

August 21, 2020

To: GrayRobinson  
From: Ellen Lamb  
Re: Senate Homeland Security Committee hearing on the US Postal Service

Today the Senate Committee on Homeland Security and Governmental Affairs (HSGAC) held a hearing on "[Examining the Finances and Operations of the United States Postal Service During COVID-19 and Upcoming Elections](#)." Postmaster General Louis DeJoy was the only witness.

**Chairman Ron Johnson** (R-WI) called the hearing to order. He said that Louis DeJoy had been the victim of a "hyperbolic narrative" perpetuated by the Democrats. He said that DeJoy had been chosen as the best candidate for Postmaster General by a bipartisan panel. He said that failure to provide funding to the US Postal Service would not jeopardize the elections, and that USPS revenues are actually up this year over last. That said, the USPS's financial future is bleak because it can't fund itself. He said the Postal Service's unfunded liabilities for pension plans are overwhelming, and that all the reforms proposed have amounted to taxpayer bailouts. He presented the USPS as a business that needs to fund itself, and criticized the USPS for making too much use of overtime. Overtime costs represent 45% of the USPS's losses for last year, he said, and DeJoy's attempt to address those have been unjustly criticized.

Johnson called suggestions that DeJoy's much-needed reforms are an effort to sabotage voting by mail a conspiracy theory. He noted that the USPS has more than enough capacity to handle a surge in mail-in ballots.

**Senator Gary Peters** (D-MI), the Committee's ranking member, said that we're facing a mail crisis in the midst of the pandemic crisis. He emphasized the essential nature of postal services, especially in remote and rural areas where private services don't deliver. In less than two months as Postmaster General, Peters said, DeJoy has wrought havoc on essential postal services. The resulting delays are jeopardizing people's businesses and lives. Peters asked for answers in response to questions in July, and it took more than a month to get answers. Peters is not happy with DeJoy's description of the service delays as "inevitable," and he described the effects of these delays on his constituents' small businesses and much-needed prescriptions. He has received more than 7,500 reports of delays in just the last two weeks, ranging from reports of skipping medications to forced layoffs because of delivery delays.

DeJoy's decisions have cost Americans their health, their livelihoods, and their peace of mind, Peters said. The country is alarmed, and concerned about whether the changes he's already implemented can be quickly reversed.

**Chairman Johnson** swore in the witness, Louis DeJoy, and introduced him. He noted that DeJoy had been the unanimous choice of the bipartisan USPS oversight committee.

### **Testimony**

**Postmaster General Louis DeJoy** said he took the position because of his belief in the importance of the USPS and the opportunity to make the USPS operate in a financially sustainable manner. He said the USPS's financial viability is at fundamental risk, because its business model requires it to be self-funding.

This year, the USPS will report a loss of more than \$9 billion, he said. Congress must address the unaffordable structure of its retirement system, and integrate the USPS into Medicare.

He said the Postal Rate Commission had concluded three years ago that its current pricing system wasn't working. If the PRC's recommendations had been implemented, they would not be in such financial distress now. The USPS must also adapt to the realities of the marketplace. He said that the USPS has a strong base to build upon and great support from the public.

The USPS is fully capable of and committed to delivering election mail on time, he said.

### **Q&A**

**Chairman Johnson** asked DeJoy to respond to the "false narratives" about the notices the USPS sent to state election officials.

DeJoy said there had been no changes in policy about election mail. The letter went out before DeJoy took office, to educate state election boards and the American people about how to vote successfully. A similar letter went out in 2016 from the former Deputy Postmaster General. This year, with the increase in mail volume, they felt the need to emphasize the issue. They've established a task force and are putting up a website to ensure successful voting.

Johnson noted that a surge in ballots would represent only 6% of mail volume, DeJoy's testimony said 2%. He asked DeJoy to reassure the public again about the USPS's capacity to handle increased volume from mail-in ballots.

DeJoy said that they have capacity, and they have additional resources on standby. As long as everyone complies with the processes the USPS has identified, there shouldn't be any problems.

Johnson said the "retirement of the blue boxes" had also been overblown, and asked DeJoy to explain how that's normal and justified.

DeJoy said there are about 140,000 collection boxes across the country. About 35,000 have been removed in the past 10 years, and this has been “data driven.” They’ve moved 700 since DeJoy arrived, and he had no role in that. “I decided to stop it.” Mail volume is dropping, which is why machines are being taken offline. Package volume, on the other hand, is growing. They’re moving the sorting machines out to make room to process packages.

Johnson asked DeJoy to describe the operational changes he’s making to curb excess costs. DeJoy said he’d studied the organization for three weeks before taking office, and came up with a list of changes to make. He received a report from the OIG on the day he was sworn in that talked about late deliveries and extra trips that were costing the USPS billions of dollars. Twelve percent of the USPS’s daily trips were late. FedEx and UPS run their trucks on time, he said. He said their late trips have dropped from 3,500 a day to 600 a day. “Unfortunately, some mail was not fully aligned with this schedule.” It’s taken a few weeks to realign the schedules. He believes this will save billions of dollars.

Johnson said that DeJoy should be commended for his work.

**Senator Peters** said that the men and women of the USPS work with passion and integrity, and the letter carriers are essential workers doing great work. They’re growing increasingly frustrated with recent changes.

He told DeJoy he’s received more than 7,500 complaints in the last two weeks, with stories of serious hardships. DeJoy said he wanted to help the USPS serve the American public. The organizational changes hasn’t had any effect on service, though.

Peters contradicted him: they know there have been delays. DeJoy’s staff has not answered the questions he’s submitted. He showed a chart from the Eastern Division of the USPS showing a dramatic dip in on-time mail delivery, starting in mid-July. Peters has asked three times for records about service changes, and hasn’t received them. Those records are supposed to be publicly available. DeJoy said the change had been to adhere to the transportation schedule. Peters repeated that he wanted the documentation.

DeJoy said there was a slowdown when production didn’t meet the schedule, but employee availability had also dropped because of the pandemic.

Peters said DeJoy’s statement about suspending changes had been vague, and raised additional questions. Are they suspending the policy eliminating extra trips? DeJoy said no. Peters asked whether they will continue to limit overtime, which is one factor in backlogs. DeJoy said they never eliminated overtime, and he denied that they had curtailed it. During his tenure, they’ve spent \$700 million on overtime. It ran at a 13% before DeJoy’s arrival, and runs at a 13% rate now.

Peters asked DeJoy if he could promise no post office closures or suspensions before November 3. DeJoy said he had not given any directives for post office closures, those

processes had been underway before his arrival. He said he's suspended plans for additional closures.

Peters asked whether they'd be bringing back any of the mail sorting machines that had been removed. DeJoy said no, because they're not needed.

Peters asked whether DeJoy had discussed any of the changes at the USPS and their potential effects on the elections with the President or anyone at the White House. DeJoy said he'd never spoken to the President about the Postal Service. Peters asked whether he'd discussed any of these changes with Treasury Secretary Mnuchin. DeJoy said he had told Mnuchin he had a plan, but never discussed any of the changes he was making. Peters asked whether he had discussed any of the changes with any Trump campaign officials. DeJoy said no, and that he was one new person in the operation, surrounded by a structure that was already in place.

Peters asked whether DeJoy had discussed any of this with Mark Meadows. DeJoy said no, he hadn't talked to Mark Meadows until next week. Peters asked him to affirm under oath that he had not consulted with any political operatives about his activities related to the elections. DeJoy said that he had told everyone in the USPS to redouble their elections-related activities. He did not answer Peters' question, but called the insinuation "outrageous."

Peters asked whether he would continue the tradition of treating election mail as first class without charging first class rates for ballots. DeJoy said they would.

**Senator Rob Portman** (R-OH) said everyone wants to see the USPS working well. He gave a shout-out to his letter carrier, David Janus, and all the postal workers, who are appreciated more than ever during this pandemic.

Portman said there had been a lot of disinformation circulating. He noted that DeJoy had started only 67 days ago, and many of the things happening now, such as removal of the blue boxes, had started before DeJoy took office. He repeated that DeJoy had been appointed by the bipartisan Postal Board of Governors, and had been a unanimous selection because of DeJoy's experience as a logistics expert. He said the Postal Service had been in trouble for a long time, and that legislative reforms are necessary. "A lot of this comes back to Congress," he said.

Portman said he appreciated that DeJoy had said the election would be a priority. He asked whether DeJoy supported absentee voting and voting by mail. DeJoy said he'd voted by mail for many years. Portman said Ohio had had no-excuse absentee voting by mail for years, and that he frequently voted absentee. He said Ohio's system was easy and secure.

He noted that the USPS had warned states that they might not be able to deliver ballots as scheduled under current state deadlines, and asked whether that was due to lack of funding, or to state laws on vote turnaround times. DeJoy said this was not a change from anything the USPS had done in previous years, just more detailed because of the

anticipated increase in voting by mail. They were just trying to inform state election boards and the general public about their processes, and potential gaps.

Portman said these had been problems for years. The USPS needs to coordinate better with state election boards, and state election boards need to coordinate better with the USPS. Ohio is an example of unrealistic time frames; it's hard to request a ballot on the Saturday before an election and get it by Monday. DeJoy said yes, in some cases ballots had been sent out the day before an election, so it would be almost impossible for those votes to be cast in time.

Portman asked what advice he would give voters. DeJoy said, "Vote early." Portman said it was important to tell people this.

Portman said that he too had been hearing stories about the catastrophic effect of mail delays. He described a veteran with COPD whose inhaler had not arrived as scheduled; the veteran had tried to get an emergency refill locally, but his insurance company refused to pay because the original refill had already been shipped. What can they do to correct problems with veterans' medications, in particular?

DeJoy said they were working "feverishly" to solve this problem, including trying to hire more workers. "We all feel bad," he said. He said they still have a 99.5% on-time delivery rate.

Portman said they need to make a better effort to align production with transportation.

**Senator Tom Carper** (D-DE) was not available when Chairman Johnson first called on him; as Johnson moved on to Senator Lankford, Carper appeared on the screen saying, "Fuck, fuck, fuck!" Chairman Johnson then called on Senator Carper.

Carper thanked Johnson for holding this hearing, which he'd urged the Chairman to schedule three weeks ago. He thanked DeJoy for finally returning his phone call, after Carper had been trying to reach him for weeks.

Carper said he, like other Senators, got weekly reports of constituent correspondence, and complaints about the Postal Service have been growing on a weekly basis. This is true of every office on Capitol Hill, and the rise has coincided with DeJoy taking office. Carper showed him an email he'd just gotten from Senator Joe Manchin (D-WV) about the closure of postal facilities there.

Carper believes this is happening because the President doesn't want us to vote by mail, and wants the Postal Service to fail. Carper noted that he's spent most of his Congressional career working to improve the Postal Service. He said he'd seen other cases of voter suppression in his lifetime, and is alarmed to see it now. He's also alarmed by the decline in mail service generally — the end of nationwide overnight mail delivery, the disappearance of three-day coast-to-coast first class delivery.

Carper said he was glad to see the moratorium on further changes, but they need more than that, especially given last night's reports of even more extreme changes DeJoy is planning for after the election. Those include further reductions in service, especially to Alaska and Hawaii; more price increases and changes that would nearly double the cost of voting by mail; and other changes that would disproportionately effect the small businesses and rural communities that rely on the Postal Service. "We need to be worried about this."

Carper asked whether DeJoy is, in fact, considering those dramatic service changes. DeJoy said yes, but those changes would improve service to the American people. Carper asked whether DeJoy would restore the capacity the USPS had lost in recent weeks under his tenure. DeJoy said he hadn't directed it, has stopped it, and that it's "insignificant and not material."

Carper said the President had been "caught red-handed" when he explained to a reporter that not making a funding deal for the Post Office meant Democrats wouldn't get the money they wanted to support mail-in voting. "No wonder we're somewhat skeptical," he said, noting DeJoy's experience as a Republican fundraiser and one of the influences behind bringing the Republican National Convention to Charlotte. Carper asked DeJoy if he would remain independent of this administration. DeJoy said yes.

Carper asked whether DeJoy supports a \$15 billion Congressional appropriation to cover COVID-related losses. DeJoy said yes, he supports an appropriation to cover COVID-related losses.

Carper said his family was full of veterans and patriots, and that many people are afraid to go out and vote. They have to make sure the Postal Service works for everyone.

**Senator Jim Lankford** (R-OK) said that based on what he'd heard this morning, the Postal Service hadn't had any issues and there was never any mail that was late until DeJoy arrived 67 days ago. He thanked DeJoy and the USPS workers for their service, and said that the USPS desperately needed help and reforms. He said Congress was blaming DeJoy for implementing the IG's recommendations and doing the work that needed to be done.

Lankford asked whether the USPS had locked up mailboxes in Burbank to keep people from voting. DeJoy said he had nothing to do with collection boxes.

Lankford asked whether the USPS would continue to retire blue boxes between now and the election, or if it would do so in the future. DeJoy said he had promised to stop removing these boxes between now and the election. Lankford asked whether those activities would resume after the election, or whether efforts to make the USPS more efficient would stop altogether.

DeJoy said that the law requires the USPS to deliver to 161 million addresses six days a week, and he's committed to that. The law also requires the USPS to be self-sustaining, and they are not. They have a \$10 billion shortfall, which will continue to grow. They have a

plan to address this, which has not been finalized. The Alaska Bypass proposal remains on the table — he called postal service to Alaska an “unfunded mandate” and said that paying for that would be one way to restore the USPS to health.

Lankford said that Congress had been unwilling to act on reforms partly because it’s unwilling to “change distribution areas.” He said the letter the USPS had sent out about election deadlines was the same one it had sent out in 2016, and asked DeJoy whether the USPS has enough capacity for Christmas and Mother’s Day, since those are the highest-volume mail events of the year. DeJoy chuckled and said yes. Lankford said they know the USPS has enough capacity to handle mail-in voting. DeJoy said yes, and the entire organization is focused on this.

**Senator Maggie Hassan** (D-NH) said she’d written DeJoy last week with a detailed list of problems her constituents are reporting with mail service, and she too has noted a huge spike in complaints since mid-July. The Postal Service is a lifeline for servicemembers, veterans, and rural Americans, and they need timely delivery of essential items. VA benefits supply prescription medications by mail, and her constituents report that they are rationing their medications because of delivery delays. Hassan asked DeJoy to make sure that any further changes to USPS processes don’t delay access to medications.

DeJoy said yes, and he wants to work on a legislative remedy for this.

Hassan said that the first early ballots will be mailed out starting on September 4. She asked whether the letters DeJoy and his general counsel have sent out to state election boards detail the USPS’s full plans for handling election mail.

DeJoy said the letter from the general counsel had explained mail classifications related to elections. Hassan asked whether the USPS has a more detailed plan than provided by the letter. DeJoy said there would be more detailed and expanded plans. Hassan asked to see those plans by Sunday night. DeJoy said they wouldn’t be ready, since they’re just putting the committee together.

Hassan said that the Postal Service’s inspector general found that the USPS typically delivers at least 95% of election mail at the same speed as first-class mail, within 1-3 days. She asked DeJoy to commit to the same level of service for this year’s election mail. DeJoy said yes.

Hassan said that four sorting machines had been taken out of service at the Manchester, NH postal facility, which is the largest in the state. Three of the machines are just sitting there; one was dismantled and sold for scrap metal. The Manchester facility has only one other machine that can do the work of the machine that was dismantled. If that machine fails, as it did yesterday, sorting stops, and mail is delayed until the machine can be fixed. The three other machines taken out of service in Manchester have not been restored to service, and DeJoy just said he has no plans to do that. Is it true that the head of maintenance has directed local maintenance managers not to reconnect the machines? DeJoy said he had no idea.

Hassan said he'd already said these machines weren't necessary. But if the largest distribution facility in the state has only one machine, and it breaks, that's not efficient. She wants a plan for ensuring that postal workers can deliver every piece of mail that arrives in that distribution center on the day it arrives, which has been the practice in the past. She said that disabling these machines and refusing to replace them amounts to sabotage, and was undermining postal workers' own commitment to on-time delivery. She wants DeJoy to send her a plan for getting some of those machines back up and running.

DeJoy said he didn't agree with her premise, but would comply with her request.

Hassan asked for the record about growing reports of retaliation against postal workers who are telling their elected representatives about their concerns, and reporting cases of sabotage. She asked DeJoy for a commitment that the USPS will not retaliate against workers who voice concerns. He gave it.

**Senator Rick Scott** (R-FL) said that Florida had had vote-by-mail for a long time, and that it had worked well. He asked Mr. DeJoy why he's uniquely qualified to be Postmaster General, and why the Board had chosen him.

DeJoy said he had experience with "large logistical transformations," including mail transport equipment and big projects for Disney and Verizon. He said he hadn't brought anyone in with him, but worked with the existing management team to move forward and drive costs out of the system. "The operating model needs to cover its costs." He said he has a plan for the success of the postal system.

Scott asked whether DeJoy had experience in managing on-time delivery. DeJoy said his contracts had on-time delivery rates above 99%.

Scott asked how it made DeJoy feel when people made unsubstantiated claims about his having a personal goal to sabotage the Postal Service. DeJoy said, "That does not deter me at all," and he was humble and grateful for the massive number of positive comments he'd gotten about the changes he's making.

Scott asked whether the USPS needs a massive federal bailout to deliver the mail on election day. DeJoy said no, but they need legislative reform including freedom from PRC regulation and the ability to recover their costs. He said they deliver to 99% of American homes "with no revenue . . . other organizations would have stopped going to some of these rural areas."

Scott said that if they're going to provide more funding to the USPS, he wants to make sure DeJoy can make the changes he thinks are necessary.

**Senate Jacki Rosen** (D-NV) asked DeJoy whether he would commit to providing the Committee with transcripts of any and all closed, non-public meetings of the Board of Governors in 2020 by this Sunday.



DeJoy said no, he didn't have the authority. He'd have to talk to his counsel and the Board's counsel.

"We'll be discussing that with you," Rosen said. She thanked the dedicated USPS postal workers, especially in Nevada. She spoke with many of them yesterday and noted that many postal workers are veterans with years of dedicated service to the country. "They are very concerned."

She said that postal workers in Las Vegas had reported the removal of sorting equipment from the main distribution center, which is just down the street from Rosen's own house. She asked about the data supporting those changes. With people under stay-at-home orders, the postal service is the only way for seniors and other vulnerable people to receive prescription medications, household supplies, Social Security checks and other essentials. 80% of veterans' prescriptions are filled through the USPS.

Before developing and implementing policy changes, Rosen asked, did DeJoy conduct any specific analysis of the effects of policy changes on seniors?

DeJoy said the policy changes he'd implemented were not the ones she had identified.

Rosen asked whether they'd done any analysis of the effects of changes on veterans. DeJoy said they're working toward on-time delivery.

Rosen asked whether they'd done any analysis of the costs to Americans in late fees on payments if the mail is slowed down. DeJoy said their analysis said that if they moved the mail on schedule, on-time delivery rates would improve.

"Obviously that isn't the case," Rosen said.

"For a variety of reasons," DeJoy said.

Rosen noted that deployed service members routinely cast their ballots by mail. She asked whether DeJoy had analyzed the effect of USPS changes on these voters. DeJoy repeated that their analysis had shown that service would improve for all customers.

Rosen asked DeJoy to provide this analysis by Sunday, and noted that the thousands of complaints she and her colleagues are receiving show that the analysis has not proven correct.

DeJoy said he couldn't supply the analysis by Sunday.

"Can you commit to supplying it at all?" Rosen asked.

DeJoy said he'd have to get back to her about that. Rosen was not happy with this response. DeJoy said he'd go back and get the truck schedule, which was the basis of the analysis.

“We’re very transparent,” he said. Rosen said she wanted the data DeJoy had used to make the decisions that are having such a big effect on people’s lives.

DeJoy repeated that he did not accept the premise, but said he would provide the transportation schedule.

**Senator Ron Paul** (R-KY) said he appreciated DeJoy taking on this job, which seems almost impossible without meaningful legislative reforms. He doesn’t want to give the USPS any more money unless it’s attached to reforms. He said they should attach requirements to funding that the “Post Office doesn’t necessarily want to do,” including reductions to the number of employees and reducing the number of deliveries to people in remote areas. He suggested that twice-a-week mail deliveries would be plenty for people in rural areas. He asked DeJoy to list the legal impediments to making the USPS profitable.

DeJoy said he’s a little more optimistic about the USPS’s ability to break even. His written testimony asks for legislative reforms, including integration into Medicaid and pension reform. He wants to be “liberated” on pricing, so they can raise rates. He wants to address “unfunded mandates.” He wants to be able to adhere to schedules, which he repeated would improve performance. He also wants to implement new revenue-generating business ideas.

Paul said that moving from six-day-a-week delivery to five-day-a-week delivery could save a billion dollars with a single sentence. He repeated that people in rural areas should have less frequent delivery as a tradeoff for not having to spend much more on postal services. Paul said that the USPS doesn’t charge other services enough for “last mile delivery,” and asked whether this is a problem.

DeJoy said that reducing service was an obvious answer to him when he joined the USPS, but in the two months he’s been in office he’s realized that the six-day-a-week bond between the USPS and its customers is the USPS’s biggest strength, and something to be capitalized on. The transportation schedule change he’s trying to implement would save \$2 billion or \$3 billion, considerably more than the \$1.5 billion saved by going from 6-day to 5-day delivery.

Paul said he didn’t doubt DeJoy, but he did doubt the Postal Service. He asked again about whether the USPS was charging competitors “market rates” for last-mile service. DeJoy said he’s looked at this, and they continue to study it. He doesn’t believe they’re undercharging overall.

Paul apologized for his colleagues who were trying to play electoral politics by attacking DeJoy.

**Senator Mitt Romney** (R-UT) thanked the letter carriers, and said they had made Utah’s vote-by-mail system reliable and successful. He said that DeJoy must be frustrated to be accused of political motives, but there’s “pretty good reason” to suspect bad intentions given the President’s repeated claims that mail-in voting will be fraudulent, and his

statement that he doesn't want to provide more money to the USPS because they'll use it to fund mail-in voting. Romney noted that DeJoy had not only contributed to Trump's presidential campaign, he had contributed to Romney's campaign as well. "Some people would say you had contributed to both sides."

Romney asked whether DeJoy had a high degree of confidence that virtually all ballots mailed seven days before an election would be received and counted in time. DeJoy said, "Extremely, highly confident." Romney repeated this, and said he was glad to hear it.

Romney asked whether delays are greater in rural areas than in the rest of the country. DeJoy said that urban areas had experienced more delays because "coronavirus scares our workers." He said that Philadelphia had been especially hard hit. (He did not mention the thousands of postal workers who have tested positive for COVID-19, nor the scores of postal workers who have died as a result of the virus.)

Romney said this was a real challenge, but he expected DeJoy to be up to the task. He said he was anxious for Congress to recognize the need for legislative changes.

**Senator Mike Enzi** (R-WY) said he appreciated DeJoy coming to this hearing knowing that he would be a target. He said it wasn't fair to expect DeJoy to solve the problems of the USPS in 60 days. He said that Senator Collins and Senator Feinstein had a bill they should take a look at, but he doubted they would because Collins is up for reelection this year and action on that bill might help her campaign.

Enzi said he appreciated postal workers, especially in Wyoming, and that his father-in-law had been a postal worker before the introduction of sorting machines. He said it was unreasonable to expect detailed analysis from DeJoy after only 60 days, and that he suspected people weren't willing to share information with him.

Enzi said he'd recently felt picked on by the Postal Service, and was glad to hear DeJoy's explanation that they were having trouble maintaining staff levels. He said he and his wife had been waiting for a package that sat in a DC mail warehouse for 11 days, and that some days their mail hadn't been picked up. He said DeJoy was not personally responsible for this.

Enzi said that he thought mail was no longer sorted in Wyoming, that the sorting happened in other states. He also said he understood that if postal workers whose jobs were moved to other areas didn't want to move to follow their jobs, the union agreement said they didn't have to move but would continue to be paid. He said that many changes happened before DeJoy took office, and that because of changes in sorting, mail within Wyoming was sent to Denver for sorting before being delivered to other Wyoming addresses.

Enzi said he hoped the USPS would look at cuts to service in urban areas instead of focusing on the rural areas. He described his unhappiness with the service offered by post offices in DC, which seemed related to staff shortages. He complained that postal employees took lunch breaks when customers were in the post office lobby.

DeJoy said he's responsible for everything that goes on within the USPS, and they will move forward without legislation if they have to, but they will run out of money if that happens.

Enzi repeated his support for the Collins-Feinstein bill.

**Senator Josh Hawley** (R-MO) said he wanted to ask questions to clear up misinformation that was being repeated in today's hearing. He asked whether the USPS had enough cash on hand to support operations through the November election.

DeJoy said yes.

Hawley asked whether the USPS had seen an increase in total revenues in the most recent quarter, compared to last year.

DeJoy said yes — "Small, but yes."

Hawley asked whether the USPS's cash-on-hand had increased since the beginning of the pandemic, to approximately \$15 billion.

DeJoy said yes, to between \$14 and \$15 billion.

Hawley said that the USPS therefore has the resources it needs to deliver the mail safely and on time through the November elections.

DeJoy said yes, they have plenty of cash to operate, but that wasn't the same thing as funding for long-term sustainability.

Hawley asked how much money they need for long-term sustainability.

DeJoy said the biggest thing they need is legislative reform, but he estimates that they need \$10 billion to pay for COVID-related expenses. He wants the note they have with Treasury to be converted into long-term financing for new vehicles.

Hawley asked when the \$10 billion line of credit will be available to the USPS, and what they will use it for. DeJoy said they have an agreement in place, and just need a final document when the USPS requests the funds. The issue is knowing how the USPS will pay it back, and they don't yet.

Hawley asked what they will use this money for. DeJoy said they can't use it for capital, but they can use it for operating costs, mostly related to COVID.

Hawley asked him to elaborate on his comment that he'd like to use the funding for vehicles.

DeJoy said the USPS has many 30-year-old vehicles that need replacing. He would like to see the term extended for the \$10 billion loan beyond five years, and the uses extended to include capital equipment.

Hawley asked to what degree DeJoy's reforms this summer were a response to the OIG's findings. DeJoy said the OIG's recent findings were "a remarkable gift," in laying out the problems with the transportation system, which DeJoy called "out of balance." He repeated that realigning the transportation system will save \$1.5 to \$2 billion.

Hawley said that a high percentage of Missouri's population is rural. It's vital to him that any service reform preserves the network of rural delivery services that are currently available. He asked whether DeJoy is committed to protecting rural delivery and rural post offices.

DeJoy said that the USPS has "an unbelievable asset" in the postal carriers who reach every American every day. He committed to "trying to strengthen that relationship across the country."

**Chairman Johnson** said that DeJoy's written testimony reported that "on-time trips" had risen from 35,000/day to 39,000/day, an improvement from 89% to 97%. He asked whether that was what DeJoy meant by aligning transportation, and if this is part of what's disrupting delivery schedules.

DeJoy said that distribution centers have schedules for mail that are tied to dispatch schedules for trucks, which go to delivery centers that have schedules of their own. The transportation schedule is the one that needs to be aligned. Once they get the schedules aligned, 97% of mail delivery will be on time.

Johnson praised DeJoy's insights and said these process changes represented "dramatic improvement," which were only running into trouble because of COVID-related shortages. DeJoy said this was correct.

**Senator Kirsten Sinema** (D-AZ) said that the USPS is even more important now, during the pandemic, than it had been. Her office has heard from more than 18,000 Arizonans about their concerns about the Postal Service. Arizona has had mail-in voting for years, but she's hearing from constituents worried about delays in delivery of medication, including whether medication is spoiled by being so long in transit; from small business owners who rely on the mail; and from renters and bill payers facing late fees.

She said that Arizona expects 85-90% of its citizens to vote by mail in the November election. She's been working with the AZ Secretary of State's office to communicate with voters about deadlines for receiving and submitting ballots. She asked whether the Postal Service is planning service changes to handle additional mail volume related to voting.

DeJoy said that beginning on October 1, the USPS will devote redundant resources to voting-related mail. Sinema asked what the USPS is doing to communicate this with

candidates, election officials, and voters, so that every voter is confident about voting by mail.

DeJoy said these efforts had started in February. They've sent more than 50,000 letters out to state and local election officials, they're producing videos, and they've put together a bipartisan oversight boards to oversee the vote-by-mail process. They plan to send a letter to every American citizen in September to explain their process.

Sinema asked whether DeJoy plans to consolidate processing plants between now and the elections. Is the USPS planning to modify or reduce capacity at any postal facility between now and the election, and if so, what steps are they taking to make sure the USPS is meeting customer demand and providing access to vote-by-mail services?

DeJoy promised they would not make any changes before the election.

Sinema said she'd recently written to DeJoy about the Cherrybell processing center in Tucson. She asked whether the USPS would require new impact analyses for any proposed closings before moving forward with closures after the elections.

DeJoy said there's a detailed process required before any facility is closed. Sinema said the original analysis for this facility was conducted in 2011, and the population has grown considerably since then.

Sinema asked him to consider negative customer experiences when making decisions about further changes, and said her staff would share the complaints they had received. DeJoy said he would.

**Chairman Johnson** thanked Mr. DeJoy for making himself available for this hearing. He said the USPS is as affected by COVID as any other organization in the country, and it's unrealistic to expect its performance to remain at the high standards we expect in ordinary time. He understands that DeJoy is making changes for the long-term improvement of the USPS, which might create some disruptions. "Things have to run on time," he said, and DeJoy should be commended, not criticized.

Johnson said that his caseworkers report that the vast majority of calls and emails his office has received from constituents have been "very highly scripted, like this could be a very well organized effort, which doesn't surprise me in the slightest." He said that Democrats were ginning this up as a vehicle for political fundraising. He called it a false narrative designed for political advantage, and apologized to DeJoy for being on the targeting end of it. He praised DeJoy for his experience and expertise and said the current situation raised the opportunity for reforms. He asked for data to support "true reforms."

**Senator Carper** asked the Chairman to yield. He said that he and their former colleague Senator Coburn had worked across the aisle on real reforms, and he thought they could do that again to address Medicaid integration and the modernization of the USPS fleet. He said that he had reached out to DeJoy when DeJoy was first selected, but had not ever gotten a

call back — “You’ve got to be willing to communicate.” He said a vibrant postal service is essential to the republic, and that the President wants to undermine it. “We can do better.”

**Senator Peters** thanked the Postmaster General for appearance, but said that he is hearing real concerns from his constituents, not manufactured complaints. People really are waiting too long to get their medication, and having to ration themselves and even be hospitalized because prescriptions don’t arrive. People really are having to pay late fees for mail delays. This hearing is about making sure those people’s voices are heard. He understands that COVID-19 is causing problems, but it’s only since mid-July that they’ve seen the drop in service and the surge in complaints — “these aren’t manufactured.” He said that many questions remain unanswered, and he looks forward to seeing the documents DeJoy promised to delivered. Peters’ own investigation will continue.

Congress must provide the USPS with the resources it needs, Peters said, and they need to put the USPS on a sound financial footing.

**Chairman Johnson** said he was not denying that many of these complaints were genuine, and he said they take them seriously, but he repeated that a lot of this was being “ginned up for political purposes.” He said again that Democrats were advancing a false narrative, but added that there might be an opportunity to make reforms as part of the next COVID relief package, “if there is one.”

The hearing record will remain open until 5:00 p.m. on September 3 for additional comments, questions, and materials.

The hearing was adjourned.