

Statement

Of

The National Newspaper Association

Before the Government Operations Subcommittee of the
Committee on Oversight and Government Reform

June 24, 2025

Chairman Sessions, Ranking Member Mfume, and members of the Subcommittee,

The National Newspaper Association (NNA) is grateful for the opportunity to submit testimony for this important hearing. Since 1885, the NNA has advocated for community newspaper publishers and for a healthy and sustainable universal postal service and represents more than 1,600 newspapers across the country. NNA members serve rural communities providing news on local events and civic matters of great importance that are not covered anywhere else, and they depend on the USPS to get their papers to ~~their~~ subscribers. It must be stated at the outset that the USPS and by extension the community newspaper industry faces an immediate and existential crisis. We urge the Subcommittee to act swiftly on today's testimony and compel meaningful reform at the USPS and the Postal Regulatory Commission (PRC).

NNA recommends the following actions and legislative reforms:

- Halt the large rate increase planned for July 13, 2025. This increase, far above the rate of inflation will only deepen the hole and ties the hands of incoming Postmaster General, David Steiner, who should have the opportunity to assess the situation.
- Update and modernize the postal regulatory process to better safeguard against excessive rates and poor service by taking up **H.R. 3004, The USPS SERVES US Act**.
- Compel accurate measurement of newspaper service and hold the USPS accountable for maintaining and improving service quality by supporting **H.R. 2098/S.1002, the Deliver for Democracy Act**
- Limit rate increases for in-county newspaper delivery to 50% of the CPI-U to permit the industry to recover from the recent deluge of above-inflation increases by adding this provision to any moving postal bill.

- Urge the USPS to postpone further increases to assess USPS data quality and the impact these increases are having in driving a terminal loss of volume as it considers revising the rate setting system.

The recent history of mismanagement and intentional harm to customers must be corrected and prevented from ever happening again. The experience of the last four years clearly demonstrates that regulatory safeguards are needed to correct USPS management errors much sooner than the current system allows. The House and Senate oversight committees should also urge the USPS to delay the painful and excessive rate increase planned to take effect on July 13, 2025. It will only serve to drive out more customers who will never come back and prevent the new Postmaster General from having the opportunity to review what has happened and the ability to change direction.

In April of 2022, the President signed the Postal Service Reform Act (PSRA) into law to address the unintended consequences of the obligation under the 2006 Postal Accountability and Enhancement Act (PAEA) law for the USPS to pre-fund retiree healthcare costs. It provided \$120 billion in financial relief for the USPS. PSRA also codified the 6-day delivery standard for mail and packages, for which NNA had advocated for over three decades.

Unfortunately, the benefits of the legislation were squandered by the USPS's implementation of the 10-year *Delivering for America plan (DfA)* advocated by Postmaster General Louis DeJoy, which prioritizes improvements for packages, not newspaper mail, and ignores the massive amount of financial relief provided by Congress in calculating rate increases. The DfA is intended to massively grow the USPS market share for packages at the expense of Market Dominant mail products, including newspapers. The goals of the plan have not been achieved. Mail volume losses are much greater than projected because the USPS has raised prices twice a year. Total rate increases for newspaper mailers since 2021 have increased as much as 55%. Few, if any, industries have faced increases so far above the rate of inflation and this is

debilitating to our efforts to keep our small communities informed; a duty we take very seriously and one our readers rely on us to provide. Small town newspapers are a trusted source of community information. Unfortunately, small publishers are on the margin because of these non-stop USPS increases.

Postmaster General DeJoy believed that a 2006 PAEA price cap achieved by NNA and others was “defective” and amounted to a “subsidy” when its intent was to require USPS to better control its costs. DeJoy has been particularly critical of newspapers, falsely claiming that he has “to tape a quarter to every newspaper he delivers.” Even worse, the projected volume increases for parcels essential for DeJoy’s plan to succeed have not materialized nor have any of the promised cost savings. The USPS lost \$16 billion in FY2023, and FY2024 and faces at least another \$6 billion loss in FY2025 yet continues to double down on the DfA approach.

The Postal Regulatory Commission (PRC) has not prevented the damage to newspaper mail or, indeed, mail in general due to self-imposed limitations and a lack of clarity and authority to prevent counter-productive rate increases and service degradation. The PRC has expressed concerns that the rate increases of this magnitude are not prudent or in the best interests of stakeholders but, has claimed it lacks the power to stop them. It has been unwilling to restore a firm cap on postage rates or to examine the impact of DeJoy’s policies on the long-term survival of USPS in a timely manner. It only recently moved up a review of the rate system from 2025 to this past July and only just this month issued the first series of preliminary orders for changes that are helpful at the margins but ignore the fundamental problem of excessive rate increases coupled with severe and intentional service degradation. The recently announced rate review orders are a major opportunity to hold the USPS accountable and restore a just and affordable rate cap but may be too little, too late. While DeJoy has been forced out, his plan remains in effect with another huge increase due in July. Congress needs to give the PRC the mandate and power to rein in these harmful rate hikes.

USPS is also consolidating facilities, changing the locations publishers must use, and ~~generally~~ slowing down service for critical newspaper mail. Publishers are being required to pick up costly additional transportation costs and add additional vehicles to the same roads USPS is already traveling. These dynamics pose huge challenges for newspaper publishers. In addition, general slowdowns of First-Class mail have meant small businesses no longer receive checks in the mail on time. The impact on cash flow threatens small businesses across the nation. Despite the objections by the PRCE in a detailed, 300-page advisory opinion, the USPS has continued to slow mail delivery to rural America in a vain attempt to make the plan work.

The ongoing losses by USPS indicate that the Service is once again in danger of failing. Congress cannot afford to ignore the costs to taxpayers if the universal service system dies or, worse, the loss of continued postage payments by industry causes unpaid employee retirement funds to fail. It must be recognized that the obligations of the USPS, past and future, are already guaranteed by taxpayers under current law. The oversight committees should look more deeply and critically at the *Delivering for America* plan and look critically at the actions of the PRC. If the financial reforms from the Postal Service Reform Act continue to be squandered, a costly bailout or subsidy will be the only option left to secure the stability of the USPS.

Thank you for your attention to these concerns. NNA stands ready to answer any questions and assist the subcommittee and the full committee in taking prompt action to head off a collapse of the USPS.