

While the country looks for safe ways to balance public safety with re-opening, the Postal Service faces weekly decreases in volume for every class other than rising numbers for parcels. And new USPS leadership is making changes that already affect in-home dates for mail.

Quad's Postal Affairs team remains committed to keeping you up to date and informed. As a significant mailing industry partner, we are in a unique position to provide clear and accurate information, dispel rumors and suggest best practices during this time. Please notify the Quad Postal Affairs team if you become aware of any changes, questions or something new related to how the USPS is reacting to the pandemic. We will investigate and update all. Please send inquiries to the Quad Postal Affairs Distribution list (Postal Affairs – Team) or ask your Quad representative.

Here are the developments since our June update:

Adhering to USPS operating plans

The industry is buzzing about the [“leaked” document](#) that shows new Postal Service leadership is cracking down on overtime to cut costs. It seems that new PMG Louis DeJoy has instructed carriers and drivers to stick to their set schedules. In a statement, the USPS neither confirms nor denies it wants employees to maintain operating plans in their reactionary statement:

“The Postal Service is developing a business plan to ensure that we will be financially stable and able to continue to provide reliable, affordable, safe and secure delivery of mail, packages and other communications to all Americans as a vital part of the nation’s critical infrastructure. While the overall plan is not yet finalized, it will certainly include new and creative ways for us to fulfill our mission, and we will focus immediately on efficiency and items that we can control, including adherence to the effective operating plans that we have developed.”

We believe that means service will get worse before it gets better. And some in the industry [question](#) just how effective any cuts to overtime will be on finances. We already saw widespread delays last week, perhaps due to changes. For now, we anticipate that the USPS will focus on efficient and reliable service to remain a vital part of the country’s infrastructure. Find the official USPS response [here](#).

USPS releases June results

The data for mail volume in June is down, though not as low as anticipated.

- Total: Down 13.4%
 - Packages: Up 69%
 - Presort First Class: Down 4%
 - Marketing Mail: Down 21%
 - Periodicals: Down 15%
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Based on these numbers, we expect the USPS to report exceeding their financial plan for June in terms of revenue. However, exceeding low expectations does not mean things are good. Percentages of decline get better — but they're still in steep decline.

Hold mail policy update

Customers face uncertainty as more municipalities return to lockdown status. Will the USPS extend the grace period we saw at the beginning of the pandemic? For now, the answer is no. But the Postal Service is allowing local Post Masters the flexibility to work with individual businesses as needed.

Impact on target in-home dates

Quad has found that recent mailings have significantly less in-home on Days One and Two of the target date. The USPS's goal is to have at least 90% of the mail in-home by the end of that Service Standard window. But last week, we saw a huge jump in the number of postal facilities with less than 70% of the mail in-home by the USPS Service Standard, to more than 60 entry-points. We don't typically see this many delayed facilities outside the peak volume weeks in October and November. Processing of letter mail was delayed at NDCs in Chicago, Pittsburgh and Washington D.C.

This might be due to an increase in sick leaves due to the virus — but it's likely that reported changes in USPS policy relative to overtime and other cost-saving measures have had an impact. Official announcements will help us better understand these changes and how they affect mail processing.

This chart shows the average amount of Letter and Flat mail that moved through the USPS each day after they received it. There was a significant drop last week that we believe is due to the changes occurring in the USPS. We're not seeing a dramatic shift in processing of Flat mail yet — but the gap for 1-3 days after the USPS receives mail from Quad is clear.

| Days after Delivery | LETTERS | LETTERS | FLATS | FLATS |
|---------------------|--------------|--------------|--------------|--------------|
| | Average June | Week of 7/13 | Average June | Week of 7/13 |
| 1 | 19% | 4% | 16% | 5% |
| 2 | 68% | 29% | 52% | 36% |
| 3 | 93% | 76% | 82% | 70% |
| 4 | 98% | 92% | 94% | 84% |
| 5 | 99% | 95% | 97% | 89% |
| 6 | 99% | 96% | 99% | 91% |
| 7 | 100% | 97% | 99% | 92% |
| 8 | 100% | 97% | 100% | 93% |
| 9 | 100% | 98% | 100% | 95% |
| 10 | 100% | 99% | 100% | 97% |

COVID-19 hot spots

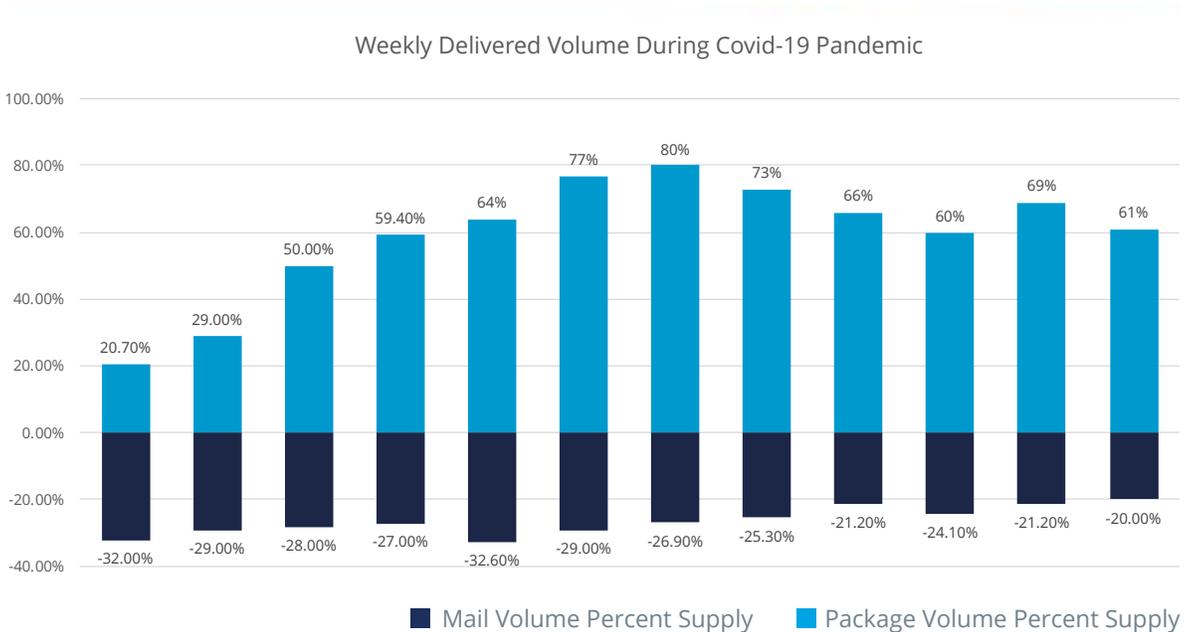
The USPS continues to communicate that despite significant volume reductions, they are operating normally with delivery six days a week. If there are any places where that USO is not occurring, it is due to isolated contingency plans being put into effect and 6-day delivery will resume as soon as it is feasibly possible.

Recently, in addition to COVID, the civil unrest and protests in several major cities has led to isolated service interruptions, but we have no reports of this impacting business mailing operations.

Postal Solutions, and in particular Postal Affairs, are working daily with the USPS to ensure our clients mail is delivered and monitoring any issues that may arise. We'll be updating this information as often as is necessary to be sure everyone has the correct information.

Increased package volumes

PostCom shared a chart to show the ongoing growth for parcel volume since the pandemic began, which to a degree offsets losses in other mail classes. But we don't believe this is sustainable — UPS, FedEx and Amazon see the opportunity for their area of specialty, and will likely take some of it away from the Postal Service.



Weekly performance

Mail volume for the week of July 13 (missing Saturday):

- Total: Down 15%
- Packages: Up 50%
- Single Piece: Down 8%
- Presort First Class: Down 3%
- Marketing Mail: Down 17%
- Periodicals: Down 18%

Industry Segments in April that were down the most:

- Art, entertainment, and recreation
- Finance and Insurance
- Accommodation and Food Service

Legislative Updates

Congress has begun negotiations on another COVID-related stimulus package. The U.S. House of Representatives has already passed their version, and the U.S. Senate will release their first in the coming days.

The House version includes \$25 billion in direct financial assistance to the USPS to help maintain service standards and meet the needs of the public and the mailing industry throughout the pandemic.

A bipartisan group of Senators led by Senators Susan Collins (R-ME) and Diane Feinstein (D-CA) introduced legislation that would provide the USPS with up to \$25 billion for certified COVID-19 related losses or increased costs.

While it's unlikely that the Senate stimulus legislation will include this bipartisan bill upon introduction, we're hopeful that the final negotiated bill will include these additional resources for the Postal Service.

Now is the time to reach out to your U.S. Senator to advocate for the inclusion of the bipartisan bill, S.4174. Quad's postal and government relations team is here to support your efforts.

See how we can help.

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