ongoing improvements we are advancing in our Local and Regional Destinating Entry Products, as well as improvements to our Priority Mail products—will help us grow our revenue in an integrated and cost-effective manner.

All these opportunities arise from our increasing focus on operating precision and the changes we are methodically undertaking in how we operate our network.

Increasing revenue from a large and growing package market and reducing our operating cost in Processing, Transportation and Delivery are key components of our strategy.

In addition, we must continue our strategy to leverage our market dominant pricing authority to mitigate the impact of inflation and our requirement to serve expanding delivery points.

Effective accomplishments of these strategies are how the United States Postal Service survives and thrives in the future.

While our network processing, transportation and delivery changes remain a five year initiative, our operating strategy is beginning to take shape and is well on its way procedurally. Our operations teams are now engaging in intermediate strategies to help capture some of the fruits of these initiatives in advance of full deployment.

With a product, service, and operating strategy underway, we can now focus on developing a more effective sales and marketing strategy aligned to our new product and service portfolio.

This includes exploring a variety of initiatives to engage our expansive retail network which happens to be connected to the best delivery and collection network in the world.

This is all very exciting and important for our maturation as an entity that is focused on serving the American people and competing in the marketplace for its funding.

However, only if we maintain strong delivery service, cost performance, and promptly accomplish the improvements specified in our processing, transportation, and delivery operations, will any effort in any other aspect of our business be relevant or successful.

This undertaking is massive and long overdue, and time is of the essence if we wish to enjoy the benefits of this cherished institution for years to come.

Regarding other important initiatives, we continue to prepare for the roll out of new vehicles, especially our 66,000 electric vehicles. Our teams are working to advance the required EV infrastructure which aligns with the deployment of our Sorting and Delivery Centers around the country.

We expect the first electric vehicles to arrive at the end of this year, with over 9,000 being deployed next calendar year along with ICE vehicles.

Complimenting this sustainability initiative, is a more broad and ambitious environmental sustainability plan which aligns our carbon reduction and energy conservation with the major facilities, equipment, and transportation initiatives we are undertaking to reduce cost.

Reductions in both will be substantial. We will be announcing our goals and methodologies in the coming months.

Additional efforts are occurring around the organization to modernize our Information Technology Systems and Data Analytics Competencies. These efforts are now focused on the most important aspects of our business—our operations—our service—and our costs!

The American Public and American businesses need to know that no matter how big or small your community—or how big or small your business—the leadership and management teams at the Postal Service have eyes on our service to you, and the insights to improve it.

One of the most important aspects of the DFA plan was to improve the working environment for all our employees and to provide long term and exciting career paths. We are making progress!

Career ratios are good, supervisor jobs are being filled, overtime is down, employee career fairs are being held nationwide and employee availability throughout most of the country is high.

We are in good enough shape that the seasonal peak expansion requirements we face are very limited in scope relative to years past and we are confident that we will have a successful holiday season.

As for our financials, we have made significant efforts to reduce our cost of performance with substantial reductions in workhours and transportation costs and year over year stability in our package revenue.

However, these efforts have been overcome by a universal curtailment of advertising expenditures, significant inflation costs and the continued existence of an improper CSRS allocation, which we assumed would have been eliminated at this time in our original DFA projections.

These conditions have added an estimated 6 billion dollars of unplanned cost in 2023 alone and will be in our operating cost base well into the future.

We are working diligently across the organization to address these unforeseen conditions and will make the required adjustments necessary to bring our financial trajectory closer to our original goals.

This will require the projected lower inflation rates to be experienced, continued but more aggressive cost reductions to our operations, increased market dominant and package revenue, exceptional management execution, the usual great support from our employees andcooperation from our stakeholders.

Well, I am an optimist and I believe this is all achievable.

Our management team is working harder and smarter, our employees are engaged and participating in the changes, our customers are interested in our new products and initiatives, and together we are navigating the distractions of those who so ably derailed any initiatives of the organization in the past.

I would like to thank my leadership team at headquarters, our managers and supervisors in the field, our Postmasters, clerks, mail handlers, letter carriers and union leadership for everyone's efforts to comprehend and engage in the massive improvements we are trying to make.

I would also like to thank our governors for the same."

###

Please Note: The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to nearly 165 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, [Delivering for America](#), to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

For USPS media resources, including broadcast quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#) and [LinkedIn](#). Subscribe to the [USPS YouTube Channel](#) and like us on [Facebook](#). For more information about the Postal Service, visit [usps.com](#) and [facts.usps.com](#).