

National Postal Mail Handlers Union

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February 18, 2025

To: I

Local Presidents

Regional Directors/CAD Representatives

National Executive Board

Fr:

Eugene Horton

Contract Administration Representative

Re:

USPS to begin the process of identifying a successor for Postmaster General Louis

DeJoy

Dear Brothers and Sisters:

Please find enclosed a copy of the above-reference USPS to begin the process of identifying a successor for Postmaster General Louis DeJoy.

According to the Postal Service, the 75th Postmaster General Louis DeJoy notified the Postal Service Board of Governors that it time for them to begin the process of identifying his successor.

Enclosed is a copy of the Postal News Immediate Release and the Letter from the PGM Dejoy to the USPS Board of Govenors.

Please disseminate this information as you deem appropriate. Should you have any questions contact the Contract Administration Department.

Cc: Paul V. Hogrogian, National President

Kevin Tabarus, National Secretary-Treasurer

Teresa L. Harmon, Manager Contract Administration





POSTAL NEWS

FOR IMMEDIATE RELEASE Feb. 18, 2025

Contact: David Walton david.walton@usps.gov usps.com/news

United States Postal Service Announces Tenure Plan of Postmaster General Louis DeJoy

WASHINGTON — The United States Postal Service is today announcing that Louis DeJoy, America's 75th Postmaster General, has notified the Postal Service Board of Governors that it is time for them to begin the process of identifying his successor. The Governors of the Postal Service, working with key stakeholders, will now begin the process of identifying an appropriate candidate to serve as the next Postmaster General and Chief Executive Officer of the United States Postal Service.

Postmaster General's letter to the Board of Governors

"Louis DeJoy has steadfastly served the nation and the Postal Service over the past five years," said Amber McReynolds, chairwoman of the Board of Governors. "The Governors greatly appreciate his enduring leadership and his tireless efforts to modernize the Postal Service and reverse decades of neglect." She added that "Louis is a fighter, and he has fought hard for the women and men of the Postal Service and to ensure that the American people have reliable and affordable service for years to come."

DeJoy stated, "While there remains much critical work to be done to ensure that the Postal Service can be financially viable as we continue to serve the nation in our essential public service mission, I have decided it is time to start the process of identifying my successor and of preparing the Postal Service for this change. The major initiatives we are currently endeavoring are multi-year programs and it is important to have leadership in place whose tenure will span this future period. After four and half years leading one of America's greatest public institutions through dramatic change during unusual times, it is time for me to start thinking about the next phase of my life, while also ensuring that the Postal Service is fully prepared for the future.

"The Postal Service has ironclad plans to reduce costs by over \$4 billion annually, raise revenue by over \$5 billion and adjust its operating network to integrate the delivery of all mail and package categories, achieving service standards that make modern-day sense and compete in the marketplace," DeJoy added. "We are well on our way with these necessary changes, and I have been developing a leadership team whose careers reach further into the future than the one we have today. It is important to me that we timely and methodically bring forth a new postmaster general who understands our mission and can successfully lead our spirited organization. I will be flexible in helping with this transition, and I am confident that with a period of dedicated focus preparing for this change, the Postal Service will be well positioned for future success under the new leadership."

DeJoy continued, "I am extremely proud of the 640,000 men and women of the United States Postal Service who live, work and serve in every American community. Despite being victimized by a legislative and regulatory business model that produced almost two decades of devastation to their organization and workplaces, they have persevered and embraced the changes we are making in order to better serve their fellow citizens. It has been one of the pleasures of my life and a crowning achievement of my career to have been associated with them and their mission of public service. I look forward to working with them during my remaining time here."

DeJoy was first asked to lead the Postal Service in the spring of 2020, a time of tremendous operational and financial crisis for the organization. After many years of strategic neglect and underinvestment in

people and infrastructure, he took on the responsibility of leading the Postal Service with the understanding that a massive, long-term transformation and modernization effort was needed.

Within a year, DeJoy, his team, and the Board of Governors developed a 10-year plan to put the organization on a path toward financial sustainability and operational high performance. The Delivering for America plan gave the organization well-defined strategies to establish a best-in-class operational model to drive network efficiency and capability; business model changes to address unsustainable legislative and regulatory mandates; product and pricing strategies to grow revenue; and investment in people, facilities, vehicles and technology to create more effective and modern workplaces.

While only four years into the implementation of the 10-year Delivering for America plan, the strategic path is well defined, and the strategies have been tested and proven effective, and the results to date are impressive. Importantly, the Postal Service successfully undertook the most complicated of ventures — a top-to-bottom organizational transformation — and done so quickly and on an unprecedented scale, while also delivering mail and packages at least six days per week to more than 168 million delivery addresses each day.

Under DeJoy's tenure, this disruptive transformation changed practically every process, function and operation of the Postal Service for the better. DeJoy acknowledged that the essential need for change, given the critically distressed financial and operational conditions of the Postal Service, caused service issues for the American people that he wished could have been avoided, but also recognized that the transformation was vitally necessary for the Postal Service to not only survive, but also thrive. This effort created a new management structure; installed much of a new processing, logistics and delivery network design; invested more than \$18 billion to modernize infrastructure; created new products and more rational pricing; and enabled the organization to compete more effectively and to operate at a long-term lower cost. During this massive transformation and modernization effort, the Postal Service distributed COVID test kits, delivered the nation's election mail, met the annual holiday shipping needs of the public, and served the American public every day. These efforts resulted in \$1 billion in controllable income and \$140 million in generally accepted accounting principles (GAAP) income, rather than losses, during the first quarter of fiscal year 2025.

"I commend Postmaster General DeJoy for inspiring the Postal Service with strategic direction, a competitive spirit, and a culture of achievement that comes from the successful implementation of large-scale change," said McReynolds. "I have seen this spirit of purpose grow steadily during my time on the Board of Governors, and I am confident it will continue to grow as progress begets further progress, and the promise of a transformed and modernized Postal Service is fully realized."

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Please Note: The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to 169 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, <u>Pelivering for America</u>, to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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February 17, 2025

GOVERNORS

As I approach the end of my fifth year as Postmaster General of the United States, I reflect on my first days at the Postal Service during the early period of the COVID pandemic. At that time, the Postal Service was in disarray; it was on a crash course to run out of cash in 60 days; it had incurred two decades of losses amounting to \$90 billion; it had over \$20 billion in deferred facilities maintenance, and it had no plan for turning the situation around. Back then, 10-year projections forecast another \$200 billion in losses over the next decade.

As you know, I have worked tirelessly to lead the 640,000 men and women of the Postal Service in accomplishing an extraordinary transformation. We have served the American people through an unprecedented pandemic and through a period of high inflation and sensationalized politics. Our successful role in delivering approximately 930 million COVID test kits to 91 million households is only one testament to the superb work performed in these last five years on behalf of the American people.

Our achievement of \$1 billion in controllable income and \$140 million in GAAP profit for the most recent quarter is a strong indicator that the Postal Service is on the path to fulfilling its long-neglected legal duty to operate in a self-financing manner. We have reduced the cost of operations and have grown revenue substantially while executing a massive organizational and operational transformation. Our new package shipping products are extremely popular and are overtaking the marketplace.

In any other organization the disruptive accomplishments we have made to date would have created an easier path forward versus the Herculean one we still face today. This situation reflects how tragic our condition was when we started this journey, the negative consequences the past four years of a pandemic and historic inflation, the resistance we face to our initiatives for change, and to a certain extent, our failures in execution on what is otherwise a very solid business plan.

Our business model has been broken for over two decades. Our mission spans 31,000 facilities across the nation that serve as origination points for 260,000 routes that reach more than 168 million delivery points at least six days a week. This is a massive structure that requires precise alignment between revenue producing products and services, the cost of operations, and the performance expectations we offer our customers. This alignment requirement was long ago ignored or abandoned causing catastrophic losses, diminished viability of our products and significant service performance disappointments.

For example, our single piece First-Class Mail volume has declined by 80 percent since 1998, yet we still deploy operating practices and adhere to archaic service performance standards as if mail volume was as abundant as it was back in that time. Our approach to the package shipping industry in years past offered products that were ill-conceived and not compelling to the market and ceded our core strengths to ease the work of our competitors to our detriment, leaving us with the difficult tasks to fulfill though ill-considered, random, and costly practices. To add to the misalignment, we lacked the organizational and operating practices, technology and equipment, and fight necessary to be successful in our mission.

Together with the Board and my Postal associates, we have championed the Delivering for America Plan that has not only paid attention to our legal obligations to provide prompt, reliable, and efficient service and be financially self-sufficient, but that also recognized that to achieve these parallel goals we must accept the simple logic that dramatic change must occur and must occur fast. The law requires us to cover our costs through the sale of Postal products and services, and by running a cost-effective operation. For a variety of reasons, we have not believed it was possible in the past. Today we do, and we are working diligently to achieve that outcome. As you know, balancing cost and service is essential as we receive almost no funding from the Federal government.

To continue to set the organization on the right path for a viable future for decades to come we have initiated the following major strategies and identified outcomes:

- Transportation cost reductions of \$2 billion annually.
- Mail processing cost reductions of approximately \$1.5 billion annually.
- Revenue growth initiatives of approximately \$5 billion.
- A significant incentivized reduction in the workforce to right-size the organization enabled by an improved operating model.
- A major deployment of new vehicles.
- An air and ground network modernization that rivals those of our formidable competitors.
- Maintenance, rehabilitation and equipping efforts to several thousand facilities to recover from years of neglect.
- A suite of new package shipping products to generate billions in new revenue at a lower cost.
- A sales organization that successfully penetrates the marketplace.
- An engaged and productive workforce.
- New rules for mail and package flow that aggregate and accelerate significant volume.

The above initiatives will take several years to accomplish and to perfect. As I look around the organization, I see many long-term retirement eligible employees sticking around based upon their pride in, and commitment to, our Delivering for America plan. That said, it is time for us together, to think about and plan for the inevitable changing of the guard in many areas of our organization, to ensure that the new culture we have developed survives our tenure, including mine, and continues to thrive.

Postmaster General is a demanding role made more difficult by the devastating condition I found the Postal Service in when I arrived and the almost unceasing resistance to change — without offering any viable solutions — from stakeholders motivated by both parochial and political purposes. The simplest and most obvious ideas and solutions receive illogical and irrational scrutiny from those that have no responsibility for ensuring the financial viability of the Postal Service. This, combined with industry lobbying, has held the organization back in the past from making the necessary changes. I have fought against this, and as a result I believe that I can fairly say that my tenure has been one of high expectations and vigorous action.

Today I am requesting that you begin the process of identifying a successor for my position as Postmaster General. While you undertake that process, my commitment is to devote my time and energy and being as helpful as possible in facilitating a transition that is the least impactful to the Postal Service and the American people, and that positions my successor and the Postal Service for long-term success.

I am proud to have served the American people and American businesses as Postmaster General. The United States Postal Service is a cherished American institution, and I am privileged to have led it during extraordinary times. Further, I am fully committed to ensuring the continued success of the Postal Service for all Americans after my departure.

Louis DeJoy