

STATEMENT OF MICHAEL PLUNKETT
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BEFORE THE HOUSE COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
WASHINGTON, DC
JUNE 24, 2025

Good afternoon Chairman Sessions, Ranking Member Mfume, and members of the committee, thank you for the opportunity to speak with you today about the current state of the postal system and on ensuring its continued viability.

This is not my first time appearing before the Committee, but it is the first since the untimely passing of Congressman Gerry Connolly; a tireless champion on postal issues. I was fortunate to have met the former Chairman on several occasions outside of the hearing room, and as a 30-year resident of Fairfax County in Virginia I have personally benefitted from his service as both my Representative and a County executive. On behalf of our members and the industry that owes him a debt of gratitude I want to express my deepest sympathies to his family and colleagues.

Less than a month from today, the Postal Service will celebrate the 250th anniversary of its origin at the Continental Congress in 1775. Well into its third century, the US Postal Service remains a beloved public institution, and a critical component of the nation's economic infrastructure.

The Postal Service has thrived for so long, not just because of the wisdom of the Founders in recognizing the value of a universal communications network, but because our postal service has adapted as the needs of its customers have evolved over time. Whether the telegraph, telephone, fax, or the Internet; the railroad, the airplane or the national highway system the Postal Service – or its antecedents – adjusted to meet the needs of its customers as technology and the nation's transportation infrastructure advanced.

As we convene today, the need for the Postal Service to adapt is as acute as ever. The Postal Service is on track to lose nearly \$10 billion this year with declining package and mail volume and severe productivity and service challenges. We congratulate the Committee for opening a discussion on the need for change.

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On the cost side, the DFA plan is narrowly focused on transportation costs, which account for a relatively tiny fraction of postal expenditures; any savings claimed thus far appear to be from deliberate efforts to reduce service quality. Simultaneously, the Postal Service continues to pursue an initiative that insources inter-facility transportation that increases costs by upwards of fifty percent.

Fundamentally, the Delivering for America Plan has elevated a narrowly defined measure of financial success of the agency above the interests of its customers and stakeholders. In a desperate effort to increase revenues, the Postal Service has exploited its mail monopolies to fund ill-advised forays into competitive market spaces where its presence is unnecessary and, based on recent results, unwelcome.

We are encouraged by the selection of David Steiner as the next Postmaster General and hope that his background and experience can help revive the Postal Service's fortunes. Our members are ready to work with Mr. Steiner and his team to restore what is still a tremendous communication and delivery channel with opportunities to increase the value that it provides to US residents and businesses.

That is why we are concerned that, under interim leadership, the Postal Service continues to pursue the failed DFA agenda. Last week, the Postal Service signed a new labor agreement, the second struck since the departure of the previous Postmaster General. If the incoming PMG is to have any chance at success, the Postal Service must immediately pause implementation of DFA including any insourcing efforts, and freeze discretionary capital spending.

More concerning still; in three weeks, the Postal Service is poised to increase rates substantially; many commercial mail rates will increase by more than ten percent as volume declines are accelerating. Those massive rate hikes will be compounded by reduced worksharing incentives that will cause some postal facilities to be inundated with volume for which they are not prepared.

Worksharing is where mailers perform tasks such as sorting, barcoding, or transporting mail, in exchange for postage discounts that are based on the amount of costs the Postal Service avoids by forgoing those activities. The partnership between mailers and the USPS allows mailers to save money on postage while helping the USPS improve efficiency and service, and has proven effective for decades

Concerned that the postal network could be gridlocked in mid-July, we communicated our concerns to the Postal Service's Governors suggesting that rate increases ought to be postponed; a copy of that letter is appended to my remarks. We have not received a response, so we urge Congress to remind the Governors that their duty is not to the Delivering for America plan, but to the mailing and shipping public.

While I have felt compelled to use this opportunity to clarify the precarious state of the Postal Service and the mailers who depend upon it, I must point out that the decline of the Postal Service is neither inevitable nor necessary. Mail remains an unrivaled channel for businesses to communicate with key segments of their customer base. I spent last week with mailers who believe in, and want to grow, mail. The Postal Service's last mile delivery network is unmatched in its ability to connect all Americans and can remain an important fixture in American life for decades to come.

The Postal Service is in difficult straits and in need of significant course correction. For the incoming PMG to have a chance at righting the ship, it is important that Congress and the Administration take all available steps to provide necessary support by:

- Impressing upon the Governors of the Postal Service of the need for a “strategic pause” to allow new postal leadership to assess its current predicament
- Filling vacancies on the Postal Service's Board of Governors
- Advancing legislation to address long-term structural issues that threaten the health of the postal system such as
 - Allowing for investment of USPS retiree health benefit fund assets in non-treasury assets
 - Repairing allocation of CSRS benefits for legacy Post Office Department employees
 - Restoring the rate stability that was undermined when the Postal Regulatory Commission weakened the CPI-based price cap with the inclusion of a “density adder” that accelerates volume losses by compounding rate increases at an unsustainable rate

That is what I would like to leave the Committee with. The Postal Service and mail can and should have a long and prosperous future. For that to happen, Congress, the Executive Branch and postal stakeholders need to work together. I congratulate the House Oversight Committee for recognizing the need to begin an essential dialogue and commit the resources of our associations and its members to support the Committee's efforts to improve our nation's postal system.

Attachment: PostCom June 6 letter to USPS Board of Governors



Delivering Postal Advocacy, Resources and Results

June 6, 2025

The Honorable Amber McReynolds
Chairwoman, Board of Governors
United States Postal Service
475 L'Enfant Plaza, SW Room 10300
Washington DC 20260-1000

Chair McReynolds,

On Friday May 30, the Postal Regulatory Commission approved the increase in rates authorized by the Governors of the Postal Service that are set to take effect on July 13. While we remain concerned that the size and frequency of rate increases is doing irreparable harm to the Postal Service and the mailing industry, we recognize the Governors authority over setting rates.

However, the rate changes scheduled to take effect in July include several complex structural changes as the Postal Service continues to implement its Delivering for America plan. The elimination of Network Distribution Center (NDC) discounts and Detached Marketing Labels (DML) require significant modifications; well beyond what is required in a typical rate proceeding. While we are committed to the successful implementation of the price change and have been devoting substantial resources to achieve that outcome, we have serious concerns that neither the Postal Service, nor the mailing industry that depends on it, will achieve that result.

Unfortunately, documentation needed for developers to update commercial mailing software is alarmingly late. Under normal circumstances, complete specifications for a July 13 implementation should have been available no later than mid-April. Instead, documentation that is *still pending public comment* was not provided to software providers until May 1, and is not expected to be finalized until mid-June at the earliest.

Software companies, corporate mail centers, and mail service and logistics providers will therefore be forced to take shortcuts to meet an unrealistic deadline as well as seek exceptions for their clients who will otherwise fail to comply with preparation and entry requirements. Either way, July 13 implementation of the new rates is likely to result in misdirected mail, operational bottlenecks, postage payment adjustments, and severe service disruptions.

In 2022, we communicated concerns to the Governors that planned implementation of dimensional pricing for competitive products did not allow sufficient lead time to ensure proper compliance. In response, the Governors agreed to delay implementation by six months to allow adequate time to prepare.



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In this case we believe the possibility of service disruptions is far greater but instead we are only asking that the Governors delay implementation of the proposed rates until September 28. This would allow sufficient time for the Postal Service's business partners to update their products to ensure an effective transition to the new structure.

We recognize that delaying the implementation of new rates could negatively impact postal revenues but believe the benefit of avoiding severe operational and service impacts will outweigh any revenue losses. We also recognize that the issues raised in this letter are technical in nature and therefore beyond the scope of matters typically presented to the Governors. We would be happy to provide additional information and/or brief the Governors further on this issue if you believe it would be helpful.

Respectfully submitted,

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Cc: Postmaster General Douglas Tulino
USPS Board of Governors