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Surprising Everyone, DeJoy Resigns – but Doesn't Leave

It may have been surprising to read Louis DeJoy's February 18 statement that he had "notified the Postal Service Board of Governors that it is time for them to begin the process of identifying his successor." There was no indication of when he would leave or when his replacement would be selected.

However, after a 3:30pm emergency meeting of the Board on March 24 (revealed in a Sunshine Act notice on March 27), DeJoy suddenly announced he was leaving immediately. The Postal Service's official press release – issued hours after the news already had broken in the media and spread like wildfire in the mailing industry – revealed nothing about the circumstances prompting his apparently sudden decision.

In addition to the predictable pleasantries, DeJoy said in his official statement only that

"After nearly five years as America's 75th Postmaster General, and after informing the Governors in February of my intention to retire, I have today informed the Postal Service Board of Governors that today will be my last day in this role."

An accompanying statement by Amber McReynolds, chair of the Board of Governors, offered predictable words of praise but nothing to explain DeJoy's terse notice.

The immediate question among most observers was not why he left, but why he left so quickly. In hindsight, the signs had been becoming clearer for months.

A reported political ally of and donor to the president who, as the story goes, made the governors aware of DeJoy five years ago while they were searching for a successor to Megan Brennan, DeJoy seems to have gotten sideways with the president since then. Whether the cause was DeJoy's vigorously ensuring the success of mail-in balloting, successfully implementing the distribution of COVID test kits by mail, agreeing to buy battery-electric vehicles to replace a large portion of the aging Long Life Vehicle delivery fleet, or something else, is unknown.

We do know that, after the 2024 elections, DeJoy traveled to the president's Florida estate for private conversations. Regardless of how that meeting went, recent comments by the president have been more telling, often complaining about the state of the Postal Service, especially after it ended its

2024 Fiscal Year with a \$9.5 billion loss. Soon after he returned to the White House, speculation began that the president was thinking about putting the USPS under the Commerce Department. As reported by the *Wall Street Journal*, when the president commented about the agency last month he stated "It's been just a tremendous loser for this country." Clearly, DeJoy was falling deeper into disfavor.

Meanwhile, the relationship between DeJoy and the Postal Regulatory Commission was becoming abnormally confrontational. DeJoy and Congress weren't getting along any better, either, if last December's hearings were any indicator, and legislators from both sides of the aisle were filing a growing number of bills to stop or reverse DeJoy's actions.

DeJoy had campaigned since late 2020 that his predecessors had made a mess of the USPS and that only he – and his 10-Year Plan – could rescue the Postal Service. Unfortunately, by wrapping himself with his Plan, as financial and operational situations failed to improve, the worsening condition of the USPS was tied to the Plan's failure and, in turn, to him.

Then, as reported in the March 24 issue of *Mailers Hub News*, DOGE visited USPS HQ. In the days following the meeting, DeJoy issued two lengthy letters about it, citing all the problems he faced and the alleged successes of his Plan, and laying the need for legislative relief at Congress' feet.

For an administration no longer favoring DeJoy, and impatient to see improvements in the Postal Service's situation, DeJoy's claims that his Plan was working and that Congress had to take action may have been the last straw. Phone calls were made, and those with the leverage to oust DeJoy were motivated to cause change sooner rather than later. By the end of the afternoon, after 1,744 days, Louis DeJoy was gone. *But not for long.*

In an apparent act of defiance – of the president, DOGE, or the Board – DeJoy was quickly rehired as a "senior executive advisor" to the Executive Leadership Team, almost if such a plan had been readied. Since then, he's been sitting in meetings with acting PMG Doug Tulino, presumably to ensure continuity of his Plan. Reportedly, this clever arrangement is to be brief but, if not, it likely won't end well for someone.

Speculation Abounds After DeJoy's Departure – Analysis

When Louis DeJoy announced February 18 that he'd "notified the Postal Service Board of Governors that it is time for them to begin the process of identifying his successor," speculation began about how that process would unfold.

In his statement, he clearly anticipated that the governors would have plenty of time to find his replacement and that he, in turn, would have the opportunity to school that person about how to continue implementing his 10-Year Plan.

Given that the Postal Service will be celebrating the 250th anniversary of its founding this summer, many observers assumed that DeJoy wanted to be part of the ceremonies and that he'd pass the baton thereafter.

All that theorizing vaporized on March 24 when, apparently because of external pressure, the governors suddenly told DeJoy that the time for his departure had come, and he resigned (but came right back in a new role – see page 1).

The loyalists

DeJoy was inexorably tied to his 10-Year Plan; as elements of it appeared to be failing he was unwilling to change course and unable to separate himself from the consequences.

DeJoy had also assembled a cadre of former XPO associates and internal postal executives as the team of loyalists who would prosecute his Plan's implementation. Moreover, as part of the orderly transition of power to his successor, DeJoy openly stated it would include ensuring continuity of his Plan after his departure.

But if the leader has left, what will happen to the rest of the band? Given the apparent disfavor into which the 10-Year Plan has fallen, will DeJoy's XPO cronies decide it's their turn to leave as well? Moreover, within the ranks of HQ postal executives, will there be similar decisions to move on?

Of course, any or all could stay to see what DeJoy's successor will want to do, but the prospect that the next PMG will embrace The Plan and simply continue what DeJoy was doing is far from assured. Therefore, the VPs and other senior staff who were The Plan's most visibly zealous advocates may want to consider their futures accordingly.

The Plan

As for The Plan itself, DeJoy's successor will – or should – have the opportunity to do a reset, retaining what was working or modifying it as needed, or replacing it with a set of strategies no longer bearing the Plan's name. The appearance of a fresh start will be important, even if everything that was part of DeJoy's Plan isn't erased.

The two highest-profile elements of The Plan, semi-annual price increases and widespread changes to the transportation, processing, and delivery networks, may be the likely areas in which to make visible changes of direction. However, altering course in those regards won't be quick or simple, and unwinding some of what DeJoy had started would need to involve adjustments in other related areas.

As has been noted before, the economics of the Universal Service Obligation are no longer working as conceived or as they worked even thirty years ago. The associated costs are no longer supportable by postage revenue, and the rate increases during the DeJoy years were not encouraging the

growth or retention of hard-copy mail volume. Therefore, at some point in the not-too-distant future, a DeJoy successor should have a heart-to-heart discussion with legislators to review the realities and decide what to do about the USO – or, more particularly, how to support its costs.

Redesigning the retail, processing, and delivery networks to meet the resulting level of service would follow logically, but the real challenge would be dealing with the opposition of postal customers if their local facilities are impacted, and of the postal labor unions when the unavoidable reductions in complement occur.

In the interim, until such big-picture issues are resolved, the next PMG may want to consider returning to an annual pace for price changes and encouraging creative strategies to make using the mail less costly and difficult for commercial mailers – who are the source of most mail volume.

The next PMG might also unwind the RTO program, ending controversy over its apparent bias against service to rural areas, and return to the less costly and more flexible use of contracted services for other than intra-city transportation.

Also on the to-do list might be returning to less relaxed service standards, establishing greater transparency and integrity in the measurement and reporting of service performance, and better integration of the functional groups responsible for processing, moving, and delivering mail. Removing the siloed HQ-to-field operational structures, and giving local executives, such as at the district level, the authority and responsibility for all of their operations, might improve accountability and, hopefully, attention to service.

The successor

Naturally, the speculation will continue until the next PMG is named, and that choice rests on not only what that person's qualifications may be, but also on the mandate – implicit or otherwise – that the person might be given.

By driving out many experienced senior executives, and by building a management team based primarily on loyalty to him and his Plan, DeJoy depleted the ranks of potential internal successors. Moreover, given that DeJoy's executives are viewed – not without reason – as wedded to continued implementation of The Plan, choosing the next PMG from "inside" is even less likely.

Conversely, though, the merit of picking someone from "outside" depends on who does the picking and the criteria used in the selection. Though the governors of the USPS have the exclusive legal authority to appoint a PMG, how they get candidates, and how they may get pressure about whom to choose – as was later known about DeJoy's selection – can skew the definition of "best qualified."

Ever since DeJoy's February 18 announcement, the names of persons professionally qualified to run the USPS have floated around to generally positive reaction, but those aren't who concern industry observers. In the current hyper-political climate, what's worrisome is the potential selection of someone for political reasons, and the instruction to such a person to fulfill an agenda having only marginal relationship to the long-term interests of the USPS and its customers.

PRC Directs USPS to File Twin Cases

The trajectories of two separate proceedings before the Postal Regulatory Commission were linked by a March 25 order by the commission.

Last December 20, the USPS had filed Docket No. MC2025-948 to remove Bound Printed Matter flats and parcels (part of Package Services) from the Market Dominant Product List. Concurrently, it filed Docket No. MC2025-958 to raise the weight limits for Marketing Mail parcels and for flat-shaped mailpieces within the High Density, Saturation, and Carrier Route categories to accommodate former BPM. Those two dockets were consolidated by the PRC on January 13; a decision on the Postal Service's proposal has yet to be issued.

Meanwhile, given the Postal Service's published schedule of price increases, a filing is anticipated to occur in early April. Because that filing would propose rates and related classification changes for all the market-dominant mail classes, it was unclear how the USPS would treat Marketing Mail and Package Services in light of the aforementioned pending proposal. Reportedly, then-PMG Louis DeJoy had instructed those who do the work to file the price change assuming the BPM proposal was accepted, and thus force the PRC to remand the filing if the BPM case were still undecided.

All of that was resolved – somewhat – by the PRC's March 25 order in which it directed to USPS to submit its upcoming filing assuming the status quo, but with the option to submit another set of rates assuming the BPM proposal is approved.

As the PRC's recent order noted,

"... the Commission stated [on February 11, in Order No. 8679] that it did 'not anticipate issuance of a final Commission decision prior to the filing deadline for a Market Dominant rate case that would take effect in July' 'due to the complexity of these dockets.' The dockets have only grown more complex since the issuance of Order No. 8679 with the Commission receiving a substantial number of comments that it must consider and the Postal Service requesting leave to file reply comments. Thus, the Commission reiterates that it does not expect that it will issue a final decision in these dockets prior to the planned April 2025 filing by the Postal Service seeking approval of its proposed July 2025 rate adjustments for Market Dominant classes, products, and rate categories. Given the complexity of the instant dockets, the Commission also does not have the ability at this juncture to forecast whether a final decision in these dockets will be issued prior to the final decision in the rate adjustment proceeding.

"Despite the Commission clearly stating that a final decision in these dockets is not expected to issue by the Postal Service's April 2025 rate adjustment filing in Order No. 8679, the Postal Service has announced that it is 'considering eliminating Bound Printed Matter (BPM) Flats and BPM Parcels and expanding Marketing Mail Commercial and Nonprofit rate categories to accommodate the BPM volume' in its April 2025 filing. The Postal Service opting to file rate adjustments and MCS changes that reflect the removal of BPM Flats and BPM Parcels in its April notice of rate adjustment prior to the Commission approving such removals in these dockets would cause uncertainty within the rate adjustment proceeding. The Commission will not approve rates and MCS changes reflecting the removal of BPM Flats and BPM Parcels until after it has determined in these dockets whether such a removal is permissible. ...

"As a result, to ensure these issues do not undermine expedited review or transparency in the upcoming rate adjustment proceeding, the Commission directs the Postal Service to file proposed rates and associated MCS changes that reflect the status quo with regard to the issues in these dockets, including that BPM Flats and BPM Parcels remain Market Dominant products, in its anticipated April notice of Market Dominant rate adjustment Non-compliance with this requirement will necessitate remand of the proposed rates and MCS changes for the affected classes and delay the expedited proceeding.

"The Postal Service may also at its option file an alternative set of rates and MCS changes that show the proposed rate and MCS changes that the Postal Service would opt to make in the alternative if the Commission were to issue a final order approving the requests in these dockets prior to the conclusion of the rate adjustment proceeding. If the Postal Service elects to file such alternative rates and MCS changes, the alternative documents must be clearly designated as such, must be provided in files separate from the primary filing The Commission would only consider such an alternative proposal if a final order approving the requests in these dockets was likely prior to the conclusion of the rate adjustment proceeding. ..."

The effect

Because each class of mail stands alone, and because the price cap and related rate authorities apply to each class of mail separately, the Postal Service's filings would be identical regarding First-Class Mail, Periodicals, Special Services, and international mail. The related DMM changes would be similar as well. As the PRC provided, the alternative scenario would be for only the Marketing Mail and Package Services prices (and related changes to DMM standards).

Though this may appear to be a simple matter of selecting the applicable option, the additional work of having to prepare rates and rules for two scenarios – which is significant enough – belies the challenge for both postal and commercial software developers to develop, test, and ready for deployment two sets of price tables and preparation rules.

The timeline for everything doesn't help, either.

Nothing can be filed by the Postal Service until it's been reviewed internally, then submitted to, and reviewed and approved by the governors of the USPS. If filing has been readied and approved already with one set of prices, the second would have to be finished and approved quickly if it's to be submitted concurrently, as the PRC provided.

Further, if DMM changes had been drafted for one scenario, another set would be needed to align with the alternative proposal. Regardless, neither could be issued as a proposed rule until the price filing is approved and submitted.

Development and testing of postal and commercial software could then begin – in two versions – but which would be deployed to, and tested by, the respective users would need to await the PRC's decision about the USPS filing – or filings – and then the decision by the Postal Service about when the rates – under the then-applicable scenario – would be implemented. Needless to say, the brief time between the filing and implementation of a price change is hectic enough, but the filing expected this week will raise that to a new level.

PRC Issues FY 2024 Annual Compliance Determination

The annual exercise of USPS reporting and PRC evaluation is complete, and readers – who wish to plow through the 147-page *Annual Compliance Report* and 133-page *Annual Compliance Determination* – can review how the Postal Service is, or isn't, doing in several critical aspects.

Background

Federal law (39 USC 3652(a)) requires that the Postal Service “... no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report ...

- (1) which shall analyze costs, revenues, rates, and quality of service, using such methodologies as the Commission shall by regulation prescribe, and in sufficient detail to demonstrate that all products during such year complied with all applicable requirements of this title; and
- (2) which shall, for each market-dominant product provided in such year, provide-
 - (A) product information, including mail volumes; and
 - (B) measures of the quality of service afforded by the Postal Service in connection with such product, including-
 - (i) the level of service (described in terms of speed of delivery and reliability) provided; and
 - (ii) the degree of customer satisfaction with the service provided. ...”

The Postal Service filed its *Annual Compliance Report* for Fiscal Year 2024 (October 1, 2023, through September 30, 2024) on December 30, 2024 (see the January 11, 2025 issue of *Mailers Hub News*). In turn, under 39 USC 3653(b-c),

- (b) “Not later than 90 days after receiving the submissions required under section 3652 ... the Postal Regulatory Commission shall make a written determination as to-
 - (1) whether any rates or fees in effect during such year (for products individually or collectively) were not in compliance with applicable provisions of this chapter (or regulations promulgated thereunder); or
 - (2) whether any service standards in effect during such year were not met. ...
- (c) Noncompliance With Regard to Rates or Services. If, for a year, a timely written determination of noncompliance is made under subsection (b), the Postal Regulatory Commission shall take appropriate action”

Findings

The commission issued its *Annual Compliance Determination* on March 28 and provided an executive summary of its “findings and determinations for FY 2024”:

- **Market Dominant Rate and Fee Compliance.** In Chapter II, the Commission determines that all rates implemented in FY 2024 complied with all rate authority provisions. All workshare discounts in effect in FY 2024 were in compliance at the time they were introduced in rate adjustment proceedings based on the most recent avoided costs available at the time of each rate adjustment filing. The Postal Service is required to bring any current discounts that are out of compliance with relevant regulations based on the new FY 2024 avoided costs into compliance in the next Market Dominant rate adjustment.
- **Market Dominant Non-Compensatory Classes and Products.** In Chapter III, the Commission finds that the Postal Service lost \$705.8 million in FY 2024 from non-compensatory classes and products. Periodicals was the only non-compensatory class, and

both products within that class were non-compensatory. With regards to the Periodicals class, the Commission reiterates its longstanding finding that despite cost-reduction initiatives and the maximization of its pricing authority, the costs of these products continue to remain high, and slight increases in unit revenue are not enough to bring the products into compliance. As it relates to non-compensatory products within compensatory classes, the Commission directs the Postal Service to increase the price for these products consistent with its existing regulations in each generally applicable Market Dominant rate proceeding in FY 2025.

- **Competitive Products.** In Chapter IV, the Commission finds that total revenues for Competitive products were not subsidized by Market Dominant products during FY 2024 The Commission also finds that collectively, Competitive products satisfied the appropriate share requirement However, revenues for 10 Competitive products did not cover attributable costs and, therefore, did not comply with [statute].
- **Nonpostal Products and Services.** In Chapter V, the Commission finds that Market Dominant and Competitive legacy nonpostal products complied with the applicable requirements of [statute] and that Competitive legacy nonpostal products satisfied the cost coverage requirement of [statute] in FY 2024. ...
- **Service Performance.** In Chapter VI, the Commission finds that 19 out of 27 Market Dominant products/categories failed to meet their service performance targets and directs the Postal Service to take corrective action to improve performance. The Postal Service met its service performance targets for the remaining eight Market Dominant products/categories. Further, no category of First-Class Mail met its target in FY 2024. The Commission directs the Postal Service to improve service performance results to achieve the applicable on-time percent target level for all non-compliant products in FY 2025. The Commission has developed specific directives that are designed to provide increased transparency for the public about the government-owned postal operator’s ongoing efforts to restore service performance for those products in FY 2025. These directives include continued Postal Service reporting of specific information developed from its internal metrics within 90 days of the issuance of this ACD and as part of the Postal Service’s FY 2025 ACR.

Workshare

The commission reviewed the cost coverage of the current workshare discounts, and issued findings and directives.

“... For purposes of determining workshare discount compliance for FY 2024 in the ACD, the Commission identifies which workshare discounts in the previous fiscal year resulted in pass-throughs that either exceeded 100 percent or fell below 85 percent. ... In addition, the Commission identifies those workshare discounts that were equal to their avoided costs. ... Table II-1 shows the number of workshare discounts by mail class categorized by passthrough level (below 85.0 percent, between 85.0 percent and 99.9 percent, equal to 100 percent, and above 100 percent).

Table II-1 Workshare Discounts by Mail Class Categorized by Passthrough Level Docket No. R2024-2 Workshare Discounts and Docket No. ACR2024 Avoided Costs					
Mail Class	<85%	85.0%-99.9%	=100%	>100%	Total
First-Class Mail	12	3	0	1	16
USPS Marketing Mail	30	10	3	23	66
Periodicals	18	4	0	8	30
Package Services	8	0	0	4	12
All Mail Classes	68	17	3	36	124

“The Commission finds that all workshare discounts in effect in FY 2024 were in compliance with [regulations] at the time they were approved ...

“The Commission directs the Postal Service to bring all current workshare discounts approved in Docket No. R2024-2 and identified in Table II-1 that are not equal to their avoided costs based on the new FY 2024 avoided costs into compliance with [regulations] in the next rate adjustment proceeding, which could include aligning workshare discounts with avoided costs or explaining how the workshare discounts comply with existing exceptions ... In addition, all workshare discounts proposed in rate adjustment proceedings must be consistent with [regulations].”

Figure III-1
Market Dominant Product Compliance Results, FY 2024

UNITED STATES POSTAL SERVICE POSTAL PRODUCT REPORT CARD FY 2024			
MARKET DOMINANT PRODUCTS & SERVICES			
FIRST-CLASS MAIL		(Cost Coverage)	
SINGLE PIECE LETTERS /CARDS	178.0%	✓	Compliant
PRESORTED LETTERS/CARDS	336.4%	✓	Compliant
FLATS	124.3%	✓	Compliant
OUTBOUND SINGLE PIECE INTERNATIONAL	164.5%	✓	Compliant
INBOUND LETTER POST	136.0%	✓	Compliant
USPS MARKETING MAIL			
LETTERS	212.0%	✓	Compliant
FLATS	76.3%	✗	Non-Compliant
PARCELS	132.4%	✓	Compliant
HIGH DENSITY/SATURATION LETTERS	223.0%	✓	Compliant
HIGH DENSITY/SATURATION FLATS & PARCELS	157.3%	✓	Compliant
CARRIER ROUTE	135.5%	✓	Compliant
EVERY DOOR DIRECT MAIL	297.8%	✓	Compliant
PERIODICALS			
IN-COUNTY	81.5%	✗	Non-Compliant
OUTSIDE COUNTY	72.4%	✗	Non-Compliant
PACKAGE SERVICES			
ALASKA BYPASS SERVICE	99.3%	✗	Non-Compliant
BOUND PRINTED MATTER FLATS	127.7%	✓	Compliant
BOUND PRINTED MATTER PARCELS	100.9%	✓	Compliant
MEDIA MAIL/LIBRARY MAIL	129.6%	✓	Compliant
SPECIAL SERVICES			
ANCILLARY SERVICES	243.0%	✓	Compliant
INTERNATIONAL ANCILLARY SERVICES	167.7%	✓	Compliant
ADDRESS MANAGEMENT SERVICES	1303.9%	✓	Compliant
MONEY ORDERS	141.7%	✓	Compliant
POST OFFICE BOX SERVICES	233.5%	✓	Compliant
STAMP FULFILLMENT SERVICES	221.8%	✓	Compliant
CALLER SERVICE	657.7%	✓	Compliant
CREDIT CARD AUTHENTICATION	792.7%	✓	Compliant
OUTBOUND INTERNATIONAL SPECIAL SERVICES*	NMF	✓	Compliant

*Outbound International Special Services includes International Business Reply Mail and International Reply Coupon. No Meaningful Figure (NMF) can be calculated due to lack of volume or cost data.

Source: Library Reference PRC-LR-ACR2024-1.

As shown above, cost coverage for most market-dominant products was well above 100%; the usual shortfalls were for flats. Periodicals, being almost all flats, was the only “non-compensatory” (underwater) class, and has been for years.

Table III-1
Periodicals Cost Coverage, FY 2020–FY 2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5 Year % Change	1 Year % Change
Periodicals Overall	56.93%	53.24%	61.06%	60.05%	72.97%	16.0%	12.9%
In-County	51.07%	45.02%	49.09%	57.36%	81.47%	30.4%	24.1%
Outside County	57.29%	53.86%	61.93%	60.27%	72.38%	15.1%	12.1%

Source: Library Reference PRC-LR-ACR2024-5.

“The Commission is encouraged to see cost reductions for Periodicals but reiterates its longstanding findings that despite numerous cost-reduction initiatives designed to reduce flat-shaped mail costs, including Periodicals costs, these costs still remain high. Furthermore, the Commission encourages the Postal Service to continue to maximize its usage of rate authority ... and to maximize its cost coverage by strategically pricing Periodicals.”

On the other hand, aside from Marketing Mail flats, cost coverage for the class was substantial.

Table III-4
USPS Marketing Mail Cost Coverage, FY 2020–FY 2024

Fiscal Year	USPS Marketing Mail Overall	Carrier Route	Letters	Flats	Parcels	HD/Sat Flats	EDDM	HD/Sat Letters
FY 2020	129.50%	96.20%	171.40%	63.30%	76.50%	129.90%	257.70%	188.60%
FY 2021	130.50%	94.60%	174.70%	60.30%	73.10%	125.40%	248.30%	182.40%
FY 2022	143.50%	99.40%	191.20%	66.70%	87.50%	132.50%	263.90%	198.80%
FY 2023	136.30%	98.70%	180.10%	64.50%	119.50%	122.70%	214.80%	184.90%
FY 2024	169.80%	135.50%	212.00%	76.30%	132.40%	157.30%	297.80%	223.00%

Source: Library Reference PRC-LR-ACR2024-4.

“The Commission finds that the cost coverage for USPS Marketing Mail Flats remained deficient in FY 2024 and reminds the Postal Service that under [regulations] it must propose a rate increase for USPS Marketing Mail Flats that is at least 2 percentage points above the average increase for the class in any rate adjustment filing affecting USPS Marketing Mail. In addition, the Commission urges the Postal Service to continue to pursue cost reductions of flat-shaped products, including USPS Marketing Mail Flats.”

Table III-7
First-Class Mail Cost Coverage, FY 2020–FY 2024

Fiscal Year	First-Class Mail Overall	Single-Piece Letters/Postcards	Presort Letters/Postcards	Flats	Outbound Single-Piece International	Inbound Letter Post
FY 2020	197.9%	163.3%	281.0%	100.2%	128.3%	83.3%
FY 2021	193.7%	148.9%	279.9%	98.9%	152.8%	122.2%
FY 2022	210.7%	154.4%	307.0%	108.8%	171.1%	128.0%
FY 2023	211.2%	158.0%	296.7%	113.5%	170.2%	129.1%
FY 2024	241.6%	178.0%	336.4%	124.3%	164.5%	136.0%

Source: Library Reference PRC-LR-ACR2024-3.

“As a class, First-Class Mail covered its attributable costs in FY 2024 and had an overall cost coverage of 241.6 percent, an increase compared to the 211.2 percent cost coverage in FY 2023. As in FY 2023, each product within First-Class Mail covered its costs for FY 2024. Table III-7 provides the cost coverage for each First-Class Mail product as well as for the overall class for the last 5 fiscal years.”

“The Commission encourages the Postal Service to consider the concerns expressed by commenters and the Public Representative regarding whether rate increases have potential effects on volume and the potential effects of volume declines on its costs and efficiency measures. The Commission further encourages the Postal Service to work with industry participants to reduce costs.”

Competitive products

- Total revenues – \$33.838 billion for Competitive products exceeded incremental costs – \$23.696 billion. Thus, Competitive products were not subsidized by Market Dominant products during FY 2024, thereby satisfying [statute].
- Revenues for 10 Competitive products did not cover attributable costs and therefore did not comply with [statute]. The Competitive products that did not cover attributable costs are International Direct Sacks – Airmail M-Bags and Inbound Express Mail Service (EMS), as well as eight domestic NSAs ...
- Three components of Competitive International products did not cover their costs, even though the overarching products as a whole did cover their costs. ...
- In FY 2024, the total contribution made by Competitive products collectively to institutional costs was \$10.141 billion or 23.4 percent of total institutional costs, which surpasses the formula-derived 9.9 percent requirement. Collectively, Competitive products satisfied the appropriate share requirement of [statute] during FY 2024.

“[Statute] requires the Commission to ‘ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service.’ The appropriate share represents a minimum contribution level, functioning as a floor for all Competitive products collectively. Pursuant to the formula-based approach approved in Docket No. RM2017-1,67 the Commission determined in the FY 2022 ACD that the appropriate share for FY 2024 would be 9.9 percent.”

Table IV-1
Appropriate Share Value, FY 2022–FY 2026

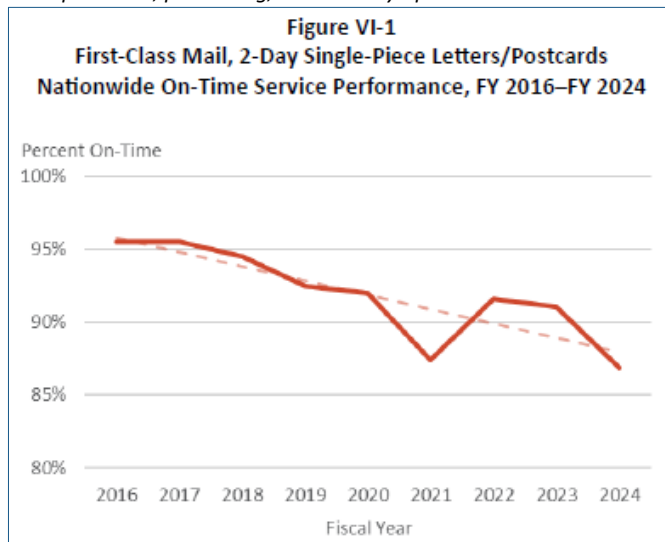
Fiscal Year	Appropriate Share Value
FY 2022	10.0%
FY 2023	10.4%
FY 2024	9.9%
FY 2025	9.6%
FY 2026	8.0%

Source: Library Reference PRC-LR-ACR2024-8.

Service

“Each year, the Commission must ‘make a written determination’ as to ‘whether any service standards in effect during such year were not met.’ ... Key findings and the corresponding Commission directives/recommendations relating to service performance include:

- 19 of the 27 Market Dominant products/categories measured failed to meet their targets in FY 2024.
- As has been the case for nearly a decade, more than 48 percent of products/categories measured failed to meet their targets in FY 2024.
- No category of First-Class Mail met its target in FY 2024.
- Since the Postal Service’s revisions to its service standards 9 years ago, on-time performance for 2-Day First-Class Mail Single-Piece Letters/Postcards has generally declined, as indicated in the below chart. This category of mail is exemplary since it is subject to the direct control of Postal Service transportation, processing, and delivery operations.



- The Postal Service continues to fail to meet targets despite changes in service standards that have lengthened days-to-delivery for several products/categories over the past several years.

- The Postal Service should properly and thoroughly determine the underlying reasons for this decline in service performance and in turn when this analysis is complete create and implement plans that will improve service performance results to achieve the applicable on-time percent target levels in FY 2025.
- The Commission has developed specific directives designed to increase transparency regarding service performance for non-compliant products. These directives elicit data from the Postal Service and information on the steps that the Postal Service will take to restore service performance for those products in FY 2025. These directives include continued Postal Service reporting of specific information developed from its internal metrics within 90 days of the issuance of this ACD and as part of the Postal Service’s FY 2025 ACR.

Table VI-1
Market Dominant Mail Service Performance Results, FY 2023–FY 2024⁸⁷

Mail Class	Product	Delivery Speed	% On-Time		Target
			FY 2023	FY 2024*	
First-Class	Single-Piece Letters/Postcards	2-Day	91.10	86.90	93.00
		3-5-Day	84.10	73.20	90.28
	Presort Letters/Postcards	Overnight	94.90	93.50	95.00
		2-Day	93.80	91.50	95.00
		3-5-Day	92.20	69.10	93.00
	Flats	Overnight	83.40	78.60	95.00
		2-Day	80.70	76.20	93.55
		3-5-Day	79.20	69.10	92.00
USPS Marketing Mail	Outbound Single-Piece First-Class Mail International	-	80.80	72.30	91.84
	Inbound Letter Post	-	82.10	67.00	91.84
	Carrier Route	-	94.40	93.00	94.62
	High Density and Saturation Letters	-	97.00	95.90	94.62
	High Density and Saturation Flats/Parcels	-	89.80	90.90	94.62
	Letters	-	96.00	95.20	94.62
	Flats	-	88.40	85.10	94.62
	Parcels	-	99.20	98.80	94.62
Periodicals	EDDM-Retail	-	81.30	81.90	94.62
	In-County	-	86.50	83.30	87.29
	Outside County	-	86.30	83.00	87.29
Package Services	Media/Library Mail	-	96.10	96.70	90.00
	Bound Printed Matter: Parcels	-	99.30	99.10	90.00
	Bound Printed Matter: Flats	-	74.10	73.20	90.00

*Red means below the target score; Green means met or above the target score.

Source: Library Reference USPS-FY23-29, December 29, 2023, PDF file “FY23-29 Service Performance Report.pdf” at 4-5, 9, 13, 16 (FY 2023 Service Performance Report); Library Reference USPS-FY24-29, PDF file “FY24-29 Service Performance Report.pdf” at 5, 10, 12, 16 (FY 2024 Service Performance Report).

“The Postal Service appears unable to identify targets that are both operationally realistic and promote continuous improvement. Additionally, the Postal Service’s decision to dramatically lower service performance targets for FY 2025 appears to be an implicit recognition by the Postal Service that service performance will deteriorate as a result of the DFA Plan in FY 2025, including in categories of mail products that will also have a slower service standard in FY 2025. The Commission recommends that the Postal Service provide greater clarity regarding the purpose and basis behind changed targets to help the Commission evaluate the reasonableness of such targets and promote public transparency.

“Given the Postal Service has acknowledged that it has chosen to prioritize its operational structure and financial condition over short-term service performance in FY 2024, the Commission reiterates its expectation that the Postal Service will renew its focus on improving service performance in FY 2025.

“The Commission notes that mail that has a longer service standard will generally travel a longer distance and be subject to a greater number of potential delays; as such, it may be prone to poorer service performance than mail with a shorter service standard (which travels a shorter distance). But the Commission also acknowledges that this longer distance is largely accounted for in the underlying service standards. The Commission’s recent

advisory opinion expressed concern ‘that if the Postal Service fails to fully identify and analyze the problems seen in Richmond, Virginia and Atlanta, Georgia that it experienced following [Regional Processing and Delivery Center] activation and fully implement the lessons learned from those activations, then the network as a whole might suffer similarly substantial negative impacts on service performance and reliability.’ Given the Postal Service’s admitted focus on products other than First-Class Mail Single-Piece Letters/Postcards and that DFA Plan implementation is a contributing factor to the product’s failure to achieve its targets in FY 2024, the Commission directs the Postal Service to develop and implement mitigation strategies to address the service performance delays resulting from DFA Plan implementation and report to the Commission about these strategies in the FY 2025 ACR.”

The commission issued several directives regarding service performance and reporting, including:

- “The Commission directs the Postal Service to assess the effectiveness of its nationwide transit and Last Mile improvement initiatives. The evaluation should include a review of progress in ensuring timely departures, tendering to transit suppliers, minimizing en-route delays, and enhancing Last Mile education and accountability. The Postal Service is required to describe planned initiatives, identify problems to be addressed, outline the timeframe for implementation, and specify key performance indicators (KPIs) for each initiative. Additionally, the evaluation should include quantitative comparisons with previous fiscal years (e.g., compare FY 2025 Quarter 1 to FY 2024 Quarter 1).
- Second, the Commission directs the Postal Service to provide information for each of the geographic Postal Service Divisions detailing progress in addressing root causes of delivery failures and the initiatives implemented to improve the performance of non-compliant First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services products/categories. For each Division, the Postal Service shall provide a detailed plan to improve on-time service performance results for each class of mail that describes each planned initiative, the problem that the planned initiative is expected to remediate, the estimated timeframe for implementation and completion of each planned initiative, and the KPI(s) used to measure and evaluate progress toward completion. These reports should include quantitative data comparisons to previous fiscal years, (e.g., Q1 FY 2025 vs. Q1 FY 2024), with qualitative support where possible. The reports are due within 90 days of the issuance of this ACD and must be updated at the time of the FY 2025 Annual Compliance Report (ACR).
- Third, the Commission also directs the Postal Service to provide [critically late trip] data for FY 2025, broken down by the nation, each area, and district, on a quarterly and annualized basis. These data should be submitted within 90 days of the issuance of this ACD (by June 26, 2025) for FY 2025 Quarter 1, Quarter 2, and “mid-year.” Data shall be provided for FY 2024 Quarter 3 and Quarter 4, and annualized for the fiscal year in the FY 2025 ACR (by December 30, 2025). ...
- Lastly, each report shall identify a responsible Postal Service representative, with knowledge of the matters discussed, who will be available to provide prompt responses to requests for clarification from the Commission.”

Other matters

“The total number of retail facilities in FY 2024 was 33,313, which was 175 fewer than FY 2023. Between FY 2023 and FY 2024, the number of retail facilities declined for each facility type. The largest decrease between FY 2023 and FY 2024 was in the number of Post Offices and CPUs, which each decreased by 50. The Commission will continue to monitor the number of retail facilities in the FY 2025 ACR to ensure customers have continued access to postal services.

Table VI-5
Number of Retail Facilities, FY 2022–FY 2024

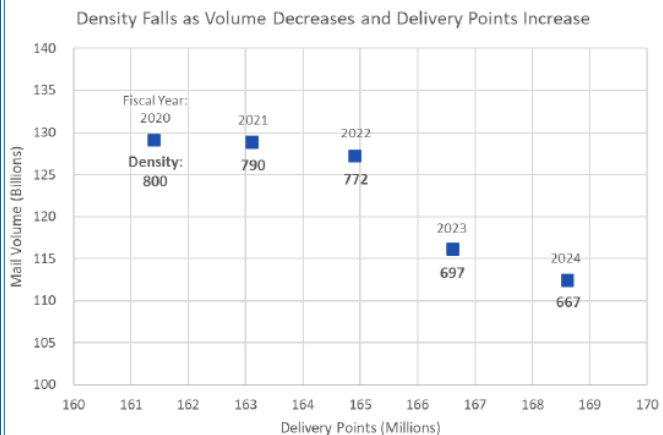
Facility Type	FY 2022	FY 2023	FY 2024	FY 2024 Change from FY 2023	FY 2024 Change from FY 2022
Post Offices	26,265	26,257	26,207	-50	-58
Classified Stations & Branches and Carrier Annexes	4,849	4,856	4,841	-15	-8
Total Postal-Managed	31,114	31,113	31,048	-65	-66
Contract Postal Units	1,731	1,650	1,600	-50	-131
Village Post Offices	377	350	306	-44	-71
Community Post Offices	397	375	359	-16	-38
Total Non-Postal-Managed	2,505	2,375	2,265	-110	-240
Total Retail Facilities	33,619	33,488	33,313	-175	-306

* The number of FY 2023 classified stations, branches, and carrier annexes in the FY 2024 Annual Report is slightly lower than the number reported in the FY 2023 ACR because the Postal Service removed duplicate entries. FY 2024 ACR at 84 n.53

Source: FY 2024 Annual Report at 32.

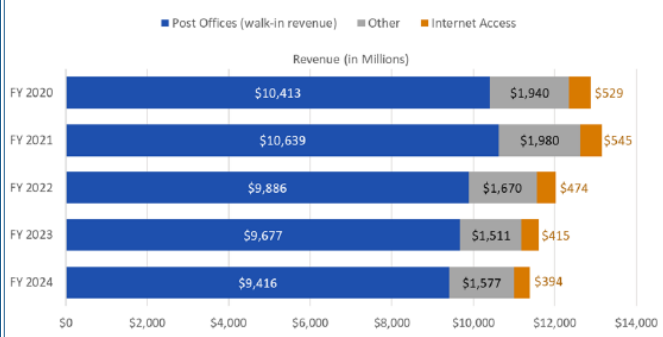
“The ACR must include the number of residential and business delivery points at the beginning and end of the fiscal year. ... The total number of delivery points in FY 2024 was 168,578,718, an increase of 2,001,122 from FY 2023. ...

Figure VI-13
Annual Volume per Delivery Point
FY 2020–FY 2024



The PRC also noted the decline in revenue being taken in from traditional post office retail business.

Figure VI-15
Retail Revenue by Channel
FY 2020–FY 2024



Despite the directives included in the ACD, the commission is not empowered by statute to enforce those directives, i.e., if the USPS fails to implement the required measures, it faces no penalty under current statutes – just as it’s required to seek an advisory opinion in some situations but not required to act as advised. The full ACD is available from the PRC website under the March 28 Daily Listings.

PRC Questions USPS Plan to Exclude Weekends from Measurement

As has become obvious to regular observers of the Postal Service, the agency has become rhetorically astute at characterizing service reductions as “enhancements” that customers should welcome. As a corollary to this rebranding, the USPS has sought to rejigger the rules related to service measurement so that actual declines in service performance will impact published scores as little as possible.

Those rules are subject to review and approval by the Postal Regulatory Commission. After the commission issued its advisory opinion on the Postal Service’s network changes on January 31, the Postal Service completely ignored it and is proceeding to implement its changes – the PRC can’t enforce an *advisory* opinion. By contrast, the commission can stipulate how USPS service is measured and, if a recent order is an indication, isn’t willing to enable devices that would obscure true service.

The changes

The USPS proposals would revise the time at which mail must be entered (the critical entry time); alter the geographic bases for measurement; and eliminate Saturdays and Sundays in the calculation of service performance, effectively saying they simply don’t count.

“Generally, the Sunday/Holiday exclusion would add 1 day to the expected delivery timeframe for most affected items. Effectively such items delivered within the added time would be reported as delivered on-time rather than late.”

Regarding CETs,

“The Postal Service proposes changes to the critical entry times (CETs) for Presort First-Class Mail, USPS Marketing Mail, and Bound Printed Matter Flats; changes to the formula for the calculation of the First Mile Profile to include a variable for ‘RTO designation,’ instead of ‘for each service standard’; and other minor changes. ...”

As would be expected, the Postal Service made confident assurances to the commission and commenters that the proposed changes would have minimal impact on service to customers while enabling alleged cost savings and greater operational efficiency for the agency itself.

PRC comments

On March 28, the PRC issued Order No. 8761, providing an interim ruling on two consolidated dockets regarding service measurement. In its order, the commission noted:

“... the purpose of service performance measurement is to produce data for use in the Commission’s annual compliance process, in which the Postal Service must report on ‘the level of service (described in terms of speed of delivery and reliability) provided ...’ The Commission uses this data to determine compliance with applicable service standards.

“The Sunday/Holiday exclusion may render reported service data inaccurate. At a minimum, it prevents the public from understanding the true nature of the Postal Service’s expected delivery timeframe. As the Commission noted in its Advisory Opinion in Docket No. N2024-1, the Sunday/Holiday exclusion functions as a lengthening of service standards for affected mailpieces, while simultaneously masking that fact within reported service performance results. Moreover, as the Postal Service itself notes, service standards consist of two components: ‘(1) a delivery day range within which mail in a given product is expected to be

delivered; and (2) business rules that determine, *within a product’s applicable day range*, the specific number of delivery days after acceptance of a mail piece by which a customer can expect that piece to be delivered ...’ The Postal Service characterizes the Sunday/Holiday exclusion as a business rule. However, as the Commission noted in its Advisory Opinion in Docket No. N2024-1, for at least some affected mailpieces the proposed Sunday/Holiday exclusion business rule would not simply have the effect of determining where within the applicable delivery day range a mailpiece falls – it would actually serve to effectively lengthen the delivery day range, all the while obscuring the actual time it took to deliver the mailpiece within the reported service performance results. ... Essentially, the proposed Sunday/Holiday exclusion would remove a day for purposes of starting the clock – i.e., Saturday – on which the Postal Service does collect and deliver Market Dominant mail.

“Under the current SPM Plan rules, the ‘start-the-clock’ event for Single-Piece First-Class mail occurs when the carrier picks up the mail, the customer drops the mail into an approved receptacle, or the retail clerk accepts the piece at the counter. In each of these cases, once the mail is in the Postal Service’s possession by the posted CET, the clock for service performance measurement has started. ... Under the Sunday/Holiday exclusion, the Postal Service proposes that, for purposes of service performance measurement, it will deduct a day in the Expected Delivery Day calculation, which is equivalent to delaying the ‘start-the-clock’ event for a full day. This is tantamount to deferring ‘start-the-clock’ of an item properly entered by the appropriate CET on Saturday to the next day. ...

“Similarly, the SPM Plan also makes provision for ‘non-airlift days,’ which are ‘days on which limited air lift is available for transportation of mail to mail processing points due to [a] holiday.’ However, there are only 4 such days per year. There are 52 Sundays and 11 Federal Holidays each year during which affected mail would have the Expected Delivery Day calculation altered under the Sunday/Holiday exclusion. ...

“Based upon the information available on the record, the revision to SPM regarding the Sunday/Holiday exclusion appears to render reported service performance measurement less accurate and less useful by masking what is effectively an extension to an applicable service standard and the actual time taken by the Postal Service to deliver a mailpiece. ... Accordingly, the Sunday/Holiday exclusion may make the quality of the service data less accurate. Similarly, the Postal Service’s captive Market Dominant customers have an interest in knowing whether the Postal Service’s reported percent on-time results (and changes in those results over time) are due to actual improved Postal Service performance or additional flexibility resulting from a business rule change. Simply put, this business rule change tends to obscure the Commission’s and the public’s ability to clearly understand the significance of the Postal Service’s reported percent on-time results (and compliance determinations based on such results).

The commission also questioned the value and accuracy of the USPS proposal to calculate service at the 5-digit (rather than 3-digit) ZIP Code level, especially for places where RTO has been implemented; the impact of changes to CETs; and the exclusion of “non-airlift days.”

The order

Given its concerns over the consequences of the proposed changes on the accuracy of reported service, in its order the commission stated

“After review and consideration of the record, substantial questions remain regarding the potential negative effects of the Postal

Service's proposed changes on the accuracy and usefulness of reported service performance data, as well as the ongoing accuracy, reliability, and representativeness of SPM as an internal measurement system. Therefore, pursuant to [regulation], the Commission intends to 'consider [whether] such changes ... might have a material impact on the accuracy, reliability, or utility of the reported measurement' The Commission is also considering revisions to its service performance reporting requirements pursuant to [statute]. In the meantime, while the Commission reviews these matters, the Commission imposes interim reporting requirements on the Postal Service If at a future point in this proceeding the Commission is able to be assured with respect to these issues, then these interim reporting requirements might no longer be necessary."

"Pursuant to [statute], the Commission is considering revisions to its service performance reporting requirements to address these issues. In the interim, consistent with [statute], the Commission finds that parallel reporting is needed to inform the Commission's consideration of any potential rule revisions. ...

"Therefore, after the Postal Service implements the Sunday/Holiday exclusion and until such time as the Commission directs

otherwise, the Postal Service shall, in providing the annual and quarterly reporting required under [regulations], report all service performance results for any affected Market Dominant products/categories both with and without application of the Sunday/Holiday exclusion. If the Commission determines based on these interim reports and experience under the Postal Service's change to its business rule that reporting requirement changes may be appropriate for consideration, the Commission will provide an opportunity for notice and comment. ...

To most postal customers, service is measured from when the mail is given to the USPS to when it's delivered to the addressee. As has become apparent, however, the Postal Service wants to apply creative business rules and exclusions so that it can measure that interval only in a way that enables it to allege "on-time" service is being rendered.

The PRC clearly has seen through the Postal Service's plans to alter service measurement for what they really are. The commission has limited statutory authority but, hopefully, it will use what it has to inhibit the Postal Service's service reporting shell game as much as possible.

Another Board Vacancy Adds to the Speculation

There's another vacancy on the Postal Service's Board of Governors: Robert Duncan resigned effective March 27. According to his letter of resignation that was included in the Postal Service's press release, Duncan is now

"coping with a chronic and progressive health condition that is preventing me from giving this role the full time and attention it deserves."

A supporter of both the president and former Postmaster General Louis DeJoy, Duncan devoted much of his letter to praising DeJoy and his Plan, and spoke with "confidence that this work [i.e., The Plan] can and will get done."

Duncan was one of the governors appointed during the president's earlier administration to fill the several vacancies that had built up while a political snit in Congress was blocking confirmations. Originally nominated October 30, 2017, and confirmed August 28, 2018, to complete a vacant term ending on December 8 that year, Duncan was renominated for a full seven-year term on January 16, 2019, and confirmed December 5, 2019. Had he not resigned, his term would have ended this coming December 8 though, like all governors, he could have stayed another year or until his successor would be seated, whichever came earlier.

Duncan's departure means there are now four open governor seats (the others were formerly occupied by Anton Hajar, Donald Moak, and William Zollars), with a fifth to occur on December 8 when the carryover year of Roman Martinez IV ends. (The remaining governors will be Derek Kan, Amber McReynolds, Ron Stroman, and Dan Tangherlini.)

The former president had submitted four nominations late last year but the Senate took no action before the end of the 118th Congress.

The Board cannot have more than five members from the same political party, and it now has two from each plus an independent, meaning no more than three from either party could be among the nominees.

Given the current political climate in Washington, and the administration's concerns over the USPS (that many believe contributed to the ousting of former Postmaster General Louis DeJoy), there's more than the usual speculation over potential nominees. Much of DeJoy's Plan had become controversial, so observers are keenly watching who could be seated as governors, as they will not only select DeJoy's successor but, directly or indirectly, determine the extent to which DeJoy's Plan will be implemented.

PRC Confirms "Adders"

After the end of each fiscal year, the Postal Service calculates the "adders," the additional rate authority it has under a November 2020 final rule issued by the Postal Regulatory Commission. In turn, the PRC confirms the USPS data and reports the final rate authority available to the Postal Service as part of the *Annual Compliance Determination*.

As detailed in its Order No. 8760, issued March 28 concurrent with the ACD, the PRC confirmed that, for FY 2025, the Postal Service has 2.165% and 2.305% rate authority, respectively, under the "density" and "retirement" adders. Though the requirement to "prefund" future retiree health care costs was eliminated by the 2022 *Postal Service Reform Act*,

the adder continues to collect revenue to fund an alleged shortfall in the two postal retirement systems; (the "retirement" adder expires in 2025). Accordingly, after making its calculations, the PRC ordered

"No later than September 30, 2025, the Postal Service shall remit at least \$1,486.573 million towards the Civil Service Retirement System and Federal Employees Retirement System liabilities."

The "non-compensatory" adder is a fixed 2% and applies only to an "underwater" class, i.e., one whose prices do not cover its costs; Periodicals is the only "underwater" class.

The PRC's order, including the formulae it used, is available from the PRC website under the March 28 Daily Listings.

Letters from Mailers Groups and Congress Urge Board Caution

The Postal Service's Board of Governors is getting strong input in advance of its anticipated selection of a new Postmaster General. One letter (below) from fifteen mailing industry

Organizations, including Mailers Hub, joined others from members of the Senate and House (shown following the letter below) urging caution in their decisions.

The Hon. Amber F McReynolds
Chair, United States Board of Governors

On Monday, March 24, the Board of Governors of the Postal Service announced a search for the next Postmaster General following the resignation of Louis DeJoy. As representatives of the Postal Service's customers and suppliers, we urge you to move expeditiously to find a successor, and we look forward to working with the next Postmaster General to preserve universal affordable delivery for many years to come.

Given our shared interest in the long-term success of the Postal Service, we believe it is imperative that the next Postmaster General be given every opportunity to succeed and set a direction for the agency moving forward. Therefore, until the Governors have chosen a successor to Mr. DeJoy, we believe strongly that the Governors should refrain from implementing any significant changes that could constrain the next Chief Executive Officer.

Decisions on a July rate increase or further implementation of Regional Transportation Optimization initiatives must be deferred until the incoming Postmaster General has been given an opportunity to assess the impact that these actions will have on the public and businesses that rely on the Postal Service. A short pause to allow the next CEO to weigh in will not materially impact the Postal Service financially and would greatly improve the prospects for a successful management transition.

Thank you.

Respectfully,

Michael Plunkett
President & Chief Executive Officer
Association for Postal Commerce (PostCom)

Robert Galaher
Executive Director
National Assn. of Presort Mailers

Jim Cochrane
Chief Executive Officer
Package Shippers Association

Arthur B Sackler
Executive Vice President
National Postal Policy Council

Donna Hanbery
Executive Director
Saturation Mailers Coalition

Marie Clarke
President and CEO
Envelope Manufacturers Assn.

Lisa McGraw
Public Affairs Manager
National Newspaper Association

Rafe Morrissey
Vice President, Public Affairs
Greeting Card Association

Christopher Oswald
Executive Vice President
Head of Law, Ethics & Government Relations
Association of National Advertisers

Leo Raymond
Managing Director
Mailers Hub

Holly Lubart
VP Government Affairs
News/Media Alliance

Stephen Kearney
Executive Director
Alliance of Nonprofit Mailers

Mark Pitts
Executive Director, Printing-writing Papers
American Forest & Paper Association

Greg Reed
Executive Director
National Star Route Mail
Contractors Association

Paul Miller
Executive Vice President & Managing Director
ACMA - American Commerce Marketing Association

Cc: United States Postal Service Board of Governors

March 31, 2025

Board of Governors
United States Postal Service
475 L'Enfant Plaza SW
Washington, D.C. 20260

Dear Members of the USPS Board of Governors,

The resignation of Postmaster General Louis DeJoy presents a critical opportunity to correct course and restore trust in the United States Postal Service (USPS). During DeJoy's tenure, the Delivering for America plan has resulted in persistent mail delays, higher costs, and reduced service—particularly in rural communities that rely on timely mail delivery. Under his leadership, USPS has failed to meet virtually all of its own nationwide performance targets.¹ The situation is even worse in my home state of Missouri, where the USPS's current on-time delivery rate has dropped below 70% in fiscal year 2025.² This is unacceptable. Simply put, Postmaster General DeJoy did not deliver for millions of Americans.

The next Postmaster General must abandon this failed approach and focus on restoring trust in the Postal Service. It is imperative that USPS leadership reprioritize efficiency, accessibility, and financial stability without disadvantaging its customers living in rural areas.

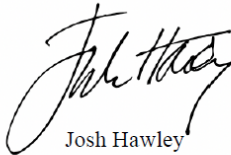
As you undertake the process of selecting new leadership, I urge you to:

1. **Appoint a Postmaster General who will not pursue policies that harm rural communities.** The next leader of the USPS must be committed to restoring reliable and timely mail service for all Americans, particularly those in rural areas who have no viable alternatives. Any future reforms must focus on meaningful operational improvements rather than service changes like the Regional Transportation Optimization (RTO) plan which disproportionately burden those who depend on USPS the most.
2. **Halt the implementation of the Regional Transportation Optimization (RTO) plan.** The Postal Regulatory Commission has already concluded that the RTO plan will have "significant negative impacts on rural communities throughout the United States."³ Further implementation should not proceed until new leadership can assess its long-term effects and ensure that any changes do not disadvantage rural customers.

The Postal Service is a vital institution that millions of Americans rely on daily. Its leadership must be dedicated to upholding service quality, particularly for those who have no other options. This transition presents a pivotal moment to restore confidence in USPS operations. I therefore urge you to seize the opportunity and select a Postmaster General who is prepared to make the necessary reforms that benefit all Americans.

Please keep me and my office informed on the progress of this transition.

Sincerely,



Josh Hawley
United States Senator

¹ <https://about.usps.com/what/financials/annual-reports/fy2024.pdf>

² <https://spm.usps.com/#/main>

³ <https://www.prc.gov/sites/default/files/Advisory-Opinion.pdf>

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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MINORITY (202) 225-6061
<https://oversight.house.gov>

March 31, 2025

Ms. Amber F. McReynolds
Chair, Board of Governors
United States Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260

Dear Ms. McReynolds:

We write regarding significant recent developments within the U.S. Postal Service (Postal Service) that call into question this public institution's stability, integrity, and independence. These concerns include repeated calls by President Trump and senior public officials to reorganize the Postal Service, a back-room agreement with Department of Government Efficiency (DOGE) representatives, and the sudden resignation of Postmaster General Louis DeJoy. We respectfully request that the chair and vice chair of the U.S. Postal Service Board of Governors (the Governors) provide an immediate briefing on Postal Service operations and activities since January 20, 2025, including the Postmaster General's agreement with DOGE and the General Services Administration (GSA) and the Postmaster General's sudden departure thereafter.

On December 14, 2024, the *Washington Post* reported that President Trump was considering actions to privatize the Postal Service. On February 20, 2025, further reporting indicated that President Trump was preparing to fire the bipartisan Postal Board of Governors and unlawfully “merge” the Postal Service into the Commerce Department, “potentially throwing the 250-year-old mail provider and trillions of dollars of e-commerce transactions into turmoil.”²¹

On March 13, 2025, Members of Congress learned that Postmaster General DeJoy signed a memorandum of understanding (MOU) with “DOGE representatives” and GSA to assist the Postal Service in “identifying and achieving further efficiencies.”² On March 18, 2025, Ranking

¹ *Trump Eyes Privatizing U.S. Postal Service Citing Financial Losses*. The Washington Post (Dec. 14, 2024) (online at www.washingtonpost.com/business/2024/12/14/trump-usps-privatize-plan/); *Trump expected to take control of the USPS, fire postal board, officials say*. The Washington Post, (Feb. 21, 2025) (online at www.washingtonpost.com/business/2025/02/20/trump-usps-taksover-dejov/).

² Letter from Postmaster General Louis DeJoy to The Honorable James Comer, Committee on Oversight and Government Reform, et al. (Mar. 13, 2025) (online at https://oversightdemocrats.house.gov/sites/evo-subsites/democrats-oversight.house.gov/files/evo-media-document/pnig-dejoy-to-congressional-leaders_3.13.2025.pdf).

Ms. Amber F. McReynolds
Page 2

Member Connolly sent a letter to the Postal Service requesting documents and information regarding the agreement entered into by then Postmaster General DeJoy, DOGE, and GSA, and details of plans or actions taken by DOGE at the Postal Service.³ Two days later, the Postal Service provided an initial response stating that employees designated by the agreement had been provided badges to enter the building but, as of March 20, 2025, “no system access has been granted.”⁴

On March 24, 2025, the *Washington Post* reported that “[r]ecent tension between DeJoy and the Trump administration over the work of the U.S. DOGE Service contributed to the White House’s antipathy toward the mail chief.”⁵ The reporting highlighted that the former Postmaster General “refused to give [DOGE officials] broad access to agency systems, according to four people familiar with the interactions.”⁶ However, we remain concerned that the true intentions and activities of DOGE at the Postal Service, and any plans for additional intrusion, remain unknown.

Elon Musk claims that all of DOGE's actions are "maximally transparent," but Congress and the American people have no real insight into the actual operations of DOGE.⁷ Meanwhile, DOGE's plans to strip agencies to their bare bones, gut the federal workforce, and close offices have led to major disruptions in critical benefits and services for some of the most vulnerable Americans. For example, Mr. Musk admitted that DOGE accidentally cancelled Ebola prevention efforts; DOGE's cuts to the Social Security Administration have created a crisis for 773 million Social Security beneficiaries; and DOGE's cuts at the National Weather Service could put public safety and weather forecasting at risk.⁸ Based on the chaos left in DOGE's wake, we

³ Letter from Gerald E. Connolly to Mr. Louis DeJoy, Postmaster General, U.S. Postal Service (Mar. 18, 2025) (online at https://oversightdemocrats.house.gov/sites/evo-subsites/democrats-oversight.house.gov/files/evo-media-document/2025-03-18_gec-to-usps-re-doge-agreement.pdf).

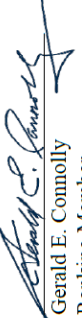
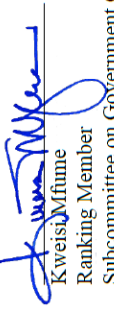
⁴ Letter from Mr. Peter Pastre, Vice President Government Relations and Public Policy; U.S. Postal Service, to Ranking Member Gerald E. Connolly, Committee on Oversight and Government Reform (Mar. 20, 2025). Note that the Committee considers this response unsatisfactory and has reminded the Postal Service of its obligations to comply with all document and information requests by the Committee. *Id.*, Email from Democratic Staff, Committee on Oversight and Government Reform, to Government Relations and Public Policy, U.S. Postal Service (Mar. 21, 2025).

⁵ *USPS Chief Louis DeJoy Resigns as Trump Eyes Overhauling Mail Agency*, The Washington Post (Mar. 24, 2025) (online at www.washingtonpost.com/business/2025/03/24/louis-dejoy-steps-down-usps-chief/).

⁶ *Id.*

⁷ *Courts Force A Window into Musk's Secretive Unit*, New York Times (Feb. 18, 2025) (online at www.nytimes.com/2025/02/18/us/politics/doge-lawsuits-elon-musk.html); *DOGE's Team's "Wall of Receipts" Shows Errors in Tallying Billions in Savings*, CBS News (Feb. 19, 2025) (online at www.cbsnews.com/news/doge-wall-of-receipts-shows-errors-tallying-billions-in-savings/).

⁸ *Trump Expects to be "Satisfied" With DOGE Cuts in Few Months*, Bloomberg (Mar. 24, 2025) (online at www.bloomberg.com/news/articles/2025-03-24/trump-expects-to-be-satisfied-with-doge-cuts-in-a-few-months); *Musk Says DOGE 'Restored' Ebola Prevention Effort*, *Officials Say That's Not True*, Washington Post (Feb. 27, 2025) (online at www.washingtonpost.com/politics/2025/02/26/on-musk-ebola-prevention-usaid-doge/), *Long Waits, Waves of Calls, Website Crashes: Social Security Is Breaking Down*, The Washington Post (Mar. 25, 2025) (online at www.washingtonpost.com/politics/2025/03/25/social-security-phones-doge-cuts/), *Experts Say U.S. Weather Forecasts Will Worsen as DOGE Cuts Mean Fewer Balloon Launches*, Associated Press (Mar. 22, 2025).

<p>Ms. Amber F. McReynolds Page 3</p> <p>have reason to believe that any DOGE effort to restructure the Postal Service could have a detrimental effect on the American people—jeopardizing the timely delivery of life-saving medications, mail-in ballots, important financial documents, and personal letters, especially in rural or less-profitable areas that the private sector does not serve.⁹</p> <p>In his final public statement as Postmaster General, Mr. DeJoy highlighted that the Governors are working to appoint a permanent successor, and “have hired a search firm in support of those efforts, which are well underway.”¹⁰ While the President seeks to consolidate power into the executive, we remind you that federal law defines the Postal Service as an independent agency and requires the Postal Board of Governors—not the President—to appoint the Postmaster General.¹¹ The background, experience, values, and integrity of the person who takes the heavy burden of Postmaster General are crucial to the Postal Service’s success. At a time when the Postal Service is facing ongoing declines in mail, a simultaneous reorganization of the postal network, concerns about long-term financial stability, and threats to the agency’s independence, the next Postmaster General must be prepared to defend the institution and its universal service obligation to all Americans.</p> <p>Recent events involving President Trump and Musk’s DOGE raise serious questions about the stability and integrity of the Postal Service. We respectfully request that you provide an immediate briefing to Committee staff to provide information on, but not limited to:</p> <ol style="list-style-type: none"> 1. The status of the Governors’ search for a new Postmaster General and whether Mr. DeJoy’s sudden departure will affect the Governors’ efforts; 2. If the Board is aware of any efforts by Commerce Department officials or anyone in the Trump Administration to interfere with or influence the Governors’ search for a new Postmaster General; 3. Any efforts by the Trump Administration to remove the Governors or move the Postal Service into the Commerce Department; 4. Any agreement or MOU signed between the Postal Service, GSA, or other DOGE employees or affiliates; and 5. All interactions between representatives of the Trump Administration, GSA/DOGE employees, other DOGE employees or affiliates, and the Postal Service or the Governors. <p>(online at https://apnews.com/article/weather-forecasts-worsen-doge-trump-cuts-tornado-da573a04d916c06cebcb92b1f1452e6).</p> <p>⁹ See U.S. Postal Service Office of the Inspector General, <i>The Importance of the Postal Service in Rural Areas</i> (Apr. 18, 2022) (online at www.usps.oig.gov/focus-areas/focus-on-importance-postal-service-rural-areas).</p> <p>¹⁰ U.S. Postal Service, <i>Postal Service Postmaster General/CEO Leadership Transition</i> (Mar. 24, 2025) (online at https://about.usps.com/newsroom/national-releases/2025/0324-usps-pmg-ceo-leadership-transition.htm).</p> <p>¹¹ 39 U.S. Code § 202.</p>	<p>Ms. Amber F. McReynolds Page 4</p> <p>In addition to this initial briefing, we request that you provide Committee staff with regular briefings every two weeks to ensure that Congress maintains a continuous understanding of the Governors’ awareness, oversight, and role in managing these alarming reports and potential vulnerabilities within this critical public institution. We also urge you to require the Acting Postmaster General to provide the Governors with regular briefings on any activities conducted by, at the request of, or in partnership with GSA/DOGE employees, beginning April 14, 2025.</p> <p>The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. If you have questions about this request, please contact Committee Democratic staff at (202) 225-5051.</p> <p>Thank you for your prompt attention on the matter.</p> <p>Sincerely,</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  Gerald E. Connolly Ranking Member </div> <div style="text-align: center;">  Kweisi Mfume Ranking Member Subcommittee on Government Operations </div> </div> <p>cc: The Honorable James Comer, Chairman Mr. Douglas Tulino, Deputy Postmaster General and Chief Human Resources Officer, United States Postal Service</p>
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OIG Finds Continued Service Decline from LTO [RTO]

The Postal Service's Local Transportation Optimization pilot program, the predecessor to the current Regional Transportation Optimization initiative, was similar in its removal of afternoon collections from post offices more than fifty miles from a processing center.

LTO was first implemented in the Richmond (VA) area on October 28, 2023, and by August 26, 2024, was in effect in fifteen areas. Activated in Wisconsin on January 8, 2024, it impacted 389 post offices in the 498, 499, 530, 531, 535, 538, 539, 541, 542, 544, 545, and 549 3-digit ZIP Code areas.

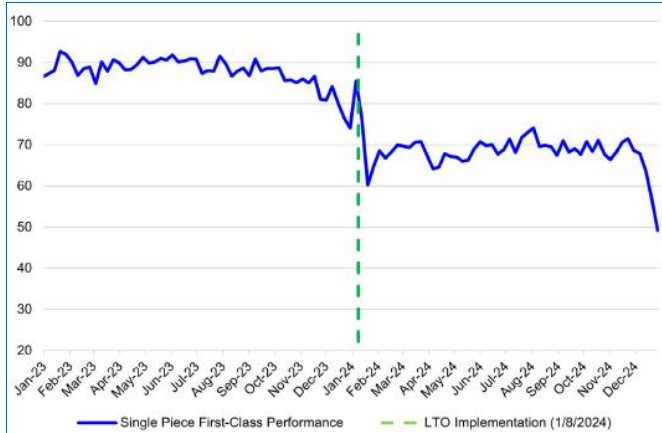
The Postal Service's Office of Inspector General had examined the effects of LTO in 2024 and issued an audit report (*Network Changes: Local Transportation Optimization*) on December 18, 2024 (see the December 30, 2024, issue of *Mailers Hub News*). At that time, the OIG found that LTO

"... negatively impacted service to customers, more significantly impacting the rural population. In addition, the Postal Service had not adequately informed the public of the LTO initiative or developed a process to track LTO cost savings."

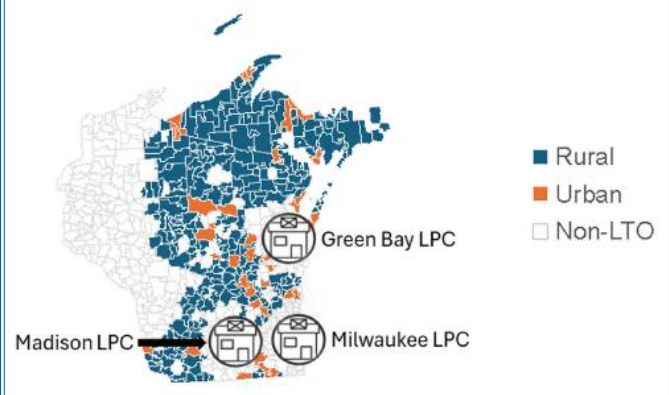
The OIG later returned to Wisconsin to see if anything had changed and, accordingly, issued a new audit report, *Network Changes: Local Transportation Optimization in the Wisconsin Region*, on March 28.

Findings and recommendations

- **"Finding #1: Decreased Service Performance Disproportionately Impacting Rural Communities.** ... Specifically, the amount of originating mail delivered on time decreased compared to SPLY, as follows:
 - Single Piece First-Class Mail declined and consistently remained below SPLY in all the 51 weeks following the implementation.
 - Ground Advantage service declined and remained below SPLY 45 out of 51 weeks following the implementation.
 - Priority Mail service declined and remained below SPLY 49 out of 51 weeks following the implementation.
 - Priority Mail Express service declined and remained below SPLY 50 out of 51 weeks following the implementation.



"The Postal Service's decision to implement the LTO initiative at post offices greater than 50 miles away from a processing facility impacted more rural ZIP Codes than urban. To determine the urban and rural demographics impacted by the LTO initiative in the Wisconsin region, we analyzed the 2020 Census and the Postal Service's active mailing addresses per ZIP Code. Overall, LTO impacted 24% of the total population in the Wisconsin region. Of the ZIP Codes impacted by LTO, we found about 63% of the population affected was considered rural.



"... In addition, decreased service performance may lead to a decrease in revenue. As a result of LTO, out of the 25 post offices visited:

- Clerks at six post offices informed customers they could drive to different post offices, often miles away (that are not optimized), if interested in faster service.
- Six post offices reported a loss of customers who required overnight service for packages. For example, the Three Lakes Post Office lost their biggest mailer, the local pharmacy, because the Postal Service could not accommodate their required overnight service to mail medication."

The OIG stated that "Management generally agreed with the finding and acknowledged the increased risk of service failure with mail remaining at delivery units overnight." (The USPS has since implemented changes to its business rules for service measurement so that the period of delay is excluded from measurement.)

- **"Finding #2: Inadequate and Inaccurate Customer Communication.** The Postal Service did not notify Wisconsin region customers of the LTO initiative and its impact on mail delivery originating from their area. Further, scans being performed at the post office inaccurately reflected when a package left the post office on the way to the processing facility, misrepresenting the location of packages as they traversed the network.

"Signage at optimized post offices was not updated to reflect LTO changes. ... Further, there was no communication displayed within the post office stating that mail would be left overnight although dropped off prior to posted collection box pickup times and closure of the post office. ...

"Due to a lack of training, six of 25 post offices visited (or 2%) were not aware depart post office scans were to be completed at the actual time the transportation left their facility. In addition, during interviews with local and district management not all were aware of the updated LTO depart post office scanning policy. ..."

The OIG recommended that USPS management

- (1) "... update post office signage at all Wisconsin region optimized offices to reflect changes and impacts based on local transportation optimization;
- (2) "... develop a process to monitor the accuracy of depart post office scans within the Wisconsin region, and take action as needed;
- (3) "... require annual transportation optimization training for all Wisconsin region supervisors at optimized offices and track and monitor compliance.

The OIG reported that "Management disagreed with the finding, agreed with recommendations 1 and 2, and disagreed with recommendation 3."

- **“Finding #3: Inconsistent Pickup of Collection Box Mail.** LTO implementation in the Wisconsin region resulted in inconsistencies on when collection boxes were being accessed and who had possession of arrow keys. Prior to LTO, certain Highway Contract Route (HCR) drivers were issued arrow keys to access collection boxes in instances when the post office closed prior to the afternoon truck arrival. However, since LTO implementation, HCR drivers now arrive in the morning to pick up the collection mail, and therefore, are not at the post office at the scheduled collection box pick up time in the afternoon. ...

“These inconsistencies occurred primarily due to a lack of management oversight of HCR contracts and arrow key accountability since LTO implementation. ...

“Further, since afternoon trips were eliminated with the LTO initiative, and the post office may be closed prior to the collection box pickup time, there may not be anyone at the post office to access the box at the scheduled time. ...

“Lastly, regarding arrow key accountability, management did not remove arrow keys from HCRs that no longer needed to perform collection duties.”

The OIG recommended that USPS management:

- (4) “... review and update transportation contracts within the Wisconsin region to remove unnecessary collection box pickup for Highway Contract Routes;
- (5) “... review the need for Highway Contract Route drivers within the Wisconsin region to possess arrow keys, and obtain possession of keys no longer needed;
- (6) “... adjust or reinforce scheduled collection box times within the Wisconsin region, to allow for collection boxes to be accessed timely and communicate any schedule adjustments to the customers.

The OIG reported that “Management agreed with the finding and recommendations 4 and 6, and disagreed with recommendation 5.”

OIG Examines Transportation Insourcing

Part of Louis DeJoy’s 10-Year Plan involves insourcing short-haul transportation – replacing contractors with USPS employees – presumably to reduce costs. How effectively the Postal Service has managed this process was examined by the USPS Office of Inspector General; its findings were issued in an audit report (*Postal Vehicle Service Operations*) released March 27.

In-sourced transportation by the Postal Vehicle Service was a \$1.3 billion expense in FY 2024, according to the OIG, but that is likely to grow as the USPS expands its use. As the OIG noted, the agency accordingly had entered into an agreement with the American Postal Workers Union on November 30, 2022, to establish the “Postal Vehicle Operator” pilot program. (The APWU represents USPS truck drivers.)

In its audit, the OIG sought to “evaluate the Postal Service’s management of PVS operations [and] gain an understanding of PVS operations, HCR insourcing, and the implementation of the PVO Pilot Program.”

The OIG explained that

“PVS drivers are bargaining unit Postal Service employees and consist of three types of vehicle drivers: (1) tractor trailer operators (TTO), (2) motor vehicle operators (MVO), and (3) postal vehicle operators (PVO), which totaled 11,341 employees as of October 2024. Based on their position, drivers operate different

- **“Finding #4: Ineffective Tracking of Transportation Cost Savings.** The Postal Service did not effectively track cost savings specific to the LTO initiative in the Wisconsin region. All reported transportation savings were evaluated in total versus specific to the LTO initiative. In total, the Postal Service achieved the projected annualized transportation cost savings of \$1.8 million in the Wisconsin region. Specifically, the Postal Service spent about \$45.3 million on transportation in Wisconsin in calendar year 2024 compared to about \$47.1 million during SPLY.

“The Postal Service’s Chief Logistics Office reported that the primary operational metrics used to measure the success of the LTO initiative were the reduction of miles and trips, and the reduction of driver hours, including layover hours (the period of time when a contractor is not working). While the Postal Service tracked these operational metrics, it did not track actual cost savings specific to the LTO initiative within the Wisconsin region. ...”

In its earlier audit, the OIG had recommended that

“... the Postal Service develop and maintain detailed documentation outlining the cost savings resulting from the LTO implementation for each region and include a comparison to planned savings. Management agreed with the recommendation and provided a target implementation date of December 1, 2025. As a result, we will not make a recommendation on this issue in this report but will seek updates from the Postal Service as it moves towards implementation.”

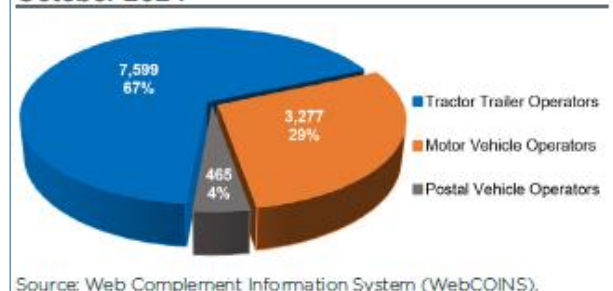
Otherwise, the OIG added, “Management stated that it generally agreed with the finding.”

The OIG’s findings should come as no surprise, especially regarding slower service, particularly for rural customers, or insufficient training or supervisory oversight. Moreover, that the OIG found the USPS isn’t developing data to support its claim that LTO/RTO will save money tends to validate the conclusion of the Postal Regulatory Commission in its recent advisory opinion: the USPS basically is saying “trust us.”

classes of vehicles, and therefore, must maintain different types of driver’s licenses. Specifically:

- TTOs must have a commercial driver’s license (CDL) since they drive vehicles that weigh more than 26,000 pounds and have a trailer. In total, there were 7,599 TTOs nationwide.
- MVOs must also have a CDL since they drive vehicles that weigh more than 26,000 pounds but do not have a trailer. In total, there were 3,277 MVOs nationwide.
- PVOs must, at a minimum, maintain a standard noncommercial driver’s license since they drive vehicles that weigh less than 26,000 pounds and do not have a trailer. Also, these drivers are expected to sort mail in preparation for their trips. In total, there were 465 PVOs at pilot sites (see Figure 1).

Figure 1. Types of PVS Drivers as of October 2024



Findings and recommendations

- **“Finding #1: Insourcing Highway Contract Routes.** Management did not always insource HCR contracts to provide the lowest total cost to logistics operations. Additionally, management did not assess actual cost savings or realized efficiencies after insourcing contracts. ...

“These decisions occurred because insourcing HCR contracts supports Postal Service initiatives that aim to ensure labor stability and manage service requirements. Also, management used insourcing to meet the minimum staffing levels agreed upon in the PVO Pilot Program MOUs. According to management, they insourced HCR contracts at pilot sites regardless of the outcome of the cost comparisons. ...”

The OIG provided recommendations to USPS management:

- (1) “... clarify guidance for making insourcing decisions and develop more detailed cost comparison analysis and maintain records in support of insourcing decisions;
- (2) “... insource highway contract routes when economically advantageous to the Postal Service and implement a waiver process when cost is not a main factor to insource;
- (3) “... develop a process to monitor and evaluate the operational efficiencies received from insourcing highway contract route contracts to determine if the expected benefits are being realized.

The OIG added that

“Management disagreed with this finding and the recommendations. Regarding the monetary impact, management stated they do not dispute the amounts but disagree with the concept of the report.”

- **“Finding #2: Postal Vehicle Operator Pilot Program Rollout.** Management did not effectively execute the PVO Pilot Program rollout at the 11 pilot sites. Specifically, management did not: (1) timely onboard or train managers and supervisors; (2) always adhere to the agreed-upon number of drivers or the full-time to part-time percentage ratios stated in the MOUs; or (3) make CDL training available to interested PVOs, as agreed. ...

“This condition occurred because management did not effectively plan the roll out of the PVO Pilot Program. Specifically, headquarters management provided a written plan dated July 2024, 20 months after the first MOU was signed, and described the plan as new and recently implemented. Also, management may have missed opportunities to pass along useful information because of pressure to rollout PVO pilots quickly as they were working as fast as possible to avoid renewing expiring long-term HCR contracts. Additionally, management/supervisors did not receive required training timely since Postal Service policy does not require new manager/supervisors to complete the Postal Service Supervisor Program. ...”

The OIG recommended that USPS management:

- (4) “... require employees to complete the Postal Service Supervisor Program within one year of their initial appointment to a supervisory position, and refresher training at least every three years, and maintain appropriate records of completion;
- (5) “... develop and share documentation to communicate lessons learned from the challenges faced during the Postal Vehicle Operator Pilot Program to site management at future pilot sites;
- (6) “... coordinate with Human Resources to include specific requirements in the job announcements for Postal Vehicle Service operator positions (i.e. starting as part-time flexible or working outside of normal business hours);
- (7) “... develop and make available the training to obtain a commercial driver’s license to interested postal vehicle operators.

The OIG noted that “Management disagreed with this finding and recommendations 5, 6, and 7 and partially agreed with recommendation 4.”

- **“Finding #3: Support Staff.** More broadly in the PVS program nationwide, management employed an inadequate number of employees that schedule drivers’ routes or perform daily tasks associated with dispatching trucks at the 171 nationwide PVS sites. ... This condition occurred because management did not prioritize filling these necessary positions. ...”

The OIG recommended that management:

- (8) “... determine complement and work toward hiring the number of schedule examiners vehicle runs and dispatch coordinators needed at nationwide Postal Vehicle Service sites.

The OIG added that “Management disagreed with this finding and the recommendation.”

- **“Finding #4: Records Management.** Management did not always input or update driver’s license and/or DOT Medical Examiner’s Certificate physical due date information for drivers with CDLs in the VITAL system, which is used to maintain records for logistics operations. Additionally, management did not always maintain driver’s training records in LMS, which employees use to identify, complete, and track training. ... These conditions occurred because site management placed emphasis on operational matters and was not focused on maintaining digital personnel files in Postal Service systems. ...”

The OIG recommended that USPS management:

- (9) “... develop a process to ensure site management monitors the accuracy of drivers’ license expirations and Department of Transportation physical due dates in the Vehicle Information Transportation Analysis and Logistics system;
- (10) “... coordinate with the Information Technology group to develop controls that prohibit users from entering invalid dates into the Vehicle Information Transportation Analysis and Logistics system;
- (11) “... verify drivers received required safe driver training; and enforce policies that require managers and supervisors to maintain training records in the Learning Management System.

The OIG stated that

“Management did not indicate agreement or disagreement with the finding, disagreed with recommendations 9 and 10, and partially agreed with recommendation 11.”

Observations

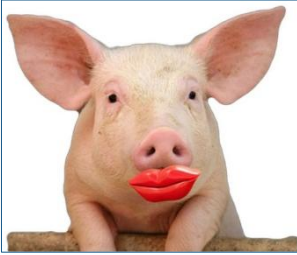
The OIG’s report suggests the PVO program was executed hastily and without adequate preparation – the shoot/ready/aim approach seen in the implementation of other Plan initiatives. The lack of training, coordination, communication, and Headquarters direction found by this audit was not unique, and has been identified in other OIG reviews.

Here, however, the added dimension of large vehicles being operated by individuals without sufficient training, demonstrated ability, or proper examination and licensing, is all the more worrisome.

A dollop to the APWU from DeJoy, the resulting inflexibility of USPS employee schedules under PVO further necessitated the RTO program that has reduced service to thousands of post offices. Moreover, despite its assertions, the USPS has not documented that PVO hasn’t simply shifted costs from contracted transportation to internal operating budgets. Whether the insourcing of local transportation has actually saved money remains unverified.

USPS Downgrades Priority Mail Express Service

In another example of putting lipstick on a pig (as reported in the March 24 issue of *Mailers Hub News*), the Postal Service has slowed service for its Priority Mail Express product, extending the potential timeframe for delivery to three days.



The final rule revising the relevant DMM standards was issued April 1 – the same day it was to take effect. Concurrently, the USPS issued an *Industry Alert* spinning the decision as no more than a “refinement” designed to “align with operational initiatives” being implemented

as part of Louis DeJoy’s 10-Year Plan to “achieve greater operational precision and efficiency, significantly reduce costs, and enhance service.”

The “supplementary information” portion of the final rule (see page 24), intended to inform readers of the background, purpose, and key elements of the rule, is little more than a repetition of the same claims that have been used to justify other reductions in service, including the RTO initiative and eased service standards for market-dominant mail.

In its *Industry Alert*, the USPS quoted from the final rule, noting the lengthened timeframe now allowed for delivery of Priority Mail Express:

“The final rule states that Priority Mail Express delivery service will have a 1-day, 2-day, or 3-day service standard depending on various factors, including the date on which the item is accepted by the Postal Service and the origin and destination 5-digit ZIP Code. ...”

In other words, the service consequence from RTO will be the same for Express Mail as for single-piece First-Class Mail.

What the Postal Service may hope customers don’t notice is that it has essentially closed the gap between Priority Mail Express, Priority Mail, and First-Class Mail in terms of value – or service – for money. A customer sending a four-ounce document, for example, can use a Priority Mail Express flat-rate envelope for \$31.40, a Priority Mail flat-rate envelope for \$10.10, or its own envelope and affix \$2.31 in postage.

Granted, Priority Mail Express has a money-back guarantee – though even then there are exceptions – the relative service commitments for the three options might not be so significant – or reliable – in the mind of the customer as to warrant paying over four times – let alone over thirteen times – more to get the envelope to the addressee.

While Louis DeJoy has used the requirement for an “integrated network” to justify reducing all classes of mail to increasingly comparable service standards – they often all ride on the same transportation – it’s unclear how the latest move will support greater use of his costliest product.

February Financials: Nothing Good

After enjoying the volume and revenue boosts of the long election/holiday season, February 2025 continued the post-holiday return to normalcy. Despite broadly lower work-hours, an adverse swing in the workers compensation liability, rising costs, and decreased revenue yielded a \$1.293 billion net loss for the month.

Volume and revenue

Compared to February 2024, market-dominant mail volume was down 7.8% while competitive product volume – more important to the PMG’s 10-Year Plan – fell 9.8%. In the absence of election and holiday mail, total volume for the month was 7.9% lower than the previous February:

First-Class Mail: 3.403 bln pcs, **-8.2%**; 18.960 bln pcs, **-5.2%** YTD
Marketing Mail: 4.388 bln pcs, **-7.0%**; 25.141 bln pcs, **+2.0%** YTD
Periodicals: 0.184 bln pcs, **-17.6%**; 1.069 bln pcs, **-9.2%** YTD
Total Mkt Dom: 8.027 bln pcs, **-7.8%**; 45.570 bln pcs, **-1.5%** YTD
Total Competitive: 449.9 mln pcs, **-9.9%**; 2.863 bln pcs, **-3.4%** YTD
Total USPS: 8.497 bln pcs, **-7.9%**; 48.557 bln pcs, **-1.6%** YTD

Total revenue was 3.5% below plan and 3.7% less than February 2024, offsetting positive income during the preceding months to yielded a net loss of \$1.913 billion for the year to date, still over one billion better than at the end of last February – but the best months are in the rearview mirror.

Despite price increases on market-dominant mail totaling over 7.75% since February 2024, year-to-date market-dominant mail revenue was only 2.4% higher – heading into the leaner months ahead.

USPS operating revenue for the month was \$6.111 billion:

First-Class Mail: \$2.039 bln, **-3.5%**; \$11.558 bln, **+2.4%** YTD
Marketing Mail: \$1.202 bln, **-5.7%**; \$6.977 bln, **+5.4%** YTD
Periodicals: \$0.067 bln, **-8.0%**; \$0.380 bln, **-1.3%** YTD
Total Mkt Dominant: \$3.575 bln, **-4.9%**; \$20.319 bln, **+2.4%** YTD
Total Competitive: \$2.429 bln, **-1.6%**; \$14.542 bln, **+1.6%** YTD
Total USPS: \$6.111 bln, **-3.7%**; \$35.468 bln, **+1.8%** YTD

Expenses and workhours

Total “controllable” compensation and benefit costs in February were \$4.731 billion, 0.8% over plan but 0.7% lower than February 2024; total expenses were \$7.467 billion, 8.7% higher than plan and 9.9% higher than a year earlier.

As lower service standards enable reduced transportation, the related costs (\$612 million for the month, \$3.487 billion for the YTD) were well below both plan and February 2024. However, workers’ compensation expense worsened by \$777 million compared to last February.

Workhour usage was 0.7% under plan and 5.3% lower than February 2024, while total workhours for the year-to-date were 0.3% below plan and 1.4% under SPLY YTD. The total workforce was smaller, but with **more career employees**.

Month’s end complement: 634,969 employees (536,195 career, 98,774 non-career) **-1.32%** compared to February 2024 (643,475 employees: 530,065 career, 113,410 non-career), but **1.16% more career workers**.

All the numbers are on the next page.

USPS Preliminary Information (Unaudited) – February 2025 ¹

OPERATING DATA OVERVIEW ^{1,2}		Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)		Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY ⁵	% Plan Var	% SPLY Var
Revenue											
Operating Revenue		\$6,111	\$6,329	\$6,344	-3.4%	-3.7%	\$35,468	\$36,301	\$34,849	-2.3%	1.8%
Other Revenue		--	\$1	--	-100%	NMF	\$39	\$3	\$3	NMF	NMF
Total Revenue		\$6,111	\$6,330	\$6,344	-3.5%	-3.7%	\$35,507	\$36,304	\$34,852	-0.0%	1.9%
Operating Expenses											
Personnel Compensation and Benefits		\$5,808	\$5,176	\$5,039	12.2%	15.3%	\$28,822	\$28,727	\$28,712	0.3%	0.4%
Transportation		\$612	\$628	\$688	-2.5%	-11.0%	\$3,487	\$3,678	\$3,986	-5.2%	-12.5%
Supplies and Services		\$259	\$262	\$284	-1.1%	-8.8%	\$1,366	\$1,456	\$1,431	-6.2%	-4.5%
Other Expenses		\$747	\$759	\$742	-1.6%	0.7%	\$3,745	\$3,830	\$3,656	-2.2%	2.4%
Total Operating Expenses		\$7,426	\$6,825	\$6,753	8.8%	10.0%	\$37,420	\$37,691	\$37,785	-0.7%	-1.0%
Net Operating Income/Loss		-\$1,315	-\$495	-\$409			-\$1,913	-\$1,387	-\$2,933		
Interest Income		\$63	\$48	\$75	32.4%	-16.0%	\$345	\$303	\$403	14.0%	-14.4%
Interest Expense		\$41	\$43	\$43	-5.5%	-4.7%	\$236	\$247	\$220	-4.5%	7.3%
Net Income/Loss		-\$1,293	-\$491	-\$377			-\$1,804	-\$1,331	-\$2,750		
Mail Volume											
Total Market Dominant Products ³		8,027	7,780	8,703	3.2%	-7.8%	45,570	45,289	46,242	0.6%	-1.5%
Total Competitive Products ³		450	513	499	-12.3%	-9.8%	2,863	2,943	2,965	-2.7%	-3.4%
Total International Products		20	20	23	2.5%	-13.0%	123	128	141	-3.9%	-12.8%
Total Mail Volume		8,497	8,313	9,225	2.2%	-7.9%	48,556	48,360	49,348	0.4%	-1.6%
Total Workhours		86	86	91	0.0%	-5.5%	478	480	485	-0.4%	-1.4%
Total Career Employees		536,195		530,065		1.2%					
Total Non-Career Employees		96,774		113,410		-12.9%					

MAIL VOLUME and REVENUE ^{1,2}		Current period			Year-to-Date		
Pieces and Dollars (Thousands)		Actual	SPLY	% SPLY Var	Actual	SPLY	% SPLY Var
First Class (excl. all parcels and Int'l.)							
Volume		3,403,350	3,707,449	-8.2%	18,960,483	19,990,480	-5.2%
Revenue		\$2,038,526	\$2,112,928	-3.5%	\$11,558,348	\$11,289,504	2.4%
Periodicals							
Volume		184,306	223,752	-17.6%	1,068,513	1,176,956	-9.2%
Revenue		\$67,404	\$73,273	-8.0%	\$379,830	\$384,785	-1.3%
Marketing Mail (excl. all parcels and Int'l.)							
Volume		4,387,751	4,716,238	-7.0%	25,140,625	24,658,170	2.0%
Revenue		\$1,202,392	\$1,275,576	-5.7%	\$6,976,719	\$6,621,480	5.4%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)							
Volume		35,230	36,506	-3.5%	185,363	194,104	-4.5%
Revenue		\$72,880	\$70,893	2.8%	\$401,129	\$403,054	-0.5%
All other Market Dominant Mail							
Volume		15,997	18,890	-15.3%	215,086	222,158	-3.2%
Revenue		\$194,171	\$225,692	-14.0%	\$1,003,410	\$1,153,781	-13.0%
Total Market Dominant Products (ex. all Int'l.)							
Volume		8,026,634	8,702,835	-7.8%	45,570,070	46,241,869	-1.5%
Revenue		\$3,575,373	\$3,758,362	-4.9%	\$20,319,436	\$19,852,604	2.4%
Shipping and Package Services							
Volume		449,891	499,234	-9.9%	2,863,263	2,965,323	-3.4%
Revenue		\$2,428,813	\$2,468,048	-1.6%	\$13,983,112	\$13,744,573	1.7%
All other Competitive Products							
Volume		-	-	0.0%	-	-	0.0%
Revenue		\$122,894	\$122,954	-0.0%	\$439,771	\$462,247	-4.9%
Total Competitive Products (ex. all Int'l.)							
Volume		449,891	499,234	-9.9%	2,863,263	2,965,323	-3.4%
Revenue		\$2,428,813	\$2,468,048	-1.6%	\$14,542,230	\$14,320,158	1.6%
Total International ⁴							
Volume		20,397	23,249	-12.3%	123,352	141,443	-12.8%
Revenue		\$106,346	\$117,417	-9.4%	\$606,527	\$676,107	-10.3%
Total							
Volume		8,496,922	9,225,318	-7.9%	48,556,685	49,348,634	-1.6%
Revenue		\$6,110,533	\$6,343,825	-3.7%	\$35,468,193	\$34,848,869	1.8%

EXPENSES OVERVIEW ^{1,2}		Current Period					Year-to-Date				
Dollars (Millions)		Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Controllable Pers. Comp. & Benefits		\$4,731	\$4,693	\$4,763	0.8%	-0.7%	\$26,392	\$26,310	\$25,620	0.3%	3.0%
FERS Unfunded Liabilities Amortization ⁶		\$200	\$200	\$192	0.0%	4.2%	\$1,000	\$1,000	\$958	0.0%	4.4%
CSRS Unfunded Liabilities Amortization ⁶		\$283	\$283	\$267	0.0%	6.0%	\$1,417	\$1,417	\$1,333	0.0%	6.3%
Workers' Compensation ⁷		\$594	\$--	-\$183	NMF	NMF	\$13	\$--	\$801	NMF	-98.4%
Total Pers. Comp. & Benefits		\$5,808	\$5,176	\$5,039	12.2%	15.3%	\$28,822	\$28,727	\$28,712	0.3%	0.4%
Total Non-Personnel Expenses		\$1,618	\$1,649	\$1,714	-1.9%	-5.6%	\$8,598	\$8,964	\$9,073	-4.1%	-5.2%
Total Expenses (incl. interest)		\$7,467	\$6,868	\$6,796	8.7%	9.9%	\$37,656	\$37,938	\$38,005	-0.7%	-0.9%

WORKHOURS ^{1,2,3}		Current Period					Year-to-Date				
Workhours (Thousands)		Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
City Delivery		31,230	31,597	33,449	-1.2%	-6.6%	173,615	174,297	177,569	-0.4%	-2.2%
Mail Processing		14,198	13,843	15,134	2.6%	-6.2%	82,426	81,828	84,495	0.7%	-2.4%
Customer Services & Retail		10,379	10,306	11,146	0.7%	-6.9%	57,936	57,742	60,137	0.3%	-3.7%
Rural Delivery		16,785	17,043	17,281	-1.5%	-2.9%	93,243	94,026	92,356	-0.8%	1.0%
Other		13,275	13,643	13,682	-2.7%	-3.0%	70,777	71,716	70,128	-1.3%	0.9%
Total Workhours		85,867	86,432	90,692	-0.7%	-5.3%	477,997	479,609	484,685	-0.3%	-1.4%

¹/February 2025 had one fewer delivery day and one fewer retail day compared to February 2024. YTD has one fewer delivery day and 1.75 fewer retail days compared to the same period last year (SPLY). ²/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. ³/Excludes all International. ⁴/Includes Current Period Market Dominant Volume of 10,625 and Revenue of \$16,506; SPLY Market Dominant Volume of 12,503 (-15.0%) and Revenue of \$19,558 (-15.6%). Also includes Current Period Competitive Volume of 9,772 and Revenue of \$89,840; SPLY Competitive Volume of 10,746 (-9.1%) and Revenue of \$97,859 (-8.2%). ⁵/ This represents the US Office of Personnel Management (OPM) estimated amortization expense related to the Federal Employee Retirement System (FERS) and Civil Service Retirement System (CSRS). The actual invoices will be received between September 2025 and October 2025. ⁶/This represents non-cash adjustments: the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater.

All the Official Stuff

Federal Register

Postal Service

NOTICES

March 26: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 13796.

March 27: Sunshine Act Meeting, 13899; Product Change [22]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [9], 13898, 13898, 13898, 13899, 13899, 13900, 13900, 13901, 13902; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [13], 13898, 13898, 13899, 13899, 13900, 13900, 13900, 13901, 13901, 13901, 13901, 13901, 13902.

April 2: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 14491-14492; Product Change [14]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [2], 14491, 14492; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [11], 14490, 14490, 14491, 14491, 14491, 14491, 14492, 14492, 14492, 14492, 14493; USPS Ground Advantage Negotiated Service Agreement, 14490.

April 3: Privacy Act of 1974; System of records, 14666-14669.

PROPOSED RULES

[None].

FINAL RULES

April 1: Priority Mail Express Service Standard, 11802-11804.

Postal Regulatory Commission

NOTICES

March 25: New Postal Products, 13637-13638.

March 26: New Postal Products, 13795-13796.

March 27: New Postal Products, 13897-13898.

March 28: New Postal Products, 14171-14172.

March 31: New Postal Products, 14277-14278.

April 1: New Postal Products, 14399.

April 2: New Postal Products, 14489-14490.

April 3: New Postal Products, 14665.

USPS Industry Alerts

March 24, 2025

Postal Service Postmaster General/CEO Leadership Transition

Postmaster General Louis DeJoy: “After nearly five years as America’s 75th Postmaster General, and after informing the Governors in February of my intention to retire, I have today informed the Postal Service Board of Governors that today will be my last day in this role. I believe strongly that the organization is well positioned and capable of carrying forward and fully implementing the many strategies and initiatives that comprise our transformation and modernization, and I have been working closely with the Deputy Postmaster General to prepare for this transition. While our management team and the men and women of the Postal Service have established the path toward financial sustainability and high operating performance – and we have instituted enormous beneficial change to what had been an adrift and moribund organization – much work remains that is necessary to sustain our positive trajectory. I am confident that Doug will continue our positive momentum during the period when the Governors undertake the important work of identifying and selecting the next Postmaster General. I also have no doubt that the entirety of the Postal Service will aggressively shape its future and become more efficient, capable, and competitive as it continuously changes and improves to best serve the American public. It is with great pride that I pass the baton to Deputy Postmaster General, Doug Tulino, until the Governors name my permanent successor. The Governors have hired a search firm in support of those efforts, which are well underway. I shall cheer on America’s 76th Postmaster General and the 640,000 men and women of the United States Postal Service who I have called my colleagues and friends for close to five years. It has been one of the pleasures of my life and a crowning achievement of my career to have been associated with this cherished institution, the United States Postal Service.”

April 4: Notice Initiating Docket(s) for Recent Postal Service Competitive Negotiated Service Agreement Filings, 14873-14874.

April 7: New Postal Products, 115012-15013.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

March 27: International Service Suspension Notice – effective March 28, 2025. [Libya]

March 27: International Service Resumption Notice – effective March 28, 2025. [Syria]

Postal Bulletin (PB 22673, April 3)

- Effective **April 3**, Publication 52, *Hazardous, Restricted, and Perishable Mail* (Pub 52), subchapter 473, is revised to allow covered products authorized under the Business or Regulatory and Certain Individuals Exceptions to be shipped by USPS Ground Advantage in addition to Priority Mail Express and Priority Mail. Previously, there was no shipping option available within these exceptions to permit the shipment of used, damaged, or defective electronic nicotine delivery systems (ENDS) that are restricted to surface transportation. This revision also clarifies that postage must be prepaid. Although the Postal Service will publish these revisions in Pub 52 at a later date, the standards are **effective immediately**.
- Effective **April 3**, Publication 223, *Directives and Forms Catalog*, is revised to include current information for the items noted in this article.
- Effective **April 3**, Publication 431, *Post Office Box Service and Caller Service Fee Groups*, is revised to include the changes noted.

Postal Bulletin announcements of revisions to the DMM, IMM, or other publications often contain two dates: when a revised document is effective, and when a revised standard is effective. The effective date of a revised standard is typically earlier than when it will appear in a revised publication.

United States Postal Service Chair Amber McReynolds: “Louis DeJoy has steadfastly served the nation and the Postal Service over the past five years,” said Amber McReynolds, chairwoman of the Board of Governors. “The Governors greatly appreciate his enduring leadership and his tireless efforts to modernize the Postal Service and reverse decades of neglect.” McReynolds added, “Louis is a fighter, and he has fought hard for the women and men of the Postal Service and to ensure that the American people have reliable and affordable service for years to come. I commend Postmaster General DeJoy for inspiring the Postal Service with strategic direction, a competitive spirit, and a culture of achievement that comes from the successful implementation of large-scale change. I have seen this spirit of purpose grow steadily during my time on the Board of Governors, and I am confident it will continue to grow as progress begets further progress, and the promise of a transformed and modernized Postal Service is fully realized.”

March 26, 2025

Possible Package Delays: Baton Rouge, Louisiana Processing and Distribution Center

Customers may experience package delays from the Baton Rouge, Louisiana Processing and Distribution Center, 8101 Bluebonnet Blvd., Baton Rouge, LA 70810. The Postal Service is temporarily utilizing the Houston, Texas Regional Processing and Distribution Center to assist with originating processing. We apologize for any inconvenience you may have experienced as we work to restore the level of service you expect and deserve. Customers are encouraged to visit our Service Alerts page at [Service alerts - Newsroom - About.usps.com](#) for up-to-date information on service impacts.

March 26, 2025

International Service Resumption Notice – Effective March 28, 2025

Effective Friday, March 28, 2025, the Postal Service will resume acceptance of mail destined to the following: **Syria**. This service resumption affects the following mail classes: Priority Mail Express International (PMEI), Priority Mail International (PMI), First-Class Mail International (FCMI), and First-Class Package International Service (FCPIS) items. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

March 26, 2025

International Service Suspension Notice – Effective March 28, 2025

Effective March 28, 2025, the Postal Service will suspend international mail acceptance to Libya until further notice due to unavailable transportation. Customers are asked to refrain from mailing items addressed to the following countries, until further notice: **Libya**. This service disruption affects Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), and International Priority Airmail (IPA) items. Unless otherwise noted, service suspensions to a particular country do not affect delivery of military and diplomatic mail. For already deposited items, Postal Service International Service Center (ISC) employees will endorse the items as “Mail Service Suspended — Return to Sender” and then place them in the mail stream for return. According to DMM 604.9.2.3, customers are entitled to a full refund of their postage costs when service to the country of destination is suspended. The Postal Service is closely monitoring the situation and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

March 28, 2025

2025 National Postal Forum (NPF) Leadership Insight Sessions

Attendees will have unique opportunities to learn directly from USPS executives on wide ranging topics as part of the USPS Leadership Insight Sessions. These sessions are designed to provide high-level perspectives and strategic guidance on the most pressing issues, innovations and developments shaping the mailing and shipping industry. From enhancing public service responsiveness to rebuilding infrastructure with cutting-edge technology, these sessions offer a comprehensive view of USPS planning, progress, and strategic goals. The Leadership Insight Sessions are scheduled throughout the four days of NPF. Session information is provided below including presenters, dates, and times of presentations. All Leadership Insight Sessions will take place in Presidential Ballroom D at the Gaylord Opryland Resort and Convention Center. More information can be found on-site in the NPF Program Guide, on the NPF app (coming soon), or on NPF’s website: www.npf.org. In addition to the Leadership Insight Sessions, NPF offers an abundance of educational and networking opportunities including two Keynote sessions, over 120 workshops, 170+ exhibitors in the Exhibit Hall, a Peer-to-Peer networking session, a Consultation Center, multiple certifications, and a Wednesday guest speaker, Postal Historian, Jim Bruns. NPF takes place April 27-30, in Nashville, Tennessee. Registration is closing soon; to register for the Forum, visit www.npf.org. All discount information is under the [registration info](#) tab on the website. We look forward to seeing you soon.

March 28, 2025

Commercial System Releases – April 10, 2025

On Sunday, April 10, 2025, the United States Postal Service has scheduled software updates that is critical to its infrastructure. We apologize for any inconvenience. All Business Service Administrators (BSAs) should alert their impacted stakeholders. During normal business hours M-F (7:00 AM CT – 7:00 PM CT), direct any inquiries or concerns to the Mailing and Shipping Solutions Center (MSSC) via eMail MSSC@usps.gov or telephone (877) 672-0007.

March 31, 2025

Mailing & Shipping Solutions Center (MSSC) Announces eVS Helpdesk Transition

EFFECTIVE IMMEDIATELY. With the retirement of the Electronic Verification System (eVS) program, the eVS Helpdesk is transitioning to the USPS Ship Helpdesk. As part of this transition, a new email address has been established for the USPS Ship helpdesk, however, the phone number will not be changed. IMPORTANT NOTE: The transition should have no impact on customers contacting the helpdesk by phone or email. Submit a request by phone: 877-264-9693 or 1-877-672-0007 Option 7, Option 1. Submit a request by email: USPSShipSupport@usps.gov.

April 1, 2025

USPS Aligns Priority Mail Express Product with Delivering for America Plan Initiatives

The Postal Service is refining the service standard for domestic retail and commercial Priority Mail Express service to align with operational initiatives that the Postal Service is implementing on a nationwide basis to transform our processing and transportation networks to achieve greater operational precision and efficiency, significantly reduce costs, and enhance service pursuant to the Delivering for America strategic plan (DFA Plan). Consistent with these efforts and the refinements to service standards for Market Dominant products announced on February 28, 2025, the Postal Service issued a final rule updating its service standards for Priority Mail Express. The final rule states that Priority Mail Express delivery service will have a 1-day, 2-day, or 3-day service standard depending on various factors, including the date on which the item is accepted by the Postal Service and the origin and destination 5-digit ZIP Code. This revision does not affect any other current product features. Priority Mail Express will continue to be a money-back guaranteed product with delivery available 7 days a week in certain areas. The final rule will go into effect April 1, 2025, with the first phase of the larger service standard refinement.

April 1, 2025

Mail Spoken Here – March Edition – Industry Engagement & Outreach Newsletter

Please enjoy the latest edition of Mail Spoken Here attached. The newsletter contains informative and important articles on the following topics: USPS releases statements on leadership transition; Duncan steps down from USPS board; New Chief Retail and Delivery Officer and VP appointees; Board Chair visits Nevada facilities; Betty White Stamps and more; Enhancing service standards; MSSC Announcements; New mailing process for Cremated Remains; 2025 National Postal Forum – Leadership Insight Sessions. – Industry Engagement Strategy, Corporate Affairs.

April 4, 2025

2025 National Postal Forum Online Registration Extended

Due to overwhelming demand, online registration for the National Postal Forum (NPF), the largest shipping and mailing conference, has been extended to April 11, 2025. Join thousands of mailing and shipping professionals from across the nation for four powerful days of innovation, education, and collaboration from April 27-30 at the Gaylord Opryland Convention Center in Nashville, Tennessee. Conference highlights: Eight Leadership Insight sessions led by officers and executives of the Postal Service who will cover a variety of topics including Security, Retail and Delivery Operations, IT, Public Service Responsiveness, Transportation, Network and Logistics; Over 120 expert-led workshops and sessions, including sessions that provide the opportunity to qualify for the special Credly badge certification; The industry's largest Expo floor with 170+ exhibitors, encompassing the entire shipping and mailing supply chain; Exclusive networking events, including the closing event in the Delta Ballroom at the Gaylord Opryland Convention Center. NPF is only 22 days from today so don't delay and register now through April 11, 2025. For more information on how to register and for information on how to take advantage of discounts, visit: www.npf.org.

Calendar

To register for any Mailers Hub webinar, go to MailersHub.com/events

Starting January 9, 2025, Mailers Hub webinars will be at 1pm on **Thursdays**, rather than Tuesdays, to minimize conflicts with other events.

April 10 – **Mailers Hub Webinar** – OIG Update

April 24 – **Mailers Hub Webinar** – The April Price Filing

April 27-30 – National Postal Forum, Nashville (TN)

May 15 – **Mailers Hub Webinar**

June 5 – **Mailers Hub Webinar**

June 8-12 – IPMA Conference, Spokane (WA)

July 12-16 – NACUMS Conference, Louisville (KY)

June 26 – **Mailers Hub Webinar**

July 17 – **Mailers Hub Webinar**

July 22-23 – MTAC Meeting, USPS Headquarters

August 7 – **Mailers Hub Webinar**

August 28 – **Mailers Hub Webinar**

September 18 – **Mailers Hub Webinar**

October 7-8 – MTAC Meeting, USPS Headquarters

October 9 – **Mailers Hub Webinar**

October 22-24 – Printing United, Orlando (FL)

October 30 – **Mailers Hub Webinar**

November 20 – **Mailers Hub Webinar**

December 11 – **Mailers Hub Webinar**



The services of Brann & Isaacson are now available to provide legal advice to subscribers. The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters. As part of their subscription, Mailers Hub subscribers get an annual consultation (up to one hour) from Brann & Isaacson, and a reduced rate for additional legal assistance. The points of contact at Brann & Isaacson are: Martin I. Eisenstein; David Swetnam-Burland; Stacy O. Stitham; Jamie Szal. They can also be reached by phone at (207) 786-3566.

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Join us in celebrating the 10th anniversary of Canon sheetfed inkjet! Since the 2015 debut of the varioPRINT i300, Canon has revolutionized production printing with a range of sheetfed inkjet presses that blend the flexibility of offset with the speed and efficiency of digital. The i300 offered a breakthrough in productivity for high-volume printers, providing an alternative to higher-cost inkjet web presses and slower toner-based printers. It opened new market opportunities in a cost-effective way.

Canon then introduced the varioPRINT i300+ and the industry-leading varioPRINT iX3200, which have made Canon the market share leader in high-volume sheetfed inkjet for most years since 2015. With over **700 installations worldwide** and more than **60 billion images printed**, Canon continues to lead in the field.

"We're proud of how far we've come," said Kiyoshi Oka, Executive Vice President at Canon U.S.A. "Innovation has been key to our journey, and we're excited to continue advancing sheetfed inkjet technology."

Canon's sheetfed inkjet technology has empowered printers to achieve impressive results. Built on customer feedback, it continues to evolve in line with Canon's commitment to helping customers stay ahead in an ever-changing industry. The company's THINK inkjet community has fostered a space for printers to share success stories, showcasing the transformative impact of Canon's technology on their operations.

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USPS FINAL RULE – Priority Mail Express Service Standard

POSTAL SERVICE

39 CFR Part 111

Priority Mail Express Service Standard

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is amending *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) in various sections to refine the service standard for domestic retail and commercial Priority Mail Express delivery service.

DATES: Effective Date: April 1, 2025.

FOR FURTHER INFORMATION CONTACT: Catherine Knox at (202) 268-5636 or Garry Rodriguez at (202) 268-7281.

SUPPLEMENTARY INFORMATION: The Postal Service is refining the service standard for domestic retail and commercial Priority Mail Express service to align with operational initiatives that the Postal Service is implementing on a nationwide basis to fundamentally transform our processing and transportation networks to achieve greater operational precision and efficiency, significantly reduce costs, and enhance service pursuant to the Delivering for America strategic plan (DFA Plan). These operational initiatives will comprehensively transform the Postal Service's operations to address problems that exist today and create a network that enables the integrated movement of mail and packages in a precise and cost-effective manner consistent with best business practice far into the future. They should also lead to substantial cost savings (conservatively estimated at between \$3.6 to \$3.7 billion annually), which is critical given the Postal Service's current poor financial condition, which can be addressed only through comprehensive changes to reduce costs and increase efficiency (in conjunction with the other elements of the DFA Plan). To implement these initiatives and achieve these cost savings, the Postal Service must refine its service standards for all products, including Priority Mail Express.

The current Priority Mail Express service standard requires the Postal Service to conduct separate trips to drop off destinating volume from the processing network to collection/delivery facilities in the morning for delivery that day, and then pick-up originating volume from the collection/delivery facilities to the processing network in the afternoon, or alternatively pay Highway Contract Route contractors to layover for multiple hours between the outbound and return legs of their routes. Many of these trips transport low amounts of volume to and from collection/delivery facilities that are far from the Postal Service's processing facilities. The Postal Service's Regional Transportation Optimization (RTO) initiative will eliminate some of the costs and inefficiencies associated with these excess trips by allowing certain mail and packages to be picked up the next day from the Post Office on the same trip that also dropped off mail at that Post Office for delivery that day. The Postal Service will designate 5-digit ZIP Codes for RTO when a retail/collection facility servicing that 5-digit ZIP Code is more than 50 miles from the originating Regional Processing and Distribution Center or Campus (RPDC), though exceptions may apply based on operational or business considerations. Under the new service standard, many packages will receive the same service standard, while some packages would have a service expectation that is one delivery day longer than the current expectation.

On October 4, 2024, the Postal Service requested from the Postal Regulatory Commission (PRC) an advisory opinion on the service standard changes needed to implement RTO, including those described herein, together with a comprehensive strategy of network modernization, in accordance with 39 U.S.C. 3661(b). The PRC then initiated Docket No. N2024-1, in which the PRC's Presiding Officer, its appointed Public Representative, and members of the public were given an opportunity to actively participate. The PRC also conducted a formal hearing with testimony on the record. The Postal Service's proffered evidence demonstrates significant benefits to implementing these operational initiatives and corresponding service standards consistent with the policies enumerated in Title 39 of the United States Code: user-friendly service standards formulated at the 5-digit Zip Code level; significant cost savings from productivity enhancements, consolidated local transportation trips, streamlined transportation between facilities within the redesigned network, an air network reoriented around RPDCs, lease terminations, and facility closures, all of which are critically important to achieving long-term financial sustainability; and ultimately, more reliable, predictable, sustainable, and consistent service. The proceeding culminated in an advisory opinion issued by the PRC on January 31, 2025. A description of the advisory opinion and the Postal Service's response was published in the Federal Register on February 28, 2025, and is available here: <https://www.federalregister.gov/documents/2025/02/28/2025-03168/service-standards-for-market-dominant-mail-products>.

As a result of this final rule, Priority Mail Express delivery service will have a 1-day, 2-day, or 3-day service standard depending on various factors, including the date on which the item is accepted by the Postal Service and the origin and destination 5-digit ZIP Code. This revision to refine the Priority Mail Express service standard will not affect any other current product features. Priority Mail Express will continue to be a money-back guaranteed product with delivery available 7 days a week in certain areas.

The Postal Service adopts the described changes to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the *Code of Federal Regulations*.

We will publish an appropriate amendment to 39 CFR part 111 to reflect these changes.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, the Postal Service amends *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the *Code of Federal Regulations* as follows (see 39 CFR 111.1):

PART 111 – [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401-404, 414, 416, 3001-3018, 3201-3220, 3401-3406, 3621, 3622, 3626, 3629, 3631-3633, 3641, 3681-3685, and 5001.
2. Revise *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:

USPS FINAL RULE – Priority Mail Express Service Standard

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

* * * * *

100 Retail Mail Letters, Cards, Flats, and Parcels

* * * * *

110 Retail Mail Priority Mail Express

113 Prices and Eligibility

1.0 Prices and Fees

* * * * *

4.0 Service Features of Priority Mail Express

* * * * *

[Revise the heading of 4.2 to read as follows:]

4.2 Priority Mail Express Delivery

4.2.1 Availability

[Revise the text of 4.2.1 to read as follows:] Priority Mail Express offers delivery in 1, 2, or 3 delivery days depending on various factors, including the date on which the item is deemed accepted by the Postal Service and the origin and destination ZIP Codes.

4.2.2 Acceptance

[Revise the text of 4.2.2 to read as follows:] Priority Mail Express items must be presented no later than the local Post Office acceptance time. Priority Mail Express items mailed after the local Post Office acceptance time are deemed to have been mailed on the next day the office is open, subject to the standards for this service.

4.2.3 Delivery Time

[Revise the first sentence of 4.2.3 to read as follows:] Items are delivered by 6 p.m. on the scheduled delivery day. If delivery is not made, the addressee is notified.* * *

4.2.4 Hold for Pickup

[Revise the text of 4.2.4 to read as follows:] Except for Priority Mail Express mailpieces containing cremated remains, under Hold for Pickup service, items presented under 4.2 are available for pickup by the addressee at the destination facility by 6 p.m. of the scheduled delivery day that the destination office is open for retail business.

[Delete 4.3, Priority Mail Express 2-Day Delivery, in its entirety and renumber 4.4 as 4.3.]

* * * * *

115 Mail Preparation

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[Revise the heading of 2.0 to read as follows:]

2.0 Priority Mail Express Labels

2.1 Mailing Label

[Revise the introductory text of 2.1 to read as follows:] Priority Mail Express items must be labeled as follows:

* * * * *

[Delete 2.3, ZIP Code Determination, in its entirety.]

* * * * *

116 Deposit

[Revise the heading of 1.0 to read as follows:]

1.0 Priority Mail Express Deposit

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200 Commercial Letters, Cards, Flats, and Parcels

* * * * *

210 Commercial Mail Priority Mail Express

213 Prices and Eligibility

1.0 Prices and Fees

* * * * *

4.0 Service Features of Priority Mail Express

* * * * *

[Revise the heading of 4.2 to read as follows:]

4.2 Priority Mail Express Delivery

4.2.1 Availability

[Revise the text of 4.2.1 to read as follows:] Priority Mail Express offers delivery in 1, 2, or 3 delivery days depending on various factors, including the date on which the item is deemed accepted by the Postal Service and the origin and destination ZIP Codes.

4.2.2 Acceptance

[Revise the text of 4.2.2 to read as follows:] Priority Mail Express items must be presented no later than the local Post Office acceptance time. Priority Mail Express items mailed after the local Post Office acceptance time are deemed to have been mailed on the next day the office is open, subject to the standards for this service.

4.2.3 Delivery Time

[Revise the first sentence of 4.2.3 to read as follows:] Except for items endorsed “Guaranteed by End of Day” per an approved customer agreement, items are delivered by 6 p.m. on the scheduled delivery day.* * *

4.2.4 Hold for Pickup

[Revise the text of 4.2.4 to read as follows:] Except for Priority Mail Express mailpieces containing cremated remains, under Hold for

USPS FINAL RULE – Priority Mail Express Service Standard

Pickup service, items presented under 4.2 are available for pickup by the addressee at the destination facility by 6 p.m. of the scheduled delivery day that the destination office is open for retail business.

[Delete 4.3, Priority Mail Express 2-Day Delivery, in its entirety and renumber 4.4 and 4.5 as 4.3 and 4.4.]

4.4 Open and Distribute

[Revise the text of renumbered 4.4 to read as follows:] Priority Mail Express delivery service may be used to expedite movement of any other class of mail from one domestic USPS facility to another by Priority Mail Express Open and Distribute subject to the standards in 705.18.0.

215 Mail Preparation

[Revise the heading of 2.0 to read as follows:]

2.0 Priority Mail Express Labels

2.1 Mailing Label

[Revise the introductory text of 2.1 to read as follows:] Priority Mail Express items must be labeled as follows:

[Revise the second sentence of item b to read as follows:]

- b. * * * Mailers authorized to present Priority Mail Express items using a Priority Mail Express Manifesting System must follow label preparation procedures in Publication 97, *Priority Mail Express Manifesting Business and Technical Guide*.

[Delete 2.3, ZIP Code Determination, in its entirety.]

216 Enter and Deposit

[Revise the heading of 1.0 to read as follows:]

1.0 Priority Mail Express Enter and Deposit

[Revise the introductory text of 1.0 to read as follows:] Commercial Priority Mail Express must be entered and deposited as follows:

[Revise items a and b by reversing the order. Revise the first sentence of reordered item a to read as follows:]

- a. Items must be entered or deposited by the local Post Office designated acceptance time.* * *

500 Additional Mailing Services

503 Extra Services

1.0 Basic Standards for All Extra Services

1.4.1 Eligibility – Domestic Mail

Exhibit 1.4.1 Eligibility – Domestic Mail

EXTRA SERVICE ELIGIBLE MAIL ADDITIONAL COMBINED EXTRA SERVICES

[Revise the COD entry by deleting the parenthetical under Priority Mail Express.]

Collect on Delivery (COD) Priority Mail Express

COD Restricted Delivery

9.0 Collect on Delivery (COD)

9.1 Basic Standards

9.1.5 Priority Mail Express COD

[Revise the first sentence of 9.1.5 to read as follows:] Any article sent COD also may be sent by Priority Mail Express when a signature is requested.* * *

600 Basic Standards for All Mailing Services

604 Postage Payment Methods and Refunds

9.0 Exchanges and Refunds

9.5 Priority Mail Express Postage and Fees Refunds

[Revise the heading of 9.5.1 to read as follows:]

9.5.1 Priority Mail Express Delivery

[Revise the text of 9.5.1 to read as follows:] For Priority Mail Express 1-day, 2-day, and 3-day delivery, the USPS refunds the postage and Sunday or holiday premium fee for an item not delivered, for an item for which delivery was not attempted, or if the item was not made available for claim by the delivery date and time specified at the time of mailing, subject to the standards for this service, unless the delay was caused by one of the situations in 9.5.5.

Colleen Hibbert-Kapler, Attorney, Ethics and Legal Compliance.