



**The United States Postal Service's Statement for the Record
House Oversight and Government Reform Subcommittee on Government Operations
The Route Forward for the U.S. Postal Service: A View from Stakeholders
June 24, 2025**

Introduction

The Postal Service welcomes the perspective of stakeholders on the best way to ensure the continuance of the Universal Service Obligation (USO) in a financially sustainable manner. Congress has made it clear that the service mission cannot come at the expense of runaway costs and deficits. These often-competing interests must coexist. That is why the Postal Service developed and started implementation of the Delivering for America (DFA) Plan, a balanced approach to ensure service excellence, at reasonable rates, with efficiency gains, and a modernized network. Since the launch of the DFA Plan, there has been significant progress to save, reinvigorate, and embolden the Postal Service. Today, the DFA strategies remain the most realistic solutions to our longstanding problems and represent a clear path forward to creating a Postal Service with long-term viability.

An Organization in Crisis

It is important to note that prior to the introduction of the DFA Plan, the Postal Service was in crisis. The Postal Service lost almost \$90 billion and was projected to lose another \$200 billion dollars over the next 10 years. The Postal Service was significantly understaffed because of employee turnover, over 31,000 facilities were in a dilapidated condition, and deferred maintenance reached \$20 billion. The fleet of over 200,000 vehicles were 10 years past their useful life and lacked modern day safety features. The trajectory of service performance was in decline, eventually resulting in the disastrous performance during the 2020 peak season. Moreover, the system for setting postal rates limited investment, resulted in products that failed to cover their costs, and contributed to decades of financial losses.

Through the enactment of the Postal Service Reform Act, and judicious use of additional pricing authority granted by the Postal Regulatory Commission (PRC), policymakers gave the Postal Service a financial runway to execute a series of self-help initiatives to create additional financial and operational efficiencies to shore up the Postal Service. Moreover, the initiatives within DFA seek to fulfill the congressional mandate that the Postal Service remain financially self-sustaining, without the need of an appropriation for operations.

The Delivering for America Plan Is Working

The Postal Service remains committed to the full implementation of the self-help initiatives contained in the DFA Plan and are proud of our success. Below are a series of accomplishments since the launch of the DFA Plan:

- Decreased 10-year projected losses from \$200 billion to \$80 billion amid inflation and adverse impacts from the Civil Service Retirement System (CSRS) and Workers' Compensation Program, among other significant uncontrollable expenses.
- Grew Fiscal Year (FY) 2024 total revenue by 14.3 percent or \$10.1 billion over DFA base projections.
- Invested \$19.8 billion to transform USPS' infrastructure through the DFA Plan.
- Reduced air transportation, ground transportation, terminal handling facilities, and excess facilities by \$2.2 billion annually through better routing practices, operating contract terminations, and lease cancellations.
- Concluded \$4.6 billion in reseller incentives and agreements, so customers use USPS directly.
- Garnered \$23.2 billion in revenue from USPS Ground Advantage since it launched July of 2023.
- Activated 9 Regional Processing and Distribution Centers (RPDCs), 19 Regional Transfer Hubs (RTHs), 17 Local Processing Centers (LPCs), and 101 Sorting and Delivery Centers (S&DCs).
- Averaged 2.8 days to deliver for FY 24.
- Processed more than 99.22 million ballots in the 2024 General Election with 99.88 percent of ballots delivered from voters to election officials within seven days.
- Delivered over 930 million test kits to 91 million households and averaged 1.2 days to deliver a test kit.
- Began implementation of refined service standards expected to save \$36 billion over 10 years while improving reliability, speed, and precision for customers urban *and* rural.
- Started the acquisition of 106,480 new vehicles, including 66,230 EVs, to replace our 30-year-old fleet.

The Failed Policies of the Past Are Not a Viable Plan for the Postal Service

Unfortunately, many stakeholders, including those who testified during this hearing, wish to return to the past. A past where prices did not cover the cost of service. A past where the processing network failed to meet service expectations and lacked a competitive focus. A past where the Postal Service focused more on the parochial interests of a few at the expense of the organization as a whole and our customers. A return to the past is not the path forward. It is a path that leads to a broken Postal Service – as demonstrated by the condition of the organization in 2020.

The Postal Service would also like to take the opportunity to correct the inaccurate and misleading statements made during the hearing today:

- The Postal Service Reform Act was not a bailout. The provisions in the Postal Service Reform Act represent a one-time adjustment to the balance sheet. The Postal Service received no

direct funds. In addition, the Postal Service Reform Act corrected a unique and punitive prefunding requirement that no other private or public sector organization was subject to.

- While service performance is not to the level the Postal Service would like, it is improving. Thus far, the FY 2025 Quarter III score for on time delivery of First-Class Mail is over 90 percent. Furthermore, over 96 percent is delivered within a day of its service standard and the average delivery time for First-Class Mail is 2.6 days. This is a significant improvement when compared to the same period last year.
- A majority of price increases were in response to historic inflation, and the Postal Service would have had that authority in spite of the PRC's additional rate authority for mail density declines and retirement obligations. In addition, the Postal Service's price increases are noticed in advance, have an opportunity for comment, and reviewed by the PRC for legal compliance.
- The \$13 billion from Congress was not a windfall for the Postal Service. \$10 billion went to direct costs associated with the COVID-19 Pandemic. As a reminder, our carriers delivered and our lobbies were open during the entirety of the COVID-19 Pandemic. In addition, \$3 billion went to replace a portion of our more than 30-year-old vehicles with Battery Electric Vehicles and accompanying infrastructure.
- The termination of reseller and consolidator agreements benefits the Postal Service financially and ensures the survival of our network, including processing facilities in congressional districts and states. Reseller and consolidator agreements resulted with a Postal Service that had no direct relationship with our customer and a lack of accountability and transparency due to "middlemen." In addition, consolidator agreements hollowed out our network, overwhelmed our delivery units, and distorted the market with discounted pricing. Our new products like Ground Advantage and Priority Next Day are revolutionizing the package industry, growing business, and providing much needed competition to the package marketplace that benefits American consumers.
- The Regional Transportation Optimization (RTO) initiative and accompanying service standard changes do not target rural America. The service standard refinements do not depend on whether an area is urban or rural, but rather a collection point's distance from an origin processing facility. In fact, almost 90 percent of First-Class Mail will receive the same or faster service. Almost 70 percent of First-Class Mail will have a service standard of three days or less. In addition, the delivery process in rural communities is not changing. Customers, regardless of where they live, will still receive delivery 6 and sometimes 7 days



per week. The collection of mail and package volume within local communities is also not changing. This includes carrier pickup from homes and blue collection boxes. Post Office hours are also not changing as part of this effort. The change is the timing of transportation from select Post Offices to the USPS processing facilities. In addition, \$36 billion in savings over 10 years is far from “meager” savings.

- The total number of employees has decreased from 796,199 in 2006 to 639,675 in 2024. Furthermore, the total number of employees employed by the Postal Service since the launch of the DFA Plan has decreased by 13,000. In addition, conversions to career status stabilize the workforce, provides career opportunities for your constituents, and saves costs in the long run by preventing increased costs associated with high attrition rates among pre-career employees.

Conclusion

The Postal Service once faced the threat of insolvency. Instead, the Postal Service is currently experiencing growth and innovation as it emerges as a leader in government by optimizing the network, creating efficiencies, cutting costs, and growing revenue.

The Postal Service is on the right track. With further implementation of the DFA plan, and the continued dedication from the 639,000 men and women of the United States Postal Service, the organization will thrive and become the envy of other government and commercial enterprises across the world - a worthy accomplishment for America's Postal Service.