

United States Senate

WASHINGTON, DC 20510

September 3, 2020

Mr. Louis DeJoy
Postmaster General and Chief Executive Officer
United States Postal Service
475 L'Enfant Plaza, S.W.
Room 4012
Washington, D.C. 20260

Dear Postmaster General DeJoy:

Your recent changes to Postal Service operations have resulted in delays that threaten to undermine the viability of small businesses, which are critical to our economy and are already at financial risk because of the ongoing Coronavirus pandemic. We write to seek answers about changes to the Postal Service under your leadership that have adversely affected mail delivery for millions of Americans, including countless small businesses across the country.

As many of us have previously written, actions you have taken in the few months since you became Postmaster General have slowed down mail and compromised service for veterans, rural communities, seniors, and millions of Americans who rely on the mail for medicines, essential goods, voting, correspondence, and – especially for small businesses – for their livelihoods. We were initially relieved to hear that the Postal Service will be suspending some of these changes.¹ It now appears, however, that your statement was misleading. During the recent hearing before the House Committee on Oversight and Reform, you testified that “I have not removed any machines.”² However, in response to Senator Peters’ questions during the recent Senate Committee on Homeland Security and Governmental Affairs hearing, you stated that “there is no intention” to bring back the machines.³ We are concerned by your continued lack of transparency regarding which specific initiatives the Postal Service has suspended, what that actually means, and the potential for continued harm to America’s small businesses.

Small businesses are the driving force of our economy, making up 99.7% of all firms in the U.S. with paid employees.⁴ Many of these businesses have structured their business models around the U.S. Postal Service, which has long offered fast, reliable, and affordable service for their needs, from shipping products to sending paychecks to connecting with customers. According to a 2019 report, the Postal Service is the “carrier of choice” for small businesses with fewer than 10 employees, with 70% of these businesses using the Postal Service and the majority

¹ Postmaster General Louis DeJoy: *Postmaster General Louis DeJoy Statement* (Aug. 18, 2020) (<https://about.usps.com/newsroom/national-releases/2020/0818-postmaster-general-louis-dejoy-statement.htm>).

² House Committee on Oversight and Reform, *Protecting the Timely Delivery of Mail, Medicine, and Mail-in Ballots*, 116th Cong. (Aug. 24, 2020).

³ Senate Committee on Homeland Security and Governmental Affairs, *Examining the Finances and Operations of the United States Postal Service During COVID-19 and Upcoming Election*, 116th Cong. (Aug. 21, 2020).

⁴ U.S. Small Business Administration Office of Advocacy, *Frequently Asked Questions About Small Businesses* (August 2018) (<https://cdn.advocacy.sba.gov/wp-content/uploads/2019/09/24153946/Frequently-Asked-Questions-Small-Business-2019-1.pdf>).

relying on it more frequently than other carriers.⁵ Due to the ongoing pandemic, countless small businesses have shifted from brick and mortar operations to online ordering and delivery—intensifying the need for consistent, dependable postal services.⁶

Changes that you have instituted at the Postal Service threaten the financial well-being of small businesses and their employees. Since you directed operational changes in post offices and processing centers that restrict timely mail delivery, small businesses across the country are reporting significant delays after years of reliable service. For example, as detailed in Senator Peters’ interim investigative report on postal delays, an Ada, MI company that produces educational materials for health care workers working with dementia patients has had to lay off multiple employees due to the combined impact of the pandemic and mail delay costs.⁷ One small business owner of a key replacement company in Madison, WI states that, after eight years of reliable service, one in five packages no longer reaches customers on time.⁸ Another business owner in Irvine, CA has received customer service calls about slowed deliveries.⁹ The owner of an accessories and clothing shop in Houston, TX worries about the delays becoming a “routine problem” that could hurt her business.¹⁰ A small business owner in Maryland expressed frustration about a three-week shipment delay.¹¹

These delays have a magnified negative impact on small businesses that exist solely on online platforms like Etsy and eBay and rely on the Postal Service to reach their customers. These platforms offer unique opportunities for microbusinesses to thrive, especially women-owned businesses, which make up over 80% of Etsy sellers. Limiting the Postal Service’s operations undermines the low rates and door-to-door service that the vast majority of microbusinesses on Etsy, eBay, and other online marketplaces benefit from, threatening the success of these entrepreneurs. For example, a 26-year-old entrepreneur from the Bronx, NY who recently launched an Etsy shop selling hand-painted pouches, tote bags, and enamel pins has expressed serious concerns that she will go out of business if her shipping costs increase due to a loss of reliable Postal Service deliveries.¹²

⁵ U.S. Postal Service Office of Inspector General, *From Home Office to Post Office: Improving Microbusiness Engagement with the U.S. Postal Service* (RISC-WP-19-008) (Sept. 4, 2019).

⁶ *Small businesses turned to technology to survive the pandemic. But it may not be enough*, Washington Post (June 22, 2020) (<https://www.washingtonpost.com/technology/2020/06/22/small-business-tech-pandemic/>).

⁷ Ranking Member Gary C. Peters, Senate Committee on Homeland Security and Governmental Affairs, *Interim Report on the Threat of Postmaster General DeJoy’s Postal Service Delays*.” (Aug. 21, 2020).

⁸ *The Post Office’s Great Mail Slowdown Is Hurting Small Businesses*, Vice (Aug. 4, 2020) (https://www.vice.com/en_us/article/n7w9nd/usps-package-delays-mail-slowdown-hurts-small-businesses).

⁹ *We see it here every day’: How a slowdown in the Postal Service is impacting small businesses*, Yahoo (Aug. 10, 2020) (<https://finance.yahoo.com/news/we-see-it-here-every-day-how-a-slowdown-in-the-postal-service-is-impacting-small-businesses-212145143.html>).

¹⁰ *Postal Service delays cause headaches for small businesses in Houston*, Houston Chronicle (Aug. 17, 2020) (<https://www.houstonchronicle.com/business/article/Houston-small-businesses-face-disruptions-from-15490932.php>).

¹¹ *USPS delays threaten a key backbone of online sales for Amazon, eBay and more*, CNBC (Aug. 19, 2020) (<https://www.cnbc.com/2020/08/19/how-usps-delays-impact-amazon-etsy-and-ebay.html>).

¹² *83% of Etsy shops are run by women. Postal Service disruptions could devastate them*, The Lily (August 12, 2020) (<https://www.thelily.com/83-of-etsy-shops-are-run-by-women-postal-service-disruptions-could-devastate-them/>).

If small businesses cannot fulfill orders in a timely manner, they will quickly lose customers. Furthermore, if small businesses are forced to adapt to Postal Service delays by making use of more expensive delivery options, the increased costs will eat into the already thin margins of so many small businesses and may even result in the closure of their operations. At a time when the pandemic has potentially driven hundreds of thousands of small businesses to close their doors, these changes only exacerbate the financial crisis facing business owners, their employees, and their communities.¹³

Alienating small businesses will harm not only business owners but also the Postal Service itself. In 2018 alone, e-commerce accounted for over half a trillion dollars in sales for U.S. retailers.¹⁴ Many of these businesses utilize the Postal Service to deliver online orders to consumers. Although you claim your recent actions are meant to improve the financial situation of the Postal Service, delaying mail delivery services will almost certainly do just the opposite.

As Postmaster General, you have a responsibility to ensure your actions are in the best interest of the Postal Service and those it serves, including small businesses across the country. However, as many of us have previously written, you have avoided answering questions about the magnitude of delays we have seen and have not yet provided any evidence that you studied or considered how your changes would affect mail service prior to implementing these changes—this appears equally true in relation to small businesses.

The Postal Service is a critical service and lifeline for small businesses across the country and your actions are needlessly damaging a service that has reliably served our businesses and communities for decades. We call on you to clarify the status of any initiatives you have implemented at the Postal Service and to reverse all changes you have made to operational services since becoming Postmaster General.

Please provide the following information by September 11, 2020:

1. Did you conduct any formal analysis pertaining specifically to small businesses before making the recent changes to Postal Service operations, as outlined in our August 17, 2020 letter? If so, please provide the analysis. If not, please explain why.
2. Did you consult with the Small Business Administration or any other stakeholders representing small businesses prior to these recent changes? If so, please list and describe any such discussions. If you did not engage in such discussions, please explain why.

¹³ *Small business used to define America's economy. The pandemic could change that forever*, Washington Post (May 12, 2020) (<https://www.washingtonpost.com/business/2020/05/12/small-business-used-define-americas-economy-pandemic-could-end-that-forever/>).

¹⁴ U.S. Census Bureau, *E-Stats 2018: Measuring the Electronic Economy: Economy-Wide Statistics Briefs* (May 21, 2020) (<https://www.census.gov/content/dam/Census/library/publications/2018/econ/e18-estats.pdf>).

3. What steps, if any, is the Postal Service currently taking to track and analyze the impact of recent changes on small businesses, including the impact on delivery times and small businesses' utilization of services provided by the Postal Service? Please provide the information you have gathered thus far and if you are not tracking this information, please explain why.
4. In your August 18, 2020 statement, you stated that you were "suspending these initiatives until after the election is concluded." However, this statement did not clarify which specific initiatives you intended to suspend. Please provide a list of any changes you have instituted at the Postal Service during your tenure, the status of each change, and whether each change will be suspended until after the election.

Sincerely,

_____/s/
Gary C. Peters
United States Senator

_____/s/
Benjamin L. Cardin
United States Senator

_____/s/
Charles E. Schumer
United States Senator

_____/s/
Amy Klobuchar
United States Senator

_____/s/
Thomas R. Carper
United States Senator

_____/s/
Tom Udall
United States Senator

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Richard J. Durbin
United States Senator

_____/s/
Christopher A. Coons
United States Senator

_____/s/
Sheldon Whitehouse
United States Senator

_____/s/
Tammy Baldwin
United States Senator

_____/s/
Jack Reed
United States Senator

_____/s/
Jeffrey A. Merkley
United States Senator

_____/s/
Ron Wyden
United States Senator

_____/s/
Robert Menendez
United States Senator

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Joe Manchin III
United States Senator

_____/s/
Jacky Rosen
United States Senator

_____/s/
Angus S. King, Jr.
United States Senator

_____/s/
Martin Heinrich
United States Senator

_____/s/
Sherrod Brown
United States Senator

_____/s/
Tammy Duckworth
United States Senator

_____/s/
Kirsten Gillibrand
United States Senator

_____/s/
Elizabeth Warren
United States Senator

_____/s/
Chris Van Hollen
United States Senator

_____/s/
Mazie Hirono
United States Senator

_____/s/
Cory A. Booker
United States Senator