



July 31, 2026

The Honorable Rand Paul
Chairman

The Honorable Gary Peters
Ranking Member

Homeland Security and Governmental Affairs Committee
United States Senate
Washington, DC 20510

Dear Chairman Paul, Ranking Member Peters, and Committee Members:

I wanted to thank you for the fulsome and serious discussion we had at the Committee hearing on June 24. As you pointed out, the business model at the Postal Service is broken, and the American public deserves a Postal Service that can be sustainable and efficient over the long term. We do believe that the slate of proposals before your Committee on August 5 would be counterproductive toward that goal. Something must change and I hope the Committee turns the tide by rejecting the slate of individualized proposals that each have very real adverse financial and operational impacts.

When I appeared before your Committee at a hearing entitled "*Reforming the U.S. Postal Service's Broken Business Model*," the organization was told we are not reducing costs fast enough, and our network modernization actions were described as negatively impacting service. And yet each of the proposals put forward for August 5 Committee action adds to our cost, and the majority of them have adverse operational impacts as well that will directly impact service for your constituents. We would urge you to take your own words into account and not propose bills that will increase our costs and reduce our operational effectiveness.

Similarly, two weeks before this slate of proposals is being marked up, our Chief Financial Officer briefed Committee staff at your urging. At that briefing, five-year financial projections of baseline, optimistic, and pessimistic assumptions were provided. These projections all point to a reality that our continuing financial losses cannot be curbed absent congressional action to address existing unfunded mandates and uncontrollable costs through the legislative reforms we have written you about. We have also briefed you on the cash and business model crisis facing the organization, and the fact that the only way we can continue to operate and deliver mail is by defaulting on and deferring payments to Postal Service employee retirement funds.

Because the Committee has not held a hearing to consider these proposals, below is a brief summary of the reasons we believe they should not advance:

- The slate of 75 communities that seek to legislate new five-digit ZIP Codes do so almost entirely for issues that arise from third party uses, like insurance rates. Further, they are advanced without regard to the financial impact, which we estimate to be nearly \$1 billion

when one-time and ongoing costs are considered. Nor do they consider the operational reality that many unique ZIP Codes are not feasible due to specifics of the community and that mail delivery will be adversely impacted, not improved as suggested. I wrote to you in December 2025 to detail the impacts and I attach that letter again. It explains that this proposal will result in *worse* service for these communities and the surrounding towns, the forced relocation of clerks and letter carriers, and the closure or consolidation of Post Offices.

- While I hesitate to comment on the Executive Compensation legislation because it is targeted at me, I believe the Committee should understand that picking any single performance metric to punish management would constitute Congress elevating achievement of that metric at the expense of other important metrics. In order to achieve our mandates of providing reliable service in an efficient and cost-effective manner, we must necessarily balance service and cost considerations. In this case service performance is singled out, which would have the near inevitable impact of increasing costs because almost any action to improve service comes with added cost — increasing transportation, work hours, equipment, and people. I would also note that management has a sharp focus on improving service, so the bill is completely unnecessary: our service scores have improved and will continue to improve, and service is already a part of every manager's annual goals. That said, we are acting prudently to improve service as we leverage the opportunities presented by our new network to not only enhance service reliability, but also our operational precision and efficiency, a process that necessarily takes time. This bill may also lead to only people of considerable means agreeing to serve as Postmaster General, as the last two have been, because financial incentives and multiple metrics are a means of attracting and retaining and motivating performance in any other Fortune 50 company, which USPS is analogous to in terms of size, complexity and impact. As for me, I was fortunate enough to be quite successful in my career in the private sector, so any compensation action you take against me will have little effect. But it will affect your ability to attract qualified people in the future. That assumes that there will be a future — which is where I would like for me and the Committee to focus.

I sincerely hope the Committee will not advance this slate of bills, or that if you do advance some of them that you will quickly follow with introduction of the financial reforms we have recommended. The financial reforms will surely be even more urgently needed to attempt to finance the additional burdens imposed by these Committee actions. If not, as I advised at the recent hearing, we will need to begin to take serious actions that include curtailing service, increasing prices, closing Post Offices and other draconian measures in order to keep delivering mail in some reduced form of universal service to the American people.

As always, I stand ready and willing to discuss any of these issues facing the Postal Service at your convenience. Thank you for your time and consideration.

Sincerely,



David P. Steiner



December 3, 2025

The Honorable Rand Paul
Chairman
Homeland Security and Governmental Affairs Committee
United States Senate
Washington, DC 20510

SUBJECT: The Damaging Operational and Financial Impacts of Pending ZIP Code Legislation Must Be Considered Before Any Further Legislative Consideration

Dear Chairman Paul:

I strongly request that the hastily passed House ZIP Code bills pending in your committee receive a thorough legislative hearing before advancing – if they are allowed to advance at all. This ensures Senators are fully aware of the devastating operational and financial impact these bills would inflict on the U.S. Postal Service, their states, named and surrounding communities, employees, and the mailing industry.

At a high level, I offer four overarching reasons we oppose the legislation of unique ZIP Codes that have been absent from the debate on these bills:

- First, these bills would significantly degrade mail service in the named communities, and also in the surrounding areas, without any consultation or outreach to users of the mail.
- Second, these bills would create a significant financial burden for the Postal Service. We estimate at least \$800 million in upfront costs, and \$90 million in annual recurring costs.
- Third, many of these mandated changes are operationally impossible due to the unique configuration of a ZIP Code.
- Fourth, third-party uses of ZIP Codes can be administratively dealt with without changing a 5-digit ZIP Code.

We emphasize that ZIP Codes are not random, easily fabricated numbers. ZIP Codes facilitate the efficient processing and delivery of the nation's mail through the postal network to addresses all across the country. Proponents of this legislation fail to mention if these bills would improve mail processing or delivery. Instead, proponents focus on superficial, third-party justifications.

The Postal Service cannot afford a significant upfront and ongoing financial burden of this magnitude for collateral uses of the ZIP Code. Especially when our fiscal health is already in jeopardy – a concern you yourself have expressed repeatedly, and one shared by many Members of Congress and the Administration. Moreover, endangering service performance for communities across the country for third-party or vanity projects is also an ill-advised reason to overturn a system in place to direct mail movement and maintained for that sole purpose.

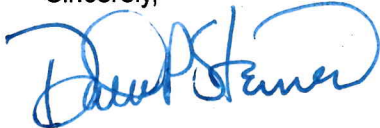
For additional information, we also included a more detailed explanation of the burdensome costs and operational impacts of legislating unique ZIP Codes at the end of this letter, which I briefly list here:

- Legislating unique ZIP Codes for reasons unrelated to mail delivery factors would necessitate the creation of a new ZIP 12 system (from the current 11), costing at least \$500 million. Additional delivery and facility costs would add hundreds of millions in additional upfront costs, and \$90 million in recurring costs.
- Changing a ZIP Code could lead to the closure or merger of Post Offices across the impacted communities.
- The entire mailing industry and individual businesses would incur millions of dollars in costs to implement the new ZIP Code numbering system.
- Prioritizing third-party uses of ZIP Codes undermines their intended purpose, burdens the system that supports ZIP Codes, and hinders our financial and operational independence.
- Many employees – letter carriers, Postmasters, and clerks – would face forced relocation to other cities, routes, etc.
- Arbitrary ZIP Codes would lead to the creation of inefficient delivery routes.
- The risk of undelivered mail increases significantly with the creation of these ZIP Codes.

Our team has offered Members of Congress real solutions to solve third-party uses of ZIP Codes that do not require a disruptive and costly change to the nation's mail system. These solutions include an Alternative or Preferred Last Line (community name, and Plus-4 numbers), which only require a modest level of work and adoption by third parties. Toward this solution, if Congress wants to legislate this helpful solution, we have alternative language to offer.

Thank you for your consideration of setting aside the harmful House-passed ZIP Code legislation, which the Senate has successfully done in past Congresses.

Sincerely,



David P. Steiner

cc: Members, Senate Homeland Security and Governmental Affairs Committee

Attachment



Reasons Unique ZIP Codes™ Should Not Be Legislated

Defining the ZIP Code System

The US Postal Service's ability to cost-effectively provide universal service to the American public is fundamentally structured around our ZIP (Zone Improvement Plan) Code system. ZIP Codes facilitate how over 102 billion pieces of mail annually are collected, sorted, transported, and ultimately delivered, six days a week, to over 170 million delivery points nationwide. The Postal Service has worked extensively with mailing industry stakeholders to leverage this system to enable each piece to be sorted to each individual letter carrier, in their delivery sequence, with the least amount of handling. Significant investments in addressing and barcode software, and related automation technology were made by the Postal Service and Mailing Industry to help accomplish this feat every delivery day. Each ZIP Code is comprised of 11 digits as described below:

- **ZIP Code (5 digits):** Defines specific delivery areas managed by the Postal Service within a geographic region. The basic purpose of a ZIP Code is to route mail to the delivery unit responsible for delivery to the customer. A delivery unit can cover one or more ZIP codes. For example, ZIP code 22301 is assigned to the ALEXANDRIA Post Office.
- **ZIP+4 (4 digits):** Specifies a more precise location within a ZIP Code, often referred to as a geo-segment or street block-face. For instance, the ZIP+4 of 22301-1748 identifies the 700–798 range of DIAMOND AVE in ALEXANDRIA, VA 22301 which is assigned to the carrier route of C003 and any address within that block face would have a ZIP+4 of 22301-1748. This enables the sortation to the letter carrier responsible for delivery of the product.
- **Delivery Point Code (DPC) (2 digits):** indicates the specific address within the block face for delivery of product. For example, 22301-1748-20 refers to 720 DIAMOND AVE in ALEXANDRIA, VA 22301. This enables sortation of the product into the delivery sequence of the letter carrier responsible for delivery of the product.

Because this structure is the foundation of the entire USPS sorting and delivery process, proposals to consolidate an entire city under a single 5-digit ZIP Code are not operationally and, in many instances, technically feasible. The fundamental challenge lies in the ZIP+4 component, which allows for only 10,000 unique geosegments within any one ZIP Code. Many of the cities proposed in the legislation exceed this limit across their existing ZIP Codes, and continued growth would only worsen this limitation. Assigning a single ZIP Code to a city would require structural modifications to our barcode schemas, which would necessitate extensive changes to USPS processing systems and throughout the mailing industry, disrupting the foundational methodology that enables efficient mail sorting and delivery. Therefore, such solutions cannot be implemented without undermining the core infrastructure of USPS operations.

ZIP Codes™ Are Not Random Numbers – They Direct Mail to Every Mailbox in America

To understand the ramifications of legislating ZIP Codes™, it is important to know that the ZIP Code™ is the backbone of the entire American postal system. These are not random numbers. They represent the unique, eleven-digit ordering of every single delivery point. Mail delivery as we know it cannot function without this system. The first three numbers represent the specific processing facility which sorts a customer's mail. The fourth and fifth digits represent the specific Postal Service delivery facility (also known as a Delivery Unit) that houses mail processing operations for the customer and their neighbors. The sixth through ninth digits (also known as ZIP +4) represent the specific delivery zones (called sector-segments) that are utilized for assigning addresses to specific carrier routes. Finally, every individual address point has its own unique tenth and eleventh digits, the Delivery Point Code. This code allows our machines to sort mail into Delivery Point Sequence, a process essential to efficient and timely delivery.

As the first five digits of a customer's ZIP Code™ are tied to the Delivery Unit, any change to ZIP Codes™ would require new consideration of how the Postal Service delivers mail to the impacted customers. Delivery Units need to be large enough to allow letter carriers to process mail for their routes and house delivery vehicles. And while multiple five-digit ZIP Codes™ may be housed within the same Delivery Unit, provided there is enough space, a single five-digit ZIP Code™ may not be split between multiple Delivery Units as many mail products are only sorted to the five-digit ZIP Code™ level. As a result, this legislation would likely require relocating Post Offices and employees in the named communities. This is especially true if current facilities cannot accommodate the redirected mail or additional staff. ZIP Code™ changes may also require different transportation and truck routing at significant additional cost, and they may require changing entire routes and facilities for letter carriers. Changing routes in the impacted ZIP Codes™ also impacts employees in surrounding communities because delivery routes would need to be rebid under the collective bargaining agreements with the national postal unions.

ZIP Code™ Legislation Harms Mail in Surrounding Communities and Removes Public Feedback

Under normal operating circumstances, the Postal Service undertakes careful analysis before changing or adding ZIP Code™ service areas. We must evaluate whether we have the facilities, staffing, routes, and transportation to accommodate such changes, and whether those changes would be beneficial. The impact is so great that we undertake this process only when customer density has changed so significantly that current delivery infrastructure is no longer able to support our operations. These bills short-circuit that process. Moreover, if the routes or offices targeted by the legislation serve neighboring communities, the changes to facilities, routes, and employee locations for one community may negatively affect the others. This would certainly cause conflict with those neighboring communities as their mail delivery and Post Offices would be suddenly and unfairly changed for the worse (as described in more detail later), likely with little or no notice that the change was being considered by Congress.

It should be noted that making ZIP Code™ modifications through legislation also eliminates your constituents' opportunity to voice their opinions about changes. As part of the current ZIP Code™ Boundary Review process, once the Postal Service agrees a proposed ZIP Code™ change will improve mail processing or delivery operations, customers are asked to vote on concurrence, with the assent of a majority of affected customers required before it moves forward. Such customer involvement is critical, because changes to ZIP Codes™ cost customers time and money as they update documents and stationery, signage, and notify all senders of the change.

And customers do exercise their voice: residents of a West Virginia town voted earlier this year against changing their ZIP Code™ when surveyed. Often, we find that individual proponents for these changes have not consulted the broader affected community, individual citizens, or businesses that would have to bear great cost to absorb these changes.

While each of the 74 communities named in the bills is unique, our analysis has identified some of the concrete issues that creating single, unique five-digit ZIP Codes™ will cause. Consider the following issues:

- **Too Many ZIP+4 Segments in Some Communities Would Require an Entire Rework of the Postal Service's Addressing System:** As stated above, a customer's five-digit ZIP Code™ identifies the delivery unit. Within each five-digit ZIP Code™, delivery areas are further subdivided into sectors and segments, identified by four digits following the ZIP Code™ (also known as the ZIP+4). This means that each five-digit ZIP Code™ can contain up to 99 sectors (the first two digits of the +4), each with up to 99 segments (the last two digits of the +4). Numerically, this imposes a hard limit of 10,000 segment-sectors in a single ZIP Code™, but in practice this number is significantly less as we must allow for growth within communities. Many of the cities proposed in the legislation exceed this limit across their existing ZIP Codes™, and continued growth would only worsen this limitation. For example, all of the ZIP Codes™ that cover Glendale, Wisconsin, cannot mathematically be combined into a single, new ZIP Code™, meaning, only a portion of addresses in the city could be assigned a single ZIP Code™; the remainder of the city could not be served by that ZIP Code™ and would not be able to receive street delivery within the existing Postal Service infrastructure. Simply put, for many cities named in the bills, it's not mathematically possible to have one ZIP Code™.

Assigning a single ZIP Code™ to a city with too many +4 segments would require structural modifications to our barcode schemas in order to continue to use automated mail processing and the Delivery Point Sequence, which would necessitate extensive changes to Postal Service processing systems and throughout the mailing industry, disrupting the foundational methodology that enables efficient mail sorting and delivery. Therefore, such solutions cannot be implemented without undermining the core infrastructure of Postal Service operations. These solutions would also require significant adjustments and high costs across the entire mailing industry, further reinforcing their impracticality.

For example, we may consider extending the ZIP11 format to ZIP12 to allow additional geo-segments to be included in a ZIP Code™, changing the structure within ZIP11 to leverage ZIP+4 and Delivery Point Code together to uniquely identify addresses, and deploying a translation system that allows customers to use a different ZIP11 than the one used for Postal Service sortation. Even at the low end of Postal Service costs, this change to the ZIP Code™ system is estimated to cost over \$500 million. This is a very conservative estimate which will most likely double as details are refined. It should also be noted that changes of this magnitude would take several years to implement and are more than likely to create service disruptions for the Postal Service and the entire mailing industry through transition.

- **Lack of Facility Space, Which Would Require Facility Relocations or Consolidations:** For larger cities, space constraints within Delivery Units make it physically impossible for just one of those facilities to hold all the additional mail, employees, and vehicles that would be required for it to be the city's sole Delivery Unit. Delivery operations for a single five-digit ZIP Code™ cannot be split between facilities, so forcing one ZIP Code™ onto a location may require the complete relocation of an existing

Post Office to a new, larger facility, and perhaps the consolidation of other Delivery Units (i.e., closures and mergers) to offset the cost.

Even for smaller communities, a lack of facility space would require standing up new facilities, moving employees, and adding network transportation. The small town of Scotland, Connecticut, for example, is currently served with five ZIP Codes™, with mail split between different processing facilities. None of the Delivery Units that serve the area have the necessary space to absorb the routes that would compromise the new ZIP Code™. To serve the new ZIP Code™, the Postal Service would have to buy or lease a new facility, equip it, and then make the necessary personnel changes.

Of the eight named communities in H.R. 672, seven would require new Postal Service facilities in order to continue to deliver the mail to those communities, which we estimate will cost \$23 million up front, plus an additional \$1 million annually. Extrapolated to H.R. 3095 which would impact an additional 66 communities, continuing to deliver mail in these new ZIP Codes™ would cost the Postal Service \$190 million up front, plus \$8 million annually.

- **Relocation of Postal Employees, Route Changes, and the Creation of Auxiliary Routes:** Because Delivery Unit work cannot be split between facilities, postal employees would need to be relocated to the appropriate Post Office for the new, singular ZIP Code™. Routes would necessarily need to be changed, and letter carriers would shift to different routes because our collective bargaining agreements require carriers to bid on their routes by seniority. Even if carriers do not need to move to a new Delivery Unit, due to mail processing failures, the Postal Service does not assign delivery routes splits between multiple ZIP Codes™. Any route that ends up not having enough delivery points would be turned into an auxiliary route, meaning that it would not have a permanent, regular carrier. Therefore, it would be assigned to an available substitute each day and delivery times would vary daily.\
- **Defining ZIP Codes™ Purely by Municipal Boundary Would Create Inefficient Delivery Routes:** Many of the impacted communities have boundaries that evolved since the creation of the ZIP Code™ system in 1963. They have annexed neighboring communities and unincorporated land such that they have boundaries which would not make sense for designing delivery operations. If we need to design delivery routes that only contain addresses in Centennial, Colorado or City of Industry, California, letter carriers would need to pass and double-back letter carriers servicing many other ZIP Codes™. Any carrier driving a vehicle would waste gasoline, create unnecessary emissions, and contribute unnecessary traffic, further burdening the named communities and their and neighbors.
- **Impact to Neighboring Communities:** Forcing a single ZIP Code™ onto one location would require route changes for every neighboring community that currently shares a ZIP Code™ with the community named in the bill. To illustrate, consider Glendale, Wisconsin, which shares ZIP Codes™ with Milwaukee, Whitefish Bay, Brown Deer, River Hills, Bayside, and Fox Point. Delivery service in each of those cities would change, and letter carriers in each of those cities may be relocated to other Post Offices. Again, if the change leaves any of those routes without enough delivery points, they would become auxiliary routes with no permanent letter carrier assigned. ZIP Code™ legislation would also cause conflict with those neighboring communities because their mail delivery and Post Offices would be suddenly and unfairly disrupted. Those postal customers may also be forced to change their current five-digit ZIP Code™ to accommodate the legislation, and required to change personal documents, stationery, and business signage. In total,

this legislation would impact customers in over 200 existing five-digit ZIP Codes™ nationwide.

- **Disruptive and Confusing ZIP Code™ Changes Risks Undelivered Mail:** During periods when the Postal Service must change ZIP Codes™ to accommodate address density changes, mail sent to customers is automatically forwarded to their “new” addresses. However, we still advise customers that they should begin using their new ZIP Codes™ immediately and let all potential mailers know their new ZIP Codes™ as there are some types of mail which may not be legally delivered to any address beyond what is written on the mail piece. Mail that contains essential financial documents or payments could be delayed or not delivered at all during this rework process. Further, many states and federal agencies use non-delivered mail as proof that an individual no longer resides at a specific address, pausing state and federal agency payments or removing a voter’s registration.

We hope you understand that a bill requiring the Postal Service to change ZIP Codes™ would cause pervasive, chaotic service disruptions for the targeted communities and beyond, and it would significantly increase the Postal Service’s operating costs. Such legislation will harm mail service rather than improve it.

Postal Service Solutions for Third-Party Uses of the ZIP Code™

We understand why communities request legislation mandating the creation of a unique ZIP Code™. Although ZIP Codes™ were created solely to provide for the efficient delivery of mail, we realize they are used by other parties for non-postal purposes, as they are a numerical ordering of all addresses in the United States, organized by approximate geographic area. These collateral uses can include state and local tax remittance, insurance rates, business locators, credit card verification, and community identity. Understandably, the Postal Service cannot be responsible for the use of our ZIP Code™ system for such purposes. Moreover, changing ZIP Codes™ via legislation would result in chaotic delivery operations and assuredly delay customer mail.

In recognition of these collateral uses, particularly those that directly impact local governments, we have a process to work with local officials to identify which ZIP +4s segments are within their municipal boundaries. By doing this, we can refine the municipal mailing name of each individual customer’s address, providing better clarity to customers and municipalities alike. Paired with our address data products that are available for free to state and local governments, municipalities can continue to use ZIP Codes™ for collateral uses but ask that those third-party entities respect which specific +4 sections fall within their municipal boundaries. The Postal Service has been working to refine this process, which we believe will be easier for communities to engage with than the current ZIP Code™ Boundary Review.

On occasion, the Postal Service does receive requests from communities who ask that we change ZIP Code™ boundaries to address a genuine mail delivery concern, typically for a range of addresses within their community. However, it is important to note that because the Postal Service has been charged by Congress to deliver the mail within the means of the revenue we generate, we cannot approve proposals which would make mail more costly to deliver. Many of the communities in these bills have asked us, formally or informally, to make changes to their ZIP Code™ boundaries or to create a unique ZIP Code™ for their community. For some of those that were denied, it was because we could not afford to accept these requests.

Some of these communities raised specific mail service issues which they attributed to ZIP Code™ boundaries but turned out to be caused by unrelated service issues. In Mills, Wyoming, for example, mail addressed to the customers who received their mail via free Post Office Box delivery had mail returned to sender when they used their street addresses instead of their Post Office Box number. Though they were entitled to use the street address as their legal address, the Mills Post Office had not yet entered these customers' addresses in the Postal Service system to automatically route their mail to the Post Office Box. Postal Service Government Relations, in coordination with the local customer service team, was able to correct this matter and the customers are now receiving the mail as intended, without a disruptive ZIP Code™ change.

Should the Senate approve this legislation, Congress would prioritize these collateral uses of ZIP Codes™ over the Postal Service's basic legal function: delivering the nation's mail. Therefore, we reiterate our request that such a significant reordering of the Postal Service's priorities be discussed in a public forum, where we have the opportunity to present the impacts on our operations, employees, and customers. This legislation, or any legislation which would make Congress directly responsible for address management, has never been considered in a public hearing, and we believe that Senators would benefit from hearing from the Postal Service and a wider range of impacted stakeholders.