

**Questions for The Honorable Ron Bloom
Chairman, United States Postal Service Board of Governors**

Questions from Chairman Gerald E. Connolly, Subcommittee on Government Operations

February 24, 2021, Hearing: “Legislative Proposals to Put the Postal Service on Sustainable Financial Footing”

1. How will you ensure that any hike in rates will not result in reducing the customer base and harming the Postal Service’s long-term financial viability, when mailers seek alternatives to using the Postal Service?

Response:

Pricing decisions are based on carefully weighing volume loss in response to price increases with additional revenue necessary to fund universal service. While we cannot predict impact on any individual customer, we do consider the cost of alternatives and the value of mail in meeting customers’ needs when determining price levels. We seek both formal and informal feedback and utilize market research to inform pricing decisions.

2. Less than a week after this hearing, Postmaster General DeJoy introduced sweeping operation reforms to the Postal Service, including offering buyouts to staff and consolidating regions. Were you informed of and allowed to provide input on these changes?

Response:

To clarify, the voluntary early retirement (VER) offer does not include a separation incentive, or buyout. While the VER offer and district reorganization did not require the approval of the Postal Service Governors, these two items were reviewed and approved by the Board as part of the comprehensive plan to revitalize the Postal Service. The development of our Plan was a joint effort of the Board, the Postmaster General and Postal Service management.

3. Did you encourage Mr. DeJoy to heed the findings of two inspector general reports that criticized his failure to engage Congress prior to making sweeping operational changes?

Response:

The Postmaster General has been engaging Congress on our revitalization plan, including testifying before Congress twice in the past month. I will encourage him to continue this engagement.

4. Did Mr. DeJoy engage affected stakeholders when developing these operational changes? Please explain your response.

Response:

Dating back to last summer, the Executive Leadership Team was consulted and involved in the decision-making processes for the reorganization. Internally, the Human Resources department consulted with operational subject matter experts to provide consultation support to the leadership during the decision-making process.

With regard to the third phase of the organizational changes, the Chief Retail & Delivery Officer, the Chief Logistics & Processing Officer and key members of their leadership teams were engaged with developing the new District organizational structure. Similar to the August announcements, Human Resources provided consultation support to the leadership during the decision-making process.

5. What was the Board of Governors' role in helping to develop, vet, and oversee the implementation of these operational changes?

Response:

Postal Service management reviewed these two items with the Board and we approved them as part of the comprehensive plan to revitalize the Postal Service.

6. What is your responsibility as both a Member and Chairman of the Postal Board of Governors in addressing the unprecedented service standards failures plaguing the Postal Service?

Response:

As you know, the Board is responsible for overseeing the Postal Service's efforts to meet our statutory obligations to provide universal service to the American people while remaining self-funding. My responsibility as a Governor is to serve the public interest, and advocate for those changes that, in my opinion, give the Postal Service the best chance to meet these obligations. The Board oversees Postal Service management and fully recognizes the service challenges that have occurred during the pandemic and the recent peak season. These challenges are the result of the fact that the Postal Service has an outmoded network that is not resilient or capable of adapting to changing circumstances, due to years of financial stress, underinvestment, unachievable service standards, and a lack of operational precision. For this reason, the Board has worked with Postal Service management, including the Postmaster General, on a comprehensive plan for Postal Service revitalization. This plan is designed to ensure that the Postal Service is able to perform its essential public service mission and meet our universal service obligation in a reliable and affordable manner, to continue to deliver to 161 million American households six and seven days each week and to achieve financial sustainability.

7. In the midst of the COVID-19 pandemic, the Postal Service has continued to discuss reducing postal services from six days per week to five. I have introduced H. Res. 114 to have Congress urge the Postal Service not to reduce delivery days, which would slow down delivery and increase the cost of postal services. How can you ensure that a shorter postal delivery schedule would not result in longer delivery times and more need for overtime pay to compensate for the shorter delivery week?

Response:

In order to confront the Postal Service's long-standing financial and service performance issues, we have been developing a ten-year strategy that will reinforce the Postal Service's strengths and address our weaknesses. As part of the plan, we commit to six-day a week delivery service to every address in the nation. This will include meaningful growth in our service offerings for small and mid-sized businesses so they can take full advantage of our network and participate in the digital economy. Based upon our commitment to six-day mail and seven-day package delivery, we have not discussed reducing delivery to five days in quite some time.

8. How does the recent \$482 million Postal Service contract for a modern delivery vehicle fleet ensure that the fleet is electric or hybrid?

Response:

The initial delivery order of \$482 million under the terms of the Next Generation Delivery Vehicle (NGDV) contract covers the non-recurring engineering costs to finalize the production design for both Internal Combustion Engine (ICE) and Battery Electric Vehicle (BEV) vehicles, as well as tooling and build out of the production facility. Among other things, this will allow BEV and ICE vehicles to be produced simultaneously once production deliveries begin in late 2023. This investment provides us with needed flexibility and reflects our commitment to support an electric vehicle future.