

FW: Background on the U.S. Postal Service

From: "Lee, Jane (McConnell)" [Redacted] Senate email
To: "Kowalski, Daniel" <daniel.kowalski@treasury.gov>
Date: Tue, 18 Aug 2020 10:41:19 -0400
Attachments: Background on status of USPS.docx (163.3 kB)

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Postal	10
UI	170
Approps (ED, Vaccines, Therapeutics)	150
PPP	157.7
Liability	0
(\$B)	487.7

Table here.
And the name of HSGAC's postal POC below.

Subject: Background on the U.S. Postal Service

For the information of Republican staff, we have put together a two page document on the current status of the U.S. Postal Service, including their current financial situation, changes to overtime, and election mail.

Please do not hesitate to reach out with questions.

Thanks,

Patrick Bailey
Chief Counsel for Governmental Affairs
U.S. Senate Committee on Homeland Security
and Governmental Affairs
Chairman Ron Johnson
(b)(6)

HSGAC Memorandum

To: Senate Staff
 From: HSGAC Majority Staff
 Date: { DATE \@ "MMMM d, yyyy" }
 Re: Information regarding the United States Postal Service

USPS Finances During COVID-19 and Associated Lockdown Orders

- During the first weeks of the pandemic (March 16-April 19), USPS revenues were 9.1% lower than USPS planned for that period.
- Based on those difficult weeks, USPS projected losses of \$23 billion over 18 months, and subsequently requested Congress provide \$25 billion to cover these losses, \$25 billion in “modernization grants” and to wipe clean their line of credit with Treasury.
- However, beginning the week of April 20, USPS saw a substantial increase in package volume, which rose to an 80.5% increase at its peak the week of May 18, and has sustained an average increase of 51% since March.
- As a result, USPS revenues from March 16 to present were **\$28,529,694,781**, a **\$1,389,223,831** increase over the same period last year.
- USPS incurred additional operational costs due to shifts in air traffic schedules, purchases of PPE, and paid leave. However, these costs have not exceeded the increase in revenue.
- This is reflected in USPS’s \$15 billion “cash on hand” which has increased by about \$750 million since March (external factors like a \$3.4b loan and deferred SSA payroll taxes excluded).
- Census mailings and mailed stimulus checks account for \$178 million of the nearly \$1.4 billion increase over 2019.

Revenue:

Total Weekly Operating Sales

Note - Excludes all month-end accounting adjustments for PIHOP, Mail In Transit, and other entries

Week	Actual	Plan	Plan Var (\$)	Like-Date	Like-Date Var
Week 1 COVID (3/16-3/22)	\$1,347,850,189	\$1,419,719,501	(\$71,869,312)	\$1,344,838,058	\$3,012,130
Week 2 COVID (3/23-3/29)	\$1,240,187,068	\$1,417,993,677	(\$177,806,609)	\$1,347,096,625	(\$106,909,556)
Week 3 COVID (3/30-4/5)	\$1,287,963,394	\$1,486,585,256	(\$198,621,863)	\$1,443,109,029	(\$155,145,635)
Week 4 COVID (4/6-4/12)	\$1,268,001,317	\$1,338,469,678	(\$70,468,361)	\$1,315,644,719	(\$47,643,402)
Week 5 COVID (4/13-4/19)	\$1,298,502,327	\$1,426,032,926	(\$127,530,600)	\$1,371,412,998	(\$72,910,671)
Week 6 COVID (4/20-4/26)	\$1,345,074,062	\$1,355,451,751	(\$10,377,688)	\$1,304,016,179	\$41,057,883
Week 7 COVID (4/27-5/3)	\$1,469,518,396	\$1,381,517,352	\$88,001,044	\$1,350,833,652	\$118,684,744
Week 8 COVID (5/4-5/10)	\$1,407,213,349	\$1,311,196,180	\$96,017,169	\$1,307,745,969	\$99,467,380
Week 9 COVID (5/11-5/17)	\$1,418,468,971	\$1,290,099,026	\$128,369,945	\$1,278,293,553	\$140,175,418
Week 10 COVID (5/18-5/24)	\$1,430,056,806	\$1,305,937,641	\$124,119,165	\$1,291,355,583	\$138,701,223
Week 11 COVID (5/25-5/31)	\$1,319,842,477	\$1,153,920,360	\$165,922,117	\$1,156,184,908	\$163,657,569
Week 12 COVID (6/1-6/7)	\$1,360,058,189	\$1,302,616,690	\$57,441,499	\$1,290,988,858	\$69,069,331
Week 13 COVID (6/8-6/14)	\$1,351,836,585	\$1,266,877,974	\$84,958,611	\$1,256,250,008	\$95,586,576
Week 14 COVID (6/15-6/21)	\$1,405,377,078	\$1,233,342,162	\$172,034,916	\$1,227,479,281	\$177,897,797
Week 15 COVID (6/22-6/28)	\$1,384,810,390	\$1,292,820,990	\$91,989,400	\$1,290,309,879	\$94,500,511
Week 16 COVID (6/29-7/5)	\$1,307,294,767	\$1,214,123,897	\$93,170,870	\$1,197,737,963	\$109,556,803
Week 17 COVID (7/6-7/12)	\$1,397,419,834	\$1,259,821,191	\$137,598,642	\$1,278,769,186	\$118,650,648
Week 18 COVID (7/13-7/19)	\$1,413,832,715	\$1,279,637,485	\$134,195,229	\$1,280,688,231	\$133,144,484
Week 19 COVID (7/20-7/26)	\$1,393,327,543	\$1,237,940,637	\$155,386,906	\$1,263,100,672	\$130,226,871
Week 20 COVID (7/27-8/2)	\$1,338,795,813	\$1,277,811,616	\$60,984,197	\$1,300,085,204	\$38,710,608
Week 21 COVID (8/3-8/9)	\$1,344,263,514	\$1,261,126,035	\$83,137,479	\$1,244,530,395	\$99,733,119
Total	\$28,529,694,781	\$27,513,042,025	\$1,016,652,756	\$27,140,470,950	\$1,389,223,831

USPS Operational “Shift” to Reduce Exorbitant Overtime

- Throughout the spring and summer, USPS faced operational challenges due to postal workers taking the paid leave granted in the COVID Phase 2 bill.
 - These operational challenges and service delays are separate from the recent plan put forth by the Postmaster General (PMG) to reduce overtime.
- USPS OIG has long criticized their failure to control excessive overtime expenditures.¹
- USPS’s plan to reduce overtime: letter carriers will start their route on time and leave behind any mail that has not yet been processed.
- The maximum delay for mail under this plan is 1 day, and the reduction in overtime and extra trips will result in billions in savings.
- USPS has never guaranteed delivery times for first class mail, however, most first class mail is delivered in 2-5 days.
- USPS’s plan does not mean that *all* mail will be delayed, it means *some* mail will be delayed by one day—specifically unprocessed mail that comes in late. In many cases, this plan will result in mail that would have been delivered *earlier* than expected being delivered *on time*.

Election Mail: Funding and USPS Delivery Timetables

- USPS has \$15 billion in cash (highest in the history of USPS) and has no cash or liquidity problems that would prevent them from delivering election mail.
- Currently, regular mail volume is down 17%, giving USPS sufficient capacity to handle an influx of election mail.
- Local mail-in voting is profitable for USPS because it never leaves the local postal system. USPS charges the same amount to send a ballot to a local household as it does to send a similar piece of mail across the country.
- The key factor to ensure the integrity of the November election is not funding, it is ensuring that states adhere to the timetables required to deliver ballots to voters and for voters to return those ballots to election officials.
- USPS cannot control when election officials decide to mail ballots to voters or when voters decide to mail them back.
- USPS recommends that election officials utilize first class mail to send ballots to voters and to allow one week for those ballots to reach voters. USPS recommends that voters mail ballots at least one week prior to their state’s deadline for receiving ballots.
- Each state varies regarding when a mail-in ballot may be counted. Some states require ballots to be received prior to election day, some require a postmark by election day, and some allow for other circumstances. Voters should also keep in mind the collection times for their regular mail or collection box, which may not coincide with the postmark date. For example, a ballot dropped in a blue collection box in the afternoon on election day may not be picked up, processed, and postmarked until the following day.
- USPS only postmarks mail if it has a physical stamp so that it cannot be reused. If states prepay for the return of ballots with barcodes, that mail will not be postmarked or otherwise indicate the date it was received by USPS. USPS can validate these dates using the barcode, but some states (like NY) specifically require the postmark.

¹ United States Postal Service Office of Inspector General, *Overtime Overload*, Jun. 24, 2019. Available at <https://www.uspsoig.gov/blog/overtime-overload>.