International Post Corporation

Postmaster General Statement on Operational Excellence and Financial Stability

27-07-2020

â€œThe Postal Service is in a financially unsustainable position, stemming from substantial declines in mail volume, and a broken business model. We are currently unable to balance our costs with available funding sources to fulfill both our universal service mission and other legal obligations. Because of this, the Postal Service has experienced over a decade of financial losses, with no end in sight, and we face an impending liquidity crisis.

Congress and the Postal Regulatory Commission must enact legislative and regulatory reforms to help address the situation. At the same time, it is imperative for the Postal Service to operate efficiently and effectively. Indeed, there are alternatives to every product that we offer, and the only way that the Postal Service can continue to provide prompt, reliable, and affordable universal postal services for all Americans over the long-term is by vigorously focusing on the efficiency of our operations.

To start with, we must better adhere to our existing operating plans, which were developed precisely to ensure that we meet our service standards in an efficient and effective manner. It is evident that the Postal Service has the ability to improve in that area. On the day that I was sworn in as Postmaster General by our Board of Governors, the Postal Service Inspector General issued a report entitled “U.S. Postal Service’s Processing Network Optimization and Service Impacts.” In that report our Inspector General indicated that the Postal Service spent $1.1 billion in mail processing overtime and penalty overtime, $280 million in late and extra transportation, and $2.9 billion in delivery overtime and penalty overtime costs in FY 2019. Yet, even after incurring these additional costs, the Postal Service has not seen material improvement in our service performance scores. While we did not fully agree with all aspects of OIG’s report, we did not dispute the fundamental conclusion that we need to redouble our efforts to focus on our plans to improve operational efficiency and to further control overtime expenditures. The Postal Regulatory Commission has also recognized in its most recent reports that the Postal Service is not on a sustainable path, and that we continue to fall short of achieving our service targets with regard to the majority of our market dominant products.

The Postal Service has spent the last four

years unsuccessfully trying to obtain reform legislation from Congress and pricing reform from the PRC, while remaining focused on the efficiency of our operations. Given our current situation, it is critical that the Postal Service take a fresh look at our operations and make necessary adjustments. We are highly focused on our public service mission to provide prompt, reliable, and efficient service to every person and business in this country, and to remain a part of the nation's critical infrastructure. However, changes must be made, and we will refocus on all of the items within our control, and propose changes to some that are not, in order to ensure that we will be able to continue to fulfill our universal service obligation to all of America."

Source: USPS

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