

Service Standard Changes Fact Sheet

Key Points

- The United States Postal Service today announced refined service standards for certain market-dominant services. This includes service standard adjustments for First-Class Mail, Periodicals, Marketing Mail, and Package Services (Bound Printed Matter, Media Mail, and Library Mail).
- The changes will maintain service at existing levels for most volume, will upgrade standards for more market-dominant volume than is downgraded. The changes will enhance service reliability nationwide while maintaining the existing five-day service standard day range for First-Class Mail, whereas the day ranges for end-to-end Marketing Mail, Periodicals and Package Services will be shortened. Similar changes will be made with respect to the Postal Service's competitive products.
- As a result of these new refined service standards, the Postal Service projects at least \$36 billion in savings over 10 years from transportation, mail processing, and real estate cost reductions. As part of the ongoing "Delivering for America" plan, the Postal Service has to date lowered \$1.8 billion in annual transportation costs by eliminating redundant networks and rationalizing the use of air and surface options, and reduced 45 million workhours, or \$2.3 billion annually, by improving plant productivity, and eliminating unnecessary facilities. In addition, the Postal Service has increased revenue by \$3.5 billion annually while transitioning its product offerings in the face of significant declines in mail volume.
- Under the new approach, while most mail will retain the same service standard, some mail will have a faster standard, and some will have a slightly slower standard. For First-Class Mail, the current service standard day range of 1-5 days is staying the same, while the day ranges for end-to-end Marketing Mail, Periodicals, and Package Services are being shortened. All mail will benefit from more reliable service. The new service standards are easy to understand and provide more precise expectations for mailers, as they are based on 5-Digit ZIP code pairs, rather than the current standards that are based on 3-Digit ZIP code pairs.
- Implementation will be in two phases to facilitate effective operational execution: the first phase will begin on April 1 and the second on July 1, 2025. The Postal Service will share information at its retail locations and with commercial customers to ensure mailers are aware of the changes. USPS will have multiple, user-friendly tools available so customers understand how long it should take for mail they are sending to reach its destination. There are no impacts to services at retail locations as retail access will not change.
- The service standard changes provide the following operational benefits:
 - **Greater precision** – Moving service standards from a 3-Digit to 3-Digit Zip Code pairing to a 5-Digit to 5-Digit Zip Code model allows us to continue evolving to more precise, understandable, and higher quality products.
 - **Logical sequence** – We now organize the operational path of mail and packages into three legs. Leg 1 is the path from collection to origin processing. Leg 2 is the path from origin processing to destination processing. Leg 3 is the path from destination processing to final delivery. Current service standards only account for Leg 2. By establishing service expectations for each of the three legs, and adding one service expectation day in Leg 1 for volume entered far from regional processing facilities, the standards will accurately reflect how mail travels through the postal network.
 - **Expanded Reach of 2, 3, and 4-Day Products:** The new service standards allow us to dispatch earlier from postal facilities, reach further, and enhance customer service for mail and shipping products. This will improve service reliability and enable critical revenue growth.
 - **Turnaround offering:** We will now offer turnaround service (mail that is processed and delivered within the same region) to an entire RPDC region. These regions are significantly larger than the current plant service areas. These productivity gains also mean we can efficiently offer Single-

- Piece First-Class Mail cancellation and turnaround at a broader list of Local Processing Center sites than originally planned.
- **Enhanced measurement:** We will implement changes to report service performance at the 5-Digit ZIP Code level. These updates will provide enhanced visibility into service performance, allowing the Postal Service and customers to track service more precisely at a local level.
 - **First-Class Mail impact:** The Postal Service will deliver 75% of First-Class Mail at the same standard. 14% will be upgraded to a faster standard. 11% will have a slower standard, but all will still be within the current 1-5 day service standard day range.
- The relative impact on service standards, leaving more than 80 percent of Market Dominant volume unchanged, demonstrates the Postal Service's efforts to maintain high quality service and mitigate any customer impacts to the extent possible while also implementing operational changes necessary to improve postal operations and achieve the critical — and significant — cost savings that are necessary for financial sustainability as required by law.
 - The 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 169 million addresses six and often seven days a week.
 - 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.
 - The new service standards support the Postal Service's operational initiatives, and simultaneously allow the organization to:
 - Maintain existing service standard day ranges for First-Class Mail and USPS Ground Advantage, meaning no First-Class Mail will have a standard of more than 5 days
 - Make service more predictable and reliable
 - Provide 2-3-day turnaround service within a region and within certain local areas
 - Improve speeds for mail and packages overall in Leg 2, with a neutral, or improved, impact on the *delivery* of mail
 - What this means for rural customers:
Rural customers will benefit from the expansion of the Leg 2 bands enabling mail and packages to travel farther from the origin plant to more distant destination plants in terms of their receipt of important mail (including checks and medicines) that originate in a ZIP Code not covered by RTO.
 - These changes do not alter Postal Service retail or delivery services. We are not changing:
 - Access to, or services provided at, our Post Offices
 - Service standards for Leg 3 (from processing operations to delivery)