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**POSTAL NEWS**

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## **Postmaster General and CEO Louis DeJoy's Remarks During Feb. 8, 2024, 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 Feb. 8, 2024.*

"Thank you, Mr. Chairman. Since last year, our focus has continued to evolve from the development of effective organizational practices and improvements to operational stability to executing on meaningful actions to align our infrastructure to reduce costs and grow revenue.

During this recent peak season, we took the necessary operating risks to deliver increased volume while incurring less cost. We continued our implementation of several key initiatives to reduce our operating expenses.

Some of the biggest initiatives include a commitment to improved operational performance from our whole organization, minimizing peak season staffing, continuing to shift of air volume to ground transportation, the elimination of unnecessary or underutilized transportation trips, the closing of annexes rather than the adding of ones, and substantial reduction of redundant processes deployed in the past to muscle through activities.

In addition to peak season workloads, and the 12-day evacuation of a major gateway processing plant because of a hazardous materials incident, our organization encountered the unplanned and abrupt shutdown of a major transportation and transfer hub supplier in eight strategic locations across the nation. This required us to stand up transfer operations for over 5,000 truckloads of mail and packages a day across 18 rapidly deployed locations. The implementation was herculean, but less than precise and negatively impacted service for First-Class Mail volume during the peak season and will continue to plague us through the next several weeks.

Even still, for most of the nation, we provided stable performance for the quarter and during peak. All in all, the result was an average of 2.7 days to deliver mail and packages, with 97 percent of the population receiving mail and packages within 3 days, and nearly 60 percent of market dominant volume being delivered a day ahead of its service expectation.

I do realize that individual communities do not view our performance at a national level, and we are focused on improving reliability in every neighborhood and we will continue to address all issues promptly.

On a more positive note, we handled almost 7 percent more package volume in our network than we did last peak season, resulting from our improving service reliability and new product offerings. We see package shippers becoming more interested, as we begin the implementation of the full features of our ecommerce marketing initiatives, and the widely accepted offering of Ground Advantage.

Our package revenue was up and according to ShipMatrix data, the United States Postal Service posted a 95.2 percent on-time delivery during the 2023 cycle. Having said all that, we achieved the objective of reducing cost while delivering more volume, shown by a reduction of 8 million workhours and \$489 million in transportation costs as compared to last year.

This is a first and I will continue to push the boundaries on this activity, as it is the only way to raise the level of operating performance and achieve the financial objectives required by law.

In 2023, the Postal Service initiated the rollout of our new Regional Processing and Distribution Center regions, with implementation activities ongoing in Richmond, Atlanta, Charlotte, Chicago, Portland, and Boise. By the end of 2024, we plan to take nine RPDC regions to an improved future state. This includes Indianapolis, Jacksonville, and Houston, in addition to the six regions I mentioned prior.

We are also aggressively opening Sorting and Delivery Centers, which represent a critical part of our future state network. Through 2023, we have activated 29 S&DCs, and we are setting an ambitious schedule of activating more than 40 in 2024.

At the same time as we are opening new and modernized facilities, we have worked to upgrade outdated processing and transportation infrastructure while disposing of outdated and costly annexes. These efforts include improving the operating functionality and performance of our Network Distribution Centers, which have historically been poorly utilized and costly.

Our Transportation and Logistics teams are also optimizing both national and local transportation of our surface and air transportation lanes, reducing underutilized trips and bringing costly air freight into our ground network. Our objective in this area is to reduce our overall transportation cost by \$3 billion over the next two years, including the \$1 billion cost savings already achieved in airfreight.

In other functional areas, the Postal Service will continue to focus on solidifying core operational improvements and training of our management and employee workforce to build on this new foundation. These efforts will stabilize service today and ensure that our network initiatives achieve their full long-term potential.

Our goal is to reduce our processing, distribution, and delivery costs by at least \$2.5 billion by insourcing previously outsourced operations, consolidating operations out of random buildings, modernizing facilities, reorganizing operating plans and schedules, adding more sortation equipment, and improving operating tactics to increase throughput, gain productivity and increase asset utilization. Concurrent with these raw cost-reduction efforts, the success of regional connect and Ground Advantage are providing new opportunities for our sales teams to win in the package shipping marketplace.

Back in August, we began improving the way we organize and direct our Sales and Marketing teams and are now deploying improved methodologies across the competitive marketplace to capture several billion dollars in new revenue.

Please look forward to a Next Day and Same Day offering from the United States Postal Service in the near future that will change the way you look at delivery – and the way you look at the United States Postal Service.

On February 6, we announced new, sweeping sustainability targets aimed at reducing greenhouse gas emissions, growing the circular economy, and increasing environmental awareness across the Postal Service. Our Delivering for America Plan to reduce operating costs will also result in significant carbon reductions across our network, tied directly to our strategies of eliminating transportation, using less air transportation, and modernizing facilities. Overall, we will seek to reduce emissions from fuel and electricity by 40 percent and reduce emissions from services purchased by 20 percent by 2030.

As was showcased several weeks ago in Atlanta, the Postal Service plans on procuring more than 106,000 new vehicles over the next five years, including the 66,000 EVs. Approximately 30,000 vehicles will arrive this year with 10,000 of them being electric. This begins the long overdue modernization of the Postal Service's 30-year-old fleet.

Under the leadership of the Postal Inspection Service, our crime prevention program, Project Safe Delivery, continues to mitigate postal crime, improve employee safety, and protect both the sanctity of mail and our facilities. Recently, we completed a five-city surge to review our security of operations for Chicago, IL; San Francisco and Oakland, CA; Cleveland, Cincinnati, and Columbus, OH. That surge includes securing postal mail receptacles and conducting arrow key accountability reviews. As always, the Inspection Service will continue to work tirelessly to advance ongoing investigations and conduct important activities to disrupt organized and random mail theft and robbery.

2024 is an election year and brings plenty of excitement at the Postal Service. We are confident amidst this progress and its corresponding benefits, that we will continue to deliver the nation's election mail for the upcoming 2024 elections in the same successful manner we have accomplished in the past. Consistent with our longstanding policies and procedures, the Postal Service will undertake significant efforts to prioritize the monitoring and timely delivery of all election mail.

Revamping our network facilities while trying to reduce cost and grow revenue is the challenge the United States Postal Service faces today and for several years in the future. We are in race to a finish line that changes our financial and service trajectory before we run out of cash and require other means of funding.

These initiatives are necessary to continue our efforts to organize what over many years grew to be a random, complicated, and costly methodology to deliver the nation's mail and packages into one that deploys logically sequenced processes and maximizes cost-efficiency. We aim to minimize service disruptions where possible, while also meeting our service requirements. But as you know change is never easy, even when it's for the better. Complications may occur, so we plan to proactively communicate often and early with our employees, customers, and relevant stakeholders.

To those in the nation that are affected by our intermittent service impacts, we apologize and are working hard to improve our service to you. For the over 50 percent of Americans who receive their mail and packages early and are enjoying the new affordability of Ground Advantage – you are beginning to experience the future performance of the United States Postal Service.

I would like to thank our leadership team for their tireless efforts to execute on our strategies and their even harder work to correct for the mistakes and events we encounter as we proceed on this journey. I also want to thank the men and women of the Postal Service for delivering a good peak season and their willingness to engage in the changes we need to make to have a prosperous future. As I travel the nation and witness your work, I grow more confident in our ability to deliver to the nation a Postal Service whose best days are in the future.

And finally, I'd like to thank all our Governors for their service, their interest in understanding the complexity of our business and their support.”

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**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 167 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.

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