

MEMORANDUM

April 3, 2020

To: Members of the Committee

Fr: Committee Staff

Re: Member Briefing with the Postmaster General on Coronavirus Crisis

On **Monday, April 6, 2020, at 2:00 p.m.**, the Committee will host a video briefing for Committee Members with Postmaster General Megan J. Brennan to address the worsening financial condition of the Postal Service during the coronavirus crisis and possible legislative action to ensure continued delivery of essential information, packages, and services.

I. CORONAVIRUS CRISIS IS DEVASTATING POSTAL SERVICE FINANCES

The Postal Service has been a part of American society since 1775. It delivers letter, magazines, prescription medications, and other essential goods to 158.6 million delivery points—every address in the nation. The Postal Service comprises more than 31,600 retail locations and directly employs more than 650,000 people.¹ The Postal Service undergirds a more than \$1.7 trillion mailing industry that employs more than 7.5 million people.²

The coronavirus crisis has exacerbated the poor economic condition of the Postal Service, with mail volume dropping precipitously in the last two weeks. In March, Postal Service officials told Committee staff that it could see drops of as much as 50% in postal mail volume in coming weeks. These officials stated that without significant intervention from Congress and the President, the Postal Service could run out of operating capital as early as this summer.

Table 1 includes data provided by the Postal Service to the Committee showing the differences in mail delivery volume per day compared to the same periods in the previous year. According to this data, mail volume dropped by an average of 5.3% for the week ending on March 21 and by 7.5% for the week ending on March 28, compared to those same weeks in 2019.

¹ U.S. Postal Service, *About the United States Postal Service* (online at <https://about.usps.com/who/profile>).

² U.S. Postal Service, *Sizing It Up* (online at <https://facts.usps.com/size-and-scope>).

The drop in delivered mail volume appears to be growing as the pandemic continues. In the week ending on March 28, the Postal Service saw a 5% increase in package sales when compared to the same week in 2019. But package sales traditionally represent only 20% to 30% of the Postal Service’s overall revenue. The increase in package delivery is not large enough to overcome the precipitous drops in volume and revenue in other mail categories.

Table 1: Difference in Mail Delivery by Day, Compared to the Same Period Last Year (SPLY)

Delivery Date	Delivery Day	Total Delivered Mail Volume %SPLY	Total Delivered Packages % SPLY
3/16/2020	Monday	4.80%	-1.50%
3/17/2020	Tuesday	-2.80%	-5.70%
3/18/2020	Wednesday	-7.20%	-2.10%
3/19/2020	Thursday	-8.70%	0.40%
3/20/2020	Friday	-12.10%	-0.20%
3/21/2020	Saturday	-10.60%	1.70%
Total Week		-5.30%	-1.00%
3/22/2020	Sunday		55.80%
3/23/2020	Monday	-0.50%	5.00%
3/24/2020	Tuesday	-12.80%	-3.30%
3/25/2020	Wednesday	-12.50%	4.50%
3/26/2020	Thursday	-6.60%	3.10%
3/27/2020	Friday	-7.20%	3.60%
3/28/2020	Saturday	-7.20%	7.50%
Total Week		-7.50%	5.00%
3/29/2020	Sunday		52.30%
3/30/2020	Monday	-13.10%	10.70%
3/31/2020	Tuesday	-17.70%	3.20%
4/1/2020	Wednesday	-27.80%	9.50%
Week to Date		-18.80%	10.60%

Postal officials and the Board of Governors are working to develop three longer-term financial scenarios for the Postal Service to more precisely determine when it will run out of operating capital. These financial projections will incorporate various assumptions for future postal sales—one that assumes a short-term drop in sales, one that assumes a longer time to sales recovery, and a third that assumes many mail customers could decide to no longer use Postal services, as happened in the wake of the 2008 recession.

Rural customers would bear the brunt of a Postal Service collapse, likely paying much higher rates to compensate for the costs of more distant deliveries. Additional consequences of the collapse are unclear, but could reverberate in various adjacent industries, including trucking,

printing, paper, greeting cards, lumber, catalog companies, publishers, charities, banks, insurance companies, utilities, retail companies.³

II. THE POSTAL SERVICE IS A CRITICAL PART OF THE NATION'S INFRASTRUCTURE, PARTICULARLY DURING THE PANDEMIC

The Postal Service continues to serve the nation throughout the coronavirus crisis and has been designated an essential government service:

The postal system is used to deliver, among other things, important government information and benefits, mail that is essential to the functioning of our economy, election materials, and package containing vital necessities, including medicines and other goods, and is part of the nation's critical infrastructure.⁴

In the last fiscal year, the Postal Service delivered more than 1 billion vital prescription drugs to customers.

In addition to delivering essential items during the pandemic, the Postal Service likely will play an increasingly important role in the upcoming Presidential elections. Currently, nearly 26% percent of citizens vote through vote-by-mail options.⁵ Voting-by-mail is likely to increase in the coming election, particularly for the elderly, those with underlying health conditions, and citizens who wish to avoid large crowds at polling stations.

Pursuant to a joint Postal Service and Department of Health and Human Services memorandum offering a "model for the delivery of medical countermeasures" following a biological attack, the Postal Service "has the capacity for rapid residential delivery of" any antidote or vaccine that can be self-administered to "all communities in the United states."⁶ The memorandum stated:

The capacity of USPS to deliver self-administrable [medical countermeasures] within one day to every residence in an at-risk geographic area, as defined by the Incident Commander, is a unique response asset.

President Trump employed the Postal Service's essential infrastructure to mail a flyer to all residential addresses during the week of March 23rd.

³ *A Postal Primer: The Basics and Pivotal Issues Affecting the Future of the United States Postal Service*, Coalition for a 21st Century Postal Service (Apr. 16, 2019) (online at <https://21stcenturypostal.org/wp-content/uploads/2019/08/C21-Postal-Primer-2019-Final.pdf>).

⁴ U.S. Postal Service, *USPS Coronavirus Updates for Residential Customers* (online at <https://faq.usps.com/s/article/USPS-Coronavirus-Updates-for-Residential-Customers>).

⁵ U.S. Election Assistance Commission, *Election Administration and Voting Survey: 2018 Comprehensive Report* (Jan. 2018) (online at www.eac.gov/sites/default/files/eac_assets/1/6/2018_EAVS_Report.pdf).

⁶ U.S. Postal Service and Department of Health and Human Services, *National Postal Model for the Delivery of Medical Countermeasures* (Sept. 29, 2011) (online at www.phe.gov/Preparedness/planning/postal/Pages/default.aspx).

Each year, the Postal Service activates its vast network to hold the nation’s largest one-day food drive. In 2018, this effort garnered 71 million pounds of food from more than 10,000 cities and towns from all 50 U.S. states and the territories. More than 1.5 billion pound of food have been collected since 1993.⁷

III. ENSURING THE SAFETY OF POSTAL EMPLOYEES AND CUSTOMERS

A. Health and Safety of the Postal Workforce

The Postal Service has taken several steps to reduce the possible spread of the coronavirus among employees to ensure continuity of service throughout the pandemic. Postal Service officials continue to follow Centers for Disease Control and Prevention (CDC) guidelines and measures and implement measures from public health departments.⁸

As of April 1, 2020, reports indicate that 230 Postal Service employee have tested positive for coronavirus. Some Postal employees have died from the disease, but it is currently unclear how many.⁹

Postal workers are covered by the Families First Coronavirus Response Act, which provides employees with two additional types of leave. Employees with a qualifying circumstance are eligible for up to 80 hours of paid emergency sick leave. Employees who have a minor child whose school or place of care is closed are also eligible for leave under the Family and Medical Leave Act (FMLA), including ten weeks of leave that is paid. These provisions will apply from April 1, 2020, through December 31, 2020.¹⁰

The Postal Service has also provided non-career employees, who normally lack access to sick leave, 80 hours of sick leave.¹¹

Employees are involved in “stand-up talks,” formal, written mandatory employee discussions on new policies and guidance. The Postal Service also posts a daily newsletter on its internal website that provides employees information about the coronavirus and other relevant news. Postal Service officials also established an email box for employee-related concerns about health and safety, and all inquiries are required to receive a response.¹²

⁷ U.S. Postal Service, *Serving Communities* (online at <https://facts.usps.com/people>).

⁸ U.S. Postal Service, *How Can We Help? USPS Coronavirus Updates for Residential Customers* (online at <https://faq.usps.com/s/article/USPS-Coronavirus-Updates-for-Residential-Customers>).

⁹ *United States Postal Service Reports Postal Employees’ Deaths From Coronavirus, “Not Immune” to Financial Downturn*, Federal News Network (Apr. 1, 2020) (online at <https://federalnewsnetwork.com/workforce/2020/04/usps-reports-postal-employees-deaths-from-coronavirus-not-immune-to-financial-impact/>).

¹⁰ Pub. L. No. 116-127 (2020).

¹¹ Email from U.S. Postal Service to Staff, Committee on Oversight and Reform (Mar. 24, 2020).

¹² *Id.*

B. Health and Safety of Customers

To ensure the health and safety of customers, the Postal Service has placed “social distancing signs” in post offices’ inner and outer lobbies. No more than ten customers are allowed in a facility at the same time, and patrons are asked to keep a minimum of six feet between themselves and others.

The Postal Service also “instructed managers to erect a Plexiglas or shower curtain shield in retail facilities where feasible” and “to have window clerk stationed at every other counter where there is sufficient space to do so.”¹³ Both the World Health Organization and the CDC have stated that there is low risk of transferring coronavirus through mail or packages.¹⁴

C. Health and Safety at Nursing Homes

Some stakeholders have expressed concerns about delivery locations that house populations that are particularly at risk during the coronavirus pandemic, including nursing homes and assisted living facilities. In some cases, letter carriers allegedly were being asked to have their temperature taken or to undergo other questioning or testing before they were permitted to enter a facility to deliver mail.¹⁵

Facilities may choose to have mail delivered to a receptacle located outside of the facility. Nursing homes or health care facilities also may choose to arrange to pick up their mail at the local Post Office.¹⁶ Nursing homes and other applicable health care facilities should have a received a letter from their carrier outlining this policy.¹⁷

III. POSTAL SERVICE NEEDS IMMEDIATE LEGISLATIVE ASSISTANCE

H.R. 6379, the Take Responsibility for Workers and Families Act, introduced on March 23, 2020 and currently referred to multiple House committees, included several provisions to provide financial relief to the Postal Service and otherwise address the current emergency, including:

- A \$25 billion emergency appropriation for lost revenue. The Postal Service’s most recent estimate of revenue lost is between \$8 and \$17 billion between now and the end of the fiscal year.

¹³ Email from U.S. Postal Service to Staff, House Committee on Oversight and Reform (Mar. 28, 2020).

¹⁴ World Health Organization, *Q&A on Coronaviruses (COVID-19)* (online at www.who.int/news-room/q-a-detail/q-a-coronaviruses); Centers for Disease Control and Prevention, *Coronavirus Disease 2019 (COVID-19)* (online at www.cdc.gov/coronavirus/2019-ncov/faq.html).

¹⁵ *COVID-19 Outbreak Has Senior Homes Worried About Mail*, WGN9 (Mar. 17, 2020) (online at <https://wgntv.com/news/coronavirus/covid-19-outbreak-has-senior-homes-worried-about-mail/>).

¹⁶ Email from U.S. Postal Service to Staff, Committee on Oversight and Reform (Mar. 24, 2020).

¹⁷ Email from U.S. Postal Service to Staff, Committee on Oversight and Reform (Mar. 28, 2020).

- Elimination of the Postal Service’s existing debt to the Department of the Treasury (\$11 billion), resetting the existing debt cap of \$15 billion (excluding the new borrowing authority in the CARES Act).
- A requirement that the Postal Service prioritize medical deliveries and the authority to establish alternate delivery points.

Unfortunately, the final bill adopted by the Senate and signed by the President, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provided no direct funding to help the Postal Service. Instead, it provided the Postal Service with new borrowing authority of up to \$10 billion from the Department of the Treasury and directed the Postal Service to prioritize the delivery of medical supplies. The \$10 billion in borrowing authority is subject to terms that must be agreed to by the Department of the Treasury and the Postal Service.¹⁸

New borrowing authority alone is insufficient to address the Postal Service’s financial crisis. The Coalition for a 21st Century Postal Service, a collection of large corporations and trade associations that rely on the Postal Service, asked Congress to provide the Postal Service with adequate emergency funding, “warning that any less than \$15 billion would only keep it operating until September, and could lead to sever cutbacks or even collapse of mail and package delivery by mid-summer.” The Coalition added: “Debt relief alone is not a solution.”¹⁹ Employee representatives, including unions and management associations, agree with that assessment.

IV. BRIEFER

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¹⁸ Pub. L. No. 116-136.

¹⁹ Coalition for a 21st Century Postal Service, *Rescue U.S. Postal Service with Coronavirus Relief Package* (Mar. 31, 2020) (online at <https://21stcenturypostal.org/business-community-urges-congress-to-rescue-u-s-postal-service-with-coronavirus-relief-package/>).