



June 28, 2021

The Honorable Gary C. Peters  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510-6250

The Honorable Carolyn P. Maloney  
Chairwoman  
Committee on Oversight and Reform  
United States House of Representatives  
Washington, DC 20515-6143

The Honorable Rob Portman  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510-6250

The Honorable James Comer  
Ranking Member  
Committee on Oversight and Reform  
United States House of Representatives  
Washington, DC 20515-6143

Dear Chairman Peters, Chairwoman Maloney, Ranking Member Portman, and Ranking Member Comer:

I want to salute your leadership in introducing bipartisan, bicameral legislation to restore the Postal Service to financial sustainability while advancing service and operational accountability. You have struck an important balance in the Postal Service Reform Act, evident by the impressive list of bipartisan original cosponsors. The American people and the men and women of the Postal Service will be the beneficiaries of this outstanding work for years to come.

The Postal Service supports the bill and has provided your staff with modest technical refinements that we hope will be adopted as the legislative process advances. We have provided similar feedback to the Office of Management and Budget at their request. Postal reform legislation has faltered in past Congresses when language is added that unsettles the kind of careful balance you have achieved in this bill. Accordingly, I would commend your collective resolve in advancing a reform bill limited to the current set of provisions.

I wanted to particularly comment on Section 202, the *Integrated Delivery Network* provision, which as introduced requires six-day delivery through an integrated delivery network for market-dominant and competitive products. This provision sets forth important principles that underlie the Postal Service's provision of universal mail and package delivery service and that therefore benefit the American people. I strongly urge you to retain the wording as introduced, despite what we consider to be a parochial and misguided effort to modify or eliminate it.

I have elaborated in an attachment on the reasons this provision is so essential to our mission.

I look forward to continuing to work with you to advance the postal reform legislation you have put forward to serve the interests of the American people. Each of you have already shown yourselves to be exceptional leaders to preserve this essential institution and its noble mission. Please let me know how we can assist in your important efforts.

Sincerely,

A handwritten signature in blue ink, appearing to read "Louis DeJoy", written over a white background.

Louis DeJoy

## **An Integrated Network Enables Six-day Delivery**

I offer the following context regarding the merit of the language proposed in Section 202 of your bill, which would amend how the Postal Service's universal service obligation is described in our enabling statute, Title 39 of the United State Code. Specifically, that provision would amend 39 U.S.C. § 101(b) by adding the following: "*The Postal Service shall maintain an integrated network for the delivery of market-dominant and competitive products (as defined in chapter 36 of this title). Delivery shall occur at least six days a week, except during weeks that include a Federal holiday or in emergency situations, such as natural disasters.*"

Initially, the Postal Service took the position that it was not necessary to codify in Title 39 the requirement to deliver six days a week. We argued the "Delivering for America" plan includes at its core the "maintenance of universal six-day mail delivery and expanded seven-day package delivery reach." Recognizing, however, that it is Congress's prerogative to interpret and define the scope of the Postal Service's universal service obligation, we understand the policy goal of including a requirement to deliver six-days a week in Title 39, rather than continuing to include it as a rider to annual appropriations legislation. In particular, we understand that Congress wishes to make it clear in our enabling statute that it is appropriate public policy, and in the best interests of the American people, that the Postal Service provide at least six days of mail and package delivery as a central aspect of our universal service mission.

This same rationale applies equally to the language requiring the retention of the "integrated network for the delivery of market-dominant and competitive products" concept with any codified six-day delivery requirement. This language properly reflects that the unitary postal delivery network has delivered letters as well as packages at the same time and through the same delivery network for well over a century. American businesses and consumers benefit from the economies of scope and density resulting from the delivery of packages across the Postal Service's universal service network, which reduces the average cost of every mail-piece in the network and leads to more affordable prices for both mail and packages. These benefits accrue to other shipping companies as well, who can access the Postal Service's delivery network through our Parcel Select product. Overall, society as a whole benefits from these economies, and there is nothing unfair or inappropriate about them. Simply put, and just like 6-day delivery, an integrated network for the delivery of mail and packages is in the best interests of the American people.

The Postal Service also considers this language to provide the appropriate operational flexibility. It does not prevent us from structuring our delivery network in an optimal fashion, such as by running special parcel routes as a supplement to our normal integrated routes when business conditions warrant. It also does not inhibit our ability to structure our middle mile processing network in the manner that we see fit, as it only applies to the delivery of mail and packages, not processing.

## **An Integrated Network Enables our Universal Service Mission**

Congress has recognized the importance of universal package delivery, and we see the inclusion of this provision as consistent with that fundamental principle. In this regard, the universal delivery of packages is a core component of the Postal Service's universal service mission. The Postal Service provides affordable, universal package delivery services to the American people in all communities whether urban or rural, and to American businesses of all sizes. This enables full participation by all Americans in the e-commerce economy. The importance of this public service mission has become even more apparent during the COVID-19 pandemic. Now, more than ever, there can be no doubt that the Postal Service is part of the critical infrastructure of the country, providing an essential service to the American people, delivering packages with life-sustaining medications and other necessary consumable goods throughout the pandemic, and thereby shoring up the resilience of our nation.

Not only do competitive products themselves represent an important service, they also provide critical financial support to other universal services. Package delivery enables us to generate revenue that is absolutely necessary to support the provision of prompt, reliable, and affordable universal services in a self-sufficient manner, and therefore critical to our financial sustainability. Our package products generate an increasingly vital level of contribution to support the Postal Service's universal service network and thereby ensure the continued provision of reliable and efficient universal postal services to all American people and to all American businesses. Efforts that limit our ability to compete equally or chip away at our revenue generation capabilities are contrary to the public policy goal that we be self-funded while continuing to provide essential universal service to the nation.

Therefore, if Congress believes that six-day delivery is critical enough to the universal service obligation to codify it in Title 39, then as a matter of sound public policy, it should also recognize the equally critical importance of the Postal Service providing both mail and package delivery across an integrated postal delivery network.

I encourage you to retain the language of Section 202 of the Postal Service Reform Act of 2021 (H.R. 3076/S. 1720) as introduced.

cc: Members of Senate Homeland Security and Government Affairs Committee  
Members of House Committee on Oversight and Reform Committee