Statement

Of

The National Newspaper Association

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

June 4, 2026

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

The National Newspaper Association (NNA) is grateful for the opportunity to contribute to the record 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.

NNA is at the crux of a dichotomy between two dearly-held convictions:

1. The Postal Regulatory Commission (PRC) is an essential safeguard for the interests of the public and mailers who depend on the USPS that are subject to its monopoly.

2. Throughout the period of the Delivering for America plan, the PRC has utterly failed to fulfill that responsibility.

Resolving that conflict is the essence of our plea to the Subcommittee and, we believe, essential to the survival of the USPS which, for all its faults, remains vital for connecting our publishers to their communities in rural America and sustaining local economies that depend on the advertising services we provide that no other outlets serve. Ironically, community newspapers are one of the original customer elements that justified the formation of the USPS and its authorization in Article 1 of the U.S. Constitution, yet, we are first among the customers that USPS has been willing to sacrifice through poor service, lack of service performance measurement for our papers and unaffordable rate increases that do not reflect the enormous amount of work our members do to present some of the most efficiently prepared mail they handle. Newspapers delivered in-county are presented essentially presorted and sequenced for the carrier, requiring no additional sorting or preparation by USPS employees, yet the rate increases imposed by the USPS (and allowed by the PRC) have been among the highest of any product and far above the rate of inflation. It would be one thing if the Delivering for America plan had achieved its promises of huge cost savings, high-quality service and break-even financial performance, but the results are clear and community newspapers have become cannon-fodder for a failed strategy.

The U.S. Postal Service just announced a huge projected loss of $2 billion for the second quarter of 2026 — its fifth quarterly loss in a row after 19 consecutive years in the red. We are pleased that Postmaster General David Steiner has acknowledged what has been obvious for 5 years: the USPS is insolvent and could run out of cash by early 2027 without help from Congress. The USPS's ability to provide universal service to the nation must be saved, but any legislation to provide further financial assistance must also ensure accountability, accessibility and affordability requirements to keep USPS from squandering any additional resources Congress might provide to sustain agency. The Postal Regulatory Commission (PRC) is the best entity to ensure those outcomes and is an essential safeguard for the public interest but it ***must*** be invested with the mandate and authority to accomplish that mission.

In his testimony earlier this year, Postmaster General Steiner made all too familiar requests: Raise the USPS borrowing authority and consider a return to direct support for its universal service obligations or face yet another round of steep price increases and service cuts (which have clearly not worked.) NNA believes that Congress should take action soon to keep the USPS delivering, we cannot support another blank check that fails to recognize that the USPS doesn't have a revenue problem; it has a spending problem. Unless USPS is held accountable, any financial relief from Congress will continue to be squandered. Congress is caught in a dilemma, any more relief without accountability will be wasted but allowing the USPS to fail will automatically shove all of its liabilities on to taxpayers since those liabilities are already guaranteed by the government.

The 10-year Delivering for America plan imposed by former Postmaster General Louis DeJoy in 2021 projected USPS would break even by fiscal year 2023 thanks to aggressive, frequent rate increases, operational cost cuts and a pivot to packages over mail. Yet instead of breaking even, USPS has lost more than $25 billion since the plan was launched — even after the Postal Service Reform Act of 2022 resolved $120 billion in liabilities, entirely paying off its debt. Although the reform law should have prevented the need for large rate increases, DeJoy plowed ahead with frequent postage rate hikes — raising prices seven times in five years at rates above inflation. It is self-evident that any agency that can receive such massive financial and balance sheet aid, yet continue to lose money and forecast bankruptcy only a few years later requires the supervision of a dedicated and expert body to ensure conformance to expectations from Congress and its customers.

The Delivering for America plan has only produced higher prices for consumers and failed to control spending. Despite its obvious failures (at no point did the USPS reduce net controllable costs or achieve break-even status), the USPS Board of Governors and Postmaster General Steiner are continuing down the same path, even though the Postal Service is hemorrhaging cash and customers, leaving NNA members to ask, "where is the PRC?"

In theory, it should have prevented all of this, especially after the USPS failed to achieve the promised break-even status by FY2023, but that did not happen. Finding out why and fixing it must be the objective of the hearing today. The USPS's statutory monopoly requires effective oversight to keep it on the rails. The fact that this did not occur should not lead to the conclusion that the PRC is unnecessary, but does make it clear that it requires enhancement and updating to ensure that what has transpired under the Delivering for America Plan can never happen again.

These challenges put the Subcommittee in a difficult position and leave NNA publishers caught between unacceptable options. Mail service cannot be allowed to halt, and the status quo of only raising prices and cutting service cannot continue. NNA urges that any new reform legislation follows three core principles:

• **ACCESSIBILITY**: Preserve the Universal Service Obligation requiring six-day mail and package delivery to every address.

• **AFFORDABILITY:** Limit rate hikes to once per year and keep them affordable for small businesses and consumers. A CPI-based price cap for Market Dominant products would require USPS to improve efficiency and live within its means. Any service reductions must be required to provide guaranteed savings.

• **ACCOUNTABILITY:** Strengthen the PRC's oversight with binding authority over service changes and a dedicated customer advocate to ensure USPS improves efficiency and cost discipline to live within its means.

The USPS SERVES US Act (HR 3004) fulfills these goals through a mixture of clarified responsibilities and enhanced authorities that are the result of an extensive review of industry regulatory experts including NNA's counsel. A summary of the provisions in the bill is attached, but we would emphasize the following key points:

First, the PRC must be charged with ensuring significant and ongoing productivity improvements by the USPS. Despite the promises of cost reductions and claims of millions of eliminated work hours, there has not been a net reduction in controllable costs at any point under the Delivering for America Plan and both Total Factor and Labor productivity reached the lowest levels since measurement for the modern U.S. Postal Service began in 1972. H.R. 3004 sets forth a proposal to limit rate increases to productivity improvement, but a simpler method would be to simply restore the CPI Price Cap established by the 2006 Postal Accountability and Enhancement Act (PAEA). This time, however, the PRC should be required to enforce the CPI cap which was intended to provide mail customers with predictable price increases capped at a level that was achievable historically in return for eliminating the lengthy and costly trial-type rate setting system. When the PRC allowed the cap to be expanded in 2020, it did not provide the additional safeguards of the on-the-record process and the USPS has lost copious amounts of volume as a result of fatally-flawed elasticity calculations that have cost it customers and revenue.

Second, the PRC should be invested with binding authority over service changes and require actual service measurement for all mail products including newspapers. The current system of an advisory opinion has served no one. Most recently the PRC delivered an opinion advising against the extended delivery times as part of the Regional Transportation Optimization initiatives in a 300-page decision that mail customers spent time and resources informing that was ignored by the USPS. The PRC has technical expertise that exists nowhere else in the oversight process and should be trusted to make binding decisions on service that could only be overturned by the Congress or a unanimous vote by the Board of Governors. To properly exercise that authority, the PRC should use its subpoena power and other authorities to require actual measurement of mail products. The current system of allowing the USPS to use proxy mail pieces fails to properly recognize the unique mail preparation and circumstances for how newspapers are presented resulting in flawed cost estimates and service performance that in no way recognizes the realities our members experience.

Third, the PRC should be directed to consider impact on volume as one of the primary factors in evaluating USPS price and service proposals. The willingness of the USPS to intentionally sacrifice traditional mail volume through unaffordable price increases and diminished service has clearly not worked, however, the PRC is currently not directed to consider volume as a factor in evaluating rates. The loss of customers is a critical challenge for the USPS and it is in the interest of all stakeholders including the postal unions to ensure that the maximum number of customers remain in the system. Extracting more revenue from a dwindling customer base provides short-term gain at the price of disaster in the long run and will deprive local communities of a unique service that their economies depend upon for information and commerce.

These issues are elaborated in detail in the attached summary of H.R. 3004. While we recognize a different bill would be needed to address all the issues facing the USPS, any new legislation must incorporate the key elements described above. We appreciate the Subcommittee's focus on the regulatory oversight of the USPS and urge that the changes we have suggested be included in any legislation to provide further financial relief or especially an appropriation for the USPS. The USPS must continue to deliver but any additional assistance from Congress can only be safeguarded by a PRC that has the requisite mandate and authority to truly fulfill the function for which it was created. If these goals cannot be achieved, Congress should at a minimum eliminate the USPS's statutory monopoly over mailbox access to permit our members to seek viable alternatives. That is an outcome we are convinced would be in the best interests of the USPS, its employees and its customers to avoid.

APPENDIX

The USPS SERVES US Act

Over the last several years, USPS service quality has declined steadily, rates have risen dramatically–at an unprecedented twice-a-year frequency– and labor and total factor productivity have reached the lowest levels since measurement began. In the decision to approve the latest rate increase in July of this year, the Postal Regulatory Commission stated that the increase was not "prudent…or consistent with the best interests of all stakeholders" but claimed it lacked the statutory basis to reject it.

H.R. 3004, the USPS Services Enhancement and Regulatory Viability Expansion and Sustainability for the U.S. Act (USPS SERVES US Act) makes needed updates and reforms to the postal regulatory process to ensure fairness and provide protections for customers captive to the USPS monopoly. By empowering the Postal Regulatory Commission with a clear mandate to protect the public interest, this legislation holds the USPS accountable for efficiency and service performance.

Key provisions of the **USPS SERVES US Act** include:

- **X-Factor Rate Reduction**: Implements an X-factor reducing rate authority, a widely utilized tool to ensure cost discipline, if USPS productivity is not improved each year

- **Price Cap Protection:** Prohibits the PRC from creating a rate system with no price cap ultimately preserving the trade-off between pricing flexibility and rate predictability

- **Service Accountability:** Holds USPS accountable for service performance by reducing rate authority if it fails to meet established service targets and makes PRC nature of service evaluations binding decisions, not just advisory opinions as they are now

- **Annual Rate Increase Limit:** Limits USPS to one rate increase per year, avoiding unnecessary implementation costs and providing greater rate predictability

- **"Underwater Surcharge" Limitation:** Caps surcharges if service performance and cost efficiency are not maintained for the relevant products

- **Volume Growth Objective:** Creates a new volume-encouraging objective for evaluating rate increases and requires the PRC to apply each objective for rate setting in every proceeding

- **Customer Advocate Office:** Establishes an autonomous Office of Customer Advocate within the PRC, with the authority to represent customer concerns, along with those of the general public, and initiate proceedings on their behalf

- **Complaint Resolution:** Streamlines PRC consideration of complaints and empowers the PRC to reduce rates for affected parties if it finds a rate is unlawful

- **Independent Volume Model:** Requires the PRC to develop its own volume estimation model independent of the USPS

- **Retirement Fund Investments:** Authorizes USPS to invest retirement assets in conservative private index funds such as those used by the Thrift Savings Plan

These changes enable the PRC to ensure that the USPS maintains service quality at a predictable, fair, and affordable price for customers that are captive to its monopoly on mail products. This legislation requires the USPS to operate efficiently, and provides customers with a dedicated and autonomous advocate within the Postal Regulatory Commission that can approach their responsibility with consistency and the benefit of the data to protect stakeholder interests in all proceedings.